

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00472

THIRD DATA REQUEST RESPONSES

COMMISSION STAFF'S THIRD DATA REQUEST DATED 05/01/07

REQUEST 54

RESPONSIBLE PERSON: Frank J. Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

Request 54. Refer to the response to the Staffs First Request, Item 41, page 3 of

3. Concerning the Propane Gas Program:

a. Provide copies of the loan documentation related to the propane gas program loans.

b. Did EKPC seek and secure the Commission's approval to make these loans?

(1) If yes, indicate the case number of the application seeking approval to make the loans.

(2) If no, explain why Commission approval was not sought, pursuant to KRS 278.300.

Response 54. a. Copies of the loan documents are attached.

b. (1). No, EKPC did not seek and secure the Commission's approval to make these loans

(2) A utility, without PSC approval, cannot borrow money or guarantee the debt of another. There is no requirement to seek PSC approval to make a loan, so consequently, no approval was sought by EKPC.

LOAN AGREEMENT

This is a Loan Agreement (this "Agreement") dated as of the 30th day of June, 2000, by and between

EAST KENTUCKY POWER COOPERATIVE, INC.
P.O. Box 707
Winchester, Kentucky 40392 (the "Lender");

CLARK ENERGY SERVICES CORPORATION
P.O. Box 748
Winchester, Kentucky 40392 (the "Borrower");

and

CLARK ENERGY PROPANE PLUS LLC
P.O. Box 4117
Winchester, Kentucky 40392 (the "Guarantor")

RECITAL

This Agreement is being entered into to provide for a loan in the principal amount of Eight Hundred Thirteen Thousand Seven Hundred Eighty-Three Dollars (\$813,783.00), which loan is to be used to enable the Borrower to acquire the outstanding fifty percent (50%) membership interest in the Guarantor currently held by Thermogas Energy L.L.C. (Borrower already owning a fifty percent (50%) membership interest in the Guarantor), to provide the Borrower and Guarantor with operating capital and for such other purposes as Lender may permit.

NOW, THEREFORE, the Borrower, the Guarantor and the Lender agree as follows:

Section 1

Definitions

As used in this Agreement, the following terms shall have the following meanings and the meanings assigned to them shall be equally applicable to both the singular and plural forms of the terms defined:

"Loan Documents" shall mean, collectively, this Agreement and all agreements, documents, and instruments to be executed by the Borrower or the Guarantor which relate to this Agreement, including, but not limited to, the Note and the Security Instruments.

"Collateral" shall mean the property liened, pledged or encumbered by the Loan Documents.

"Dividend" shall mean any amount declared or paid, or set apart by the Borrower for the purpose of payment of, (a) any dividend or other distribution on or in respect of any shares of any class of the Borrower's capital stock, or (b) the purchase, retirement, reacquisition or redemption of any shares of any class of the Borrower's capital stock, or (c) any distribution by way of reduction of capital, or (d) any other distribution on or in respect of any shares of any class of the Borrower's capital stock.

"Event of Default" shall mean any one of the occurrences which are Events of Default under Section VIII of this Agreement.

"Generally Accepted Accounting Principles" shall mean those principles of accounting set forth in pronouncements of the Financial Accounting Standards Board, the American Institute of Certified Public Accountants, as such principles are from time to time supplemented and amended.

"Indebtedness" shall mean all obligations, contingent or otherwise, which, in accordance with Generally Accepted Accounting Principles shall be classified on the obligor's balance sheet as liabilities.

"Index Rate" shall have the meaning set forth in Section 3.01.

"Loan" shall mean the loan made by the Lender to the Borrower in the principal amount of Eight Hundred Thirteen Thousand Seven Hundred Eighty-Three Dollars (\$813,783.00).

"Maturity Date" shall mean June 30, 2015.

"Note" shall mean the promissory note of Borrower dated June 30, 2000, evidencing the obligation of Borrower to repay the loan, and any note delivered in renewal, replacement, substitution, extension or novation thereof.

"Person" shall mean any individual, partnership, association, trust, corporation or other entity.

"Security Instruments" shall mean all of the instruments, documents and agreements referred to in Section 4.01.

"Uniform Commercial Code" shall mean the Uniform Commercial Code as in effect in the Commonwealth of Kentucky.

"Unmatured Default" shall mean the happening of any material breach under this Agreement, including but not limited to failure to pay any installment of principal or interest of the Note when due, or a breach of the financial covenants under this Agreement, or other similar material breach the happening of which, together with the giving of any required notice or the passage of any required period of time, would constitute an Event of Default.

Section 2

The Loan

Lender establishes a Loan in favor of Borrower as follows:

2.01 Amount. Subject to Section 5.02 of this Agreement, the principal amount of the Loan shall be Eight Hundred Thirteen Thousand Seven Hundred Eighty-Three Dollars (\$813,783.00).

2.02 Term. The Loan shall become effective as of the date hereof. Unless the Loan is sooner terminated as provided in this Agreement, the Loan shall continue in effect until the close of business on June 30, 2015.

Section 3

Payments of the Loan

3.01 Interest Rate. The unpaid principal balance of the Loan shall bear interest at an annual rate equal to the Index Rate minus one-half of one percent (.50%). "Index Rate" shall mean "Prime Rate" as published in the "Money Rates" section of The Wall Street Journal. The Index Rate shall be adjusted annually on each anniversary of the Loan. The Index Rate as of the date hereof is nine and one half percent (9.5%).

3.02 Principal and Interest Payments. Borrower shall make sixty (60) monthly payments of interest only on this Loan commencing on August 1, 2000 and continuing on the first (1st) day of each month and every month thereafter. Borrower shall make monthly payments of principal and interest on this Loan, beginning on August 1, 2005, and continuing on the 1st day of each and every month thereafter; until the outstanding principal balance of this Loan, and all accrued interest, shall be paid in full; provided however that all outstanding principal and accrued interest shall be due and payable in full on the maturity date.

3.03 Prepayments of Note. Borrower shall have the right at any time, and from time to time, without penalty or premium to prepay the Note in whole or in part. All prepayments made with respect to the Note shall be applied first to penalties, if any, owed by the Borrower to the Lender, second, to accrued but unpaid interest with respect to the Note, then to installments of principal under the Note in the reverse order of their maturity.

3.04 Late Charge and Default Rate of Interest. If any payment due under the Note is not received by Lender within ten (10) days of the date it is due, then a late charge of five percent (5.00%) of the amount of the overdue payment may be charged by the holder of the Note. Upon maturity, whether by acceleration or otherwise, or upon the occurrence of an Event of Default hereunder, in addition to any and all other remedies to which the holder may be entitled, the applicable rate of interest on the Note shall be increased to five percent (5.00%) per annum in excess of the Index Rate.

Section 4

Security for the Loan

4.01 Security for the Loan. The Note and the Loan evidenced thereby is and shall be secured by and entitled to the benefits of the following:

(a) Leasehold Mortgage. The Loan shall be secured by a mortgage on two (2) leasehold properties located in Clark County, Kentucky, as more particularly described on Exhibit "A" attached hereto and made a part hereto, pursuant to a Leasehold Mortgage and Security Agreement dated June 30, 2000, between Clark Energy Propane Plus LLC and the Lender (the "Leasehold Mortgage").

(b) Security Agreement. The Loan shall be secured by a security interest in all of Guarantor's right, title and interest in and to the following property (the "Security Agreement"):

(i) all accounts and accounts receivable, whether now existing or hereafter arising;

(ii) all inventory, whether now owned or hereafter acquired;

(iii) all equipment, machinery, furniture, fixtures, supplies, raw materials, work in progress, and motor vehicles, whether now owned or hereafter acquired;

(iv) all general intangibles, deposit accounts, letters of credit, instruments, contract rights, tax refunds, and insurance proceeds;

(v) all goods, instruments, documents of title, policies and certificates of insurance, securities, membership interests, chattel paper, deposits, cash or other property owned by the Guarantor or in which it has an interest.

(vi) All accessories, attachments, parts, accessions and repairs, and all substitutions, replacements and additions thereto and all proceeds (including insurance proceeds) and products therefrom; and

(vii) Lender's security interest shall specifically include Guarantor's interest in and the right to obtain from the Guarantor all the physical media on which records of accounts or accounts receivable are kept, including but not limited to: optical disk, software and operating systems necessary to render electronically encoded material meaningful, microfiche and microfilm and any and all hardware and equipment necessary for the reading of or to render meaningful the physical media on which records are kept.

(c) Pledge Agreement. The Loan shall be secured by a pledge of and security interest in one hundred percent (100%) of the membership interests of the Guarantor (which are

wholly owned by Borrower) pursuant to a Pledge Agreement dated June 30, 2000, among the Borrower, Guarantor and the Lender (the "Pledge Agreement").

(d) Guaranty. The Loan shall be secured by the guaranty of the Guarantor pursuant to a Guaranty dated June 30, 2000, executed by the Guarantor (the "Guaranty").

(e) Right of Offset. The Loan shall be secured by the right of offset provided in Section 9.01 of this Agreement.

Section 5

Conditions Precedent

5.01 Conditions Precedent to the Loan. The Lender's obligation to provide the Borrower with the Loan shall be conditioned upon the fulfillment of all the following conditions:

(a) Borrower and Guarantor Resolutions. Borrower and Guarantor shall have each furnished Lender with (i) certified copies of their Articles of Incorporation or Articles of Organization (as applicable) and Bylaws and all amendments thereto, (ii) certificates from the Secretary of State of the Commonwealth of Kentucky that Borrower and Guarantor are in good standing, and (iii) a corporate or limited liability company resolution (as applicable) signed by the directors of Borrower and the managers of the Guarantor in form and substance satisfactory to Lender and its attorneys (A) authorizing the execution of this Agreement, the other Loan Documents to which each is a party, and (B) authorizing consummation of the transactions contemplated by this Agreement.

(b) Certificates of Incumbency. The Borrower and the Guarantor shall have furnished the Lender with a certificate of its secretary certifying the names of the officers of the Borrower and the Guarantor authorized to sign the Loan Documents, together with the true signatures of such officers.

(c) Executed Agreements. Borrower shall have delivered to Lender the following documents, in form and substance satisfactory to Lender and its attorneys, duly executed by Borrower and/or each Guarantor:

- (i) this Agreement;
- (ii) the Note;
- (iii) the Leasehold Mortgage;
- (iv) the Security Agreement;
- (v) the Pledge Agreement; and
- (vi) such financing statements or other documents for filing with public officials with respect to the Security Agreement as the Lender may request.

(d) Representations and Warranties. Each and every representation and warranty made by or on behalf of the Borrower at the time of or after the execution of this Agreement relating to the Loan Documents or the transactions contemplated thereby shall be true, complete and correct on and as of the date such Loan is to be made.

(e) No Defaults. There shall exist no Event of Default or Unmatured Default which has not been cured to the Lender's satisfaction.

(f) No Change in Condition. No material adverse change shall have occurred in the condition, financial or otherwise, of the Borrower or the Guarantor from that existing on June 30, 2000.

(g) Recordings and Filings. All financing statements or other instruments as the Lender may reasonably request have been executed and delivered by the Borrower and filed or recorded in such public offices as the Lender may request to perfect and maintain the perfection of the security interests which secure the Loan.

(h) Insurance. Evidence of the insurance coverage specified in Section 6.01 shall have been submitted to and approved by Lender.

(i) Other Documents. Borrower shall have delivered to Lender any other documents, in form and substance satisfactory to Lender and its attorneys, that Lender or its attorneys may reasonably request in order to further protect the security of Lender or evidence compliance by Borrower with the Loan Documents.

Section 6

General Covenants

During the term of this Agreement, the Borrower and the Guarantor (as applicable) shall comply with all of the following provisions:

6.01 Insurance. The Guarantor will at all times keep its insurable properties insured to such extent and against such risks, including, without limitation, casualty insurance, public liability insurance, worker's compensation and other insurance required by law, as customary with companies of comparable size in the same or similar business, unless higher limits or other types of coverage are reasonably required in writing by the Lender. With regard to the assets constituting the Collateral for this Loan, the Guarantor will deliver to the Lender certificates of each insurer (or such other evidence as may be satisfactory to the Lender) indicating that the Lender is loss payee or additional insured (long form) regarding such insurance (or additional insured as to liability insurance). Each such policy will require and the certificates will state, that no such policy will be terminated without at least thirty (30) days prior written notice having been delivered to the Lender.

6.02 Taxes and Other Payment Obligations. The Borrower and Guarantor will comply with or contest in good faith all statutes and governmental regulations and pay all taxes, assessments, governmental charges, claims for labor, supplies, rent and any other obligation

which, if unpaid, might become a lien against any of its respective properties except liens for taxes not yet due and payable and liabilities being contested in good faith with due diligence and against which reserves satisfactory to the Lender have been established; provided, however, that the Borrower and Guarantor shall immediately pay or otherwise satisfy any such tax assessment, government charge, claims for labor, supplies, rent or any other obligation upon commencement of proceedings to foreclose on any lien securing such taxes, charges or claims.

6.03 Financial Statements. The Borrower and the Guarantor will provide to the Lender:

(a) Annual Statements. Within one hundred eighty (180) days after the close of each fiscal year financial reports of the Borrower and the Guarantor as of the end of such fiscal year and the notes thereto, and the related statements of income and retained earnings and the notes thereto, and a statement of changes in financial position for such fiscal year, setting forth in each case comparative financial statements for the corresponding period in the preceding year, all prepared in accordance with Generally Accepted Accounting Principles applied on a consistent basis;

(b) Quarterly Statements. Within forty-five (45) days after the close of each fiscal quarter of each year (except for the fourth and final quarter which may be delivered in one hundred eight (180) days a balance sheet and profit and loss statement of the Borrower and the Guarantor certified by an officer of each of the Borrower and the Guarantor to be correct and accurate, and setting forth in comparative form the corresponding amounts for the corresponding period during the preceding fiscal year;

(c) Tax Returns. Borrower and Guarantor shall furnish to Lender a copy of Borrower's and Guarantor's federal income tax return and/or K-1 within twenty (20) days after filing.

(d) Other. Such other information respecting the financial condition and operations of the Borrower and Guarantor as the Lender may from time to time reasonably request.

6.04 [INTENTIONALLY LEFT BLANK].

6.05 Other Reports. Additionally, the Borrower and the Guarantor agree that they will (i) promptly upon receipt thereof, deliver to the Lender any report submitted to the Borrower or the Guarantor by independent accountants in connection with any annual, interim or special audit made by them of the books of the Borrower or the Guarantor; (ii) upon becoming available, promptly deliver to the Lender a copy of all financial statements, reports, notices and proxy statements sent to stockholders, and a copy of all regular, periodic and special reports filed with any securities exchange or with the Securities and Exchange Commission or any governmental authority succeeding to any or all of the functions of such Commission; and (iii) promptly, from time to time, furnish to the Lender, such other information regarding its operations, business affairs and financial condition as the Lender may reasonably request. The Lender is hereby authorized to deliver a copy of any financial statement made available by the Borrower or the

Guarantor to any regulatory authority having jurisdiction over the recipient of such financial statement.

6.06 Financial Records. The Borrower and the Guarantor shall maintain standard modern systems of accounting in which full, true and correct entries shall be made of all dealings or transactions in relation to its business and affairs in accordance with Generally Acceptable Accounting Principles applied on a basis consistent with prior years and, without limitation, making appropriate accruals for estimated contingent losses and liabilities.

6.07 Inspection. The Borrower and the Guarantor will permit any officer of the Lender designated in writing by the Lender, to visit and inspect any of their properties, corporate books and financial records at such times as the Lender may reasonably request upon reasonable notice and during ordinary business hours.

6.08 Accountants Review. Upon the written request of the Lender, the Borrower and the Guarantor will authorize any officer of the Lender to discuss their financial statements and financial affairs at any time from time to time with the Borrower's or the Guarantor's accountants upon reasonable notice and during ordinary business hours.

6.09 Notice Requirements.

(a) Default. The Borrower will deliver to the Lender forthwith, upon any officer's obtaining knowledge of an Event of Default under this Agreement or an event of default under any of the Loan Documents or an event which would constitute such an event of default but for the requirement that notice be given or time elapse or both, a certificate of the chief executive officer, chief financial officer or treasurer of the Borrower specifying the nature and period of existence thereof and what action the Borrower proposes to take with respect thereto.

(b) Other Notices. The Borrower will notify the Lender in writing within five (5) business days of the occurrence of any of the following with respect to the Borrower or the Guarantor:

(1) the pendency or commencement of any material action, suit or proceeding at law or in equity;

(2) any event or condition which shall constitute an event of default under any other agreement for borrowed money;

(3) any levy of an attachment, execution or other process against its assets; and

(4) any material change in any existing agreement or contract which may adversely affect its business or affairs, financial or otherwise.

6.10 Note and Security Instruments. The Borrower shall pay the Note in accordance with its terms, covenants and conditions, and the Borrower and the Guarantor shall comply with the terms, covenants and conditions of the Security Instruments.

6.11 Compliance with Law. The Borrower and the Guarantor shall comply in all material respects with (i) all valid and applicable statutes, rules and regulations of the United States of America, of the States thereof and their counties, municipalities and other subdivisions and of any other jurisdiction applicable to them; (ii) the orders, judgments and decrees of all courts or administrative agencies with jurisdiction over them; or its business; and (iii) the provisions of licenses issued to the Borrower or the Guarantor except where compliance therewith shall be currently contested in good faith by appropriate proceedings, timely instituted, which shall operate to stay any order with respect to such non-compliance.

6.12 Subordination.

(a) Subordination. Until all indebtedness of Borrower to Lender is fully paid, and all terms, covenants and conditions of this Agreement and the Security Instruments are complied with by Borrower, the Guarantor agrees that at all times from and after the date it receives any notice either of an Event of Default by Borrower under this Agreement or of any condition or event which would be an Unmatured Default under this Agreement or the Security Instruments, the Guarantor shall not ask, demand, sue for, take or receive from Borrower, by set-off or in any other manner, all or any part of any monies, principal or interest thereon, now or hereafter owing by Borrower to it, nor any security therefor, unless and until that Guarantor receives notice from Lender that such Event of Default or Unmatured Default is waived or cured.

(b) Distribution of the Assets of Borrower. The Guarantor agrees that in the event of (i) any distribution, division or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the assets of the Borrower, the proceeds thereof to creditors of the Borrower or upon any indebtedness of the Borrower which are collateral under this Loan, by reason of the liquidation, dissolution or other winding up of Borrower or its business, or (ii) any sale, receivership, insolvency or bankruptcy proceeding, or any assignment for the benefit of creditors, or any proceeding by or against the Borrower for any relief under any bankruptcy or insolvency law relating to the relief of debtors, readjustment of indebtedness, reorganization, composition or extension; then and in any such event, any payment or distribution of any kind or character, either in cash, securities or other property, which shall be payable or deliverable upon or with respect to any or all indebtedness of Borrower to Guarantor, shall be paid or delivered directly to Lender for application on the Loan due or not due, until the indebtedness of Borrower to Lender is fully paid and all provisions of this Agreement are satisfied or secured. In either such event, Guarantor irrevocably authorizes and empowers Lender to demand, sue for, collect and receive every such payment or distribution, give acquittance therefor and to file claims and take such other proceedings in the name of Lender, in the name of the Guarantor or otherwise, as Lender may deem necessary or advisable for the enforcement of this Agreement. The Guarantor shall execute and deliver to Lender such powers of attorney, assignments or other instruments as may be requested by Lender in order to enable Lender to enforce any and all claims upon or with respect to any or all indebtedness of Borrower to Guarantor, and to collect and receive any and all payments or distributions which may be payable or deliverable at any time upon or with respect to any such indebtedness of Borrower to Guarantor.

(c) Payments Received from Borrower. Should any payment, distribution, security or proceeds thereof be received by any Guarantor upon or with respect to any

indebtedness of Borrower to Guarantor after the date Guarantor receives notice of an Event of Default by Borrower under this Agreement or an event or condition which could result in an Unmatured Default under this Agreement or the Security Instruments, then Guarantor shall forthwith deliver the same to Lender in precisely the form received (except for endorsement or assignment where necessary), for application under this Agreement or the Security Instruments, and, until so delivered, the same shall be held in trust by Guarantor as property of Lender. In the event that Guarantor fails to make any such endorsement or assignment, then Lender, its officers or employees on its behalf, are irrevocably authorized to make the same.

(d) Limitation on Assignment. The Guarantor shall not assign or transfer voluntarily or by operation of law to others any claim they possess or may possess against Borrower while any of the indebtedness of Borrower to Lender remains unpaid, unless such assignment or transfer is made expressly subject to this Agreement.

(e) Notice of Subordination. All notes or other evidences of indebtedness accepted by any Guarantor from Borrower shall contain a specific statement therein that the indebtedness thereby evidenced is subject to the terms, covenants and conditions of this Agreement.

6.13 Liens. Except for security interests granted by the Borrower and the Guarantor to the Lender contemporaneously with the execution of this Agreement, liens permitted in this Agreement, and liens created in the Security Instruments, the Borrower and Guarantor shall not (i) create or incur or suffer to be created or incurred or to exist any encumbrance, mortgage, pledge, lien, charge, restriction or other security interest of any kind upon any of the Collateral, whether owned or held on the date of this Agreement or acquired thereafter, or upon the income or profits therefrom, or (ii) transfer any such Collateral or the income or profits therefrom for the purpose of subjecting the same to payment of indebtedness or performance of any other obligation except payments made in accordance with this Agreement or payments made to the Lender in accordance with the terms and provisions of this Agreement, or (iii) acquire, or agree or have an option to acquire, any Collateral upon conditional sale or other title retention or purchase money security agreement, device or arrangement, or (iv) sell or transfer, assign, or pledge any Collateral, with or without recourse. The Borrower and Guarantor may incur or create, or suffer to be incurred or created or to exist, the following liens without violating the provisions of this Section 6.13:

(a) Statutory liens to secure claims for labor, material or supplies to the extent that payment thereof shall not at the time be required to be made in accordance with this Agreement.

(b) Deposits or pledges made in connection with, or to secure payment of, workers' compensation, unemployment insurance, old age pensions or other social security, or in connection with contests, to the extent that payment thereof shall not at that time be required to be made in accordance with of this Agreement.

(c) Statutory liens for taxes or assessments or governmental charges or levies if payment shall not at the time be required to be made in accordance with this Agreement.

(d) Purchase money liens or security interests with respect to property acquired by the Borrower or the Guarantor with the Lender's prior written consent, which shall not be unreasonably withheld.

(e) Statutory liens (and contractual liens that provide to the secured party no greater rights than equivalent statutory liens) to secure payment of rent or lease payments with respect to leases of real property to the extent that such payments shall not at the time be required to be made in accordance with this Agreement.

6.14 Limited Liability Company Existence and Good Standing. The Borrower and the Guarantor shall preserve their corporate/limited liability company existences in good standing and shall be and remain qualified to do business and in good standing in all states and countries in which they are required to be so qualified.

6.15 Articles of Incorporation and Bylaws. Without the Lender's prior written consent, which shall not be withheld or delayed unreasonably, the Borrower and the Guarantor shall not make any changes in or amendments to their articles of incorporation or articles of organization.

6.16 Dividends. Without the prior written consent of the Lender, the Borrower and Guarantor shall not declare and pay, or set apart any sum for the purpose of payment of, any Dividend.

6.17 Mergers, Sales, Transfers and Other Dispositions of Assets. Without the Lender's prior written consent, which shall not be unreasonably withheld or delayed, the Borrower and Guarantor shall not:

- (a) Be a party to any consolidation or merger;
- (b) Sell or otherwise transfer any material part of their assets;
- (c) Purchase all or a substantial part of the capital stock or assets of any corporation or other business enterprise;
- (d) Effect any change in their capital structure;
- (e) Sell, assign, or otherwise dispose of, with or without recourse, settle or compromise any of their accounts receivable or notes receivable or other intangibles, except the endorsement of negotiable instruments for the purpose of collection in the ordinary course of business and as permitted in the Loan Documents; or
- (f) Liquidate or dissolve or take any action with a view toward liquidation or dissolution.

6.18 Loans. The Borrower and Guarantor shall not make any loan or advance any funds whatsoever to any business, entity, party or individual.

Section 7

Representations and Warranties

To induce the Lender to enter into this Agreement and to make the Loan, the Borrower and Guarantor, respectively represent and warrant to the Lender as follows:

7.01 Corporate Organization and Existence. The Borrower is a corporation duly organized, validly existing, and in good standing under the laws of the Commonwealth of Kentucky. The Borrower has all necessary power and authority to carry on its business conducted on the date of this Agreement. The Borrower is qualified to do business as a foreign corporation, and is in good standing, in all states and in all foreign countries in which it owns any property or carries on substantial activities or is otherwise required to be so qualified, and is duly authorized, qualified and licensed under all laws, regulations, ordinances or orders of public authorities to carry on its business in the places and in the manner conducted on the date of this Agreement.

7.02 Corporate Organization and Existence. The Guarantor is a limited liability company duly organized, validly existing, and in good standing under the laws of the Commonwealth of Kentucky. The Guarantor has all necessary power and authority to carry on its business conducted on the date of this Agreement.

7.03 Right to Act. No registration with or consent or approval of any governmental agency of any kind is required for the execution, delivery, performance and enforceability of the Loan Documents. The Borrower and Guarantor have full power and authority, corporate and otherwise, to execute, deliver and perform the Loan Documents.

7.04 No Conflicts. The Borrower and the Guarantor's execution, delivery and performance of the Loan Documents does not, and will not, (a) violate any existing provision of (i) the articles of incorporation or bylaws of the Borrower, (ii) the Operating Agreement of the Guarantor, or (iii) any law, rule, regulation, or judgment, order or decree applicable to the Borrower and Guarantor or (b) otherwise constitute a default, or result in the imposition of any lien under (1) any existing contract or other obligation binding upon the Borrower and Guarantor or their property, with or without the passage of time or the giving of notice or both; (2) any law, rule or regulation applicable to the Borrower and the Guarantor or their business; or (3) any judgment, order or decree of any court or administrative agency applicable to the Borrower and the Guarantor and their business.

7.05 Authorization. The execution, delivery and performance by the Borrower and the Guarantor of the Loan Documents has been duly authorized, and the Loan Documents have been duly executed and delivered and constitute legal, valid and binding obligations enforceable against the Borrower and the Guarantor, respectively.

7.06 Litigation and Taxes.

(a) There is no litigation, at law or in equity, or any proceeding before any federal, state or municipal court, board or other governmental or administrative agency pending, or to the knowledge of the Borrower or Guarantor, threatened which is likely to involve any material judgment or liability against the Borrower or Guarantor or which might otherwise result in any material adverse change in the Borrower and Guarantor's business, assets or condition, financial or otherwise. No judgment, decree or order of any federal, state or municipal court, board or other governmental or administrative agency has been issued against the Borrower or Guarantor or any of their assets which has, or might have, a material adverse effect on the Borrower and Guarantor's business, assets or condition, financial or otherwise.

(b) The Borrower and Guarantor have filed all tax returns which are required to be filed and have paid, or made adequate provision for the payment of, all taxes which have or may become due pursuant to such returns or pursuant to assessments received. The Borrower and Guarantor know of no material additional assessments for which adequate reserves have not been established, and the Borrower and Guarantor have made adequate provision for all current taxes.

7.07 Compliance with Contractual Obligations, Laws and Judgments.

(a) The Borrower and Guarantor are not in default in the payment, performance, observance or fulfillment of any of the material obligations, covenants or conditions contained in any lease, indenture, mortgage, deed of trust, promissory note, agreement or undertaking to which they are a party or by which its assets are bound.

(b) The Borrower and Guarantor have not violated any applicable statute, regulation or ordinance of the United States of America or of any state, municipality or any other subdivision, jurisdiction or agency thereof, in any respect materially and adversely affecting the Borrower's and Guarantor's business, property, assets, operations or conditions, financial or otherwise.

(c) The Borrower and Guarantor are not in default with respect to any judgment, order, writ, injunction, decree or demand of any court, arbitrator or governmental agency or body.

7.08 Trademarks and Permits. The Borrower and Guarantor possess adequate licenses, patents, copyrights, trademarks and trade names to conduct their businesses as now conducted. Neither the Borrower, the Guarantor nor any of their officers, directors or employees have received notice or has knowledge of any claim that the Borrower or Guarantor have violated any other person's license, patent, copyright, trademark or trade name, or that the Borrower's and Guarantor's licenses, patents, copyrights, trademarks or trade names are currently being infringed. The Borrower and Guarantor have all governmental permits, certificates, consents and franchises necessary to carry on their businesses as now conducted and to own or lease and operate their properties as now owned, leased or operated. All such governmental permits, certificates, consents and franchises are valid, and in effect, and the Borrower and Guarantor are

not in violation thereof, and none of them contains any term, provision, condition or limitation more burdensome than generally applicable to persons engaged in the same or similar business.

7.09 Disclosure. Neither this Agreement, nor any agreement, document, certificate or statement furnished to the Lender by or on behalf of the Borrower and Guarantor in connection with the transactions contemplated by this Agreement contains any untrue statement of any material fact or omits to state any material fact necessary to make the statements contained herein or therein not misleading. There is no fact known to the Borrower which materially and adversely affects, or in the future is likely to materially and adversely affect, the Borrower's or the Parent's business, operations, affairs or condition, financial or otherwise, which has not been disclosed to the Lender.

Section 8

Events of Default

The occurrence of any one or more of the following shall constitute an Event of Default under this Agreement (an "Event of Default"):

8.01 Failure to Pay. If Borrower fails to pay in full when due any installment of principal of the Note or interest thereon.

8.02 No Notice Required. If Borrower or Guarantor fail to observe, perform or comply with any term, obligation, covenant, agreement, condition or other provision contained in Sections 6.01, 6.16, 6.17, and 6.18 of this Agreement.

8.03 Notice Required; Period to Cure. If Borrower or Guarantor fail to observe, perform or comply with any term, obligation, covenant, agreement, condition or other provision contained or referred to in this Agreement (other than those referred to in Section 8.02 hereof), and such failure is not fully cured within thirty (30) days after Lender gives written notice thereof to Borrower and Guarantor.

8.04 Falsity of Representation or Warranty. If any representation or warranty or other statement of fact contained in any of the Loan Documents or in any writing, certificate, report or statement at any time furnished the Lender by or on behalf of the Borrower or Guarantor pursuant to or in connection with this Agreement or the Loan shall have been false or misleading in any material respect or which shall omit a material fact, whether or not made with knowledge, at the time it was made.

8.05 Judgments. If a final judgment or judgments for the payment of money in excess of the sum of Fifty Thousand Dollars (\$50,000.00) in the aggregate, or with respect to property with a value in excess of such amount, shall be rendered against the Borrower or the Guarantor and such judgment(s) remains unsatisfied and not covered by insurance or not bonded to the satisfaction of Lender for a period of 30 consecutive days after the entry thereof and within that 30-day period is (a) stayed pending appeal, or (b) discharged.

8.06 Adverse Financial Change. If there should be any material adverse change in the financial condition of the Borrower or any Guarantor as determined in the Lender's reasonable discretion.

8.07 Other Obligations to the Lender and its Affiliates. If Borrower fails to observe, perform or comply with the terms, obligations, covenants, agreements, conditions or provisions of any agreement, document or instrument which Borrower entered into with Lender, other than the Loan Documents.

8.08 Dissolution or Termination of Existence. If the Borrower, Guarantor or any person, firm or corporation affiliated with it, takes any action that is intended to result in the termination, dissolution or liquidation of the Borrower.

8.09 Solvency.

(a) If the Borrower or Guarantor shall (1) have an order of relief entered in any proceeding filed by them under the federal bankruptcy laws (as in effect on the date of this Agreement or as they may be amended from time to time); (2) admit their inability to pay their debts generally as they become due; (3) become insolvent in that their total assets are in the aggregate worth less than all of their liabilities or they are unable to pay its debts generally as they become due; (4) make a general assignment for the benefit of creditors; (5) file a petition, or admit (by answer, default or otherwise) the material allegations of any petition filed against them, in bankruptcy under the federal bankruptcy laws (as in effect on the date of this Agreement or as they may be amended from time to time), or under any other law for the relief of debtors, or for the discharge, arrangement or compromise of their debts; or (6) consent to the appointment of a receiver, conservator, trustee or liquidator of all or part of their assets.

(b) If a petition shall have been filed against the Borrower or Guarantor in proceedings under the federal bankruptcy laws (as in effect on the date of this Agreement, or as they may be amended from time to time), or under any other laws for the relief of debtors, or for the discharge, arrangement or compromise of their debts, or an order shall be entered by any court of competent jurisdiction appointing a receiver, conservator, trustee or liquidator of all or part of the Borrower's or Guarantor's assets.

Section 9

Remedies Upon Default

Notwithstanding anything to the contrary, if any Event of Default under this Agreement occurs, the Lender, in its sole discretion, and without notice to the Borrower or Guarantor, may declare the entire unpaid balance of the Note, and all other obligations of the Borrower and the Guarantor under this Agreement to be immediately due and payable in full, without any presentment, demand or notice of any kind, all of which are hereby waived by the Borrower and Guarantor. In addition, upon the occurrence of any Event of Default, and at any time thereafter, unless all Events of Default have been remedied to the full satisfaction of the Lender or waived in a writing signed by the Lender specifically providing the waiver, the Lender shall have all of

the following rights and remedies and it may exercise one or more of them singly or in conjunction with others.

9.01 Right to Offset. The Lender shall have the right to set off against, or appropriate and apply toward the payment of, the obligations of the Borrower and the Guarantor to the Lender, pursuant to this Agreement or as evidenced by the Note or the Guaranty whether such obligations shall have matured in due course or by acceleration, any and all balances and other sums and indebtedness then held or owed by the Lender to or for the credit or account of the Borrower or the Guarantor. For such purpose the Borrower and the Guarantor hereby pledge to and grant a security interest in such balances, other sums and indebtedness of the Lender to secure all of the Borrower's and the Guarantor's obligations under this Agreement, the Note and the Guaranty. Such offsets following an Event of Default may occur without notice to or demand upon the Borrower or any other person, all of such notices and demands being hereby waived.

9.02 Enforcement of Rights. The Lender shall have the right, to proceed to protect and enforce its rights by suit in equity, action at law or other appropriate proceedings either for specific performance of any covenant or condition contained in any of the Loan Documents, or in aid of the exercise of any power granted in any of the Loan Documents.

9.03 Rights Under Security Instruments. The Lender shall also have all rights and remedies granted it under any and all of the Security Instruments securing or intending to secure the Borrower's obligations under the Note or any other indebtedness or obligation of the Borrower and Guarantor under the Loan Documents.

9.04 Cumulative Remedies. All of the rights and remedies of the Lender upon occurrence of an Event of Default shall be cumulative to the greatest extent permitted by law, may be exercised successively or concurrently, from time to time, and shall be in addition to all of those rights and remedies afforded the Lender at law, or in equity, or in bankruptcy. Notwithstanding the foregoing, the Lender shall be entitled to recover from the cumulative exercise of all remedies an amount no greater than the sum of (i) the outstanding principal amount of the Loan, (ii) all accrued but unpaid interest with respect to the principal amount of the Loan, (iii) any other amounts that the Borrower is required by this Agreement to pay to the Lender (for example, and without limitation, the reimbursement of expenses and legal fees, and late charges), and (iv) any costs, expenses or damages which the Lender is otherwise permitted to recover by the terms of this Agreement, the Security Instruments, and the other Loan Documents. Any exercise of any right or remedy shall not be deemed to be an election of that right or remedy to the exclusion of any other right or remedy.

Section 10

Fees and Expenses

10.01 Transaction Expenses. The Borrower shall pay to the Lender upon demand all out-of-pocket expenses incurred by the Lender in connection with the transactions contemplated by this Agreement, including, but not limited to, the Lender's reasonable attorneys' fees incurred

in preparing the Loan Documents and any and all costs and fees incurred in connection with the recording or filing of any documents or instruments in any public office, pursuant to or as a consequence of this Agreement, or to perfect or protect any security for the Loan. The Borrower shall also pay to the Lender upon demand all out-of-pocket expenses incurred from time to time in the administration of the Loan, including without limitation any out-of-pocket expenses (including, but not limited to, attorneys fees) incurred by the Lender if any of the Loan Documents should be amended, extended and/or renewed from time to time.

10.02 Enforcement Expenses. If any Event of Default shall occur under this Agreement, or any default shall occur under any of the Loan Documents or any related documents, the Borrower shall pay to the Lender, to the extent allowable by applicable law, such amounts as shall be sufficient to reimburse the Lender fully for all of its costs and expenses incurred in enforcing its rights and remedies under the Loan Documents and any related documents, including without limitation the Lender's reasonable attorneys' fees and court costs. Such amounts shall be deemed to be included in the obligations secured by the Security Instruments.

Section 11

Miscellaneous Provisions

11.01 No Waivers. Failure or delay by the Lender in exercising any rights shall not be deemed to be or operate as a waiver of that right, nor shall any right be exclusive of any other right referred to in this Agreement, or in any other related document, or available at law or in equity, by statute or otherwise. Any single or partial exercise of any right shall not preclude the further exercise of that right. Every right of the Lender shall continue in full force and effect until such right is specifically waived in a writing signed by the Lender.

11.02 Course of Dealing. No course of dealing between the Borrower or the Guarantor and the Lender shall operate as a waiver of any of the Lender's rights under any of the Loan Documents.

11.03 Waivers by the Borrower and the Guarantor. The Borrower and Guarantor hereby waive, to the extent permitted by applicable law, (a) all presentments, demands for performances, notices of nonperformance (except to the extent specifically required by this Agreement or any other of the Loan Documents), protests, notices of protest and notices of dishonor in connection with the Note (b) any requirement of diligence or promptness on the part of the Lender in enforcement of its rights under the provisions of any of the Loan Documents, and (c) any requirement of marshalling assets or proceeding against persons or assets in any particular order.

11.04 Severability. If any part, term or provision of this Agreement is held by any court to be unenforceable or prohibited by any law applicable to this Agreement, the rights and obligations of the parties shall be construed and enforced with that part, term or provision limited so as to make it enforceable to the greatest extent allowed by law, or, if it is totally unenforceable, as if this Agreement did not contain that particular part, term or provision.

11.05 Time of the Essence. Time shall be of the essence in the performance of all of the Borrower's and the Guarantor's obligations under the Loan Documents.

11.06 Benefit and Binding Effect. This Agreement shall inure to the benefit of Lender its legal representatives, successors and assigns. All obligations of Borrower and Guarantor contained herein shall bind them, their successors, respective heirs, legal representatives and if Lender consents in writing to an assignment of this Agreement by Borrower or the Guarantor, then their assigns.

11.07 Further Assurances. The Borrower and Guarantor shall sign such financing statements or other documents or instruments as the Lender may request from time to time more fully to create, perfect, continue, maintain or terminate the rights and security interests intended to be granted or created pursuant to this Agreement or the Security Instruments.

11.08 Incorporation by Reference. All schedules, annexes or other attachments to this Agreement are incorporated into this Agreement as if set out in full at the first place in this Agreement that reference is made thereto.

11.09 Entire Agreement; No Oral Modifications. This Agreement, the schedules and annexes hereto, and the documents and instruments referred to herein constitute the entire agreement of the parties with respect to the subject matter hereof, and supersede all prior understandings with respect to the subject matter hereof. No change, modification, addition or termination of this Agreement or any of the Loan Documents shall be enforceable unless in writing and signed by the party against whom enforcement is sought.

11.10 Headings. The headings used in this Agreement are included for ease of reference only and shall not be considered in the interpretation or construction of this Agreement.

11.11 Governing Law. This Agreement and the related documents and instruments shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

11.12 Assignments. Borrower and Guarantor shall not assign their respective rights under this Agreement to any other party, unless Lender consents in writing to the assignment. Any attempted assignment shall be a default under this Agreement and shall be null and void, except as noted in this Section 11.12.

11.13 Multiple Counterparts.

(a) This Agreement may be signed by each party upon a separate copy, and in such case one counterpart of this Agreement shall consist of enough of such copies to reflect the signature of each party.

(b) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement or the terms thereof to produce or account for more than one of such counterparts.

11.14 Notices.

(a) Any requirement of the Uniform Commercial Code or other applicable law of reasonable notice shall be met if such notice is given at least ten (10) business days before the time of sale, disposition or other event or thing giving rise to the requirement of notice.

(b) Except as provided in subsection (c) below, all notices or communications under this Agreement shall be in writing and shall be hand-delivered, sent by courier, or mailed to the parties addressed as follows, and any notice so addressed and (1) hand-delivered, shall be deemed to have been given when so delivered, or (2) mailed by registered or certified mail, return receipt requested, shall be deemed to have been given when mailed, or (3) delivered to a recognized small package overnight courier service to the address of the intended recipient with shipping prepaid, shall be deemed to have been given when so delivered to such courier:

(1) If to the Borrower:

Clark Energy Services Corporation
P.O. Box 748
Winchester, Kentucky 40392
Attention: Overt L. Carroll, President

(2) If to the Lender:

East Kentucky Power Cooperative, Inc.
P.O. Box 707
Winchester, Kentucky 40392
Attention: Dale W. Henley, General Counsel

(3) If to the Guarantor

Clark Energy Propane Plus LLC
P.O. Box 4117
Winchester, Kentucky 40392
Attention: Overt L. Carroll, President

(c) The Borrower, Guarantor and the Lender may at any time, and from time to time, change the address or addresses to which notice shall be mailed by written notice setting forth the changed address or addresses.

11.15 Survival of Covenants. All covenants, agreements, warranties and representations made by the Borrower and Guarantor herein shall survive the making of the Loan and the execution and delivery of the Loan Documents.

11.16 Jurisdiction and Venue; Waiver of Jury Trial. The Borrower and Guarantor consent to the Clark County, Kentucky Circuit Court and the Federal District Court for the Eastern District of Kentucky, as the sole and exclusive forum for enforcement of this Assignment, and waive any objection to any such action based upon lack of personal or subject

matter jurisdiction or improper venue. The Borrower and Guarantor agree that any action or proceeding may be served by mailing a copy thereof by certified mail, or any substantial or similar form of mail addressed to the Borrower and the Guarantor at their respective address first above written. To the fullest extent applicable law, Borrower and Guarantor waive any right they may have to trial by jury.

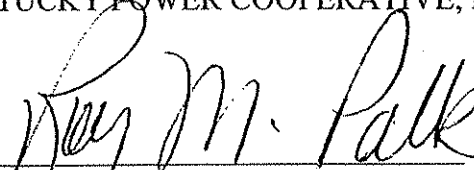
11.17 Acknowledgment. The Borrower and Guarantor acknowledge that they have each received a copy of this Agreement and each of the other Loan Documents, as fully executed by the parties thereto. The Borrower and Guarantor acknowledge that they (a) have READ THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS OR HAVE CAUSED SUCH DOCUMENTS TO BE EXAMINED BY THE BORROWER'S OR GUARANTOR'S REPRESENTATIVES OR ADVISORS; (b) are thoroughly familiar with the transactions contemplated in this Agreement and the other Loan Documents; and (c) together with the Borrower's and Guarantor's representatives or advisors, if any, have had the opportunity to ask such questions to representatives of the Lender, and receive answers thereto, concerning the terms and conditions of the transactions contemplated in this Agreement and the other Loan Documents as the Borrower and Guarantor deem necessary in connection with the Borrower's and Guarantor's decision to enter into this Agreement.

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IN WITNESS WHEREOF, Borrower and Lender, acting by and through their duly authorized officers, and the Guarantor has duly executed this Agreement as of the date first set forth above, but actually on the dates set forth below.

LENDER


EAST KENTUCKY POWER COOPERATIVE, INC.

By: 
Roy M. Palk
President

Date: ~~June~~ July 5, 2000

BORROWER


CLARK ENERGY SERVICES CORPORATION

By: 
Overt L. Carroll,
President

Date: ~~June~~ July 5, 2000

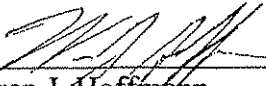
GUARANTOR

CLARK ENERGY PROPANE PLUS LLC

By: 
Overt L. Carroll,
President

Date: ~~June~~ July 5, 2000

THIS AGREEMENT PREPARED BY:



Warren J. Hoffmann
BROWN, TODD & HEYBURN PLLC
2700 Lexington Financial Center
Lexington, Kentucky 40507
606-231-0000

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EXHIBIT "A"

PROPERTY DESCRIPTION

That certain one space located within the building owned by Clark Energy Services Corporation ("Lessor") situated in Clark County, Commonwealth of Kentucky, with an address of 2640 Iron Works Road, Winchester, Kentucky 40392-0748, (the "Premises") together with the improvements thereon and the right of Lessor in and to any roads, streets or easements adjoining or providing ingress or egress or affecting the use of the Premises and;

A parcel of land 261 ft. by 339 ft. and designated as 4911 Rockwell Road, located in the South West corner of the Yeiser Industrial Park Property, all on Lessor's property known as Yeiser Industrial Park on the north side of Rockwell Road, Winchester, Clark County, Kentucky.

LOAN AGREEMENT

This is a Loan Agreement (this "Agreement") dated as of the 30th day of June, 2000, by and between

EAST KENTUCKY POWER COOPERATIVE, INC.
P.O. Box 707
Winchester, Kentucky 40392 (the "Lender");

FARMERS ENERGY SERVICES CORPORATION
504 S. Broadway
P.O. Box 1298
Glasgow, Kentucky 42142-1298 (the "Borrower");

and

FARMERS ENERGY PROPANE PLUS LLC
504 S. Broadway
P.O. Box 1704
Glasgow, Kentucky 42142-1704 the "Guarantor")

RECITAL

This Agreement is being entered into to provide for a loan in the principal amount of Nine Hundred Sixty-Five Thousand Five Hundred Fifteen Dollars (\$965,515.00), which loan is to be used to enable the Borrower to acquire the outstanding fifty percent (50%) membership interest in the Guarantor currently held by Thermogas Energy L.L.C. (Borrower already owning a fifty percent (50%) membership interest in the Guarantor), to provide the Borrower and Guarantor with operating capital and for such other purposes as Lender may permit.

NOW, THEREFORE, the Borrower, the Guarantor and the Lender agree as follows:

Section 1

Definitions

As used in this Agreement, the following terms shall have the following meanings and the meanings assigned to them shall be equally applicable to both the singular and plural forms of the terms defined:

"Loan Documents" shall mean, collectively, this Agreement and all agreements, documents, and instruments to be executed by the Borrower or the Guarantor which relate to this Agreement, including, but not limited to, the Note and the Security Instruments.

"Collateral" shall mean the property liened, pledged or encumbered by the Loan Documents.

"Dividend" shall mean any amount declared or paid, or set apart by the Borrower for the purpose of payment of, (a) any dividend or other distribution on or in respect of any shares of any class of the Borrower's capital stock, or (b) the purchase, retirement, reacquisition or redemption of any shares of any class of the Borrower's capital stock, or (c) any distribution by way of reduction of capital, or (d) any other distribution on or in respect of any shares of any class of the Borrower's capital stock.

"Event of Default" shall mean any one of the occurrences which are Events of Default under Section VIII of this Agreement.

"Generally Accepted Accounting Principles" shall mean those principles of accounting set forth in pronouncements of the Financial Accounting Standards Board, the American Institute of Certified Public Accountants, as such principles are from time to time supplemented and amended.

"Indebtedness" shall mean all obligations, contingent or otherwise, which, in accordance with Generally Accepted Accounting Principles shall be classified on the obligor's balance sheet as liabilities.

"Index Rate" shall have the meaning set forth in Section 3.01.

"Loan" shall mean the loan made by the Lender to the Borrower in the principal amount of Nine Hundred Sixty-Five Thousand Five Hundred Fifteen Dollars (\$965,515.00).

"Maturity Date" shall mean June 30, 2015.

"Note" shall mean the promissory note of Borrower dated June 30, 2000, evidencing the obligation of Borrower to repay the loan, and any note delivered in renewal, replacement, substitution, extension or novation thereof.

"Person" shall mean any individual, partnership, association, trust, corporation or other entity.

"Security Instruments" shall mean all of the instruments, documents and agreements referred to in Section 4.01.

"Uniform Commercial Code" shall mean the Uniform Commercial Code as in effect in the Commonwealth of Kentucky.

"Unmatured Default" shall mean the happening of any material breach under this Agreement, including but not limited to failure to pay any installment of principal or interest of the Note when due, or a breach of the financial covenants under this Agreement, or other similar material breach the happening of which, together with the giving of any required notice or the passage of any required period of time, would constitute an Event of Default.

Section 2

The Loan

Lender establishes a Loan in favor of Borrower as follows:

2.01 Amount. Subject to Section 5.02 of this Agreement, the principal amount of the Loan shall be Nine Hundred Sixty-Five Thousand Five Hundred Fifteen Dollars (\$965,515.00).

2.02 Term. The Loan shall become effective as of the date hereof. Unless the Loan is sooner terminated as provided in this Agreement, the Loan shall continue in effect until the close of business on June 30, 2015.

Section 3

Payments of the Loan

3.01 Interest Rate. The unpaid principal balance of the Loan shall bear interest at an annual rate equal to the Index Rate minus one-half of one percent (.50%). "Index Rate" shall mean "Prime Rate" as published in the "Money Rates" section of The Wall Street Journal. The Index Rate shall be adjusted annually on each anniversary of the Loan. The Index Rate as of the date hereof is nine and one half percent (9.5%).

3.02 Principal and Interest Payments. Borrower shall make sixty (60) monthly payments of interest only on this Loan commencing on August 1, 2000 and continuing on the first (1st) day of each month and every month thereafter. Borrower shall make monthly payments of principal and interest on this Loan, beginning on August 1, 2005, and continuing on the 1st day of each and every month thereafter; until the outstanding principal balance of this Loan, and all accrued interest, shall be paid in full; provided however that all outstanding principal and accrued interest shall be due and payable in full on the maturity date.

3.03 Prepayments of Note. Borrower shall have the right at any time, and from time to time, without penalty or premium to prepay the Note in whole or in part. All prepayments made with respect to the Note shall be applied first to penalties, if any, owed by the Borrower to the Lender, second, to accrued but unpaid interest with respect to the Note, then to installments of principal under the Note in the reverse order of their maturity.

3.04 Late Charge and Default Rate of Interest. If any payment due under the Note is not received by Lender within ten (10) days of the date it is due, then a late charge of five percent (5.00%) of the amount of the overdue payment may be charged by the holder of the Note. Upon maturity, whether by acceleration or otherwise, or upon the occurrence of an Event of Default hereunder, in addition to any and all other remedies to which the holder may be entitled, the applicable rate of interest on the Note shall be increased to five percent (5.00%) per annum in excess of the Index Rate.

Section 4

Security for the Loan

4.01 Security for the Loan. The Note and the Loan evidenced thereby is and shall be secured by and entitled to the benefits of all of the following:

(a) Leasehold Mortgage. The Loan shall be secured by a mortgage on leasehold property located in Glasgow, Barren County, Kentucky, as more particularly described on Exhibit "A" attached hereto and made a part hereto, pursuant to a Leasehold Mortgage and Security Agreement dated June 30, 2000, between Farmers Energy Propane Plus LLC and the Lender (the "Leasehold Mortgage").

(b) Security Agreement. The Loan shall be secured by a security interest in all of Guarantor's right, title and interest in and to the following property (the "Security Agreement"):

(i) all accounts and accounts receivable, whether now existing or hereafter arising;

(ii) all inventory, whether now owned or hereafter acquired;

(iii) all equipment, machinery, furniture, fixtures, supplies, raw materials, work in progress, and motor vehicles, whether now owned or hereafter acquired;

(iv) all general intangibles, deposit accounts, letters of credit, instruments, contract rights, tax refunds, and insurance proceeds;

(v) all goods, instruments, documents of title, policies and certificates of insurance, securities, membership interests, chattel paper, deposits, cash or other property owned by the Guarantor or in which it has an interest.

(vi) All accessories, attachments, parts, accessions and repairs, and all substitutions, replacements and additions thereto and all proceeds (including insurance proceeds) and products therefrom; and

(vii) Lender's security interest shall specifically include Guarantor's interest in and the right to obtain from the Guarantor all the physical media on which records of accounts or accounts receivable are kept, including but not limited to: optical disk, software and operating systems necessary to render electronically encoded material meaningful, microfiche and microfilm and any and all hardware and equipment necessary for the reading of or to render meaningful the physical media on which records are kept.

(c) Pledge Agreement. The Loan shall be secured by a pledge of and security interest in one hundred percent (100%) of the membership interests of the Guarantor (which are

wholly owned by Borrower) pursuant to a Pledge Agreement dated June 30, 2000, among the Borrower, Guarantor and the Lender (the "Pledge Agreement").

(d) Guaranty. The Loan shall be secured by the guaranty of the Guarantor pursuant to a Guaranty dated June 30, 2000, executed by the Guarantor (the "Guaranty").

(e) Right of Offset. The Loan shall be secured by the right of offset provided in Section 9.01 of this Agreement.

Section 5

Conditions Precedent

5.01 Conditions Precedent to the Loan. The Lender's obligation to provide the Borrower with the Loan shall be conditioned upon the fulfillment of all the following conditions:

(a) Borrower and Guarantor Resolutions. Borrower and Guarantor shall have each furnished Lender with (i) certified copies of their Articles of Incorporation or Articles of Organization (as applicable) and Bylaws and all amendments thereto, (ii) certificates from the Secretary of State of the Commonwealth of Kentucky that Borrower and Guarantor are in good standing, and (iii) a corporate or limited liability company resolution (as applicable) signed by the directors of Borrower and the managers of the Guarantor in form and substance satisfactory to Lender and its attorneys (A) authorizing the execution of this Agreement, the other Loan Documents to which each is a party, and (B) authorizing consummation of the transactions contemplated by this Agreement.

(b) Certificates of Incumbency. The Borrower and the Guarantor shall have furnished the Lender with a certificate of its secretary certifying the names of the officers of the Borrower and the Guarantor authorized to sign the Loan Documents, together with the true signatures of such officers.

(c) Executed Agreements. Borrower shall have delivered to Lender the following documents, in form and substance satisfactory to Lender and its attorneys, duly executed by Borrower and/or each Guarantor:

- (i) this Agreement;
- (ii) the Note;
- (iii) the Leasehold Mortgage;
- (iv) the Security Agreement;
- (v) the Pledge Agreement; and
- (vi) such financing statements or other documents for filing with public officials with respect to the Security Agreement as the Lender may request.

(d) Representations and Warranties. Each and every representation and warranty made by or on behalf of the Borrower at the time of or after the execution of this Agreement relating to the Loan Documents or the transactions contemplated thereby shall be true, complete and correct on and as of the date such Loan is to be made.

(e) No Defaults. There shall exist no Event of Default or Unmatured Default which has not been cured to the Lender's satisfaction.

(f) No Change in Condition. No material adverse change shall have occurred in the condition, financial or otherwise, of the Borrower or the Guarantor from that existing on June 30, 2000.

(g) Recordings and Filings. All financing statements or other instruments as the Lender may reasonably request have been executed and delivered by the Borrower and filed or recorded in such public offices as the Lender may request to perfect and maintain the perfection of the security interests which secure the Loan.

(h) Insurance. Evidence of the insurance coverage specified in Section 6.01 shall have been submitted to and approved by Lender.

(i) Other Documents. Borrower shall have delivered to Lender any other documents, in form and substance satisfactory to Lender and its attorneys, that Lender or its attorneys may reasonably request in order to further protect the security of Lender or evidence compliance by Borrower with the Loan Documents.

Section 6

General Covenants

During the term of this Agreement, the Borrower and the Guarantor (as applicable) shall comply with all of the following provisions:

6.01 Insurance. The Guarantor will at all times keep its insurable properties insured to such extent and against such risks, including, without limitation, casualty insurance, public liability insurance, worker's compensation and other insurance required by law, as customary with companies of comparable size in the same or similar business, unless higher limits or other types of coverage are reasonably required in writing by the Lender. With regard to the assets constituting the Collateral for this Loan, the Guarantor will deliver to the Lender certificates of each insurer (or such other evidence as may be satisfactory to the Lender) indicating that the Lender is loss payee or additional insured (long form) regarding such insurance (or additional insured as to liability insurance). Each such policy will require and the certificates will state, that no such policy will be terminated without at least thirty (30) days prior written notice having been delivered to the Lender.

6.02 Taxes and Other Payment Obligations. The Borrower and Guarantor will comply with or contest in good faith all statutes and governmental regulations and pay all taxes, assessments, governmental charges, claims for labor, supplies, rent and any other obligation

which, if unpaid, might become a lien against any of its respective properties except liens for taxes not yet due and payable and liabilities being contested in good faith with due diligence and against which reserves satisfactory to the Lender have been established; provided, however, that the Borrower and Guarantor shall immediately pay or otherwise satisfy any such tax assessment, government charge, claims for labor, supplies, rent or any other obligation upon commencement of proceedings to foreclose on any lien securing such taxes, charges or claims.

6.03 Financial Statements. The Borrower and the Guarantor will provide to the Lender:

(a) Annual Statements. Within one hundred eighty (180) days after the close of each fiscal year financial reports of the Borrower and the Guarantor as of the end of such fiscal year and the notes thereto, and the related statements of income and retained earnings and the notes thereto, and a statement of changes in financial position for such fiscal year, setting forth in each case comparative financial statements for the corresponding period in the preceding year, all prepared in accordance with Generally Accepted Accounting Principles applied on a consistent basis;

(b) Quarterly Statements. Within forty-five (45) days after the close of each fiscal quarter of each year (except for the fourth and final quarter which may be delivered in one hundred eight (180) days a balance sheet and profit and loss statement of the Borrower and the Guarantor certified by an officer of each of the Borrower and the Guarantor to be correct and accurate, and setting forth in comparative form the corresponding amounts for the corresponding period during the preceding fiscal year;

(c) Tax Returns. Borrower and Guarantor shall furnish to Lender a copy of Borrower's and Guarantor's federal income tax return and/or K-1 within twenty (20) days after filing.

(d) Other. Such other information respecting the financial condition and operations of the Borrower and Guarantor as the Lender may from time to time reasonably request.

6.04 [INTENTIONALLY LEFT BLANK].

6.05 Other Reports. Additionally, the Borrower and the Guarantor agree that they will (i) promptly upon receipt thereof, deliver to the Lender any report submitted to the Borrower or the Guarantor by independent accountants in connection with any annual, interim or special audit made by them of the books of the Borrower or the Guarantor; (ii) upon becoming available, promptly deliver to the Lender a copy of all financial statements, reports, notices and proxy statements sent to stockholders, and a copy of all regular, periodic and special reports filed with any securities exchange or with the Securities and Exchange Commission or any governmental authority succeeding to any or all of the functions of such Commission; and (iii) promptly, from time to time, furnish to the Lender, such other information regarding its operations, business affairs and financial condition as the Lender may reasonably request. The Lender is hereby authorized to deliver a copy of any financial statement made available by the Borrower or the

Guarantor to any regulatory authority having jurisdiction over the recipient of such financial statement.

6.06 Financial Records. The Borrower and the Guarantor shall maintain standard modern systems of accounting in which full, true and correct entries shall be made of all dealings or transactions in relation to its business and affairs in accordance with Generally Acceptable Accounting Principles applied on a basis consistent with prior years and, without limitation, making appropriate accruals for estimated contingent losses and liabilities.

6.07 Inspection. The Borrower and the Guarantor will permit any officer of the Lender designated in writing by the Lender, to visit and inspect any of their properties, corporate books and financial records at such times as the Lender may reasonably request upon reasonable notice and during ordinary business hours.

6.08 Accountants Review. Upon the written request of the Lender, the Borrower and the Guarantor will authorize any officer of the Lender to discuss their financial statements and financial affairs at any time from time to time with the Borrower's or the Guarantor's accountants upon reasonable notice and during ordinary business hours.

6.09 Notice Requirements.

(a) Default. The Borrower will deliver to the Lender forthwith, upon any officer's obtaining knowledge of an Event of Default under this Agreement or an event of default under any of the Loan Documents or an event which would constitute such an event of default but for the requirement that notice be given or time elapse or both, a certificate of the chief executive officer, chief financial officer or treasurer of the Borrower specifying the nature and period of existence thereof and what action the Borrower proposes to take with respect thereto.

(b) Other Notices. The Borrower will notify the Lender in writing within five (5) business days of the occurrence of any of the following with respect to the Borrower or the Guarantor:

(1) the pendency or commencement of any material action, suit or proceeding at law or in equity;

(2) any event or condition which shall constitute an event of default under any other agreement for borrowed money;

(3) any levy of an attachment, execution or other process against its assets; and

(4) any material change in any existing agreement or contract which may adversely affect its business or affairs, financial or otherwise.

6.10 Note and Security Instruments. The Borrower shall pay the Note in accordance with its terms, covenants and conditions, and the Borrower and the Guarantor shall comply with the terms, covenants and conditions of the Security Instruments.

6.11 Compliance with Law. The Borrower and the Guarantor shall comply in all material respects with (i) all valid and applicable statutes, rules and regulations of the United States of America, of the States thereof and their counties, municipalities and other subdivisions and of any other jurisdiction applicable to them; (ii) the orders, judgments and decrees of all courts or administrative agencies with jurisdiction over them; or its business; and (iii) the provisions of licenses issued to the Borrower or the Guarantor except where compliance therewith shall be currently contested in good faith by appropriate proceedings, timely instituted, which shall operate to stay any order with respect to such non-compliance.

6.12 Subordination.

(a) Subordination. Until all indebtedness of Borrower to Lender is fully paid, and all terms, covenants and conditions of this Agreement and the Security Instruments are complied with by Borrower, the Guarantor agrees that at all times from and after the date it receives any notice either of an Event of Default by Borrower under this Agreement or of any condition or event which would be an Unmatured Default under this Agreement or the Security Instruments, the Guarantor shall not ask, demand, sue for, take or receive from Borrower, by set-off or in any other manner, all or any part of any monies, principal or interest thereon, now or hereafter owing by Borrower to it, nor any security therefor, unless and until that Guarantor receives notice from Lender that such Event of Default or Unmatured Default is waived or cured.

(b) Distribution of the Assets of Borrower. The Guarantor agrees that in the event of (i) any distribution, division or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the assets of the Borrower, the proceeds thereof to creditors of the Borrower or upon any indebtedness of the Borrower which are collateral under this Loan, by reason of the liquidation, dissolution or other winding up of Borrower or its business, or (ii) any sale, receivership, insolvency or bankruptcy proceeding, or any assignment for the benefit of creditors, or any proceeding by or against the Borrower for any relief under any bankruptcy or insolvency law relating to the relief of debtors, readjustment of indebtedness, reorganization, composition or extension; then and in any such event, any payment or distribution of any kind or character, either in cash, securities or other property, which shall be payable or deliverable upon or with respect to any or all indebtedness of Borrower to Guarantor, shall be paid or delivered directly to Lender for application on the Loan due or not due, until the indebtedness of Borrower to Lender is fully paid and all provisions of this Agreement are satisfied or secured. In either such event, Guarantor irrevocably authorizes and empowers Lender to demand, sue for, collect and receive every such payment or distribution, give acquittance therefor and to file claims and take such other proceedings in the name of Lender, in the name of the Guarantor or otherwise, as Lender may deem necessary or advisable for the enforcement of this Agreement. The Guarantor shall execute and deliver to Lender such powers of attorney, assignments or other instruments as may be requested by Lender in order to enable Lender to enforce any and all claims upon or with respect to any or all indebtedness of Borrower to Guarantor, and to collect and receive any and all payments or distributions which may be payable or deliverable at any time upon or with respect to any such indebtedness of Borrower to Guarantor.

(c) Payments Received from Borrower. Should any payment, distribution, security or proceeds thereof be received by any Guarantor upon or with respect to any

indebtedness of Borrower to Guarantor after the date Guarantor receives notice of an Event of Default by Borrower under this Agreement or an event or condition which could result in an Unmatured Default under this Agreement or the Security Instruments, then Guarantor shall forthwith deliver the same to Lender in precisely the form received (except for endorsement or assignment where necessary), for application under this Agreement or the Security Instruments, and, until so delivered, the same shall be held in trust by Guarantor as property of Lender. In the event that Guarantor fails to make any such endorsement or assignment, then Lender, its officers or employees on its behalf, are irrevocably authorized to make the same.

(d) Limitation on Assignment. The Guarantor shall not assign or transfer voluntarily or by operation of law to others any claim they possess or may possess against Borrower while any of the indebtedness of Borrower to Lender remains unpaid, unless such assignment or transfer is made expressly subject to this Agreement.

(e) Notice of Subordination. All notes or other evidences of indebtedness accepted by any Guarantor from Borrower shall contain a specific statement therein that the indebtedness thereby evidenced is subject to the terms, covenants and conditions of this Agreement.

6.13 Liens. Except for security interests granted by the Borrower and the Guarantor to the Lender contemporaneously with the execution of this Agreement, liens permitted in this Agreement, and liens created in the Security Instruments, the Borrower and Guarantor shall not (i) create or incur or suffer to be created or incurred or to exist any encumbrance, mortgage, pledge, lien, charge, restriction or other security interest of any kind upon any of the Collateral, whether owned or held on the date of this Agreement or acquired thereafter, or upon the income or profits therefrom, or (ii) transfer any such Collateral or the income or profits therefrom for the purpose of subjecting the same to payment of indebtedness or performance of any other obligation except payments made in accordance with this Agreement or payments made to the Lender in accordance with the terms and provisions of this Agreement, or (iii) acquire, or agree or have an option to acquire, any Collateral upon conditional sale or other title retention or purchase money security agreement, device or arrangement, or (iv) sell or transfer, assign, or pledge any Collateral, with or without recourse. The Borrower and Guarantor may incur or create, or suffer to be incurred or created or to exist, the following liens without violating the provisions of this Section 6.13:

(a) Statutory liens to secure claims for labor, material or supplies to the extent that payment thereof shall not at the time be required to be made in accordance with this Agreement.

(b) Deposits or pledges made in connection with, or to secure payment of, workers' compensation, unemployment insurance, old age pensions or other social security, or in connection with contests, to the extent that payment thereof shall not at that time be required to be made in accordance with of this Agreement.

(c) Statutory liens for taxes or assessments or governmental charges or levies if payment shall not at the time be required to be made in accordance with this Agreement.

(d) Purchase money liens or security interests with respect to property acquired by the Borrower or the Guarantor with the Lender's prior written consent, which shall not be unreasonably withheld.

(e) Statutory liens (and contractual liens that provide to the secured party no greater rights than equivalent statutory liens) to secure payment of rent or lease payments with respect to leases of real property to the extent that such payments shall not at the time be required to be made in accordance with this Agreement.

6.14 Limited Liability Company Existence and Good Standing. The Borrower and the Guarantor shall preserve their corporate/limited liability company existences in good standing and shall be and remain qualified to do business and in good standing in all states and countries in which they are required to be so qualified.

6.15 Articles of Incorporation and Bylaws. Without the Lender's prior written consent, which shall not be withheld or delayed unreasonably, the Borrower and the Guarantor shall not make any changes in or amendments to their articles of incorporation or articles of organization.

6.16 Dividends. Without the prior written consent of the Lender, the Borrower and Guarantor shall not declare and pay, or set apart any sum for the purpose of payment of, any Dividend.

6.17 Mergers, Sales, Transfers and Other Dispositions of Assets. Without the Lender's prior written consent, which shall not be unreasonably withheld or delayed, the Borrower and Guarantor shall not:

- (a) Be a party to any consolidation or merger;
- (b) Sell or otherwise transfer any material part of their assets;
- (c) Purchase all or a substantial part of the capital stock or assets of any corporation or other business enterprise;
- (d) Effect any change in their capital structure;
- (e) Sell, assign, or otherwise dispose of, with or without recourse, settle or compromise any of their accounts receivable or notes receivable or other intangibles, except the endorsement of negotiable instruments for the purpose of collection in the ordinary course of business and as permitted in the Loan Documents; or
- (f) Liquidate or dissolve or take any action with a view toward liquidation or dissolution.

6.18 Loans. The Borrower and Guarantor shall not make any loan or advance any funds whatsoever to any business, entity, party or individual.

Section 7

Representations and Warranties

To induce the Lender to enter into this Agreement and to make the Loan, the Borrower and Guarantor, respectively represent and warrant to the Lender as follows:

7.01 Corporate Organization and Existence. The Borrower is a corporation duly organized, validly existing, and in good standing under the laws of the Commonwealth of Kentucky. The Borrower has all necessary power and authority to carry on its business conducted on the date of this Agreement. The Borrower is qualified to do business as a foreign corporation, and is in good standing, in all states and in all foreign countries in which it owns any property or carries on substantial activities or is otherwise required to be so qualified, and is duly authorized, qualified and licensed under all laws, regulations, ordinances or orders of public authorities to carry on its business in the places and in the manner conducted on the date of this Agreement.

7.02 Corporate Organization and Existence. The Guarantor is a limited liability company duly organized, validly existing, and in good standing under the laws of the Commonwealth of Kentucky. The Guarantor has all necessary power and authority to carry on its business conducted on the date of this Agreement.

7.03 Right to Act. No registration with or consent or approval of any governmental agency of any kind is required for the execution, delivery, performance and enforceability of the Loan Documents. The Borrower and Guarantor have full power and authority, corporate and otherwise, to execute, deliver and perform the Loan Documents.

7.04 No Conflicts. The Borrower and the Guarantor's execution, delivery and performance of the Loan Documents does not, and will not, (a) violate any existing provision of (i) the articles of incorporation or bylaws of the Borrower, (ii) the Operating Agreement of the Guarantor, or (iii) any law, rule, regulation, or judgment, order or decree applicable to the Borrower and Guarantor or (b) otherwise constitute a default, or result in the imposition of any lien under (1) any existing contract or other obligation binding upon the Borrower and Guarantor or their property, with or without the passage of time or the giving of notice or both; (2) any law, rule or regulation applicable to the Borrower and the Guarantor or their business; or (3) any judgment, order or decree of any court or administrative agency applicable to the Borrower and the Guarantor and their business.

7.05 Authorization. The execution, delivery and performance by the Borrower and the Guarantor of the Loan Documents has been duly authorized, and the Loan Documents have been duly executed and delivered and constitute legal, valid and binding obligations enforceable against the Borrower and the Guarantor, respectively.

7.06 Litigation and Taxes.

(a) There is no litigation, at law or in equity, or any proceeding before any federal, state or municipal court, board or other governmental or administrative agency pending,

or to the knowledge of the Borrower or Guarantor, threatened which is likely to involve any material judgment or liability against the Borrower or Guarantor or which might otherwise result in any material adverse change in the Borrower and Guarantor's business, assets or condition, financial or otherwise. No judgment, decree or order of any federal, state or municipal court, board or other governmental or administrative agency has been issued against the Borrower or Guarantor or any of their assets which has, or might have, a material adverse effect on the Borrower and Guarantor's business, assets or condition, financial or otherwise.

(b) The Borrower and Guarantor have filed all tax returns which are required to be filed and have paid, or made adequate provision for the payment of, all taxes which have or may become due pursuant to such returns or pursuant to assessments received. The Borrower and Guarantor know of no material additional assessments for which adequate reserves have not been established, and the Borrower and Guarantor have made adequate provision for all current taxes.

7.07 Compliance with Contractual Obligations, Laws and Judgments.

(a) The Borrower and Guarantor are not in default in the payment, performance, observance or fulfillment of any of the material obligations, covenants or conditions contained in any lease, indenture, mortgage, deed of trust, promissory note, agreement or undertaking to which they are a party or by which its assets are bound.

(b) The Borrower and Guarantor have not violated any applicable statute, regulation or ordinance of the United States of America or of any state, municipality or any other subdivision, jurisdiction or agency thereof, in any respect materially and adversely affecting the Borrower's and Guarantor's business, property, assets, operations or conditions, financial or otherwise.

(c) The Borrower and Guarantor are not in default with respect to any judgment, order, writ, injunction, decree or demand of any court, arbitrator or governmental agency or body.

7.08 Trademarks and Permits. The Borrower and Guarantor possess adequate licenses, patents, copyrights, trademarks and trade names to conduct their businesses as now conducted. Neither the Borrower, the Guarantor nor any of their officers, directors or employees have received notice or has knowledge of any claim that the Borrower or Guarantor have violated any other person's license, patent, copyright, trademark or trade name, or that the Borrower's and Guarantor's licenses, patents, copyrights, trademarks or trade names are currently being infringed. The Borrower and Guarantor have all governmental permits, certificates, consents and franchises necessary to carry on their businesses as now conducted and to own or lease and operate their properties as now owned, leased or operated. All such governmental permits, certificates, consents and franchises are valid, and in effect, and the Borrower and Guarantor are not in violation thereof, and none of them contains any term, provision, condition or limitation more burdensome than generally applicable to persons engaged in the same or similar business.

7.09 Disclosure. Neither this Agreement, nor any agreement, document, certificate or statement furnished to the Lender by or on behalf of the Borrower and Guarantor in connection

with the transactions contemplated by this Agreement contains any untrue statement of any material fact or omits to state any material fact necessary to make the statements contained herein or therein not misleading. There is no fact known to the Borrower which materially and adversely affects, or in the future is likely to materially and adversely affect, the Borrower's or the Parent's business, operations, affairs or condition, financial or otherwise, which has not been disclosed to the Lender.

Section 8

Events of Default

The occurrence of any one or more of the following shall constitute an Event of Default under this Agreement (an "Event of Default"):

8.01 Failure to Pay. If Borrower fails to pay in full when due any installment of principal of the Note or interest thereon.

8.02 No Notice Required. If Borrower or Guarantor fail to observe, perform or comply with any term, obligation, covenant, agreement, condition or other provision contained in Sections 6.01, 6.16, 6.17, and 6.18 of this Agreement.

8.03 Notice Required; Period to Cure. If Borrower or Guarantor fail to observe, perform or comply with any term, obligation, covenant, agreement, condition or other provision contained or referred to in this Agreement (other than those referred to in Section 8.02 hereof), and such failure is not fully cured within thirty (30) days after Lender gives written notice thereof to Borrower and Guarantor.

8.04 Falsity of Representation or Warranty. If any representation or warranty or other statement of fact contained in any of the Loan Documents or in any writing, certificate, report or statement at any time furnished the Lender by or on behalf of the Borrower or Guarantor pursuant to or in connection with this Agreement or the Loan shall have been false or misleading in any material respect or which shall omit a material fact, whether or not made with knowledge, at the time it was made.

8.05 Judgments. If a final judgment or judgments for the payment of money in excess of the sum of Fifty Thousand Dollars (\$50,000.00) in the aggregate, or with respect to property with a value in excess of such amount, shall be rendered against the Borrower or the Guarantor and such judgment(s) remains unsatisfied and not covered by insurance or not bonded to the satisfaction of Lender for a period of 30 consecutive days after the entry thereof and within that 30-day period is (a) stayed pending appeal, or (b) discharged.

8.06 Adverse Financial Change. If there should be any material adverse change in the financial condition of the Borrower or any Guarantor as determined in the Lender's reasonable discretion.

8.07 Other Obligations to the Lender and its Affiliates. If Borrower fails to observe, perform or comply with the terms, obligations, covenants, agreements, conditions or provisions

of any agreement, document or instrument which Borrower entered into with Lender, other than the Loan Documents.

8.08 Dissolution or Termination of Existence. If the Borrower, Guarantor or any person, firm or corporation affiliated with it, takes any action that is intended to result in the termination, dissolution or liquidation of the Borrower.

8.09 Solvency.

(a) If the Borrower or Guarantor shall (1) have an order of relief entered in any proceeding filed by them under the federal bankruptcy laws (as in effect on the date of this Agreement or as they may be amended from time to time); (2) admit their inability to pay their debts generally as they become due; (3) become insolvent in that their total assets are in the aggregate worth less than all of their liabilities or they are unable to pay its debts generally as they become due; (4) make a general assignment for the benefit of creditors; (5) file a petition, or admit (by answer, default or otherwise) the material allegations of any petition filed against them, in bankruptcy under the federal bankruptcy laws (as in effect on the date of this Agreement or as they may be amended from time to time), or under any other law for the relief of debtors, or for the discharge, arrangement or compromise of their debts; or (6) consent to the appointment of a receiver, conservator, trustee or liquidator of all or part of their assets.

(b) If a petition shall have been filed against the Borrower or Guarantor in proceedings under the federal bankruptcy laws (as in effect on the date of this Agreement, or as they may be amended from time to time), or under any other laws for the relief of debtors, or for the discharge, arrangement or compromise of their debts, or an order shall be entered by any court of competent jurisdiction appointing a receiver, conservator, trustee or liquidator of all or part of the Borrower's or Guarantor's assets.

Section 9

Remedies Upon Default

Notwithstanding anything to the contrary, if any Event of Default under this Agreement occurs, the Lender, in its sole discretion, and without notice to the Borrower or Guarantor, may declare the entire unpaid balance of the Note, and all other obligations of the Borrower and the Guarantor under this Agreement to be immediately due and payable in full, without any presentment, demand or notice of any kind, all of which are hereby waived by the Borrower and Guarantor. In addition, upon the occurrence of any Event of Default, and at any time thereafter, unless all Events of Default have been remedied to the full satisfaction of the Lender or waived in a writing signed by the Lender specifically providing the waiver, the Lender shall have all of the following rights and remedies and it may exercise one or more of them singly or in conjunction with others.

9.01 Right to Offset. The Lender shall have the right to set off against, or appropriate and apply toward the payment of, the obligations of the Borrower and the Guarantor to the Lender, pursuant to this Agreement or as evidenced by the Note or the Guaranty whether such

obligations shall have matured in due course or by acceleration, any and all balances and other sums and indebtedness then held or owed by the Lender to or for the credit or account of the Borrower or the Guarantor. For such purpose the Borrower and the Guarantor hereby pledge to and grant a security interest in such balances, other sums and indebtedness of the Lender to secure all of the Borrower's and the Guarantor's obligations under this Agreement, the Note and the Guaranty. Such offsets following an Event of Default may occur without notice to or demand upon the Borrower or any other person, all of such notices and demands being hereby waived.

9.02 Enforcement of Rights. The Lender shall have the right, to proceed to protect and enforce its rights by suit in equity, action at law or other appropriate proceedings either for specific performance of any covenant or condition contained in any of the Loan Documents, or in aid of the exercise of any power granted in any of the Loan Documents.

9.03 Rights Under Security Instruments. The Lender shall also have all rights and remedies granted it under any and all of the Security Instruments securing or intending to secure the Borrower's obligations under the Note or any other indebtedness or obligation of the Borrower and Guarantor under the Loan Documents.

9.04 Cumulative Remedies. All of the rights and remedies of the Lender upon occurrence of an Event of Default shall be cumulative to the greatest extent permitted by law, may be exercised successively or concurrently, from time to time, and shall be in addition to all of those rights and remedies afforded the Lender at law, or in equity, or in bankruptcy. Notwithstanding the foregoing, the Lender shall be entitled to recover from the cumulative exercise of all remedies an amount no greater than the sum of (i) the outstanding principal amount of the Loan, (ii) all accrued but unpaid interest with respect to the principal amount of the Loan, (iii) any other amounts that the Borrower is required by this Agreement to pay to the Lender (for example, and without limitation, the reimbursement of expenses and legal fees, and late charges), and (iv) any costs, expenses or damages which the Lender is otherwise permitted to recover by the terms of this Agreement, the Security Instruments, and the other Loan Documents. Any exercise of any right or remedy shall not be deemed to be an election of that right or remedy to the exclusion of any other right or remedy.

Section 10

Fees and Expenses

10.01 Transaction Expenses. The Borrower shall pay to the Lender upon demand all out-of-pocket expenses incurred by the Lender in connection with the transactions contemplated by this Agreement, including, but not limited to, the Lender's reasonable attorneys' fees incurred in preparing the Loan Documents and any and all costs and fees incurred in connection with the recording or filing of any documents or instruments in any public office, pursuant to or as a consequence of this Agreement, or to perfect or protect any security for the Loan. The Borrower shall also pay to the Lender upon demand all out-of-pocket expenses incurred from time to time in the administration of the Loan, including without limitation any out-of-pocket expenses (including, but not limited to, attorneys fees) incurred by the Lender if any of the Loan Documents should be amended, extended and/or renewed from time to time.

10.02 Enforcement Expenses. If any Event of Default shall occur under this Agreement, or any default shall occur under any of the Loan Documents or any related documents, the Borrower shall pay to the Lender, to the extent allowable by applicable law, such amounts as shall be sufficient to reimburse the Lender fully for all of its costs and expenses incurred in enforcing its rights and remedies under the Loan Documents and any related documents, including without limitation the Lender's reasonable attorneys' fees and court costs. Such amounts shall be deemed to be included in the obligations secured by the Security Instruments.

Section 11

Miscellaneous Provisions

11.01 No Waivers. Failure or delay by the Lender in exercising any rights shall not be deemed to be or operate as a waiver of that right, nor shall any right be exclusive of any other right referred to in this Agreement, or in any other related document, or available at law or in equity, by statute or otherwise. Any single or partial exercise of any right shall not preclude the further exercise of that right. Every right of the Lender shall continue in full force and effect until such right is specifically waived in a writing signed by the Lender.

11.02 Course of Dealing. No course of dealing between the Borrower or the Guarantor and the Lender shall operate as a waiver of any of the Lender's rights under any of the Loan Documents.

11.03 Waivers by the Borrower and the Guarantor. The Borrower and Guarantor hereby waive, to the extent permitted by applicable law, (a) all presentments, demands for performances, notices of nonperformance (except to the extent specifically required by this Agreement or any other of the Loan Documents), protests, notices of protest and notices of dishonor in connection with the Note (b) any requirement of diligence or promptness on the part of the Lender in enforcement of its rights under the provisions of any of the Loan Documents, and (c) any requirement of marshalling assets or proceeding against persons or assets in any particular order.

11.04 Severability. If any part, term or provision of this Agreement is held by any court to be unenforceable or prohibited by any law applicable to this Agreement, the rights and obligations of the parties shall be construed and enforced with that part, term or provision limited so as to make it enforceable to the greatest extent allowed by law, or, if it is totally unenforceable, as if this Agreement did not contain that particular part, term or provision.

11.05 Time of the Essence. Time shall be of the essence in the performance of all of the Borrower's and the Guarantor's obligations under the Loan Documents.

11.06 Benefit and Binding Effect. This Agreement shall inure to the benefit of Lender its legal representatives, successors and assigns. All obligations of Borrower and Guarantor contained herein shall bind them, their successors, respective heirs, legal representatives and if Lender consents in writing to an assignment of this Agreement by Borrower or the Guarantor, then their assigns.

11.07 Further Assurances. The Borrower and Guarantor shall sign such financing statements or other documents or instruments as the Lender may request from time to time more fully to create, perfect, continue, maintain or terminate the rights and security interests intended to be granted or created pursuant to this Agreement or the Security Instruments.

11.08 Incorporation by Reference. All schedules, annexes or other attachments to this Agreement are incorporated into this Agreement as if set out in full at the first place in this Agreement that reference is made thereto.

11.09 Entire Agreement; No Oral Modifications. This Agreement, the schedules and annexes hereto, and the documents and instruments referred to herein constitute the entire agreement of the parties with respect to the subject matter hereof, and supersede all prior understandings with respect to the subject matter hereof. No change, modification, addition or termination of this Agreement or any of the Loan Documents shall be enforceable unless in writing and signed by the party against whom enforcement is sought.

11.10 Headings. The headings used in this Agreement are included for ease of reference only and shall not be considered in the interpretation or construction of this Agreement.

11.11 Governing Law. This Agreement and the related documents and instruments shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

11.12 Assignments. Borrower and Guarantor shall not assign their respective rights under this Agreement to any other party, unless Lender consents in writing to the assignment. Any attempted assignment shall be a default under this Agreement and shall be null and void, except as noted in this Section 11.12.

11.13 Multiple Counterparts.

(a) This Agreement may be signed by each party upon a separate copy, and in such case one counterpart of this Agreement shall consist of enough of such copies to reflect the signature of each party.

(b) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement or the terms thereof to produce or account for more than one of such counterparts.

11.14 Notices.

(a) Any requirement of the Uniform Commercial Code or other applicable law of reasonable notice shall be met if such notice is given at least ten (10) business days before the time of sale, disposition or other event or thing giving rise to the requirement of notice.

(b) Except as provided in subsection (c) below, all notices or communications under this Agreement shall be in writing and shall be hand-delivered, sent by courier, or mailed to the parties addressed as follows, and any notice so addressed and (1) hand-delivered, shall be deemed to have been given when so delivered, or (2) mailed by registered or certified mail,

return receipt requested, shall be deemed to have been given when mailed, or (3) delivered to a recognized small package overnight courier service to the address of the intended recipient with shipping prepaid, shall be deemed to have been given when so delivered to such courier:

(1) If to the Borrower:

Farmers Energy Services Corporation
504 S. Broadway
P.O. Box 1298
Glasgow, Kentucky 42142-1298
Attention: Jackie Browning, President

(2) If to the Lender:

East Kentucky Power Cooperative, Inc.
P.O. Box 707
Winchester, Kentucky 40392
Attention: Dale W. Henley, General Counsel

(3) If to the Guarantor

Farmers Energy Propane Plus LLC
504 S. Broadway
P.O. Box 1704
Glasgow, Kentucky 42142-1704
Attention: Jackie Browning, President

(c) The Borrower, Guarantor and the Lender may at any time, and from time to time, change the address or addresses to which notice shall be mailed by written notice setting forth the changed address or addresses.

11.15 Survival of Covenants. All covenants, agreements, warranties and representations made by the Borrower and Guarantor herein shall survive the making of the Loan and the execution and delivery of the Loan Documents.

11.16 Jurisdiction and Venue; Waiver of Jury Trial. The Borrower and Guarantor consent to the Barren County, Kentucky Circuit Court and the Federal District Court for the Western District of Kentucky, as the sole and exclusive forum for enforcement of this Assignment, and waive any objection to any such action based upon lack of personal or subject matter jurisdiction or improper venue. The Borrower and Guarantor agree that any action or proceeding may be served by mailing a copy thereof by certified mail, or any substantial or similar form of mail addressed to the Borrower and the Guarantor at their respective address first above written. To the fullest extent applicable law, Borrower and Guarantor waive any right they may have to trial by jury.

11.17 Acknowledgment. The Borrower and Guarantor acknowledge that they have each received a copy of this Agreement and each of the other Loan Documents, as fully executed by

the parties thereto. The Borrower and Guarantor acknowledge that they (a) have READ THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS OR HAVE CAUSED SUCH DOCUMENTS TO BE EXAMINED BY THE BORROWER'S OR GUARANTOR'S REPRESENTATIVES OR ADVISORS; (b) are thoroughly familiar with the transactions contemplated in this Agreement and the other Loan Documents; and (c) together with the Borrower's and Guarantor's representatives or advisors, if any, have had the opportunity to ask such questions to representatives of the Lender, and receive answers thereto, concerning the terms and conditions of the transactions contemplated in this Agreement and the other Loan Documents as the Borrower and Guarantor deem necessary in connection with the Borrower's and Guarantor's decision to enter into this Agreement.

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IN WITNESS WHEREOF, Borrower and Lender, acting by and through their duly authorized officers, and the Guarantor has duly executed this Agreement as of the date first set forth above, but actually on the dates set forth below.

LENDER

EAST KENTUCKY POWER COOPERATIVE, INC.

By: Roy M. Palk
Roy M. Palk,
President

Date: ~~June~~ July 5, 2000

BORROWER

FARMERS ENERGY SERVICES CORPORATION

By: Jackie B. Browning
Jackie Browning,
President

Date: ~~June~~ July 5, 2000

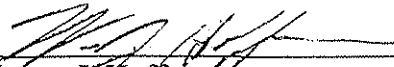
GUARANTOR

FARMERS ENERGY PROPANE PLUS LLC

By: Jackie B. Browning
Jackie Browning,
President

Date: ~~June~~ July 5, 2000

THIS AGREEMENT PREPARED BY:



Warren J. Hoffmann
BROWN, TODD & HEYBURN PLLC
2700 Lexington Financial Center
Lexington, Kentucky 40507
606-231-0000

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EXHIBIT "A"

PROPERTY DESCRIPTION

That certain portion of the forty-seven (47) acre parcel more fully described below, consisting of approximately three (3) acres.

Said parcel consisting of approximately three (3) acres being located at 175 Donnelly Drive, Glasgow, Kentucky and being a portion of the property derived by Farmers Rural Electric Cooperative Corporation from Bharat Mody and Bharati Mody, husband and wife, by Deed dated June 26, 1997, filed of record June 26, 1997, at 2:52 P.M., Deed Book 236, Page 950, office of Barren County Court Clerk (see Exhibit B attached hereto); and

That certain office space located within the building owned by Farmers Rural Electric Cooperative Corporation ("FRECC"), situated in the City of Glasgow, Barren County, Commonwealth of Kentucky, with an address of 504 South Broadway, Glasgow, Kentucky 42142 (the "Premises"), together with the furnishings and partitions, and the right of FRECC in and to any roads, streets or easements adjoining or providing ingress, egress or affecting the use of the Premises.

LOAN AGREEMENT

This is a Loan Agreement (this "Agreement") dated as of the 30th day of June, 2000, by and between

EAST KENTUCKY POWER COOPERATIVE, INC.
P.O. Box 707
Winchester, Kentucky 40392 (the "Lender");

JACKSON ENERGY SERVICES CORPORATION
Highway 21 South
P.O. Box 307
McKee, Kentucky 40447 (the "Borrower");

and

JACKSON ENERGY PROPANE PLUS LLC
181 Barbourville Highway
London, Kentucky 40741 (the "Guarantor")

RECITAL

This Agreement is being entered into to provide for a loan in the principal amount of Seven Hundred Twenty-Eight Thousand Four Hundred Forty-Nine Dollars (\$728,449.00), which loan is to be used to enable the Borrower to acquire the outstanding fifty percent (50%) membership interest in the Guarantor currently held by Thermogas Energy L.L.C. (Borrower already owning a fifty percent (50%) membership interest in the Guarantor), to provide the Borrower and Guarantor with operating capital and for such other purposes as Lender may permit.

NOW, THEREFORE, the Borrower, the Guarantor and the Lender agree as follows:

Section 1

Definitions

As used in this Agreement, the following terms shall have the following meanings and the meanings assigned to them shall be equally applicable to both the singular and plural forms of the terms defined:

"Loan Documents" shall mean, collectively, this Agreement and all agreements, documents, and instruments to be executed by the Borrower or the Guarantor which relate to this Agreement, including, but not limited to, the Note and the Security Instruments.

"Collateral" shall mean the property liened, pledged or encumbered by the Loan Documents.

"Dividend" shall mean any amount declared or paid, or set apart by the Borrower for the purpose of payment of, (a) any dividend or other distribution on or in respect of any shares of any class of the Borrower's capital stock, or (b) the purchase, retirement, reacquisition or redemption of any shares of any class of the Borrower's capital stock, or (c) any distribution by way of reduction of capital, or (d) any other distribution on or in respect of any shares of any class of the Borrower's capital stock.

"Event of Default" shall mean any one of the occurrences which are Events of Default under Section VIII of this Agreement.

"Generally Accepted Accounting Principles" shall mean those principles of accounting set forth in pronouncements of the Financial Accounting Standards Board, the American Institute of Certified Public Accountants, as such principles are from time to time supplemented and amended.

"Indebtedness" shall mean all obligations, contingent or otherwise, which, in accordance with Generally Accepted Accounting Principles shall be classified on the obligor's balance sheet as liabilities.

"Index Rate" shall have the meaning set forth in Section 3.01.

"Loan" shall mean the loan made by the Lender to the Borrower in the principal amount of Seven Hundred Twenty-Eight Thousand Four Hundred Forty-Nine Dollars (\$728,449.00).

"Maturity Date" shall mean June 30, 2015.

"Note" shall mean the promissory note of Borrower dated June 30, 2000, evidencing the obligation of Borrower to repay the loan, and any note delivered in renewal, replacement, substitution, extension or novation thereof.

"Person" shall mean any individual, partnership, association, trust, corporation or other entity.

"Security Instruments" shall mean all of the instruments, documents and agreements referred to in Section 4.01.

"Uniform Commercial Code" shall mean the Uniform Commercial Code as in effect in the Commonwealth of Kentucky.

"Unmatured Default" shall mean the happening of any material breach under this Agreement, including but not limited to failure to pay any installment of principal or interest of the Note when due, or a breach of the financial covenants under this Agreement, or other similar material breach the happening of which, together with the giving of any required notice or the passage of any required period of time, would constitute an Event of Default.

Section 2

The Loan

Lender establishes a Loan in favor of Borrower as follows:

2.01 Amount. Subject to Section 5.02 of this Agreement, the principal amount of the Loan shall be Seven Hundred Twenty-Eight Thousand Four Hundred Forty-Nine Dollars (\$728,449.00).

2.02 Term. The Loan shall become effective as of the date hereof. Unless the Loan is sooner terminated as provided in this Agreement, the Loan shall continue in effect until the close of business on June 30, 2015.

Section 3

Payments of the Loan

3.01 Interest Rate. The unpaid principal balance of the Loan shall bear interest at an annual rate equal to the Index Rate minus one-half of one percent (.50%). "Index Rate" shall mean "Prime Rate" as published in the "Money Rates" section of The Wall Street Journal. The Index Rate shall be adjusted annually on each anniversary of the Loan. The Index Rate as of the date hereof is nine and one half percent (9.5%).

3.02 Principal and Interest Payments. Borrower shall make sixty (60) monthly payments of interest only on this Loan commencing on August 1, 2000 and continuing on the first (1st) day of each month and every month thereafter. Borrower shall make monthly payments of principal and interest on this Loan, beginning on August 1, 2005, and continuing on the 1st day of each and every month thereafter; until the outstanding principal balance of this Loan, and all accrued interest, shall be paid in full; provided however that all outstanding principal and accrued interest shall be due and payable in full on the maturity date.

3.03 Prepayments of Note. Borrower shall have the right at any time, and from time to time, without penalty or premium to prepay the Note in whole or in part. All prepayments made with respect to the Note shall be applied first to penalties, if any, owed by the Borrower to the Lender, second, to accrued but unpaid interest with respect to the Note, then to installments of principal under the Note in the reverse order of their maturity.

3.04 Late Charge and Default Rate of Interest. If any payment due under the Note is not received by Lender within ten (10) days of the date it is due, then a late charge of five percent (5.00%) of the amount of the overdue payment may be charged by the holder of the Note. Upon maturity, whether by acceleration or otherwise, or upon the occurrence of an Event of Default hereunder, in addition to any and all other remedies to which the holder may be entitled, the applicable rate of interest on the Note shall be increased to five percent (5.00%) per annum in excess of the Index Rate.

Section 4

Security for the Loan

4.01 Security for the Loan. The Note and the Loan evidenced thereby is and shall be secured by and entitled to the benefits of all of the following:

(a) Leasehold Mortgage. The Loan shall be secured by a mortgage on leasehold property located in London, Laurel County, Kentucky, as more particularly described on Exhibit "A" attached hereto and made a part hereto, pursuant to a Leasehold Mortgage and Security Agreement dated June 30, 2000, between Jackson Energy Propane Plus LLC and the Lender (the "Leasehold Mortgage").

(b) Security Agreement. The Loan shall be secured by a security interest in all of Guarantor's right, title and interest in and to the following property (the "Security Agreement"):

(i) all accounts and accounts receivable, whether now existing or hereafter arising;

(ii) all inventory, whether now owned or hereafter acquired;

(iii) all equipment, machinery, furniture, fixtures, supplies, raw materials, work in progress, and motor vehicles, whether now owned or hereafter acquired;

(iv) all general intangibles, deposit accounts, letters of credit, instruments, contract rights, tax refunds, and insurance proceeds;

(v) all goods, instruments, documents of title, policies and certificates of insurance, securities, membership interests, chattel paper, deposits, cash or other property owned by the Guarantor or in which it has an interest.

(vi) All accessories, attachments, parts, accessions and repairs, and all substitutions, replacements and additions thereto and all proceeds (including insurance proceeds) and products therefrom; and

(vii) Lender's security interest shall specifically include Guarantor's interest in and the right to obtain from the Guarantor all the physical media on which records of accounts or accounts receivable are kept, including but not limited to: optical disk, software and operating systems necessary to render electronically encoded material meaningful, microfiche and microfilm and any and all hardware and equipment necessary for the reading of or to render meaningful the physical media on which records are kept.

(c) Pledge Agreement. The Loan shall be secured by a pledge of and security interest in one hundred percent (100%) of the membership interests of the Guarantor (which are

wholly owned by Borrower) pursuant to a Pledge Agreement dated June 30, 2000, among the Borrower, Guarantor and the Lender (the "Pledge Agreement").

(d) Guaranty. The Loan shall be secured by the guaranty of the Guarantor pursuant to a Guaranty dated June 30, 2000, executed by the Guarantor (the "Guaranty").

(e) Right of Offset. The Loan shall be secured by the right of offset provided in Section 9.01 of this Agreement.

Section 5

Conditions Precedent

5.01 Conditions Precedent to the Loan. The Lender's obligation to provide the Borrower with the Loan shall be conditioned upon the fulfillment of all the following conditions:

(a) Borrower and Guarantor Resolutions. Borrower and Guarantor shall have each furnished Lender with (i) certified copies of their Articles of Incorporation or Articles of Organization (as applicable) and Bylaws and all amendments thereto, (ii) certificates from the Secretary of State of the Commonwealth of Kentucky that Borrower and Guarantor are in good standing, and (iii) a corporate or limited liability company resolution (as applicable) signed by the directors of Borrower and the managers of the Guarantor in form and substance satisfactory to Lender and its attorneys (A) authorizing the execution of this Agreement, the other Loan Documents to which each is a party, and (B) authorizing consummation of the transactions contemplated by this Agreement.

(b) Certificates of Incumbency. The Borrower and the Guarantor shall have furnished the Lender with a certificate of its secretary certifying the names of the officers of the Borrower and the Guarantor authorized to sign the Loan Documents, together with the true signatures of such officers.

(c) Executed Agreements. Borrower shall have delivered to Lender the following documents, in form and substance satisfactory to Lender and its attorneys, duly executed by Borrower and/or each Guarantor:

- (i) this Agreement;
- (ii) the Note;
- (iii) the Leasehold Mortgage;
- (iv) the Security Agreement;
- (v) the Pledge Agreement; and
- (vi) such financing statements or other documents for filing with public officials with respect to the Security Agreement as the Lender may request.

(d) Representations and Warranties. Each and every representation and warranty made by or on behalf of the Borrower at the time of or after the execution of this Agreement relating to the Loan Documents or the transactions contemplated thereby shall be true, complete and correct on and as of the date such Loan is to be made.

(e) No Defaults. There shall exist no Event of Default or Unmatured Default which has not been cured to the Lender's satisfaction.

(f) No Change in Condition. No material adverse change shall have occurred in the condition, financial or otherwise, of the Borrower or the Guarantor from that existing on June 30, 2000.

(g) Recordings and Filings. All financing statements or other instruments as the Lender may reasonably request have been executed and delivered by the Borrower and filed or recorded in such public offices as the Lender may request to perfect and maintain the perfection of the security interests which secure the Loan.

(h) Insurance. Evidence of the insurance coverage specified in Section 6.01 shall have been submitted to and approved by Lender.

(i) Other Documents. Borrower shall have delivered to Lender any other documents, in form and substance satisfactory to Lender and its attorneys, that Lender or its attorneys may reasonably request in order to further protect the security of Lender or evidence compliance by Borrower with the Loan Documents.

Section 6

General Covenants

During the term of this Agreement, the Borrower and the Guarantor (as applicable) shall comply with all of the following provisions:

6.01 Insurance. The Guarantor will at all times keep its insurable properties insured to such extent and against such risks, including, without limitation, casualty insurance, public liability insurance, worker's compensation and other insurance required by law, as customary with companies of comparable size in the same or similar business, unless higher limits or other types of coverage are reasonably required in writing by the Lender. With regard to the assets constituting the Collateral for this Loan, the Guarantor will deliver to the Lender certificates of each insurer (or such other evidence as may be satisfactory to the Lender) indicating that the Lender is loss payee or additional insured (long form) regarding such insurance (or additional insured as to liability insurance). Each such policy will require and the certificates will state, that no such policy will be terminated without at least thirty (30) days prior written notice having been delivered to the Lender.

6.02 Taxes and Other Payment Obligations. The Borrower and Guarantor will comply with or contest in good faith all statutes and governmental regulations and pay all taxes, assessments, governmental charges, claims for labor, supplies, rent and any other obligation

which, if unpaid, might become a lien against any of its respective properties except liens for taxes not yet due and payable and liabilities being contested in good faith with due diligence and against which reserves satisfactory to the Lender have been established; provided, however, that the Borrower and Guarantor shall immediately pay or otherwise satisfy any such tax assessment, government charge, claims for labor, supplies, rent or any other obligation upon commencement of proceedings to foreclose on any lien securing such taxes, charges or claims.

6.03 Financial Statements. The Borrower and the Guarantor will provide to the Lender:

(a) Annual Statements. Within one hundred eighty (180) days after the close of each fiscal year financial reports of the Borrower and the Guarantor as of the end of such fiscal year and the notes thereto, and the related statements of income and retained earnings and the notes thereto, and a statement of changes in financial position for such fiscal year, setting forth in each case comparative financial statements for the corresponding period in the preceding year, all prepared in accordance with Generally Accepted Accounting Principles applied on a consistent basis;

(b) Quarterly Statements. Within forty-five (45) days after the close of each fiscal quarter of each year (except for the fourth and final quarter which may be delivered in one hundred eight (180) days a balance sheet and profit and loss statement of the Borrower and the Guarantor certified by an officer of each of the Borrower and the Guarantor to be correct and accurate, and setting forth in comparative form the corresponding amounts for the corresponding period during the preceding fiscal year;

(c) Tax Returns. Borrower and Guarantor shall furnish to Lender a copy of Borrower's and Guarantor's federal income tax return and/or K-1 within twenty (20) days after filing.

(d) Other. Such other information respecting the financial condition and operations of the Borrower and Guarantor as the Lender may from time to time reasonably request.

6.04 [INTENTIONALLY LEFT BLANK].

6.05 Other Reports. Additionally, the Borrower and the Guarantor agree that they will (i) promptly upon receipt thereof, deliver to the Lender any report submitted to the Borrower or the Guarantor by independent accountants in connection with any annual, interim or special audit made by them of the books of the Borrower or the Guarantor; (ii) upon becoming available, promptly deliver to the Lender a copy of all financial statements, reports, notices and proxy statements sent to stockholders, and a copy of all regular, periodic and special reports filed with any securities exchange or with the Securities and Exchange Commission or any governmental authority succeeding to any or all of the functions of such Commission; and (iii) promptly, from time to time, furnish to the Lender, such other information regarding its operations, business affairs and financial condition as the Lender may reasonably request. The Lender is hereby authorized to deliver a copy of any financial statement made available by the Borrower or the

Guarantor to any regulatory authority having jurisdiction over the recipient of such financial statement.

6.06 Financial Records. The Borrower and the Guarantor shall maintain standard modern systems of accounting in which full, true and correct entries shall be made of all dealings or transactions in relation to its business and affairs in accordance with Generally Acceptable Accounting Principles applied on a basis consistent with prior years and, without limitation, making appropriate accruals for estimated contingent losses and liabilities.

6.07 Inspection. The Borrower and the Guarantor will permit any officer of the Lender designated in writing by the Lender, to visit and inspect any of their properties, corporate books and financial records at such times as the Lender may reasonably request upon reasonable notice and during ordinary business hours.

6.08 Accountants Review. Upon the written request of the Lender, the Borrower and the Guarantor will authorize any officer of the Lender to discuss their financial statements and financial affairs at any time from time to time with the Borrower's or the Guarantor's accountants upon reasonable notice and during ordinary business hours.

6.09 Notice Requirements.

(a) Default. The Borrower will deliver to the Lender forthwith, upon any officer's obtaining knowledge of an Event of Default under this Agreement or an event of default under any of the Loan Documents or an event which would constitute such an event of default but for the requirement that notice be given or time elapse or both, a certificate of the chief executive officer, chief financial officer or treasurer of the Borrower specifying the nature and period of existence thereof and what action the Borrower proposes to take with respect thereto.

(b) Other Notices. The Borrower will notify the Lender in writing within five (5) business days of the occurrence of any of the following with respect to the Borrower or the Guarantor:

(1) the pendency or commencement of any material action, suit or proceeding at law or in equity;

(2) any event or condition which shall constitute an event of default under any other agreement for borrowed money;

(3) any levy of an attachment, execution or other process against its assets; and

(4) any material change in any existing agreement or contract which may adversely affect its business or affairs, financial or otherwise.

6.10 Note and Security Instruments. The Borrower shall pay the Note in accordance with its terms, covenants and conditions, and the Borrower and the Guarantor shall comply with the terms, covenants and conditions of the Security Instruments.

6.11 Compliance with Law. The Borrower and the Guarantor shall comply in all material respects with (i) all valid and applicable statutes, rules and regulations of the United States of America, of the States thereof and their counties, municipalities and other subdivisions and of any other jurisdiction applicable to them; (ii) the orders, judgments and decrees of all courts or administrative agencies with jurisdiction over them; or its business; and (iii) the provisions of licenses issued to the Borrower or the Guarantor except where compliance therewith shall be currently contested in good faith by appropriate proceedings, timely instituted, which shall operate to stay any order with respect to such non-compliance.

6.12 Subordination.

(a) Subordination. Until all indebtedness of Borrower to Lender is fully paid, and all terms, covenants and conditions of this Agreement and the Security Instruments are complied with by Borrower, the Guarantor agrees that at all times from and after the date it receives any notice either of an Event of Default by Borrower under this Agreement or of any condition or event which would be an Unmatured Default under this Agreement or the Security Instruments, the Guarantor shall not ask, demand, sue for, take or receive from Borrower, by set-off or in any other manner, all or any part of any monies, principal or interest thereon, now or hereafter owing by Borrower to it, nor any security therefor, unless and until that Guarantor receives notice from Lender that such Event of Default or Unmatured Default is waived or cured.

(b) Distribution of the Assets of Borrower. The Guarantor agrees that in the event of (i) any distribution, division or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the assets of the Borrower, the proceeds thereof to creditors of the Borrower or upon any indebtedness of the Borrower which are collateral under this Loan, by reason of the liquidation, dissolution or other winding up of Borrower or its business, or (ii) any sale, receivership, insolvency or bankruptcy proceeding, or any assignment for the benefit of creditors, or any proceeding by or against the Borrower for any relief under any bankruptcy or insolvency law relating to the relief of debtors, readjustment of indebtedness, reorganization, composition or extension; then and in any such event, any payment or distribution of any kind or character, either in cash, securities or other property, which shall be payable or deliverable upon or with respect to any or all indebtedness of Borrower to Guarantor, shall be paid or delivered directly to Lender for application on the Loan due or not due, until the indebtedness of Borrower to Lender is fully paid and all provisions of this Agreement are satisfied or secured. In either such event, Guarantor irrevocably authorizes and empowers Lender to demand, sue for, collect and receive every such payment or distribution, give acquittance therefor and to file claims and take such other proceedings in the name of Lender, in the name of the Guarantor or otherwise, as Lender may deem necessary or advisable for the enforcement of this Agreement. The Guarantor shall execute and deliver to Lender such powers of attorney, assignments or other instruments as may be requested by Lender in order to enable Lender to enforce any and all claims upon or with respect to any or all indebtedness of Borrower to Guarantor, and to collect and receive any and all payments or distributions which may be payable or deliverable at any time upon or with respect to any such indebtedness of Borrower to Guarantor.

(c) Payments Received from Borrower. Should any payment, distribution, security or proceeds thereof be received by any Guarantor upon or with respect to any

indebtedness of Borrower to Guarantor after the date Guarantor receives notice of an Event of Default by Borrower under this Agreement or an event or condition which could result in an Unmatured Default under this Agreement or the Security Instruments, then Guarantor shall forthwith deliver the same to Lender in precisely the form received (except for endorsement or assignment where necessary), for application under this Agreement or the Security Instruments, and, until so delivered, the same shall be held in trust by Guarantor as property of Lender. In the event that Guarantor fails to make any such endorsement or assignment, then Lender, its officers or employees on its behalf, are irrevocably authorized to make the same.

(d) Limitation on Assignment. The Guarantor shall not assign or transfer voluntarily or by operation of law to others any claim they possess or may possess against Borrower while any of the indebtedness of Borrower to Lender remains unpaid, unless such assignment or transfer is made expressly subject to this Agreement.

(e) Notice of Subordination. All notes or other evidences of indebtedness accepted by any Guarantor from Borrower shall contain a specific statement therein that the indebtedness thereby evidenced is subject to the terms, covenants and conditions of this Agreement.

6.13 Liens. Except for security interests granted by the Borrower and the Guarantor to the Lender contemporaneously with the execution of this Agreement, liens permitted in this Agreement, and liens created in the Security Instruments, the Borrower and Guarantor shall not (i) create or incur or suffer to be created or incurred or to exist any encumbrance, mortgage, pledge, lien, charge, restriction or other security interest of any kind upon any of the Collateral, whether owned or held on the date of this Agreement or acquired thereafter, or upon the income or profits therefrom, or (ii) transfer any such Collateral or the income or profits therefrom for the purpose of subjecting the same to payment of indebtedness or performance of any other obligation except payments made in accordance with this Agreement or payments made to the Lender in accordance with the terms and provisions of this Agreement, or (iii) acquire, or agree or have an option to acquire, any Collateral upon conditional sale or other title retention or purchase money security agreement, device or arrangement, or (iv) sell or transfer, assign, or pledge any Collateral, with or without recourse. The Borrower and Guarantor may incur or create, or suffer to be incurred or created or to exist, the following liens without violating the provisions of this Section 6.13:

(a) Statutory liens to secure claims for labor, material or supplies to the extent that payment thereof shall not at the time be required to be made in accordance with this Agreement.

(b) Deposits or pledges made in connection with, or to secure payment of, workers' compensation, unemployment insurance, old age pensions or other social security, or in connection with contests, to the extent that payment thereof shall not at that time be required to be made in accordance with of this Agreement.

(c) Statutory liens for taxes or assessments or governmental charges or levies if payment shall not at the time be required to be made in accordance with this Agreement.

(d) Purchase money liens or security interests with respect to property acquired by the Borrower or the Guarantor with the Lender's prior written consent, which shall not be unreasonably withheld.

(e) Statutory liens (and contractual liens that provide to the secured party no greater rights than equivalent statutory liens) to secure payment of rent or lease payments with respect to leases of real property to the extent that such payments shall not at the time be required to be made in accordance with this Agreement.

6.14 Limited Liability Company Existence and Good Standing. The Borrower and the Guarantor shall preserve their corporate/limited liability company existences in good standing and shall be and remain qualified to do business and in good standing in all states and countries in which they are required to be so qualified.

6.15 Articles of Incorporation and Bylaws. Without the Lender's prior written consent, which shall not be withheld or delayed unreasonably, the Borrower and the Guarantor shall not make any changes in or amendments to their articles of incorporation or articles of organization.

6.16 Dividends. Without the prior written consent of the Lender, the Borrower and Guarantor shall not declare and pay, or set apart any sum for the purpose of payment of, any Dividend.

6.17 Mergers, Sales, Transfers and Other Dispositions of Assets. Without the Lender's prior written consent, which shall not be unreasonably withheld or delayed, the Borrower and Guarantor shall not:

- (a) Be a party to any consolidation or merger;
- (b) Sell or otherwise transfer any material part of their assets;
- (c) Purchase all or a substantial part of the capital stock or assets of any corporation or other business enterprise;
- (d) Effect any change in their capital structure;
- (e) Sell, assign, or otherwise dispose of, with or without recourse, settle or compromise any of their accounts receivable or notes receivable or other intangibles, except the endorsement of negotiable instruments for the purpose of collection in the ordinary course of business and as permitted in the Loan Documents; or
- (f) Liquidate or dissolve or take any action with a view toward liquidation or dissolution.

6.18 Loans. The Borrower and Guarantor shall not make any loan or advance any funds whatsoever to any business, entity, party or individual.

Section 7

Representations and Warranties

To induce the Lender to enter into this Agreement and to make the Loan, the Borrower and Guarantor, respectively represent and warrant to the Lender as follows:

7.01 Corporate Organization and Existence. The Borrower is a corporation duly organized, validly existing, and in good standing under the laws of the Commonwealth of Kentucky. The Borrower has all necessary power and authority to carry on its business conducted on the date of this Agreement. The Borrower is qualified to do business as a foreign corporation, and is in good standing, in all states and in all foreign countries in which it owns any property or carries on substantial activities or is otherwise required to be so qualified, and is duly authorized, qualified and licensed under all laws, regulations, ordinances or orders of public authorities to carry on its business in the places and in the manner conducted on the date of this Agreement.

7.02 Corporate Organization and Existence. The Guarantor is a limited liability company duly organized, validly existing, and in good standing under the laws of the Commonwealth of Kentucky. The Guarantor has all necessary power and authority to carry on its business conducted on the date of this Agreement.

7.03 Right to Act. No registration with or consent or approval of any governmental agency of any kind is required for the execution, delivery, performance and enforceability of the Loan Documents. The Borrower and Guarantor have full power and authority, corporate and otherwise, to execute, deliver and perform the Loan Documents.

7.04 No Conflicts. The Borrower and the Guarantor's execution, delivery and performance of the Loan Documents does not, and will not, (a) violate any existing provision of (i) the articles of incorporation or bylaws of the Borrower, (ii) the Operating Agreement of the Guarantor, or (iii) any law, rule, regulation, or judgment, order or decree applicable to the Borrower and Guarantor or (b) otherwise constitute a default, or result in the imposition of any lien under (1) any existing contract or other obligation binding upon the Borrower and Guarantor or their property, with or without the passage of time or the giving of notice or both; (2) any law, rule or regulation applicable to the Borrower and the Guarantor or their business; or (3) any judgment, order or decree of any court or administrative agency applicable to the Borrower and the Guarantor and their business.

7.05 Authorization. The execution, delivery and performance by the Borrower and the Guarantor of the Loan Documents has been duly authorized, and the Loan Documents have been duly executed and delivered and constitute legal, valid and binding obligations enforceable against the Borrower and the Guarantor, respectively.

7.06 Litigation and Taxes.

(a) There is no litigation, at law or in equity, or any proceeding before any federal, state or municipal court, board or other governmental or administrative agency pending,

or to the knowledge of the Borrower or Guarantor, threatened which is likely to involve any material judgment or liability against the Borrower or Guarantor or which might otherwise result in any material adverse change in the Borrower and Guarantor's business, assets or condition, financial or otherwise. No judgment, decree or order of any federal, state or municipal court, board or other governmental or administrative agency has been issued against the Borrower or Guarantor or any of their assets which has, or might have, a material adverse effect on the Borrower and Guarantor's business, assets or condition, financial or otherwise.

(b) The Borrower and Guarantor have filed all tax returns which are required to be filed and have paid, or made adequate provision for the payment of, all taxes which have or may become due pursuant to such returns or pursuant to assessments received. The Borrower and Guarantor know of no material additional assessments for which adequate reserves have not been established, and the Borrower and Guarantor have made adequate provision for all current taxes.

7.07 Compliance with Contractual Obligations, Laws and Judgments.

(a) The Borrower and Guarantor are not in default in the payment, performance, observance or fulfillment of any of the material obligations, covenants or conditions contained in any lease, indenture, mortgage, deed of trust, promissory note, agreement or undertaking to which they are a party or by which its assets are bound.

(b) The Borrower and Guarantor have not violated any applicable statute, regulation or ordinance of the United States of America or of any state, municipality or any other subdivision, jurisdiction or agency thereof, in any respect materially and adversely affecting the Borrower's and Guarantor's business, property, assets, operations or conditions, financial or otherwise.

(c) The Borrower and Guarantor are not in default with respect to any judgment, order, writ, injunction, decree or demand of any court, arbitrator or governmental agency or body.

7.08 Trademarks and Permits. The Borrower and Guarantor possess adequate licenses, patents, copyrights, trademarks and trade names to conduct their businesses as now conducted. Neither the Borrower, the Guarantor nor any of their officers, directors or employees have received notice or has knowledge of any claim that the Borrower or Guarantor have violated any other person's license, patent, copyright, trademark or trade name, or that the Borrower's and Guarantor's licenses, patents, copyrights, trademarks or trade names are currently being infringed. The Borrower and Guarantor have all governmental permits, certificates, consents and franchises necessary to carry on their businesses as now conducted and to own or lease and operate their properties as now owned, leased or operated. All such governmental permits, certificates, consents and franchises are valid, and in effect, and the Borrower and Guarantor are not in violation thereof, and none of them contains any term, provision, condition or limitation more burdensome than generally applicable to persons engaged in the same or similar business.

7.09 Disclosure. Neither this Agreement, nor any agreement, document, certificate or statement furnished to the Lender by or on behalf of the Borrower and Guarantor in connection

with the transactions contemplated by this Agreement contains any untrue statement of any material fact or omits to state any material fact necessary to make the statements contained herein or therein not misleading. There is no fact known to the Borrower which materially and adversely affects, or in the future is likely to materially and adversely affect, the Borrower's or the Parent's business, operations, affairs or condition, financial or otherwise, which has not been disclosed to the Lender.

Section 8

Events of Default

The occurrence of any one or more of the following shall constitute an Event of Default under this Agreement (an "Event of Default"):

8.01 Failure to Pay. If Borrower fails to pay in full when due any installment of principal of the Note or interest thereon.

8.02 No Notice Required. If Borrower or Guarantor fail to observe, perform or comply with any term, obligation, covenant, agreement, condition or other provision contained in Sections 6.01, 6.16, 6.17, and 6.18 of this Agreement.

8.03 Notice Required; Period to Cure. If Borrower or Guarantor fail to observe, perform or comply with any term, obligation, covenant, agreement, condition or other provision contained or referred to in this Agreement (other than those referred to in Section 8.02 hereof), and such failure is not fully cured within thirty (30) days after Lender gives written notice thereof to Borrower and Guarantor.

8.04 Falsity of Representation or Warranty. If any representation or warranty or other statement of fact contained in any of the Loan Documents or in any writing, certificate, report or statement at any time furnished the Lender by or on behalf of the Borrower or Guarantor pursuant to or in connection with this Agreement or the Loan shall have been false or misleading in any material respect or which shall omit a material fact, whether or not made with knowledge, at the time it was made.

8.05 Judgments. If a final judgment or judgments for the payment of money in excess of the sum of Fifty Thousand Dollars (\$50,000.00) in the aggregate, or with respect to property with a value in excess of such amount, shall be rendered against the Borrower or the Guarantor and such judgment(s) remains unsatisfied and not covered by insurance or not bonded to the satisfaction of Lender for a period of 30 consecutive days after the entry thereof and within that 30-day period is (a) stayed pending appeal, or (b) discharged.

8.06 Adverse Financial Change. If there should be any material adverse change in the financial condition of the Borrower or any Guarantor as determined in the Lender's reasonable discretion.

8.07 Other Obligations to the Lender and its Affiliates. If Borrower fails to observe, perform or comply with the terms, obligations, covenants, agreements, conditions or provisions

of any agreement, document or instrument which Borrower entered into with Lender, other than the Loan Documents.

8.08 Dissolution or Termination of Existence. If the Borrower, Guarantor or any person, firm or corporation affiliated with it, takes any action that is intended to result in the termination, dissolution or liquidation of the Borrower.

8.09 Solvency.

(a) If the Borrower or Guarantor shall (1) have an order of relief entered in any proceeding filed by them under the federal bankruptcy laws (as in effect on the date of this Agreement or as they may be amended from time to time); (2) admit their inability to pay their debts generally as they become due; (3) become insolvent in that their total assets are in the aggregate worth less than all of their liabilities or they are unable to pay its debts generally as they become due; (4) make a general assignment for the benefit of creditors; (5) file a petition, or admit (by answer, default or otherwise) the material allegations of any petition filed against them, in bankruptcy under the federal bankruptcy laws (as in effect on the date of this Agreement or as they may be amended from time to time), or under any other law for the relief of debtors, or for the discharge, arrangement or compromise of their debts; or (6) consent to the appointment of a receiver, conservator, trustee or liquidator of all or part of their assets.

(b) If a petition shall have been filed against the Borrower or Guarantor in proceedings under the federal bankruptcy laws (as in effect on the date of this Agreement, or as they may be amended from time to time), or under any other laws for the relief of debtors, or for the discharge, arrangement or compromise of their debts, or an order shall be entered by any court of competent jurisdiction appointing a receiver, conservator, trustee or liquidator of all or part of the Borrower's or Guarantor's assets.

Section 9

Remedies Upon Default

Notwithstanding anything to the contrary, if any Event of Default under this Agreement occurs, the Lender, in its sole discretion, and without notice to the Borrower or Guarantor, may declare the entire unpaid balance of the Note, and all other obligations of the Borrower and the Guarantor under this Agreement to be immediately due and payable in full, without any presentment, demand or notice of any kind, all of which are hereby waived by the Borrower and Guarantor. In addition, upon the occurrence of any Event of Default, and at any time thereafter, unless all Events of Default have been remedied to the full satisfaction of the Lender or waived in a writing signed by the Lender specifically providing the waiver, the Lender shall have all of the following rights and remedies and it may exercise one or more of them singly or in conjunction with others.

9.01 Right to Offset. The Lender shall have the right to set off against, or appropriate and apply toward the payment of, the obligations of the Borrower and the Guarantor to the Lender, pursuant to this Agreement or as evidenced by the Note or the Guaranty whether such

obligations shall have matured in due course or by acceleration, any and all balances and other sums and indebtedness then held or owed by the Lender to or for the credit or account of the Borrower or the Guarantor. For such purpose the Borrower and the Guarantor hereby pledge to and grant a security interest in such balances, other sums and indebtedness of the Lender to secure all of the Borrower's and the Guarantor's obligations under this Agreement, the Note and the Guaranty. Such offsets following an Event of Default may occur without notice to or demand upon the Borrower or any other person, all of such notices and demands being hereby waived.

9.02 Enforcement of Rights. The Lender shall have the right, to proceed to protect and enforce its rights by suit in equity, action at law or other appropriate proceedings either for specific performance of any covenant or condition contained in any of the Loan Documents, or in aid of the exercise of any power granted in any of the Loan Documents.

9.03 Rights Under Security Instruments. The Lender shall also have all rights and remedies granted it under any and all of the Security Instruments securing or intending to secure the Borrower's obligations under the Note or any other indebtedness or obligation of the Borrower and Guarantor under the Loan Documents.

9.04 Cumulative Remedies. All of the rights and remedies of the Lender upon occurrence of an Event of Default shall be cumulative to the greatest extent permitted by law, may be exercised successively or concurrently, from time to time, and shall be in addition to all of those rights and remedies afforded the Lender at law, or in equity, or in bankruptcy. Notwithstanding the foregoing, the Lender shall be entitled to recover from the cumulative exercise of all remedies an amount no greater than the sum of (i) the outstanding principal amount of the Loan, (ii) all accrued but unpaid interest with respect to the principal amount of the Loan, (iii) any other amounts that the Borrower is required by this Agreement to pay to the Lender (for example, and without limitation, the reimbursement of expenses and legal fees, and late charges), and (iv) any costs, expenses or damages which the Lender is otherwise permitted to recover by the terms of this Agreement, the Security Instruments, and the other Loan Documents. Any exercise of any right or remedy shall not be deemed to be an election of that right or remedy to the exclusion of any other right or remedy.

Section 10

Fees and Expenses

10.01 Transaction Expenses. The Borrower shall pay to the Lender upon demand all out-of-pocket expenses incurred by the Lender in connection with the transactions contemplated by this Agreement, including, but not limited to, the Lender's reasonable attorneys' fees incurred in preparing the Loan Documents and any and all costs and fees incurred in connection with the recording or filing of any documents or instruments in any public office, pursuant to or as a consequence of this Agreement, or to perfect or protect any security for the Loan. The Borrower shall also pay to the Lender upon demand all out-of-pocket expenses incurred from time to time in the administration of the Loan, including without limitation any out-of-pocket expenses

(including, but not limited to, attorneys fees) incurred by the Lender if any of the Loan Documents should be amended, extended and/or renewed from time to time.

10.02 Enforcement Expenses. If any Event of Default shall occur under this Agreement, or any default shall occur under any of the Loan Documents or any related documents, the Borrower shall pay to the Lender, to the extent allowable by applicable law, such amounts as shall be sufficient to reimburse the Lender fully for all of its costs and expenses incurred in enforcing its rights and remedies under the Loan Documents and any related documents, including without limitation the Lender's reasonable attorneys' fees and court costs. Such amounts shall be deemed to be included in the obligations secured by the Security Instruments.

Section 11

Miscellaneous Provisions

11.01 No Waivers. Failure or delay by the Lender in exercising any rights shall not be deemed to be or operate as a waiver of that right, nor shall any right be exclusive of any other right referred to in this Agreement; or in any other related document, or available at law or in equity, by statute or otherwise. Any single or partial exercise of any right shall not preclude the further exercise of that right. Every right of the Lender shall continue in full force and effect until such right is specifically waived in a writing signed by the Lender.

11.02 Course of Dealing. No course of dealing between the Borrower or the Guarantor and the Lender shall operate as a waiver of any of the Lender's rights under any of the Loan Documents.

11.03 Waivers by the Borrower and the Guarantor. The Borrower and Guarantor hereby waive, to the extent permitted by applicable law, (a) all presentments, demands for performances, notices of nonperformance (except to the extent specifically required by this Agreement or any other of the Loan Documents), protests, notices of protest and notices of dishonor in connection with the Note (b) any requirement of diligence or promptness on the part of the Lender in enforcement of its rights under the provisions of any of the Loan Documents, and (c) any requirement of marshalling assets or proceeding against persons or assets in any particular order.

11.04 Severability. If any part, term or provision of this Agreement is held by any court to be unenforceable or prohibited by any law applicable to this Agreement, the rights and obligations of the parties shall be construed and enforced with that part, term or provision limited so as to make it enforceable to the greatest extent allowed by law, or, if it is totally unenforceable, as if this Agreement did not contain that particular part, term or provision.

11.05 Time of the Essence. Time shall be of the essence in the performance of all of the Borrower's and the Guarantor's obligations under the Loan Documents.

11.06 Benefit and Binding Effect. This Agreement shall inure to the benefit of Lender its legal representatives, successors and assigns. All obligations of Borrower and Guarantor

contained herein shall bind them, their successors, respective heirs, legal representatives and if Lender consents in writing to an assignment of this Agreement by Borrower or the Guarantor, then their assigns.

11.07 Further Assurances. The Borrower and Guarantor shall sign such financing statements or other documents or instruments as the Lender may request from time to time more fully to create, perfect, continue, maintain or terminate the rights and security interests intended to be granted or created pursuant to this Agreement or the Security Instruments.

11.08 Incorporation by Reference. All schedules, annexes or other attachments to this Agreement are incorporated into this Agreement as if set out in full at the first place in this Agreement that reference is made thereto.

11.09 Entire Agreement; No Oral Modifications. This Agreement, the schedules and annexes hereto, and the documents and instruments referred to herein constitute the entire agreement of the parties with respect to the subject matter hereof, and supersede all prior understandings with respect to the subject matter hereof. No change, modification, addition or termination of this Agreement or any of the Loan Documents shall be enforceable unless in writing and signed by the party against whom enforcement is sought.

11.10 Headings. The headings used in this Agreement are included for ease of reference only and shall not be considered in the interpretation or construction of this Agreement.

11.11 Governing Law. This Agreement and the related documents and instruments shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

11.12 Assignments. Borrower and Guarantor shall not assign their respective rights under this Agreement to any other party, unless Lender consents in writing to the assignment. Any attempted assignment shall be a default under this Agreement and shall be null and void, except as noted in this Section 11.12.

11.13 Multiple Counterparts.

(a) This Agreement may be signed by each party upon a separate copy, and in such case one counterpart of this Agreement shall consist of enough of such copies to reflect the signature of each party.

(b) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement or the terms thereof to produce or account for more than one of such counterparts.

11.14 Notices.

(a) Any requirement of the Uniform Commercial Code or other applicable law of reasonable notice shall be met if such notice is given at least ten (10) business days before the time of sale, disposition or other event or thing giving rise to the requirement of notice.

(b) Except as provided in subsection (c) below, all notices or communications under this Agreement shall be in writing and shall be hand-delivered, sent by courier, or mailed to the parties addressed as follows, and any notice so addressed and (1) hand-delivered, shall be deemed to have been given when so delivered, or (2) mailed by registered or certified mail, return receipt requested, shall be deemed to have been given when mailed, or (3) delivered to a recognized small package overnight courier service to the address of the intended recipient with shipping prepaid, shall be deemed to have been given when so delivered to such courier:

(1) If to the Borrower:

Jackson Energy Services Corporation
Highway 21 South
P.O. Box 307
McKee, Kentucky 40447
Attention: Donald Schaefer, President

(2) If to the Lender:

East Kentucky Power Cooperative, Inc.
P.O. Box 707
Winchester, Kentucky 40392
Attention: Dale W. Henley, General Counsel

(3) If to the Guarantor

Jackson Energy Propane Plus LLC
181 Barbourville Highway
London, Kentucky 40741
Attention: Donald Schaefer, President

(c) The Borrower, Guarantor and the Lender may at any time, and from time to time, change the address or addresses to which notice shall be mailed by written notice setting forth the changed address or addresses.

11.15 Survival of Covenants. All covenants, agreements, warranties and representations made by the Borrower and Guarantor herein shall survive the making of the Loan and the execution and delivery of the Loan Documents.

11.16 Jurisdiction and Venue; Waiver of Jury Trial. The Borrower and Guarantor consent to the Laurel County, Kentucky Circuit Court and the Federal District Court for the Eastern District of Kentucky, as the sole and exclusive forum for enforcement of this Assignment, and waive any objection to any such action based upon lack of personal or subject matter jurisdiction or improper venue. The Borrower and Guarantor agree that any action or proceeding may be served by mailing a copy thereof by certified mail, or any substantial or similar form of mail addressed to the Borrower and the Guarantor at their respective address first above written. To the fullest extent applicable law, Borrower and Guarantor waive any right they may have to trial by jury.

11.17 Acknowledgment. The Borrower and Guarantor acknowledge that they have each received a copy of this Agreement and each of the other Loan Documents, as fully executed by the parties thereto. The Borrower and Guarantor acknowledge that they (a) have READ THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS OR HAVE CAUSED SUCH DOCUMENTS TO BE EXAMINED BY THE BORROWER'S OR GUARANTOR'S REPRESENTATIVES OR ADVISORS; (b) are thoroughly familiar with the transactions contemplated in this Agreement and the other Loan Documents; and (c) together with the Borrower's and Guarantor's representatives or advisors, if any, have had the opportunity to ask such questions to representatives of the Lender, and receive answers thereto, concerning the terms and conditions of the transactions contemplated in this Agreement and the other Loan Documents as the Borrower and Guarantor deem necessary in connection with the Borrower's and Guarantor's decision to enter into this Agreement.

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IN WITNESS WHEREOF, Borrower and Lender, acting by and through their duly authorized officers, and the Guarantor has duly executed this Agreement as of the date first set forth above, but actually on the dates set forth below.

LENDER

EAST KENTUCKY POWER COOPERATIVE, INC.

By: 

Roy M. Palk,
President

Date: ~~June~~ ^{July 5}, 2000

BORROWER

JACKSON ENERGY SERVICES CORPORATION

By: 

Donald Schaefer,
President

Date: ~~June~~ ^{July 5}, 2000

GUARANTOR

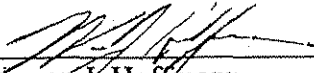
JACKSON ENERGY PROPANE PLUS LLC

By: 

Donald Schaefer,
President

Date: ~~June~~ ^{July 5}, 2000

THIS AGREEMENT PREPARED BY:



Warren J. Hoffmann
BROWN, TODD & HEYBURN PLLC
2700 Lexington Financial Center
Lexington, Kentucky 40507
606-231-0000

191.114994
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EXHIBIT "A"

PROPERTY DESCRIPTION

**Propane Office Space
Description**

Within the structure of the Jackson Energy Cooperative Corporation London District Warehouse facility. An office space 16 feet wide by 24 feet long with external entrance/exit access and internal entrance/exit access; and

**Propane Storage Tank
Description**

The real property situated in the city of London, Laurel County, Commonwealth of Kentucky, with an address of 177 Barbourville Road, London, Kentucky 40741 and more particularly described as follows:

Within the premises of Jackson Energy Cooperative Corporation London District as described in recorded Deed in Plat Cabinet 1-A, at Page 117 in the Laurel County Court Clerk's office, beginning approximately 50 feet North and 60 feet East of the corner of the fenceline bordering ECRN Corporation and Industry Road and continuing 60 feet North parallel to fenceline bordering ECRN Corporation, thence 25 feet East, thence 60 feet South and thence 25 feet West to beginning point, with loading/unloading access provided through entrance/exit of fenced gateway accessed from Industry Road.

LOAN AGREEMENT

This is a Loan Agreement (this "Agreement") dated as of the 30th day of June, 2000, by and between

EAST KENTUCKY POWER COOPERATIVE, INC.
P.O. Box 707
Winchester, Kentucky 40392 (the "Lender");

SHELBY ENERGY SERVICES CORPORATION
620 Old Finchville Road
Shelbyville, Kentucky 40065 (the "Borrower")

and

SHELBY ENERGY PROPANE PLUS LLC
1891 Isaas Shelby Drive
Shelbyville, Kentucky 40065 (the "Guarantor")

RECITAL

This Agreement is being entered into to provide for a loan in the principal amount of Nine Hundred Forty-Two Thousand Two Hundred Fifty-Three Dollars (\$942,253.00), which loan is to be used to enable the Borrower to acquire the outstanding fifty percent (50%) membership interest in the Guarantor currently held by Thermogas Energy L.L.C. (Borrower already owning a fifty percent (50%) membership interest in the Guarantor), to provide the Borrower and Guarantor with operating capital and for such other purposes as Lender may permit.

NOW, THEREFORE, the Borrower, the Guarantor and the Lender agree as follows:

Section 1

Definitions

As used in this Agreement, the following terms shall have the following meanings and the meanings assigned to them shall be equally applicable to both the singular and plural forms of the terms defined:

"Loan Documents" shall mean, collectively, this Agreement and all agreements, documents, and instruments to be executed by the Borrower or the Guarantor which relate to this Agreement, including, but not limited to, the Note and the Security Instruments.

"Collateral" shall mean the property liened, pledged or encumbered by the Loan Documents.

"Dividend" shall mean any amount declared or paid, or set apart by the Borrower for the purpose of payment of, (a) any dividend or other distribution on or in respect of any shares of any class of the Borrower's capital stock, or (b) the purchase, retirement, reacquisition or redemption of any shares of any class of the Borrower's capital stock, or (c) any distribution by way of reduction of capital, or (d) any other distribution on or in respect of any shares of any class of the Borrower's capital stock.

"Event of Default" shall mean any one of the occurrences which are Events of Default under Section VIII of this Agreement.

"Generally Accepted Accounting Principles" shall mean those principles of accounting set forth in pronouncements of the Financial Accounting Standards Board, the American Institute of Certified Public Accountants, as such principles are from time to time supplemented and amended.

"Indebtedness" shall mean all obligations, contingent or otherwise, which, in accordance with Generally Accepted Accounting Principles shall be classified on the obligor's balance sheet as liabilities.

"Index Rate" shall have the meaning set forth in Section 3.01.

"Loan" shall mean the loan made by the Lender to the Borrower in the principal amount of Nine Hundred Forty-Two Thousand Two Hundred Fifty-Three Dollars (\$942,253.00).

"Maturity Date" shall mean June 30, 2015.

"Note" shall mean the promissory note of Borrower dated June 30, 2000, evidencing the obligation of Borrower to repay the loan, and any note delivered in renewal, replacement, substitution, extension or novation thereof.

"Person" shall mean any individual, partnership, association, trust, corporation or other entity.

"Security Instruments" shall mean all of the instruments, documents and agreements referred to in Section 4.01.

"Uniform Commercial Code" shall mean the Uniform Commercial Code as in effect in the Commonwealth of Kentucky.

"Unmatured Default" shall mean the happening of any material breach under this Agreement, including but not limited to failure to pay any installment of principal or interest of the Note when due, or a breach of the financial covenants under this Agreement, or other similar material breach the happening of which, together with the giving of any required notice or the passage of any required period of time, would constitute an Event of Default.

Section 2

The Loan

Lender establishes a Loan in favor of Borrower as follows:

2.01 Amount. Subject to Section 5.02 of this Agreement, the principal amount of the Loan shall be Nine Hundred Forty-Two Thousand Two Hundred Fifty-Three Dollars (\$942,253.00).

2.02 Term. The Loan shall become effective as of the date hereof. Unless the Loan is sooner terminated as provided in this Agreement, the Loan shall continue in effect until the close of business on June 30, 2015.

Section 3

Payments of the Loan

3.01 Interest Rate. The unpaid principal balance of the Loan shall bear interest at an annual rate equal to the Index Rate minus one-half of one percent (.50%). "Index Rate" shall mean "Prime Rate" as published in the "Money Rates" section of The Wall Street Journal. The Index Rate shall be adjusted annually on each anniversary of the Loan. The Index Rate as of the date hereof is nine and one half percent (9.5%).

3.02 Principal and Interest Payments. Borrower shall make sixty (60) monthly payments of interest only on this Loan commencing on August 1, 2000 and continuing on the first (1st) day of each month and every month thereafter. Borrower shall make monthly payments of principal and interest on this Loan, beginning on August 1, 2005, and continuing on the 1st day of each and every month thereafter; until the outstanding principal balance of this Loan, and all accrued interest, shall be paid in full; provided however that all outstanding principal and accrued interest shall be due and payable in full on the maturity date.

3.03 Prepayments of Note. Borrower shall have the right at any time, and from time to time, without penalty or premium to prepay the Note in whole or in part. All prepayments made with respect to the Note shall be applied first to penalties, if any, owed by the Borrower to the Lender, second, to accrued but unpaid interest with respect to the Note, then to installments of principal under the Note in the reverse order of their maturity.

3.04 Late Charge and Default Rate of Interest. If any payment due under the Note is not received by Lender within ten (10) days of the date it is due, then a late charge of five percent (5.00%) of the amount of the overdue payment may be charged by the holder of the Note. Upon maturity, whether by acceleration or otherwise, or upon the occurrence of an Event of Default hereunder, in addition to any and all other remedies to which the holder may be entitled, the applicable rate of interest on the Note shall be increased to five percent (5.00%) per annum in excess of the Index Rate.

Section 4

Security for the Loan

4.01 Security for the Loan. The Note and the Loan evidenced thereby is and shall be secured by and entitled to the benefits of all of the following:

(a) Mortgage. The Loan shall be secured by a mortgage on real property located in Shelby County, Kentucky, as more particularly described on Exhibit "A" attached hereto and made a part hereof, pursuant to a Mortgage dated June 30, 2000, between Shelby Energy Propane Plus LLC and the Lender (the "Mortgage").

(b) Security Agreement. The Loan shall be secured by a security interest in all of Guarantor's right, title and interest in and to the following property (the "Security Agreement"):

(i) all accounts and accounts receivable, whether now existing or hereafter arising;

(ii) all inventory, whether now owned or hereafter acquired;

(iii) all equipment, machinery, furniture, fixtures, supplies, raw materials, work in progress, and motor vehicles, whether now owned or hereafter acquired;

(iv) all general intangibles, deposit accounts, letters of credit, instruments, contract rights, tax refunds, and insurance proceeds;

(v) all goods, instruments, documents of title, policies and certificates of insurance, securities, membership interests, chattel paper, deposits, cash or other property owned by the Guarantor or in which it has an interest.

(vi) All accessories, attachments, parts, accessions and repairs, and all substitutions, replacements and additions thereto and all proceeds (including insurance proceeds) and products therefrom; and

(vii) Lender's security interest shall specifically include Guarantor's interest in and the right to obtain from the Guarantor all the physical media on which records of accounts or accounts receivable are kept, including but not limited to: optical disk, software and operating systems necessary to render electronically encoded material meaningful, microfiche and microfilm and any and all hardware and equipment necessary for the reading of or to render meaningful the physical media on which records are kept.

(c) Pledge Agreement. The Loan shall be secured by a pledge of and security interest in one hundred percent (100%) of the membership interests of the Guarantor (which are

wholly owned by Borrower) pursuant to a Pledge Agreement dated June 30, 2000, among the Borrower, Guarantor and the Lender (the "Pledge Agreement").

(d) Guaranty. The Loan shall be secured by the guaranty of the Guarantor pursuant to a Guaranty dated June 30, 2000, executed by the Guarantor (the "Guaranty").

(e) Right of Offset. The Loan shall be secured by the right of offset provided in Section 9.01 of this Agreement.

Section 5

Conditions Precedent

5.01 Conditions Precedent to the Loan. The Lender's obligation to provide the Borrower with the Loan shall be conditioned upon the fulfillment of all the following conditions:

(a) Borrower and Guarantor Resolutions. Borrower and Guarantor shall have each furnished Lender with (i) certified copies of their Articles of Incorporation or Articles of Organization (as applicable) and Bylaws and all amendments thereto, (ii) certificates from the Secretary of State of the Commonwealth of Kentucky that Borrower and Guarantor are in good standing, and (iii) a corporate or limited liability company resolution (as applicable) signed by the directors of Borrower and the managers of the Guarantor in form and substance satisfactory to Lender and its attorneys (A) authorizing the execution of this Agreement, the other Loan Documents to which each is a party, and (B) authorizing consummation of the transactions contemplated by this Agreement.

(b) Certificates of Incumbency. The Borrower and the Guarantor shall have furnished the Lender with a certificate of its secretary certifying the names of the officers of the Borrower and the Guarantor authorized to sign the Loan Documents, together with the true signatures of such officers.

(c) Executed Agreements. Borrower shall have delivered to Lender the following documents, in form and substance satisfactory to Lender and its attorneys, duly executed by Borrower and/or each Guarantor:

- (i) this Agreement;
- (ii) the Note;
- (iii) the Mortgage;
- (iv) the Security Agreement;
- (v) the Pledge Agreement; and
- (vi) such financing statements or other documents for filing with public officials with respect to the Security Agreement as the Lender may request.

(d) Representations and Warranties. Each and every representation and warranty made by or on behalf of the Borrower at the time of or after the execution of this Agreement relating to the Loan Documents or the transactions contemplated thereby shall be true, complete and correct on and as of the date such Loan is to be made.

(e) No Defaults. There shall exist no Event of Default or Unmatured Default which has not been cured to the Lender's satisfaction.

(f) No Change in Condition. No material adverse change shall have occurred in the condition, financial or otherwise, of the Borrower or the Guarantor from that existing on June 30, 2000.

(g) Recordings and Filings. All financing statements or other instruments as the Lender may reasonably request have been executed and delivered by the Borrower and filed or recorded in such public offices as the Lender may request to perfect and maintain the perfection of the security interests which secure the Loan.

(h) Insurance. Evidence of the insurance coverage specified in Section 6.01 shall have been submitted to and approved by Lender.

(i) Other Documents. Borrower shall have delivered to Lender any other documents, in form and substance satisfactory to Lender and its attorneys, that Lender or its attorneys may reasonably request in order to further protect the security of Lender or evidence compliance by Borrower with the Loan Documents.

Section 6

General Covenants

During the term of this Agreement, the Borrower and the Guarantor (as applicable) shall comply with all of the following provisions:

6.01 Insurance. The Guarantor will at all times keep its insurable properties insured to such extent and against such risks, including, without limitation, casualty insurance, public liability insurance, worker's compensation and other insurance required by law, as customary with companies of comparable size in the same or similar business, unless higher limits or other types of coverage are reasonably required in writing by the Lender. With regard to the assets constituting the Collateral for this Loan, the Guarantor will deliver to the Lender certificates of each insurer (or such other evidence as may be satisfactory to the Lender) indicating that the Lender is loss payee or additional insured (long form) regarding such insurance (or additional insured as to liability insurance). Each such policy will require and the certificates will state, that no such policy will be terminated without at least thirty (30) days prior written notice having been delivered to the Lender.

6.02 Taxes and Other Payment Obligations. The Borrower and Guarantor will comply with or contest in good faith all statutes and governmental regulations and pay all taxes, assessments, governmental charges, claims for labor, supplies, rent and any other obligation

which, if unpaid, might become a lien against any of its respective properties except liens for taxes not yet due and payable and liabilities being contested in good faith with due diligence and against which reserves satisfactory to the Lender have been established; provided, however, that the Borrower and Guarantor shall immediately pay or otherwise satisfy any such tax assessment, government charge, claims for labor, supplies, rent or any other obligation upon commencement of proceedings to foreclose on any lien securing such taxes, charges or claims.

6.03 Financial Statements. The Borrower and the Guarantor will provide to the Lender:

(a) Annual Statements. Within one hundred eighty (180) days after the close of each fiscal year financial reports of the Borrower and the Guarantor as of the end of such fiscal year and the notes thereto, and the related statements of income and retained earnings and the notes thereto, and a statement of changes in financial position for such fiscal year, setting forth in each case comparative financial statements for the corresponding period in the preceding year, all prepared in accordance with Generally Accepted Accounting Principles applied on a consistent basis;

(b) Quarterly Statements. Within forty-five (45) days after the close of each fiscal quarter of each year (except for the fourth and final quarter which may be delivered in one hundred eight (180) days a balance sheet and profit and loss statement of the Borrower and the Guarantor certified by an officer of each of the Borrower and the Guarantor to be correct and accurate, and setting forth in comparative form the corresponding amounts for the corresponding period during the preceding fiscal year;

(c) Tax Returns. Borrower and Guarantor shall furnish to Lender a copy of Borrower's and Guarantor's federal income tax return and/or K-1 within twenty (20) days after filing.

(d) Other. Such other information respecting the financial condition and operations of the Borrower and Guarantor as the Lender may from time to time reasonably request.

6.04 [INTENTIONALLY LEFT BLANK].

6.05 Other Reports. Additionally, the Borrower and the Guarantor agree that they will (i) promptly upon receipt thereof, deliver to the Lender any report submitted to the Borrower or the Guarantor by independent accountants in connection with any annual, interim or special audit made by them of the books of the Borrower or the Guarantor; (ii) upon becoming available, promptly deliver to the Lender a copy of all financial statements, reports, notices and proxy statements sent to stockholders, and a copy of all regular, periodic and special reports filed with any securities exchange or with the Securities and Exchange Commission or any governmental authority succeeding to any or all of the functions of such Commission; and (iii) promptly, from time to time, furnish to the Lender, such other information regarding its operations, business affairs and financial condition as the Lender may reasonably request. The Lender is hereby authorized to deliver a copy of any financial statement made available by the Borrower or the

Guarantor to any regulatory authority having jurisdiction over the recipient of such financial statement.

6.06 Financial Records. The Borrower and the Guarantor shall maintain standard modern systems of accounting in which full, true and correct entries shall be made of all dealings or transactions in relation to its business and affairs in accordance with Generally Acceptable Accounting Principles applied on a basis consistent with prior years and, without limitation, making appropriate accruals for estimated contingent losses and liabilities.

6.07 Inspection. The Borrower and the Guarantor will permit any officer of the Lender designated in writing by the Lender, to visit and inspect any of their properties, corporate books and financial records at such times as the Lender may reasonably request upon reasonable notice and during ordinary business hours.

6.08 Accountants Review. Upon the written request of the Lender, the Borrower and the Guarantor will authorize any officer of the Lender to discuss their financial statements and financial affairs at any time from time to time with the Borrower's or the Guarantor's accountants upon reasonable notice and during ordinary business hours.

6.09 Notice Requirements.

(a) Default. The Borrower will deliver to the Lender forthwith, upon any officer's obtaining knowledge of an Event of Default under this Agreement or an event of default under any of the Loan Documents or an event which would constitute such an event of default but for the requirement that notice be given or time elapse or both, a certificate of the chief executive officer, chief financial officer or treasurer of the Borrower specifying the nature and period of existence thereof and what action the Borrower proposes to take with respect thereto.

(b) Other Notices. The Borrower will notify the Lender in writing within five (5) business days of the occurrence of any of the following with respect to the Borrower or the Guarantor:

(1) the pendency or commencement of any material action, suit or proceeding at law or in equity;

(2) any event or condition which shall constitute an event of default under any other agreement for borrowed money;

(3) any levy of an attachment, execution or other process against its assets; and

(4) any material change in any existing agreement or contract which may adversely affect its business or affairs, financial or otherwise.

6.10 Note and Security Instruments. The Borrower shall pay the Note in accordance with its terms, covenants and conditions, and the Borrower and the Guarantor shall comply with the terms, covenants and conditions of the Security Instruments.

6.11 Compliance with Law. The Borrower and the Guarantor shall comply in all material respects with (i) all valid and applicable statutes, rules and regulations of the United States of America, of the States thereof and their counties, municipalities and other subdivisions and of any other jurisdiction applicable to them; (ii) the orders, judgments and decrees of all courts or administrative agencies with jurisdiction over them; or its business; and (iii) the provisions of licenses issued to the Borrower or the Guarantor except where compliance therewith shall be currently contested in good faith by appropriate proceedings, timely instituted, which shall operate to stay any order with respect to such non-compliance.

6.12 Subordination.

(a) Subordination. Until all indebtedness of Borrower to Lender is fully paid, and all terms, covenants and conditions of this Agreement and the Security Instruments are complied with by Borrower, the Guarantor agrees that at all times from and after the date it receives any notice either of an Event of Default by Borrower under this Agreement or of any condition or event which would be an Unmatured Default under this Agreement or the Security Instruments, the Guarantor shall not ask, demand, sue for, take or receive from Borrower, by set-off or in any other manner, all or any part of any monies, principal or interest thereon, now or hereafter owing by Borrower to it, nor any security therefor, unless and until that Guarantor receives notice from Lender that such Event of Default or Unmatured Default is waived or cured.

(b) Distribution of the Assets of Borrower. The Guarantor agrees that in the event of (i) any distribution, division or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the assets of the Borrower, the proceeds thereof to creditors of the Borrower or upon any indebtedness of the Borrower which are collateral under this Loan, by reason of the liquidation, dissolution or other winding up of Borrower or its business, or (ii) any sale, receivership, insolvency or bankruptcy proceeding, or any assignment for the benefit of creditors, or any proceeding by or against the Borrower for any relief under any bankruptcy or insolvency law relating to the relief of debtors, readjustment of indebtedness, reorganization, composition or extension; then and in any such event, any payment or distribution of any kind or character, either in cash, securities or other property, which shall be payable or deliverable upon or with respect to any or all indebtedness of Borrower to Guarantor, shall be paid or delivered directly to Lender for application on the Loan due or not due, until the indebtedness of Borrower to Lender is fully paid and all provisions of this Agreement are satisfied or secured. In either such event, Guarantor irrevocably authorizes and empowers Lender to demand, sue for, collect and receive every such payment or distribution, give acquittance therefor and to file claims and take such other proceedings in the name of Lender, in the name of the Guarantor or otherwise, as Lender may deem necessary or advisable for the enforcement of this Agreement. The Guarantor shall execute and deliver to Lender such powers of attorney, assignments or other instruments as may be requested by Lender in order to enable Lender to enforce any and all claims upon or with respect to any or all indebtedness of Borrower to Guarantor, and to collect and receive any and all payments or distributions which may be payable or deliverable at any time upon or with respect to any such indebtedness of Borrower to Guarantor.

(c) Payments Received from Borrower. Should any payment, distribution, security or proceeds thereof be received by any Guarantor upon or with respect to any

indebtedness of Borrower to Guarantor after the date Guarantor receives notice of an Event of Default by Borrower under this Agreement or an event or condition which could result in an Unmatured Default under this Agreement or the Security Instruments, then Guarantor shall forthwith deliver the same to Lender in precisely the form received (except for endorsement or assignment where necessary), for application under this Agreement or the Security Instruments, and, until so delivered, the same shall be held in trust by Guarantor as property of Lender. In the event that Guarantor fails to make any such endorsement or assignment, then Lender, its officers or employees on its behalf, are irrevocably authorized to make the same.

(d) Limitation on Assignment. The Guarantor shall not assign or transfer voluntarily or by operation of law to others any claim they possess or may possess against Borrower while any of the indebtedness of Borrower to Lender remains unpaid, unless such assignment or transfer is made expressly subject to this Agreement.

(e) Notice of Subordination. All notes or other evidences of indebtedness accepted by any Guarantor from Borrower shall contain a specific statement therein that the indebtedness thereby evidenced is subject to the terms, covenants and conditions of this Agreement.

6.13 Liens. Except for security interests granted by the Borrower and the Guarantor to the Lender contemporaneously with the execution of this Agreement, liens permitted in this Agreement, and liens created in the Security Instruments, the Borrower and Guarantor shall not (i) create or incur or suffer to be created or incurred or to exist any encumbrance, mortgage, pledge, lien, charge, restriction or other security interest of any kind upon any of the Collateral, whether owned or held on the date of this Agreement or acquired thereafter, or upon the income or profits therefrom, or (ii) transfer any such Collateral or the income or profits therefrom for the purpose of subjecting the same to payment of indebtedness or performance of any other obligation except payments made in accordance with this Agreement or payments made to the Lender in accordance with the terms and provisions of this Agreement, or (iii) acquire, or agree or have an option to acquire, any Collateral upon conditional sale or other title retention or purchase money security agreement, device or arrangement, or (iv) sell or transfer, assign, or pledge any Collateral, with or without recourse. The Borrower and Guarantor may incur or create, or suffer to be incurred or created or to exist, the following liens without violating the provisions of this Section 6.13:

(a) Statutory liens to secure claims for labor, material or supplies to the extent that payment thereof shall not at the time be required to be made in accordance with this Agreement.

(b) Deposits or pledges made in connection with, or to secure payment of, workers' compensation, unemployment insurance, old age pensions or other social security, or in connection with contests, to the extent that payment thereof shall not at that time be required to be made in accordance with of this Agreement.

(c) Statutory liens for taxes or assessments or governmental charges or levies if payment shall not at the time be required to be made in accordance with this Agreement.

(d) Purchase money liens or security interests with respect to property acquired by the Borrower or the Guarantor with the Lender's prior written consent, which shall not be unreasonably withheld.

(e) Statutory liens (and contractual liens that provide to the secured party no greater rights than equivalent statutory liens) to secure payment of rent or lease payments with respect to leases of real property to the extent that such payments shall not at the time be required to be made in accordance with this Agreement.

6.14 Limited Liability Company Existence and Good Standing. The Borrower and the Guarantor shall preserve their corporate/limited liability company existences in good standing and shall be and remain qualified to do business and in good standing in all states and countries in which they are required to be so qualified.

6.15 Articles of Incorporation and Bylaws. Without the Lender's prior written consent, which shall not be withheld or delayed unreasonably, the Borrower and the Guarantor shall not make any changes in or amendments to their articles of incorporation or articles of organization.

6.16 Dividends. Without the prior written consent of the Lender, the Borrower and Guarantor shall not declare and pay, or set apart any sum for the purpose of payment of, any Dividend.

6.17 Mergers, Sales, Transfers and Other Dispositions of Assets. Without the Lender's prior written consent, which shall not be unreasonably withheld or delayed, the Borrower and Guarantor shall not:

- (a) Be a party to any consolidation or merger;
- (b) Sell or otherwise transfer any material part of their assets;
- (c) Purchase all or a substantial part of the capital stock or assets of any corporation or other business enterprise;
- (d) Effect any change in their capital structure;
- (e) Sell, assign, or otherwise dispose of, with or without recourse, settle or compromise any of their accounts receivable or notes receivable or other intangibles, except the endorsement of negotiable instruments for the purpose of collection in the ordinary course of business and as permitted in the Loan Documents; or
- (f) Liquidate or dissolve or take any action with a view toward liquidation or dissolution.

6.18 Loans. The Borrower and Guarantor shall not make any loan or advance any funds whatsoever to any business, entity, party or individual.

Section 7

Representations and Warranties

To induce the Lender to enter into this Agreement and to make the Loan, the Borrower and Guarantor, respectively represent and warrant to the Lender as follows:

7.01 Corporate Organization and Existence. The Borrower is a corporation duly organized, validly existing, and in good standing under the laws of the Commonwealth of Kentucky. The Borrower has all necessary power and authority to carry on its business conducted on the date of this Agreement. The Borrower is qualified to do business as a foreign corporation, and is in good standing, in all states and in all foreign countries in which it owns any property or carries on substantial activities or is otherwise required to be so qualified, and is duly authorized, qualified and licensed under all laws, regulations, ordinances or orders of public authorities to carry on its business in the places and in the manner conducted on the date of this Agreement.

7.02 Corporate Organization and Existence. The Guarantor is a limited liability company duly organized, validly existing, and in good standing under the laws of the Commonwealth of Kentucky. The Guarantor has all necessary power and authority to carry on its business conducted on the date of this Agreement.

7.03 Right to Act. No registration with or consent or approval of any governmental agency of any kind is required for the execution, delivery, performance and enforceability of the Loan Documents. The Borrower and Guarantor have full power and authority, corporate and otherwise, to execute, deliver and perform the Loan Documents.

7.04 No Conflicts. The Borrower and the Guarantor's execution, delivery and performance of the Loan Documents does not, and will not, (a) violate any existing provision of (i) the articles of incorporation or bylaws of the Borrower, (ii) the Operating Agreement of the Guarantor, or (iii) any law, rule, regulation, or judgment, order or decree applicable to the Borrower and Guarantor or (b) otherwise constitute a default, or result in the imposition of any lien under (1) any existing contract or other obligation binding upon the Borrower and Guarantor or their property, with or without the passage of time or the giving of notice or both; (2) any law, rule or regulation applicable to the Borrower and the Guarantor or their business; or (3) any judgment, order or decree of any court or administrative agency applicable to the Borrower and the Guarantor and their business.

7.05 Authorization. The execution, delivery and performance by the Borrower and the Guarantor of the Loan Documents has been duly authorized, and the Loan Documents have been duly executed and delivered and constitute legal, valid and binding obligations enforceable against the Borrower and the Guarantor, respectively.

7.06 Litigation and Taxes.

(a) There is no litigation, at law or in equity, or any proceeding before any federal, state or municipal court, board or other governmental or administrative agency pending,

or to the knowledge of the Borrower or Guarantor, threatened which is likely to involve any material judgment or liability against the Borrower or Guarantor or which might otherwise result in any material adverse change in the Borrower and Guarantor's business, assets or condition, financial or otherwise. No judgment, decree or order of any federal, state or municipal court, board or other governmental or administrative agency has been issued against the Borrower or Guarantor or any of their assets which has, or might have, a material adverse effect on the Borrower and Guarantor's business, assets or condition, financial or otherwise.

(b) The Borrower and Guarantor have filed all tax returns which are required to be filed and have paid, or made adequate provision for the payment of, all taxes which have or may become due pursuant to such returns or pursuant to assessments received. The Borrower and Guarantor know of no material additional assessments for which adequate reserves have not been established, and the Borrower and Guarantor have made adequate provision for all current taxes.

7.07 Compliance with Contractual Obligations, Laws and Judgments.

(a) The Borrower and Guarantor are not in default in the payment, performance, observance or fulfillment of any of the material obligations, covenants or conditions contained in any lease, indenture, mortgage, deed of trust, promissory note, agreement or undertaking to which they are a party or by which its assets are bound.

(b) The Borrower and Guarantor have not violated any applicable statute, regulation or ordinance of the United States of America or of any state, municipality or any other subdivision, jurisdiction or agency thereof, in any respect materially and adversely affecting the Borrower's and Guarantor's business, property, assets, operations or conditions, financial or otherwise.

(c) The Borrower and Guarantor are not in default with respect to any judgment, order, writ, injunction, decree or demand of any court, arbitrator or governmental agency or body.

7.08 Trademarks and Permits. The Borrower and Guarantor possess adequate licenses, patents, copyrights, trademarks and trade names to conduct their businesses as now conducted. Neither the Borrower, the Guarantor nor any of their officers, directors or employees have received notice or has knowledge of any claim that the Borrower or Guarantor have violated any other person's license, patent, copyright, trademark or trade name, or that the Borrower's and Guarantor's licenses, patents, copyrights, trademarks or trade names are currently being infringed. The Borrower and Guarantor have all governmental permits, certificates, consents and franchises necessary to carry on their businesses as now conducted and to own or lease and operate their properties as now owned, leased or operated. All such governmental permits, certificates, consents and franchises are valid, and in effect, and the Borrower and Guarantor are not in violation thereof, and none of them contains any term, provision, condition or limitation more burdensome than generally applicable to persons engaged in the same or similar business.

7.09 Disclosure. Neither this Agreement, nor any agreement, document, certificate or statement furnished to the Lender by or on behalf of the Borrower and Guarantor in connection

with the transactions contemplated by this Agreement contains any untrue statement of any material fact or omits to state any material fact necessary to make the statements contained herein or therein not misleading. There is no fact known to the Borrower which materially and adversely affects, or in the future is likely to materially and adversely affect, the Borrower's or the Parent's business, operations, affairs or condition, financial or otherwise, which has not been disclosed to the Lender.

Section 8

Events of Default

The occurrence of any one or more of the following shall constitute an Event of Default under this Agreement (an "Event of Default"):

8.01 Failure to Pay. If Borrower fails to pay in full when due any installment of principal of the Note or interest thereon.

8.02 No Notice Required. If Borrower or Guarantor fail to observe, perform or comply with any term, obligation, covenant, agreement, condition or other provision contained in Sections 6.01, 6.16, 6.17, and 6.18 of this Agreement.

8.03 Notice Required; Period to Cure. If Borrower or Guarantor fail to observe, perform or comply with any term, obligation, covenant, agreement, condition or other provision contained or referred to in this Agreement (other than those referred to in Section 8.02 hereof), and such failure is not fully cured within thirty (30) days after Lender gives written notice thereof to Borrower and Guarantor.

8.04 Falsity of Representation or Warranty. If any representation or warranty or other statement of fact contained in any of the Loan Documents or in any writing, certificate, report or statement at any time furnished the Lender by or on behalf of the Borrower or Guarantor pursuant to or in connection with this Agreement or the Loan shall have been false or misleading in any material respect or which shall omit a material fact, whether or not made with knowledge, at the time it was made.

8.05 Judgments. If a final judgment or judgments for the payment of money in excess of the sum of Fifty Thousand Dollars (\$50,000.00) in the aggregate, or with respect to property with a value in excess of such amount, shall be rendered against the Borrower or the Guarantor and such judgment(s) remains unsatisfied and not covered by insurance or not bonded to the satisfaction of Lender for a period of 30 consecutive days after the entry thereof and within that 30-day period is (a) stayed pending appeal, or (b) discharged.

8.06 Adverse Financial Change. If there should be any material adverse change in the financial condition of the Borrower or any Guarantor as determined in the Lender's reasonable discretion.

8.07 Other Obligations to the Lender and its Affiliates. If Borrower fails to observe, perform or comply with the terms, obligations, covenants, agreements, conditions or provisions

of any agreement, document or instrument which Borrower entered into with Lender, other than the Loan Documents.

8.08 Dissolution or Termination of Existence. If the Borrower, Guarantor or any person, firm or corporation affiliated with it, takes any action that is intended to result in the termination, dissolution or liquidation of the Borrower.

8.09 Solvency.

(a) If the Borrower or Guarantor shall (1) have an order of relief entered in any proceeding filed by them under the federal bankruptcy laws (as in effect on the date of this Agreement or as they may be amended from time to time); (2) admit their inability to pay their debts generally as they become due; (3) become insolvent in that their total assets are in the aggregate worth less than all of their liabilities or they are unable to pay its debts generally as they become due; (4) make a general assignment for the benefit of creditors; (5) file a petition, or admit (by answer, default or otherwise) the material allegations of any petition filed against them, in bankruptcy under the federal bankruptcy laws (as in effect on the date of this Agreement or as they may be amended from time to time), or under any other law for the relief of debtors, or for the discharge, arrangement or compromise of their debts; or (6) consent to the appointment of a receiver, conservator, trustee or liquidator of all or part of their assets.

(b) If a petition shall have been filed against the Borrower or Guarantor in proceedings under the federal bankruptcy laws (as in effect on the date of this Agreement, or as they may be amended from time to time), or under any other laws for the relief of debtors, or for the discharge, arrangement or compromise of their debts, or an order shall be entered by any court of competent jurisdiction appointing a receiver, conservator, trustee or liquidator of all or part of the Borrower's or Guarantor's assets.

Section 9

Remedies Upon Default

Notwithstanding anything to the contrary, if any Event of Default under this Agreement occurs, the Lender, in its sole discretion, and without notice to the Borrower or Guarantor, may declare the entire unpaid balance of the Note, and all other obligations of the Borrower and the Guarantor under this Agreement to be immediately due and payable in full, without any presentment, demand or notice of any kind, all of which are hereby waived by the Borrower and Guarantor. In addition, upon the occurrence of any Event of Default, and at any time thereafter, unless all Events of Default have been remedied to the full satisfaction of the Lender or waived in a writing signed by the Lender specifically providing the waiver, the Lender shall have all of the following rights and remedies and it may exercise one or more of them singly or in conjunction with others.

9.01 Right to Offset. The Lender shall have the right to set off against, or appropriate and apply toward the payment of, the obligations of the Borrower and the Guarantor to the Lender, pursuant to this Agreement or as evidenced by the Note or the Guaranty whether such

obligations shall have matured in due course or by acceleration, any and all balances and other sums and indebtedness then held or owed by the Lender to or for the credit or account of the Borrower or the Guarantor. For such purpose the Borrower and the Guarantor hereby pledge to and grant a security interest in such balances, other sums and indebtedness of the Lender to secure all of the Borrower's and the Guarantor's obligations under this Agreement, the Note and the Guaranty. Such offsets following an Event of Default may occur without notice to or demand upon the Borrower or any other person, all of such notices and demands being hereby waived.

9.02 Enforcement of Rights. The Lender shall have the right, to proceed to protect and enforce its rights by suit in equity, action at law or other appropriate proceedings either for specific performance of any covenant or condition contained in any of the Loan Documents, or in aid of the exercise of any power granted in any of the Loan Documents.

9.03 Rights Under Security Instruments. The Lender shall also have all rights and remedies granted it under any and all of the Security Instruments securing or intending to secure the Borrower's obligations under the Note or any other indebtedness or obligation of the Borrower and Guarantor under the Loan Documents.

9.04 Cumulative Remedies. All of the rights and remedies of the Lender upon occurrence of an Event of Default shall be cumulative to the greatest extent permitted by law, may be exercised successively or concurrently, from time to time, and shall be in addition to all of those rights and remedies afforded the Lender at law, or in equity, or in bankruptcy. Notwithstanding the foregoing, the Lender shall be entitled to recover from the cumulative exercise of all remedies an amount no greater than the sum of (i) the outstanding principal amount of the Loan, (ii) all accrued but unpaid interest with respect to the principal amount of the Loan, (iii) any other amounts that the Borrower is required by this Agreement to pay to the Lender (for example, and without limitation, the reimbursement of expenses and legal fees, and late charges), and (iv) any costs, expenses or damages which the Lender is otherwise permitted to recover by the terms of this Agreement, the Security Instruments, and the other Loan Documents. Any exercise of any right or remedy shall not be deemed to be an election of that right or remedy to the exclusion of any other right or remedy.

Section 10

Fees and Expenses

10.01 Transaction Expenses. The Borrower shall pay to the Lender upon demand all out-of-pocket expenses incurred by the Lender in connection with the transactions contemplated by this Agreement, including, but not limited to, the Lender's reasonable attorneys' fees incurred in preparing the Loan Documents and any and all costs and fees incurred in connection with the recording or filing of any documents or instruments in any public office, pursuant to or as a consequence of this Agreement, or to perfect or protect any security for the Loan. The Borrower shall also pay to the Lender upon demand all out-of-pocket expenses incurred from time to time in the administration of the Loan, including without limitation any out-of-pocket expenses

(including, but not limited to, attorneys fees) incurred by the Lender if any of the Loan Documents should be amended, extended and/or renewed from time to time.

10.02 Enforcement Expenses. If any Event of Default shall occur under this Agreement, or any default shall occur under any of the Loan Documents or any related documents, the Borrower shall pay to the Lender, to the extent allowable by applicable law, such amounts as shall be sufficient to reimburse the Lender fully for all of its costs and expenses incurred in enforcing its rights and remedies under the Loan Documents and any related documents, including without limitation the Lender's reasonable attorneys' fees and court costs. Such amounts shall be deemed to be included in the obligations secured by the Security Instruments.

Section 11

Miscellaneous Provisions

11.01 No Waivers. Failure or delay by the Lender in exercising any rights shall not be deemed to be or operate as a waiver of that right, nor shall any right be exclusive of any other right referred to in this Agreement, or in any other related document, or available at law or in equity, by statute or otherwise. Any single or partial exercise of any right shall not preclude the further exercise of that right. Every right of the Lender shall continue in full force and effect until such right is specifically waived in a writing signed by the Lender.

11.02 Course of Dealing. No course of dealing between the Borrower or the Guarantor and the Lender shall operate as a waiver of any of the Lender's rights under any of the Loan Documents.

11.03 Waivers by the Borrower and the Guarantor. The Borrower and Guarantor hereby waive, to the extent permitted by applicable law, (a) all presentments, demands for performances, notices of nonperformance (except to the extent specifically required by this Agreement or any other of the Loan Documents), protests, notices of protest and notices of dishonor in connection with the Note (b) any requirement of diligence or promptness on the part of the Lender in enforcement of its rights under the provisions of any of the Loan Documents, and (c) any requirement of marshalling assets or proceeding against persons or assets in any particular order.

11.04 Severability. If any part, term or provision of this Agreement is held by any court to be unenforceable or prohibited by any law applicable to this Agreement, the rights and obligations of the parties shall be construed and enforced with that part, term or provision limited so as to make it enforceable to the greatest extent allowed by law, or, if it is totally unenforceable, as if this Agreement did not contain that particular part, term or provision.

11.05 Time of the Essence. Time shall be of the essence in the performance of all of the Borrower's and the Guarantor's obligations under the Loan Documents.

11.06 Benefit and Binding Effect. This Agreement shall inure to the benefit of Lender its legal representatives, successors and assigns. All obligations of Borrower and Guarantor

contained herein shall bind them, their successors, respective heirs, legal representatives and if Lender consents in writing to an assignment of this Agreement by Borrower or the Guarantor, then their assigns.

11.07 Further Assurances. The Borrower and Guarantor shall sign such financing statements or other documents or instruments as the Lender may request from time to time more fully to create, perfect, continue, maintain or terminate the rights and security interests intended to be granted or created pursuant to this Agreement or the Security Instruments.

11.08 Incorporation by Reference. All schedules, annexes or other attachments to this Agreement are incorporated into this Agreement as if set out in full at the first place in this Agreement that reference is made thereto.

11.09 Entire Agreement; No Oral Modifications. This Agreement, the schedules and annexes hereto, and the documents and instruments referred to herein constitute the entire agreement of the parties with respect to the subject matter hereof, and supersede all prior understandings with respect to the subject matter hereof. No change, modification, addition or termination of this Agreement or any of the Loan Documents shall be enforceable unless in writing and signed by the party against whom enforcement is sought.

11.10 Headings. The headings used in this Agreement are included for ease of reference only and shall not be considered in the interpretation or construction of this Agreement.

11.11 Governing Law. This Agreement and the related documents and instruments shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

11.12 Assignments. Borrower and Guarantor shall not assign their respective rights under this Agreement to any other party, unless Lender consents in writing to the assignment. Any attempted assignment shall be a default under this Agreement and shall be null and void, except as noted in this Section 11.12.

11.13 Multiple Counterparts.

(a) This Agreement may be signed by each party upon a separate copy, and in such case one counterpart of this Agreement shall consist of enough of such copies to reflect the signature of each party.

(b) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement or the terms thereof to produce or account for more than one of such counterparts.

11.14 Notices.

(a) Any requirement of the Uniform Commercial Code or other applicable law of reasonable notice shall be met if such notice is given at least ten (10) business days before the time of sale, disposition or other event or thing giving rise to the requirement of notice.

(b) Except as provided in subsection (c) below, all notices or communications under this Agreement shall be in writing and shall be hand-delivered, sent by courier, or mailed to the parties addressed as follows, and any notice so addressed and (1) hand-delivered, shall be deemed to have been given when so delivered, or (2) mailed by registered or certified mail, return receipt requested, shall be deemed to have been given when mailed, or (3) delivered to a recognized small package overnight courier service to the address of the intended recipient with shipping prepaid, shall be deemed to have been given when so delivered to such courier:

(1) If to the Borrower:

Shelby Energy Services Corporation
620 Old Finchville Road
Shelbyville, Kentucky 40065
Attention: Dudley Bottom, Jr., President

(2) If to the Lender:

East Kentucky Power Cooperative, Inc.
P.O. Box 707
Winchester, Kentucky 40392
Attention: Dale W. Henley, General Counsel

(3) If to the Guarantor

Shelby Energy Propane Plus LLC
1891 Isaas Shelby Drive
Shelbyville, Kentucky 40065
Attention: Dudley Bottom, Jr., President

(c) The Borrower, Guarantor and the Lender may at any time, and from time to time, change the address or addresses to which notice shall be mailed by written notice setting forth the changed address or addresses.

11.15 Survival of Covenants. All covenants, agreements, warranties and representations made by the Borrower and Guarantor herein shall survive the making of the Loan and the execution and delivery of the Loan Documents.

11.16 Jurisdiction and Venue; Waiver of Jury Trial. The Borrower and Guarantor consent to the Shelby County, Kentucky Circuit Court and the Federal District Court for the Eastern District of Kentucky, as the sole and exclusive forum for enforcement of this Assignment, and waive any objection to any such action based upon lack of personal or subject matter jurisdiction or improper venue. The Borrower and Guarantor agree that any action or proceeding may be served by mailing a copy thereof by certified mail, or any substantial or similar form of mail addressed to the Borrower and the Guarantor at their respective address first above written. To the fullest extent applicable law, Borrower and Guarantor waive any right they may have to trial by jury.

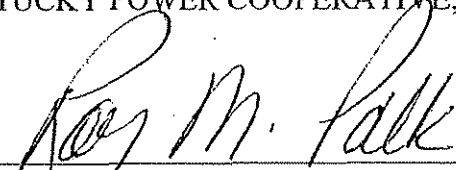
11.17 Acknowledgment. The Borrower and Guarantor acknowledge that they have each received a copy of this Agreement and each of the other Loan Documents, as fully executed by the parties thereto. The Borrower and Guarantor acknowledge that they (a) have READ THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS OR HAVE CAUSED SUCH DOCUMENTS TO BE EXAMINED BY THE BORROWER'S OR GUARANTOR'S REPRESENTATIVES OR ADVISORS; (b) are thoroughly familiar with the transactions contemplated in this Agreement and the other Loan Documents; and (c) together with the Borrower's and Guarantor's representatives or advisors, if any, have had the opportunity to ask such questions to representatives of the Lender, and receive answers thereto, concerning the terms and conditions of the transactions contemplated in this Agreement and the other Loan Documents as the Borrower and Guarantor deem necessary in connection with the Borrower's and Guarantor's decision to enter into this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Borrower and Lender, acting by and through their duly authorized officers, and the Guarantor has duly executed this Agreement as of the date first set forth above, but actually on the dates set forth below.

LENDER

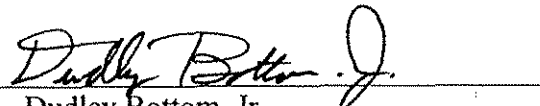
EAST KENTUCKY POWER COOPERATIVE, INC.

By: 
Roy M. Palk
President

Date: ~~June~~ ^{July} 5, 2000

BORROWER

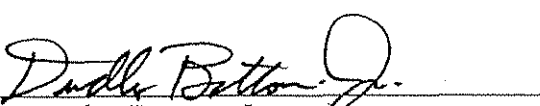
SHELBY ENERGY SERVICES CORPORATION

By: 
Dudley Bottom, Jr.,
President

Date: ~~June~~ ^{July} 7, 2000

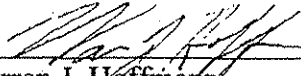
GUARANTOR

SHELBY ENERGY PROPANE PLUS LLC

By: 
Dudley Bottom, Jr.,
President

Date: ~~June~~ ^{July} 7, 2000

THIS AGREEMENT PREPARED BY:



Warren J. Hoffmann
BROWN, TODD & HEYBURN PLLC
2700 Lexington Financial Center
Lexington, Kentucky 40507
606-231-0000

191.114994.
\\LEX\SYS\USERS\1483\1483a\1483a103-EKP-Shelby-Loan-Agmt.doc

EXHIBIT "A"

PROPERTY DESCRIPTION

BEING a parcel of land situated on the east side of Isaas Shelby Drive in Shelby County, Kentucky, and being more particularly described as follows:

BEING Tract 2B-1, consisting of 2.73 acres, as shown on the Amended Plat No. 2 of Tract 2B, Section II, Shelby Business Park, recorded in Plat Cabinet 4, Slide 44, in the Shelby County Clerk's Office.

Source of Title:

BEING a part of the same property conveyed to Thermogas Company by deed recorded in Deed Book 329, Page 404, in the Shelby County Clerk's Office, and also being a portion of Tract 2 as recorded in Plat Cabinet 2, at Slide 2-397.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00472

THIRD DATA REQUEST RESPONSES

**COMMISSION STAFF'S THIRD DATA REQUEST DATED 05/01/07
REQUEST 55**

RESPONSIBLE PERSON: William A. Bosta

COMPANY: East Kentucky Power Cooperative, Inc.

Request 55. Refer to the response to the Staffs First Request, Item 45(a), page 1 of 6. Did EKPC propose an adjustment to reflect its discontinuation of its membership in the Electric Power Research Institute? Explain the response.

Response 55. No. EKPC's membership costs covered the fiscal year ending March 31, 2007, which is the period of time used in this proceeding for rate case adjustments (6 months beyond the end of the test year) and is known and measurable. For the time period beyond March 2007, EKPC will continue to use EPRI resources, but it will be a project-by-project basis.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2006-00472
THIRD DATA REQUEST RESPONSES

COMMISSION STAFF'S THIRD DATA REQUEST DATED 05/01/07
REQUEST 56

RESPONSIBLE PERSON: William A. Bosta

COMPANY: East Kentucky Power Cooperative, Inc.

Request 56. Refer to the response to the Staffs First Request, Item 53(a). Provide an update of the actual rate case costs through April 30, 2007. Include the information requested in Item 53(a).

Response 56. Please see the attached information for actual rate case costs through March 31, 2007. The costs for April 2007 are not available but will be provided upon completion.

Expenses for Rate Case 2006-00472

Vendor	Date	Invoice No.	Hours	Rate	Amount	Description of Services	Invoice Copy Provided
Consultants (Booked in 92300)							
Daniel Walker	12/5/2006	12/5/2006			\$ 11,100	Fixed Cost for testimony preparation	1st Data Request
Daniel Walker	12/5/2006	12/5/2006			431	Mileage Reimbursement	1st Data Request
Daniel Walker	4/2/2007	4/2/2007	20	185	3,700	Hearing Preparation	3rd Data Request
Daniel Walker	4/2/2007	4/2/2007			1,437	Hotel & travel expenses	3rd Data Request
Daniel Walker	11/28/2006	11/28/2006			157	Hotel & travel expenses	3rd Data Request
Total Consultants					\$ 16,825		
Other Expenses (All booked in Account 92100)							
National Office Suppliers	11/17/2006	40760			344	Filing Supplies	1st Data Request
National Office Suppliers	11/17/2006	40640			60	Filing Supplies	1st Data Request
National Office Suppliers	11/20/2006	40760			12	Filing Supplies	1st Data Request
Office Depot	11/18/2016	5143			13	Filing Supplies	1st Data Request
Wal-Mart	11/26/2006	2129			17	Filing Supplies	1st Data Request
Wal-Mart	11/26/2006	6447			51	Filing Supplies	1st Data Request
Wal-Mart	11/24/2006	1796			34	Filing Supplies	1st Data Request
Wal-Mart	11/26/2006	7214			8	Filing Supplies	1st Data Request
Office Depot	11/25/2006	603			8	Filing Supplies	1st Data Request
Office Depot	11/19/2006	9367			104	Filing Supplies	1st Data Request
Office Depot	11/19/2006	5462			85	Filing Supplies	1st Data Request
Office Depot	11/21/2006	6305			56	Filing Supplies	1st Data Request
Office Depot	11/21/2006	7306			58	Filing Supplies	1st Data Request
Wal-Mart	11/18/2006	6350			9	Filing Supplies	1st Data Request
Wal-Mart	11/19/2006	208			38	Filing Supplies	1st Data Request
Wal-Mart	11/19/2006	1256			28	Filing Supplies	1st Data Request
National Office Suppliers	11/30/2006	41234			406	Filing Supplies	1st Data Request
National Office Suppliers	12/14/2006	42068			(264)	Filing Supplies	1st Data Request
National Office Suppliers	11/28/2006	41048			95	Filing Supplies	1st Data Request
National Office Suppliers	12/1/2006	41308			59	Filing Supplies	1st Data Request
National Office Suppliers	12/5/2006	41536			490	Filing Supplies	1st Data Request
National Office Suppliers	11/27/2006	41001			327	Filing Supplies	1st Data Request

Expenses for Rate Case 2006-00472

Vendor	Date	Invoice No.	Hours	Rate	Amount	Description of Services	Invoice Copy Provided
National Office Suppliers	11/16/2006	40640			269	Filing Supplies	1st Data Request
Papa Johns	12/4/2006	64			23	Meals	1st Data Request
Gaunces Deli		7864			33	Meals	1st Data Request
National Office Suppliers		42806			49	Filing Supplies	1st Data Request
National Office Suppliers		43714			118	Filing Supplies	1st Data Request
National Office Suppliers		41940			4	Filing Supplies	1st Data Request
National Office Suppliers		42805			103	Filing Supplies	1st Data Request
National Office Suppliers		43714			377	Filing Supplies	1st Data Request
National Office Suppliers		43714			385	Filing Supplies	1st Data Request
National Office Suppliers		43833			143	Filing Supplies	1st Data Request
National Office Suppliers		41940			178	Filing Supplies	1st Data Request
National Office Suppliers		41940			399	Filing Supplies	1st Data Request
National Office Suppliers		84942685014			20	Shipping Expense	3rd Data Request
Federal Express	11/20/2006	84942685025			17	Shipping Expense	3rd Data Request
Federal Express	11/20/2006	84942685025			17	Shipping Expense	3rd Data Request
Federal Express	11/22/2006	84942685047			9	Shipping Expense	3rd Data Request
Gaunces's	1/4/2007	4100			389	Meals	3rd Data Request
National Office Suppliers	1/4/2007	42805			98	Filing Supplies	3rd Data Request
National Office Suppliers	1/29/2007	859411552724			26	Shipping Expense	3rd Data Request
Federal Express	1/29/2007	859411552713			38	Shipping Expense	3rd Data Request
Federal Express	1/29/2007	859411552698			40	Shipping Expense	3rd Data Request
Federal Express	1/29/2007	859411552746			49	Shipping Expense	3rd Data Request
Federal Express	1/30/2007	859411552632			74	Shipping Expense	3rd Data Request
Federal Express	1/30/2007	859411552643			77	Shipping Expense	3rd Data Request
National Office Suppliers	2/2/2007	44510			24	Filing Supplies	3rd Data Request
National Office Suppliers	2/2/2007	44483			224	Filing Supplies	3rd Data Request
Federal Express	2/5/2007	859411552654			22	Shipping Expense	3rd Data Request
Federal Express	2/5/2007	859417396440			25	Shipping Expense	3rd Data Request
Federal Express	2/5/2007	859417396450			56	Shipping Expense	3rd Data Request
Federal Express	2/27/2007	859417396255			15	Shipping Expense	3rd Data Request
Federal Express	2/27/2007	859417396266			25	Shipping Expense	3rd Data Request
Federal Express	2/27/2007	859417396277			28	Shipping Expense	3rd Data Request
Federal Express	2/27/2007	859417396288			32	Shipping Expense	3rd Data Request

Expenses for Rate Case 2006-00472

Vendor	Date	Invoice No.	Hours	Rate	Amount	Description of Services	Invoice Copy Provided
Federal Express	2/27/2007	859417396417			19	Shipping Expense	3rd Data Request
Jim's Seafood	3/6/2007	602			175	Meals	3rd Data Request
National Office Suppliers	3/15/2007	46714			185	Filing Supplies	3rd Data Request
Office Max	3/19/2007	3449556			18	Filing Supplies	3rd Data Request
Arby's	3/21/2007	2603			23	Meals	3rd Data Request
Federal Express	3/21/2007	859417396370			12	Shipping Expense	3rd Data Request
Federal Express	3/27/2007	859417396299			14	Shipping Expense	3rd Data Request
National Office Suppliers	4/3/2007	47583			95	Filing Supplies	3rd Data Request
Total Other Expense					\$ 5,948		
Publication Expense (Booked in 92300)							
Cornett Advertising	2/23/2007	1071166			55,133	Publishing Legal Notices	3rd Data Request
Lexington Herald Leader	3/12/2007	1167489			135	Publishing Legal Notices	3rd Data Request
The Enquirer/The Post	3/12/2007	3/12/2007			117	Publishing Legal Notices	3rd Data Request
Total Publication Expense					\$ 55,385		
Grand Total Rate Case 2006-00472					\$ 78,158		

Daniel M. Walker
7106 University Drive
Richmond, Virginia 23229

INVOICE

TO: Dave Eames
FROM: Dan Walker *[Signature]*
DATE: 4/02/07
SUBJECT: March Invoice for Services

Listed below is a record of time spent and expenses for March in assisting East Kentucky before the Kentucky Public Service Commission.

March 2	Preparing for hearing	2 hrs	
March 4	Preparing for hearing	1 hr	
March 5,6	Travel and hearing	8 hrs	
March 20	Preparing for hearing	1 hr	
March 22	Travel and hearing	8 hrs	
	Total hours	20 hrs	
	Total Services		\$ 3,700.00

Expenses:

March 5 th Hotel	225.71 ✓
March 5 th & 6 th Mileage - 1,027 miles x .485	498.16
March 21 st Hotel	215.44 ✓
March 21 st & 22 Milage - 1027 miles x .485	498.16

Total Services and Expenses **\$ 5,137.47**

Make Check Payable To: Daniel Walker
7106 University Drive
Richmond, VA 23229

Thanks for the opportunity to do business with East Kentucky

RECEIVED 4-4-07 *[Signature]*
PRICE CHECK _____
COMPUTATION _____
APPROVED *[Signature]*

BC. 068-4803
Acct 92300
A0093

1801 Newtown Pike • Lexington, VA 24451
(859) 455-5000 • Fax (859) 455-5001
For reservations across the nation
1-800-EMBASSY or www.embassysuites.com



EMBASSY SUITES
HOTEL

Name & Address

WALKER, DANIEL
7106 UNIVERSITY DR.
RICHMOND, VA 23229
US

Room 434/KNGN
Arrival Date 03/21/07 3:53PM
Departure Date 03/22/07

Adult/Child 1/0
Room Rate \$189.95

RATE PLAN S-ARP
HH#
AL:
BONUS AL: CAR:

Confirmation: 86316015

03/22/07 PAGE 1

DATE	REFERENCE	DESCRIPTION	AMOUNT
03/21/07	1592224	GUEST ROOM	\$189.95
03/21/07	1592224	STATE TAX	\$12.19
03/21/07	1592224	CITY TAX	\$11.40
03/21/07	1592224	ROOM TAX II	\$1.90
WILL BE SETTLED TO VS *9054			\$215.44
EFFECTIVE BALANCE OF			\$0.00



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EXPRESS CHECK-OUT

Good Morning! We hope you enjoyed your stay. With Express Check-Out there is no need to stop at the Front Desk to check out.

- Please review this statement. It is a record of your charges as of late last evening.
 - For any charges after your account was prepared, you may:
 - + pay at the time of purchase
 - + charge purchases to your account, then stop by the Front Desk for an updated statement.
 - + request an updated statement be mailed to you within two business days.
- Simply call the Front Desk from your room and tell us when you are ready to depart. Your account will be automatically checked out and you may use this statement as your receipt. Feel free to leave your key(s) in the room. Please call the Front Desk if you wish to extend your stay or if you have any questions about your account.

DATE OF CHARGE	FOLIO NO./CHECK NO.
AUTHORIZATION	341223 INITIAL
PURCHASES & SERVICES	
TAXES	
TIPS & MISC.	
TOTAL AMOUNT	0.00

Y
O
U



A KENTUCKY BLUEGRASS RESORT



1800 Newtown Pike
Lexington, Kentucky 40511
(859) 231 5100
Marriott.com/LEXKY

GUEST FOLIO

206 WALKER/DANIEL/MR 199.00 03/06/07 12:00 6805
ROOM NAME RATE DEPART TIME ACCT#
NGKG 03/05/07 15:18
TYPE ARRIVE TIME

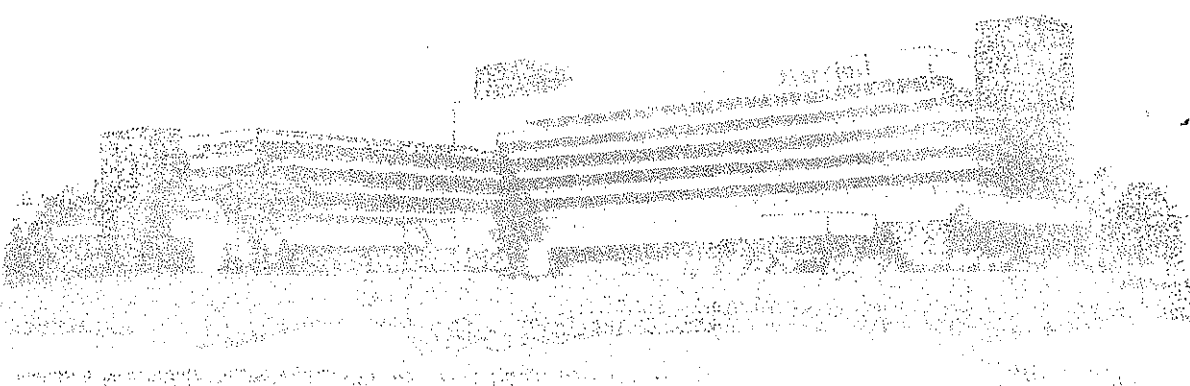
51 7106 UNIVERSITY DR PASSPORT:
RICHMOND VA
ROOM CLERK 23229-7524 PAYMENT MR#: XXXXX8902N
ADDRESS

DATE	REFERENCE	CHARGES	CREDITS	BALANCE DUE
03/05	ROOMTR	206, 1	199.00	
03/05	ROOMTAX	206, 1	12.78	
03/05	CITYFEES	206, 1	13.93	
03/06	BK CARD			\$225.71

TO BE SETTLED TO: VISA CURRENT BALANCE .00

THANK YOU FOR CHOOSING MARRIOTT! TO EXPEDITE YOUR CHECK-OUT,
PLEASE CALL THE FRONT DESK, OR PRESS "MENU" ON YOUR
TV REMOTE CONTROL TO ACCESS VIDE CHECK-OUT.

WANT YOUR FINAL HOTEL BILL BY EMAIL? JUST ASK THE FRONT DESK!
SEE "INTERNET PRIVACY STATEMENT" ON MARRIOTT.COM



A KENTUCKY BLUEGRASS RESORT



1800 Newtown Pike
Lexington, Kentucky 40511
(859) 231 5100
Marriott.com/LEXKY

This statement is your only receipt. You have agreed to pay in cash or by approved personal check or to authorize us to charge your credit card for all amounts charged to you. The amount shown in the credits column opposite any credit card entry in the reference column above will be charged to the credit card number set forth above. (The credit card company will bill in the usual manner.) If for any reason the credit card company does not make payment on this account, you will owe us such amount. If you are direct-billed, in the event payment is not made within 25 days after check-out, you will owe us interest from the check-out date on any unpaid amount at the rate of 1.5% per month (ANNUAL RATE 18%), or the maximum allowed by law, plus the reasonable cost of collection, including attorney fees.

Signature X _____



2251 Elkhorn Road • Lexington, KY 40505
Phone (859) 299-2613 • Fax (859) 299-9664

official sponsor u.s. olympic team



ALKER, DAN 4775 LEXINGTON RD. WINCHESTER, KY 40391 US <i>Consultant for Rate Cos</i>	name address room number: 511/EXQN arrival date: 11/28/06 6:55PM departure date: 11/28/06 6:29AM adult/child: 1/0 room rate: 69.00 LV1
If the debit/credit card you are using for check-in is attached to a bank or checking account, a hold will be placed on the account for the full anticipated dollar amount to be owed to the hotel, including estimated incidentals, through your date of check-out and such funds will not be released for 72 business hours from the date of check-out or longer at the discretion of your financial institution.	RATE PLAN HH# AL: CAR:
CONFIRMATION NUMBER : 87140442 11/29/06 PAGE 1	Rates subject to applicable sales, occupancy, or other taxes. Please do not leave any money or items of value unattended in your room. A safe deposit box is available for you in the lobby. I agree that my liability for this bill is not waived and agree to be held personally liable in the event that the indicated person, company or association fails to pay for any part or the full amount of these charges. I have requested weekday delivery of USA Today. If refused, a credit of \$0.75 will be applied to my account. In the event of an emergency, I, or someone in my party, require special evacuation assistance due to a physical disability. Please indicate yes by checking here: <input type="checkbox"/> signature:

date	reference	description	amount
11/26/06	974559	GUEST ROOM	\$69.00
11/26/06	974559	STATE TAX	\$4.14
11/26/06	974559	CITY TAX	\$5.12
11/27/06	974727	GUEST ROOM	\$69.00
11/27/06	974727	STATE TAX	\$4.14
11/27/06	974727	CITY TAX	\$5.12
11/28/06	974761	DIRECT BILL-EAST KENTUCKY POWER COOPERATIV	(\$156.52)
		** BALANCE **	\$0.00

Received 11/30/06
 Budget 068-4803
 W/ Appro. W. W. A. Booth

for reservations call 1-800-hampton or visit us online at www.hamptoninn.com

account no.	date of charge	folio/check no. 262013 A
card member name	authorization	initial
establishment no. and location <small>establishment agrees to transmit to card holder for payment</small>	purchases & services	
	taxes	
	tips & misc.	
signature of card member X	total amount	-156.52



2251 Elkhorn Road • Lexington, KY 40505
Phone (859) 299-2613 • Fax (859) 299-9664

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statement

EAST KENTUCKY POWER COOPERATIV
Attn: VALERIE GREEN
P.O. BOX 707
WINCHESTER, KY 403920707

DATE	AR TRANS	FOLIO	DESCRIPTION	DEBITS	CREDITS	BALANCE
11/01/06			BEGINNING BALANCE	0.00	0.00	0.00
11/28/06	975006	262013	Rm 511 [RTD FR WALKER, DAN:RCPT A]	156.52	0.00	156.52

PAGE 1 E000 - EAST KENTUCKY POWER COOPERATIV STATEMENT CLOSING DATE 11/30/06

BALANCE DUE \$156.52

QUESTIONS CONCERNING THIS ACCOUNT?
CALL: HERB CASTIGLIA GENERAL MANAGER
8592992613

CURRENT	31-60	61-90	91-120	121-150	OVER 150
156.52	0.00	0.00	0.00	0.00	0.00

for reservations call 1.800.hampton or visit us online at www.hamptoninn.com



thanks.

edEx® US Airbill
Express

FedEx
Tracking
Number

8494 2686 5014

From *Please print and press hard*
Date **11/20/06** Sender's FedEx Account Number **0405-0424-9**

Sender's Name **BILL BOSTA** Phone (**859**) **744-4812**

Company **EAST KENTUCKY POWER**

Address **4775 LEXINGTON RD**

City **WINCHESTER** State **KY** ZIP **40391-9709**

Your Internal Billing Reference **OPTIONAL**
First 24 characters will appear on invoice.

To Recipient's Name **ELIZABETH E BLACKFORD ESQ.** Phone ()

OFFICE OF THE ATTORNEY GENERAL

Recipient's Address **1025 CAPITAL CENTER DRIVE SUITE 200**
We cannot deliver to P.O. boxes or P.O. ZIP codes.

Address **FRANKFORT** State **KY** ZIP **40601**

City **FRANKFORT** State **KY** ZIP **40601**

Try online shipping at fedex.com

By using this Airbill you agree to the service conditions on the back of this Airbill and in our current Service Guide, including terms that limit our liability.

Questions? Visit our Web site at fedex.com
or call 1.800.GoFedEx 1.800.463.3339.

0294668973

Sender's Copy

4a Express Package Service

Packages up to 150 lbs.

FedEx Priority Overnight Next business morning* FedEx Standard Overnight Next business afternoon* FedEx First Overnight Earliest next business morning delivery to select locations*

FedEx 2Day Second business day* FedEx Express Saver Third business day*
FedEx Envelope rate not available. Minimum charge: One-pound rate.

4b Express Freight Service

Packages over 150 lbs.

FedEx 1Day Freight* Next business day** FedEx 2Day Freight Second business day** FedEx 3Day Freight Third business day**

* Call for Confirmation.

** Declared value limit \$500

5 Packaging

FedEx Envelope* FedEx Pak* Includes FedEx Small Pak, FedEx Large Pak, and FedEx Study Pak. FedEx Box FedEx Tube Other

6 Special Handling

SATURDAY Delivery Available ONLY for FedEx Priority Overnight, FedEx 2Day, FedEx 1Day Freight, and FedEx 2Day Freight to select ZIP codes. **HOLD Weekday at FedEx Location** NOT Available for FedEx First Overnight. **HOLD Saturday at FedEx Location** Available ONLY for FedEx Priority Overnight and FedEx 2Day to select locations.

Does this shipment contain dangerous goods?

No Yes As per attached Shipper's Declaration Yes Shipper's Declaration not required Dry Ice Dry Ice, 9, UN 1845 x kg Cargo Aircraft Only
Dangerous goods (including Dry Ice) cannot be shipped in FedEx packaging.

7 Payment

Bill to: Enter FedEx Acct. No. or Credit Card No. below.
 Sender Acct. No. in Section 1 will be billed. Recipient Third Party Credit Card Cash/Check

FedEx Acct. No. **4715 1500 0196 1680** Exp. Date **03/09**

Total Packages Total Weight Total Declared Value*
\$.00

*Our liability is limited to \$100 unless you declare a higher value. See back for details.

FedEx Use Only

8 Sign to Authorize Delivery Without a Signature

By signing you authorize us to deliver this shipment without obtaining a signature and agree to indemnify and hold us harmless from any resulting claims.

466

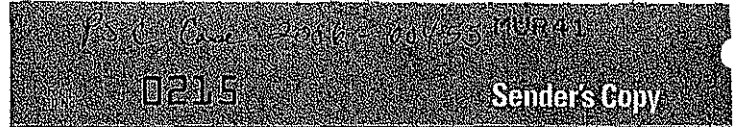
SF® Rev. Date 11/03 • Part #158270 • ©1994-2003 FedEx • PRINTED IN U.S.A.

#19.67

fedEx US Airbill
Express

FedEx
Tracking
Number

8494 2686 5025



From Please print and press hard.
Date **11/20/06** Sender's FedEx Account Number **0405-0424-9**

Sender's Name **BILL BOSTA** Phone (**859**) **744-4812**

Company **EAST KENTUCKY POWER**

Address **4775 LEXINGTON RD**

City **WINCHESTER** State **KY** ZIP **40391-9709**

Special Billing Reference **OPTIONAL**

To Recipient's Name **MICHAEL L. KURTZ, ESQ.** Phone (**513**) **421-2255**

Company **BOEHM, KURTZ & LOWRY**

Recipient's Address **36 E. SEVENTH STREET SUITE 1510**

Address

City **CINCINNATI** State **OH** ZIP **45202**

4a Express Package Service Packages up to 150 lbs.

FedEx Priority Overnight Next business morning*
 FedEx Standard Overnight Next business afternoon*
 FedEx First Overnight Earliest next business morning delivery to select locations**
 FedEx 2Day Second business day*
 FedEx Express Saver Third business day*
*FedEx Envelope rate not available. Minimum charge: One-pound rate.

4b Express Freight Service Packages over 150 lbs.

FedEx 1Day Freight* Next business day**
 FedEx 2Day Freight Second business day**
 FedEx 3Day Freight Third business day**

* Call for Confirmation. **Declared value limit \$500

5 Packaging

FedEx Envelope*
 FedEx Pak* Includes FedEx Small Pak, FedEx Large Pak, and FedEx Sturdy Pak
 FedEx Box
 FedEx Tube
 Other

6 Special Handling Include FedEx address in Section 3.

SATURDAY Delivery Available ONLY for FedEx Priority Overnight, FedEx 2Day, FedEx 1Day Freight, and FedEx 2Day Freight to select ZIP codes.
 HOLD Weekday at FedEx Location NOT Available for FedEx First Overnight.
 HOLD Saturday at FedEx Location Available ONLY for FedEx Priority Overnight and FedEx 2Day to select locations.

Does this shipment contain dangerous goods?
 No One box must be checked.
 Yes As per attached Shipper's Declaration
 Yes Shipper's Declaration not required
 Dry Ice Dry Ice, 5 UN 1845 x _____ kg
Dangerous goods (including Dry Ice) cannot be shipped in FedEx packaging. Cargo Aircraft Only

7 Payment Bill to: Enter FedEx Acct. No. or Credit Card No. below.

Sender Acct. No. in Section 1 will be billed.
 Recipient
 Third Party
 Credit Card
 Cash/Check

FedEx Acct. No. **4715 1500 0196 1680** Exp. Date **03/09**

Total Packages _____ Total Weight _____ Total Declared Value\$ _____
\$ _____ .00

*Our liability is limited to \$100 unless you declare a higher value. See back for details. FedEx Use Only

8 Sign to Authorize Delivery Without a Signature

By signing you authorize us to deliver this shipment without obtaining a signature and agree to indemnify and hold us harmless from any resulting claims.

466

Try online shipping at fedex.com
By using this Airbill you agree to the service conditions on the back of this Airbill and in our current Service Guide, including terms that limit our liability.
Questions? Visit our Web site at fedex.com
or call 1.800.GoFedEx 1.800.463.3339.

0294668973

\$17.30

edEx Express **US Airbill**

FedEx Tracking Number

8494 2686 5047

From Please print and press hard.
Date **11/22/06** Sender's FedEx Account Number **0405-0424-9**

Sender's Name **BILL BOSTA** Phone **(745) 9266**

Company **EAST KENTUCKY POWER**

Address **4775 LEXINGTON RD**

City **WINCHESTER** State **KY** ZIP **40391-9709**

Your Internal Billing Reference **OPTIONAL**

Recipient's Name **MICHAEL L. KURTZ, ESQ.** Phone **(513) 421-2255**

Company **BOEHM, KURTZ & LOWRY**

Recipient's Address **36 E. SEVENTH STREET SUITE 1510**

Address

City **CINCINNATI** State **OH** ZIP **45202**

PSC (2006) 2006-00455
0215
Sender's Copy

4a Express Package Service
 FedEx Priority Overnight Next business morning*
 FedEx Standard Overnight Next business afternoon*
 FedEx First Overnight Earliest next business morning delivery to select locations*
 FedEx 2Day Second business day*
 FedEx Express Saver Third business day*
 FedEx Envelope rate not available. Minimum charge: One-pound rate

4b Express Freight Service
 FedEx 1Day Freight* Next business day**
 FedEx 2Day Freight Second business day**
 FedEx 3Day Freight Third business day**
 * Call for Confirmation. ** To most locations

5 Packaging
 FedEx Envelope*
 FedEx Pak* Excludes FedEx Small Pak, FedEx Large Pak, and FedEx Sturdy Pak
 FedEx Box
 FedEx Tube
 Other
 * Declared value limit \$500

6 Special Handling
 SATURDAY Delivery Available ONLY for FedEx Priority Overnight, FedEx 2Day, FedEx 1Day Freight, and FedEx 2Day Freight to select ZIP codes
 HOLD Weekday at FedEx Location NOT Available for FedEx First Overnight
 HOLD Saturday at FedEx Location Available ONLY for FedEx Priority Overnight and FedEx 2Day to select locations
 Does this shipment contain dangerous goods?
 No
 Yes As per attached Shipper's Declaration
 Yes Shipper's Declaration not required
 Dry Ice Dry Ice, R UN 1845
 Cargo Aircraft Only
 Dangerous goods (including Dry Ice) cannot be shipped in FedEx packaging.

7 Payment Bill to: Enter FedEx Acct. No. or Credit Card No. below.
 Sender Acct. No. in Section 1 will be billed.
 Recipient
 Third Party
 Credit Card
 Cash/Check
 FedEx Acct. No. **4715 1500 0196 1680** Exp. Date **03/09**

Total Packages _____ Total Weight _____ Total Declared Value* \$ _____ .00
 *Our liability is limited to \$100 unless you declare a higher value. See back for details. FedEx Use Only

8 Sign to Authorize Delivery Without a Signature
 By signing you authorize us to deliver this shipment without obtaining a signature and agree to indemnify and hold us harmless from any resulting claims.
466
 SFP Rev. Date 11/03 Part #152719 ©1994-2003 FedEx PRINTED IN U.S.A.

Try online shipping at fedex.com
 By using this Airbill you agree to the service conditions on the back of this Airbill and in our current Service Guide, including terms that limit our liability.
Questions? Visit our Web site at fedex.com
 or call 1.800.GoFedEx 1.800.463.3339.

0294668973

\$8.19

GAUNCE' S
Deli & Cafe

01/04/2007 000003 BILL#4100
#9499 10:53AM SERV.0050005

COPY

PHONE# 1 157

***PBAL		\$0.00
	8 @	\$4.99
HAM		\$39.92
	8 @	\$4.99
TURKEY BREAST		\$39.92
	8 @	\$4.99
ROAST BEEF		\$39.92
	8 @	\$4.99
CHICKEN BREAST		\$39.92
	8 @	\$4.99
HAM & TURKEY		\$39.92
	7 @	\$4.99
SHOKED TURKEY		\$34.93
	24 @	\$1.69
CHESS SQUARE		\$40.56
	24 @	\$1.69
BROWNIE		\$40.56
	42 @	\$0.99
CHIPS		\$41.58
	42 @	\$0.00
Plain		
	5 @	\$0.99
CHIPS		\$4.95
	5 @	\$0.00
Plain		
Delivery		\$5.00
BAL FWD		\$367.18
MDSE ST		\$367.18
TAX1		\$22.03

***TOTAL \$389.21
CREDIT C \$389.21
CHANGE \$0.00

VISA 03/08
#*****9410
032295
700415002231
CREDIT C \$389.21

TIP AMOUNT 0
TOTAL 389.21

GUEST SIGNATURE

X Valerie Green

I AGREE TO PAY ABOVE
TOTAL AMOUNT ACCORDING
TO CARD ISSUER AGREEMENT
(MERCHANT AGREEMENT IF
CREDIT VOUCHER)

FedEx Express US Airbill

FedEx Tracking Number

8594 1155 2713

1 From Please print and press hard.
Date 1/29/07 Sender's FedEx Account Number ~~XXXXXXXXXX~~

Sender's Name BILL BOSTA Phone (859) 744-4812

Company EAST KENTUCKY POWER

Address 4775 LEXINGTON RD

City WINCHESTER State KY ZIP 40391

2 Your Internal Billing Reference OPTIONAL

3 To Recipient's Name DANIEL WALKER Phone (804) 314-6900

Company

Recipient's Address 7106 UNIVERSITY DRIVE

Address To request a package be held at a specific FedEx location, print FedEx address here.

City RICHMOND State VA ZIP 23229

0345010746

\$38



Sender's Copy

Packages up to 150 lbs.

4a Express Package Service
 FedEx Priority Overnight
 Next business morning*
 Shipments will be delivered on Monday unless SATURDAY Delivery is selected.
 FedEx Standard Overnight
 Next business afternoon*
 Shipments will be delivered on Monday unless SATURDAY Delivery is selected.
 FedEx Express Saver
 Second business day*
 Shipments will be delivered on Monday unless SATURDAY Delivery is selected.
 * To meet location's business hours

4b Express Freight Service
 FedEx 1Day Freight*
 Next business day, or Friday afternoon*
 Shipments will be delivered on Monday unless SATURDAY Delivery is selected.
 FedEx 2Day Freight
 Second business day*
 Shipments will be delivered on Monday unless SATURDAY Delivery is selected.
 FedEx 3Day Freight
 Third business day*
 Shipments will be delivered on Monday unless SATURDAY Delivery is selected.
 * To meet location's business hours

5 Packaging
 FedEx Envelope*
 FedEx Pak*
 Small Pak, Medium Pak, Large Pak, and FedEx Surety Pak.
 FedEx Tube
 Other
 * Declared value limit \$500.

6 Special Handling
 SATURDAY Delivery
 NOT Available for FedEx Standard Overnight, Express Saver, or FedEx 3Day Freight.
 Does this shipment contain dangerous goods?
 No
 Yes
 As per attached Shipper's Declaration, retroactive.
 Yes
 Shipper's Declaration retroactive.
 Dry Ice
 Dry Ice, UN 1845
 Cargo Aircraft Only
 Include FedEx address in Section 3.
 HOLD Weekday at FedEx Location
 NOT Available for FedEx Standard Overnight, Express Saver, or FedEx 3Day Freight.
 HOLD Saturday at FedEx Location
 Available ONLY for FedEx Priority Overnight and FedEx 2Day to select locations.

7 Payment Bill to:
 Sender
 Recipient
 Third Party
 Credit Card
 Cash/Check
 FedEx Acct. No. _____ Exp. Date 03/09
 Credit Card No. _____

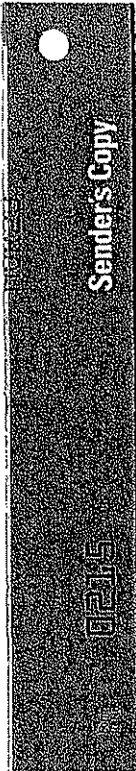
Total Packages _____ Total Weight _____ Total Declared Value* \$.00
 * Your liability is limited to \$100 unless you declare a higher value. See back for details. By using this label you agree to the service conditions on the back of this label and in the current FedEx Service Guide, including terms and conditions.

8 NEW Residential Delivery Signature Options
 No Signature Required
 Anyone can sign for the package.
 Direct Signature
 Anyone with access to the recipient's address may sign for delivery. Fee applies.
 Indirect Signature
 Anyone with access to the recipient's address, anyone at a neighboring address may sign for delivery. Fee applies.
 If you require a signature, check Direct or Indirect.

Rev. Use 11/05/Part 15275-01/04-2005 FedEx-PRINTED IN U.S.A.-SIF

PULL AND RETAIN THIS COPY BEFORE AFFIXING TO THE PACKAGE. NO POUCH NEEDED.

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FedEx® US Airbill

Express

FedEx Tracking Number **8594 1155 2698**

1 From *Please print and press hard.*
Date **1/29/07** Sender's FedEx Account Number **XXXXXXXXXXXX**

Sender's Name **BILL BOSTA** Phone **859 744-4812**

Company **EAST KENTUCKY POWER**
Address **4775 LEXINGTON RD**

City **WINCHESTER** State **KY** ZIP **40391**
City/Room/State/Room

2 Your Internal Billing Reference **OPTIONAL**
First 24 characters will appear on invoice.

3 To Recipient's Name **LANE KOLLEN** Phone ()

Company **KENNEDY AND ASSOCIATES**
Recipient's Address **570 COLONIAL PARK DRIVE SUITE 305**
We cannot deliver to P.O. boxes or P.O. ZIP codes.

Address **ROSWELL** State **GA** ZIP **30075**
To request a package be held at a specific FedEx location, print FedEx address here.

\$40 **0345010746**



Sender's Copy

4a Express Package Service
 FedEx Priority Overnight
 Next business morning, Monday through Friday. Saturday delivery NOT available.
 FedEx Standard Overnight
 Next business day, Monday through Friday. Saturday delivery NOT available.
 FedEx Express Saver
 Next business day, Monday through Friday. Saturday delivery NOT available.
 FedEx 2Day
 Next business day, Monday through Friday. Saturday delivery NOT available.
 * To meet location requirements, FedEx Envelopes will not be available. Minimum charge: One-pound rate.

4b Express Freight Service
 FedEx 1Day Freight*
 Next business day, Monday through Friday. Saturday delivery NOT available.
 FedEx 2Day Freight*
 Next business day, Monday through Friday. Saturday delivery NOT available.
 FedEx 3Day Freight*
 Next business day, Monday through Friday. Saturday delivery NOT available.
 * Call for Confirmation. * To meet location requirements, FedEx Envelopes will not be available. Minimum charge: One-pound rate.

5 Packaging
 FedEx Envelopes*
 FedEx Pak*
 Includes FedEx Small Pak, FedEx Large Pak, and FedEx Surety Pak.
 FedEx Box
 FedEx Tube
 Other
 * Declared value limit \$500.

6 Special Handling
 SATURDAY Delivery
 Next business day, Monday through Friday. Saturday delivery NOT available.
 HOLD Weekday at FedEx Location
 NOT Available for FedEx First Overnight, FedEx Express Saver, or FedEx 2Day Freight.
 HOLD Saturday at FedEx Location
 Available ONLY for FedEx Priority Overnight and FedEx 2Day to select locations.
 Does this shipment contain dangerous goods?
 No
 Yes
 As per attached Shipper's Declaration (if required)
 Dangerous goods (including air cargo) cannot be shipped in FedEx packaging.
 Dry Ice
 Dry Ice, UN 1845
 Cargo Aircraft Only

7 Payment Bill to:
 Sender
 Recipient
 Third Party
 Credit Card
 Cash/Check
 FedEx Acct. No. in Section 1 will be billed.
 Enter FedEx Acct. No. or Credit Card No. below.

Total Packages
 Total Weight
 Total Declared Value*
 \$.00
 FedEx Use Only

8 NEW Residential Delivery Signature Options
 No Signature
 Recipient may be held without obtaining a signature for delivery.
 Direct Signature
 Anyone at residence address may sign for delivery. Fee applies.
 Indirect Signature
 If no one is available at recipient's address, anyone at a neighboring address may sign for delivery. Fee applies.

Exp. Date **03/09**

* Our liability is limited to \$100 per package unless a higher value is declared. Priority Mail® ships you agree to the service conditions on a bill of lading and a bill of lading. FedEx Services (including International®) are subject to the terms and conditions of the FedEx International® Bill of Lading. © 2005 FedEx-PRINTED IN U.S.A.-SISF

FedEx® US Airbill

Express

FedEx Tracking Number

8594 1155 2746

1 From Please print and press hard. Sender's FedEx Account Number
Date 1/29/07 0405-0424-9

Sender's Name BILL BOSTA Phone (859) 744-4812

Company EAST KENTUCKY POWER

Address 4775 LEXINGTON RD

City WINCHESTER State KY ZIP 40391 Dept./Floor/Room

2 Your Internal Billing Reference OPTIONAL

3 To Recipient's Name KEVIN HIGGINS Phone () () () () () ()

Company ENERGY STRATEGIES

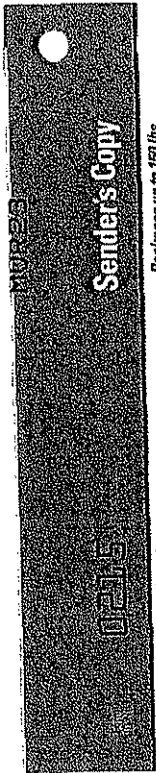
Recipient's Address 215 SOUTH STATE STREET SUITE 200 Dept./Floor/Room

Address To request a package be held at a specific FedEx location, print FedEx address here.

City SALT LAKE CITY State UT ZIP 84111

0345010746

\$49



Sender's Copy

Packages up to 150 lbs.

4a Express Package Service
 FedEx Priority Overnight
 FedEx Standard Overnight
 FedEx Express Saver
 FedEx 2Day
 FedEx 1Day Freight

4b Express Freight Service
 FedEx 1Day Freight
 FedEx 2Day Freight
 FedEx 3Day Freight

5 Packaging
 FedEx Envelope*
 FedEx Pak*
 FedEx Tube
 Other
 FedEx Box
 FedEx Carton

6 Special Handling
 SATURDAY Delivery
 HOLD Weekday at FedEx Location
 HOLD Saturday at FedEx Location
 NOT Available for FedEx Priority Overnight, FedEx Express Saver, or FedEx 3Day Freight

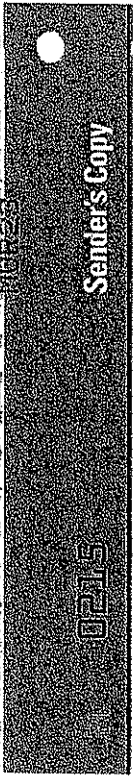
7 Payment Bill to:
 Recipient
 Third Party
 Credit Card
 Cash/Check

8 NEW Residential Delivery Signature Options
 No Signature Required
 Direct Signature
 Indirect Signature
 Signature Required

Total Packages Total Weight Total Declared Value*
 \$.00
 FedEx Use Only
 Date 03/09

Rev. Date 11/05/04 #15279-01/04-005 FedEx-PRINTED IN U.S.A.-SIF

PULL AND RETAIN THIS COPY BEFORE AFFIXING TO THE PACKAGE. NO POUCH NEEDED.



PULL AND RETAIN THIS COPY BEFORE AFFIXING TO THE PACKAGE. NO POUCH NEEDED.

FedEx® US Airbill
Express

1 From *Please print and press hard.*
 Date 1/30/07 Sender's FedEx Account Number 8594 1155 2632
 Sender's Name CHARLES LILE Phone (859) 744-4812
 Company EAST KENTUCKY POWER
 Address 4775 LEXINGTON RD
 City WINCHESTER State KY ZIP 40391
 2 Your Internal Billing Reference OPTIONAL
 3 To Recipient's Name VICTOR VU Phone ()
 Company RURAL UTILITIES SERVICE
 Recipient's Address 1400 INDEPENDENCE AVENUE, S.W. ROOM 0270
 We cannot deliver to P.O. boxes or P.O. ZIP codes.
 Address WASHINGTON State DC ZIP 20250-1568
 City WASHINGTON State DC ZIP 20250-1568
 Total Packages 1 Total Weight 0.74 Total Declared Value \$ 0345010746



4a Express Package Service
 Packages up to 150 lbs.
 FedEx Priority Overnight
 Next business morning. Next business morning delivery to select locations.
 FedEx Standard Overnight
 Next business afternoon. Saturday Delivery NOT available.
 FedEx 2Day
 Second business day. Thursday delivery. Saturday Delivery NOT available.
 FedEx 2Day Freight
 Second business day. Thursday delivery. Saturday Delivery NOT available.
 Minimum charge: One-pound rate.

4b Express Freight Service
 Packages over 150 lbs.
 FedEx 1Day Freight
 Next business day. Thursday delivery. Saturday Delivery NOT available.
 FedEx 2Day Freight
 Second business day. Thursday delivery. Saturday Delivery NOT available.
 FedEx 3Day Freight
 Third business day. Saturday Delivery NOT available.

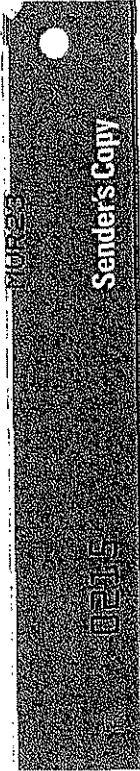
5 Packaging
 FedEx Envelope*
 FedEx Pak*
 FedEx Tube
 Other
 *Declared Value Limit \$500

6 Special Handling
 Include FedEx address in Section 3.
 SATURDAY Delivery
 NOT Available for FedEx Priority Overnight, FedEx 2Day Freight, FedEx Standard Overnight, FedEx Saver, or FedEx 3Day Freight.
 HOLD Weekday at FedEx Location
 Available ONLY for FedEx Priority Overnight and FedEx 2Day to select locations.
 HOLD Saturday at FedEx Location
 Available ONLY for FedEx Priority Overnight and FedEx 2Day to select locations.
 Does this shipment contain dangerous goods?
 No
 Yes
 As per attached Shipper's Declaration not required.
 Yes
 Shipper's Declaration required.
 Dry Ice
 Dry Ice, 2, UN 1845
 Cargo Aircraft Only

7 Payment Bill to:
 Sender
 Recipient
 Third Party
 Credit Card
 Cash/Check
 FedEx Acct. No. _____
 Shipper's Ref. _____
 Date 03/09

8 NEW Residential Delivery Signature Options
 If you require a signature, check Direct or Indirect.
 Signature Required
 Package may be left at recipient's address only if signature for delivery.
 Direct Signature
 If one is available at recipient's address, sign for delivery. Fee applies.
 Indirect Signature
 If one is available at recipient's address, sign for delivery. Fee applies.
 Your liability is limited to \$100 unless you declare a higher value. See best for details. By using the Adult you agree to the service conditions on the back of this label and in the current FedEx Service Guide, including terms that limit our liability.
 FedEx Use Only

PULL AND RETAIN THIS COPY BEFORE AFFIXING TO THE PACKAGE. NO POUCH NEEDED.



4a Express Package Service *Packages up to 150 lbs.*

FedEx Priority Overnight
Next business morning*
Saturday Delivery NOT available.

FedEx Standard Overnight
Next business afternoon*
Saturday Delivery NOT available.

FedEx 2Day
Second business day*
Saturday Delivery NOT available.

FedEx Express Saver
Third business day*
Saturday Delivery NOT available.

4b Express Freight Service *Packages over 150 lbs.*

FedEx 1Day Freight
Next business day*
Saturday Delivery NOT available.

FedEx 2Day Freight
Second business day*
Saturday Delivery NOT available.

FedEx 3Day Freight
Third business day*
Saturday Delivery NOT available.

5 Packaging

FedEx Envelope*
 FedEx Pak*
 FedEx Tube
 FedEx Box
 Other

6 Special Handling *Include FedEx address in Section 3.*

SATURDAY Delivery
NOT Available for
FedEx First Overnight, FedEx
Saver, or FedEx 2Day Freight.

HOLD Monday at FedEx Location
NOT Available for
FedEx First Overnight.

HOLD Saturday at FedEx Location
Available ONLY for
FedEx Priority Overnight and
FedEx 2Day to select locations.

No Yes Dry Ice Cargo Aircraft Only
Does this shipment contain dangerous goods? *One box must be checked.*

Shipper's Declaration
As per attached
Shipping Declaration.

7 Payment Bill to: Recipient Third Party Credit Card Cash/Check

Sender
Account No. & Station
1 will be billed.

Total Packages **Total Weight** \$ **Total Declared Value*** \$ **Exp. Date** 03/09

8 NEW Residential Delivery Signature Options *If you require a signature, check one or more.*

No Signature Required
Package may be left
without obtaining a
signature for delivery.

Direct Signature
Anyone at recipient's
address may sign for
delivery. Fee applies.

Indirect Signature
If no one is available at
recipient's address, anyone
with delivery authority
may sign for delivery. Fee applies.

519

*Our liability is limited to \$100 unless you declare a higher value. See back for details. By using this Airbill you agree to the terms and conditions on the back of this Airbill and in the current FedEx Service Guide, including terms that limit our liability.

Reg. On file 11/05/94 in #153299-01394-2065 FedEx-PRINTED IN U.S.A.-SRF

FedEx® US Airbill
Express

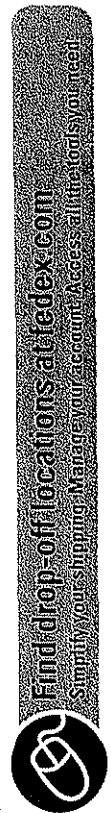
1 From *Please print and press hard.*
Date 1/30/07 Sender's FedEx Account Number XXXXXXXXXXXXX
Sender's Name DAVID EAMES Phone (859) 744-4812
Company EAST KENTUCKY POWER
Address 4775 LEXINGTON RD
City WINCHESTER State KY ZIP 40391

2 Your Internal Billing Reference
First 24 characters will appear on invoice.

3 To
Recipient's Name MR VICTOR VU Phone ()
Company RURAL UTILITIES SERVICE
Recipient's Address 1400 INDEPENDENCE AVENUE SW ROOM 0270
We cannot deliver to P.O. boxes or P.O. ZIP codes.
Address To request a package be held at a specific FedEx location, print FedEx address here.
City WASHINGTON State DC ZIP 20250-1568

\$17

0345010746



National Office Suppliers, Inc.
121 Southland Dr. • Lexington, KY 40503

"Everything for Your Office"
(859) 278-5454
Fax (859) 278-5781

Acct 100110 / BARNET

EAST KENTUCKY POWER COOP.
P.O. BOX 707
WINCHESTER, KY. 40392-0707

SHIP TO
EAST KENTUCKY POWER COOP.
PEGGY GRIFFIN
BILL BOSTA-CC
WINCHESTER KY 40392

INVOICE

(859) 744-4812 ---001 DATE 02/02/07 NO. 044510 PAGE 1 DUE DATE 03/04/07 Rte: 3-0

SHIP VIA: OUR TRUCK FOB: YOUR DOCK DISC/DAYS: DISC: NET/DAYS: YOUR # OUR #
Net 30 days from date of Inv. PEGGY Inv: 044510

INVENTORY NO.	DESCRIPTION	ORDERED	SHIPPED	BACK ORDERED	UNIT PRICE	EXTENDED PRICE
95304.....FEL	PROTECTOR, F/CD, DVD, 10P	2 Pl	2	0	11.99	23.98 UC

PAID IN FULL
FEB 02 2007
CREDIT CARD
PR

Received By: _____ Date: _____

THIS INVOICE PAST DUE AFTER 03/04/07

SUBTOTAL	23.98
TAX	0.00
TOTAL	23.98
NET TO PAY	23.98

National Office Suppliers, Inc.
121 Southland Dr. • Lexington, KY 40503

"Everything for Your Office"
(859) 278-5454
Fax (859) 278-5781

Acct 100110 / BARNET

EAST KENTUCKY POWER COOP.
P.O. BOX 707
WINCHESTER, KY. 40392-0707

SHIP TO
EAST KENTUCKY POWER COOP.
PEGGY GRIFFIN
BILL BOSTA CC
WINCHESTER KY 40392

INVOICE

(859)744-4812 ---003 DATE 02/02/07 NO. 044483 PAGE 1 DUE DATE 03/04/07 Rte: 3-0

INVENTORY NO.	DESCRIPTION	ORDERED	SHIPPED	BACK ORDERED	UNIT PRICE	EXTENDED PRICE
..... AVE	BNDR, SLNTRNG, 11XB, 5,4"	12 Ea	12	0	12.25	147.00 U
..... UNV	INDEX, BNDR, LTR, 8-7...	12 Ea	12	0	2.50	30.00 U
20013..... UNV	INDEX, BNDR, LTR, 1-31...	12 Ea	12	0	3.95	47.40 U
<p>Received By: _____ Date: _____</p>						<p>PAID IN FULL FEB 02 2007 CREDIT CARD</p> <p><i>[Signature]</i></p>
<p>THIS INVOICE PAST DUE AFTER 03/04/07</p>						
<p>SUBTOTAL 224.40</p> <p>TAX 0.00</p> <p>TOTAL 224.40</p>						
<p>NET TO PAY 224.40</p>						

PAID IN FULL
FEB 02 2007
CREDIT CARD

[Signature]

FedEx® US Airbill

Express

8594 1739 6440

1 From Please print and press hard. Sender's FedEx Account Number **XXXXXXXXXXXX**

Date **2/5/07**

Sender's Name **BILL BOSTA** Phone **(859) 744-4812**

Company **EAST KENTUCKY POWER**

Address **4775 LEXINGTON RD**

City **WINCHESTER** State **KY** ZIP **40391**

2 Your Internal Billing Reference **OPTIONAL**

3 To Recipient's Name **LANE KOLLEN** Phone ()

Company **KENNEDY AND ASSOCIATES**

Recipient's Address **570 COLONIAL PARK DRIVE SUITE 305**

Address **ROSWELL** State **GA** ZIP **30075**

City **ROSWELL** State **GA** ZIP **30075**

Total Packages **03/09**

Total Declared Value \$ **0.00**

Exp. Date **03/09**



Sender's Copy

4a Express Package Service

FedEx Priority Overnight
Next business day, 6:00 a.m. to 10:00 p.m. Monday through Saturday. Delivery guaranteed unless SATURDAY Delivery is selected.

FedEx Standard Overnight
Next business day, 8:00 a.m. to 6:00 p.m. Monday through Saturday. Delivery guaranteed unless SATURDAY Delivery is selected.

FedEx 2Day
Second business day, 8:00 a.m. to 6:00 p.m. Monday through Saturday. Delivery guaranteed unless SATURDAY Delivery is selected.

FedEx 2Day Freight
Second business day, 8:00 a.m. to 6:00 p.m. Monday through Saturday. Delivery guaranteed unless SATURDAY Delivery is selected.

FedEx 3Day Freight
Third business day, 8:00 a.m. to 6:00 p.m. Monday through Saturday. Delivery guaranteed unless SATURDAY Delivery is selected.

FedEx Envelope*
FedEx Pak*
FedEx Pak* Small Pak
FedEx Tube

FedEx Box
 FedEx Tube
 Other

6 Special Handling

SATURDAY Delivery
Not available for FedEx Priority Overnight, FedEx 2Day, FedEx Standard Overnight, FedEx 3Day, FedEx Home Delivery, FedEx International Priority, FedEx International Economy, FedEx International First, FedEx Priority Overnight, FedEx Priority Overnight and FedEx 2Day to select locations.

HOLD Weekday at FedEx Location
Available ONLY for FedEx Priority Overnight and FedEx 2Day to select locations.

HOLD Saturday at FedEx Location
Available ONLY for FedEx Priority Overnight and FedEx 2Day to select locations.

Dry Ice
Dry Ice, UN 185

Cargo Aircraft Only

7 Payment Bill to: Sender Recipient Third Party Credit Card Cash/Check

8 NEW Residential Delivery Signature Options

No Signature Required
If no one is available at recipient address, package may be left in mailbox or with neighbor if appropriate.

Direct Signature
Anyone at recipient address may sign for delivery, per applicable regulations.

Indirect Signature
If no one is available at recipient address, anyone at the address may sign for delivery, per applicable regulations.

519

#25

PULL AND RETAIN THIS COPY BEFORE AFFIXING TO THE PACKAGE. NO POUCH NEEDED.



FedEx Tracking Number **8594 1739 6255**

1 Please print and press hard.
Date: **2/27/07**
Sender's FedEx Account Number: **XXXXXXXXXXXX**
Shipper's Name: **BILL BOSTA**
Phone: **(859) 744-4812**

Company: **EAST KENTUCKY POWER**
Address: **4775 LEXINGTON RD**
City/State/Zip: **WINCHESTER KY 40391**

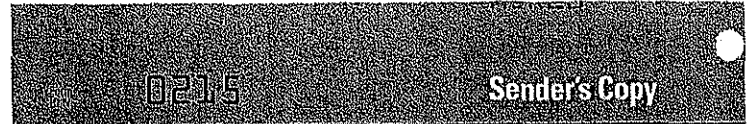
Bill To: **LANE KOLLEN**
Address: **570 COLONIAL PARK DRIVE SUITE 305**
City/State/Zip: **ROSWELL GA 30075**

Company: **KENNEDY AND ASSOCIATES**
Address: **570 COLONIAL PARK DRIVE SUITE 305**
City/State/Zip: **ROSWELL GA 30075**

Bill To: **LANE KOLLEN**
Address: **570 COLONIAL PARK DRIVE SUITE 305**
City/State/Zip: **ROSWELL GA 30075**

Company: **KENNEDY AND ASSOCIATES**
Address: **570 COLONIAL PARK DRIVE SUITE 305**
City/State/Zip: **ROSWELL GA 30075**

Company: **KENNEDY AND ASSOCIATES**
Address: **570 COLONIAL PARK DRIVE SUITE 305**
City/State/Zip: **ROSWELL GA 30075**



4a Express Package Service Packages up to 150 lbs.
 FedEx Priority Overnight Next business morning.* Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
 FedEx Standard Overnight Next business afternoon.* Saturday Delivery NOT available.
 FedEx First Overnight Earliest next business morning delivery to select locations.* Saturday Delivery NOT available.
 FedEx 2Day Second business day.* Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
 FedEx Express Saver Third business day.* Saturday Delivery NOT available.
* To most locations.

4b Express Freight Service Packages over 150 lbs.
 FedEx 1Day Freight* Next business day.** Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
 FedEx 2Day Freight Second business day.** Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
 FedEx 3Day Freight Third business day.** Saturday Delivery NOT available.
* Call for Confirmation. ** To most locations.

5 Packaging
 FedEx Envelope*
 FedEx Pak* Includes FedEx Small Pak, FedEx Large Pak, and FedEx Sturdy Pak.
 FedEx Box
 FedEx Tube
 Other
* Declared value limit \$500.

6 Special Handling Includes FedEx address in Section 2.
 SATURDAY Delivery NOT Available for FedEx Standard Overnight, FedEx First Overnight, FedEx Express Saver, or FedEx 2Day Freight.
 HOLD Weekday at FedEx Location NOT Available for FedEx First Overnight.
 HOLD Saturday at FedEx Location Available ONLY for FedEx Priority Overnight and FedEx 2Day to select locations.
 Does this shipment contain dangerous goods?
 No One box must be checked.
 Yes As per attached Shipper's Declaration.
 Yes Shipper's Declaration not required.
 Dry Ice Dry Ice, 9, UN 1845 * kg
 Cargo Aircraft Only
Dangerous goods (including dry ice) cannot be shipped in FedEx packaging.

7 Payment Bill to: Enter FedEx Acct. No. or Credit Card No. below.
 Sender Acct. No. to be billed.
 Recipient
 Third Party
 Credit Card
 Cash/Check

FedEx Acct. No. **4715 1500 0196 1680** Exp. Date **03/09**
 Credit Card No. _____

Total Packages	Total Weight	Total Declared Value*
		\$ 00

*Your liability is limited to \$100 unless you declare a higher value. See back for details. By using this Airbill you agree to the service conditions on the back of this Airbill and in the current FedEx Service Guide, including terms that limit our liability. FedEx Use Only

8 NEW Residential Delivery Signature Options If you require a signature, check Direct or Indirect.
 No Signature Required Package may be left without obtaining a signature for delivery.
 Direct Signature Anyone at recipient's address may sign for delivery. Fee applies.
 Indirect Signature If no one is available at recipient's address, anyone at a neighboring address may sign for delivery. Fee applies.

519

Rev. Date 11/05-Pair #158275-01894-2005 FedEx-PRINTED IN U.S.A.*RFB

815.41

FedEx US Airbill
Express

FedEx Tracking Number 8594 1739 6266

From Please print and press hard.
Date 2/27/07 Sender's FedEx Account Number ~~0405042478~~

Sender's Name BILL BOSTA Phone (859) 744-4812

Company EAST KENTUCKY POWER

Address 4775 LEXINGTON RD Dept./Floor/Suite/Room

City WINCHESTER State KY ZIP 40391

Your Internal Billing Reference OPTIONAL

To Recipient's Name MICHAEL L. KURTZ, ESQ. Phone ()

Company BOEHM, KURTZ & LOWRY

Recipient's Address 36 E. SEVENTH STREET SUITE 1510 Dept./Floor/Suite/Room

We cannot deliver to P.O. boxes or P.O. ZIP codes.

Address a package be held at a specific FedEx location, print FedEx address here.

City CINCINNATI State OH ZIP 45202

0345010746

 Store your addresses at fedex.com
Simply your shipping. Manage your account. Access all the tools you need.

0215 Sender's Copy

4a Express Package Service Packages up to 150 lbs.

- FedEx Priority Overnight Next business morning.* Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
- FedEx Standard Overnight Next business afternoon.* Saturday Delivery NOT available.
- FedEx First Overnight Earliest next business morning delivery to select locations.* Saturday Delivery NOT available.
- FedEx 2Day Second business day.** Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected. FedEx Envelope rate not available. Minimum charge: One-pound rate.
- FedEx Express Saver Third business day.* Saturday Delivery NOT available.

4b Express Freight Service Packages over 150 lbs.

- FedEx 1Day Freight* Next business day.** Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
- FedEx 2Day Freight Second business day.** Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
- FedEx 3Day Freight Third business day.** Saturday Delivery NOT available.

* Call for Confirmation. ** To most locations.

5 Packaging

- FedEx Envelope*
- FedEx Pak* Includes FedEx Small Pak, FedEx Large Pak, and FedEx Sturdy Pak.
- FedEx Box
- FedEx Tube
- Other

* Declared value limit \$500.

6 Special Handling Include FedEx address in Section 3.

- SATURDAY Delivery NOT Available for FedEx Standard Overnight, FedEx First Overnight, FedEx Express Saver, or FedEx 3Day Freight.
- HOLD Weekday at FedEx Location NOT Available for FedEx First Overnight.
- HOLD Saturday at FedEx Location Available ONLY for FedEx Priority Overnight and FedEx 2Day to select locations.

Does this shipment contain dangerous goods?

- No One box must be checked.
- Yes As per attached Shipper's Declaration.
- Yes Shipper's Declaration not required.
- Dry Ice Dry Ice, 3, UN 1845 _____ kg
- Cargo Aircraft Only

7 Payment Bill to: Enter FedEx Acct. No. or Credit Card No. below.

- Sender Acct. No. in Section 1 will be billed.
- Recipient
- Third Party
- Credit Card
- Cash/Check

FedEx Acct. No. 4715 1500 0196 1680 Exp. Date 03/09

Total Packages	Total Weight	Total Declared Value*
		\$.00

*Our liability is limited to \$100 unless you declare a higher value. See back for details. By using this Airbill you agree to the service conditions on the back of this Airbill and in the current FedEx Service Guide, including terms that limit our liability. FedEx Use Only

8 NEW Residential Delivery Signature Options If you require a signature, check Direct or Indirect.

- No Signature Required Packages may be left without obtaining a signature for delivery.
- Direct Signature Anyone at recipient's address may sign for delivery. Fee applies.
- Indirect Signature If no one is available at recipient's address, anyone at a neighboring address may sign for delivery. Fee applies.

519

Rev. Date 1/2005 Part #158279-01994-2005 FedEx PRINTED IN U.S.A.-SRF

\$25.35

FedEx US Airbill
Express

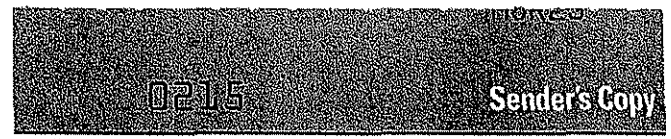
FedEx Tracking Number **8594 1739 6277**

1 From Please print and press hard.
Date 2/27/07 Sender's FedEx Account Number 0405 0484 00
Sender's Name BILL BOSTA Phone 859, 744-4812
Company EAST KENTUCKY POWER
Address 4775 LEXINGTON RD Dept./Floor/Suite/Room
City WINCHESTER State KY ZIP 40391

2 Your Internal Billing Reference OPTIONAL
First 24 characters will appear on invoice.

3 To
Recipient's Name JONATHON ANDREW DON Phone ()
Company NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION
Address 2201 COOPERATIVE WAY Dept./Floor/Suite/Room
City HERNDON State VA ZIP 20171

0345010746



4a Express Package Service Packages up to 150 lbs.
 FedEx Priority Overnight Next business morning. * Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
 FedEx Standard Overnight Next business afternoon. Saturday Delivery NOT available.
 FedEx First Overnight Earliest next business morning delivery to select locations. Saturday Delivery NOT available.
 FedEx 2Day Second business day. * Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
 FedEx Express Saver Third business day. * Saturday Delivery NOT available.
* To most locations. FedEx Envelope rate not available. Minimum charge: One-pound rate.

4b Express Freight Service Packages over 150 lbs.
 FedEx 1Day Freight* Next business day. * Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
 FedEx 2Day Freight Second business day. * Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
 FedEx 3Day Freight Third business day. * Saturday Delivery NOT available.
* Call for Confirmation. ** To most locations.

5 Packaging
 FedEx Envelope* FedEx Pak* Includes FedEx Small Pak, FedEx Large Pak, and FedEx Sturdy Pak. FedEx Box FedEx Tube Other
* Declared value limit \$500.

6 Special Handling Include FedEx address in Section 3.
 SATURDAY Delivery NOT Available for FedEx Standard Overnight, FedEx First Overnight, FedEx Express Saver, or FedEx 3Day Freight.
 HOLD Weekday at FedEx Location NOT Available for FedEx First Overnight.
 HOLD Saturday at FedEx Location Available ONLY for FedEx Priority Overnight and FedEx 2Day to select locations.
Does this shipment contain dangerous goods?
 No Yes As per attached Shipper's Declaration. Yes Shipper's Declaration not required. Dry Ice Dry Ice, UN 1845 x kg
Dangerous goods (including dry ice) cannot be shipped in FedEx packaging. Cargo Aircraft Only

7 Payment Bill to: Enter FedEx Acct. No. or Credit Card No. below.
 Sender Acct. No. in Section 1 will be billed. Recipient Third Party Credit Card Cash/Check
FedEx Acct. No. 4715 1500 0196 1680 Exp. Date 03/09

Total Packages	Total Weight	Total Declared Value ¹
		\$.00

¹Our liability is limited to \$100 unless you declare a higher value. See back for details. By using this AIRBILL you agree to the service conditions on the back of this AIRBILL and in the current FedEx Service Guide, including terms that limit our liability. FedEx Use Only

8 NEW Residential Delivery Signature Options If you require a signature, check Direct or Indirect.
 No Signature Required Package may be left without obtaining a signature for delivery.
 Direct Signature Anyone at recipient's address may sign for delivery. Fee applies.
 Indirect Signature If no one is available at recipient's address, anyone at a neighboring address may sign for delivery. Fee applies.

519

#27.78

FedEx US Airbill
Express

FedEx Tracking Number 8594 1739 6288

1 From *Please print and press hard.*
Date 2/27/07 Sender's FedEx Account Number 04050484XX
Sender's Name BILL BOSTA Phone 859,744-4812
Company EAST KENTUCKY POWER
Address 4775 LEXINGTON RD Dept./Floor/Suite/Room
City WINCHESTER State KY ZIP 40391

2 Your Internal Billing Reference OPTIONAL

3 To
Recipient's Name DANIEL M. WALKER Phone ()
IV _____
Recipient's Address 7106 UNIVERSITY DRIVE Dept./Floor/Suite/Room
Address _____
City RICHMOND State VA ZIP 23229

0345010746



110726
0215
Sender's Copy

4a Express Package Service Packages up to 150 lbs.
 FedEx Priority Overnight Next business morning.* Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
 FedEx Standard Overnight Next business afternoon.* Saturday Delivery NOT available.
 FedEx First Overnight Earliest next business morning delivery to select locations.* Saturday Delivery NOT available.
 FedEx 2Day Second business day.* Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
 FedEx Express Saver Third business day.* Saturday Delivery NOT available.
 * To most locations. FedEx Envelope rate not available. Minimum charge: One-pound rate.

4b Express Freight Service Packages over 150 lbs.
 FedEx 1Day Freight* Next business day.** Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
 FedEx 2Day Freight Second business day.* Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
 FedEx 3Day Freight Third business day.* Saturday Delivery NOT available.
 * Call for Confirmation. ** To most locations.

5 Packaging
 FedEx Envelope*
 FedEx Pak* Includes FedEx Small Pak, FedEx Large Pak, and FedEx Sturdy Pak.
 FedEx Box
 FedEx Tube
 Other
 * Declared value limit \$500.

6 Special Handling Include FedEx address in Section 3.
 SATURDAY Delivery NOT Available for FedEx Standard Overnight, FedEx First Overnight, FedEx Express Saver, or FedEx 3Day Freight.
 HOLD Weekday at FedEx Location NOT Available for FedEx First Overnight.
 HOLD Saturday at FedEx Location Available ONLY for FedEx Priority Overnight and FedEx 2Day to select locations.
 Does this shipment contain dangerous goods? One box must be checked.
 No
 Yes As per attached Shipper's Declaration.
 Yes Shipper's Declaration not required.
 Dry Ice Dry Ice, 8, UN 1845 _____ x _____ kg
 Dangerous goods (including dry ice) cannot be shipped in FedEx packaging. Cargo Aircraft Only

7 Payment Bill to: Enter FedEx Acct. No. or Credit Card No. below*
 Sender Acct. No. in Section 1 will be billed.
 Recipient
 Third Party
 Credit Card
 Cash/Check

FedEx Acct. No. 4715 1500 0196 1680 Exp. Date 03/09
 Total Packages _____ Total Weight _____ Total Declared Value* \$ _____

*Our liability is limited to \$100 unless you declare a higher value. See back for details. By using this Airbill you agree to the service conditions on the back of this Airbill and in the current FedEx Service Guide, including terms that limit our liability. FedEx Use Only

8 NEW Residential Delivery Signature Options If you require a signature, check Direct or Indirect.
 No Signature Required Packages may be left without obtaining a signature for delivery.
 Direct Signature Anyone at recipient's address may sign for delivery. Fee applies.
 Indirect Signature If no one is available at recipient's address, anyone at a neighboring address may sign for delivery. Fee applies.
 519

#32.14

Ex US Airbill
Express

FedEx Tracking Number 8594 1739 6417

2/27/07 Sender's FedEx Account Number ~~XXXXXXXXXXXX~~

BILL BOSTA Phone (859) 744-4812
EAST KENTUCKY POWER
4775 LEXINGTON RD

NCHESTER KY ZIP 40391

Optional Billing Reference OPTIONAL

KEVIN HIGGINS Phone ()

ENERGY STRATEGIES

215 SOUTH STATE STREET SUITE 200

SALT LAKE CITY State UT ZIP 84111

0345010746

0215 Sender's Copy

4a Express Package Service
 FedEx Priority Overnight
 FedEx Standard Overnight
 FedEx First Overnight
 FedEx 2Day
 FedEx Express Saver

4b Express Freight Service
 FedEx 1Day Freight*
 FedEx 2Day Freight
 FedEx 3Day Freight

5 Packaging
 FedEx Envelope*
 FedEx Pak*
 FedEx Box
 FedEx Tube
 Other

6 Special Handling
 SATURDAY Delivery
 HOLD Weekday at FedEx Location
 HOLD Saturday at FedEx Location

Does this shipment contain dangerous goods?
 No
 Yes
 Dry Ice
 Cargo Aircraft Only

7 Payment
 Sender
 Recipient
 Third Party
 Credit Card
 Cash/Check

FedEx Acct. No. 4715 1500 0196 1680
 Exp. Date 03/09
 Total Packages Total Weight Total Declared Value \$.00

*Our liability is limited to \$100 unless you declare a higher value. See back for details. By using this Airbill you agree to the service conditions on the back of this Airbill and in the current FedEx Service Guide, including terms that limit our liability.

8 NEW Residential Delivery Signature Options
 No Signature Required
 Direct Signature
 Indirect Signature

Schedule a pickup at fedex.com
Simplify your shipping. Manage your account. Access all the tools you need.

PULL AND RETAIN THIS COPY BEFORE AFFIXING TO THE PACKAGE. NO POUCH NEEDED.

18.56

JIM'S SEAFOOD
950 WILKERSON BLVD.
FRANKFORT, KY 40601

Terminal #:
MAR 06 07

00000001
1:27 PM

Server ID: 7

VISA
*****9597
SALE
BATCH #: 000602

REF #: 000024
AUTH #: 066041

AMOUNT

\$145.43

TIP

30.00

TOTAL

\$175.43

APPROVED

502-223-7448
THANK YOU!

CUSTOMER COPY

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Fax (859) 278-5781

Acct 100110 / BARNET

EAST KENTUCKY POWER COOP.
P.O. BOX 707
WINCHESTER, KY. 40392-0707

SHIP TO
EAST KENTUCKY POWER COOP.
PEGGY GRIFFIN
BILL BOSTA CC
WINCHESTER KY 40392

INVOICE

(859)744-4812 ---003 DATE 03/15/07 NO. 046714 PAGE 1 DUE DATE 04/14/07 Rte: 3-0

SHIP VIA: OUR TRUCK FOB: YOUR DOCK DISC: DAYS: Net 30 days from date of Inv. DISC: %: NET-DAYS: YOUR #: PEGGY OUR #: Inv: 046714

INVENTORY NO.	DESCRIPTION	ORDERED	SHIPPED	BACK ORDERED	UNIT PRICE		EXTENDED PRICE
01052.....5MD	COVER, REP, 11X8.5, 3IN, B	125 Ea	125	0	0.95	CONTRACT	118.75 UC
11911.....AVE	INDEX, LTR, SIDE 1, WE, 25	8 Pk	8	0	3.29	CONTRACT	26.32 UC
11912.....AVE	INDEX, LTR, SIDE 2, WE, 25	4 Pk	4	0	3.29	CONTRACT	13.16 UC
11913.....AVE	INDEX, LTR, SIDE 3, WE, 25	4 Pk	4	0	3.29	CONTRACT	13.16 UC
11914.....AVE	INDEX, LTR, SIDE 4, WE, 25	4 Pk	4	0	3.29	CONTRACT	13.16 UC

Received By: _____ Date: PD 3-15-07 TC

THIS INVOICE PAST DUE AFTER 04/14/07

SUBTOTAL	184.55
TAX	0.00
TOTAL	\$184.55
NET TO PAY	\$184.55

OfficeMax®

OfficeMax #829
1992 PAVILLION WAY
LEXINGTON, KY. 40509
(859) 263-4400

Tell us about your shopping experience
and enter to win 1 of 5 prizes at
www.officemax.com/store/survey
or to enter w/o purch., send a 3"x5"
card with name, address and phone # to
OfficeMax-Shopping Experience
Sweepstakes, 263 Shuman, Naperville, IL
60563. U.S. residents 18+ only. Void
where prohibited.

00011491971267	\$12.49
Hvywt Sheet Protector 100	
070330911895	\$4.28
Brite Liner Yellow 6 Pack	

SubTotal	\$16.78
Tax 6.000%	\$1.01
TOTAL	\$17.79

VISA	\$17.79
Card number: XXXXXXXXXXXX4836	
Authorization 059649	

03449556
0829 00001 09389 8 03/19/07
00334678 08:13:52 PM

ORDER BY PHONE 1-877-OFFICEMAX



FedEx US Airbill
Express

FedEx Tracking Number 8594 1739 6370

1 From *Please print and press hard.*
Date 3/21/07 Sender's FedEx Account Number 0405 0424 9
Sender's Name BILL BOSTA Phone 859 744-4812
Company EAST KENTUCKY POWER
Address 4775 LEXINGTON RD Dept./Floor/Suite/Room
City WINCHESTER State KY ZIP 40391

2 Your Internal Billing Reference *First 24 characters will appear on invoice.* OPTIONAL

3 To
Recipient's Name HONORABLE DAVID F BOEHM Phone ()
BY BOEHM, KURTZ & LOWRY
Recipient's Address 36 EAST SEVENTH STREET SUITE 1510 Dept./Floor/Suite/Room
We cannot deliver to P.O. boxes or P.O. ZIP codes.
Address
To request a package be held at a specific FedEx location, print FedEx address here.
City CINCINNATI State OH ZIP 45202

\$12.31 0345010746

 **Schedule a pickup at fedex.com**
Simplify your shipping. Manage your account. Access all the tools you need.

0215 Sender's Copy

4a Express Package Service *Packages up to 150 lbs.*
 FedEx Priority Overnight *Next business morning.* Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.* FedEx Standard Overnight *Next business afternoon.* Saturday Delivery NOT available.* FedEx First Overnight *Earliest next business morning delivery to select locations. Saturday Delivery NOT available.*
 FedEx 2Day *Second business day.** Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected.* FedEx Express Saver *Third business day.* Saturday Delivery NOT available.*
 * To most locations. FedEx Envelope rate not available. Minimum charge: One-pound rate.

4b Express Freight Service *Packages over 150 lbs.*
 FedEx 1Day Freight* *Next business day.** Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.* FedEx 2Day Freight *Second business day.** Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected.* FedEx 3Day Freight *Third business day.** Saturday Delivery NOT available.*
 * Call for Confirmation. ** To most locations.

5 Packaging
 FedEx Envelope* FedEx Pak* *Includes FedEx Small Pak, FedEx Large Pak, and FedEx Sturdy Pak.* FedEx Box FedEx Tube Other
 * Declared value limit: \$500.

6 Special Handling *Include FedEx address in Section 3.*
 SATURDAY Delivery *NOT Available for FedEx Standard Overnight, FedEx First Overnight, FedEx Express Saver, or FedEx 3D by Freight.* HOLD Weekday at FedEx Location *NOT Available for FedEx First Overnight.* HOLD Saturday at FedEx Location *Available ONLY for FedEx Priority Overnight and FedEx 2Day to select locations.*
 Does this shipment contain dangerous goods?
 One box must be checked.
 No Yes *As per attached Shipper's Declaration.* Yes *Shipper's Declaration not required.* Dry Ice *Dry Ice, S UN 1845 x kg* Cargo Aircraft Only
 Dangerous goods (including dry ice) cannot be shipped in FedEx packaging.

7 Payment *Bill to:* Enter FedEx Acct. No. or Credit Card No. below.
 Sender Acct. No. in Section 1 will be billed. Recipient Third Party Credit Card Cash/Check
 FedEx Acct. No. 4715 1500 0196 1680 Exp. Date 03/09
 Credit Card No. Total Packages Total Weight Total Declared Value*
 \$.00

*Our liability is limited to \$100 unless you declare a higher value. See back for details. By using this Airbill you agree to the service conditions on the back of the Airbill and in the current FedEx Service Guide, including terms that limit our liability. FedEx Use Only

8 NEW Residential Delivery Signature Options *If you require a signature, check Direct or Indirect.*
 No Signature Required *Package may be left without obtaining a signature for delivery.* Direct Signature *Anyone at recipient's address may sign for delivery. Fee applies.* Indirect Signature *If no one is available at recipient's address, anyone at a neighboring address may sign for delivery. Fee applies.* 519

fedEx US Airbill
Express

FedEx Tracking Number **8594 1739 6299**

From *Please print and press hard.*
Date **3/27/07** Sender's FedEx Account Number **~~XXXXX04324XX~~**

Sender's Name **CHARLES LILE** Phone **(859) 744-4812**

Company **EAST KENTUCKY POWER**

Address **4775 LEXINGTON RD** Dept./Floor/Suite/Room

City **WINCHESTER** State **KY** ZIP **40391**

Your Internal Billing Reference **OPTIONAL**
First 24 characters will appear on invoice.

To Recipient's Name **MICHAEL KURTZ** Phone ()

y **BOEHM KURTZ & LOWRY**

Recipient's Address **36 E SEVENTH STREET SUITE 1510** Dept./Floor/Suite/Room
We cannot deliver to P.O. boxes or P.O. ZIP codes.

Address
To request a package be held at a specific FedEx location, print FedEx address here.

City **CINCINNATI** State **OH** ZIP **45202-4454**

\$13.73

0345010746



Schedule a pickup at fedex.com
Simplify your shipping. Manage your account. Access all the tools you need.

0215 **Sender's Copy**

4a Express Package Service

- FedEx Priority Overnight**
Next business morning.* Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
 - FedEx Standard Overnight**
Next business afternoon.* Saturday Delivery NOT available.
 - FedEx First Overnight**
Earliest next business morning delivery to select locations.* Saturday Delivery NOT available.
 - FedEx 2Day**
Second business day.* Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
 - FedEx Express Saver**
Third business day.* Saturday Delivery NOT available.
- * To most locations. FedEx Envelope rate not available. Minimum charge: One-pound rate.

4b Express Freight Service

- FedEx 1Day Freight***
Next business day.** Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
 - FedEx 2Day Freight**
Second business day.** Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
 - FedEx 3Day Freight**
Third business day.** Saturday Delivery NOT available.
- * Call for Confirmation. ** To most locations.

5 Packaging

- FedEx Envelope***
 - FedEx Pak***
Includes FedEx Small Pak, FedEx Large Pak, and FedEx Sturdy Pak.
 - FedEx Box**
 - FedEx Tube**
 - Other**
- * Declared value limit \$500.

6 Special Handling

- SATURDAY Delivery**
NOT Available for FedEx Standard Overnight, FedEx First Overnight, FedEx Express Saver, or FedEx 3Day Freight.
 - HOLD Weekday at FedEx Location**
NOT Available for FedEx First Overnight.
 - HOLD Saturday at FedEx Location**
Available ONLY for FedEx Priority Overnight and FedEx 2Day to select locations.
- Does this shipment contain dangerous goods?
One box must be checked.
- No**
 - Yes** As per attached Shipper's Declaration.
 - Yes** Shipper's Declaration NOT required.
 - Dry Ice** Dry Ice, 9, UN 1845 _____ x _____ kg
 - Cargo Aircraft Only**
- Dangerous goods (including dry ice) cannot be shipped in FedEx packaging.

7 Payment Bill to:

- Sender** Acct. No. in Section 1 will be billed.
- Recipient**
- Third Party**
- Credit Card**
- Cash/Check**

FedEx Acct. No. **4715 1500 0196 1680** Exp. Date **03/09**

Total Packages _____ Total Weight _____ Total Declared Value* \$ _____ .00

*Our liability is limited to \$100 unless you declare a higher value. See back for details. By using this Airbill you agree to the service conditions on the back of this Airbill and in the current FedEx Service Guide, including terms that limit our liability. FedEx Use Only

8 NEW Residential Delivery Signature Options If you require a signature, check Direct or Indirect.

- No Signature Required**
Package may be left without obtaining a signature for delivery.
- Direct Signature**
Anyone at recipient's address may sign for delivery. Fee applies.
- Indirect Signature**
If no one is available at recipient's address, anyone at a neighboring address may sign for delivery. Fee applies.

519

National Office Suppliers, Inc.
121 Southland Dr. • Lexington, KY 40503

"Everything for Your Office"
(859) 278-5454
Fax (859) 278-5781

Acct 100110 / BARNET

EAST KENTUCKY POWER COOP.
P.O. BOX 707
WINCHESTER, KY, 40392-0707

SHIP TO
EAST KENTUCKY POWER COOP.
PEGGY GRIFFIN
BILL BOSTA CC
WINCHESTER KY 40392

INVOICE

(859)744-4812 ---001 DATE 04/03/07 NO. 047583 PAGE 1 DUE DATE 05/03/07 Rte: 3-0

SHIP VIA F.O.B. DISC DAYS DISC % NET DAYS YOUR # OUR #
OUR TRUCK YOUR DOCK Net 50 days from date of Inv. PEGGY Inv: 047583

INVENTORY NO.	DESCRIPTION	ORDERED	SHIPPED	BACK ORDERED	UNIT PRICE		EXTENDED PRICE
B1052	COVER, REP, 11X0.5, 3IN, D	100 Ea	100	0	0.95	CONTRCT	95.00 US
<p>PAID IN FULL APR 03 2007 CREDIT CARD</p> <p>Received By: _____ Date: _____</p>							

THIS INVOICE PAST DUE AFTER 05/03/07

SUBTOTAL	95.00
TAX	0.00
TOTAL	95.00
NET TO PAY	95.00

Cornett Advertising

EAST KENTUCKY POWER
Attn: Linda Ballard
4758 Lexington Road
Winchester, KY 40392

Invoice Number: 01071166
Invoice Date: 02/23/07

INVOICE

EKP-07201-2	Legal Notice Print Ad		
	59 Insertions; 15 Versions		
	- Computer Production (39.75 hrs @ \$85)	\$3,378.75	
	- Account Service (15 hrs @ \$75)	No Charge	
	- Media (1/24-28/07)	\$51,754.26	
	SUBTOTAL:		\$55,133.01
	TOTAL INVOICE AMOUNT:		<u>\$55,133.01</u>



92300 068-~~7100~~⁴⁸⁰³
Proj A 0093

BC#
APPROVAL JLO
WAB

03/12/2007 13:39 8592313127

LEXINGTON HERALD LED

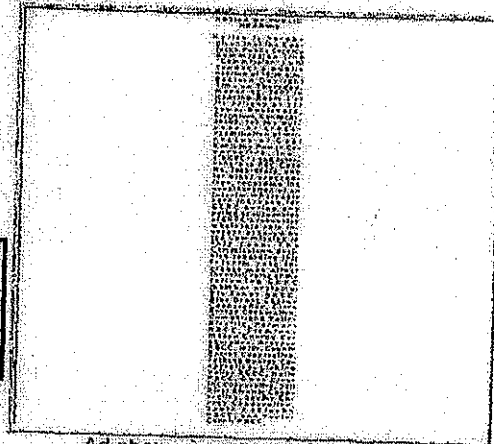
PAGE 02

Receipt of Payment

Lexington Herald Leader

Acct 8597444812
Name East Kentucky Power Cooperativ Type
Phone 8597444812 Num
Address PO Box 707 Auth
Attn: Charles Lille Expira
City Winchester
State/Zip KY 40392 Country Code

Credit Card:



Start: 03/12/2007	Paytype: BT	Issues: 1
Stop: 03/12/2007	Rate Code: LGL	Class: 0174
Copy: NOTICE OF PUBLIC HE		

Amount: 134.64 Rep 813

Tax: 0.00 Ad #: 1167489

Amount Paid: 134.64 by: Bill Transient

Payment Due Balance:

Received by: Receipt No:

Ad shown is not actual print size

167 Words

Ad Size 1.00 X 5.32 inches

Date:

MAR 28 2007 2:36PM CINCINNATI ENQUIRER

NO. 9058 P. 2/2



TO PLACE A CLASSIFIED AD,
PLEASE CALL 513-421-6300

859-744-4812

CLASSIFIED ADVERTISING

P.O. BOX 00097
CINCINNATI, OHIO 45274-0097

EAST KENTUCKY POWER COOPERATIV
JERRY McDONALD
PO BOX 707
WINCHESTER KY 40392-0707

A \$5.00 HANDLING
CHARGE WILL BE
APPLIED IF NOT
RECEIVED WITHIN
15 DAYS OF THE
BILL DATE
03/12/07

ORDER	CLASS	ADTEXT	EDT	START	STOP	SIZE	RUNS	AMOUNT
1001070832		CREDIT CARD PAYME		03/19/07				119.03-
1001070832	0075	LEGAL NOTICE NOTI KY		03/12/07	03/12/07	83	2	117.03
1001070832		AFFIDAVIT CHARGE		03/12/07				2.00-
AMOUNT DUE								
***** PROMOTIONS *****								
WHEN PLACING YOUR AD, PLEASE								
HAVE YOUR CREDIT CARD READY;								
CHECK BY PHONE ALSO ACCEPTED.								

CLAIMS FOR ADJUSTMENT MUST BE MADE WITHIN 30 DAYS AFTER LAST PUBLICATION DATE OF THE ADVERTISEMENT.

QUESTIONS CONCERNING THIS NOTICE CALL
CUSTOMER SERVICE

(513)-421-6300

THIS INVOICE IS PAYABLE UPON RECEIPT

TO INSURE PROPER CREDIT PLEASE RETURN THIS PORTION USING ENCLOSED ENVELOPE

AMOUNT DUE	ORDER	BILLING DATE
2.00	1001070832	03/12/07

PLEASE BE SURE THE RETURN ADDRESS ON BACK OF FORM
SHOWS THROUGH THE WINDOW OF THE ENCLOSED ENVELOPE
THANK YOU!

EAST KENTUCKY POWER COOPERATIV
JERRY McDONALD
PO BOX 707
WINCHESTER KY 40392-0707

859-744-4812



EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00472

THIRD DATA REQUEST RESPONSES

**COMMISSION STAFF'S THIRD DATA REQUEST DATED 05/01/07
REQUEST 57**

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 57. Refer to the response to the Staffs First Request, Item 54. Did EKPC give any consideration to seeking recovery of the cost of its depreciation study through a deferral that would be amortized over a period of years? Explain the response.

Response 57. EKPC did not consider seeking recovery of the cost of its depreciation study through a deferral that would be amortized over a period of years. The total cost of the depreciation study was \$54,205, which was deemed immaterial to defer and amortize.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00472

THIRD DATA REQUEST RESPONSES

**COMMISSION STAFF'S THIRD DATA REQUEST DATED 05/01/07
REQUEST 58**

RESPONSIBLE PERSON: Frank J. Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

Request 58. Refer to the response to the Commission Staffs Data Request at the March 22, 2007 Hearing, Item 1. Provide copies of the Plan of Correction filed with the RUS.

Response 58. Please see the attached letters which were sent to the Rural Utilities Service.

April 26, 2007

Mr. James M. Andrew
 Administrator
 Rural Utilities Service
 Stop 1510
 1400 Independence Avenue, S.W.
 Washington, DC 20250-1568

Dear Mr. Andrew:

As EKPC staff has previously discussed with you and RUS staff, EKPC did not meet the TIER and DSC ratio requirements in the Mortgage Covenants for the three-year period ended December 31, 2006. We have previously sent to you a letter outlining the causes of EKPC's inability to meet Mortgage Covenants (see letter dated June 1, 2006, from David Eames, attached).

Shown below are the calculations for TIER and DSC for the years 2004, 2005, and 2006:

For 2004: Mortgage Agreement

TIER

(a) Net Margins	(27,267,516)		
(b) Interest on Long Term Debt	53,923,424		
TIER = (a) + (b) / (b) =	26,655,908	/	53,923,424= 0.494

DSC

(a) Depreciation	38,994,125
(b) Interest on L-T Debt	53,923,424
(c) Margins	(27,267,516)
(d) Interest + Principal	91,548,864
DSC = (a) + (b) + (c) / (d) =	0.717

For 2005: Mortgage Agreement

TIER

(a) Net Margins	(46,007,522)		
(b) Interest on Long Term Debt	69,570,845		
TIER = (a) + (b) / (b) =	23,563,323	/	69,570,845= 0.339

Mr. James M. Andrew
 April 26, 2007
 Page 2

DSC

(a) Depreciation	52,037,571
(b) Interest on L-T Debt	69,570,843
(c) Margins	(46,007,522)
(d) Interest + Principal	114,243,781
DSC = (a) + (b) + (c) / (d) =	0.662

For 2006: Mortgage AgreementTIER

(a) Net Margins	11,173,989
(b) Interest on Long Term Debt	84,634,106
TIER = (a) + (b) / (b) =	95,808,095 / 84,634,106 = 1.132

DSC

(a) Depreciation	39,384,187
(b) Interest on L-T Debt	84,634,106
(c) Margins	11,173,989
(d) Interest + Principal	138,141,727
DSC = (a) + (b) + (c) / (d) =	0.979

EKPC's plan to remedy this situation is being sent to you under separate cover.

If you should need any further information, please do not hesitate to call me.

Sincerely yours,

Robert M. Marshall
by dge

Robert M. Marshall
 President & Chief Executive Officer

Enclosure
 fjo/ka

C: James Newby
 Victor Vu
 William Railey

Bcc: Bob Marshall
 Dave Eames
 Frank Oliva
 Thea Kamber



June 1, 2006

Mr. Victor Vu
Director, Power Supply Division
Rural Utilities Service
1400 Independence Avenue, SW
Washington, DC 20250-1568

Dear Mr. Vu:

Ms. Marina Chu of the Power Supply Division has requested us to furnish a financial review of the years 2004 and 2005, as well as an outlook for 2006 regarding East Kentucky Power Cooperative.

EKPC reported a \$27.3 million net deficit for the year ended December 31, 2004. One major event primarily triggered the deficit. On July 1, 2004 Spurlock Unit #1 was forced off-line when a control system failure caused an overheated condition in the generator stator windings, which damaged the insulation and required the stator to be rewound. Spurlock Unit #1 was off-line until October 27. The net cost of this outage was over \$38 million, including \$18 million of actual maintenance costs and \$20 million of the net replacement cost of fuel not recovered under the Kentucky Fuel Adjustment Clause (FAC) provision. This unplanned unit outage, affecting EKPC's 2004 financial results, was a one-time event. All EKPC debt covenants remained secure and no events of default occurred.

In early 2006, EKPC received Notices of Violations (NOVs) from the U.S. Environmental Protection Agency and the Commonwealth of Kentucky Environmental and Public Protection Cabinet alleging violation of the Clean Air Act relating to EKPC's Dale Units 1 & 2 located in Ford, Kentucky. Dale Units 1 & 2 are EKPC's oldest coal-fired units built in 1954.

Under Phase II of the emission restrictions of the Clean Air Act, owners of generation plants that have more than 25 MW capacities are required to record, report, and provide for the emissions from the plant. EKPC replaced the turbines and generators for these two units in the late 1990's and, as a result of the contract performance specifications, believed the nameplate capacity of the units was 24 MW each. The NOVs allege that, using a KVA rating calculation method (which uses the KVA number on the nameplate as multiplied by a power factor), the Dale Units 1 & 2 actually have a rating of 27 MW each. Based on the KVA rating, the Dale Units 1 & 2 would be covered under the Clean Air Act. Therefore,

4775 Lexington Road 40391 Tel. (859) 744-4812
P.O. Box 707, Winchester, Fax: (859) 744-6008
Kentucky 40392-0707 <http://www.ekpc.com>

Victor Vu
Page 2
June 1, 2006

EKPC was cited as being required to provide SO₂ and NO_x emissions for these two units retroactive to 2000.

Based on the reviews of the NOV conducted by its auditors and external counsel, EKPC determined that it needed to record a non-cash liability on its 2005 balance sheet to reflect the potential impact of this violation. EKPC does not expect any cash flow impact until the issue is resolved, which is not expected any time soon. EKPC believes that it can provide sufficient defenses to reduce or eliminate a significant amount of this potential liability.

A financial review by the 16 lenders to EKPC under an existing \$650,000,000 revolving Credit Agreement was conducted and, as a result, the financial institutions reaffirmed their commitment to the Credit Agreement. EKPC remains in good standing with all its lenders. EKPC is currently in compliance with all its debt covenants and the \$650,000,000 revolving Credit Facility is fully available for EKPC's use.

EKPC has budgeted a net margin of \$5.0 million for 2006. EKPC's first quarter results for 2006 show a net margin of \$12.3 million, which is \$1.4 million ahead of budget.

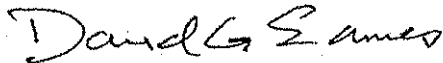
EKPC has taken several steps toward improving its financial performance for 2006:

- A cost-containment program has been undertaken with the goal to eliminate operating costs and increase margins.
- EKPC continues to review the possible justification for a base rate increase in the near future.
- In July 2005, EKPC and its member systems instituted an Environmental Compliance Surcharge, pursuant to KRS 278.183, in order to recover costs incurred due to the Clean Air Act requirements.
- EKPC has hired former Buckeye Power CEO Richard "Dick" Byrne to function as EKPC's interim chief operating officer. Mr. Byrne will continue working on a part-time basis for several months. He will be working with EKPC CEO Roy Palk, to develop a work plan to identify additional cost containment initiatives, further define the scope of the COO's work and review corporate strategies.
- Mr. Byrne and CEO Roy Palk will determine a reasonable timeframe to achieve the work plan to reduce wholesale power costs.
- Mr. Palk and Mr. Byrne will report the work plan and the anticipated timeframe for reducing wholesale power costs to the EKPC Board by the July Board meeting.

Victor Vu
Page 3
June 1, 2006

Upon receipt of this letter, please feel free to contact me to schedule a follow-up conference call. In the meantime, do not hesitate to call with any questions.

Sincerely,



David G. Eames
Vice President, Finance

dge/fjo/ka



May 1, 2007

Mr. James M. Andrew
Administrator
Rural Utilities Service
Stop 1510
1400 Independence Avenue, S.W.
Washington, DC 20250-1568

Dear Mr. Andrew:

In accordance with Section 4.15 (b)(4) of the RUS Mortgage Agreement, EKPC hereby sets forth the actions to be taken to achieve the required TIER and DSC in the future.

EKPC's plan of remedy basically consists of two parts—reducing costs and increasing rates.

In 2006, EKPC initiated a cost-reduction program to either defer or eliminate \$20,000,000 of expense in each of years 2006 and 2007. EKPC reduced 2006 expenditures by \$16,051,000 (including \$13,726,000 of budget reductions and \$2,325,000 of expense deferrals) and, to date, has reduced 2007 expenditures by \$27,511,000 (including \$17,123,000 of budget reductions and \$10,388,000 of expense deferrals). EKPC will continue these cost-reduction efforts into 2008 and 2009.

The second phase is to petition the Kentucky Public Service Commission (KPSC) to allow EKPC to raise rates. EKPC has prepared a rate case requesting a \$43,400,000 rate increase on an annual basis. EKPC has received an interim rate increase of \$19,000,000 with an effective date of April 1, 2007. This will generate additional revenue of approximately \$8,000,000 in 2007. The KPSC has suspended ruling on the remainder of the increase for five months, making it effective as late as September 1, 2007. It is also anticipated that EKPC may need to file two or three more rate cases over the next four or five years in order to ensure that EKPC's finances stay on a strong footing.

For the year 2007, EKPC's budget projects a net margin of \$23.7 million. Assuming this level of net margin is achieved, the 2007 TIER and DSC are projected to be 1.19 and 1.05, respectively.

If you should need any further information, please do not hesitate to call me.

Mr. James M. Andrew
Page 2
May 1, 2007

Sincerely yours,



Robert M. Marshall
President & Chief Executive Officer

fjo/ka

C: James Newby
Victor Vu
William Railey

Bcc: Bob Marshall
Dave Eames
Frank Oliva
Thea Kamber

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00472

THIRD DATA REQUEST RESPONSES

**COMMISSION STAFF'S THIRD DATA REQUEST DATED 05/01/07
REQUEST 59**

RESPONSIBLE PERSON: Frank J. Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

Request 59.

Concerning the EKPC residential marketing loan program:

- a. Provide copies of the guidelines EKPC has established for this program.
- b. Provide copies of any loan documents member systems submit as part of the process of securing these loans.

Response 59.

- a. Please see pages 2 through 3.
- b. Please see pages 4 through 5.

EKPC RESIDENTIAL MARKETING LOAN PROGRAM

Purpose of the Program

To encourage the purchase and installation of residential end-use products or energy efficiency upgrades which have been endorsed and approved by the EKPC Board of Directors and are being promoted under the EKPC system's marketing program.

Operation of the Program

EKPC will make loan funds available to each of its member systems who desire to use such funds. The member systems will use these funds to make loans to their member-consumers for the purchase and installation of residential end-use products or energy efficiency upgrades that have been endorsed and approved by the EKPC Board of Directors.

Loans to member-consumers may be made for an amount up to \$15,000 for a term of up to six years. The member systems will be responsible for member-consumer credit evaluation, structure of loans, and loan approval as they deem necessary.

EKPC will disburse loan funds to the member systems on a quarterly basis. The member systems must estimate their quarterly funds needs and submit a request of that amount two weeks prior to the beginning of each calendar quarter. A statement of loans made during the ending calendar quarter, principle and interest collected during that quarter, and the remaining balance of previously disbursed funds must also be submitted.

EKPC will establish the interest rate to be charged to the member systems at the beginning of each year. Said interest rate will be the five-year FFB rate as of the last business day of November per CFC/RUS. Member systems may add up to two percent to the rate they pay EKPC to cover costs of administering the program and bad debt losses.

Member systems will make principle and interest payments to EKPC each month. Interest will be charged on the unpaid balance of all residential marketing loan program funds. Principle repayment will be amortized over a six-year period beginning with the date of the disbursement. In order to meet KRS 278.300 requirements, at the end of two years, member systems will have the option of making a final balloon payment or of renewing the outstanding balance for up to two years with payments based on the six-year schedule.

Although the loan funds supplied by EKPC are for the purpose of making loans to member-consumers, the member systems may invest outstanding balances. These balances should be invested in a manner that assures funds will be available for member-consumer loans when needed.

EKPC will make loan funds available to the member systems in accordance with prudent surplus funds management practices. EKPC will not borrow money for the purpose of relending it to the member systems. Loan program operations reports will be made available upon request.

**RESIDENTIAL MARKETING LOAN PROGRAM
REQUEST FOR FUNDS**

Member System Name _____

Date Submitted _____

Amount Requested \$ _____

___ Funds are requested to reimburse member system for loans made during period
beginning _____ and ending _____
(date) (date)

___ Funds are requested in advance to cover estimated loans for the period
beginning _____ and ending _____
(date) (date)

Loan Activity During Last Quarter

New Loans made:

<u>Identification No.</u>	<u>Amount of Loan</u>	<u>Term</u>	<u>Program</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Principal and interest collected on all loans:

\$ _____ principal \$ _____ interest

This request is made in compliance with the guidelines of the EKPC residential marketing loan program. _____ agrees to make
(cooperative name)
monthly payments of principal and interest to EKPC to fully repay all funds disbursed to _____ under the residential marketing loan program.
(cooperative name)

Interest will be charged at the rate of _____ % per annum and will be fixed for a period of two years, with two-year renewals, not to exceed an aggregate of six (6) years.

Monthly principal and interest payments for any disbursement to the named cooperative by EKPC will be based on a six (6) year amortization schedule commencing on the date of such disbursement. There is no prepayment penalty.

Signed _____

Date _____