

original

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE 2006-00472
RESPONSES TO COMMISSION STAFF'S
FIRST DATA REQUEST
DATED 12/05/06

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EAST KENTUCKY POWER COOPERATIVE

POLICY NO. 103

JULY 6, 1979

DELEGATIONS FROM THE BOARD OF DIRECTORS
TO THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

I. OBJECTIVE

To clearly define the delegations from the Board of Directors ("Board") to the President and Chief Executive Officer ("President and CEO") to give him the authority he needs to adequately direct the operations of East Kentucky Power Cooperative ("EKPC") and to report to the Board on the results achieved.

II. CONTENT

A. Planning

1. Objectives and Policies

To formulate objectives and policies of EKPC to be recommended to the Board for their consideration. Such objectives and policies shall be reviewed by the President and CEO once a year and a recommendation made on any revisions required.

2. Long and Short Range Plans

- a. To formulate and recommend to the Board short and long range plans in such areas as power supply, power requirements and load forecasts, need for generation, transmission, and substation capacity, procurement of fuel, financing, energy management, member and public relations, materials management, construction, and manpower requirements, and to report to the Board on results compared to such plans.
- b. To develop studies to determine long range power requirements of EKPC members and the delivery points, substation capacity, transmission and generating capacity to meet these needs, and to make appropriate recommendations to the Board.

3. Membership Meetings

- a. To develop plans for annual and other member meetings and to make appropriate recommendations to the Board.

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- b. To develop studies to determine long range power requirements of EKPC members and the delivery points, substation capacity, transmission and generating capacity to meet these needs, and to make appropriate recommendations to the Board.

3. Membership Meetings

- a. To develop plans for annual and other member meetings and to make appropriate recommendations to the Board.

- b. To develop plans for as needed meetings of Member System Managers and to report to the Board on the results of such meetings. An agenda for such meetings should be prepared and mailed in advance to all Managers. Minutes shall be kept of such meetings and distributed to each Manager and Board member.

4. Annual Work Plans and Budgets

To formulate annual work plans and budgets for EKPC and recommend them to the Operations, Services and Support Committee and to the Board for their consideration, and to provide detailed reports on revenue, expenses, and other results compared to such plans.

5. Legislation

To analyze and determine, in coordination with the Kentucky Association of Electric Cooperatives ("KAEC"), appropriate positions on state and federal legislative and regulatory matters, consistent with established Board policy.

- B. Organization

1. Organization Structure

- a. To review periodically all activities of EKPC and to determine the organization structure best suited to carry out EKPC's overall objectives.
- b. To determine, with the appropriate staff members, the need for additional positions, the transfer, reassignment, or elimination of present positions, and to effect such changes, provided they are in accordance with corporate strategy and the wage and salary program. The addition of personnel requires the approval of the Board, if not included in the approved capital/manpower budget. Annual reports shall be made to the Board on changes made in staffing or organizational structure.

2. Selection of Personnel

- a. To develop or approve standards and qualifications for use in recruitment, transfer, and promotion of employed personnel. Such standards and qualifications shall meet all federal and state legal requirements.

- b. To select, appoint, transfer, promote, and release all employed personnel within the limitations of Board policy.
3. Training
 - a. To see that his staff is trained in accordance with the qualifications and requirements of their positions.
 - b. To initiate and promote appropriate management, professional, and technical training programs for all personnel within the limitations of the approved budget and Board policy, including sending personnel to appropriate training programs outside the organization.
4. Performance Appraisals
 - a. To appraise periodically the performance of his immediate staff and to counsel with them and assist them to develop and improve.
 - b. To see that a performance appraisal program is established and carried out for all personnel and that adjustments are based on established policies and procedures.
5. Position Descriptions

To see that written position descriptions and job specifications are prepared and reviewed annually for all personnel. Such completed descriptions will not require Board approval.
6. Employee Benefits

To administer or approve activities and actions with respect to vacations, holidays, sick leave, and other employee benefit programs for EKPC personnel, within established policies and within the limitations of the budget. A report shall be presented to the Board annually describing the various benefits, the employee and employer contribution, and what percent said benefits are of payroll.
7. Overtime

To see that overtime is monitored and to report periodically to the Board on overtime as a percent of wages compared to previous years.

8. Consultants
 - a. To recommend to the Board for approval the employment of principal consultants, other than the auditor and legal counsel to the Board, and to negotiate contracts or agreements for services of such consultants to be recommended to the Board for approval. The negotiation and awarding of all contracts with such consultants shall comply with Rural Utilities Service ("RUS") and National Rural Utilities Cooperative Finance Corporation ("CFC") policies and procedures.
 - b. To select and appoint other outside specialized consultants, including Retained Counsel, and to negotiate contracts or agreements for services of such specialized consultants, within the limitations of the work plan and budget, and to advise the Board of actions taken, within the limitations of Section C, Paragraph 4 (a) of this policy. Contracts for such specialized consultants exceeding such limitations shall be subject to review by the Board Committee having authority over the subject matter and approved by the Board.
 - c. To report to the Board periodically on services to be provided, the work accomplished, and the fees received by all consultants.
9. Wage and Salary Administration
 - a. To develop a systematic compensation administration program and present it to the Operations, Services and Support Committee of the Board for its review and for it to make an appropriate recommendation to the Board.
 - b. To determine all salary adjustments, except for the President and CEO, within the Board approved wage and salary plan and policy and within the limitations of the budget. A detailed report is to be provided to the Board annually on salary adjustments granted.
 - c. To evaluate new positions and re-evaluate existing positions, if their responsibilities and authorities substantially change, and as a result of such evaluation or re-evaluation, place these positions in the Board approved wage and salary plan.
 - d. To conduct necessary labor surveys to determine wages and salaries paid for comparable jobs in the area from which EKPC recruits personnel, and make recommendations annually to a committee of the Board on any

revisions required in the wage and salary plan and the merit budget, taking into account the financial condition of EKPC.

C. Operations

1. Overall Administration

- a. To direct the day-to-day operations and activities of EKPC, except as specified otherwise by the Bylaws or the Board; delegate appropriate authority to his immediate staff; authorize further delegation of his authority to any level of management, with full recognition that he cannot be relieved of his overall responsibility or any portion of his accountability.
- b. To manage operations of EKPC in accordance with the objectives and policies of the Board and in accordance with all RUS, CFC, and other lending institutions' policies and procedures.
- c. To designate one of the vice presidents to serve as vice president in charge in the absence of the President and CEO.
- d. To see that staff advice and assistance is provided to the Board and all committees, and to participate in the deliberation of these groups as requested or required.
- e. To accept invitations to participate in or designate other staff members to participate in national, state, and local meetings which further the best interests of EKPC, within the limitations of Board policy and the approved budget. Participation by the President and CEO in such activities, which requires considerable time over a sustained period, requires the approval of the Board. The President and CEO's serving on the board of other organizations requires the approval of the EKPC Board.
- f. To determine the transportation needs of EKPC, with the understanding that the number of owned or leased vehicles individually assigned to employees will be minimized and a pool of owned or leased vehicles will be utilized, both to be done in the most economical and practical way possible. EKPC owned or leased vehicles shall only be used for trips, which are primarily official business.

and economy and emergency purchases, shall be conducted pursuant to Board Policy No. 403.

- b. To authorize prudent investment of EKPC's funds in order to protect and enhance EKPC's cash and financial position and to authorize the use of future contracts, forward contracts, or options for risk management purposes. Investments will be restricted to those types allowed or approved by the RUS.
- c. To authorize and approve the travel and expenses of personnel, except the President and CEO's, on EKPC business, within the limitations of the budget and within established policy. All such expenses are to be supported by itemized expense accounts with receipts attached as appropriate. Expenses of the President and CEO will be approved by the Secretary-Treasurer prior to payment, with a quarterly written report to be submitted to the Board.
- d. To approve accounting systems, procedures, statistics, and types of reports necessary for sound financial management of EKPC and to meet the requirements of lending and regulatory agencies and for necessary control information required by the Board.
- e. To purchase all equipment, vehicles, hardware, furniture, materials, and supplies in accordance with Board policy. All purchases shall comply with RUS and CFC policies or procedures. All purchases of major equipment, major vehicles, or large quantities of materials shall be done with competitive bids to be approved by the Board, except as indicated in Board Policy No. 401.
- f. To negotiate contracts for construction in accordance with RUS and CFC procedures, with such contracts to be submitted to the Board. Once approved, the contracts will be awarded in accordance with RUS and CFC procedures.
- g. To negotiate for the establishment of a line of credit with Board approved lending institutions in amounts approved by the Board.
- h. To sign checks for payment of bills, salaries, and other expenditures in accordance with Board Policy No. 201.

- i. To open bank accounts in Board approved banks as may be deemed necessary as depository for funds of EKPC and advise the Board of same.
- j. To see that necessary loan applications and documentation are prepared and submitted to the Board for approval as required, and to carry out negotiations with various financing institutions with the loans negotiated subject to the approval of the Board.
- k. To oversee preparation of the documentation necessary for the issuance of bonds and to carry out negotiations with financing institutions for the sale of such bonds and to obtain Board approval of such sale.
- l. To determine insurance coverage's required and to negotiate purchase of such coverage's.
- m. To authorize individual professional and civic memberships in clubs and organizations in which he thinks membership of himself or staff members would be helpful and to authorize payment of dues by EKPC within the limitations of the budget and established Board policy. Professional and civic membership fees and expenses will be paid in accordance with Board Policy No. 513.
- n. To authorize credit and establish credit guidelines and limits, up to \$5 million per customer, for sale of bulk electric power and/or transmission services.
- o. To approve trading limits and guidelines and establish risk parameters to buy and sell power for power marketing purposes in accordance with established credit guidelines.

D. Control

1. Operations

To submit periodic and special reports to the Board on conformity of operations with approved objectives, policies, and programs; to recommend any revisions requiring Board approval and to direct any remedial action required.

2. Finances

To submit periodic and special reports to the Board on receipts, disbursements, and cash balances to keep them informed of EKPC's financial position and conformance to financial plans and forecasts, and to see that all persons having access to cash or responsible for purchasing of materials are properly bonded.

3. Budgets

To report monthly to the Board on revenues and expenditures compared to budget, to recommend any revisions required, and to direct any necessary remedial action.

4. Annual Financial Audit

To participate with the Board in the review, with the auditor present, of the annual financial audit and management letter and direct any remedial action required and to see that the management letter from the auditor is sent to each Board member, along with the Audit Report, prior to the meeting at which they are to be discussed.

5. Materials Management

- a. To determine the amount of and establish proper controls of all physical inventories to minimize investment in inventories needed to meet operating and construction needs.
- b. To see that a system is established to accurately account for all materials used.

6. Member System Needs

Make systematic and regular inquiries into member system needs and address any such needs appropriately by taking corrective action or by recommending appropriate revisions in Board policy.

7. Reliability of Service

To submit annually to the Board a report on service reliability and any remedial action taken.

8. Bylaws

To report to the Board on annual review with the General Counsel of the Bylaws and to recommend any revisions required.

9. Availability of Power Supply

To report periodically to the Board on load growth compared to availability of power and to recommend plans to meet anticipated growth to ensure an adequate and reliable supply for the member systems at the lowest possible cost consistent with sound management practices.

10. Wholesale Power Rates

To continually study wholesale power rates compared to projections and to recommend to the Board, as far in advance as possible, any changes in wholesale power rates necessary to maintain financial strength and stability and to meet all requirements of lending and regulatory agencies.

11. Construction

To review construction practices to make sure all construction is done in accordance with RUS and CFC policies and procedures so that reimbursement for work in progress can be obtained promptly.

12. Business Unit Reports

To direct each business unit to annually report to the Board on key activities.

III. RESPONSIBILITY

- A. The President and CEO shall report to the Board periodically on how he is carrying out these delegations. He may make further delegations to his staff.
- B. The Board of Directors is responsible for approving any changes in the delegations to the President and CEO.

Amended: 11-20-79
Amended: 02-12-80
Amended: 10-14-80
Amended: 03-10-81
Amended: 12-09-86
Amended: 02-10-87
Amended: 03-10-87
Amended: 04-07-87
Amended: 03-13-90
Amended: 06-09-92
Amended: 08-03-93
Amended: 02-15-94
Amended: 12-06-94
Amended: 01-10-96
Amended: 11-12-96
Amended: 01-06-98
Amended: 02-10-98
Amended: 11-14-00
Amended: 09-09-03

EAST KENTUCKY POWER COOPERATIVE

Administrative Policies and Procedures

No. A009

- SUBJECT: Approval of Budgeted and Non-Budgeted Expenditures
- POLICY: East Kentucky Power Cooperative's ("EKPC") budget shall be a management tool used to monitor and control EKPC's expenditures and assist management in attaining its goal of efficient, effective, reliable electric service to the member systems.
- DEFINITION: An expenditure is defined as a commitment to buy or build, whether it be by purchase order or contract. Approvals of expenditures will normally be evidenced by a purchase requisition, contract, work order estimate, board resolution, or similar document.
- PROCEDURES:
- A. The vice president may approve expenditures for all items included in the approved budget except for the following:
 - 1. Any budgeted item over \$250,000.
 - 2. Any consulting contract over \$10,000.
 - 3. Any item that needs President and Chief Executive Officer ("President and CEO") and/or Board of Directors ("Board") approval per EKPC's Board policies.
 - 4. Any expenditure \$5,000 more than the approved budget.
 - B. The vice president may approve any non-budgeted expenditure up to \$25,000 except for the following:
 - 1. Seminars and conferences.
 - 2. Any item that needs President and CEO and/or Board approval per EKPC's Board policies.
 - C. The process manager may approve expenditures for requisitions, purchase orders, and invoices as appropriate and as included in the approved budget up to and including \$50,000.

- D. The process manager may approve non-budgeted expenditures for requisitions, purchase orders, and invoices as appropriate up to and including \$5,000.
- E. The supervisor may approve expenditures for requisitions, purchase orders, and invoices as appropriate and as included in the approved budget up to and including \$10,000.
- F. The supervisor may approve non-budgeted expenditures for requisitions, purchase orders, and invoices as appropriate up to and including \$1,000.
- G. Fuel and lime procurement shall be in accordance with Board Policy 403.
- H. The vice president may approve all items which, in his judgment, are vital to effect unanticipated emergency maintenance, repairs, or similar emergency situations, with all such items being reported to the President and CEO as soon as practical.
- I. A monthly exception report of all non-budgeted items over \$1,000 approved by the vice president, and all budgeted items exceeding budget by 25% and at least \$1,000 more than the approved budget, will be developed and distributed to the President and CEO and the vice president. The vice president shall obtain a budget code number for the expenditures, budgeted or non-budgeted.
- J. The vice president shall report to the President and CEO on services to be provided, the work accomplished, and the fees received by all consultants.
- K. To direct the day-to-day operations and activities of EKPC, except as specified otherwise by Board policies, the vice president is authorized to further delegate his authority to any level of management within the business unit, and specified non-management personnel for local purchase orders only in accordance with Administrative Policy A019, with full recognition that he cannot be relieved of his overall responsibility or any portion of his accountability.

- L. Once a purchase or project has been budgeted and approved at the appropriate level per policy, all subsequent cash disbursements may be approved by the individual(s) responsible.

RESPONSIBILITY: President and CEO
Vice Presidents
Process Managers
Supervisors

RELATED POLICIES: Administrative Policy A019

APPROVED BY: _____
President and Chief Executive Officer

DATE ADOPTED: March 25, 1981

REVISION DATES: February 16, 1987
June 8, 1993
September 27, 1993
December 6, 1994
September 17, 1999
March 19, 2002
August 13, 2002

EAST KENTUCKY POWER COOPERATIVE

POLICY NO. 102

JULY 6, 1979

FUNCTIONS OF THE BOARD OF DIRECTORS

I. OBJECTIVE

To clearly describe the major functions of the Board of Directors ("Board"), to develop an increased understanding of these responsibilities and authorities, and to define the Board's accountability.

II. CONTENT

A. To establish and maintain legal entity with respect to:

1. Seeing that the legal requirements, as set forth in the Articles of Incorporation, the Bylaws, and other regulations applying to East Kentucky Power Cooperative ("EKPC"), are complied with regularly including, but not limited to:

- a. All federal, state, and local statutes and ordinances.
- b. Rural Utilities Service ("RUS"), National Rural Utilities Cooperative Finance Corporation ("CFC"), and other lending agencies and bondholders.
- c. Federal and state tax and regulatory agencies and commissions.

The Board shall require periodic reports that all applicable policies and procedures of lending, regulatory, and other agencies are being complied with so as not to adversely affect the financial structure and stability of EKPC.

- 2. Selection and appointment of legal counsel to the Board based on the recommendation of a Board committee.
- 3. Studying, considering, and approving revisions and other change in the Bylaws, as necessary or required.
- 4. Reviewing and approving all major legal contracts such as wholesale power contracts, construction contracts, and all loan applications.
- 5. Approving applications for membership, if applicable.

6. Seeing that complete and accurate minutes of Board, Board committee, and member meetings are prepared, maintained, and distributed. Meeting minutes will be taken by a recording secretary, and reviewed by the President and Chief Executive Officer ("President and CEO") and General Counsel before appropriate distribution.
 7. Seeing that each member system annually nominates its Director and alternate Director to be elected by the membership at EKPC's annual meeting. The Director must be a Director of the member system and the alternate may be the Manager or another Director of the member system. In the absence of the Director, the alternate may vote.
- B. To act as trustees of membership interests with respect to:
1. Conducting well-planned membership meetings to adequately inform the members, obtain their ideas and suggestions, develop leadership among the members, and to promote understanding and acceptance of EKPC's objectives, goals, policies, plans, and programs.
 2. Keeping as well informed as possible about changing member needs and how EKPC might meet these needs on a viable financial basis.
 3. Informing the members of the end results of the various operations through newsletters and other publications, annual reports, and membership meetings.
 4. Being familiar and complying with Board policies and the Bylaws of EKPC, as amended from time to time.
 5. Keeping informed and growing in their own skills and understanding as Board members and arranging for a systematic program to keep the Board growing in its abilities.
 6. Assisting new Board members to develop a greater understanding of EKPC and their basic responsibilities and authorities. Arranging for an orientation for new Board members and Managers of member systems on EKPC's objectives, plans, policies, and programs.
 7. Participating in such outside activities as deemed advantageous to enhance the prestige of EKPC, strengthen EKPC's operations, and fulfill the member and public obligations of EKPC as a service to its members, the communities served by its members, and the state as a whole.

8. Seeing that a continuous program of member, public, and governmental relations is carried out to obtain understanding and support for EKPC's objectives, policies, plans, and programs.
9. Keeping the members informed of problems faced by EKPC, which require their support, and of the need for changes, which affect them. Keeping the members advised of the long-range outlook on power costs and on the need for adjustments in wholesale power rates.
10. Encouraging the active participation of the members in planning and carrying out of programs, which affect them. This includes having quarterly member system managers meetings and having member system managers serve on Board committees.
11. Protecting the assets of EKPC, and seeing that adequate insurance coverage's are provided.
12. Protecting the assets of EKPC by making sure that the policies, regulations, and mortgages of RUS, CFC, and other lending agencies are completely complied with. The President and CEO shall report to the Board periodically that this is being done.
13. Selecting and appointing annually by the October Board meeting the independent financial auditors, based on a recommendation of a Board committee.
14. Making sure that the officers, the President and CEO, and other employees are bonded in accordance with bonding requirements for similar corporations and the amount of authority delegated to these positions.
15. Determining depositories for funds of EKPC and those authorized to sign checks, drafts, notes, contracts, deeds, mortgages, and other instruments on behalf of EKPC.
16. Holding well-planned and effectively conducted Board meetings often enough to keep well informed, to provide needed policies, facilities, financing, and to assure desired results. The agenda for such meetings shall be developed by the President and CEO, in consultation with the Board Chairman, and the agenda should be mailed five days in advance of the Board's meeting with the necessary supporting information and financial reports. The Board may also, from time-to-time, hold informal Director retreats for the sole purposes of sharing ideas and information concerning

the business affairs of the Cooperative.

17. Establishing policies governing the investment of funds of EKPC and the use, which can be made of such investments.
 18. Establishing policies governing the payment of travel, out-of-pocket and other expenses of Directors and employees.
 19. Approving the appointment of EKPC's principal consultants, contracts and agreements for their services, and making sure policies and regulations of all lending agencies are fully complied with.
 20. Seeing that basic policies are developed for large purchases of materials and supplies and major purchases of equipment, vehicles, land, etc., and to ensure that all policies and procedures of lending agencies are complied with and that major purchases are done competitively.
- C. To consider and adopt short and long range plans with respect to:
1. Determining the ideas, viewpoints, objectives, major goals, and end results desired through interpretation of the Articles of Incorporation and the Bylaws.
 2. Determining, in consultation with the President and CEO, the guiding policies of EKPC and seeing that these policies are reviewed at least annually to make sure they meet changing operating conditions and comply with all policies, procedures, and regulations of lending, regulatory, and administrative agencies.
 3. Reviewing and approving broad operating programs, services, and activities developed and recommended by the President and CEO and taking into account the cost/benefit of such recommendations and the financial condition of EKPC to provide these programs and services.
 4. Reviewing and approving the annual work plans and budgets in terms of achieving the desired end results in the operation of EKPC and providing the best possible service to the members.
 5. Considering and adopting, in consultation with the President and CEO, broad personnel and Wage and Salary policies essential to provide opportunities for growth and development of employees, including annually any revisions to the Wage and Salary plans and the wage adjustment.

6. Considering and adopting, in consultation with the President and CEO, financial plans and policies essential to maintaining a sound financial structure for EKPC.
 7. Determining, in consultation with the President and CEO, policies for maintaining good member, public, and governmental relations and programs for community and economic development, load management, and energy conservation.
 8. Considering and approving long and short range plans to ensure an adequate and reliable supply of power at the most reasonable cost for EKPC members.
- D. To provide operating requirements with respect to:
1. Authorizing the monies, facilities, and equipment necessary to carry out the objectives of EKPC. The Board delegates to the President and CEO all purchasing within the limitations of the budget and established policies of the Board and within the policies and regulations of the lending agencies.
 2. Establishing committees, when necessary, and receiving reports and recommendations from the special or standing committees, and taking appropriate action as a result of such reports. The functions of such committees should be in writing and reviewed annually by the Board to determine if any revisions should be made in the functions of the committee.
 3. Selecting and employing a capable President and CEO, who is delegated the total responsibility and authority to select and direct all personnel, and to terminate their employment when necessary, all within the limitations of the Board policy.
 4. Delegating to the President and CEO the authorities and responsibilities as described in the written Statement of Delegations approved by the Board.
 5. Advising the President and CEO, upon his request, in regards to specific managerial decisions, which are his delegated responsibility to make, and for which results he is to be held responsible.
 - a. The Board shall avoid making decisions or giving instructions to the President and CEO when it is giving advice.

Board, with a report to the Board on the results of the appraisal and any recommended salary adjustment.

5. Conducting at least every four years a self-appraisal of the Board, with or without outside consulting assistance, and holding discussions on the growth and development of the Board and how the Board can more effectively carry out its major functions.

III. RESPONSIBILITY

- A. The Chairman of the Board shall see that these functions are effectively carried out.

Amended: 10-14-80

Amended: 02-15-94

Amended: 03-10-81

Amended: 12-06-94

Amended: 01-11-83

Amended: 12-09-86

Amended: 12-08-87

Amended: 02-02-88

Amended: 03-13-90

Amended: 04-10-90

Amended: 06-09-92

Amended: 04-13-93

Amended: 08-03-93

**Competitive Research &
Analysis Solutions.**



**Investigation of Peabody Energy's Power
Generation Projects**

September 6, 2006

Prepared for: East Kentucky Power Cooperative

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Borska Group Proprietary Information

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Background

Peabody Energy is the world's largest private sector (non-government owned) coal producer. Based in St. Louis, MO, Peabody had revenues exceeding \$4.6 Billion for 2005, showing significant top line as well as bottom line growth over the course of the last 5 years. Its growing financials reflect the significant increases in the market price for coal and its prospects look bright given the growing interest of many participants in the US power business to develop coal-fired new-build projects. While long a significant fuel supplier to US utilities and power generators, Peabody has, as part of its longer term growth and risk mitigation strategy to embark on what it refers to as a "Btu conversion strategy." Key to this Btu conversion strategy is two mine mouth power plant projects, developed as independent or merchant projects. One project, located in Illinois, is known as Prairie State, and the other, located in Kentucky, is known as Thoroughbred. Both of these projects have been mired in the permitting stage for several years, but recent developments suggest one if not both of these projects are likely to soon move forward to the construction phase.

According to various press reports, Peabody has sold a significant ownership stake in *Prairie State*, retaining only a minority ownership, to various utility cooperatives and municipal power utilities. According to a June 13th Business Week article, the buyers will receive 30-year coal supply contracts with Peabody. Reported investors in *Prairie State* include Wolverine Power Cooperative, Wisconsin Public Power, the City of Columbia, MO, the Missouri Joint Municipal Electric Utility Commission, the Indiana Municipal Power Agency, and Soyland Power Cooperative. In a March 30, 2006, article in the St. Louis Post Dispatch, a Peabody spokesman was quoted as saying *"We are essentially oversubscribed for those seeking equity participation and offtake power."* According to this same article, one of the equity owners will not only take a 20% stake in the plant but will operate the plant as well. Just last week on August 25, 2006, the US EPA's Environmental Appeals Board affirmed the air permit for the *Prairie State* project. Construction will reportedly begin by year-end 2006 and Peabody has stated they estimate a 4 year construction period, suggesting the plant will be placed in commercial operation sometime near the end of 2010.

While the trade and business press has reported frequently on the status and transactions associated with the *Prairie State* project, we have not found similar information published about the *Thoroughbred* project. *Thoroughbred*, located in Muhlenberg County, Kentucky has very a controversial history having been the subject of the longest running permit appeal in Kentucky state history. Peabody initially filed for the air permit on the *Thoroughbred* plant in April 2001 and Kentucky issued the permit in October 2002. Shortly thereafter in November of 2002, the US EPA, along with several environmental groups and individual interveners, filed a permitting appeal to block the permit on the grounds that the state environmental permit did not take into consideration appropriate BACT technologies, and was too vague. In August 2005, the Kentucky Division of Air Quality determined that the permit did not take into account modern "clean coal technologies," neglected pollution controls and was too vague to be enforced and retracted the permit. But in April 2006, apparently under pressure from various state and local politicians, including members of the Kentucky Congressional delegation, the Kentucky Environmental and Public Protection Cabinet Secretary countermanded the decision of the DAQ and denied the appeal, affirming the air permit. It is our understanding that certain of the intervening parties have challenged this decision, filing suit in the Kentucky state courts. Nonetheless, Peabody has publicly stated that affirmation of the air permit will allow them to move forward with the *Thoroughbred* project. Peabody has also stated they estimate that *Thoroughbred* will be completed and placed in service by 2013.

Given the events to date surrounding these two Peabody projects, East Kentucky Power Cooperative (EKPC) believes that the *Prairie State* project in Illinois has both a greater likelihood of moving forward with an earlier completion date than *Thoroughbred*. Nonetheless, EKPC is interested in assessing the opportunity to participate in the *Thoroughbred* project, potentially providing operating expertise/services in exchange for an off-take agreement and/or a long term coal supply agreement, similar to what Peabody sought for the *Prairie Island* project. However, before determining whether and how to structure such a proposal to Peabody, EKPC

Borska Group Proprietary Information

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wants to assemble intelligence about the Peabody projects and gain better insight on Peabody's internal capabilities and situation. In this proposal, the Borska Group outlines an information gathering and intelligence creation scope of work to assist EKPC with its assessment of the Peabody opportunity.

Project Objectives and Scope of Work

The objective of this project is to produce intelligence about Peabody Energy's power generation projects Prairie Island and Thoroughbred and about Peabody Energy's internal capabilities related to power plant operations, wholesale electricity marketing. This intelligence is intended to support EKPC's decision to develop a proposal to Peabody to participate in the Thoroughbred project and support determination of key elements of that proposal. Keeping in mind EKPC's interests, we propose to investigate the following issues relative to Peabody Energy capabilities, and issues specifically related to the Prairie Island and Thoroughbred projects:

Peabody Energy Capabilities

- ❖ What are Peabody Energy's in-house power plant operations capabilities?
- ❖ Besides its Sr. VP of Generation, Rick Bowen, who came from Dynegy, where he was EVP for Marketing and Trading, what kind of internal expertise does Peabody have in power marketing? Have they or do they plan to assemble a power marketing team?
- ❖ Who are the key Peabody project management staff associated with Prairie Island and with Thoroughbred?

Prairie Island Project Status

- ❖ Given the August 25th announcement, what are Peabody's plans for initiating construction on Prairie State? Will they proceed with Fluor Daniel as their EPC as reported in the local press or is Burns & McDonnell? What do they currently estimate their in-service date to be?
- ❖ Who are the non-Peabody equity investors in the Prairie Island project? Do the agreements include coal supply and plant off-take? What are the basic terms and conditions of their ownership agreement?
- ❖ Has Peabody developed an operating services agreement with one of the project equity owners as reported in the press? With whom and what are the basic terms of the agreement? Does it also include plant maintenance?

Thoroughbred Project Status

- ❖ Is there any current legal challenge to the air permit decision made by Kentucky in April 2006? Does Peabody anticipate any further litigation? How has the threat of litigation impacted the project status and schedule? Is the project in any jeopardy? What is Peabody's estimated in-service date for the Thoroughbred project?
- ❖ Has Peabody either formally or informally solicited (or received unsolicited) equity investors in the Thoroughbred project? Who? If they have not, when do they anticipate soliciting other stakeholders? Do they plan to structure agreements similar to those negotiated for Prairie Island?
- ❖ Has Peabody selected an EPC firm or negotiated an owner-operator agreement for the Thoroughbred project? Will the operating services agreement include plant maintenance?

Borska Group Proprietary Information

Research Approach & Methodology

To complete the scope of work as outlined in this proposal, we will perform primary research in the form of telephone interviews with appropriate individuals who are likely to have the knowledge we seek. The interviews we conduct are not scripted, nor do they rigidly follow a prescriptive format. Instead, they are conducted in a free discussion format allowing us to engage sources in a conversation about the areas where they have experience and knowledge. *During these interviews, we will not reveal the fact that we are working on behalf of East Kentucky Power Cooperative. However, we will conduct ourselves in a completely legal and ethical manner.*

We expect to contact a range of sources in the course of this effort including target company [Peabody Energy] sources, state and local economic development agencies in Kentucky and Illinois; state environmental permitting agencies in Kentucky and Illinois, publicly reported Peabody equity partners in the Prairie Island project, other relevant stakeholders. We will document all substantive interviews in written form and these written narratives will constitute a project deliverable.

Deliverables

We will produce a written report of our findings no later than September 11, 2006. The report will be developed in a bullet point format and will include conclusions and recommendations.

We will also provide EKPC with any relevant reports, collateral material, photographs, or other items we obtain during our work.

Schedules, Fees, Terms & Conditions

The Borska Group is pleased to submit a firm fixed price (FFP) proposal for the sum of **\$9,000.00USD** for competitive intelligence collection and analysis services in accordance with the statement of work as described in this proposal.

1. **FEES FOR SERVICES:** The basis of the fees for services provided under this Agreement are firm fixed price and are estimated based on the scope of work as defined in the body of this Agreement, unless specified elsewhere in this Agreement.
2. **PAYMENT TERMS:** East Kentucky Power Cooperative, hereinafter referred to as "Client" is required to pay the Borska Group 20% of the contracted price upon execution of this Agreement. Excepting invoices that are due upon execution of this Agreement, all fees shall be paid within thirty (30) days of invoice date. In addition to the fees for services separately listed above, Client shall reimburse the Borska Group for all reasonable travel and living expenses incurred in rendering all services. Expenses will be billed at cost and are due upon receipt of our statement. Reasonable expenses include airfare (full coach airfare for domestic US travel, business-class airfare for international travel), lodging, meal and transportation expenses, materials and document preparation and delivery, and similar expenses. We do not bill for postage, administrative work, telephone, or related expenses. After notice, past due amounts owing from Client shall bear interest at the rate of 10% per month. Customer shall reimburse the Borska Group for all reasonable costs incurred (including reasonable attorneys' fees) in collecting past due amounts owed by Client. Alternatively, the Borska Group may, at its sole option, suspend Client's service if Client is more than 30 days past due in the payment of fees incurred pursuant to this Agreement. **Client shall** pay for all services, consistent with the agreed upon Statement of Work. All payments shall be in U.S. Funds.

Borska Group Proprietary Information

3. **INTELLECTUAL PROPERTY RIGHTS:** All practices, methods, and forms used in part or in whole are the sole intellectual property of the Borska Group. The work product produced as a result of this project is the sole intellectual property of the EKPC.
4. **LIMITATION OF LIABILITY:** The Borska Group's total liability for any Service provided pursuant to or arising out of this Agreement, including but not limited to liability arising out of, resulting from or in any way related to contract, tort, breach of warranty, intellectual property infringement or otherwise, shall not in any event exceed the total fees paid by Client with respect to this Agreement. The Borska Group shall not be liable for loss of profits, indirect, special, incidental, or consequential damages. This provision shall survive the termination of this Agreement or any amendment thereto.
5. **FORCE MAJEURE:** Neither party will be responsible for any failure to perform hereunder due to unforeseen circumstances or due to causes beyond the non-performing party's reasonable control, including, without limiting the generality of the foregoing, acts of God, war, riot, embargoes, acts of government, catastrophe, fire, flood, accidents, strikes, shortages of transportation, fuel, energy, labor or material acts of a public enemy.
6. **GENERAL PROVISIONS:**
 - a. **Assignment:** Neither party hereto shall be entitled to assign that party's rights and obligations under this Agreement without the express written agreement of the other party, such agreement not to be unreasonably withheld.
 - b. **Severability:** Any provision of this Agreement which is prohibited by law or is unenforceable will be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.
 - c. **Enurement:** This Agreement will enure to the benefit of and be binding upon the parties and their respective successors and assigns. **Modification:** This Agreement may not be modified except in writing by an authorized signatory of each party.
 - d. **Non-Solicitation:** The parties agree that during the term of this Agreement, and for a period of two (2) years thereafter, they will not, without the express prior written consent, *directly or indirectly*, solicit any person for employment, who is currently employed by the other party. In addition, any person who has been previously employed by either party shall be prohibited from servicing or providing consultation within the scope of work contemplated by this Agreement for a minimum of two (2) years after their current employment.
 - e. **Notification:** All notices under this Agreement shall be in writing and delivered by overnight delivery service or certified mail, return receipt requested, to the address specified below or secured email with acknowledgement of receipt. Either party may change its address by providing notice in accordance with this Section.
 - f. **Change Orders & Project Validity:** Any changes to the scope, timeframe, deliverables, or fees associated with this project must be agreed to in writing, using the attached Change Order Clause. The approach and fees quoted in this proposal are valid until **September 2, 2006**. Both the Borska Group and East Kentucky Power Cooperative each other immediately of any unforeseen changes, new developments, or other issues which impact and influence this project so that we can both adjust accordingly. We will accommodate each other's unexpected scheduling conflicts and agree to err on the side of over-communication to keep each other abreast of all significant developments.
7. **GOVERNING LAW:** The Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts. This Agreement shall attorn to the jurisdiction of a competent court within a mutually agreed upon county in the Commonwealth of Massachusetts.

Borska Group Proprietary Information

CONFIDENTIAL
C-27

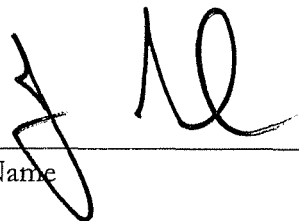
Acceptance

The signatures below indicate acceptance of the details, terms, and conditions in this proposal, and provide approval to begin work as specified. Alternatively, your payment indicates full acceptance, and will signify approval to begin.

Approved By:

Accepted for EKPC by:

Diane L. Borska
President
The Borska Group, Inc.



Name

Date

9/6/06

Date

Change Order Clause

1. Description of Change in Project Scope, Deliverables, Timeframe, Etc.
2. Revised Fee

Approved By:

Accepted for _____ by:

Paul M. Wyman
Principal
The Borska Group, Inc.

Date

Date

Borska Group Proprietary Information

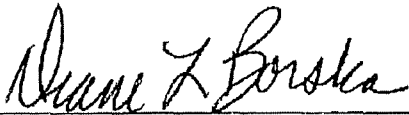
CONFIDENTIAL

Acceptance

The signatures below indicate acceptance of the details, terms, and conditions in this proposal, and provide approval to begin work as specified. Alternatively, your payment indicates full acceptance, and will signify approval to begin.

Approved By:

Accepted for East Kentucky Power by:



Diane L. Borska
President
The Borska Group, Inc.

9/6/06
Date

Name

Date

FUNDING AUTHORIZATION

East Kentucky Power Cooperative (EKPC) retains Christensen Associates Energy Consulting LLC (CA Energy Consulting) to perform consulting services. The services will focus on assessment of the secondary impacts on the regional economy of Kentucky that result from the construction of a coal-fired generator station/unit in the state. The assessment will be provided in a brief study report. The consulting work involves research and quantitative analysis, and will utilize inputs and data as provided by EKPC. The project work is to commence immediately, and is scheduled for completion by October 25, 2005.

The funding authorization amount is \$10,000. Under the auspices of this authorization, EKPC agrees to remit monies, up to \$10,000, to CA Energy Consulting for the rendering of the services defined above. CA Energy Consulting will provide invoices monthly, and EKPC agrees to remit monies within thirty days following the receipt of the invoices.

Authorized Signature:  Date: 10/6/05

James Lamb
Manager of Market Research
East Kentucky Power Cooperative
4775 Lexington Road
Winchester, Kentucky 40392

EKPC - BSR

FUNDING AUTHORIZATION

East Kentucky Power Cooperative (EKPC) requests Christensen Associates Energy Consulting LLC (CA Energy Consulting) to provide a long-term outlook of regional electricity prices for the upper midwest region with a focus on the ECAR area over the 2025 timeframe. The regional outlook will incorporate updates for generation capacity additions, primary fuel prices, electricity demand, and generation reserves, and will also include wind power and transmission congestion impacts where relevant.

The development and completion of the forecast outlook is on an expedited schedule, and is to be delivered during the first week of December, 2005. EKPC agrees to compensate CA Energy Consulting for all resources that it expends in providing the above services.

The funding authorization is for an amount not to exceed \$27,000 for consulting services plus any and all costs for the acquisition of generation, fuel price, and load data. The costs of data are expected to be less than \$3,000. Under the auspices of this authorization, EKPC agrees to remit monies to CA Energy Consulting within thirty days following receipt of an invoice.

Authorized Signature: _____

Date: _____


James Lamb

Manager of Market Research
East Kentucky Power Cooperative
4775 Lexington Road
Winchester, Kentucky 40392

EKPC-ECAR

MUTUAL NON-DISCLOSURE AGREEMENT
Between
CHRISTENSEN ASSOCIATES ENERGY CONSULTING, LLC
And
East Kentucky Power Cooperative

THIS AGREEMENT ("Agreement") is made between CHRISTENSEN ASSOCIATES ENERGY CONSULTING, LLC ("CA Energy Consulting"), a Wisconsin limited liability company, and EAST KENTUCKY POWER COOPERATIVE (Collectively "EKPC" or, "Party") effective as of May 18, 2006.

Each party possesses and will continue to possess certain information that has been created, discovered, developed or otherwise become known to such party, and is treated by it as confidential and proprietary. CA Energy Consulting has been engaged by EKPC to provide consulting services related to generator unit data and analysis ("Business Purpose"). In connection with the Business Purpose, each party has disclosed or intends to disclose certain confidential, proprietary or trade secret information to the other party. Each party wishes to preserve for the other the confidential, proprietary and trade secret nature of the information and documents that will be furnished. Therefore, in consideration of the foregoing, the parties agree as follows:

1. **Definitions.** "Confidential Information" means nonpublic information that the disclosing party designates as being confidential or which, under the circumstances surrounding disclosure ought to be treated as confidential. Confidential Information includes, without limitation, processes, data, computer programs, information relating to released or unreleased disclosing party software or hardware products and documentation, know-how, developments, designs, algorithms, techniques, strategies, marketing plans, business opportunities, forecasts, unpublished financial statements, projections, licenses, prices, customer and supplier lists, employee rosters, information received from others that disclosing party is obligated to treat as confidential, and any other information of a similar nature not generally available to the public, whether oral, written, or in machine readable form, and whether or not expressly marked "Confidential" or "Proprietary." Confidential Information disclosed to the receiving Party by any disclosing Party or its subsidiary and/or agent is covered by this Agreement. Confidential Information shall not include information that: (i) is or becomes generally known or available by publication, commercial use or otherwise through no fault of the receiving party; (ii) is known and has been reduced to tangible form by the receiving Party at the time of disclosure and is not subject to restriction; (iii) is independently developed or learned by the receiving Party; (iv) is lawfully obtained from a third party that has the right to make such disclosure; or (v) is made generally available by the disclosing Party without restriction on disclosure.
2. **Permitted Use.** Any Confidential Information of the other party disclosed pursuant to this Agreement shall be used only for the purpose related to the Business Purpose and for no other purpose.

EV PA - REC

3. **Limited Distribution.** Each Party (a) will hold the other Party's Confidential Information in strict confidence, (b) will not disclose the Confidential Information to any third parties without the written consent of the other Party, and will take all reasonable steps to prevent such disclosure, which steps will include at least the same degree of care and security precautions that such Party uses to protect its own confidential information of like kind; and, (c) will only use or disclose such Confidential Information within the Party's own organization on a need-to-know basis. Each Party shall use all reasonable efforts to prevent disclosure of the Confidential Information to third parties by any employee or agent of, or consultant to, either Party, including, without limitation, efforts fully commensurate with those employed by the Party for the protection of each Party's own confidential information. Each Party shall be responsible for any breach of any provision of the Agreement by such Party's affiliates, partners, directors, officers, employees, agents, and advisors.
4. **No License.** The Parties acknowledge no ownership or license rights of any sort are granted in any Confidential Information as a result of the disclosure of Confidential Information to the other Party.
5. **Return and Destruction.** Upon the completion of the Business Purpose with respect to which any Confidential Information was disclosed, or upon the written request of the disclosing Party, the receiving Party will promptly return to the disclosing Party all tangible items containing or consisting of the disclosing Party's Confidential Information and all copies thereof, and shall not retain any copies, extracts or other reproduction of such Confidential Information. Furthermore, upon written request of the disclosing Party, the receiving Party shall destroy all documents, notes, compilations, studies and other writings including copies or other reproductions thereof (electronic or otherwise), prepared by the receiving Party or their agents, based upon the Confidential Information, and the destruction shall be certified in writing by an authorized officer of or counsel to the receiving Party. The Parties shall make no further use or disclosure of any such Confidential Information, and shall continue to observe the confidentiality requirements of this Agreement.
6. **Term.** The receiving Party's duty to protect Confidential Information disclosed under this Agreement expires on May 17, 2009.
7. **Independent Development.** The terms of confidentiality under this Agreement shall not be construed to limit either Party's right to independently develop or acquire products or services without use of the other Party's Confidential Information.
8. **Remedies.** Each Party acknowledges that the unauthorized disclosure or use of the disclosing Party's Confidential Information may cause irreparable harm and significant injury to the disclosing Party, the degree of which may be difficult to ascertain. Accordingly, each Party agrees that the disclosing Party will have the right to seek an immediate injunction enjoining any breach of this Agreement by the receiving Party, its employees or agents, as well as the right to pursue any and all other rights and remedies available at law or in equity for such breach.

- 9. **Miscellaneous.** This Agreement states the entire agreement between the parties with respect to the treatment and handling of Confidential Information. This Agreement shall be binding upon, and shall inure to the benefit of both Parties and their successors, administrators, and assigns. If any portion of the Agreement is determined to be invalid or unenforceable, the remainder shall be enforceable to the maximum extent possible. Any modifications to this Agreement must be made in writing and must be signed by an authorized officer of both parties.
- 10. **Governing Law.** This Agreement shall be governed by and interpreted under the laws of the state of Wisconsin. In any lawsuit brought to enforce any rights arising out of or relating to this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

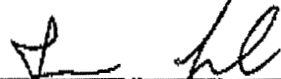
**CHRISTENSEN ASSOCIATES
ENERGY CONSULTING, LLC**
4610 University Avenue Ste 700
Madison, WI 53705-2164

OTHER PARTY:

Phone: 608.231.2266
Fax: 608.231.2108

Phone: 859 745 9310
Fax: 859 744 6008

By: 
signature

By: 
signature

Name: Dianne C. Christensen
print/type full name

Name: James Lamb
print/type full name

Title: President

Title: Vice President Coordinated Planning

Date: 5/22/06

Date: 5/19/06

Confidential and Proprietary—Not for Quotation or Distribution

Confidential and Proprietary Information. Any use of this material for purposes other than the evaluation of this statement of work is strictly prohibited. Information in this document may not be shared with any third party without the written consent of CA Energy Consulting.

STATEMENT OF WORK

Analysis of the Cost to Provide Reserve Services in 2010

for

East Kentucky Power Cooperative

by

CHRISTENSEN ASSOCIATES ENERGY CONSULTING, LLC

May 26, 2006

Introduction

Christensen Associates Energy Consulting, LLC (CA Energy Consulting) is pleased to assist East Kentucky Power Cooperative (EKPC) evaluate reserve services. This Statement of Work and accompanying project follows from our ongoing dialogue with EKPC on reserves and the recently proposed project work plan.

The proposed project assesses and evaluates the costs of reserves under different scenarios for the year 2010. Within the next few years, EKPC expects to bring online new coal-fired generation. This generation may significantly affect optimal strategies and costs of providing not only energy, but also regulation and spinning reserves. EKPC's Business Planning Unit would like to learn more about the cost of meeting reserve requirements in 2010.

The results of the proposed analysis can be used to assess ancillary service costs, estimate the benefits of operating flexibility, facilitate the development of ancillary service trading strategies, and address a variety of strategic resource planning issues such as whether EKPC can efficiently satisfy its reserve requirements through investment in a new fluidized bed coal unit.

Analysis Results and Deliverables

For the calendar year 2010, we will determine:

- Hourly, monthly, and annual costs of energy dispatch
- Hourly, monthly, and annual aggregate costs of regulating and spinning reserves
- Hourly, monthly, and annual costs of regulating reserves
- Hourly energy, regulation, and spinning reserve dispatch schedule
- Hourly *marginal costs* of energy, regulation, and spinning reserve

The analyses will be performed over a set of scenarios that cover a range of possible future exogenous conditions. By incorporating scenarios into the study design, the analysis results will help EKPC to discern the magnitude of the benefits of operating flexibility. For the defined scenarios, the analysis will estimate the increased value of operating flexibility as a consequence to incremental investment in generating units. *Incremental value resulting from investment in units will be shown as:*

- The differences, among scenarios, in the aggregate costs of regulating and spinning reserves
- The differences, among scenarios, in the costs of regulating reserves alone.

The analysis results and deliverables will be presented in a study report of modest length (10-15 pages) along with accompanying tables. The report will also specifically consider the following questions as permitted by time and budget constraints:

- How do EKPC's unit dispatch costs depend upon the regulating reserve capability of potential new generation investments?
- What prices would EKPC be willing to pay to purchase regulating and spinning reserve from MISO or from other utilities in 2010?
- Under what conditions, if any, should EKPC bring combustion turbine (CT) units online to provide reserve services? Would other dispatch strategies be preferable?
- What costs are imposed on the system by CT dispatch decisions that are motivated by reliability concerns?

Proposed Scenarios

The analysis may cover scenarios that vary along the following dimensions:

- Combinations of high, moderate, and low projections of the following input variables:
 - Primary fuel prices
 - Net loads of EKPC, after accounting for power imports and exports
 - Regional wholesale prices of energy, regulation, and spinning reserves.¹
- A planned circulating fluid bed (CFB) generator (Spurlock 4), with and without specified regulating reserve capability
- With and without an additional CFB generator (Smith 1) coming on line in March 2010

Analysis Method

Once the 2010 system data and other information requirements have been assembled, CA Energy Consulting will conduct an initial assessment, in order to gain an understanding of the common

¹ Estimates of reserve prices for forward years can potentially be determined by simulating competitive auctions of unbundled power markets, such as PJM. Alternatively, reserve prices can be culled from the OATT posted on the OASIS sites of transmission service providers.

dispatch patterns and constraints of EKPC's system. Knowledge and information regarding dispatch and constraints will then be used to select the relevant data for a scenario set, develop a heuristic-based unit commitment scheduler, and an hourly dispatch optimizer. The methodology will be used to determine EKPC's cost to meet:

- energy requirements only
- energy and spinning reserve requirements
- energy, regulating reserve, and spinning reserve requirements

For each defined scenario, the differences between these output variables will yield the incremental costs of regulating and spinning reserves. Differences across scenarios will illuminate the effects of uncertainty on future dispatch costs. The analysis could also identify particularly problematic scenarios that should be actively avoided.

Assumptions

In order to limit costs and assure computational tractability, the following assumptions underlie the proposed study approach:

- Transmission constraints will not play a role in commitment and dispatch schedules.
- A reasonable set of "day types" can be aggregated to represent the year 2010.
- Good commitment schedules can be ascertained through heuristic methods.²

Timeline

CA Energy Consulting will provide a draft report to EKPC approximately 17 business days after receiving all necessary data from EKPC. Thus, if EKPC provides all necessary data by May 26, CA Energy Consulting will provide a draft report for EKPC review on about June 19, 2006. The required data inputs are defined by our memorandum of May 15, 2006.

Budget

Reasonable responses to the questions posed can be developed for \$45,000. This budget is presented on a "time-and-materials not-to-exceed" basis.

² Here, "heuristics" means a simple set of rules which can be followed to suggest the optimal commitment for a given day type. Heuristics are used at the express exclusion of more complex commitment algorithms, e.g., Lagrangian relaxation.

Accepted and Agreed To:

Signature: _____

Print Name: James Lamb

Title: Vice President

Date: _____



East Kentucky Power Cooperative



Currently Cooper Research

CONTRACT FOR SURVEY RESEARCH SERVICES

THIS AGREEMENT is made this 17th day of January, 2002 by and between **IntelliStar, Division of Cooper Research, Inc.**, a corporation organized and existing under the laws of Ohio ("Contractor"), and **EAST KENTUCKY POWER COOPERATIVE, INC. ("EKPC")**, a corporation organized and existing under the laws of Kentucky ("Client").

WITNESSETH:

WHEREAS, the Contractor is engaged in the business of conducting survey research; and

WHEREAS, the Client wishes to engage the services of the Contractor to conduct survey research; and

WHEREAS, the Contractor is willing to provide such survey research services, and the Client is willing to purchase such services, upon the terms and conditions hereinafter provided.

NOW THEREFORE, the parties hereto mutually covenant and agree as follow:

Article I

Services

The Contractor hereby agrees to furnish all personnel, facilities, equipment, material, supplies and services and otherwise do all things necessary for, or incident to, the performance and providing of the following items of work:

(a) To conduct a research study in the manner and in accordance with the specifications set forth in Appendix A hereto;

(b) To prepare for the Client a data file (s) summarizing the information obtained from such study, as specified in Appendix A.

CONTRACT FOR SURVEY RESEARCH SERVICES
INTELLISTAR/EKPC

Page 2

Article II

Payments

(a) The Client agrees to pay to the Contractor for its services hereunder a total of \$ 7,650 (+ 10 %). Such amount shall be paid to the Contractor according to the schedule provided in Appendix A. It is understood that all payments are due and payable within 30 days of the date of invoice.

(b) In the event that the scope of the work to be performed by the Contractor under this agreement shall be mutually changed by the parties hereto, the above fee shall be appropriately increased or decreased to reflect such change.

(c) In addition to the agreed upon fee, Client shall compensate Contractor for the following out-of-pocket expenses which shall be documented by the Contractor: any travel expenses.

Article III

Limitation of Authority

The Contractor is and shall remain an independent contractor. Nothing in this Agreement shall constitute the Contractor as a joint venturer, agent or legal representative of the Client for any purpose whatsoever. This Agreement does not authorize the Contractor to execute any agreements, make any charges or incur or assume any obligations, liabilities or responsibilities or perform any other act in the name of or on behalf of the Client or to perform any act authorized herein other than in accordance with the terms and conditions specified herein.

Article IV

Confidentiality

(a) The Contractor shall treat all information received from the Client in the course of undertaking its responsibilities under this Agreement as confidential and shall not use such information for any purpose other than to fulfill its obligations under this Agreement. The Contractor shall exercise all reasonable diligence in an effort to cause such information to be retained in complete confidence and to prevent the use and disclosure thereof by its officers, employees, agents and subcontractors contrary to the terms of this agreement. The Contractor's obligation of confidentiality, however, shall not apply to information which, at the time of receipt by the Contractor, is in the public domain; information which is published after receipt thereof by the contractor or otherwise becomes part of the public domain through no fault to the contractor; information which the Contractor possessed at the time of receipt thereof from the Client, and was not acquired directly or indirectly from the Client; or information which the

CONTRACT FOR SURVEY RESEARCH SERVICES
INTELLISTAR/EKPC

Page 3

Article IV
Cont.

Contractor received from a third party who did not require the Contractor to hold it in confidence.

Article V

Assignment and Delegation

This Agreement is personal in character and shall not be assignable by either of the parties without the prior written consent of the other, except that the Contractor may delegate or subcontract to agents or independent contractors certain of its obligations under this Agreement in performing the study, provided that any such delegation or subcontracting shall not relieve the Contractor from any of its responsibilities to the Client under this Agreement.

Article VI

Governing Law

This Agreement shall be interpreted and construed in accordance with the laws and procedures of the State of Kentucky, as such laws and procedures shall from time to time be in effect.

Article VII

Notices

Any notices required or permitted to be given under this Agreement shall be deemed sufficiently given if mailed by registered or certified mail, postage prepaid, addressed to the parties to be notified at the following addresses:

TO CONTRACTOR:	Robert V. Miller, Ph.D. <hr/> IntelliStar/Cooper Research, Inc. <hr/> 8150 Corporate Park Dr. <hr/> Cincinnati, OH 45242 <hr/>
TO CLIENT:	Jim Lamb <hr/> Eastern Kentucky Power Cooperative <hr/> 4775 Lexington Road <hr/> Winchester, KY 40391 <hr/>

or at such other addresses as may be furnished in writing to the notifying party.

CONTRACT FOR SURVEY RESEARCH SERVICES
INTELLISTAR/EKPC

Page 4

Article VIII

Force Majeure

Except as otherwise provided in this Agreement, each party shall be excused for failures and delays in performance caused by war, civil war, riots or insurrections; laws, proclamations, ordinances or regulation of any federal, state or local government; or strikes, floods, fires, explosions or other disturbances beyond the control and without the fault to such party. Any party claiming any such excuse for delay or nonperformance shall give proper notice thereof to the other party.

Article IX

Limitation of Liability

In the event that Contractor does not or is unable to render any of the services provided for by this Contract for any reason whatsoever, the sole liability to the contractor shall be to refund to the Client that portion of the fee or the non-rendered service as may have been paid by the client to the Contractor. In no event shall the Contractor be responsible to the Client for any special or consequential damages by virtue of any non-performance hereunder.

Article X

Indemnification

The Contractor agrees to indemnify and hold harmless the Client and its officers, agents, employees and subcontractors against all claims against them for personal injury or wrongful death or property damage caused by contractor, officers, agents, employees, or subcontractor in the course of any travel required in performing the services defined by this Agreement and from all costs and expenses (including reasonable attorney's fees) and suits which may be brought against the Client, its officers, agents, employees and subcontractors on account of such personal injury or wrongful death or property damage.

CONTRACT FOR SURVEY RESEARCH SERVICES
INTELLISTAR/EKPC

Page 5

Article XI

Contractor's Insurance Obligation

Contractor shall provide and maintain, and shall require any subcontractor to provide and maintain, with an insurance company authorized to do business in the State of Ohio and otherwise acceptable to EKPC the following insurance:

(a) Workers Compensation and Employer's Liability Policy: Prior to the start of the Work, Contractor shall submit evidence of Contractor's Workers' Compensation and Employer's Liability Insurance policy, and each such policy shall include:

(1) Workers' Compensation and Worker's Occupational Disease Insurance in accordance with the laws of the State of Ohio.

(2) Employer's Liability with a minimum limit of One Million Dollars (\$1,000,000) each loss with respect to each accident.

(b) Commercial General Liability Policy: (The contractor will maintain insurance coverage as indicated in the attached certificate of insurance). Prior to the start of Work, Contractor shall provide evidence of Contractor's Policy providing Commercial General Liability Insurance, with combined single minimum limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each occurrence/aggregate and the following:

(1) Said policy shall name EKPC as an additional insured to the extent necessary to fulfill Contractor's indemnity obligations under Article 10 - Indemnity By Contractor.

(2) Said policy shall include an endorsement providing that the underwriter(s) have waived their rights of subrogation against the EKPC and EKPC's insurance carrier(s).

(c) Commercial Automobile Liability Insurance: (The contractor will maintain insurance coverage as indicated in the attached certificate of insurance). Prior to the start of Work, Contractor shall provide evidence of Contractor's Commercial Automobile Liability Insurance Covering the use of all owned, non-owned and hired automobiles, with bodily injury and death with combined single minimum limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each occurrence/aggregate with respect to contractor's vehicles assigned to or used in performance of Work under this Contract. Said policy shall name EKPC as an additional insured to the extent necessary to fulfill Contractor's indemnity obligations under Article 10 - Indemnity By Contractor. Said policy shall include an endorsement providing that the underwriter(s) have waived their rights of subrogation against EKPC and EKPC's insurance carrier(s).

CONTRACT FOR SURVEY RESEARCH SERVICES
INTELLISTAR/EKPC

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Implication of Insurance

EKPC shall not be obligated to review any of Contractor's Certificates of Insurance, insurance policies, or endorsements, or to advise Contractor of any deficiencies in such documents. Any receipts of such documents or their review by EKPC shall not relieve Contractor from or be deemed a waiver of EKPC's rights to insist on strict fulfillment of Contractor's obligations under the Contract.

Other Notices

Contractor shall provide notice of any accidents or claims at the Work site to EKPC's Manager, Business Insurance at the address below, and EKPC'S site authorized representative.

ATTN: Manager, Business Insurance
Eastern Kentucky Power Cooperative, Inc.
P.O. Box 707
Winchester, KY 40392-0707

This entire insurance clause (Article XI) is limited to instances associated with travel by the Contractor in the course of providing services for the Client under the terms of this agreement.

CONTRACT FOR SURVEY RESEARCH SERVICES
INTELLISTAR/EKPC

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Article XII

Ownership and Storage

(a) The Client shall have ownership rights in the report (s) prepared by the Contractor.

(b) (1) If this research project is being conducted for the exclusive use by the Client, the Client shall have ownership rights to all results of this research whether or not these results have been specifically included in the report (s) to the Client.

(2) If this research project is being conducted by the Contractor as part of a syndicated research program designed for sale to more than one client, the Client's ownership rights are limited to the report (s) provided.

(c) The Client agrees that, prior to any public release of the study findings by it, the release will be presented to the Contractor for review and clearance as to accuracy and proper interpretation. If the study findings publicly disclosed by the Client are incorrect, distorted or incomplete in the Contractor's opinion, the Contractor shall have the right to make its own release of any or all study findings necessary to make clarification.

(d) Except as provided in paragraph (c) above, the Contractor shall make no public release or revelation of its study findings without the express prior written approval of the Client.

(e) Completed questionnaires in any form specifically produced for the study are and shall remain the property of the Contractor. All such questionnaires shall be stored by the Contractor for a period of 6 months after delivery of the report to the Client and may be destroyed by the Contractor after such period. If requested by the Client prior to the end of the specified period, the Contractor will continue to store such questionnaires beyond the specified time period and may charge the Client any additional expenses incurred by the Contractor in such storage. If the parties mutually agree, the questionnaires may be delivered to the Client provided that all respondent identification shall be removed and the Client shall be responsible for all packaging and shipping costs.

(f) Tabulating cards, computer tapes, discs and any other data record form are and shall remain the property of the Contractor. All such data records shall be stored by the Contractor for a period 5 years after delivery of the report to the Client and may be destroyed by the Contractor after such period. If requested by the Client prior to the end of the specified period, the Contractor will continue to store such data records beyond the specified time period and may charge the Client any additional expenses incurred by the Contractor in such storage. The Client shall be responsible for all charges and expenses in connection with the Contractor's producing duplicate tapes for Client use.

CONTRACT FOR SURVEY RESEARCH SERVICES
INTELLISTAR/EKPC

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Article XIV
Cont.

(f) This Agreement shall be binding upon the parties, their successors, assigns and transferees.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their respective corporate officers, thereunto duly authorized as of the day, month and year first above written.

ATTEST:

CONTRACTOR:

BY: Matthew Wenzel

BY: Robert V. Miller

ATTEST:

CLIENT:

BY: [Signature]

BY: [Signature]



Crowe Chizek and Company LLC
Member Horwath International

144 North Broadway
Lexington, Kentucky 40507-1229
Tel 859.252.6738
Fax 859.255.0733
www.crowechizek.com

April 22, 2005

Audit Committee
East Kentucky Power Cooperative, Inc.
P.O. Box 707
Winchester, KY 40392-0707

Attn: Mr. Wayne Stratton

Dear Mr. Stratton:

This letter confirms the arrangements for Crowe Chizek and Company LLC (Crowe Chizek) to provide the professional services discussed in this letter to East Kentucky Power Cooperative, Inc. (the Cooperative) for the year ending December 31, 2005. The attached Crowe Chizek Engagement Terms is an integral part of this letter, and its terms are incorporated herein.

AUDIT SERVICES

Our Responsibilities

We will audit and report on the consolidated financial statements, including supplementary consolidating information, of the Cooperative for the above year end. The documents we submitted to you will include the following additional information, as applicable to East Kentucky Power Cooperative, Inc., that will be subjected to the auditing procedures applied in our audits of the financial statements:

1. Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
2. Report on loan fund expenditures as required by the Cooperative Finance Corporation.

Our audit will be in accordance with auditing standards generally accepted in the United States of America, the standards for financial audits contained in *Government Auditing Standards* (GAGAS), issued by the Comptroller General of the United States, and *the Rural Utilities Service's (RUS) Policy on Audits of RUS Borrowers*, and will include tests of the accounting records of the Cooperative and other procedures we consider necessary to enable us to express an unqualified opinion that the financial statements are fairly presented. If our opinion is other than unqualified, we will fully discuss the reasons with you in advance. If for any reason, we

Mr. Wayne Stratton
April 22, 2005
Page 2

are unable to complete the audit, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit, we will not issue a report as a result of the engagement.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of the audit, we will also request certain written representations from you about the financial statements and related matters.

We will plan and perform the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement whether caused by error or fraud. Therefore, a material misstatement may remain undetected.

We will examine, on a test basis, evidence supporting the amounts and disclosures in your financial statements and evaluate the accounting principles used and the overall financial statement presentation. We will assess the risk that error or fraud might misstate the financial statements by an amount we believe would influence the financial statement users. An audit is not designed to detect error or fraud that is immaterial to the financial statements. Our opinion on the financial statements will state whether we believe that the financial statements present fairly, in all material respects, your financial position, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America.

An audit includes understanding internal control sufficient to plan the audit and to determine the nature, timing, and extent of the audit procedures to be performed but is not specifically designed to provide assurance on internal control or to identify reportable conditions. We will communicate, either orally or in writing, to the Audit Committee or senior management matters that come to our attention which, in our judgment, are significant deficiencies in internal control that could adversely affect your ability to record, process, summarize, and report financial data. We will also communicate suggestions we have to improve controls and business operations. Our engagement is not designed to address legal or regulatory matters, which matters should be discussed by you with your legal counsel.

We have provided you a copy of our most recent peer review report as an attachment to this letter in accordance with the requirements of GAGAS.

Mr. Wayne Stratton
April 22, 2005
Page 3

The Cooperative's Responsibilities

The Cooperative's management is responsible for the financial statements and for maintaining effective internal control that will, among other things, permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America.

Management has the responsibility to adopt sound accounting policies, maintain an adequate and efficient accounting system, safeguard assets, and devise policies to ensure that the Cooperative complies with applicable laws and regulations. Management's judgments are necessary and are typically based on its knowledge and experience about past and current events and its expected courses of action. Management's responsibility for financial reporting includes establishing a process to prepare the accounting estimates included in the financial statements and adjusting the financial statements to correct material misstatements.

Management is responsible for making available to us, on a timely basis, all financial records and related information and your personnel to whom we may direct inquiries. Management agrees to provide Crowe Chizek with certain written representations relating to matters contained in or related to the financial statements including that the effects of any uncorrected misstatements aggregated by us during the audit are immaterial, both individually and in the aggregate, to the financial statements. Because of the importance of management's representations to an effective audit, the Cooperative agrees to release Crowe Chizek and its personnel from any liability and costs relating to our services under this letter attributable to any misrepresentations by management.

You agree to submit to us copies of all printer's proofs or typed drafts of reports and documents to be sent to your shareholders, governmental authorities, or other third parties before filing or publication, if those reports contain our reports or refer to us. In addition, you agree to request our permission to use our report in any such documents.

In the event Crowe Chizek is requested pursuant to subpoena or other legal process to produce its documents or appear as witnesses pertaining to the Cooperative in judicial or administrative proceedings to which Crowe Chizek is not a party, the Cooperative will reimburse Crowe Chizek for its professional time, plus out-of-pocket expenses, including reasonable attorney fees incurred in responding to such request.

Mr. Wayne Stratton
April 22, 2005
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Compliance with RUS Policy

The Cooperative and Crowe Chizek acknowledge that the audit is being performed and the auditor's report, report on compliance and internal controls over financial reporting, and management letter is being issued in order to enable the borrower to comply with the provisions of RUS' security agreement.

The Cooperative and Crowe Chizek acknowledge that RUS will consider the borrower to be in violation of its security instrument with RUS if the borrower fails to have an audit performed and documented in compliance with GAGAS and 7 CFR Part 1773.

Crowe Chizek represents that Crowe Chizek meets the requirements under 7 CFR Part 1773 to be satisfactory with RUS.

Crowe Chizek will perform the audit and will prepare the auditor's report, report on compliance and on internal controls over financial reporting, and management letter in accordance with the requirements of 7 CFR Part 1773.

Crowe Chizek will document the audit work performed in accordance with GAGAS, the professional standards of the AICPA, and the requirements of 7 CFR Part 1773.

Crowe Chizek will make all audit related documents, including auditor's report, workpapers, and management letters available to RUS or its representatives (OIG and GAO), upon request, and will permit the photocopying of all audit related documents.

Crowe Chizek will follow the requirements of reporting fraud and illegal acts as outlined in §1773.9

Crowe Chizek will report all audit findings to the Board of Directors as required in §1773.20(b).

The auditor's report, report on compliance and on internal controls over financial reporting, and management letter with copies for transmittal to RUS, and supplemental lenders will be submitted to the Cooperative's Board of Directors within 90 days of December 31, 2005.

A copy of this letter must be available at the Cooperative's office for inspection by RUS personnel. One copy of this letter will be maintained in Crowe Chizek's workpapers or permanent file.

Mr. Wayne Stratton
April 22, 2005
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FEES

We will periodically invoice you for our services based on our progress, and our invoices are payable upon receipt. Our fee, exclusive of direct out-of-pocket expenses, will not exceed \$72,500, unless specifically arranged in advance and agreed to between you and our firm.

The fees for the preparation of the FAS 106 postretirement benefit valuation to be performed by Bryan, Pendleton, Swats and McAllister, LLC will be \$4,500 for a rollforward valuation.

This estimate takes into account the agreed-upon level of preparation and assistance from your personnel. We will advise management should this not be provided or should any other circumstances arise which may cause our time to exceed this estimate. These fees do not consider any time that might be necessary to assist management in the implementation or adoption of new or existing accounting, reporting, regulatory, or tax requirements that may apply. If there is a significant change in your organizational structure or size due to acquisitions or other events, we reserve the right to revise our fees.

Should you not pay your bill in full upon submission; a late payment charge at a rate of one percent (1%) per month will be imposed on the unpaid balance of your account, after thirty (30) days have passed from the date of our invoice. A late payment charge will be assessed every thirty (30) days thereafter, so long as any balance remains due. To avoid a late payment charge, you should pay your account balance in full before the thirty (30) day period elapses. If the account becomes ninety (90) or more days past due, we reserve the right to suspend all work.

* * * * *

This engagement letter and the attached Crowe Chizek and East Kentucky Power Cooperative, Inc. Engagement Terms reflect the entire agreement between us relating to the services covered by this letter. These agreements may not be amended or varied except by a written document signed by both parties. They replace and supersede any previous proposals, correspondence, and understandings, whether written or oral. The agreements of the Cooperative and Crowe Chizek contained in this engagement letter shall survive the completion or termination of this engagement. If any term hereof is found unenforceable or invalid, this shall not affect the other terms hereof, all of which shall continue in effect as if the stricken term had not been included. This agreement is governed by the internal laws of the State of Illinois.

Mr. Wayne Stratton
April 22, 2005
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If the terms of this letter and the attached Crowe Chizek Engagement Terms are acceptable to you, please sign and date below and return a copy of this letter at your earliest convenience. The execution of this letter by Crowe Chizek constitutes our acceptance of the attached East Kentucky Power Cooperative, Inc.'s Engagement Terms. If you have any questions, please contact me at (859) 280-5130.

Very truly yours,

Crowe Chizek and Company LLC

By: Stephen C. Jennings
Executive

I have reviewed the arrangements outlined above and in the attached Crowe Chizek Engagement Terms, and I accept on behalf of the Corporation the terms and conditions as stated.

East Kentucky Power Cooperative, Inc.

Signature: David G. Eames

Printed Name: DAVID G. EAMES

Title: V.P. Finance & Planning

Date: 5/13/05

Crowe Chizek Engagement Terms

We want you to understand the basis under which we offer our services to you and determine our fees, as well as to clarify the relationship and responsibilities between your organization and ours. These terms are part of our engagement letter and apply to all future services, unless a specific engagement letter is entered into for those services. We specifically note that no advice we may provide should be construed to be investment advice.

YOUR ASSISTANCE - For us to provide our services effectively and efficiently, you agree to provide us timely with the information we request and to make your employees available for our questions. The availability of your personnel and the timetable for their assistance are key elements in the successful completion of our services and in the determination of our fees. Completion of our work depends on appropriate and timely cooperation from your personnel; complete, accurate, and timely responses to our inquiries; and timely communication by you of all significant accounting and financial reporting matters of which you are aware. If for any reason this does not occur, a revised fee to reflect the additional time or resources required by us will be mutually agreed upon, and you agree to hold us harmless against all matters that arise in whole or in part from any resulting delay.

If circumstances arise that, in our professional judgment, prevent us from completing this engagement, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue other work product or withdrawing from the engagement.

CONFIDENTIALITY - We will maintain the confidentiality of your confidential information in accordance with professional standards. You agree not to disclose any confidential material you obtain from us without our prior written consent, except to the extent such disclosure is an agreed objective of this engagement. Your use of our work product shall be limited to its stated purpose and to your business use only. We retain the right to use the ideas, concepts, techniques, industry data, and know-how we use or develop in the course of the engagement. You agree to the use of fax, email, and voicemail to communicate both sensitive and non-sensitive matters.

CHANGES - We may periodically communicate changes in laws, rules, or regulations to you. However, you have not engaged us to and we do not undertake an obligation to advise you of changes in laws, rules, regulations, industry or market conditions, your own business practices, or other circumstances, except to the extent required by professional standards.

PUBLICATION - You agree to obtain our specific permission before using our report or our firm's name in a published document, and you agree to submit to us copies of such documents to obtain our permission before they are filed or published.

NO PUNITIVE OR CONSEQUENTIAL DAMAGES - Any liability of Crowe Chizek to you shall not include any special, consequential, incidental, punitive, or exemplary damages or loss nor any lost profits, savings, or business opportunity.

LIMIT OF LIABILITY - The provisions of this section establishing a limit of liability will not apply if, as determined in a judicial proceeding, we performed our services with gross negligence or willful misconduct. Our engagement with you is not intended to shift risks normally borne by you to us. With respect to any services or work product or this engagement in general, the liability of Crowe Chizek and its personnel shall not exceed the fees we receive for the portion of the work giving rise to liability. A claim for a return of fees paid shall be the exclusive remedy for any damages. This limitation of liability is intended to apply to the full extent allowed by law, regardless of the grounds or nature of any claim asserted. This limitation of liability shall also apply after termination of this agreement.

INDEMNIFICATION FOR THIRD-PARTY CLAIMS - The provisions of this section for indemnification will not apply if, as determined in a judicial proceeding, we performed our services with gross negligence or with willful misconduct. Our engagement with you is not intended to shift risks normally borne by you to us. In the event of a legal proceeding or other claim brought against us by a third party, you agree to indemnify and hold harmless Crowe Chizek and its personnel against all costs, fees, expenses, damages, and liabilities, including defense costs and legal fees, associated with such third-party claim arising from or relating to any services or work product that you use or disclose to others or this engagement generally. This indemnification is intended to apply to the full extent allowed by law, regardless of the grounds or nature of any claim asserted. This indemnification shall also apply after termination of this agreement.

RESPONSE TO LEGAL PROCESS - If we are requested by subpoena, other legal process, or other proceedings to produce documents pertaining to you and we are not a named party to the proceeding, you will reimburse us for our professional time, plus out-of-pocket expenses, as well as reasonable attorney fees we incur in responding to such request.

MEDIATION - In the unlikely event that a dispute arises out of this engagement and it cannot be settled through negotiation, you and we agree to try in good faith to settle the dispute by non-binding mediation administered by the American Arbitration Association under its mediation rules for professional accounting and related services disputes before resorting to litigation. Both parties shall share mediation costs equally.

JURY TRIAL - In the unlikely event that differences concerning our services or fees arise between us that are not resolved by mutual agreement or mediation, you and we agree to waive a trial by jury to facilitate judicial resolution and save the time and expense of both parties.

LEGAL AND REGULATORY CHANGE - The scope of services and the fees for the services covered by the accompanying letter are based on current laws and regulations. If changes in laws or regulations change your requirements or the scope of our work, you and we agree that our fees will be modified to a mutually agreed-upon amount to reflect the changed level of our effort.

AFFILIATES - Crowe Chizek and Company LLC (Crowe Chizek) is a member of Horwath International Association, a Swiss association (Horwath). Each member firm of Horwath is a separate and independent legal entity. Crowe Chizek and its affiliates are not responsible or liable for any acts or omissions of any other member of Horwath and hereby specifically disclaim any and all responsibility or liability for acts or omissions of any other member of Horwath.

East Kentucky Power Cooperative, Inc. Engagement Terms

Indemnity

Crowe Chizek and Company LLC (Crowe Chizek) agrees to defend, indemnify and hold harmless East Kentucky Power Cooperative, Inc. (EKPC), its directors, officers, employees and agents, from any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature-including but not limited to costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to or destructions of properties, (c) violations of governmental laws, regulations or orders-whether suffered directly by EKPC itself or indirectly by reasons of claims, demands or suits against it by third parties, resulting or alleged to have resulted from negligent or intentional acts or omissions of Crowe Chizek, its employees, agents, subcontractors or other representatives or from their presence on the premises of EKPC or otherwise from performance of this Letter of Arrangement, unless such damage, loss, claim, demand suit, penalty or forfeiture results from the sole negligence or intentional conduct of EKPC or its employees, agents, or other representatives. This indemnity shall not apply to any claims covered by workers' compensation insurance, and shall not apply to any claims relating to any reliance of Crowe Chizek on any actions of EKPC, consistent with the scope of services provided herein, including claims alleging any failure on the part of Crowe Chizek to discover inaccuracies in any information provided by EKPC in the course of the audit, or in any representations made by EKPC in regard to its financial statements.

Insurance

Crowe Chizek shall provide and maintain, and shall require any subcontractor to provide and maintain, with an insurance company authorized to do business in the Commonwealth of Kentucky and otherwise acceptable to EKPC the following insurance:

- a) Workers Compensation and Employer's Liability Policy: Prior to the start of the Engagement, Crowe Chizek shall submit evidence of Crowe Chizek's Workers' Compensation and Employer's Liability Insurance Policy, and each such policy shall include:
 - 1) Workers' Compensation (statutory benefits coverage) Insurance in accordance with the laws of the Commonwealth of Kentucky;
 - 2) Employer's Liability with a minimum limit of One Million Dollars (\$1,000,000) with respect to Bodily Injury Each Accident/ (\$1,000,000) Bodily Injury Disease Each Employee/ (\$1,000,000) Bodily Injury by Disease Policy Limit.

- b) Commercial General Liability Policy: Prior to the start of Engagement, Crowe Chizek shall provide evidence of Crowe Chizek's Policy providing Commercial General Liability Insurance, with combined single minimum limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each occurrence/Two Million Dollars (\$2,000,000) General Aggregate and the following coverage:

- 1) No exclusion of coverage for Blanket Contractual Liability to the extent covered by the policy against liability assumes by Crowe Chizek under this Letter of Arrangement.
 - 2) No exclusion for Broad Property Damage hazard.
 - 3) Said policy shall name EKPC as an Additional Insured to the extent necessary to fulfill Crowe Chizek's indemnity obligations indicated above, with Crowe Chizek's policy deemed to be primary.
 - 4) Said policy shall be endorsed to provide that the underwriter(s) have waived their Rights of Recovery Against Others (subrogation) against EKPC and EKPC's insurance carrier(s).
 - 5) Should policy contain a deductible clause for bodily injury or property damage liability, said deductible shall be shown on the Certificate of Insurance, and Crowe Chizek's carrier shall agree to pay any such claims "first dollar" and then recover the deductible amount from Crowe Chizek.
- c) Commercial Automobile Liability Insurance: Prior to the start of Engagement, Crowe Chizek shall provide evidence of Crowe Chizek's Commercial Automobile Liability Insurance Covering the use of all owned, non-owned and hired automobiles, with a minimum combined single limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each Accident with respect to Crowe Chizek's vehicles assigned to or used in performance of the Engagement under this Letter of Arrangement.

The above policies to be provided by Crowe Chizek shall be written by companies satisfactory to EKPC or having of a Best Rating of not less than A- (Excellent). These policies shall not be materially changed or canceled except with thirty (30) days written notice to EKPC from Crowe Chizek and the Insurance Carrier. Evidence of coverage, notification of cancellation or other changes shall be mailed to:

ATTN: Finance & Risk Management
East Kentucky Power Cooperative, Inc.
PO Box 707
Winchester, Kentucky 40392-0707

EKPC shall not be obligated to review any of Crowe Chizek's Certificates of Insurance, insurance policies, or endorsements, or to advise Crowe Chizek of any deficiencies in such documents. Minimum limits and coverage required under this Insurance Provision should not be construed to necessarily be adequate for Crowe Chizek's own insurance and risk management needs. Any receipts of such documents or their review by EKPC shall be relieve Crowe Chizek from or be deemed a waiver of EKPC's rights to insist on strict fulfillment of Crowe Chizek's obligations under the Letter of Arrangement.

EKPC reserves the right to request and receive a summary of coverage of any of the above policies or endorsements.

Crowe Chizek shall provide notice of any accidents or claims at the Engagement site to EKPC's Finance & Risk Management, at the above address, and EKPC's site authorized representative.

To the Executives of
Crowe Chizek and Company LLC
and the Center for Public Company Audit Firms Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Crowe Chizek and Company LLC (the firm) applicable to non-SEC issuers in effect for the year ended June 30, 2004. The firm's accounting and auditing practice applicable to SEC issuers was not reviewed by us since the Public Company Accounting Oversight Board (PCAOB) is responsible for inspecting that portion of the firm's accounting and auditing practice in accordance with PCAOB requirements. A system of quality control encompasses the firm's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of complying with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (the AICPA). The design of the system, and compliance with it, are the responsibilities of the firm. Our responsibility is to express an opinion on the design of the system, and the firm's compliance with that system based on our review.

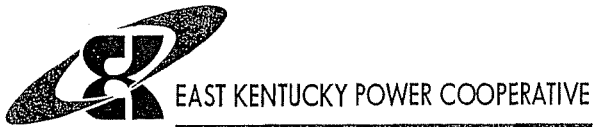
Our review was conducted in accordance with standards established by the Peer Review Committee of the Center for Public Company Audit Firms and included procedures to plan and perform the review that are summarized in the attached description of the peer review process. Our review would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it since it was based on selective tests. Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice applicable to the non-SEC issuers of Crowe Chizek and Company LLC in effect for the year ended June 30, 2004, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and was complied with during the year then ended to provide the firm with reasonable assurance of complying with applicable professional standards.

As is customary in a peer review, we have issued a letter under this date that sets forth comments relating to certain policies and procedures or compliance with them. The matters described in the letter were not considered to be of sufficient significance to affect the opinion expressed in this report.

Seattle, Washington
October 22, 2004

Moss Adams LLP



January 24, 2005

Mr. Dan Becher
DB Consulting LLC
3008 Gus Emmett Trail
Sellersburg, IN 47171-9119

Dear Dan:

Subject: Agreement with EKPC for DB Consulting LLC to Monitor MISO Groups

East Kentucky Power Cooperative has executed and is returning the subject Agreement between EKPC and DB Consulting LLC for DB Consulting LLC to continue to monitor MISO Groups related to the development of a Midwest Market as part of a consortium of utilities.

Sincerely,

A handwritten signature in cursive script that reads 'Paul C. Atchison'.

Paul C. Atchison, Vice President
Power Delivery

PCA:jkr

Attachment

(h: DanBecherAgreement.doc)

January 11, 2005

Paul Atchison
Vice President Power Delivery
East Kentucky Power Cooperative Inc.
P.O. Box 707
Winchester, KY 40392-0707

Re: Proposed changes to the agreement with East Kentucky Power Cooperative for DB Consulting LLC to monitor MISO Groups related to the development of a Midwest Market, as part of a consortium of utilities

Dear Paul:

In my e-mail to you in December, I expressed my appreciation for your support in the Midwest Market Monitoring Project and proposed a change in the G&T Coop consortium supporting that project. The Midwest ISO is scheduled to start the Midwest Market on March 1 and the policy discussions among stakeholders are quickly moving towards operational details and actual implementation of the Market. Since I am not involved with your day to day operations, my contributions to many of the working groups and task forces will be limited. Because of this, I am proposing a change in the services I am providing to the consortium.

After March 1, I propose to only attend and report on the meetings of three stakeholder groups at MISO; the Market Subcommittee, the Reliability Subcommittee and the Transmission Owners Core Working Group. The Market and Reliability Subcommittees are high level committees that monitor the work of all other stakeholder groups. Monitoring these two subcommittees should provide adequate indication after Market start of any policy changes or market issues that could affect clients. The Transmission Owners Core Working Group is a small group that allows TO representatives access to key MISO operational staff on a regular basis. I am the only representative for non-jurisdictional MISO members on the TOCWG and feel that it is beneficial for clients to be represented on that group, even if they are not MISO members.

The consulting fee for attending and reporting on these three groups will be on an hourly basis at \$175 per hour plus travel expenses divided among consortium participants. With five participants, the consulting fee would be \$35 per hour per participant. I am estimating the

time required for attending the meetings and reporting to clients would be less than 30 hours per month, resulting in an estimated consulting cost per participant of less than \$1100 per month. I am willing to fix the per participant hourly fee at \$35 per hour as long as at least three participants remain in the consortium. Travel expenses would be divided by the number of remaining participants. If less than three participants remain, I reserve the right to renegotiate the consulting fees.

If there are additional meetings that I feel need coverage, I will notify clients and seek authorization. The charge for attending the additional meetings would be split between the clients authorizing my attendance. I will still be available for consulting at my normal hourly rate with individual clients regarding MISO issues.

If this proposal is acceptable to you, please sign and return this letter to me by February 1. As with the present arrangement, I am requesting 30 days notice if you wish to drop out of the consortium.

Sincerely,



Dan Becher
Principal and Managing Member

East Kentucky Power Cooperative Inc. accepts the proposed change described above, effective March 1, in the Midwest Market Monitoring agreement with DB Consulting LLC.

Paul C. Atchison
Title: *Vice President Power Delivery*

Date: *1-20-05*

RECEIVED

JAN 13 2005

Purchase Order

EAST KY POWER COOPERATIVE

P O Box 707
 Winchester KY 40392-0707
 Phone 859-744-4812
 Fax 859-744-6008

Purchase Order	Date	Revision	Page
EKPC- 0000031723	07/28/2006		1
Payment Terms	Freight Terms		
30	F.O.B. Dest, Freight Ppd/Add		
Buyer: Gentry, Alma P			

Vendor:0000010606
 ENERGY VENTURES ANALYSIS INC
 SUITE 1200
 1901 N MOORE STREET
 ARLINGTON VA 22209-1706

Ship To: Winchester Warehouse
 4775 Lexington Road
 Winchester KY 40391

Bill To: East Kentucky Power Co-op
 P O Box 707
 Winchester KY 40392-0707

Tax Exempt? Y Tax Exempt ID: 47507

Line-Schd Item	Description	Mfg ID	Quantity UOM	PO Price	Extended Amt	Due Date
1-1	Fuel forecast for EKPC prepared by Energy Ventures Analysis, Inc., covering a price forecast for coal, oil, natural gas, lime, limestone, and SO2 and NOx emissions for the years of 2006 through 2025.		12,000.00 DOL	1.0000	12,000.00	08/31/2006

Scope of work and pricing per letter dated July 12, 2006 from Tom Hewson.

DOL unit of measure indicates an estimate only. Actual costs will be applied to Purchase Order upon receipt of documented time, material, and/or expenses.

RECEIVING HOURS ARE FROM 7:30 AM TO 3:30 PM, MONDAY THRU FRIDAY.
 NO TRUCKS ALLOWED ON PROPERTY PRIOR TO 7:30 AM.

Total PO Amount 12,000.00

***** Please contact the Purchasing Assistant via phone (859-744-4864 ext. 312) or fax (859-737-6046) to acknowledge receipt of the Purchase Order. *****

ORIGINAL COPY
 PLEASE RETURN "SIGNED"
 TO PURCHASING AS SOON
 AS POSSIBLE

[Signature]

All shipments, shipping papers, invoices, and correspondence must be identified with our Purchase Order Number. Overshipments will not be accepted unless authorized by Buyer prior to shipment.

Unauthorized

EnerVision, Inc. Professional Services Agreement

East Kentucky Power Cooperative
4775 Lexington Road
P.O. Box 707
Winchester, KY 40392-0707
("Client")

EnerVision, Inc.
P.O. Box 450789, Atlanta, Georgia 31145 *mail delivery*
2100 East Exchange Place, Tucker, Georgia 30085 *parcel delivery*
("EnerVision")

THIS PROFESSIONAL SERVICES AGREEMENT ("Agreement") is entered into by and between EnerVision and the above referenced Customer, and is effective on the date it is executed by Customer and accepted by EnerVision. EnerVision hereby agrees to perform and provide Customer with the services described herein below ("Services"), on the terms and conditions set forth on the face page of this Agreement and the following page hereof.

Description of Services

The different tasks involved in this power supply transaction include but are not limited to:

- Understanding the EKPC system and system costs (i.e., system load, generation and purchased power resources, transmission, etc.). This includes current and future estimates and/or projections.
- Understanding the bids that EKPC has received (38 responses). Perform a high level screen to narrow list of bids to be analyzed.
- Perform analysis of each surviving bid using computer simulation models as appropriate. A time-saver would be to begin with the current EKPC base case. EnerVision would review the base case and could possibly make changes if we see they are appropriate.
- Negotiate with bidders to adjust pricing and/or transaction structure. [Needs to be either done by EKPC or in conjunction with EKPC]
- Determine short-list of bidders (~3-4 bidders) based upon economics as well as non-quantifiable characteristics.
- Perform scenario analyses of each short-list bid to test the economics under different situations (i.e., high/low load, high/low gas prices, etc.).
- Negotiate with short-list bidders to get to final pricing and update analysis. [Needs to be either done by EKPC or in conjunction with EKPC]
- Recommend at least 2 bids to take to the next step of contract negotiations. We always recommend negotiating contracts with more than one bidder to keep the leverage you have with the bidders.
- Recognizing that this scenario is completely independent of EKPC's analytical process, we will be in contact with EKPC staff throughout the process to address questions and ensure complete understanding. (5 meetings/conference calls)
- We plan to present jointly with staff to the EKPC Board of Directors.
- Documentation will be provided to EKPC upon completion.

AGREED TO BY:

ACCEPTED BY:

East Kentucky Power Cooperative
("Client")

EnerVision, Inc.
("EnerVision")

By: _____
(Signature)

By: _____
(Signature)

David Eames
(Name typed or printed)

Nelson G. Hawk
(Name typed or printed)

Title: Vice President, Finance and Planning

Title: President/CEO

Date: _____

Date: _____

Professional Services Agreement

01/31/07

Term. The term of this Agreement shall commence on the date executed by EnerVision, and shall continue through the completion of the project unless terminated by either party. Customer may cancel this Agreement upon giving thirty (30) days' notice in writing to EnerVision. In the event of such cancellation, all compensation earned and expense incurred through the date of cancellation and any expenses incurred by EnerVision attributable to the cancellation of the Services shall be payable in full to EnerVision.

Payment. EnerVision will charge for services detailed in the Description of Services above on an hourly basis (2004 Professional Rate Schedule attached). In addition to the fees earned, EnerVision shall also be entitled to reimbursement for all expenses reasonably incurred. Customer shall pay the amounts due on each invoice within thirty (30) days after receipt of same. All amounts past due shall be subject to interest at the lesser of one and one-half percent (1.5%) per month or the maximum amount allowed by law. If any invoice becomes past due by ninety (90) days or more, EnerVision may immediately cease performance of any and all Services being performed under this Agreement until the Customer pays all invoices then due. All costs of collection, including reasonable attorney's fees, shall be paid by Customer.

Ownership of Work Product. Specific project deliverables such as reports, recommendations, specifications, drawings, and technical data generated by EnerVision in connection with its performance under this Agreement shall be the property of Customer. EnerVision shall retain all right, title, and interest, including U.S. and foreign copyrights, in and to any computer software or any processes, including but not limited to, computer software or any processes, which are developed, modified or created by EnerVision or by third parties on behalf of EnerVision.

Limitation of Liability. EnerVision will rely on the accuracy and currency of information supplied by the Customer or by any of the Customer's contractors or consultants or available from generally accepted, reputable sources. In the performance of any service pursuant to the terms of this Agreement, EnerVision shall consistently render its best efforts and shall exercise that degree of skill and care which professional peers would exercise in like circumstances. If Services performed by EnerVision fail to meet these standards, Customer may elect to have EnerVision reperform at no additional cost to the Customer any of the Services which fail to meet the standards where: (a) such failure appears during the performance of EnerVision's services within one (1) year from the date of completion of EnerVision's services and (b) Customer notifies EnerVision in writing of any such failure within sixty (60) days of the time that the failure becomes apparent. This paragraph shall in no way be interpreted to limit the right of the Customer to pursue remedies at law or in equity in the event EnerVision fails to perform its obligations. EnerVision's liability to Customer resulting from defects in performance of the Services or any aspect thereof shall be limited to the cost of that service as provided in the individual Customer request authorizing the work to be performed. In no event shall EnerVision be liable to the Customer for any indirect, special or consequential damages (including lost profits) arising from the performance or non-performance of any of the authorized Services. During the performance of Services under this Agreement, EnerVision will maintain a level of liability (including professional errors and omission coverage) and other insurance coverage which it reasonably believes are appropriate under the circumstances.

Independent Contractor. EnerVision shall be deemed to be an independent contractor in the performance of the Services hereunder and shall not be considered or permitted to be an agent, servant, joint venturer or partner of Customer. All persons furnished, used, retained or hired by or on behalf of EnerVision shall be considered to be solely the employees or agents of EnerVision.

Indemnification. Customer shall and hereby does indemnify and hold harmless EnerVision, its officers, directors, employees and agents, from and against any and all losses, damages, injuries, causes of action, claims, demands and expenses (whether based upon tort, breach of contract, product liability, infringement, and other liability arising out of or based upon the Services and Customer's use of the same, or otherwise), including reasonable legal fees and expenses, of whatsoever kind and nature arising out of or on account of, or resulting from, the existence of this Agreement, the parties' performance of activities conducted under this Agreement. Notwithstanding the above, EnerVision shall not be entitled to indemnification for the case of negligence by its officers, directors, employees, or agents.

Force Majeure. EnerVision shall not be deemed to be in default of any provision of this Agreement or liable for failures in performance resulting from acts or events beyond the reasonable control of EnerVision. Such acts shall include but not be limited to acts of God, civil or military authority, civil disturbance, war, strikes, fires, other catastrophes, or other "force majeure" events beyond EnerVision's reasonable control.

Governing Law. This Agreement shall be governed by, subject to, and construed in all respects in accordance with the laws of the State of Georgia, U.S.A.

Entire Agreement. This Agreement contains the entire agreement of the parties and there are no oral or written representations, understandings or agreements between the parties respecting the subject matter hereof that are not fully expressed herein.

Professional Services Agreement

1/31/2007

**Attachment 1
2004 Professional Rates**

President	\$250
Vice President	\$195
Principal/Lead Consultant	\$175
Senior Consultant	\$150
Consultant	\$125
Technical/Admin/Co-op	\$60

ENGLISH LUCAS PRIEST & OWSLEY, LLP

ATTORNEYS AT LAW

1101 COLLEGE STREET · P.O. BOX 770 · BOWLING GREEN, KENTUCKY 42102-0770

TELEPHONE 270-781-6500 · TELECOPIER 270-782-7782

WEB WWW.ELPOLAW.COM

CHARLES E. ENGLISH
WHAYNE C. PRIEST, JR.
MICHAEL A. OWSLEY
KEITH M. CARWELL
MURRY A. RAINES
KURT W. MAIER
CHARLES E. ENGLISH, JR.
WADE T. MARKHAM II
D. GAINES PENN
ROBERT A. YOUNG
REGINA A. JACKSON

Writer's E-mail Address: keith@elpolaw.com

May 4, 2006

W. CRAVENS PRIEST III
BRETT A. REYNOLDS
DAVID W. ANDERSON
KELLI E. BROWN
RYAN C. REED
PARK L. PRIEST
E. KENLY AMES
CHRIS A. MCKINNEY

JAMES H. LUCAS
(1932-2004)

Mr. Sherman Goodpaster III
EAST KENTUCKY POWER COOPERATIVE, INC.
P. O. Box 707
Winchester, KY 40392-0707

Dear Sherman:

It is becoming apparent that English, Lucas, Priest & Owsley, LLP, will be asked to do a good bit of work to assist East Kentucky Power Cooperative with respect to its condemnation actions in Warren County and perhaps in surrounding counties—both those pending and yet to come. We have always had a policy of assisting other attorneys on an as-needed basis with simply filing a document without any real fees being charged; but in this case, we are now beginning to make court appearances, file pleadings, prepare pleadings and deal with opposing counsel on occasion.

In order that there not be any future misunderstanding, I feel it to be the best policy to set forth what our billing arrangements will be for the continued representation of EKPC in local matters.

Our standard billing rates for partners vary from \$220 to \$235 per hour and associates from \$130 to \$190 per hour with paralegal rates set at \$80 per hour. My billing rate is normally \$235 per hour; but in view of the relationship which is enjoyed between WRECC and EKPC, my billing rate for matters with which I will be involved for EKPC will be \$200 per hour and associates will be capped at \$160 per hour. We will still have to charge paralegals at \$80 per hour, and I will try to use them extensively to keep fees down.

We will mail monthly statements itemizing each charge based on these rates. These statements will also break out the disbursements incurred on your behalf. Disbursements would include filing fees which have been advanced or travel expenses. We do not charge for long distance telephone calls, in-house reproduction expenses or for fax usage as we deem these to be customary overhead expense.

Mr. Sherman Goodpaster III
Page 2
May 4, 2006

For purposes of setting up our accounting system, I do need to know to whom the statements should be forwarded—whether to you or to someone else at EKPC.

I trust this engagement letter accurately sets forth our agreement with respect to representation of EKPC as local counsel on an as-needed basis. We look forward to continuing to be of service to you; and if at any time you have any concerns with the quality of legal service you are receiving or our responsiveness, please address those to me so that they may be resolved immediately.

Very truly yours,

ENGLISH, LUCAS, PRIEST & OWSLEY, LLP


Keith M. Carwell

jhs
Enclosure

361250-1

I have read and understand the terms and conditions of representation by ENGLISH, LUCAS, PRIEST AND OWSLEY, LLP and agree to the provisions contained in this letter.

DATE: 5-10-06

EAST KENTUCKY POWER COOPERATIVE

BY: 

EXECUTIVE SEARCH ENGAGEMENT AGREEMENT

ExecQuest ("EQ") is hereby authorized to conduct a search for qualified candidates to fill the following position: Vice President of Power Delivery

In the event East Kentucky Power Cooperative Corporation enters into a service relationship with individuals presented by EQ, CLIENT will pay EQ a SERVICE FEE of 25% of candidate's estimated first years' compensation. Candidates are referred to CLIENT in confidence. Should CLIENT refer or identify candidate(s) to another company, which enters into a service relationship with the candidate(s), both companies shall be responsible for the payment of the service fee(n).

Upon execution of this agreement, CLIENT will pay to EQ an ENGAGEMENT FEE of \$12,916.67 to be applied towards the total SERVICE FEE noted above. The remainder of the SERVICE FEE is due and payable ten days after the individual begins employment.

The initial estimated total compensation for the position is \$155,000.00 (midpoint of the hire-in range) and the initial estimated Total Service Charge for this search is \$38,750.00 capped fee.

If EQ fails to present at least 2 qualified candidates within 60 days from the date EQ's search begins, EQ shall refund to the CLIENT the full engagement fee. The SEARCH START DATE will be 2 Business days after the ENGAGEMENT FEE is received by EQ.

If EQ presents 2 qualified candidates within the 60-day period but CLIENT refuses to interview said candidates by the 60th day, THERE WILL BE NO REFUND.

EQ will process any/all candidates referred to us for the position of Vice President of Power Delivery by the CLIENT. If the CLIENT selects a candidate they sourced through their own avenues, there will be no additional charge to the CLIENT; however, the initial engagement fee of \$12,916.67 is not refundable in this circumstance.

CLIENT shall reimburse candidates for reasonable interviewing expenses including but not limited to transportation, food, and lodging.

With prior CLIENT approval, CLIENT shall reimburse EQ for all reasonable out-of-pocket expenses incurred by EQ in fulfillment of its search obligations. These expenses include travel, food, and lodging relative to out-of-town interviews of potential candidates.

If the service relationship between CLIENT and the candidate terminates within 60 days of the employment start date, EQ will present two additional qualified candidates within the successive 60-day period. CLIENT is only responsible for expenses in such an event and there will be no additional SERVICE CHARGE. CLIENT must inform EQ in writing of all facts relating to the termination within five (5) business days after the termination.

The CLIENT may cancel this agreement at any time but in such an event shall not be entitled to a refund of the ENGAGEMENT FEE, and in the event a candidate already presented in the course of this search is hired, the balance of the SERVICE FEE will be due ten days after that candidate begins work.

The following definitions are applicable to this Agreement:

"Candidate" means a person referred to CLIENT by EQ, directly or indirectly.
"Qualified Candidate" means a Candidate who possesses the material qualifications described in the search assignment for the position(s). "Refer" means the disclosure by EQ of the identity of a candidate by any means, orally, in writing, or electronically. "Service Relationship" means CLIENT's engagement of the services of a candidate in any capacity, including as an employee, independent contractor, consultant, or other representative.

If collection activities are necessary, CLIENT agrees to pay all expenses thereof, including reasonable attorney fees. CLIENT consents to the jurisdiction of the courts of the State of North Carolina and agrees that its laws shall govern the parties' relationship.

EQ does not discriminate in the acceptance or referral of candidates on the basis of race, color, religion, sex, age, national origin, marital status, disability, or other protected characteristics.

The undersigned agree to all provisions contained in this Agreement.

Marion S. Karr, President
ExecQuest, Inc.
P.O. Box 1069
Statesville, NC 28677

 Date 9/23/2005

Steve McClure, Manager of Human Resources and Support Services
East Kentucky Power Cooperative
P.O. Box 707
Winchester, KY 40392

 Date 9-23-2005

CONSULTING AND MANAGEMENT CONTRACT

Contract No. FMG04014

This **Consulting and Management Contract** ("Contract"), effective this **1st** day of **September, 2004** shall outline the services required and fees to be paid by and among:

Fellon-McCord & Associates, Inc., a Kentucky corporation, located at 9960 Corporate Campus Dr., Ste 2000, Louisville, KY 40223-4055, party of the first part and hereinafter referred to as "**Fellon-McCord**" and **East Kentucky Power Cooperative, Inc.** located at 4775 Lexington Road, Winchester, Kentucky 40391, party of the second part and hereinafter referred to as "**EKPC**".

Whereas:

A. Fellon-McCord is engaged and has expertise in the business of providing consulting services to producers, consumers, marketers, and/or brokers of natural gas and electricity to utilities, distribution companies, transmission companies, and independent power producers, and

B. EKPC desires to hire and pay Fellon-McCord for services regarding advice on energy purchases and sales from producers and suppliers; and supply centralized energy usage reporting as more particularly set out in Exhibit I attached hereto and made a part hereof ("Services").

Now Therefore, for and in consideration of the Terms, covenants, and conditions herein set forth, the parties agree as follows:

1. Consideration, Services, and Relationship.

1.1 Energy Management Fees. The consulting fees for Services performed by Fellon-McCord as outlined in Exhibit I will be Three Thousand Dollars (US\$3,000.00), plus pre-approved expenses for the period beginning **September 1, 2004**. Fellon-McCord shall provide EKPC an invoice no later than the twenty-seventh day of the preceding month. That monthly fee shall be due and payable eight days after the date of Fellon-McCord's invoice.

1.2 Special Projects: For all time spent by Fellon-McCord on specific projects as directed by EKPC, a fee of One Hundred Fifty Dollars (US\$150.00) per hour shall apply. This fee only applies to the executive team and those staff members that perform qualitative and quantitative analysis within the Fellon-McCord organization other than clerical staff. The fee does not apply to travel time on behalf of EKPC, unless actual work is performed during travel process. The fees, as well as expenses, shall be due and payable in accordance with Section 1.1.

1.3 Services. Fellon-McCord shall perform the services set forth in Exhibit I on behalf of EKPC during the Term of this Contract. The Parties acknowledge that EKPC has the right to perform such services on its own behalf or to retain third-party consultants to perform the same or similar work. EKPC shall not release or otherwise provide Fellon-McCord Work or Work Product with any such consultant. In addition, to the extent EKPC elects to adopt any recommendations or strategies provided by Fellon-McCord, then Fellon-McCord shall have the exclusive right to implement such strategies on behalf of EKPC with regards to natural gas procurement during the Term of this Contract.

1.4 Relationship. Fellon-McCord is an independent contractor and not an employee, agent, or representative of EKPC. Fellon-McCord is not acting in the capacity of a broker, dealer, seller, or investment advisor of securities or commodities of natural gas, electricity or other energy products or resources.

2. Term, Termination.

2.1 The initial Term of this Contract shall be three (3) years. Upon expiration of the initial Term, this Contract will be extended on a year-to-year basis unless terminated by either party upon ninety (90) days written notice prior to the annual renewal date. Without prejudice to any other rights that a party may have, either party may Terminate this Contract immediately upon written notice to the other party if: (a) the other party ceases to conduct business, becomes insolvent, makes a general assignment for the benefit of its creditors, has a receiver or custodian

appointed for it, or becomes the subject of voluntary or involuntary bankruptcy or liquidation proceedings; or (b) breaches any provision of the Contract, provided that such party has not cured the breach within ten (10) days after receipt of written notice of the breach.

2.2 No Termination provided herein serves to relieve either party of obligations accruing up to and through the date of Termination, nor as a waiver of any legal remedy of which either party may avail itself.

3. **Good Faith; Reasonable Efforts.** Both parties hereby agree and covenant that they will act in good faith and exercise their reasonably commercial efforts in performing their respective obligations as set forth herein.

4. **Confidentiality and Non-Circumvention.**

Fellon-McCord has entered into an exclusive Consulting Contract with EKPC.

4.1 In connection with the proposed arrangement, Fellon-McCord and EKPC will from time-to-time provide each other with certain confidential information ("Confidential Information") regarding EKPC and/or Fellon-McCord or their respective business activities which is not generally known or readily ascertainable by proper means and which is proprietary to EKPC and/or Fellon-McCord.

4.2 Confidential Information shall not include (i) information which is in the public domain; (ii) information which is published or otherwise becomes part of the public domain through no fault of the other party; (iii) information which was in a party's possession at the time of disclosure and was not acquired directly or indirectly from the other party on a confidential basis; (iv) information which becomes available to either party on a non-confidential basis from a source other than the other party (whether directly or indirectly); or (v) is required to be disclosed by any federal or state law, rule or regulation, or by any applicable judgment, order or decree, or any court or governmental body or agency having jurisdiction.

4.3 The parties to this Contract wish to confirm that Confidential Information provided by Fellon-McCord or EKPC to the other shall not be directly or indirectly revealed or utilized by either EKPC or Fellon-McCord, respectively, without the prior written consent of the other party.

4.4 Accordingly, for good and valuable consideration, the receipt of which is hereby acknowledged, Fellon-McCord and EKPC hereby represent, warrant and covenant as follows:

4.4.1 All information furnished by or made available to Fellon-McCord and EKPC, respectively, shall be held and treated as Confidential Information and shall not be disclosed or divulged to any third party without the prior written consent of EKPC and Fellon-McCord, as the case may be.

4.4.2 EKPC and Fellon-McCord agree that they shall take all reasonable and necessary steps to protect and maintain the confidentiality of Confidential Information received from the other party.

4.4.3 Both EKPC and Fellon-McCord agree not to disclose the Terms of this Contract without prior written consent from the other party, which consent shall not be unreasonably withheld.

4.5 Each party acknowledges that the other's remedy at law is inadequate in the event of breach in any of the foregoing covenants. Accordingly, either Party, in addition to any monetary damages or other remedies to which it may be entitled, shall be additionally entitled to enjoin the other Party from the threatened breach, breach or further breach of any of the foregoing covenants in any court of competent jurisdiction.

5. **Severability.** If any provision in this Contract is determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, Contract or covenant of this Contract.

6. **Assignment.** This Contract may not be assigned without the prior written consent of the other party, which written consent will not be unreasonably withheld.

7. **Applicable Law/Attorney's Fees.** This Contract shall be interpreted and enforced in accordance with the laws of the Commonwealth of Kentucky, without reference to its principles on conflict of laws. In any action brought to enforce or interpret this Contract, the prevailing party shall be entitled to recover the reasonable attorneys' fees, costs and disbursements of outside counsel.
8. **Modification.** This is the complete Contract of the parties and this Contract cannot be modified except by a separate writing signed by both parties.
9. **Preparation.** This Contract was negotiated and prepared by both parties hereto with advice of counsel to the extent deemed necessary by each party, and was not prepared by any party to the exclusion of the other, and, accordingly, shall not be construed against either party by reason of its preparation.
10. **Authority.** The undersigned, through its duly designated officer, hereby represents to Fellow-McCord that it is authorized to enter into this Contract, which creates binding and enforceable obligations upon the corporate entity, its officers, directors, employees and agents.

11. **Limited Liability.** The liability of Fellow-McCord & Associates, Inc. and its Affiliates (collectively, "Fellow-McCord") for any and all claims, counterclaims, demands, causes of action, disputes or controversies of any kind arising out of, or relating to, this Contract or the relationship established by this Contract, any provision hereof, the alleged breach hereof, or in any way relating to the subject matter of this Contract, even though some or all of those Claims are extra-contractual in nature (any of the foregoing, a "Claim"), including any causes of action in contract, tort (including negligence), strict liability or otherwise, and whether under federal or state law, will not exceed the full amount actually paid by Client under this Agreement during the full three month period immediately preceding the date on which the Claim arose and will be limited to direct actual damages only, subject in all cases to an affirmative obligation on the part of the Client to mitigate its damages. Notwithstanding any other provision of this Contract, in no event will Fellow-McCord be liable for any consequential, exemplary, special, incidental or punitive damages, including, without limitation, lost opportunities or lost profits.

For purposes of this Contract, an "Affiliate" of a party is any person or entity controlled by, that controls, or that is under common control with, such party. The Term "control" (including the Terms "controlling", "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a party, whether through the ownership of voting securities, by contract, or otherwise.

12. **Affiliation Disclosure:**

CLIENT HEREBY ACKNOWLEDGES AND UNDERSTANDS THAT FELLOW-MCCORD & ASSOCIATES, INC. ("FELLOW-MCCORD") AND CONSTELLATION NEWENERGY - GAS DIVISION, LLC ("CNE GAS") ARE BOTH SUBSIDIARY COMPANIES OF THE SAME ULTIMATE PARENT CORPORATION, CONSTELLATION ENERGY GROUP, INC.; FELLOW-MCCORD AND CNE GAS SHARE THE SAME SENIOR MANAGEMENT TEAM; AND THERE IS SUBSTANTIAL OVERLAP IN THE PERSONNEL THAT SUPPORT THE BUSINESS ACTIVITIES OF BOTH FELLOW-MCCORD AND CNE GAS.

FURTHER, CLIENT HEREBY AFFIRMS THAT IN PROVIDING SERVICES HEREUNDER, FELLOW-MCCORD MAY FROM TIME TO TIME CONSULT AND SHARE CONFIDENTIAL CUSTOMER INFORMATION WITH CNE GAS AND RECOMMEND TO CLIENT THAT IT OBTAIN ITS NATURAL GAS SUPPLY AND RELATED SERVICES FROM CNE GAS. CLIENT HEREBY EXPRESSLY CONSENTS TO SUCH ACTIVITIES.

CLIENT INITIALS: RW

13. **Intellectual Property:**

- 13.1 **Fellow-McCord Information.** Fellow-McCord has created, acquired or otherwise has rights in, and may, in connection with the performance of services hereunder, employ, provide, modify, create, acquire or otherwise obtain rights in, various concepts, ideas, methods, methodologies, procedures, processes, know-how, and techniques; templates and report designs; general purpose consulting tools (collectively, the "Fellow-McCord Information").

Fellon-McCord & Associates, Inc.
9960 Corporate Campus Dr, Ste 2000
Louisville, KY 40223-4055

Attn: Contract Administration
Title: Contracts Administrator
Phone: (502) 214-6340/6341
Fax: (502) 214-6381

East Kentucky Power Cooperative
4775 Lexington Road
Winchester, KY 40391-9709

Attn: David Labude
Title: Senior Fuel Buyer
Phone: (859) 744-4812 Ext. 371
Fax: (859) 737-6047

*Executed on the date shown by the signatures of the respective parties below,
but effective on the effective date first stated above.*

CONSULTANT

FELLON-McCORD & ASSOCIATES, INC.

By: *Andrew R. Fellon*

Fo Name: Andrew R. Fellon

Title: President and Chief Executive Officer

Date: 03-08-05

CLIENT

EAST KENTUCKY POWER COOPERATIVE, INC.

By: *Randy Diats*

Name: Randy Diats

Title: V.P. Production

Date: 2/25/05

EXHIBIT I TO FMG04014

NATURAL GAS CONSULTING AND MANAGEMENT SERVICES:

- Periodic Natural Gas Market Update© and Recommendations
- Daily NYMEX Forward 36-Month Strip Pricing
- Weekly Natural Gas Market Review
- Corporate Hedge Strategy, Analysis, Development and Implementation
- Marked to Market Reporting
- Storage Reporting & Analysis
- Basis Reporting
- Evaluation of current versus future market factors relative to physical and financial market changes, opportunities and trends and their impact on the overall energy market
- Consumption Summary

BROWN, TODD & HEYBURN

GEORGE E. DUDLEY
JOSEPH B. HELM
MARK B. DAVIS
W.C. FISHER, JR.
JAMES PARK, JR.
JOHN T. BONDURANT
CHARLES S. CASSIS
MARSHALL P. ELDRED, JR.
CARL ARTHUR HENLEIN
DAVID W. CRUMBO
JOHN R. MCCALL
D. PATTON PELFREY
KENNETH J. TUGGLE
C. EDWARD GLASSCOCK
WINSTON E. MILLER
WILLIAM L. SKEES, JR. †
PAUL E. SULLIVAN
IRVIN ABELL III
TIMOTHY W. MARTIN
R. JAMES STRAUS
STEPHEN R. SCHMIDT
CHARLES R. KEETON
HAL NANCE BOGARD
F. GERALD GREENWELL
JOSEPH L. ARDERY
CHARLES E. ALLEN III
DALE E. AHEARN
JOHN G. HEYBURN II
KATHERINE RANDALL
MICHAEL R. MERCER
FREDERIC H. DAVIS
KEITH G. HANLEY
E. LAMBERT FARMER, JR.
STEPHEN E. EMBRY
MARK R. FEATHERT
HAPPY R. PERKINS
RICHARD E. PLYMALE*

DEBBIE F. REISS
ROBERT Y. GWIN
VICTOR B. MADDOX
JAY MIDDLETON TANNON
SCOTT W. DOLSON
DAVID B. TACHAU
RICHARD M. HOPGOOD*
MICHAEL A. LUVISI
DAN L. OWENS
CHARLES H. PRITCHETT, JR.
JAMES A. HUGUENARD
DONALD L. MILLER III
KEITH MOORMAN
WARREN J. HOFFMANN*
DONALD H. VISH
THOMAS C. WALKER*
C. DAVID JOHNSTONE**†
SUSAN S. WETTLE
RICHARD L. WOOD
HELEN LUCIER
TAWANA EDWARDS
MARY ROSS TERRY
MARY ANN GUENTHER**†
JOEL B. TURNER
MARC S. MURPHY†
JOHN G. HUNDLEY**†
JO ANN ALEXANDER*
ROBERT W. DISERT
ALAN K. MACDONALD
ROBERTA J. LICHTENSTEIN
DAVID S. KLINESTIVERT
JOHN S. DOWDS
ROBERT L. TREADWAY*
SCOTT T. DICKENS
JAMES A. GIESEL
CYNTHIA L. STEWART
KATHY P. HOLDERT

V. MICHELE HULSEY
ALICE B. HERRINGTON
JEFFREY P. STODGHILL
R. GREGG HOVIOUS
KIRK C. JENKINS
W. BRUCE BAIRD
JUDITH K. BARTHOLOMEW
LINDA S. SPEED
WILLIAM O. FLOWERS II
JAMES D. COCKRUM
ELIZABETH J. TURLEY*
DONNA JO JENKINS
BARTON T. ROGERS
FRANCES B. JONES BERRY
TIMOTHY MAZE HARTLEY
JOHN DAVID DYCHE
ROBERT L. MADDOX III
H. POWELL STARKS
THOMAS M. QUINN
JOHN W. HAYS
COLIN HUGH LINDSAY
DAVID L. BECKMAN, JR.
JOHN B. NELSON III
ROBERT C. WEBB
KATHRYN K. WALLACE
DOUGLAS W. LANGDON**†
MAUREN P. TAYLOR
JO ANN HEPPERMANN
LOUANNE S. LOVE
SUSAN J. MOHLER*
DONNA KING PERRY
ALAN S. MEEK*
CHRISTOPHER S. BURNSIDE
TWILA K. SCUDDERT
PATRICK W. MADDEN*
JAMES F. ROSE*
ALISON M. STEMLER

ALAN D. PAUW
JOHN E. KUHN, JR.
MATTHEW W. MORRISON
RHONDETTA GOBLE
PAULA D. WALKER
JANA AULT PHILLIPS
JOHN R. CROCKETT III
KATHRYN A. BAIRD
ANGELA T. MCCORMICK
J. LEE MURRAY
ANNE E. WESLEY

† ADMITTED TO BAR
KENTUCKY AND INDIANA

RUCKER TODD
HENRY R. HEYBURN
PHILIP P. ARDERY
MARSHALL P. ELDRED
RANDOLPH A. BROWN
EDWARD S. BONNIE
OF COUNSEL

ELI H. BROWN III (1906-1974)
SAMUEL R. WELLS (1911-1988)

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LEXINGTON, KENTUCKY 40507-1749
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CITIZENS PLAZA
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NEW ALBANY, INDIANA 47150-0558
(812) 948-2800
TELECOPIER (812) 948-7994

141E855

August 7, 1992

Foster J. Collis, Esq.
East Kentucky Power Cooperative, Inc.
P.O. Box 707, Lexington Road
Winchester, KY 40391

Re: BT&H legal services to EKPC
pursuant to retainer

Dear Foster:

We are pleased that you have selected Brown, Todd & Heyburn (BT&H) to assist you in a retainer relationship (the "Relationship"). By this letter, we would like to set out our understanding with respect to the following elements of the Relationship:

1. Identity of client. We will be representing the interests of East Kentucky Power Cooperative, Inc. ("EKPC"). The Relationship does not include representation of the individual interests of any officer, director or employee of EKPC or of any of its 18 member distribution cooperatives.

2. Nature and scope of the Relationship. We will be responsible for rendering legal services to EKPC respecting matters brought to us by the President and General Manager, the General Counsel and members of the legal staff. BT&H will submit to EKPC quarterly its statement for a retainer in the amount of \$3,000 per month plus disbursements to assure that BT&H will be available to EKPC. Said representatives of EKPC will call upon us for general and routine advice and counsel not involving special legal research or written responses. In addition, for

Foster J. Collis, Esq.
August 7, 1992
Page 3

BT&H agrees not to accept any new employment from a person or entity not an existing and continuing client of BT&H, which employment BT&H would have reason to believe would be adverse to EKPC or to any one of its 18 member distribution cooperatives. If in the future a dispute should arise between EKPC and another client of BT&H, or if there should be a matter in which the interests of EKPC and the other BT&H client were adverse, BT&H will adhere to the Kentucky Rules of Professional Conduct, particularly RPC 1.7, with respect to its representation of either client.

5. Confidentiality. To the extent permitted and/or required by statute, the Kentucky Rules of Professional Conduct and other applicable rules and regulations, we will keep in strict confidence all information and material that you furnish us or of which we become aware in the course of our representation of your interests. We will endeavor to advise you if any circumstances develop that might impair the maintenance of such confidentiality.

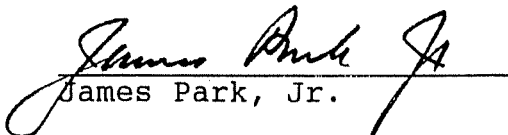
6. Staffing and contact persons. The undersigned will have overall responsibility for our representation of EKPC's interests in this retainer relationship, utilizing our own services and, subject to your approval and consent, the services of such other partners, associates, paralegals and other firm personnel as appear to be appropriate in order to handle the matters brought to our attention effectively and efficiently.

7. Term. Your suggestion that we review the Relationship and the retainer arrangement each December, in light of the work done during the year, is acceptable to BT&H, and said arrangement shall commence upon BT&H's receipt of an executed copy of this letter.


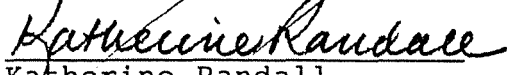
Please let us know promptly if you have any questions about this letter. Please acknowledge receipt of this letter by signing the enclosed copy and returning it to us for our file.

We are looking forward to a continuing positive and productive working relationship between EKPC and BT&H. Thank you for your confidence in selecting BT&H.


Sincerely yours,


James Park, Jr.

Foster J. Collis, Esq.
August 7, 1992
Page 4


D. Patton Pelfrey

Katherine Randall

I hereby acknowledge receipt of this letter.


Foster J. Collis
Date: 9/9/92

FROM THE MINUTE BOOK OF PROCEEDINGS
OF THE BOARD OF DIRECTORS OF
EAST KENTUCKY POWER COOPERATIVE, INC.

At a regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. held at the Roy C. Smith Operations Center, 4758 Lexington Road, located in Winchester, Kentucky on Wednesday, September 9, 1992, at 9:30 a.m., EDT, the following business was transacted:

Upon recommendation of management and the Operations Committee, and after review and discussion of the applicable information, including questions asked by board members and responded to by management, a motion was made by A. L. Rosenberger, seconded by H. E. O'Daniel, and there being no further discussion, was passed to approve the following:

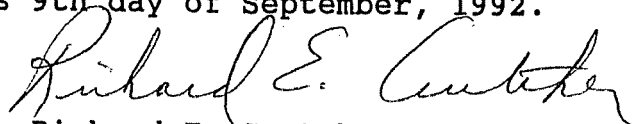
Whereas, East Kentucky Power Cooperative, Inc.'s ("EKPC") legal workload is becoming more complex and greater, in general; and

Whereas, EKPC's legal needs can be met more efficiently and economically by hiring an experienced, well-established and large outside law firm; now, therefore, be it

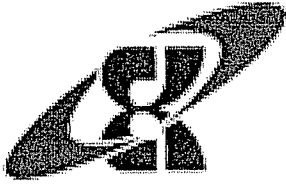
Resolved, That EKPC authorize its management to enter into the written retainer Agreement dated August 7, 1992, a copy of which is attached, with the law firm of Brown, Todd & Heyburn on an annual basis for \$3,000 per month.

The foregoing is a true and exact copy of a resolution passed at a meeting called pursuant to proper notice at which a quorum was present and which now appears on the Minute Book of Proceedings of the Board of Directors of the Cooperative and said resolution has not been rescinded or modified.

Witness my hand and seal this 9th day of September, 1992.


Richard E. Crutcher, Secretary

Corporate Seal



Services Agreement

This Services Agreement made and entered into this 14 day of September, 2004, by and between **EAST KENTUCKY POWER COOPERATIVE, INC.** ("EKPC") of Winchester, Kentucky and **FULLER, MOSSBARGER, SCOTT & MAY Engineers, Inc.** of Lexington, KY ("Consultant").

Witnesseth:

WHEREAS, EKPC desires to retain Contractor from time to time to undertake various repair, replacement, installation, engineering and field services as assigned, and/or to supply material and equipment as may be necessary to render support and provide resources for such services and

WHEREAS, the parties desire to enter into a general agreement setting forth the terms and conditions which shall apply to the performance of such tasks or Work as may be ordered by EKPC and accepted by Consultant from time to time;

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth below, the parties agree to the following terms and conditions:

Article 1 **Definitions**

- 1.01 Contract*
The term Contract shall mean these terms and conditions pursuant to which the Work is to be performed.
- 1.02 Contract Price*
The term Contract Price shall mean the aggregate of the particular consideration set forth in subsequent purchase order(s) or as otherwise agreed upon.
- 1.03 Consultant*
The term Consultant shall mean the entity with whom EKPC directly contracts and shall not mean any of its subcontractors.
- 1.04 EKPC*
The term EKPC shall mean East Kentucky Power Cooperative, Inc.
- 1.05 Work*
The term Work shall include those items set forth in any purchase order(s), instructions, specifications, drawings, and/or schedules.

Article 2 Consultant's Duty to Perform

Consultant shall diligently supply or perform the Work in accordance with industry standards and practices and in accordance with any purchase order(s), instructions, specifications, drawings, and/or schedules.

Article 3 Specifications, Drawings and Schedules

In case of a conflict between instructions, specifications, drawings, schedules, and/or purchase order(s) EKPC shall resolve such conflict; and EKPC's reasonable resolution shall be binding on the Consultant.

Article 4 Consultant's Drawings

All drawings required to be submitted to EKPC for review shall be submitted in accordance with the mutually agreed to schedule and if no schedule applies, such drawings shall be submitted by Consultant without unreasonable delay. No Work affected by the drawings shall be started until Consultant is authorized to do so by EKPC. If requested, hard copies of drawings and/or Compact Disc media shall be provided EKPC.

Article 5 EKPC Changes in Work

Consultant shall make all changes in the Work ordered by EKPC, and if any such changes shall affect Consultant's cost or work schedule, the Contract Price and schedule shall be increased or decreased accordingly. The charge or credit for any such changes affecting the Contract Price shall be determined, at EKPC's option, by any of the following methods: (a) agreed upon lump sum price, (b) unit prices specified in this Contract or subsequently agreed upon in writing and on file with EKPC, or (c) cost plus provision if specified in this Contract.

In those instances where EKPC elects to order changes upon a lump sum price basis, Consultant shall submit for approval a quotation covering any change, which affects the Contract Price; and if any change does not affect the Contract Price, this Consultant shall so acknowledge in writing. Such quotation shall be submitted promptly upon receiving notice of the change. Where such changes may adversely affect Consultant's ability to meet performance schedules or any other provisions of the Contract, a reasonable adjustment of such schedules and provisions, including payment schedules, may be granted by EKPC. Consultant shall effectuate changes as requested by EKPC, if required, after any adjustment therefore shall have been agreed upon.

Article 6 Force Majeure

6.01 Conditions of Force Majeure

Consultant shall not be liable for any damages for any failure to perform, or for any delays or interruptions beyond Consultant's reasonable control in performing any of Consultant's obligations under this Contract, including those arising from acts of God, fires, floods, riots, acts or failures to act of the government or EKPC. Consultant shall advise EKPC immediately of any failure, delay, or interruption upon occurrence thereof.

6.02 Effect of Force Majeure

Any such failure, delay or interruption, even though existing on the date of the

Contract or on the date of the start of the Work, shall require Consultant to submit recovery plan detailing the manner in which the delay shall be remedied, the revised schedule and any added expenses. Consultant shall use reasonable diligence to proceed with the Work notwithstanding the occurrence thereof. Force majeure shall apply only to the part of the Work directly affected by the particular failure, delay or interruption, and shall not apply to the Work as a whole or any other unaffected part thereof.

Article 7 Consultant Delays

Consultant shall, at no additional costs, expenses or adjustments to completion date and without any adjustments to the Contract Price, be obligated to make up time lost by any delay caused by circumstances within its control. Payment due under this Contract shall be suspended for a period of time equal to the period of any such failure, delay, or interruption.

Article 8 EKPC Extensions

EKPC shall have the right to extend schedules or suspend the Work in whole or in part, at any time upon written notice to Consultant. Consultant shall upon receipt of such written notice, with prudence, immediately suspend or delay any Work. Consultant shall resume any Work so suspended or delayed when directed to do so by EKPC. Any adjustment to the Contract Price or to the schedules for payments and performance of the remaining Work shall be mutually agreed upon.

Article 9 Inspecting, Testing and Auditing

9.01 Right of Inspecting and Testing

EKPC reserves the right, but shall not be obligated to appoint authorized representatives to follow the progress of the Work with authority to suspend Work not in accordance with the Contract. Acceptance or approval by EKPC's authorized representative shall in no event be deemed to constitute final acceptance of it by EKPC. The inspection by EKPC's authorized representative shall not relieve the Consultant of any responsibility for the proper performance of the Work. Inspection by EKPC's authorized representative shall not be deemed to be supervision by EKPC of the Consultant, its agents, servants, or employees, but shall be only for the purpose of assuring that the Work complies with the Contract.

9.02 Access for Inspecting

In the event Consultant fails to provide EKPC with reasonable facilities and access for inspection when advised, and if it becomes reasonably necessary to dismantle the Work for such inspection, then Consultant shall bear the reasonable expenses of such dismantling and reassembly provided Consultant fails or refuses such within a reasonable time after written notice from EKPC.

9.03 Right of Auditing

Consultant shall maintain complete records relating to any cost based (i.e. Work not covered by firm prices) components billed under the Contract or relating to the quantity of units billed under any unit price provisions of this Contract (all the foregoing hereinafter referred to as "Records") which shall be open to inspection

and subject to audit and reproduction during normal working hours, by EKPC or its authorized representatives to the extent necessary to adequately permit evaluation and verification of any invoices, payments, time sheets, or claims based on Consultant's actual costs incurred in the performance of Work under the Contract. For the purpose of evaluating or verifying such actual or claimed costs, EKPC or its authorized representatives shall have access to said Records at any time, including any time after final payment by EKPC to Consultant pursuant to the Contract. All information obtained in the course of such audits shall be held in confidence except pursuant to judicial and administrative order.

9.04 Access for Auditing

EKPC or its authorized representatives shall have access, during normal working hours, to all necessary Consultant facilities, and shall be provided adequate and appropriate work space, in order to conduct audits in compliance with the provisions of this Article 9. EKPC shall give Consultant reasonable notice of intended audits.

9.05 Access Regarding Subcontractors:

Consultant shall require all subcontractors to comply with the provisions of this Article 9 by inserting the requirements hereof in any subcontract.

Article 10 Compliance with Laws, Ordinances, Regulations, and Codes

Consultant shall at all times be responsible for complying with all applicable laws, ordinances, regulations, codes, and facility rules, including those relating to safety of persons and property in connection with the Consultant's Work.

Article 11 Safety

Consultant agrees to exercise reasonable care to protect its own and its subcontractors' employees performing their work until EKPC's acceptance and to exercise reasonable care to protect EKPC's facilities, property, employees and third parties from damage or injury. Consultant agrees to abide by and observe all reasonable standards of the Occupational Safety & Health Administration (OSHA) which are applicable to the Work being performed as well as all rules and regulations that may be issued by EKPC from time to time. EKPC shall have the right but not the obligation to review Consultant's compliance with safety measures.

The Consultant shall furnish adequate numbers of trained, qualified and experienced personnel and appropriate equipment in good condition to perform the Work. Such personnel shall be skilled and properly trained to perform the Work and to recognize all reasonable hazards associated with the Work. Consultant shall provide its employees with all reasonably necessary safety equipment and gear to perform the Work. Consultant shall accept all equipment, structures, and property of EKPC as found, and will make its own inspection for the purpose of determining the reasonable hazards incident to working thereon or thereabout and will adopt reasonably suitable precautions and methods for the protection and safety of its employees.

Article 12 Status of Consultant

EKPC does not reserve any right to control the methods or manner of performance of the Work by the Consultant. The Consultant, in doing the Work herein called for, shall not act as an agent

or employee of EKPC, but shall be and act as an independent Consultant, and shall be free to perform the Work by such methods and in such manner as the Consultant may choose, furnishing all equipment, and doing everything necessary to perform such Work properly and safely, having supervision over and responsibility for the safety and actions of its employees, and control over and responsibility for its equipment. EKPC may at all times have the right to have its authorized representative inspect the Work, not for any purpose or reserved right of controlling the methods and manner of the performance of the Work, but in order to assure that all Work complies with the requirements of the Contract. All persons employed by the Consultant in performance of and Work under this contract shall be employees of the Consultant and shall not be deemed to be employees of EKPC. Consultant agrees that if any portion of Consultant's Work is subcontracted, all such subcontractors shall be bound by and observe the conditions of this Contract to the same extent as herein required of Consultant.

Article 13 Labor Harmony

Consultant agrees that all labor employed by Consultant, its agents, or subcontractors for Work on the premises of EKPC shall be in harmony with all other labor being used by EKPC or other Consultants working on EKPC's premises. Consultant, its agents, or subcontractors shall remove from EKPC's premises any person objected to by EKPC in association with the Work.

Article 14 Indemnity by Consultant

The Consultant agrees to indemnify, defend and hold harmless EKPC from and against any and all loss, liability damage, claims, actions or expense arising out of personal injuries to or death of persons, or damage to, loss of, or use of property, actually resulting from, or arising out of any negligent act or omission of their employees or agents; provided, Consultant shall not be liable for consequential damages, including loss of profits.

Article 15 Environmental

As required under the OSHA Hazard Communication Standard (29 CFR 1910.1200) and certain state and local laws, Consultant or its subcontractor shall provide Material Safety Data Sheets (MSDS) covering all hazardous chemicals and materials furnished under or otherwise associated with the Work under this Contract. Consultant or its subcontractors shall provide EKPC with either copies of the applicable MSDS or copies of a document certifying that no MSDS are required under any federal, state, or local law, regulation, statute, or ordinance in effect at the job site.

Hazardous chemicals and materials are defined in applicable laws which may use the terminology "toxic or hazardous substances" instead of "hazardous chemicals and materials." Consultant or its subcontractors are responsible for determining if any chemical or material furnished, used, applied, or stored under this Contract falls within the purview or meaning of the provisions of any applicable federal, state, or local law, regulation, statute or ordinance.

Consultant or its subcontractors shall provide labeling of hazardous chemicals and materials and training of its employees in the safe usage and handling of such materials as required under any applicable federal, state, or local law, regulation, statute, or ordinance.

The Consultant or its subcontractors shall be responsible for the management of all hazardous chemicals and materials brought onto the Work site for its use and shall prevent the accidental discharge of any of its hazardous chemicals and materials into the environment. The prompt and proper clean-up and disposal of all spills, leaks or drips caused by Consultant or its subcontractors of its hazardous chemicals and materials shall be Consultant's responsibility.

Consultant shall be responsible for the storage, removal, and disposal of any excess or unused quantities of chemicals and materials which Consultant causes to be brought to the Work site. Consultant or its subcontractors shall segregate waste by type and identify to EKPC the constituents of such wastes. EKPC shall handle, store, and dispose of such wastes in accordance with all applicable laws.

Article 16 Insurance

16.01 Consultant's Insurance Obligation

Consultant shall provide and maintain, and shall require any and all subcontractors to provide and maintain, with an insurance company authorized to do business in the Commonwealth of Kentucky and otherwise acceptable to EKPC the following insurance:

- a) Workers Compensation and Employer's Liability Policy: Prior to the start of the Work, Consultant shall submit evidence of Consultant's Workers' Compensation and Employer's Liability Insurance Policy, and each such policy shall include:
 - 1) Workers' Compensation (statutory benefits coverage) Insurance accordance with the laws of the Commonwealth of Kentucky
 - 2) Employer's Liability with a minimum limit of One Million Dollars (\$1,000,000) with respect to Bodily Injury Each Accident/(\$1,000,000) Bodily Injury by Disease Each Employee/(\$1,000,000) Bodily Injury by Disease Policy Limit.
 - 3) United States Longshoremen and Harbor Workers Act Endorsement (WC 00 01 06), if exposures warrant.
 - 4) Maritime "Jones Act" Endorsement (WC 00 02 01); if exposures warrant.
 - 5) Federal Employer's Liability Act Endorsement "FELA" (WC 00 01 04), if exposures warrant.
- b) Commercial General Liability Policy: Prior to the start of Work, Consultant shall provide evidence of Consultant's Policy providing Commercial General Liability Insurance, with combined single minimum limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each Occurrence/Two Million Dollars (\$2,000,000) General Aggregate and the following coverage:
 - 1) Coverage for premises and operations, including Work let or sublet.
 - 2) No exclusion of coverage for Blanket Contractual Liability to the extent covered by the policy against liability assumed by Consultant under this Contract.
 - 3) No exclusion for Broad Form Property Damage hazard.
 - 4) No exclusion for liability arising out of blasting, collapse, and underground property damage hazards.

- 5) Products and Completed Operations Liability Coverage with a Two Million Dollars (\$2,000,000) Aggregate Limit. Said coverage must continue in force for a minimum of two (2) years from the Acceptance of Work.
 - 6) Personal and Advertising Injury Liability coverage with a One Million Dollar (\$1,000,000) Limit and Contractual Liability Exclusion (#5) eliminated.
 - 7) Said policy shall name EKPC as an Additional Insured to the extent necessary to fulfill Consultant's indemnity obligations under Article 14 - Indemnity By Consultant, with Consultant's policy deemed to be primary.
 - 8) Said policy shall be endorsed to provide that the underwriter(s) have waived their Rights of Recovery Against Others (subrogation) against EKPC and EKPC's insurance carrier(s).
 - 9) Coverage shall be amended to provide for Aggregate Limit of Liability at each project or jobsite.
 - 10) Should policy contain a deductible clause for bodily injury or property damage liability, said deductible shall be shown on the Certificate of Insurance, and Consultant's carrier shall agree to pay any such claims "first dollar" and then recover the deductible amount from Consultant.
- c) Commercial Automobile Liability Insurance Policy: Prior to the start of Work, Consultant shall provide evidence of Consultant's Commercial Automobile Liability Insurance Covering the use of all owned, non-owned and hired Automobiles, with a minimum combined single limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each Accident with respect to Consultant's vehicles assigned to or used in performance of Work under this Contract. Said policy shall name EKPC as an Additional Insured to the extent necessary to fulfill Consultant's indemnity obligations under Article 14 - Indemnity By Consultant, with said policy designated to be primary. Said policy shall include an endorsement providing that the underwriter(s) have waived their Rights of Recovery Against Others (subrogation) against EKPC and EKPC's insurance carrier(s).
 - d) Aircraft Public Liability Insurance: If applicable, Consultant shall provide prior to the start of Work, evidence of Consultant's Aircraft Public Liability Insurance covering fixed wing and rotorcraft aircraft whether owned, non-owned, leased, hired or assigned with a combined single minimum limit for bodily injury and property damage of Five Million Dollars (\$5,000,000) including passenger liability coverage. Said policy shall include an endorsement providing that the underwriter(s) have waived their rights of subrogation against EKPC and EKPC's insurance carrier(s).
 - e) Environmental Impairment ("Pollution") Liability Insurance: If applicable, CONSULTANT shall provide prior to the start of work, evidence of Consultant's Environmental Impairment Liability Insurance covering contracting operations. Said policy shall cover Consultant's use of vehicles and shall provide for cleanup and remediation expenses. Limits of liability shall not be less than \$1,000,000 each occurrence. Said policy shall be

endorsed to provide Additional Insured status of EKPC and shall be endorsed to provide Waiver of Subrogation in favor EKPC

16.02

Quality of Insurance Coverage

The above policies to be provided by Consultant shall be written by companies satisfactory to EKPC or having a Best Rating of not less than A- ("Excellent"). These policies shall not be materially changed or cancelled except with thirty day written notice to EKPC from the Consultant and the Insurance Carrier. Evidence of coverage, notification of cancellation or other changes shall be mailed to:

East Kentucky Power Cooperative, Inc.
ATTN: Finance & Risk Management
P. O. Box 707
Winchester, KY 40392-0707

Also, a copy of the certificate should be sent to Craig Johnson.

16.03

Implication of Insurance

EKPC shall not be obligated to review any of Consultant's Certificates of Insurance, insurance policies, or endorsements, or to advise Consultant of any deficiencies in such documents. Minimum limits and coverage required under this Article should not be construed to necessarily be adequate for Consultant's own insurance and risk management needs. Any receipts of such documents or their review by EKPC shall not relieve Consultant from or be deemed a waiver of EKPC's rights to insist on strict fulfillment of Consultant's obligations under the Contract.

16.04

Certificates of Insurance

EKPC reserves the right to request and receive a summary of coverage of any of the above policies or endorsements.

16.05

Other Notices

Consultant shall provide notice of any accidents or claims at the Work site to EKPC's Finance & Risk Management, at the above address, and EKPC's site authorized representative.

Article 17 Warranties

Consultant warrants that:

- a) the Work will conform to any instructions, specifications, drawings, schedules or as otherwise defined in a purchase order; and any materials supplied in connection therewith shall be new, unused, and free from defect; and for a period of one year from the completion of the work, Consultant will promptly repair or replace any defective materials or improperly performed work.
- b) the Work will be suitable for the purposes specified by EKPC.
- c) the Work is not and shall not be subject to any encumbrance, lien, security interest or other defect in title.
- d) any labor or services required hereunder shall be performed in a competent, diligent manner in accordance with professionally accepted standards.

Supplemental warranties, if applicable, are hereby incorporated as part of this agreement and are attached hereto.

Article 18 Patents

Consultant shall pay all royalties and license fees which may be payable on account of the Work or any part thereof. In case any part of the Work is held in any suit to constitute infringement and its use is enjoined, Consultant within a reasonable time shall, at the election of EKPC, either (a) secure for EKPC the perpetual right to continue the use of such part of the Work by procuring for EKPC a royalty-free license or such other permission as will enable Consultant to sure the suspension of any injunction, or (b) replace at Consultant's own expense such part of the Work with an adequate non-infringing part or modify it so that it becomes non-infringing.

Article 19 Release of Liens Upon Final Payment

Upon final payment for the work performed Consultant hereby releases for itself and its successors in interest, and for all subcontractors and their successors in interest any and all claim or right of mechanic's or any other type lien upon EKPC's property, the Work, or any part thereof as a result of performing the Work. Consultant shall execute and deliver to EKPC such documents, if any, as may be required by applicable law to make this release effective. Consultant shall also give all required notices to subcontractors with respect to the foregoing release, and if required by applicable law, shall obtain and deliver separate releases from the subcontractors.

Article 20 Assignment of Contract

Consultant shall not by operation of law or otherwise assign, sublease or subcontract any part of the Work or this Contract without first obtaining EKPC's written approval. Such approval, if given, shall not relieve Consultant from full responsibility for the fulfillment of all obligations under this Contract.

Article 21 Term and Effect of Payment

21.01 Payment Schedule

Payments shall be made NET thirty days unless otherwise agreed in writing by the parties.

21.02 Invoices

Invoicing for the Work completed by Consultant and approved by EKPC shall be paid NET thirty days from EKPC's receipt date of invoice. Consultant's invoice shall show labor, material, sales and use taxes paid, and all other (including equipment rental) as separate items on all invoices. All invoices shall be submitted with supporting documentation and in acceptable form and quality to EKPC. Should an invoice be held in dispute by EKPC, for any reason, then payment shall be NET thirty days from date of dispute resolution.

21.03 Billing of Additional Work

All claims for payments of additions to the Contract Price shall be shown on separate Consultant's invoices and must refer to the specific change order or

written authorization issued by EKPC as a condition to being considered for payment.

21.04 Effect of Payments

No payments shall be considered as evidence of the performance of or acceptance of the Work, either in whole or in part, and all payments are subject to deduction for loss, damage, costs, or expenses for which Consultant may be liable under any purchase order or set-off hereunder.

21.05 Evidence of Payment to Subcontractors

Consultant shall, if requested by EKPC, furnish EKPC with a certificate showing names of Consultant's suppliers and subcontractors hereunder, and certifying to EKPC that said suppliers and subcontractors have been paid in full.

Article 22 Routing of Shipments

EKPC shall have the option of specifying the routing of shipments. If freight is included in the Contract Price, and such specified routing increases Consultant's shipping costs, Consultant shall immediately so notify EKPC, and should EKPC still specify the more expensive routing, then EKPC shall reimburse Consultant of the increase actually incurred thereby.

Article 23 Termination

23.01 Termination for Consultant's Breach

If the Work to be done under this Contract shall be abandoned by Consultant, if this Contract or any portion thereof shall be assigned by operation of law or otherwise, if the Work or any portion thereof is sublet by Consultant without the permission of EKPC, if Consultant is placed in bankruptcy, or if a receiver be appointed for its properties, if Consultant shall make an assignment for the benefit of creditors, if any time the necessary progress of Work is not being maintained or if Consultant is violating any of the conditions or agreements of this Contract, or is executing this Contract in bad faith or not in accordance with the terms hereof, EKPC may without prejudice to any other rights or remedies it may have as a result thereof notify Consultant to discontinue any or all of the Work and terminate this Contract in whole or part. In the event that Section 365(a) of the Bankruptcy Code, or some successor law gives Consultant as debtor-in-possession the right to either accept or reject this Contract, the Consultant agrees to file an appropriate motion with the Bankruptcy Court to either accept or reject this Contract within twenty (20) days of the entry of the Order for Relief in the bankruptcy proceeding. Consultant and EKPC acknowledge and agree that said twenty (20) day period is reasonable under the circumstances. Consultant and EKPC also agree that if EKPC has not received notice that Consultant has filed a motion with the Bankruptcy court to accept or reject this Contract within said twenty (20) day period, the EKPC may file a motion with the Bankruptcy Court asking that this Contract be accepted or rejected, and Consultant shall not oppose such motion.

23.02

Effect of Termination for Consultant's Breach

From the date of such termination notice, Consultant shall vacate the site, whereupon EKPC shall have the right but not the obligation to take possession of the Work wherever located, and Consultant shall cooperate with EKPC and cause Consultant's subcontractors to cooperate with EKPC so that EKPC can effect such possession. The expenses of completing the Work in excess of the unpaid portion of the Contract Price shall be charged to the Consultant and the Consultant shall pay the amount of such excess to EKPC. The Consultant shall not, in any event, be entitled to any unpaid portion of the Contract Price. EKPC shall not be required to obtain the lowest figures for completing the Work but shall make reasonable expenditures to best accomplish such completion.

23.03

Termination for EKPC's Convenience

EKPC may terminate this Contract in whole or in part, for its own convenience by written notice at any time. In such event, EKPC shall pay Consultant all direct labor and material costs incurred on the Work prior to such notice plus any reasonable cancellation costs which Consultant may incur as a result of such termination, plus indirect costs or overhead on the portion of the Work completed, computed in accordance with generally accepted accounting principles, plus an amount equal to 10% of the foregoing direct labor and material costs, less salvage value. As an alternative to the reduction for salvage value, EKPC shall have the right at its sole discretion to take possession of the Work or any part thereof.

Article 24 Waiver of Breach

No waiver by EKPC of any provision herein or of a breach of any provision shall constitute a waiver of any other breach or of any other provision.

Article 25 Binding Effect

The provisions of this agreement apply to any job or Work hereafter ordered by EKPC and accepted by Consultant without the necessity of executing a new contract. Notwithstanding any contrary provisions in any bid, proposal or other document heretofore or hereafter submitted by Consultant, whether or not signed by EKPC, the provisions hereof shall apply to all Work performed by Consultant for EKPC except to the extent said provisions may be changed by written agreement signed by EKPC's specifically referring to this agreement.

Article 26 Headings

The headings of Articles, Sections, paragraphs and other parts of this Contract are for convenience only and do not define, limit or construe the contents thereof.

Article 27 Severability

If any provision of this contract shall be held invalid under law, such invalidity shall not affect any other provisions hereof, which are otherwise valid.

Article 28 State Law Governing Contract

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

Article 29 Equal Employment Opportunity

This contract is subject to the terms of the Equal Employment Provision, paragraphs 1 through 7, Section 202 - Sub Part B Presidential Executive Order 11246, dated September 24, 1965.

IN WITNESS WHEREOF, the parties have caused this Contract to be executed and delivered as of this day SEPTEMBER 14, 2004.

FULLER, MOSSBARGER, SCOTT
AND MAY ENGINEERS, INC.

Consultant

Scott L. Murray
By

SCOTT L. MURRAY, VICE PRES.
Printed Name/Title

Randy DiAls
By

RANDY DIALS, VICE PRES. PROD.
Printed Name/Title



Services Agreement

This Services Agreement made and entered into this 8th day of September, 2005, by and between EAST KENTUCKY POWER COOPERATIVE, INC. ("EKPC") of Winchester, Kentucky and GANNETT FLEMING, INC. of Harrisburg, Pennsylvania ("Contractor").

Witnesseth:

WHEREAS, EKPC desires to retain Contractor to perform a depreciation study; and

WHEREAS, the parties desire to enter into a general agreement setting forth the terms and conditions which shall apply to the performance of such depreciation study (the "Work");

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth below, the parties agree to the following terms and conditions:

Article 1 Definitions

- 01.01 *Contract*
The term Contract shall mean these terms and conditions pursuant to which the Work is to be performed.
- 1.02 *Contract Price*
The term Contract Price shall mean the aggregate of the particular consideration as agreed upon.
- 1.03 *Contractor*
The term Contractor shall mean the entity with whom EKPC directly contracts and shall not mean any of its subcontractors.
- 1.04 *EKPC*
The term EKPC shall mean East Kentucky Power Cooperative, Inc.
- 1.05 *Work*
The term Work shall include those items set forth in the scope of work section of the Request for Proposal ("RFP"), which is attached hereto and made a part hereof, as Exhibit 1.

Article 2 Contractor's Duty to Perform

Contractor shall diligently perform the Work in accordance with the best industry standards and practices and in accordance with any instructions, specifications, and/or schedules. Time is of the essence in this Contract.

Article 3 Force Majeure

Contractor shall not be liable for any damages for any failure to perform, or for any delays or interruptions beyond Contractor's reasonable control in performing any of Contractor's obligations under this Contract, including those arising from acts of God, fires, floods, riots, acts or failures to act of the government or EKPC. Contractor shall advise EKPC immediately of any failure, delay, or interruption upon occurrence thereof.

Article 4 Compliance with Laws, Ordinances, Regulations, and Codes

Contractor shall at all times be solely responsible for complying with all applicable laws, ordinances, regulations, codes, and facility rules, including those relating to safety of all persons and property, in connection with the Work.

Article 5 Safety

Contractor agrees to protect its own and its subcontractors' employees and be responsible under all circumstances for their Work until EKPC's acceptance of the entire project and to protect EKPC's facilities, property, employees and third parties from damage or injury. Contractor agrees to abide by and observe all standards of the Occupational Safety & Health Administration (OSHA) which are applicable to the Work being performed as well as all rules and regulations that may be issued by EKPC from time to time. EKPC shall have the right but not the obligation to review Contractor's compliance with safety measures.

The Contractor shall furnish adequate numbers of trained, qualified and experienced personnel and appropriate equipment in good condition to perform the Work. Such personnel shall be skilled and properly trained to perform the Work and recognize all hazards associated with the Work. Contractor shall provide its employees with all necessary safety equipment and gear to perform the Work. Contractor shall accept all equipment, structures, and property of EKPC as found, and will make its own inspection for the purpose of determining the hazards incident to working thereon or thereabout and will adopt suitable precautions and methods for the protection and safety of its employees.

Article 6 Indemnity by Contractor

Contractor agrees to defend, indemnify and hold harmless EKPC, its directors, officers, employees and agents, from any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature-including but not limited to costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to or destructions of properties, (c) pollutions, contaminations of or other adverse effects the environment or (d) violations of governmental laws, regulations or orders-whether suffered directly by EKPC itself or indirectly by reason of claims, demands or suits against it by third parties, resulting or alleged to have resulted from acts or omissions of

Contractor, its employees, agents, subcontractors or other representatives or from their presence on the premises of EKPC or otherwise from performance of this Contract.

Article 7 Insurance

7.01 Contractor's Insurance Obligation

Contractor shall provide and maintain, and shall require any and all subcontractors to provide and maintain, with an insurance company authorized to do business in the Commonwealth of Kentucky and otherwise acceptable to EKPC the following insurance:

- a) Workers Compensation and Employer's Liability Policy: Prior to the start of the Work, Contractor shall submit evidence of Contractor's Workers' Compensation and Employer's Liability Insurance Policy, and each such policy shall include:
 - 1) Workers' Compensation (statutory benefits coverage) Insurance accordance with the laws of the Commonwealth of Kentucky
 - 2) Employer's Liability with a minimum limit of One Million Dollars (\$1,000,000) with respect to Bodily Injury Each Accident/(\$1,000,000) Bodily Injury by Disease Each Employee/(\$1,000,000) Bodily Injury by Disease Policy Limit.
- b) Commercial General Liability Policy: Prior to the start of Work, Contractor shall provide evidence of Contractor's Policy providing Commercial General Liability Insurance, with combined single minimum limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each Occurrence/Two Million Dollars (\$2,000,000) General Aggregate and the following coverage:
 - 1) No exclusion of coverage for Blanket Contractual Liability to the extent covered by the policy against liability assumed by Contractor under this Contract.
 - 2) No exclusion for Broad Form Property Damage hazard.
 - 3) Said policy shall name EKPC as an Additional Insured to the extent necessary to fulfill Contractor's indemnity obligations under Article 6 - Indemnity By Contractor, with Contractor's policy deemed to be primary.
 - 4) Said policy shall be endorsed to provide that the underwriter(s) have waived their Rights of Recovery Against Others (subrogation) against EKPC and EKPC's insurance carrier(s).
 - 5) Should policy contain a deductible clause for bodily injury or property damage liability, said deductible shall be shown on the Certificate of Insurance, and Contractor's carrier shall agree to pay any such claims "first dollar" and then recover the deductible amount from Contractor.
- c) Commercial Automobile Liability Insurance Policy: Prior to the start of Work, Contractor shall provide evidence of Contractor's Commercial Automobile Liability Insurance Covering the use of all owned, non-owned and hired Automobiles, with a minimum combined single limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each Accident with respect to Contractor's vehicles assigned to or used in performance of Work under this Contract.

1) Said policy shall name EKPC as an Additional Insured to the extent necessary to fulfill Contractor's indemnity obligations under Article 6 - Indemnity By Contractor, with said policy designated to be primary.

2) Said policy shall include an endorsement providing that the underwriter(s) have waived their Rights of Recovery Against Others (subrogation) against EKPC and EKPC's insurance carrier(s).

7.02 *Quality of Insurance Coverage*

The above policies to be provided by Contractor shall be written by companies satisfactory to EKPC or having a Best Rating of not less than A- ("Excellent"). These policies shall not be materially changed or cancelled except with thirty day written notice to EKPC from the Contractor and the Insurance Carrier. Evidence of coverage, notification of cancellation or other changes shall be mailed to:

East Kentucky Power Cooperative, Inc.
ATTN: Finance & Risk Management
P. O. Box 707
Winchester, KY 40392-0707

7.03 *Implication of Insurance*

EKPC shall not be obligated to review any of Contractor's Certificates of Insurance, insurance policies, or endorsements, or to advise Contractor of any deficiencies in such documents. Minimum limits and coverage required under this Article should not be construed to necessarily be adequate for Contractor's own insurance and risk management needs. Any receipts of such documents or their review by EKPC shall not relieve Contractor from or be deemed a waiver of EKPC's rights to insist on strict fulfillment of Contractor's obligations under the Contract.

7.04 *Certificates of Insurance*

EKPC reserves the right to request and receive a summary of coverage of any of the above policies or endorsements.

7.05 *Other Notices*

Contractor shall provide notice of any accidents or claims at the Work site to EKPC's Finance & Risk Management, at the above address, and EKPC's site authorized representative.

Article 8 Contract Price

Contract price shall be \$30,000, which includes out-of-pocket expenses. This price does not include work subsequent to the issuance of the final report, such as work in connection with a proceeding before a regulatory body.

Article 9 Term and Effect of Payment

9.01 *Payment Schedule*

Payments shall be made NET thirty days unless otherwise agreed in writing by the parties.

9.02

Invoices

Invoicing for the Work completed by Contractor and approved by EKPC shall be paid NET thirty days from EKPC's receipt date of invoice. Contractor's invoice shall show labor and expenses as separate items on all invoices. All invoices shall be submitted with supporting documentation and in acceptable form and quality to EKPC. Should an invoice be held in dispute by EKPC, for any reason, then payment shall be NET thirty days from date of dispute resolution.

9.03

Effect of Payments

No payments shall be considered as evidence of the performance of or acceptance of the Work, either in whole or in part, and all payments are subject to deduction for loss, damage, costs, or expenses for which Contractor may be liable under any purchase order or set-off hereunder.

Article 10

Termination

10.01

Termination for Contractor's Breach

If the Work to be done under this Contract shall be abandoned by Contractor, if this Contract or any portion thereof shall be assigned by operation of law or otherwise, if the Work or any portion thereof is sublet by Contractor without the permission of EKPC, if Contractor is placed in bankruptcy, or if a receiver be appointed for its properties, if Contractor shall make an assignment for the benefit of creditors, if any time the necessary progress of Work is not being maintained or if Contractor is violating any of the conditions or agreements of this Contract, or is executing this Contract in bad faith or not in accordance with the terms hereof, EKPC may without prejudice to any other rights or remedies it may have as a result thereof notify contractor to discontinue any or all of the Work and terminate this Contract in whole or part. In the event that Section 365(a) of the Bankruptcy Code, or some successor law gives Contractor as debtor-in-possession the right to either accept or reject this Contract, the Contractor agrees to file an appropriate motion with the Bankruptcy Court to either accept or reject this Contract within twenty (20) days of the entry of the Order for Relief in the bankruptcy proceeding. Contractor and EKPC acknowledge and agree that said twenty (20) day period is reasonable under the circumstances. Contractor and EKPC also agree that if EKPC has not received notice that Contractor has filed a motion with the Bankruptcy court to accept or reject this Contract within said twenty (20) day period, the EKPC may file a motion with the Bankruptcy Court asking that this Contract be accepted or rejected, and Contractor shall not oppose such motion.

10.02

Termination for EKPC's Convenience

EKPC may terminate this Contract in whole or in part, for its own convenience by written notice at any time. In such event, EKPC shall pay Contractor all direct labor and material costs incurred on the Work prior to such notice plus any reasonable cancellation costs which Contractor may incur as a result of such termination, plus indirect costs or overhead on the portion of the Work completed,

computed in accordance with generally accepted accounting principles, plus an amount equal to 10% of the foregoing direct labor and material costs.

Article 11 Status of Contractor

The Contractor, in doing the Work herein called for, shall not act as an agent or employee of EKPC, but shall be and act as an independent contractor, and shall be free to perform the Work by such methods and in such manner as the Contractor may choose, furnishing all equipment, and doing everything necessary to perform such Work properly and safely, having supervision over and responsibility for the safety and actions of its employees. All persons employed by the Contractor in performance of and Work under this contract shall be employees of the Contractor and shall not be deemed to be employees of EKPC. Contractor agrees that if any portion of Contractor's Work is subcontracted, all such subcontractors shall be bound by and observe the conditions of this Contract to the same extent as herein required of Contractor.

Article 12 State Law Governing Contract

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

Article 13 Equal Employment Opportunity

The Equal Employment Opportunity Clause at 41 CFR 60-1.4 (a) and the Affirmative Action Clauses at 41 CFR 60-250.5 and 60-741.5 are hereby incorporated by reference and made a part of this Contract as though fully set forth herein.

Article 14 Entire Agreement

This Contract, including all Contract Documents, constitutes the entire agreement between the parties hereto with respect to the matters covered thereby. All prior negotiations, representations and agreements with respect thereto are hereby superseded. This Contract can be modified or amended only by a document duly executed by the parties hereto.

Article 15 Reliance on Data

In performing its work, Contractor shall be entitled to rely on the accuracy and completeness of work of third parties, the representations of and material provided by EKPC and public records and shall be under no obligation to verify any of the foregoing except when expressly provided in the Scope of Services.

Article 16 Limitation of Liability

Contractor's liability for damages of any kind due to breach of contract or warranty, shall be the total amount paid to Contractor under this Services Agreement. This limitation shall be deemed to be a part of the negotiated terms of the Services Agreement. This limitation shall not apply to Contractor's indemnity liability under Article 6, which is limited to the amounts of insurance coverage provided in Article 7. Any increase in the liability limit must be agreed upon by Contractor in writing prior to commencement of Services.

Article 17 Third Party Beneficiaries

Services performed by Contractor under this Services Agreement are intended solely for the benefit of EKPC. Nothing contained herein shall confer any rights upon or create any duties on the part of Contractor, or cause Contractor to be held to a fiduciary capacity, toward any person or persons not a party to this Services Agreement including, but not limited to any contractor, subcontractor, supplier, or the agents, officers, employees, of any of them. Neither party shall have the right to assign any rights under this Agreement without the prior written permission of the other party.

IN WITNESS WHEREOF, the parties have caused this Contract to be executed and delivered as of this day September 8, 2005.

GANNETT FLEMING, INC.
Contractor

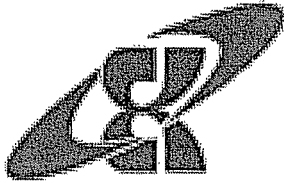
East Kentucky Power Cooperative

By John J. Spanos

By David G. Eames

JOHN J. SPANOS, VICE PRESIDENT
VALUATION AND RATE DIVISION
Printed Name/Title

DAVID G. EAMES
V.P OF FINANCE & PLANNING
Printed Name/Title



Services Agreement

This Services Agreement made and entered into this 24th day of April, 2006, by and between EAST KENTUCKY POWER COOPERATIVE, INC. ("EKPC") of Winchester, Kentucky and ENERTOUCHE, INC. D/B/A GOODCENTS SOLUTIONS of Loganville, Georgia ("Contractor").

Witnesseth:

WHEREAS, EKPC desires to retain Contractor from time to time to undertake various repair, replacement, installation, other services as assigned, and/or to supply material and equipment as may be necessary to render support and provide resources for EKPC's operations and

WHEREAS, the parties desire to enter into a general agreement setting forth the terms and conditions which shall apply to the performance of such tasks or Work as may be ordered by EKPC and accepted by Contractor from time to time;

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth below, the parties agree to the following terms and conditions:

Article 1 Definitions

- 1.01 Contract*
The term Contract shall mean these terms and conditions pursuant to which the Work is to be performed.
- 1.02 Contract Price*
The term Contract Price shall mean the aggregate of the particular consideration set forth in subsequent purchase order(s) or as otherwise agreed upon.
- 1.03 Contractor*
The term Contractor shall mean the entity with whom EKPC directly contracts and shall not mean any of its subcontractors.
- 1.04 EKPC*
The term EKPC shall mean East Kentucky Power Cooperative, Inc.
- 1.05 Work*
The term Work shall include those items set forth in any purchase order(s), instructions, specifications, drawings, and/or schedules.

Article 2 Contractor's Duty to Perform

Contractor shall diligently supply or perform the Work in accordance with the best industry standards and practices and in accordance with any purchase order(s), instructions, specifications, drawings, and/or schedules. Time is of the essence in this Contract.

Article 3 Specifications, Drawings and Schedules

In case of a conflict between instructions, specifications, drawings, schedules, and/or purchase order(s) EKPC shall resolve such conflict; and EKPC's resolution shall be binding on the Contractor.

Article 4 Contractor's Drawings

All drawings required to be submitted to EKPC for review shall be submitted in accordance with the mutually agreed to schedule and if no schedule applies, such drawings shall be submitted by Contractor without unreasonable delay. No Work affected by the drawings shall be started until Contractor is authorized to do so by EKPC.

Article 5 EKPC Changes in Work

Contractor shall make all changes in the Work ordered by EKPC, and if any such changes shall affect Contractor's cost or work schedule, the Contract Price and schedule shall be increased or decreased accordingly. The charge or credit for any such changes affecting the Contract Price shall be determined, at EKPC's option, by any of the following methods: (a) agreed upon lump sum price, (b) unit prices specified in this Contract or subsequently agreed upon in writing and on file with EKPC, or (c) cost plus provision if specified in this Contract.

In those instances where EKPC elects to order changes upon a lump sum price basis. Contractor shall submit for approval a quotation covering any change, which affects the Contract Price; and if any change does not affect the Contract Price, this Contractor shall so acknowledge in writing. Such quotation shall be submitted promptly upon receiving notice of the change. Where such changes may adversely affect Contractor's ability to meet performance schedules or any other provisions of the Contract, a reasonable adjustment of such schedules and provisions, including payment schedules, may be granted by EKPC. Contractor shall effectuate changes as requested by EKPC, if required, before any adjustment therefore shall have been agreed upon.

Article 6 Force Majeure

6.01 Conditions of Force Majeure

Contractor shall not be liable for any damages for any failure to perform, or for any delays or interruptions beyond Contractor's reasonable control in performing any of Contractor's obligations under this Contract, including those arising from acts of God, fires, floods, riots, acts or failures to act of the government or EKPC. Contractor shall advise EKPC immediately of any failure, delay, or interruption upon occurrence thereof.

6.02 Effect of Force Majeure

Any such failure, delay or interruption, even though existing on the date of the Contract or on the date of the start of the Work, shall require Contractor to submit recovery plan detailing the manner in which the delay shall be remedied, the

revised schedule and any added expenses. Contractor shall use reasonable diligence to proceed with the Work notwithstanding the occurrence thereof. Force majeure shall apply only to the part of the Work directly affected by the particular failure, delay or interruption, and shall not apply to the Work as a whole or any other unaffected part thereof.

Article 7 Contractor Delays

Without limiting any rights or remedies which EKPC may have hereunder or under any law, Contractor shall be liable for all failures, delays and interruptions in performing any of its obligations under this Contract which are within its control; and Contractor shall, at no additional cost, expense, or adjustment to completion date and without any adjustments to the Contract Price, be obligated to make up time lost by such delays. Payments due under this Contract shall be suspended for a period of time equal to the period of any such failure, delay or interruption.

Article 8 EKPC Extensions

EKPC shall have the right to extend schedules or suspend the Work in whole or in part, at any time upon written notice to Contractor. Contractor shall upon receipt of such written notice, with prudence, immediately suspend or delay any Work. Contractor shall resume any Work so suspended or delayed when directed to do so by EKPC, within a reasonable time period. Any adjustment to the Contract Price or to the schedules for payments and performance of the remaining Work shall be mutually agreed upon.

Article 9 Inspecting, Testing and Auditing

9.01 *Right of Inspecting and Testing*

EKPC reserves the right, but shall not be obligated to appoint authorized representatives to follow the progress of the Work with authority to suspend Work not in accordance with the Contract. Acceptance or approval by EKPC's authorized representative shall in no event be deemed to constitute final acceptance of it by EKPC. The inspection by EKPC's authorized representative shall not relieve the Contractor of any responsibility for the proper performance of the Work. Inspection by EKPC's authorized representative shall not be deemed to be supervision by EKPC of the Contractor, its agents, servants, or employees, but shall be only for the purpose of assuring that the Work complies with the Contract.

9.02 *Access for Inspecting*

In the event Contractor fails to provide EKPC with reasonable facilities and access for inspection when advised, and if in the opinion of EKPC it becomes necessary to dismantle the Work for such inspection, then Contractor shall bear the expenses of such dismantling and reassembly.

9.03 *Right of Auditing*

Contractor shall maintain complete records relating to any cost based (i.e. Work not covered by firm prices) components billed under the Contract or relating to the quantity of units billed under any unit price provisions of this Contract (all the foregoing hereinafter referred to as "Records") which shall be open to inspection and subject to audit and reproduction during normal working hours, by EKPC or

its authorized representatives to the extent necessary to adequately permit evaluation and verification of any invoices, payments, time sheets, or claims based on Contractor's actual costs incurred in the performance of Work under the Contract. For the purpose of evaluating or verifying such actual or claimed costs, EKPC or its authorized representatives shall have access to said Records at any time, including any time after final payment by EKPC to Contractor pursuant to the Contract. All information obtained in the course of such audits shall be held in confidence except pursuant to judicial and administrative order.

9.04 *Access for Auditing*

EKPC or its authorized representatives shall have access, during normal working hours, to all necessary Contractor facilities, and shall be provided adequate and appropriate work space, in order to conduct audits in compliance with the provisions of this Article 9. EKPC shall give Contractor reasonable notice of intended audits.

9.05 *Access Regarding Subcontractors:*

Contractor shall require all subcontractors to comply with the provisions of this Article 9 by inserting the requirements hereof in any subcontract.

Article 10 Compliance with Laws, Ordinances, Regulations, and Codes

Contractor shall at all times be solely responsible for complying with all applicable laws, ordinances, regulations, codes, and facility rules, including those relating to safety of all persons and property, in connection with the Work.

Article 11 Safety

Contractor agrees to protect its own and its subcontractors' employees and be responsible under all circumstances for their Work until EKPC's acceptance of the entire project and to protect EKPC's facilities, property, employees and third parties from damage or injury. Contractor agrees to abide by and observe all standards of the Occupational Safety & Health Administration (OSHA) which are applicable to the Work being performed as well as all rules and regulations that may be issued by EKPC from time to time. EKPC shall have the right but not the obligation to review Contractor's compliance with safety measures.

The Contractor shall furnish adequate numbers of trained, qualified and experienced personnel and appropriate equipment in good condition to perform the Work. Such personnel shall be skilled and properly trained to perform the Work and recognize all hazards associated with the Work. Contractor shall provide its employees with all necessary safety equipment and gear to perform the Work. Contractor shall accept all equipment, structures, and property of EKPC as found, and will make its own inspection for the purpose of determining the hazards incident to working thereon or thereabout and will adopt suitable precautions and methods for the protection and safety of its employees.

Article 12 Status of Contractor

EKPC does not reserve any right to control the methods or manner of performance of the Work by the Contractor. The Contractor, in doing the Work herein called for, shall not act as an agent or employee of EKPC, but shall be and act as an independent contractor, and shall be free to perform the Work by such methods and in such manner as the Contractor may choose, furnishing all equipment, and doing everything necessary to perform such Work properly and safely, having supervision over and responsibility for the safety and actions of its employees, and control over and responsibility for its equipment. EKPC may at all times have the right to have its authorized representative inspect the Work, not for any purpose or reserved right of controlling the methods and manner of the performance of the Work, but in order to assure that all Work complies with the requirements of the Contract. All persons employed by the Contractor in performance of and Work under this contract shall be employees of the Contractor and shall not be deemed to be employees of EKPC. Contractor agrees that if any portion of Contractor's Work is subcontracted, all such subcontractors shall be bound by and observe the conditions of this Contract to the same extent as herein required of Contractor.

Article 13 Labor Harmony

Contractor agrees that all labor employed by Contractor, its agents, or subcontractors for Work on the premises of EKPC shall be in harmony with all other labor being used by EKPC or other contractors working on EKPC's premises. Contractor, its agents, or subcontractors shall remove from EKPC's premises any person objected to by EKPC in association with the Work.

Article 14 Indemnity by Contractor

Contractor agrees to defend, indemnify and hold harmless EKPC, its directors, officers, employees and agents, from any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature-including but not limited to costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to or destructions of properties, (c) pollutions, contaminations of or other adverse effects the environment or (d) violations of governmental laws, regulations or orders-whether suffered directly by EKPC itself or indirectly by reason of claims, demands or suits against it by third parties, resulting or alleged to have resulted from acts or omissions of Contractor, its employees, agents, subcontractors or other representatives or from their presence on the premises of EKPC or otherwise from performance of this Contract.

Article 15 Environmental

As required under the OSHA Hazard Communication Standard (29 CFR 1910.1200) and certain state and local laws, Contractor or its subcontractors shall provide Material Safety Data Sheets (MSDS) covering all hazardous chemicals and materials furnished under or otherwise associated with the Work under this Contract. Contractor or its subcontractors shall provide EKPC with either copies of the applicable MSDS or copies of a document certifying that no MSDS are required under any federal, state, or local law, regulation, statute, or ordinance in effect at the job site.

Hazardous chemicals and materials are defined in applicable laws which may use the terminology "toxic or hazardous substances" instead of "hazardous chemicals and materials."

Contractor or its subcontractors are responsible for determining if any chemical or material furnished, used, applied, or stored under this Contract falls within the purview or meaning of the provisions of any applicable federal, state, or local law, regulation, statute or ordinance.

Contractor or its subcontractors shall provide labeling of hazardous chemicals and materials and training of its employees in the safe usage and handling of such materials as required under any applicable federal, state, or local law, regulation, statute, or ordinance.

The Contractor or its subcontractors shall be responsible for the management of all hazardous chemicals and materials brought onto the Work site for its use and shall prevent the accidental discharge of any of its hazardous chemicals and materials into the environment. All hazardous chemicals and materials shall be handled and stored according to Contractor's written "Spill Prevention Control and Countermeasures Plan" or "Best Management Practices Plan" as defined under the provisions of the Clean Water Act, as amended. In all cases, secondary containment shall be provided for the storage of hazardous chemicals and materials. The prompt and proper clean-up and disposal of all spills, leaks or drips caused by Contractor or its subcontractors of its hazardous chemicals and materials shall be Contractor's responsibility.

Contractor shall be responsible for the storage, removal, and disposal of any excess or unused quantities of chemicals and materials which Contractor causes to be brought to the Work site. Contractor or its subcontractors shall segregate waste by type and identify to EKPC the constituents of such wastes. EKPC shall handle, store, and dispose of such wastes in accordance with all applicable laws.

Article 16 Insurance

16.01 Contractor's Insurance Obligation

Contractor shall provide and maintain, and shall require any and all subcontractors to provide and maintain, with an insurance company authorized to do business in the Commonwealth of Kentucky and otherwise acceptable to EKPC the following insurance:

- a) Workers Compensation and Employer's Liability Policy: Prior to the start of the Work, Contractor shall submit evidence of Contractor's Workers' Compensation and Employer's Liability Insurance Policy, and each such policy shall include:
 - 1) Workers' Compensation (statutory benefits coverage) Insurance accordance with the laws of the Commonwealth of Kentucky
 - 2) Employer's Liability with a minimum limit of One Million Dollars (\$1,000,000) with respect to Bodily Injury Each Accident/(\$1,000,000) Bodily Injury by Disease Each Employee/(\$1,000,000) Bodily Injury by Disease Policy Limit.
 - 3) United States Longshoremen and Harbor Workers Act Endorsement (WC 00 01 06), if exposures warrant.
 - 4) Maritime "Jones Act" Endorsement (WC 00 02 01); if exposures warrant.
 - 5) Federal Employer's Liability Act Endorsement "FELA" (WC 00 01 04), if exposures warrant.

- b) Commercial General Liability Policy: Prior to the start of Work, Contractor shall provide evidence of Contractor's Policy providing Commercial General Liability Insurance, with combined single minimum limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each Occurrence/Two Million Dollars (\$2,000,000) General Aggregate and the following coverage:
- 1) Coverage for premises and operations, including Work let or sublet.
 - 2) No exclusion of coverage for Blanket Contractual Liability to the extent covered by the policy against liability assumed by Contractor under this Contract.
 - 3) No exclusion for Broad Form Property Damage hazard.
 - 4) No exclusion for liability arising out of blasting, collapse, and underground property damage hazards.
 - 5) Products and Completed Operations Liability Coverage with a Two Million Dollars (\$2,000,000) Aggregate Limit. Said coverage must continue in force for a minimum of two (2) years from the Acceptance of Work.
 - 6) Personal and Advertising Injury Liability coverage with a One Million Dollar (\$1,000,000) Limit and Contractual Liability Exclusion (#5) eliminated.
 - 7) Said policy shall name EKPC as an Additional Insured to the extent necessary to fulfill Contractor's indemnity obligations under Article 14 - Indemnity By Contractor, with Contractor's policy deemed to be primary.
 - 8) Said policy shall be endorsed to provide that the underwriter(s) have waived their Rights of Recovery Against Others (subrogation) against EKPC and EKPC's insurance carrier(s).
 - 9) Coverage shall be amended to provide for Aggregate Limit of Liability at each project or jobsite.
 - 10) Should policy contain a deductible clause for bodily injury or property damage liability, said deductible shall be shown on the Certificate of Insurance, and Contractor's carrier shall agree to pay any such claims "first dollar" and then recover the deductible amount from Contractor.
- c) Commercial Automobile Liability Insurance Policy: Prior to the start of Work, Contractor shall provide evidence of Contractor's Commercial Automobile Liability Insurance Covering the use of all owned, non-owned and hired Automobiles, with a minimum combined single limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each Accident with respect to Contractor's vehicles assigned to or used in performance of Work under this Contract.
- 1) Said policy shall name EKPC as an Additional Insured to the extent necessary to fulfill Contractor's indemnity obligations under Article 14 - Indemnity By Contractor, with said policy designated to be primary.
 - 2) Said policy shall include an endorsement providing that the underwriter(s) have waived their Rights of Recovery Against Others (subrogation) against EKPC and EKPC's insurance carrier(s).
- d) Aircraft Public Liability Insurance: If applicable, Contractor shall provide prior to the start of Work, evidence of Contractor's Aircraft Public Liability

Insurance covering fixed wing and rotorcraft aircraft whether owned, non-owned, leased, hired or assigned with a combined single minimum limit for bodily injury an property damage of Five Million Dollars (\$5,000,000) including passenger liability coverage. Said policy shall include an endorsement providing that the underwriter(s) have waived their rights of subrogation against EKPC and EKPC's insurance carrier(s).

- e) Environmental Impairment ("Pollution") Liability Insurance. If applicable, Contractor shall provide prior to the start of work, evidence of Contractor's Environmental Impairment Liability Insurance covering contracting operations.
 - 1) Said policy shall cover contractor's use of vehicles and shall provide for cleanup and remediation expenses. Limits of liability shall not be less than \$1,000,000 each occurrence.
 - 2) Said policy shall be endorsed to provide Additional Insured status of EKPC and shall be endorsed to provide Waiver of Subrogation in favor of EKPC.

16.02 *Quality of Insurance Coverage*

The above policies to be provided by Contractor shall be written by companies satisfactory to EKPC or having a Best Rating of not less than A- ("Excellent"). These policies shall not be materially changed or cancelled except with thirty day written notice to EKPC from the Contractor and the Insurance Carrier. Evidence of coverage, notification of cancellation or other changes shall be mailed to:

East Kentucky Power Cooperative, Inc.
ATTN: Finance & Risk Management
P. O. Box 707
Winchester, KY 40392-0707

Also, a copy of the certificate should be sent to the "Ship To:" address on the purchase order, marked to the attention of: _____.

16.03 *Implication of Insurance*

EKPC shall not be obligated to review any of Contractor's Certificates of Insurance, insurance policies, or endorsements, or to advise Contractor of any deficiencies in such documents. Minimum limits and coverage required under this Article should not be construed to necessarily be adequate for Contractor's own insurance and risk management needs. Any receipts of such documents or their review by EKPC shall not relieve Contractor from or be deemed a waiver of EKPC's rights to insist on strict fulfillment of Contractor's obligations under the Contract.

16.04 *Certificates of Insurance*

EKPC reserves the right to request and receive a summary of coverage of any of the above policies or endorsements.

16.05 *Other Notices*

Contractor shall provide notice of any accidents or claims at the Work site to EKPC's Finance & Risk Management, at the above address, and EKPC's site authorized representative.

Article 17 Warranties

Contractor warrants that:

- a) the Work will conform to any instructions, specifications, drawings, schedules or as otherwise defined in a purchase order; and any materials supplied in connection therewith shall be new, unused, and free from defect; and for a period of one year from the completion of the work, contractor will promptly repair or replace any defective materials or improperly performed work.
- b) the Work will be suitable for the purposes specified by EKPC.
- c) the Work is not and shall not be subject to any encumbrance, lien, security interest or other defect in title.
- d) any labor or services required hereunder shall be performed in a competent, diligent manner in accordance with professionally accepted standards.

Supplemental warranties, if applicable, are hereby incorporated as part of this agreement and are attached hereto.

Article 18 Patents

Contractor shall pay all royalties and license fees which may be payable on account of the Work or any part thereof. In case any part of the Work is held in any suit to constitute infringement and its use is enjoined, Contractor within a reasonable time shall, at the election of EKPC, either (a) secure for EKPC the perpetual right to continue the use of such part of the Work by procuring for EKPC a royalty-free license or such other permission as will enable Contractor to sure the suspension of any injunction, or (b) replace at Contractor's own expense such part of the Work with an adequate non-infringing part or modify it so that it becomes non-infringing.

Article 19 Release of Liens

Contractor hereby releases for itself and its successors in interest, and for all subcontractors and their successors in interest any and all claim or right of mechanic's or any other type lien upon EKPC's property, the Work, or any part thereof as a result of performing the Work. Contractor shall execute and deliver to EKPC such documents, if any, as may be required by applicable law to make this release effective. Contractor shall also give all required notices to subcontractors with respect to the foregoing release, and if required by applicable law, shall obtain and deliver separate releases from the subcontractors.

Article 20 Assignment of Contract

Contractor shall not by operation of law or otherwise assign, sublease or subcontract any part of the Work or this Contract without first obtaining EKPC's written approval. Such approval, if given, shall not relieve Contractor from full responsibility for the fulfillment of all obligations under this Contract.

Article 21 Term and Effect of Payment

21.01 Payment Schedule

Payments shall be made NET thirty days unless otherwise agreed in writing by the parties.

21.02 *Invoices*
 Invoicing for the Work completed by Contractor and approved by EKPC shall be paid NET thirty days from EKPC's receipt date of invoice. Contractor's invoice shall show labor, material, sales and use taxes paid, and all other (including equipment rental) as separate items on all invoices. All invoices shall be submitted with supporting documentation and in acceptable form and quality to EKPC. Should an invoice be held in dispute by EKPC, for any reason, then payment shall be NET thirty days from date of dispute resolution.

21.03 *Billing of Additional Work*
 All claims for payments of additions to the Contract Price shall be shown on separate Contractor's invoices and must refer to the specific change order or written authorization issued by EKPC as a condition to being considered for payment.

21.04 *Effect of Payments*
 No payments shall be considered as evidence of the performance of or acceptance of the Work, either in whole or in part, and all payments are subject to deduction for loss, damage, costs, or expenses for which Contractor may be liable under any purchase order or set-off hereunder.

21.05 *Evidence of Payment to Subcontractors*
 Contractor shall, if requested by EKPC, furnish EKPC with a certificate showing names of Contractor's suppliers and subcontractors hereunder, and certifying to EKPC that said suppliers and subcontractors have been paid in full.

Article 22 Routing of Shipments

EKPC shall have the option of specifying the routing of shipments. If freight is included in the Contract Price, and such specified routing increases Contractor's shipping costs, Contractor shall immediately so notify EKPC, and should EKPC still specify the more expensive routing, then EKPC shall reimburse Contractor of the increase actually incurred thereby.

Article 23 Termination

23.01 *Termination for Contractor's Breach*
 If the Work to be done under this Contract shall be abandoned by Contractor, if this Contract or any portion thereof shall be assigned by operation of law or otherwise, if the Work or any portion thereof is sublet by Contractor without the permission of EKPC, if Contractor is placed in bankruptcy, or if a receiver be appointed for its properties, if Contractor shall make an assignment for the benefit of creditors, if any time the necessary progress of Work is not being maintained or if Contractor is violating any of the conditions or agreements of this Contract, or is executing this Contract in bad faith or not in accordance with the terms hereof, EKPC may without prejudice to any other rights or remedies it may have as a result thereof notify contractor to discontinue any or all of the Work and terminate this Contract in whole or part. In the event that Section 365(a) of the Bankruptcy Code, or some successor law gives Contractor as debtor-in-possession the right to either accept or reject this Contract, the Contractor agrees to file an appropriate

motion with the Bankruptcy Court to either accept or reject this Contract within twenty (20) days of the entry of the Order for Relief in the bankruptcy proceeding. Contractor and EKPC acknowledge and agree that said twenty (20) day period is reasonable under the circumstances. Contractor and EKPC also agree that if EKPC has not received notice that Contractor has filed a motion with the Bankruptcy court to accept or reject this Contract within said twenty (20) day period, the EKPC may file a motion with the Bankruptcy Court asking that this Contract be accepted or rejected, and Contractor shall not oppose such motion.

23.02 *Effect of Termination for Contractor's Breach*

From the date of such termination notice, Contractor shall vacate the site, whereupon EKPC shall have the right but not the obligation to take possession of the Work wherever located, and Contractor shall cooperate with EKPC and cause Contractor's subcontractors to cooperate with EKPC so that EKPC can effect such possession. The expenses of completing the Work in excess of the unpaid portion of the Contract Price shall be charged to the Contractor and the Contractor shall pay the amount of such excess to EKPC. The Contractor shall not, in any event, be entitled to any unpaid portion of the Contract Price. EKPC shall not be required to obtain the lowest figures for completing the Work but may make such expenditures as in its sole judgment shall best accomplish such completion.

23.03 *Termination for EKPC's Convenience*

EKPC may terminate this Contract in whole or in part, for its own convenience by written notice at any time. In such event, EKPC shall pay Contractor all direct labor and material costs incurred on the Work prior to such notice plus any reasonable cancellation costs which Contractor may incur as a result of such termination, plus indirect costs or overhead on the portion of the Work completed, computed in accordance with generally accepted accounting principles, plus an amount equal to 10% of the foregoing direct labor and material costs, less salvage value. As an alternative to the reduction for salvage value, EKPC shall have the right at its sole discretion to take possession of the Work or any part thereof.

Article 24 Waiver of Breach

No waiver by EKPC of any provision herein or of a breach of any provision shall constitute a waiver of any other breach or of any other provision.

Article 25 Binding Effect

The provisions of this agreement apply to any job or Work hereafter ordered by EKPC and accepted by Contractor without the necessity of executing a new contract. Notwithstanding any contrary provisions in any bid, proposal or other document heretofore or hereafter submitted by Contractor, whether or not signed by EKPC, the provisions hereof shall apply to all Work performed by Contractor for EKPC except to the extent said provisions may be changed by written agreement signed by EKPC's specifically referring to this agreement.

Article 26 Headings

The headings of Articles, Sections, paragraphs and other parts of this Contract are for convenience only and do not define, limit or construe the contents thereof.

Article 27 Severability

If any provision of this contract shall be held invalid under law, such invalidity shall not affect any other provisions hereof, which are otherwise valid.

Article 28 State Law Governing Contract

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

Article 29 Equal Employment Opportunity

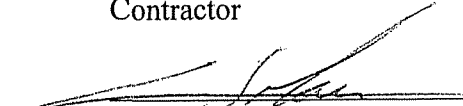
The Equal Employment Opportunity Clause at 41 CFR 60-1.4 (a) and the Affirmative Action Clauses at 41 CFR 60-250.5 and 60-741.5 are hereby incorporated by reference and made a part of this Contract as though fully set forth herein.

Article 30 Entire Agreement

This Contract, including all Contract Documents, constitutes the entire agreement between the parties hereto with respect to the matters covered thereby. All prior negotiations, representations and agreements with respect thereto are hereby superseded. This Contract can be modified or amended only by a document duly executed by the parties hereto.

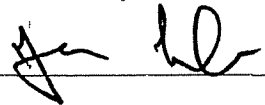
IN WITNESS WHEREOF, the parties have caused this Contract to be executed and delivered as of this day April 24, 2006.

EnerTouch, Inc. d/b/a GoodCents Solutions
Contractor


By _____

Clayt S. Mason – President
Printed Name/Title

East Kentucky Power Cooperative


By _____

Jim Kamp / VP Coordinated
Printed Name/Title Planning

Scope of Work

GoodCents understands that EKPC desires to conduct a DLC pilot project that will involve two summers, the summers of 2006 and 2007. We understand that EKPC wants 400 residential customers to participate in this pilot. These participants will all be members of Blue Grass Energy and reside within 30 miles of Lexington, Kentucky. Each participant will have both central air conditioning and electric water heating. Both of these end uses will be subject to load control by either EKPC or the electric cooperative directly serving the participant.

An additional 300 water heaters will be placed under control, using the TWACS load control device, at Big Sandy RECC. We understand that portion of the project will take place later in the summer or fall of 2006 in order to capture winter peak load data.

It is also our understanding that EKPC will be using, for the Blue Grass Energy project, DLC devices made for Hunt Technology's Turtle system and that one DLC "switch" will be installed for each air conditioner and one will be installed for each electric water heater.

Besides the device installation, GoodCents will provide customer service, customer contact database management, the pilot program's operational logs and reporting, and measurement and validation services establishing statistically meaningful quantitative estimates of the demand response achieved.

GoodCents is also proposing some pilot participant recruitment strategies and services for EKPC and the sponsoring cooperatives.

As this is a two-year pilot program, it is important that EKPC learn as much as possible about how to design and structure the ultimate program to bring the most customer satisfaction, the greatest possible market participation, and the greatest and most reliable demand response potential with little impact on participant comfort.

Installation and Management Services

The local project team is responsible for the equipment installation, service and repair, quality assurance, and maintenance. The local team is comprised of a project manager, one or more installation and technical service team supervisors, quality and inventory control specialists, electrician/installation technicians, and administrative staff. This team will ensure that the required number of DLC devices will be installed on schedule in a quality fashion.

GoodCents currently has a field office in Louisville, Kentucky staffed with qualified installation technicians that all live in the Lexington – Louisville area. GoodCents is proposing to run the installation, quality control, and customer service operations from the Louisville office using technicians that are now living in and around Lexington.

By managing the field implementation services for the pilot program from our Louisville office, EKPC will receive some significant economies. To fully capture those economies, the timing of the installations for the 400 pilot program participants is critical.

The “busy season” for our technicians that work out of the Louisville office starts in the early spring and continues through the late summer. In order to smooth out the use of our work force, GoodCents can offer EKPC significant savings on its’ pilot program installations if we are approved to begin work no later than January 1, 2006. If that is the case then all 400 participants will be installed and the sub-sample for measurement and validation will be fully instrumented by April 1, 2006.

Database and data administrative services will be provided from our Stone Mountain office. This team is involved in all database activities, data resolution, scheduling and routing, and project reporting and tracking.

Our central Customer Contact Center will be the contact for addressing technical service by telephone and the dispatching of local service personnel to correct any DLC equipment problems.

Customer Enrollment and Service

GoodCents will be responsible for scheduling DLC equipment installations. Installation appointments will be necessary for this pilot because all 400 pilot program participants are expected to have both central air conditioning and electric water heating. For those customers who call to enroll, after verifying that they are qualified potential pilot program participants, an installation appointment will be made at the time of the call whenever possible. For those customers who subscribe by mail, GoodCents will commit to a time of no more than 10 calendar days between the time we receive the sign-up card and our initial call to qualify them and set an appointment. For convenience, customers can specify a day and time-window (a.m. or p.m.) for installation. GoodCents will set appointments with customers only when a responsible adult will be at home. Installations may occur through the early evening and on Saturdays.

Customer Contact Center (CCC)

GoodCents has established and staffed a telephone center in our Stone Mountain office. This center will be responsible for participant enrollment and the timely resolution of customer service and maintenance issues related to this program.

Through our experience with direct load control systems, we have learned that many customer service issues can be resolved over the telephone if the customer is speaking to a knowledgeable person. This results in a higher level of satisfaction for the customer and reduction in cost and time for service.

Our contact center employs an automated call management system to manage call queues, route callers to available representatives, and give the customer the flexibility to leave voice messages rather than continue to wait. Customers will be provided a single toll-free number to reach the GoodCents CCC for all project-related needs. Calls will go into a queue to be taken by the next available representative.

In the past year, our contact center has been able to answer 81% of all calls received within 20 seconds, had an average speed of answer of 22 seconds, and kept the call abandonment rate to 5%. This prompt response to customers ensures a high level of service. Since our contact center is dedicated to only supporting GoodCents programs, our call center staff is very knowledgeable about load management systems. This enables us to provide a high degree of trouble shooting and problem resolution over the phone.

The center currently operates from 8 a.m. to 9 p.m. Eastern time. If necessary, for an additional cost, we can expand the coverage hours. After hours, callers are directed to a voice mail system that provides them an option to page an on-call technician for emergency service, or to leave a message for next day follow-up.

The CCC software has full automation capabilities for scheduling callers, hold messaging, multicaller routing, voice mail, and call reports with statistics.

Each telephone workstation is equipped with a computer allowing access to the customer database and work order tracking.

IT and Systems Support

GoodCents uses an integrated customer management system, *Visitrack*, to support program operations. *Visitrack* has two modules. Our proprietary *Outreach* marketing enrollment and tracking system provides for program enrollment. It consists of a complete database of the utility's customers, updated as often as the utility desires. The customer database is accessed whenever a customer calls or mails in an enrollment card. Our proprietary *ICU* system maintains the enrolled customer database. When a customer is enrolled, the information is entered in *Outreach*, the customer record is transferred into *ICU*. *ICU* then maintains the customer enrollment history, including tracking of installation and service work orders, inventory management of installed switches, and tracking of all customer inquiries. The *Outreach* and *ICU* systems are maintained in the GoodCents corporate office.

During 2005, GoodCents is installing two significant upgrades to its *VisiTrack* system. The first of these is a replacement for the *ICU* work order management application. Our new system will provide an enhanced capability for routing and scheduling customers, improved customer tracking and work management, and increased reporting capabilities. Our dispatcher will be able to efficiently route technicians to meet customer-scheduling commitments and maximize our resource efficiency. Field technicians will be wirelessly tied into the system through GPS-enabled cell phones. This will allow them to receive and close out work orders in real time, and will provide our dispatcher with real-time location information on technicians. We will then be able to quickly dispatch the closest technician on any emergency service calls. We began rolling out this system to an existing project in February.

The second change is a new version of our *Outreach* enrollment application. The new *Outreach* provides enhanced information to support call center representatives during the enrollment process, including easy access to help screens, an improved display of customer information, and better data management.

Our new system seamlessly integrates the scheduling, routing, installation, and service process. A single database will provide a comprehensive view of all customer activity, including enrollment, all contacts with our customer call center, and a full work order history. Our new system will soon be fully functional. In the interim, we continue to use our existing system.

Pre-Installation Activities

Installation Personnel Recruitment

Our installers are direct employees of GoodCents. We recruited the GoodCents installers from local trade schools that offer certificates in HVAC installation and repair. Recruiting from schools with HVAC programs offers several advantages. First, the students are already familiar with a variety of types of central air conditioners

and able to evaluate whether customer equipment meets code. Training time, and thus costs, are reduced.

Before hiring, we evaluate candidates' skills and competencies relating to customer interaction and technical background. GoodCents checks references and past work to confirm that individuals can provide excellent customer service and that they have adequate background training and experience to install load control equipment. All GoodCents employees are required to pass a drug and alcohol screening and a *personal background investigation as a condition of employment*. GoodCents is keenly aware that our installers represent both your utility and GoodCents. We're careful to ensure that our installers enhance both images.

Installer Training

GoodCents only allows "qualified installers" to install and maintain load control systems and equipment. To train "qualified installers," GoodCents has developed its own two-week, comprehensive training and testing program that ensures that each installer knows both the technical and customer service aspects of the job.

To qualify for the training program, the candidate must have an Electrical or HVAC two-year Associates degree or equivalent experience. We require State Board of Education certification in Electrical or Heating, Air Conditioning, Refrigeration and Basic Associated Equipment for installers. This certification must have been received from a State Board of Education approved technical institution or school.

The qualification program consists of two weeks of intensive training and testing that produces a highly skilled installation technician who understands the importance of good customer service. Upon completion of our training program, installation candidates must pass a written and oral test to receive their "qualified installer" badge. Only after receiving GoodCents' qualified installer badge is an installer allowed to complete an installation without on-site supervision.

The first week of training consists of a combination of "in class," "bench-testing," and "field installation" experiences. Installers learn techniques for various air conditioners, heat pumps, water heaters, pool pumps, trouble-shooting device problems, learning "quick-fix" wiring and AC solutions, and administrative procedures. Technical training focuses on all aspects of installation of load management devices on residential ACs, heat pumps, water heaters, and pool pumps. GoodCents provides up-to-date installation documentation and training to all installers. The training ensures that installers are aware of installation standards and codes, and includes extensive review of all necessary safety information.

Customer service training focuses on the role of the installer as an agent of the utility sponsoring the program. Training emphasizes self-presentation, customer courtesousness, and dress appearance.

GoodCents provides uniforms: shirts, jackets, and caps. Throughout this document, there are pictures that show our installers and how they are typically dressed. Here is another.

At the end of the initial phase of the program, candidates are required to take a combined written and "hands on" test.

The second training phase consists of one week of fieldwork under the direct supervision of a senior installer. Each candidate partners with an experienced senior

installer who will continue the candidate's installation and customer service training. At the end of this phase, written tests are combined with the senior installer's evaluation. If the candidate passes, he or she is promoted and receives a "qualified installer" badge.

Evidence of Electrical Contractor Status

GoodCents is a licensed electrical contractor in many states throughout the country including Kentucky. We will notify all governmental electrical permitting bodies of the program and our contracting status. We will respond to their concerns with meetings and written explanations of the program, the DLC equipment, and our installation techniques. We have historically met all obligations and requests, and will continue to do so.

Permitting

Based on previous experiences, electrical permits may be required for the installation of DLC equipment. If municipal and/or county permitting issues arise, GoodCents will aggressively pursue the acquisition and/or discharge of these permits, with any fees passed through to the utility.

GoodCents has learned that the permitting authorities have different "trigger" phrases that may or may not result in the requirement of permits. For example, if a DLC device is referred to as a "switch," the authority will very likely require a permit. However, if the device is referred to as a "timer," which it technically is, a permit is not as likely to be required. Some government agencies insist on permits regardless of the phraseology. In those permitting situations, we have been successful in negotiating "blanket" or group permits.

Office and Warehouse Space

GoodCents has secured and provisioned office and warehouse space in Louisville that will provide a suitable staging area when necessary for our installation staff located in the Lexington area.

GoodCents will carry appropriate insurance to cover losses. We will maintain an inventory control system and will work with your utility's accounting department to ensure that correct inventory procedures and practices are followed.

GoodCents will ensure that sufficient stock is on-hand locally and logged-in to meet the demand for installations. Estimates of the numbers of devices to be installed will be based on customer enrollments.

Vehicle Acquisition and Signage

GoodCents will use new vehicles or reassign existing vehicles for use by installers and quality control technicians. These vehicles will be clearly marked as GoodCents vehicles but may also contain signage indicating that GoodCents is working as an authorized contractor for EKPC if that is what you want. The following two pictures illustrate these points.

Installation Activities

The day before each scheduled installation, the participating customer will receive a telephone call from our Customer Contact Center reminding them that we will be coming to do their installation. If rescheduling is necessary, it will be accomplished at that time.

Upon arrival at the site, the GoodCents qualified installer will check to determine if the customer is at home. If he/she is at home, the installer will greet the customer, present his or her GoodCents identification, and obtain verbal authorization to proceed with the installation. If the customer is not home, the installer will install switches on all outside devices that can be reached (AC or heat pump). If nothing can be installed or the customer does not give authorization, the installer will notify the GoodCents dispatch center and proceed to the next installation. In addition, if the customer is not home, the installer will leave a door hanger indicating that the DLC installer came, the work that was performed, and a telephone number to call for rescheduling any work that could not be done.

In cases where installation is not possible due to a correctable problem (e.g., access issues, equipment maintenance issues, etc.), GoodCents recommends a follow-up procedure to encourage customers to take action to either allow an installation or permanently cancel the customer from the program. The door hanger will encourage the customer to contact our call center to reschedule or notify us that the barrier to installation has been corrected. If we have not heard from the customer in two weeks, we will make a follow-up call attempt to the customer. Two weeks later, we will notify the customer by mail that they are being cancelled from the program, and if they wish to participate, they will have to reenroll. Of course, if the customer indicates they are continuing to work toward a resolution (e.g., getting an air conditioner serviced or repaired), we will hold the work order open.

Following this process ensures that we reach a resolution on all customers within a month of the initial install attempt. This especially helps to limit customer misunderstanding with regard to receipt of the installation and participation credits, since it brings a definitive closure to the process. GoodCents will work with your personnel to prepare telephone scripts and letters. We are also open to modifying the timing of the notification process.

Tracking of DLC Components

GoodCents will receive, inspect, and deliver to the customer site all the necessary DLC components. DLC equipment will be inspected for shipping and manufacturing defects. All defects, including defect trends, will be logged in our tracking database. We will notify your staff of manufacturer defects and defect trends.

Site Inspection

The installer will inspect customer appliances that are to be controlled. The inspection will include the following steps:

- ▶ Visual inspection of the condition of the condenser unit (AC)
- ▶ Visual inspection of the condition of other devices to be controlled
- ▶ Removal of cover-panels and visual inspection of wiring for safety code violations

The customer's equipment must be in good order for the install to be completed. If it is not in good order, the installer will explain the corrective instructions or, if the customer is not at home, a door hanger will be left indicating what corrective actions are needed before the installation can take place.

Repairs

Minor Repairs

Some AC units and water heaters may require repairs in order to meet electrical code before DLC devices can be installed. Before making repairs, the customer must agree that the repairs are necessary and permit the installer to proceed. Completing these minor repairs while our technician is on-site is much more cost-effective to your utility than a return trip. Repairs will be itemized and billed accordingly.

Minor repairs include the replacement of:

- Double pole breaker (all sizes)
- Single pole breaker (all sizes)
- Conduit (all sizes, all lengths)
- Connectors
- Fuse change (all sizes)
- Fuse reducer

Major Repairs

If an appliance needs "major" repair work to be brought up to code or working order, the installer will inform the customer. The installer will make the project manager aware of the devices that were not installed and the reason for the "incomplete" installation. The customer will be instructed to call the toll-free customer service number to request installation of the DLC devices after the repairs have been completed. If the customer has not rescheduled within two weeks, the Customer Contact Center will contact the customer.

DLC Equipment and Component Installation

GoodCents will install the DLC devices and all necessary components for this proposed program. Our staff will meet with your staff to review the current installation procedures and instructions.

GoodCents is very concerned with the customer's satisfaction with the installation process. Therefore, we pay close attention to details that might trouble or upset the customer. To this end, we employ the following criteria:

- ▶ Mounting of the load control devices will be made in a location that provides access to the AC and WH wiring with the least effect on aesthetics.

- ▶ Equipment installations will be made in such a manner as to minimize alterations to the current structure. Holes in walls, floors, or ceilings will be minimal. Holes made will be sealed with clear caulk to blend in with the appearance of the house.
- ▶ Junction boxes will be mounted in an easily accessible location. Installation of conduit, junction boxes, and connectors will comply with applicable building codes and the National Electric Code.
- ▶ After physical installation of the DLC system is complete, the installer will verify that the AC unit and water heater are functioning correctly and that all DLC units function correctly.

Labeling and Documentation

GoodCents will apply all labels and record serial numbers as needed. All device names and ID numbers, used for the site, will match the names and numbers in the system manager. Labeling and documenting will include the following steps:

- ▶ The installer will apply a label on each field device indicating that it is your utility's DLC system component and a number to call for customer service and support.
- ▶ The installer will record a serial number from each DLC device installed and our database will be updated to reflect this.
- ▶ GoodCents will maintain a paper or electronic copy of switch serial numbers for each installation.

Post-Installation Activities

Malfunctioning Equipment

The call center customer service representative (CSR) will use the following procedures when a customer reports a malfunctioning end use device under direct load control.

The CSR will attempt to solve the problem over the phone by asking the customer a series of questions about the problem. All information will be recorded in the tracking system with comments, outcome, date and time.

If the problem cannot be solved over the phone, the CSR will notify the project staff. The project staff will check the dispatch software for the nearest service technician and inform the customer of when a service technician should arrive. A GoodCents service technician will then be dispatched.

The service technician will make a service call to the customer's site. He will determine whether the device or a faulty installation has caused any malfunction of the controlled equipment.

If the inspection reveals that the problem is with the appliance, the GoodCents technician will recommend that the customer call an appliance service contractor of their choice. The appliance service contractor will determine whether a DLC device installation caused the breakdown. If the installation caused the breakdown, a contractor will repair the appliance and remit a bill to GoodCents. If the equipment breakdown is not due to the DLC device/system installation, the customer will be advised of the needed repairs to their system.

The technician will report the outcome of the visit to our project manager and all relevant information will be entered into our tracking system.

GoodCents will take responsibility for repairing damage to appliances caused by its incorrect installation or removal of DLC components. Customer property damaged because of incorrect installation will be repaired or, if necessary, replaced. If the customer disagrees with the determination of the service technician, he/she may appeal. The customer will be informed that he/she must first appeal to the GoodCents project manager, who will review the case facts with the service technician, the customer, and/or an independent contractor. If the customer wishes to appeal further, all information will be turned over to the utility project manager for settlement.

Customer Requests Permanent Removal

Customers may want devices or systems removed because they are dissatisfied with the DLC program. In the event such a request is made to your service center, the call should be transferred to our Customer Contact Center. GoodCents staff will encourage the customer to remain in the program.

Our CSRs can act as "your utility's DLC field representatives" who specialize in dealing with participants who have misunderstandings about the program. They will attempt to resolve these conflicts and avoid removal of the equipment by explaining the intended operation of the system.

If, after the telephone technician's explanation of the program, the customer still does not want to participate in the program, a removal work order will be created and a service technician will be scheduled to remove the equipment. The technician will remove the equipment and restore any modifications to the customer's premises. The installer will return all equipment for refurbishing and reentry into inventory.

The tracking database will be updated with the removal work order, and GoodCents will send notification to your staff and update the load management system's central controller ("head-end").

Quality Assurance

We have over the years developed a cost-effective, statistically based quality assurance program that we typically employ. We have found this is a sound approach that works well in discovering problems. It will uncover problems with individual installers, installation procedures, and equipment problems in a timely fashion. The system has enabled GoodCents to make mid-course corrections and improvements to many programs.

Site Installation Audits

GoodCents will employ a systematic approach to quality control. Our goal is zero defects. To ensure that we obtain our goal, we require that each technician/installer complete our training program and pass both written and field testing. Then we inspect 100 percent of the first 10 sites completed by a new hire. After that, we inspect 10 percent of all installations.

The GoodCents quality audit procedure will include, but is not limited to, the following steps:

- ▶ GoodCents will schedule with the customer a date and time for the quality control auditor to complete a full DLC installation audit.
- ▶ The auditor will visually inspect all devices installed or assembled by GoodCents and verify the proper installation of conduit, junction boxes, control wiring, voltage wiring, connectors, and fasteners. The auditor will note installer-caused aesthetic defects as well as check the stability of mounted devices.
- ▶ The auditor will verify the proper wiring configuration for each appliance with a DLC device.
- ▶ The auditor will inspect the quality of installation, including wiring crimps, length of service loop, security of mounting, and location of tags.
- ▶ The auditor will verify that all DLC devices are labeled properly. ID numbers of devices will be compared to those in the system manager. Serial numbers will be compared against those in the participant database.
- ▶ The auditor will verify that the customer has received the correct documentation package.
- ▶ The auditor will correct any installer-caused defects and follow up with the installation team. If installation defect trends develop, the GoodCents project manager and its corporate support team will take corrective actions. Depending on the circumstances, this will include additional training, increasing the number of random audits for that installer, or releasing the installer(s) from the project.

The auditor will complete an inspection form for each site visited. Inspection forms and quality control audit reports will be provided on request and as scheduled. Monthly reports will contain an average score and the number of quality control inspections completed that month.

Tracking and Verification of Customer Inquiries

GoodCents will be responsible for tracking customer inquiries to ensure that customer complaints have been addressed in a timely manner. All customer contacts are recorded in our tracking system. The following information will be entered into the tracking system in order to track the resolution of customers' complaints:

- ▶ Date and nature of complaint
- ▶ Date and name of installer who conducted the visit
- ▶ Reason for the malfunctioning of the unit (i.e., hardware, firmware, installation, or other)
- ▶ Explanation of how the complaint was resolved
- ▶ Summary report showing number of complaints for the monthly period and project-to-date, and a report summarizing the frequency of types of complaints for the monthly period and project-to-date
- ▶ Other information as required by your staff

Management Reporting

GoodCents will provide your utility project manager a Monthly Management Report detailing specific performance criteria including, but not limited to the following:

- ▶ Number of completed installations
- ▶ Number of installations audited for quality including number of failed audits
- ▶ Equipment in inventory
- ▶ Scheduling for the upcoming month

- ▶ Customer inquiry information including complaints
- ▶ Customer Contact Center activity reports

Metering Load and Data Collection for Program Evaluation

The GoodCents staff contains experienced load research and metering specialists. We have designed and executed numerous program impact evaluations. Our methodologies have included the use of engineering models, "run-time" type sample metering with statistical/engineering analysis, and direct metering of random samples with statistical population expansion.

Our engineering and statistical analysts have used a variety of techniques to develop load shapes and impact curves for load management evaluations. We are accomplished in the experimental design and sampling methodologies traditionally used to determine the kW and kWh impacts of load management.

Our plan is to install the necessary metering and instrumentation for measurement and validation on a sub-sample of the 500 participants at the same time as the DLC equipment itself is installed. This will eliminate the need for a return trip and will therefore be more cost effective. Details of our proposed measurement and validation activities are discussed in a later section of this proposal.

Program Evaluation, Measurement and Verification

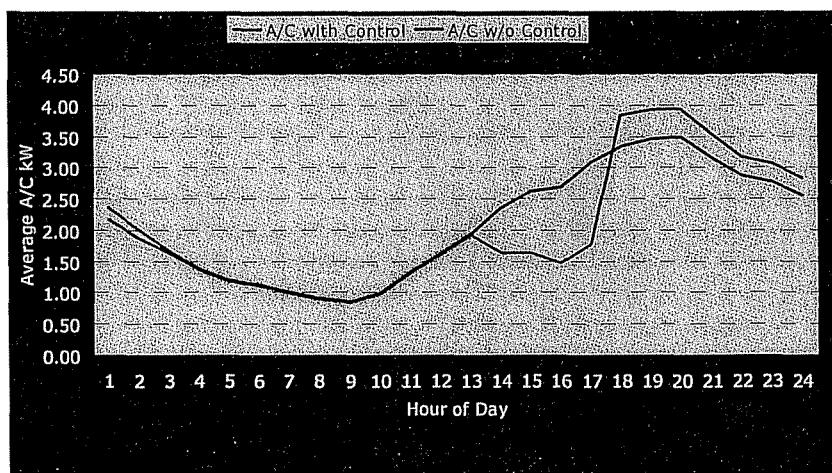
Initial Implementation Process Evaluation

The careful monitoring of a proposed pilot program is critical to the successful implementation of any marketing or demand-side program.

Demand Reductions and Energy Savings

Evaluation

Analytical load research studies of our DLC programs showed a load reduction of 1.73 kW at peak for a large southeastern utility with a 50% AC cycling program and 1.01 kW for a large utility in the northeast with a 50% cycling program. The uncertainty in the level of load reduction caused by weather, customer response, air conditioner sizing and a host of other factors necessitates the need for a statistical analysis of this DLC program.



Sample Design and Recruitment

GoodCents recommends that EKPC's prospective participant population be stratified into 3 groups based on summer kWh usage. We will analyze each participant's summer maximum monthly usage as compared to a transition month usage (April or October) when there is little cooling or heating. We have found a ratio of summer peak month usage to transition month usage of about 1.5 will yield customers with Central AC. Customers that do not satisfy the criteria will be removed from consideration. GoodCents will develop a sample design and statistically select the 3 groups with the goal of reducing variance among the groups and thus producing the most accurate load estimates possible from the given sample size. GoodCents will select an initial random sample of 5,000 customers from EKPC's residential customer population considered more likely to participate in the pilot.

GoodCents will work with EKPC on the recruiting of customers for the pilot program. As previously stated, we recommend developing recruitment letters and flyers detailing the benefits to the customer and to EKPC from their participation in the pilot. The letter and flyer will be mailed to all potential participants and an 800 number will be given to customers to call the GoodCents call center if they are interested in participating. We will take the first 500 participants and put others on a waiting list in case we are unable to complete some installations. One mailing of 5,000 invitation letters is expected to be sufficient.

Demand Reduction Estimation

GoodCents will select a sub-sample of 80 customers from the 500 randomly selected customers. Our plan is to employ a nested double sampling approach and to analyze premise, AC and water heater end-use data for a sample of 30 customers and AC runtime data from 50 homes participating in the EKPC program. The gathering of end use data allows us to use a smaller sample size due to the use of a regression estimator based on the correlation of AC demand with premise monthly usage data.

A sample size of 80 sites should yield an estimate of the amount of AC control to within a relative accuracy of 10% at 90% confidence. The equation for required sample size using the regression estimator is:

$$N = (1 - R^2) * CV^2 / (D/Z)^2$$

Where R is the correlation coefficient of AC demand and energy for the premise (we are assuming a correlation coefficient of 0.71), CV is the coefficient of variation of the desired variate (AC and/or water heater load reduction), D is the relative accuracy (in this case 0.1 for 10%), and Z is the standard normal Z score for a 90% confidence level (1.65). We are using an estimate of the CV from a prior study for AC load reduction at temperatures above 94 degrees — .7085. This yields an approximate sample size of 68.29 or 75 sites with a 10% over sample. Over sampling is recommended to cover potential study dropouts.

$$N = 0.5041 * (0.7085)^2 / (0.1/1.65)^2 = 68.89 * 1.1 = 75.78$$

We chose a larger sample of 80 customers to allow for the uncertainty of the correlation of premise energy and AC demand.

The sample will serve as its own test and control group. This will be a double blind placebo study in that all sample customers will have the DLC equipment installed but will not be aware if they are receiving control signals or not. We will develop the load

curtailment impacts, energy savings estimates and snap-back effects per point from an analysis of the difference in load of the sample participants on like maximum temperature days. By using the same customers as the test and control group, we eliminate the need to select matched samples (one with DLC equipment and one without) and will be able to develop load- weather regression equations to estimate load curtailment at various temperatures. Based on past Lexington weather, we expect to have about 20 days above 90 degrees during each summer with 10 days being controlled and 10 with no control.

GoodCents will conduct a basic load research survey of each site selected for the sub-sample of 80. The survey will collect square footage, occupancy, home construction type, thermostat settings, water heater gallons and water heater and AC connected load information. This data will be collected at the same time that the direct load control equipment is installed.

The load impacts will be estimated using a multiple regression approach with indicator variables denoting whether control is occurring for AC and water heating (one or both) or not, AC and water heating connected load, outdoor temperature, indoor thermostat setting and size of the home (these models are sometimes referred to as statistically adjusted engineering (SAE) models).

The control indicator variables will be multiplied by the connected load and the outside temperature in order to develop an interactive model. The general form of the equation is given below. The average load retention estimate will be derived using the regression equation coefficient for the load control indicator variable multiplied by the average AC and water heating connected load. Snapback (or payback energy) when control is released will also be estimated from the regression equations. An analysis of individual customer load shapes under control and not under control will provide an estimate of free rider effects.

We will gather the AC runtime data on a monthly basis and at the end of each control season. These data together with the premise-level monthly usage data provided by EKPC through their Turtle[®] system will be the basic data we will use in the analysis. We will provide EKPC with this analysis 3 weeks after the end of each summer season.

The AC load model below will be used along with all 500 customer's whole-house monthly usage data collected via the Turtle[®] system and AC and water heater connected load information collected during switch installation, the 80 sub-sample's connected load information, thermostat settings and house sizes to derive a statistical estimate of AC load reduction for all 500 customers.

$$AC\ Load\ (kW) = F(\text{Load Control Indicator, Temperature, Thermostat Setting, House Size, Connected Load}).$$

The water heater demand estimate will be the mean water heater load without control minus the mean water heater load with control. The water heater end use data contained along with the premise-level interval data and the site survey information will be used in our analysis.

Reporting

Our end of summer report will include:

- ▶ Executive Summary
- ▶ Introduction
- ▶ Sample Description
- ▶ Analysis of Water Heater and AC Load Impacts
- ▶ Predictive Model of Water Heater and AC Load Impacts by Temperature and Time of Day
- ▶ Analysis of Pre and Post Control Customer Research Data
- ▶ Conclusions

Research & M&V Pricing

EKPC DLC Pilot				
Residential Load Management Program Evaluation				
Annual Costs				
Task	Units	Unit Cost	Man-Hours	Total Cost
Data Logger and Data Acquisition Costs				
<i>Data Logger Installation, Removal and rent (\$45 per month-9 months)*</i>	30	\$ 405		\$ 12,150.00
<i>Data Acquisition and Verification- \$40.00 per site/monthX4 months</i>	30	\$ 160		\$ 4,800.00
<i>HOB0 Data Loggers Lease, installation, Removal and Rent (\$10.00 per month - 9 months)</i>	50	\$ 90		\$ 4,500.00
<i>HOB0 Data Collection (4 events, \$50.00 per event)</i>	50	\$ 200		\$ 10,000.00
Total Equipment and Data Acquisition*				\$ 31,450.00
<i>* Interrogation Costs will be higher if customer's phone line cannot be used</i>				
<i>Installation costs are spread over 18 months and included in monthly costs</i>				
Analysis and Reporting				
Develop Sample Design Primes and Alternates (Year 1 only)		\$ 125	12	\$ 1,500.00
Monthly Analysis and Reports on Energy and Demand Reductions		\$ 125	40	\$ 5,000.00
Prepare Annual Detailed Report		\$ 125	56	\$ 7,000.00
Total Analysis				\$ 13,500.00
Grand Total- Year 1				\$ 44,950.00
Grand Total- Year 2				\$ 43,450.00

Pilot Program Pricing

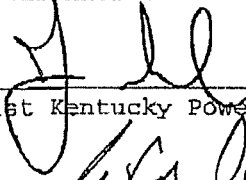
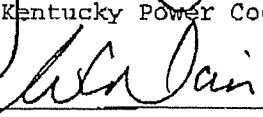
EKPC DLC Pilot Program Pricing			
Project Set-up Fee *	\$12,000.00		
Activity	Price Utilizing KY Resources	Price Utilizing SWAT	
1st AC	\$73.00	\$93.00	
Additional AC	\$43.00	\$43.00	
WH (same trip)	\$60.00	\$60.00	
WH (additional trip)	\$90.00	\$110.00	
Removal/Reconnect	\$50.00	\$70.00	
Service (per hour)	\$60.00	N/A	
Call Center	\$500/Mo.		
* Project Set-up Fee Includes:			
Project Start-up	Kick-off meeting		
	Work Order development		
	Technician training		
Call Center	Initial set-up of enrollment system (Outreach)		
	Set-up of 800 number		
	Set-up of grouping within ACD		
	Script development		
	Training		
IT	Set-up of data exchanges with utility		
	Initial set-up of project tracking system (VisiTrack)		
	Development of a basic set of reports for pilot		
	Enrollment Report:	Number of customers enrolled for the period and project to date	
	Status Report:	Number of customers installed for period and project to date	
		Number of switches installed for period and project to date	
		Number of customers cancelled for period and project to date	
		Number of customers with status of walk away	
		Backlog	
		Future scheduled appointments	
	Any additional reports that are requested will be developed at \$100.00 per hour.		

Memorandum of Understanding
East Kentucky Power Cooperative and GoodCents

STATEMENT of WORK and COST:

GoodCents will interrogate the 28 current data loggers in the field and download all end use data including water heater data for 5 months, October, 2006, December-February of 2007 and May 2007, analyze the data and produce a model and report of water heater load reduction for the non-summer months. The total additional cost to East Kentucky Power Cooperative for this work is \$8,100.00.

ACCEPTANCE of STATEMENT of WORK and COST

	9/13/06
_____	_____
East Kentucky Power Cooperative Representative- Date	
	9-13-06
_____	_____
GoodCents Representative- Date	

EKPC DLC Pilot

Residential Load Management Program Evaluation Non-Summer Data collection and Water Heater Analysis Additional Costs

Task	Units	Unit Cost	Man-Hours	Total Cost
Data Logger and Data Acquisition Costs				
Data Acquisition and Verification- \$40.00 per site/monthX5 months	28	\$	200	\$ 5,600.00
Total Equipment and Data Acquisition*				\$ 5,600.00

* Interrogation Costs will be higher if customer's phone line cannot be used

Analysis and Reporting

Analysis and Report on winter Water Heater Load Reduction		\$	125	20	\$ 2,500.00
Total Analysis					\$ 2,500.00

\$ 8,100.00

Grand Total

	Invoiced	Data Acquisition	Analysis and Report	Total
Monthly				
October,2006	\$	1,120.00		\$ 1,120.00
December,2006	\$	1,120.00		\$ 1,120.00
January,2007	\$	1,120.00		\$ 1,120.00
February,2007	\$	1,120.00		\$ 1,120.00
May,2007	\$	1,120.00		\$ 1,120.00
June,2007			\$ 2,500.00	\$ 2,500.00
Total				\$ 8,100.00



Government Strategies
229 Shelby Street
Frankfort, Kentucky 40601
502-226-3975
502-226-3977 fax
www.govplan.com

MEMO TO: Roy Palk, Barry Mayfield, Eric Gregory
FROM: Mike Helton, Michael Shea, Greg Higdson
DATE: November 24, 2003
SUBJECT: Government Affairs Plan

Thanks for the opportunity to submit a proposal to provide government relation services for East Kentucky Power Cooperative. We believe we have the tools and expertise to complement your current efforts and together can form a team that will accomplish whatever goals are sought.

We have outlined general goals based on our discussion and the memo you sent, along with a scope of representation that includes both the legislative and the executive branches of state government. As we stated at the meeting, we view our relationship with clients as a partnership in defining and implementing specific government strategies developed jointly. With your existing team and experience, that partnership should be very formidable.

Government Relations Goals

- With your assistance, develop a strategy to increase EKPC's presence with state officials in the new administration.
- EKPC has existing relationships and experience with current legislative members and state officials. Government Strategies will supplement your current efforts and assist in building new relationships with the General Assembly members, leadership and staff.
- Participate in the existing internal government relations structure offering input and oversight into state executive and legislative activities.
- Assist you in ongoing review of EKPC's "assets" and ways to better utilize those assets, including your current Board, Executives, employee and customer base.

Scope of Representation

Government affairs representation will include both legislative and executive branches of government. All members and associates of the Firm will register with both the legislative and executive branches.

Our Firm will assist in the preparation of a legislative branch government affairs strategy for review and approval by your government affairs staff and will update as needed. The strategy will focus on the issues that you have outlined in your attachment. We will also

outline an executive strategy that will be geared toward enhancing relationships with the new administration in appropriate areas of state government, including Public Protection and Regulation, the PSC, Natural Resources, the Governor's office and related Boards, Commissions and Task forces. The strategies will include, but not be limited to, the following:

Legislative

- 1) Assist EKPC in identifying potential legislative issues of concern and interest that could develop during the strategy period;
- 2) Assist EKPC in the development and drafting of legislation, regulations and policy statements consistent with the issues of concern and interest during the strategy period;
- 3) At the direction of, and in conjunction with EKPC staff, recommend and arrange meetings with legislative leadership, committee chairmen and individual members to discuss, advocate or oppose, inform and educate on issues of concern and interest during the strategy period; and
- 4) At the direction of, and in conjunction with EKPC staff, identify and attend interim and regular session legislative committee meetings and any relevant task force or sub-committee meetings considering legislation or discussing issues of concern and interest during the strategy period.

Executive

- 1) Assist the EKPC in identifying potential executive branch issues of concern and interests that could develop during the strategy period;
- 2) Assist EKPC in the development of position papers, comments to regulations and policy statements consistent with the issues of concern and interest during the strategy period;
- 3) At the direction of, and in conjunction with EKPC staff, recommend and arrange meetings with executive branch officials including the governor's office, cabinet secretaries and any other appropriate state official to discuss, advocate or oppose, inform and educate on issues of concern and interest during the strategy period;
- 4) At the direction of, and in conjunction with EKPC staff, identify and attend any executive branch task forces, study groups or public hearings on issues of concern and interest during the strategy period.

Utilization of Assets

EKPC has a wealth of expertise to offer state government in an advisory capacity. We should inventory any existing participation by EKPC management and employees with committees, task forces or working groups. Coordinated efforts should be made to make Frankfort policymakers aware of expertise we can offer that could put EKPC representatives at the policy making table.

In the development of policy by the legislature or executive branch, information and data is always needed and input encouraged. Promoting EKPC assets and making them available will increase the opportunity for input into such initiatives as tax reform, transportation planning, environmental policy development and energy policy development.

We have drafted this proposal with the intent that our relationship would be with EKPC rather than a coalition of cooperatives. We can certainly adapt to a coalition approach

and in many ways believe it could be very beneficial. Times have changed dramatically in how interest groups like those that make up your industry communicate and work with government policy making bodies like the legislature and executive branch. Simply lobbying lawmakers or regulators no longer achieves what it once did. Lawmakers are increasingly looking for rationale and direction and certainly buy in from local constituents prior to making decisions or casting votes.

Conflicts


During the term of this agreement, Government Strategies will not represent another electric utility. Government Strategies will advise with EKPC on any other potential clients that are proposed that may represent a potential or perceived conflict.

Term

We would like to establish an initial term of one year beginning December 1 with a thirty-day cancellation clause that can be implemented without cause by either party.

Fee

We propose a fee of \$4167.00 per month for the initial term, a total of \$50,000 annually.


Mike Helton, Managing Partner


Barry Mayfield
Director of Governmental Affairs



Strategic Advisory Services Enrollment Form and Price List

2379 Gateway Oaks Drive -- Sacramento, CA 95833 -- Tel: (916) 569-0985 -- Fax: (916) 569-0999

Power Market Advisory Service Reference Cases 25-year Long-Term Expected Price Forecast & Market Outlook	Region	Annual	Single Report*
	WECC	<input type="checkbox"/> \$25k	<input type="checkbox"/> \$13k
	ERCOT	<input type="checkbox"/> \$17.5k	<input type="checkbox"/> \$10k
	Midwest	<input type="checkbox"/> \$25k	<input type="checkbox"/> \$13k
	Northeast	<input type="checkbox"/> \$25k	<input type="checkbox"/> \$13k
	Southeast	<input type="checkbox"/> \$17.5k	<input type="checkbox"/> \$10k
	All 5 Regions	<input type="checkbox"/> \$60k	N/A
* Single report fee charged when reference case is used in consulting engagement.			
PowerView Short-Term Monthly Rolling 24-Month Forecast	Circle Region(s) Desired	<input type="checkbox"/> \$6k per year per region	
	WECC ERCOT MIDWEST NORTHEAST SOUTHEAST		
CoalView 2 year Forecast of Coal Prices	2-yr forward, by month, daily coal price forecast for 16 key U.S. coal types. <input checked="" type="checkbox"/> \$7.5k per year		
Electric Power Horizons 15-yr Scenario-based North American Big Picture Forecast	ElectricPowerHorizons Outlook & Scenarios	<input type="checkbox"/> \$25k per year	
	Add-on to existing Reference Case Service	<input type="checkbox"/> \$10k per year	
Power Generation BlueBook Asset Valuation Benchmark Service	Power Generation BlueBook Report w/one asset	<input type="checkbox"/> \$10k one time	
	Report plus Portfolio Valuation	<input type="checkbox"/> \$25k one time	
	Portfolio Valuation Add-on to Reference case	<input type="checkbox"/> \$10k per year	
	Power Generation BlueBook Database	<input type="checkbox"/> \$50k per year	

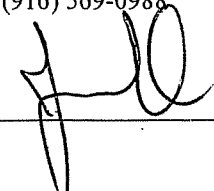
Name Debbie R. Stone Title: Senior Analyst
 Company East Kentucky Power Cooperative, Inc.
 Address 4775 Lexington Road
 City Winchester State KY Zip 40391
 Phone 859-745-9392 Fax 859-744-6008 Email debbie.stone@ekpc.coop

Please call or fax your order in to:

Henwood
 Attn: Advisory Service Orders
 Phone: (916) 569-0985
 Fax: (916) 569-0988

Method of Payment: Bill Me Credit Card

Credit Card Type	<input type="checkbox"/> Visa	<input type="checkbox"/> MasterCard
Credit Card Number	_____ Exp. Date _____	
Name on Card	_____	
Billing Address	_____ _____	

Signature: 

Date: 5/11/05

The above signee agrees to the following terms and conditions: The information provided in the Henwood Advisory Service Product provided and related materials, including the energy price forecast and the methodologies used in its development, constitute and contain valuable trade secret information of Henwood. Disclosure of any information contained in this product and related materials by Company named above to anyone other than employees of the Company named above ("Unauthorized Persons") is prohibited unless authorized in writing by Henwood. Company named above will take all necessary precautions to prevent this Report from being available to Unauthorized Persons, as defined above, and will instruct and make arrangements with its employees to prevent any unauthorized access or unauthorized use of this Report. Company named above will not lend, sell or otherwise transfer this Report (or parts thereof) to any Unauthorized Persons, as defined above, without Henwood's written approval. Henwood shall not be liable to Company named above for incidental or consequential damages.



Atlanta Australia London Sacramento

Henwood Energy Services, Inc.

2379 Gateway Oaks Drive, Suite 200

Sacramento, CA 95833

Phone (916) 569-0985

FAX (916) 569-0999

www.henwoodenergy.com

Invoice Number: INV-0000050285

Invoice Date: 05/16/2005

Description: Coalview Price Forecast Report.

Bill To:

East Kentucky Power Cooperative Inc.

Attn: Debbie R. Slone

4775 Lexington Road

Winchester, KY 40391

Remit To:

Henwood Energy Services, Inc.

Attn: Accounting

2379 Gateway Oaks Drive

Suite 200

Sacramento, CA 95833

Customer Number: EAS002

Project Number: 20784.004

Project Name: EKPC-Coal View

Project Manager: O'Quinn, David S.

Terms: NET 30

Due Date: 06/15/2005

Billing Period From: 05/01/2005

To: 05/31/2005

	Current Amount
Subscription Svcs	7,500.00
Subscription Svcs	7,500.00
Invoice Total	7,500.00

55701-088-4600

Approved by

For EFT Payments:

Bank of the West

Account # 246-065775

Wire Routing No. 121100782

Please provide Invoice Numbers for correct application of payments.

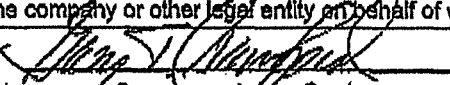
**Addendum A-2
PRODUCT ORDER FORM**

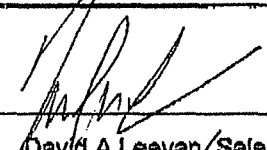
This Order Form #2 is incorporated into the Master License Agreement entered into by Energy Velocity, LLC, a Delaware limited liability company, with a principal office at 1495 Canyon, Suite 100, Boulder, CO 80302 ("EV") and East Kentucky Power Cooperative ("Customer") executed on November 2, 2004. This Order Form is made effective as of the Acceptance Date below. Defined Terms have the same meaning as in the Master Agreement.

CUSTOMER INFORMATION	
Name: Debbie Stone	Phone: (859) 744-4812
Title: Senior Analyst, Market Research	
Address:	Fax: (859) 744-6008
4775 Lexington Road	
PO Box 707	E-Mail: debbie.stone@ekpc.coop
Winchester, KY 40391	

Products	No. of Authorized Users	Fees	Service Term	Authorized Sites* (Attach Additional Pages if Necessary)
EV Power & New Entrants	6		1/1/06-12/31/07	4775 Lexington Road PO Box 707 Winchester, KY 40391 *Client is authorized to access these products through online access (Velocity Suite Online) and/or monthly DVDs.
EV Fuels	2		1/1/06-12/31/07	
EV Market-Ops	2		1/1/06-12/31/07	
EV Energy Map	2		1/1/06-12/31/07	
Annual Fees		\$63,980		
Total Fees		\$127,960		

Training	Training is provided for each Product at no additional charge provided that Customer pays EV's reasonable, related out-of-pocket travel and lodging expenses.
Direct Support Services	EV shall provide Customer's Authorized Users unlimited telephone technical support in connection with the operation and use of the Products, including query and similar research assistance, during EV's regular business hours at no additional charge.
Independent Analysis Services	EV shall annually provide up to sixty hours of independent research analyses and report services in connection with the Products and related Customer queries, parameters or other Product research requests. Additional hours of independent analysis services may be purchased by Customer at EV's customary rate of \$100 per hour. EV shall annually provide ten (10) hours of cartographic mapping hours in connection with a service to EV Energy Map.

CUSTOMER ACKNOWLEDGEMENT AND SIGNATURE. By signing this Order Form, you hereby acknowledge and agree that you have read the terms and conditions of the Master Agreement, that you agree to be bound by the same, and that you have the authority to bind the company or other legal entity on behalf of which you are licensing products and obtain services from Energy Velocity.	
Signed: 	Title: <u>Vice President, Member Services</u>
Print Name: <u>Gary T. Crawford</u>	Date: <u>12/15/05</u>

Approved and Accepted by Energy Velocity: Signed: 

Print Name: David A Leavan/Sales Manager

Acceptance Date: 12/15/05

ENERGY VELOCITY MASTER LICENSE AGREEMENT

This **MASTER LICENSE AGREEMENT** (this "**Agreement**"), entered into by and between Energy Velocity, LLC, a Delaware corporation, with a principal office at 1495 Canyon, Suite 100, Boulder, CO 80302 ("**EV**") and the party identified below ("**East Kentucky Power Cooperative**"), is made effective as of the date on which EV returns to Customer a copy of the Agreement that is signed by each party hereto (the "**2nd of November, 2004**")

1. DEFINITIONS.

"Authorized Site" means the Customer's facility (as specified in any Order Form), where the Products shall be accessed by Customer's Authorized Users.

"Authorized User" means any employee of Customer for whom Customer has acquired a license for EV to provide access to the Products at Authorized Sites.

"Documentation" means the user guides and manuals, whether in written or electronic form, provided by EV regarding the installation and/or use of the Products.

"Third Party Data" means any and all market data, including but not limited to index data, provided by a Third Party Licensor and redistributed by EV to Customer.

"Third Party Licensor" has the meaning specified in Section 12.

"Order Form" means the form attached hereto as Addendum A-1 by which Customer orders licenses for Products pursuant to this Agreement.

"Products" means the software of EV licensed pursuant to any Order Form, any content and database contained therein or distributed through use of the software, including Third Party Data, and any reports or other output derived from such sources, to which Customer is granted a license pursuant to this Agreement including the media, any Documentation and Updates. All Products licensed pursuant to this Agreement shall be more specifically identified in the Order Form(s).

2. LICENSES AND RESTRICTIONS.

(a) **Right to Use Products and Search Results.** EV grants to Customer, during the Term, a limited, non-exclusive, non-transferable, non-sublicensable license to Customer to use the Products for Customer's internal business purposes only (except as expressly authorized herein), solely by Authorized Users at the Authorized Site, subject to the terms and conditions of this Agreement.

(b) **Restrictions.** Customer shall not (a) transfer, sublicense, or relicense the Products or use the Products for third party transactions, service bureau use or (except as expressly authorized herein) publicly perform or publicly display the Products; (b) cause or permit the reverse engineering, disassembly or decompilation of the Products or (c) modify or otherwise create any derivative works of or from the Products. Customer may make one copy of the Products for each Authorized User and one copy for backup purposes. Customer will not, and will not permit any Authorized User or third party to (i) allow any access to or use of the Products by any individual other than Authorized Users or by individuals in excess of the number of Authorized Users for each Product approved on the applicable Order Form, (ii) remove, alter, or obscure any proprietary notices (including, without limitation, any copyright or trademark notices) of EV or its licensors from the Products or (iii) access, use, reproduce, display, copy or use the Products for the benefit of any person or entity other than Customer's internal use, except for periodic summary reports of research results used in connection with Customer's

customary business practices. Except as expressly permitted by 2(a), above, Customer may not, and will not permit its employees or agents to, sublicense, transfer, redistribute, resell or otherwise disclose Third Party Data to any other individual or legal entity, free of charge or for consideration, in whatever manner or form, in-house or beyond the premises where the Customer's information system receives Third Party Data from EV. Customer shall keep the Third Party Data in strictest confidence and use its best efforts to prevent the unauthorized publication, disclosure or copying of the Third Party Data. Any and all rights not expressly granted to Customer hereunder are reserved by EV. Nothing set forth in this Agreement is intended to be, or is, a grant to Customer of any other intellectual property rights of EV or its Third Party Licensors.

(c) **Authorized Users and Sites.** Customer agrees not to share User IDs and Passwords among its employees. Customer may change the Authorized Site only with EV's prior written consent, which consent will not be unreasonably withheld. Customer may license the Products for additional Authorized Users by ordering additional licenses at then current pricing on an Order Form.

(d) **Updates.** EV shall make available daily to Customer any Updates of the Product and any associated Documentation provided that Customer, at all times, maintains a valid paid-up Product license. For purposes of this Agreement, "Updates" mean any error correction, patch, bug fix, minor modification or new release of the Products that is generally made available to purchasers of that Product. Updates shall not include any major modifications, options or future products that EV in its sole discretion determines to license separately and for which to charge a separate license fee.

3. DELIVERY AND ACCEPTANCE. EV will deliver the Products to Customer within a reasonable time after the Acceptance Date identified on the applicable Order Form, electronically (or if requested by Customer via CD-ROM). The Products will be deemed accepted by Customer upon delivery.

4. OWNERSHIP. "EV Property" means all of the following: (a) the Products (including the Updates and Documentation thereto), (b) deliverables developed while providing any services under this Agreement and (c) enhancements, modifications or derivative works to the Products. Subject only to the licenses expressly granted in this Master Agreement, as between EV and Customer, and the licenses between EV and its Third Party Licensors, EV shall be the sole owner of all intellectual property rights in and to the EV Property. EV may utilize all ideas, suggestions and feedback, or the like that Customer provides to EV or otherwise makes with respect to the Products without any obligation to Customer. To the extent that Customer has or later obtains any intellectual property rights in and to the Products, or any future enhancement or modification thereto or any part thereof, by operation of law or otherwise, Customer hereby disclaims such rights, assigns and transfers such rights exclusively to EV, and agrees to provide reasonable assistance to EV to give effect to such assignment and to protect, enforce and maintain such rights.

5. FEES AND PAYMENT.

(a) Fees. The Customer shall pay to EV the annual license fees in the amounts set forth on the applicable Order Form (the "Annual Fees"). Unless otherwise noted on the Order Form, the Annual Fees shall be payable in advance and shall be nonrefundable. The Annual Fees, together with any Expenses and other amounts due and payable hereunder, constitute the "Fees."

(b) Invoices and Payment. EV will invoice Customer for all additional Fees incurred by Customer on a monthly basis. Each invoice from EV will state the basis for any Fees included therein. Customer will pay all amounts set forth on each such invoice in immediately available U.S. funds within thirty (30) days of the date of invoice. In addition to the payments required hereunder, Customer will be responsible and reimburse EV for all sales, use, and other taxes, fees, or duties, whether federal, state, or local, however designated, that are levied or imposed by reasons of the transactions contemplated hereby (other than any taxes based on EV's net income).

6. TERM AND TERMINATION.

(a) Term. This Agreement will commence on the Effective Date and shall continue for one (1) year thereafter (the "Initial Term"); at which time, this Agreement will automatically renew for successive one (1) year terms (each, a "Renewal Period"), unless notice of non-renewal is given by either party no less than sixty calendar (60) days before the expiration of the Initial Period or then-current Renewal Period. The Initial Period together with all applicable Renewal Periods shall be the "Term" of this Agreement. Notwithstanding anything to the contrary contained in this Agreement, the terms set forth on, and any services contemplated by, each Order Form shall only continue until the Expiration Date for each Product as set forth therein.

(b) Termination. Either party may terminate this Agreement (in whole and not in part) if the other party materially breaches any provision of this Agreement and does not cure such breach (provided that such breach is capable of cure) within thirty (30) days after being provided with written notice thereof. Notwithstanding the foregoing, this Agreement will terminate immediately upon notice from EV if Customer (or any of its Authorized Users) breaches Sections 2(b) or 7.

(c) Effects of Termination. Immediately upon the effective date of the expiration or termination of this Agreement for any reason, all of Customer's rights granted hereunder will cease to exist. Customer will, at EV's sole discretion, return to EV or destroy the Products and all copies thereof and certify in writing Customer's compliance with such obligation. Sections 2(b), 4, 5, 6, 7, 8, 9(b), 10, 11, 12 and 13 will survive the termination of this Agreement for any reason.

7. CONFIDENTIALITY.

(a) Protection. "Confidential Information" means any confidential and proprietary information of EV provided to Customer, including, without limitation, the content and coding of the Products (and all associated software and documentation), the Third Party Data, all User IDs and Passwords, and the terms of this Agreement or any Order Form. Customer will not use any Confidential Information for any purpose other than as expressly permitted by this Agreement, and Customer will disclose Confidential Information only to the Authorized Users, employees or agents of Customer who have a need to know such Confidential Information for purposes of this Agreement and who are under

a duty of confidentiality no less restrictive than Customer's duty hereunder. Customer will disclose Customer's User Name and Password only to Customer's Authorized Users. Customer will protect all Confidential Information from unauthorized use, access, or disclosure in the same manner as Customer protects its own confidential or proprietary information of a similar nature (and with no less than reasonable care). Immediately upon the written request of EV or the termination of this Agreement, Customer will return to EV or (at EV's request) permanently erase all electronic copies of any Confidential Information in Customer's control or possession. At EV's request, Customer will certify in writing that it has fully complied with its obligations hereunder.

(b) Exclusions and Exceptions. Notwithstanding Section 7(a), Confidential Information shall not include information that (i) is in or enters the public domain without breach of this Agreement through no fault of Customer, (ii) Customer was demonstrably in possession of prior to first receiving it from EV without obligation of restrictions, (iii) Customer can demonstrate was developed by Customer independently and without use of or reference to EV's Confidential Information, or (iv) Customer receives from a third party without restriction on disclosure and without breach of a nondisclosure obligation. Customer will be allowed to disclose Confidential Information to the extent that such disclosure is required by law or by the order of a court of similar judicial or administrative body, in which case Customer must notify EV of such required disclosure promptly and in writing and cooperate with EV, at EV's reasonable request and expense, in any lawful action to contest or limit the scope of such required disclosure.

8. WARRANTY DISCLAIMER. To EV's knowledge, EV takes reasonable measures to incorporate accurate and reliable data in the Products; however, EV uses publicly available sources to collect the data and information incorporated into the Products and cannot verify the accuracy, completeness or timeliness of any such data or information. Accordingly, except as specifically set forth in this Agreement, THE PRODUCTS, AND ALL DATA AND RESULTS DERIVED THEREFROM, ARE PROVIDED TO CUSTOMER STRICTLY "AS IS," AND EV AND ITS SUPPLIERS EXPRESSLY DISCLAIM ANY AND ALL WARRANTIES AND REPRESENTATIONS OF ANY KIND WITH REGARD TO ANY SUBJECT MATTER OF THIS AGREEMENT, OR THE PRODUCTS, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF NON-INFRINGEMENT, TITLE, FITNESS FOR A PARTICULAR PURPOSE, FUNCTIONALITY OR MERCHANTABILITY, ACCURACY OF RESULTS OR INFORMATION, WHETHER EXPRESS, IMPLIED OR STATUTORY. NO ORAL OR WRITTEN INFORMATION OR ADVICE GIVEN BY EV, ITS EMPLOYEES OR AGENTS WILL INCREASE THE SCOPE OF THE ABOVE WARRANTIES OR CREATE ANY NEW WARRANTIES.

9. INDEMNIFICATION.

(a) Indemnification by EV. EV will indemnify and defend Customer from and against damages, losses, expenses, and costs arising as a direct result of all claims, suits or proceedings brought by any third party to the extent any such claim, suit or proceeding alleges that the Products, when used in accordance with this Agreement during the Term, infringe any U.S. copyrights or misappropriate any trade secrets (any such claim, suit or proceeding, a "Claim"). If the Products (or any portion thereof) become, or in EV's opinion are likely to become, the subject of a Claim, then EV may, at EV's option and expense, either: (i) procure for Customer the right to continue exercising the rights licensed to Customer in this

Agreement, (ii) replace or modify the Products (or portion thereof) so that the Products (or such portion thereof) become non-infringing, or (iii) terminate this Agreement by written notice to Customer and refund all current Fees actually paid by Customer (if any), on a prorated basis. Notwithstanding the foregoing, EV will have no obligation under this Agreement or otherwise with respect to any Claim based upon: (A) any unauthorized use, reproduction, or distribution of the Products, (B) any access, use, reproduction, or distribution of the Products after EV provides Customer with written notice that such access, use, reproduction or distribution has been prohibited or superceded or may be infringing on a third party's intellectual property rights, or (C) any modification of the Products by any person other than EV or its licensors, suppliers, authorized agents or contractors. This Section 9(a) states EV's entire liability and Customer's sole and exclusive remedy for infringement claims and actions.

(b) Indemnification by Customer. Customer will indemnify, defend and hold harmless EV and its directors, officers and employees from and against any and all damages, liabilities, losses, fees, expenses, penalties and costs (including reasonable attorneys' fees, costs and disbursements) arising as a result of or otherwise related to all claims, suits or proceedings to the extent any such claim, suit or proceeding arises from or relates to any acts or omissions on the part of Customer or any Authorized User (or any person using Customer's User Name or Password) in connection with any information or data related thereto not expressly covered by EV's obligations of indemnification as set forth in Section 9(a). Customer agrees to indemnify and hold EV and its Third Party Licensors harmless for any loss or damage suffered by EV or its Third Party Licensors from any unauthorized disclosure by Customer of Third Party Data to any other party. Customer acknowledges that in the event EV or its Third Party Licensor brings an action to enforce their respective rights under this clause, the damage to EV or its Third Party Licensor for improper disclosure may be irreparable and EV and its Third Party Licensor will be entitled to an appropriate injunction in addition to other remedies available at law.

(c) Indemnification Procedures. As a condition of the foregoing indemnification obligations, the indemnified party will (i) promptly notify the indemnifying party of any indemnifiable Claim; (ii) give the indemnifying party sole control over the defense and settlement of such Claim; and (iii) provide reasonable cooperation and assistance to the indemnifying party in conducting its defense, at the indemnifying party's expense; provided, however, that the indemnified party may participate in the defense at its expense and the indemnified party's advance written approval is required for any settlement that (A) imposes any obligation of payment on the indemnified party, (B) does not unconditionally release indemnified party, or (C) requires any binding admission made on behalf of the indemnified party.

10. LIMITATIONS ON LIABILITY AND REMEDIES. THE WARRANTIES, LIABILITIES, OBLIGATIONS OF SUPPORT AND INDEMNITIES IN THIS AGREEMENT ARE EXPRESSLY IN LIEU OF ALL OTHER REPRESENTATIONS, WARRANTIES, AND CONDITIONS IN RESPECT OF THE PRODUCTS AND THE THIRD PARTY DATA (STATUTORY, EXPRESS OR IMPLIED) AND ALL SUCH (EXCEPT ANY WHICH MAY NOT BE LAWFULLY EXCLUDED) ARE HEREBY EXPRESSLY EXCLUDED, INCLUDING WITHOUT PREJUDICE TO THE GENERALITY OF THE FOREGOING, THE IMPLIED CONDITIONS OR WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT. TO THE EXTENT PERMISSIBLE UNDER APPLICABLE LAW, IN NO EVENT

WILL EV OR ITS THIRD PARTY LICENSORS BE LIABLE FOR ANY CONSEQUENTIAL, INDIRECT, EXEMPLARY, SPECIAL, OR INCIDENTAL DAMAGES, INCLUDING WITHOUT LIMITATION ANY LOST DATA, LOST PROFITS AND COSTS OF PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES, OR OTHER ECONOMIC LOSS, ARISING FROM OR RELATING TO THIS AGREEMENT (INCLUDING, WITHOUT LIMITATION, IN RELATION TO THE PRODUCTS, SERVICES, CONTENT, DATABASE OR SEARCH RESULTS), HOWEVER CAUSED AND UNDER ANY THEORY OF LIABILITY (INCLUDING, WITHOUT LIMITATION, NEGLIGENCE), EVEN IF EV OR ITS THIRD PARTY LICENSORS HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. FURTHER, EV AND ITS THIRD PARTY LICENSORS SHALL NOT BE LIABLE FOR ANY DAMAGES, ARISING OUT OF OR RELATED TO (i) THE ACCURACY OR COMPLETENESS OF ANY DATA OR CONTENT CONTAINED IN THE PRODUCT OR (ii) FOR TRANSACTIONS PERFORMED USING THE PRODUCTS, WHETHER SUFFERED BY CUSTOMER OR ANY THIRD PARTY. THE TOTAL CUMULATIVE LIABILITY OF EV AND ITS THIRD PARTY LICENSORS IN CONNECTION WITH THIS AGREEMENT, THE PRODUCTS, SERVICES AND ANY SEARCH RESULTS OR CONTENT, WHETHER IN CONTRACT, TORT OR OTHERWISE, SHALL NOT EXCEED THE AMOUNT OF FEES ACTUALLY PAID TO EV BY CUSTOMER DURING THE TWELVE (12) MONTH PERIOD PRECEDING THE EVENTS GIVING RISE TO SUCH LIABILITY.

11. FOR U. S. GOVERNMENT END USERS. The Products were developed at private expense and are a "commercial item" as that term is defined at 48 C.F.R. 2.101, consisting of "commercial computer software" and "commercial computer software documentation" as such terms are used in 48 C.F.R. 12.212. Consistent with 48 C.F.R. 12.212 and 48 C.F.R. 227.7202-1 through 227.7202-4, all U.S. Government end users acquire the Products with only those limited rights set forth therein. Publisher is Energy Velocity, LLC, 1495 Canyon, Suite 100, Boulder, CO 80302.

12. THIRD PARTY LICENSORS AS THIRD PARTY BENEFICIARIES. Customer acknowledges and agrees that certain rights licensed and certain services provided to Customer under this agreement are subject to rights held by a Third Party Licensor ("Third Party Licensor") and that EV is a licensee of such Third Party Licensor's rights. Customer acknowledges and agrees that such Third Party Licensor shall be a third party beneficiary under this Agreement and may, with EV or independently, bring an action directly against Customer in the event of a breach by Customer of the terms of this Agreement respecting the Third Party Data or otherwise enforce on its own behalf and for its own benefit the terms and conditions of this Agreement in so far as they affect the right of such Third Party Licensor.


13. GENERAL. This Agreement may be executed in counterparts and/or by facsimile, each of which shall constitute an original and both of which constitute a single document and agreement. This Agreement will be governed by the laws of the State of Kentucky and the United States, without regard to or application of conflicts of law rules. The parties explicitly disclaim the application of the UN Convention on the Sale of Goods. Any action or lawsuit related to this Agreement must be brought exclusively in either the federal or state courts located in the City of Winchester and Clark County, Kentucky and each party hereby irrevocably submits and waives any objection to the exclusive jurisdiction and forum of such courts. If any provision of this Agreement is held to be unenforceable, that provision will be reformed in order to comply with the law

and to the extent possible give effect to the original intent and economic impact of the original provision, and the remaining provisions will remain in full force. The failure of either party to require performance by the other party of any provision hereof will not affect the full right to require such performance at any time thereafter, nor will the waiver by either party of a breach of any provision hereof be taken or held to be a waiver of the provision itself. Neither this Agreement nor any rights or obligations of Customer hereunder may be assigned, delegated or transferred by Customer (in whole or in part and including by sale, merger or operation of law) without the prior written approval of EV. This Agreement, including, without


limitation, all Order Forms executed in connection with this Agreement, is the complete and exclusive statement of the agreement between the parties, and this Agreement supersedes any proposal or prior agreement, oral or written, and any other communications between the parties in relation to the subject matter hereof. This Agreement will not be modified except by a subsequently dated written amendment or exhibit signed by both parties by their duly authorized representatives. This Agreement shall control over any inconsistent provision contained in any purchase order or other documentation submitted by Client in connection herewith, except for those terms accepted by EV in writing.

* * * *

IN WITNESS WHEREOF, the parties by their authorized representatives have entered into this Agreement as of the Effective Date. All copies of this Agreement signed by both parties shall be deemed originals.

<p>ENERGY VELOCITY, LLC</p> <p>Signed: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>	<p>CUSTOMER, EAST KENTUCKY POWER COOPERATIVE</p> <p>Signed:  _____</p> <p>Name: <u>Gary T. Crawford</u></p> <p>Title: <u>Vice President Member Services</u></p> <p>Date: <u>11/2/04</u></p>
---	--

Dale Henley
has reviewed
this contract.



Please sign this
contract in 2 places.

1495 Canyon Blvd | Suite 100
Boulder, CO 80302
Tel 720-240-5500
Fax 720-240-5501
www.energyvelocity.com

Sold To: East Kentucky Power Cooperation
4775 Lexington Road 40391
PO Box 707
Winchester, KY 40392-0707

Invoice # evinv-00000031
Invoice Date: 11/16/2004
Due Date: 1/18/2005
Terms net 60

Attn: Debbie Slone

Quantity	Description	Rate	Amt
1	Power 6-Users 11/15/04-12/31/05	15,500.00	15,500.00
1	Fuel 2-User 11/15/04-12/31/05	15,500.00	15,500.00
1	Market Ops 2-users 11/15/04-12/31/05	15,500.00	15,500.00
1	GIS Energy Map 2-users 11/15/04-12/31/05	15,500.00	15,500.00
Remit Payment To: Energy Velocity, LLC 1495 Canyon Blvd. Boulder, Co. 80302			
Wire Details ABA# 102000076 Acct# 559-6078666			
	Total		62,000.00

2005 Expense

55701-088-4600

Debbie Slone
See attached signed
contract for approval

To: Gary Crawford
From: Jim Laro
Debbie Stone
Date: October 29, 2004
Subject: Energy Velocity and Henwood Energy

Background:

EKPC has purchased database and forecast products from Platts (FKA RDI) since 1997. The databases consist of public domain information from all the various required reporting that utilities do. We use these products for competitive intelligence, benchmarking, data requests, and map making. Our customers are Production, Resource Planning, Leadership Team, Pricing, Power Delivery and occasionally Member Systems.

Global Energy Decisions, a company created by RDI's original founder, has developed a new suite of database products from Energy Velocity (EV). Global Energy also owns Henwood Energy that is focused on forecasting. The EV suite of products contains power company data, new generation projects, fuel data, CEMS (hourly generation) data, trading data and a mapping system. Henwood Energy uses the EV database to support its probabilistic models producing power, coal, gas, and allowances forecasts.

Recommendation:

We recommend that EKPC change its supplier of database and forecast information to Energy Velocity and Henwood Energy respectively. The cost of the Platts subscription is \$105,320. In anticipation of reduced cost with EV, we budgeted \$95,750 for 088-4600. However, we will have access to more data with an easier to use interface that allows for on the spot analysis by switching. The Platts products did not work together. The user must query the data from several sources and then combine, analyze and summarize the data outside of the Platts product (using Access or Excel). We expect to be much more efficient with results and spend more time on analysis and gleaning knowledge than pure data manipulation. EV has agreed to provide the product at no cost for the remaining 2 months of the year, so that we will have both Platts and EV to work with benefiting the learning curve while still meeting our customer's needs.

The following is a breakdown of costs:

EVPOWER	\$27,000	
EVFUELS	\$22,000	
EVMARKET-OPS	\$22,000 with 15% discount for multiple svc	\$60,350
EVENERGY MAP	\$13,000	
Total after 15% discount for Cooperatives		\$62,350
Henwood COALView		\$7,500
Budget for 2005		\$95,750
Remaining balance in budget	\$25,900	

Note: We will likely spend the remaining balance on other Henwood forecasting products for other fuels and/or for power prices. We plan to get the EV products and CoalView in first and see where we may have holes in our data as compared to what we get now from Platts.

Approved per 10/29/04 meeting
C-139

HUNTON &
WILLIAMS

September 18, 2006

HUNTON & WILLIAMS LLP
BANK OF AMERICA PLAZA
SUITE 3500
101 SOUTH TRYON STREET
CHARLOTTE, NORTH CAROLINA 28280

TEL 704 • 378 • 4700
FAX 704 • 378 • 4890

JACK M. KNIGHT, JR.
DIRECT DIAL: 704-378-4730
EMAIL: jknight@hunton.com

FILE NO: TBD

REDACTED

HUNTON &
WILLIAMS

Mr. Dale Henley
September 18, 2006
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WILLIAMS

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WILLIAMS

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September 18, 2006
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REDACTED

VERSION 2/2006

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³
C-146

Contract Summary Form - Gillaspie

CONTRACTING OFFICE: San Diego
NAME OF COMPANY: East Kentucky Power Cooperative
CUSTOMER NO.: 55235
SALESMAN:
MARKET GROUP:
BMR ORDER #:
CONTRACT NO.
CONTRACT TYPE: SOW for Services
PURCHASE ORDER NO:
AMOUNT OF PURCHASE: Not to exceed \$20,000.00

PRODUCTS PURCHASED: Forecasting Support Services
PROJECT MANAGER: R. Simons
BILLING CONTACT: Sally Witt
EKPC
4775 Lexington Road
Winchester, KT 40392-0707
859 744 4812

BILLING PHONE:
BILLING PHONE FAX:
LEGAL CONTACT:
LEGAL CONTACT PHONE:
LEGAL CONTACT FAX:
TERMS: Net 30
MAINTENANCE: Standard Itron short form SOW
WARRANTY: Standard Itron short form SOW
INDEMNIFICATION: Standard Itron short form SOW
LIMITATION OF LIABILITY: Standard Itron short form SOW
ADDITIONAL MODIFICATIONS:
CONTRACT EFFECTIVE DATE: 1/24/06

Additional Distribution:

*For File use only:
Transmitted to Finance (date)
Returned to Customer (date & method)*



2006
\$ 20,000K

Statement of Work

General Forecasting Support Agreement

East Kentucky Power Cooperative

Author: S. Ashburn/R. Simons

Date: 01-17-06

Version: 2.0

1

Introduction

This Statement of Work (SOW) is intended to provide a general mechanism by which East Kentucky Power Cooperative (EKPC) can request forecasting and model related Services to be performed by Itron Inc. (Itron). The Services shall be governed by the terms and conditions included in this SOW by and between EKPC and Itron.

2

Project Scope

EKPC's Objectives

It is our understanding that EKPC would like to engage Itron's consulting services to provide general consulting services related to forecasting.

Services to be Provided

By signing this SOW, EKPC engages Itron and Itron agrees to provide the following type of services:

- The type of services requested by EKPC may include model-development, model re-estimation, data analysis, system refinements and modifications, changes to NDauto system interfaces, or other such work as requested by EKPC.

3

Term, Service Fees & Related Details

Term

This agreement shall have a term of January 1, 2006 through December 31, 2006.

Fees, Expenses & Payment

Total fees are estimated to be no greater than \$20,000 on a T&M basis (\$200/hour).

Itron will invoice EKPC on a monthly basis. If at any point, there is reason to believe that this amount will be exceeded, Itron will immediately notify EKPC as to the changes in the estimate and issue a Change Order, which will be approved by EKPC shall pay all taxes, if any, due for Services provided by Itron to EKPC under this SOW.

Actual, reasonable travel and related expenses will be billed directly to EKPC and are not included in the cost estimates.

Note: We commit to minimizing our expenses wherever possible by taking advantage of advance purchase discounts and corporate travel arrangements.

Payment terms are net 30 unless other terms are specified in the Professional Services Agreement (or within other Master or Solutions Contract Agreements) executed by and between Itron and EKPC. Payments will be remitted to the following address:

Itron, Inc.
P.O. Box 200209
Dallas, TX 75320-0209

If EKPC issues a purchase order for any specific Services, the terms of this SOW shall govern Itron's performance of such Services and will supersede the terms of EKPC's purchase orders.

Billing Information

To ensure that Itron has all the correct billing information, please verify the following EKPC billing information:

Billing	EKPC
Billing Contact Name	
Billing Contact Phone # (s)	
Billing Contact Email Address	
Billing Address	
Special Billing Requirements?	
PO #	

Change Control Process

A Project change order (Change Order) will be the vehicle for communicating changes. The Change Order must describe the change requested, the rationale for the change, the estimated price and the effect the change will have on the Project. All Change Orders must be approved by EKPC.

4

Terms and Conditions

This section provides key terms allocating liability, without which the fees charged for the Services would be higher.

- The parties acknowledge that each party may acquire information and material that is confidential, proprietary or trade secret information ("Confidential Information") of the other party. Any such Confidential Information shall be conspicuously marked or otherwise identified as "confidential" or "proprietary" at the time of disclosure, or which, under the circumstances surrounding disclosure, ought to be treated as confidential.
- Except for information that has been published or is otherwise available to the receiving party without breach of this SOW, each party agrees to take all steps reasonably necessary to hold in trust and confidence the other party's Confidential Information and not to disclose it to third parties or to use it in any way, commercially or otherwise, other than as permitted under this SOW. Each party will limit the disclosure of Confidential Information to employees or subcontractors with a need to know who: (i) have been advised of the confidential nature of the Confidential Information; and (ii) have acknowledged the express obligation to maintain such confidentiality.
- Itron warrants that all Services provided under this SOW will be performed in a professional and workmanlike manner. For any deficiencies in the Services that EKPC reports to Itron in writing within sixty (60) days of the performance of the Services, Itron will re-perform and correct any errors or deficiencies in its Services. Itron's sole liability and EKPC's sole remedy under this warranty shall be Itron's re-performance of the Services at no additional cost to EKPC. This warranty is exclusive and in lieu of all other warranties, whether express or implied, including the implied warranties of merchantability and fitness for a particular purpose. After the warranty period, product support for custom work under this SOW will be performed on a time and materials basis.
- EXCEPT FOR LIABILITY ARISING OUT OF ANY BREACH OF CONFIDENTIALITY, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR LOST PROFITS OR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF THIS SOW, EVEN IF THE PARTY HAS BEEN NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES. UNDER NO CIRCUMSTANCES WILL ITRON'S LIABILITY TO EKPC EXCEED THE AMOUNTS PAID BY EKPC TO ITRON UNDER THIS SOW.
- Rights and title to all software developed by Itron remain with Itron.

Itron, Inc.

Services

Version 2.0

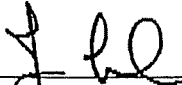
5

Agreement


EKPC agrees to these terms and authorizes commencement of the Project described in this SOW.

**East Kentucky Power
Cooperative**

Itron Inc.



Authorized Signature



Authorized Signature

James C. Lamb
Printed Name

Mark deVaalWhite
Printed Name

Manager Market Research
Title

VP Consulting Manager Services
Title

12/19/06
Date

1/24/06
Date

COPY

Run Date : 02/02/07

Enhanced Purchase Order (Office Copy Only)
CHANGE ORDER - REPRINT

EAST KY POWER COOPERATIVE

P O Box 707
Winchester KY 40392-0707
Phone 606-744-4812
Fax 606-744-6008

Vendor: 0000012908
JAMES N GRAY COMPANY INC
10 QUALITY ST
LEXINGTON KY 40507-1450

Purchase Order	Date	Revision	Page
EKPC - 0000027858	05/12/2005	1 - 09/01/2006	1
Payment Terms	Freight Terms	Ship Via	
NET 15 DAY	F.O.B. Dest., Freight Ppd/Add		
Buyer: Taylor, Lisa Stanfield	Currency Code: USD		

Ship To: Smith (J K) Power Station
12145 Irvine Road
Winchester KY 40391

Bill To: East Kentucky Power Co-op
P O Box 707
Winchester KY 40392-0707

Tax Exempt?	Y	Tax Exempt ID:	47507	Quantity	UOM	PO Price	Extended Amt	Part number	Mfg ID	Due Date
1 - 1				87,359.93	DOL	1.00	87,359.93			12/31/2005
Engineering services for Control Building expansion and Demineralized Water System expansion at J. K. Smith Station										
Requestor: Edwards, Tom										
Sourced From Req# 0000020954 Line # 1										
Ana Type Res Type, Cat & Sub Cat Maximo WO										
COM										

ChartFields : Account 92300 DeptId 171 Product 4803

DOL unit of measure indicates an estimate only. This order shall not exceed \$85,000 without prior approval from EKPC's, Tom Edwards. Actual costs will be applied to Purchase Order in accordance with billing rates provided by Gray Engineering's, Nasr Youssef, dated 04/15/05 and upon receipt of documented time, material, and/or expenses.

Compliance with Laws, Ordinances, Regulations, and Codes

Contractor shall at all times be solely responsible for complying with all applicable laws, ordinances, regulations, codes, and facility rules, including those relating to safety of all persons and property, in connection with the Work.

Status of Contractor

EKPC does not reserve any right to control the methods or manner of performance of the Work by the Contractor. The Contractor, in doing the Work herein called for, shall not act as an agent or employee of EKPC, but shall be and act as an independent contractor, and shall be free to perform the Work by such methods and in such manner as the Contractor may choose, furnishing all equipment, and doing everything necessary to perform such Work properly and safely; having supervision over and responsibility for the safety and actions of its employees, and control over and responsibility for its equipment. EKPC may at all times have the right to have its authorized representative inspect the Work, not for any purpose or reserved right of controlling the methods and manner of the performance of the Work, but in order to assure that all Work complies with the requirements of the Contract. All persons employed by the Contractor in performance of Work under this contract shall be employees of the Contractor and shall not be deemed to be employees of EKPC. Contractor agrees that if any portion of Contractor's Work is subcontracted, all such subcontractors shall be bound by and observe the conditions of this Contract to the same extent as herein required of Contractor.

Indemnity by Contractor

Contractor agrees to defend, indemnify and hold harmless EKPC, its directors, officers, employees and agents from any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature-including but not limited to costs and expenses of defending against the same and payment of any settlement or judgment therefor, by reason of (a) injuries or deaths to persons, (b) damages to or destructions of properties, (c) pollutions or contaminations of or other adverse effects, the environment or (d) violations of governmental laws, regulations or orders-whether suffered directly by EKPC itself or indirectly by reason of claims, demands or suits against it by third parties, resulting or alleged to have resulted from acts or omissions of Contractor, its employees, agents, subcontractors or other representatives or from their presence on the premises of Contractor, its employees, agents, subcontractors or other representatives or from their presence on the premises of EKPC or otherwise from performance of this Contract.

Contractor's Insurance Obligation

Enhanced Purchase Order (Office Copy Only)
CHANGE ORDER - REPRINT

Run Date : 02/02/07

EAST KY POWER COOPERATIVE

P O Box 707
Winchester KY 40392-0707
Phone 606-744-4812
Fax 606-744-6008

Vendor: 0000012908
JAMES N GRAY COMPANY INC
10 QUALITY ST
LEXINGTON KY 40507-1450

Purchase Order	Date	Revision	Page
EKPC - 0000027858	05/12/2005	1 - 09/01/2006	2
Payment Terms	Freight Terms	Ship Via	
NET 15 DAY	F.O.B. Dest. Freight Pbd/Addr		
Buyer: Taylor Lisa Stanfield	Currency Code: USD		

Ship To: Smith (J K) Power Station
12145 Irvine Road
Winchester KY 40391

Bill To: East Kentucky Power Co-op
P O Box 707
Winchester KY 40392-0707

Line-Schd	Y	Tax Exempt ID:	Quantity	UOM	PO Price	Extended Amt	Part number	Mfg ID	Due Date
		47507							

Contractor shall provide and maintain, and shall require any and all subcontractors to provide and maintain, with an insurance company authorized to do business in the Commonwealth of Kentucky and otherwise acceptable to EKPC the following insurance:

- A) Workers Compensation and Employer's Liability Policy: Prior to the start of the Work, Contractor shall submit evidence of Contractor's Workers' Compensation and Employer's Liability Insurance Policy, and each such policy shall include:
 - 1) Workers' Compensation (statutory benefits coverage) Insurance accordance with the laws of the Commonwealth of Kentucky
 - 2) Employer's Liability with a minimum limit of One Million Dollars (\$1,000,000) with respect to Bodily Injury Each Accident/(\$1,000,000) Bodily Injury by Disease Each Employee/(\$1,000,000) Bodily Injury by Disease Policy Limit.
 - 3) United States Longshoremen and Harbor Workers Act Endorsement (WC 00 01 06), if exposures warrant.
 - 4) Maritime "Jones Act" Endorsement (WC 00 02 01), if exposures warrant.
 - 5) Federal Employer's Liability Act Endorsement "FEA" (WC 00 01 04), if exposures warrant.
- B) Commercial General Liability Policy: Prior to the start of Work, Contractor shall provide evidence of Contractor's Policy providing Commercial General Liability Insurance, with combined single minimum limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each Occurrence/Two Million Dollars (\$2,000,000) General Aggregate and the following coverages, including Work let or sublet.
 - 1) Coverage for premises and operations.
 - 2) No exclusion of coverage for Blanket Contractual Liability to the extent covered by the policy against liability assumed by Contractor under this Contract.
 - 3) No exclusion for Broad Form Property Damage hazard.
- 4) No exclusion for liability arising out of blasting, collapse, and underground property damage hazards.
- 5) Products and Completed Operations Liability Coverage with a Two Million Dollars (\$2,000,000) Aggregate Limit. Said coverage must continue in force for a minimum of two (2) years from the Acceptance of Work.
- 6) Personal and Advertising Injury Liability coverage with a One Million Dollar (\$1,000,000) Limit and Contractual Liability Exclusion (#5) eliminated.
- 7) Said policy shall name EKPC as an Additional Insured to the extent necessary to fulfill Contractor's indemnity obligations Indemnity By Contractor, with Contractor's policy deemed to be primary.
- 8) Said policy shall be endorsed to provide that the underwriter(s) have waived their Rights of Recovery Against Others (subrogation) against EKPC and EKPC's insurance carrier(s).
- 9) Coverage shall be amended to provide for Aggregate Limit of Liability at each project or jobsite.
- 10) Should policy contain a deductible clause for bodily injury or property damage liability, said deductible shall be shown on the Certificate of Insurance, and Contractor's carrier shall agree to pay any such claims "first dollar" and then recover the deductible amount from Contractor.
- C) Commercial Automobile Liability Insurance Policy: Prior to the start of Work, Contractor shall provide evidence of Contractor's Commercial Automobile Liability Insurance Covering the use of all owned, non-owned and hired Automobiles, with a minimum combined single limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each accident with respect to Contractor's vehicles assigned to or used in performance of Work under this Contract.
 - 1) Said policy shall name EKPC as an Additional Insured to the extent necessary to fulfill Contractor's indemnity obligations under Indemnity By Contractor, with said policy designated to be primary.
 - 2) Said policy shall include an endorsement providing that the underwriter(s) have waived their Rights of Recovery

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CHANGE ORDER - REPRINT

EAST KY POWER COOPERATIVE

P O Box 707
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 Phone 606-744-4812
 Fax 606-744-6008

Vendor: 0000012908
 JAMES N GRAY COMPANY INC
 10 QUALITY ST
 LEXINGTON KY 40507-1450

Purchase Order	Date	Revision	Page
EKPC - 0000027858	05/12/2005	1 - 09/01/2006	3
Payment Terms	Freight Terms	Ship Via	
NET 15 DAY	F.O.B. Dest, Freight	USD	
Buyer: Taylor, Lisa Stanfield	Currency Code: USD		

Ship To: Smith (J K) Power Station
 12145 Irvine Road
 Winchester KY 40391

Bill To: East Kentucky Power Co-op
 P O Box 707
 Winchester KY 40392-0707

Tax Exempt?	Y	Tax Exempt ID:	47507	Quantity	UOM	PO Price	Extended Amt	Part number	Mfg ID	Due Date
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Against Others (subrogation) against EKPC and EKPC's insurance carrier(s).
 D) Aircraft Public Liability Insurance: If applicable, Contractor shall provide prior to the start of Work, evidence of Contractor's Aircraft Public Liability Insurance covering fixed wing and rotorcraft aircraft whether owned, non-owned, leased, hired or assigned with a combined single minimum limit for bodily injury and property damage of Five Million Dollars (\$5,000,000) including passenger liability coverage. Said policy shall include an endorsement providing that the underwriter(s) have waived their rights of subrogation against EKPC and EKPC's insurance carrier(s).
 E) Environmental Impairment ("Pollution") Liability Insurance: If applicable, CONTRACTOR shall provide prior to the start of work, evidence of Contractor's Environmental Impairment Liability Insurance covering contracting operations. Said policy shall cover contractor's use of vehicles and shall provide for cleanup and remediation expenses. Limits of liability shall not be less than \$1,000,000 each occurrence. Said policy shall be endorsed to provide Additional Insured status of EKPC and shall be endorsed to provide Waiver of Subrogation in favor EKPC.

Quality of Insurance Coverage

The above policies to be provided by Contractor shall be written by companies satisfactory to EKPC or having a Best Rating of not less than A- ("Excellent"). These policies shall not be materially changed or cancelled except with thirty day written notice to EKPC from the Contractor and the Insurance Carrier. Evidence of coverage, notification of cancellation or other changes shall be mailed to:

East Kentucky Power Cooperative, Inc.
 ATTN: Finance & Risk Management
 P O Box 707
 Winchester, KY 40392-0707

Also, a copy of the Certificate of Insurance should be sent to the "Ship To:" address on this purchase order, marked to the attention of Tom Edwards.

Implication of Insurance

EKPC shall not be obligated to review any of Contractor's Certificates of Insurance, insurance policies, or endorsements, or to advise Contractor of any deficiencies in such documents. Minimum limits and coverage required under this Article should not be construed to necessarily be adequate for Contractor's own insurance and risk management needs. Any receipts of such documents or their review by EKPC shall not relieve Contractor from or be deemed a waiver of EKPC's rights to insist on strict fulfillment of Contractor's obligations under the Contract.

Certificates of Insurance

EKPC reserves the right to request and receive a summary of coverage of any of the above policies or endorsements.

Other Notices

Contractor shall provide notice of any accidents or claims at the Work site to EKPC's Finance & Risk Management, at the above address, and EKPC's site authorized representative.

Enhanced Purchase Order (Office Copy Only)
CHANGE ORDER - REPRINT

Run Date : 02/02/07

EAST KY POWER COOPERATIVE

P O Box 707
 Winchester KY 40392-0707
 Phone 606-744-4812
 Fax 606-744-6008

Vendor: 0000012908
 JAMES N GRAY COMPANY INC
 10 QUALITY ST
 LEXINGTON KY 40507-1450

Purchase Order	Date	Revision	Page
EKPC - 0000027858	05/12/2005	1 - 09/01/2006	4
Payment Terms	Freight Terms	Ship Via	
NET 15 DAY	F.O.B. Dest., Freight Ppd/ Add		
Buyer: Taylor Lisa Stantfield	Currency Code: USD		

Ship To: Smith (J K) Power Station
 12145 Irvine Road
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 P O Box 707
 Winchester KY 40392-0707

Line-Schd	Y	Tax Exempt ID:	Quantity	UOM	PO Price	Extended Amt	Part number	Mfg ID	Due Date
		47507							

Equal Employment Opportunity

The Equal Employment Opportunity Clause at 41 CFR 60-1.4 (a) and the Affirmative Action Clauses at 41 CFR 60-250.5 and 60-741.5 are hereby incorporated by reference and made a part of this Contract as though fully set forth herein.

09/01/06
 CHANGE ORDER #1
 This change order is being issued to increase line item #1 for additional engineering required per change of scope approved by Randy Dials and Craig Johnson dated 08/29/06. (LST)

RECEIVING HOURS ARE FROM 7:30 AM TO 2:30 PM, MONDAY THRU FRIDAY.

Total PO Amount 87,359.93



PLEASE SIGN THIS PAGE AND
RETURN WITH ACCEPTANCE
SIGNATURE

May 9, 2006

Mr. Thomas Mason
431 Bittersea Court
Cincinnati, OH 45255-3957

Dear Mr. Mason:

Subject: Change in Personal Services Agreement

Subject agreement is hereby amended to extend the completion date from May 15, 2006, to June 30, 2006. The agreement shall now read as follows:

3. JOB TO BE PERFORMED. CLIENT desires that IC perform, and IC agrees to perform, the following job: Review of the Fuel Procurement Process. The review will began on April 10, 2006 and be completed by June 30, 2006. Areas to be reviewed will be determined at the initial review meeting.

All other terms and conditions of the agreement shall remain the same.

Sincerely,

Jerry Bordes
Manager, Power Production Services

gv

Accepted By: Thomas Mason 5/11/06
Title: Consultant

3. JOB TO BE PERFORMED. CLIENT desires that IC perform, and IC agrees to perform, the following job: Review of the Fuel Procurement Process. The review will begin on April 10, 2006 and be completed by May 15, 2006. Areas to be reviewed will be determined at the initial review meeting.

4. TERMS OF PAYMENT. CLIENT shall pay IC according to the following terms and conditions: IC will be paid on an hourly basis of \$100 per hour. IC will submit, in writing, to Gail Varner at EKPC the hours worked. Client will pay reasonable travel expenses, including a rate of 44.5 cents per mile for travel.

5. REIMBURSEMENT OF EXPENSE. CLIENT shall not be liable to IC for any expenses paid or incurred by IC unless otherwise agreed in writing.

6. EQUIPMENT, TOOLS, MATERIALS, OR SUPPLIES. IC shall supply all equipment, tools, materials, and/or supplies to accomplish the job agreed to be performed.

7. FEDERAL, STATE, AND LOCAL PAYROLL TAXES. Neither Federal, nor state, nor local income tax nor payroll tax of any kind shall be withheld or paid by CLIENT on behalf of IC or the employees of IC. IC shall not be treated as an employee with respect to the services performed hereunder for Federal or state tax purposes.

8. NOTICE TO IC REGARDING IC'S TAX DUTIES AND LIABILITIES. IC Understands that IC is responsible to pay, according to law, IC's income tax. If IC is not a corporation, IC further understands that IC may be liable for self-employment (social security) tax, to be paid by IC according to law.

9. FRINGE BENEFITS. Because IC is engaged in IC's own independently established business, IC is not eligible for, and shall not participate in, any employee pension, health, or other fringe benefit plan, of the CLIENT.

10. CLIENT NOT RESPONSIBLE FOR WORKERS' COMPENSATION. No workers compensation insurance shall be obtained by CLIENT concerning IC or the employees of IC. IC shall comply with the workers' compensation law concerning IC and the employees of IC, and shall provide to CLIENT a certificate of workers' compensation insurance.

11. TERMS OF AGREEMENT. This agreement shall terminate at 11:59 p.m. on May 31, 2006.

12. TERMINATION WITHOUT CAUSE. Without cause, either party may terminate this agreement after giving 10 days prior written notice to the other of intent to terminate without cause. The parties shall deal with each other in good faith during the 10-day period after any notice of intent to terminate without cause has been given.

13. TERMINATION WITH CAUSE. With reasonable cause, either party may terminate this agreement effective immediately upon the giving of written notice to termination for cause. Reasonable cause shall include:

- A. Material violation of this agreement.
- B. Any act exposing the other party to liability to others for personal injury or property damage.

14. NON-WAIVER. The failure of either party to exercise any of its rights under this agreement for a breach thereof shall not be deemed to be a waiver of such rights or a waiver of any subsequent breach.

15. NO AUTHORITY TO BIND CLIENT. IC has no authority to enter into contracts or agreements on behalf of CLIENT. This agreement does not create a partnership between the parties.

16. DECLARATION BY INDEPENDENT CONTRACTOR. IC declares that IC

has complied with all Federal, state and local laws regarding business permits, certificates and licenses that may be required to carry out the work to be performed under this agreement.

17. HOW NOTICES SHALL BE GIVEN. Any notice given in connection with this agreement shall be given in writing and shall be delivered either by hand to the party or by certified mail, return receipt requested, to the party at the party's address stated herein. Any party may change its address stated herein by giving notice of the change in accordance with this paragraph.

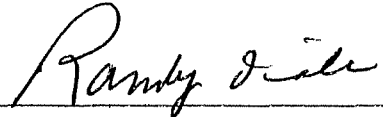
18. ASSIGNABILITY. This agreement may not be assigned, in whole or in part, by IC. IC shall provide written notice to CLIENT before any such assignment.

19. CHOICE OF LAW. Any dispute under this agreement or related to this agreement shall be decided in accordance with the laws of the State of Kentucky.

20. ENTIRE AGREEMENT. This is the entire agreement of the parties.

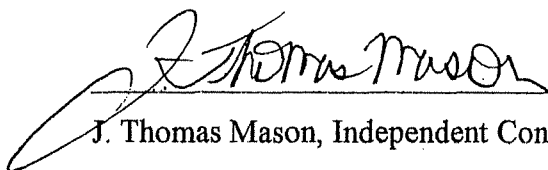
21. SEVERABILITY. If any part of this agreement is held unenforceable, the rest of this agreement will nevertheless remain in full force and effect.

22. AMENDMENTS. This agreement may be supplemented, amended or revised only in writing by agreement of the parties.



Randy Dials, Vice President, Power Production

Date: 4/11/06



J. Thomas Mason, Independent Contractor

Date: 4/10/06

Kentucky's Touchstone Energy Cooperatives 

CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

THIS CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT (the "Agreement") is entered into as of the 10th day of April, 2006 by and between EAST KENTUCKY POWER COOPERATIVE, INC., a Kentucky corporation with its principal offices at P. O. Box 707, Winchester, Kentucky 40392-0707 ("EKPC") and J. Thomas Mason, an independent contractor with his principal address at 431 Bittersea Court, Cincinnati, Ohio 45255-3957 ("IC").

1. EKPC and J. Thomas Mason intend to disclose to each other information with regard to EKPC's Fuel Procurement Process which may include confidential information relating to the evaluation of possible working/business relationships for (the "Potential Relationship"). The term "Confidential Information" shall mean any information or data which is disclosed by a party to the other party under or in contemplation of this Agreement and which (a) if in tangible form or other media that can be converted to readable form, is clearly marked as proprietary, confidential, or private on disclosure or (b) if oral, is identified as proprietary, confidential or private on disclosure and is summarized in a writing so marked and delivered within thirty (30) days following such disclosure. Confidential Information may be either the property of the disclosing party or Information provided to the disclosing party by a corporate affiliate of the disclosing party or by a third party.

2. The receiving party acknowledges the economic value to the disclosing party of all Confidential Information. With respect to Confidential Information, the receiving party shall:
 - (a) use the Confidential Information only for the purpose of evaluating the Potential Relationship;

 - (b) restrict disclosure of the Confidential Information solely to the employees or authorized representatives of such party with a "need to know" and not disclose it to any other person or entity without the prior written consent of the disclosing party; provided, however, all such authorized representatives shall be previously identified in writing to the disclosing party;

 - (c) advise those personnel who gain access to Confidential Information of their obligations with respect to the Confidential Information as set forth in this Agreement;

 - (d) make only the number of copies of the Confidential Information necessary to disseminate the information to those personnel who are entitled to have access to it, and ensure that all confidential notices set forth on the Confidential Information are reproduced

in full on such copies;

- (e) safeguard the Confidential Information with reasonable precautions, at least as effective as the measures used to protect its own Confidential Information, to avoid unauthorized disclosure, as necessary; and
- (f) maintain a list of persons permitted access to Confidential Information by the receiving party and, upon request, provide the disclosing party with a copy of the list.

A “need to know” means that the person requires the Confidential Information in order to perform his or her responsibilities in connection with the Potential Relationship.

3. The obligations of Section 2 shall not apply to any Confidential Information which the receiving party can demonstrate:

- (a) is or becomes available to the public through no breach of this Agreement;
- (b) was previously known by the receiving party without any obligation to hold it in confidence;
- (c) is received from a third party free to disclose such information without restriction;
- (d) is independently developed by the receiving party without the use of Confidential Information of the disclosing party;
- (e) is approved for release by written authorization of the disclosing party, but only to the extent of and subject to such conditions as may be imposed in such written authorization;
- (f) is required by law or regulation to be disclosed, but only to the extent and for the purposes of such required disclosure and after notice to the disclosing party; or
- (g) is disclosed in response to a valid order of a court or other governmental body of the United States, or of any state or any political subdivisions thereof, but only to the extent of and for the purposes of such order; provided, however, that the receiving party shall first notify the disclosing party of the order to permit the disclosing party to seek an appropriate protective order.

4. Confidential information, including permitted copies, shall be deemed the property of the disclosing party. The receiving party shall, within twenty (20) days of a written request

by the disclosing party, return all Confidential Information, including all copies thereof, to the disclosing party or destroy all such Confidential Information. The receiving party shall also, within ten (10) days of a written request by the disclosing party, certify in writing that it has satisfied its obligations under Sections 2 and 4 of this Agreement.

5. Both parties agree that an impending or existing violation of any provision of this Agreement would cause the disclosing party irreparable injury for which it would have no adequate remedy at law, and that the disclosing party shall be entitled to seek immediate injunctive relief prohibiting such violation, in addition to any other rights and remedies available to it. Neither Party shall be liable to the other Party for any consequential, incidental, special, punitive, indirect or exemplary damages, whether as a result of breach of contract, warranty, indemnity, tort (including negligence), strict liability or any other cause of action whatsoever.
6. Nothing contained in this Agreement or in any discussions undertaken or disclosures made pursuant hereto shall (a) be deemed a commitment to engage in any business relationship, contract or future dealing with the other party, or (b) limit either party's right to conduct similar discussions or perform similar work to that undertaken pursuant hereto, so long as said discussions or work do not violate this Agreement.
7. No patent, copyright, trademark or other proprietary right or license is granted by this Agreement or any disclosure hereunder, except for the right to use such information in accordance with this Agreement. No warranties of any kind are given with respect to the Confidential Information disclosed under this Agreement or any use thereof, except as may be otherwise agreed to in writing.
8. This Agreement shall be effective as of the date first written above and shall continue until terminated by either party at will, provided, however that the obligations under this Agreement shall survive termination thereof for a period of Five years.
9. This Agreement may not be assigned by either party without the prior written consent of the other. No permitted assignment shall relieve a party of its obligations hereunder with respect to Confidential Information disclosed to that party prior to the assignment. Any assignment in violation of this Paragraph shall be void. This Agreement shall be binding upon the parties and their respective successors and assigns.
10. If any provision of this Agreement shall be held invalid or unenforceable, such provision shall be deemed deleted from this Agreement and replaced by a valid and enforceable provision which so far as possible achieves the parties' intent in agreeing to the original provision. The remaining provisions of this Agreement shall continue in full force and effect.
11. Each party warrants that it has the authority to enter into this Agreement and to lawfully make the disclosures contemplated hereunder.

12. This Agreement represents the entire understanding between the parties with respect to the subject matter hereof and supersedes all prior communications, agreements and understandings related thereto. The provisions of this Agreement may not be modified, amended, or waived, except by a written instrument duly executed by both parties. This Agreement shall be governed in all respects by the domestic laws of the State of Kentucky.
13. It is understood and agreed that no failure or delay by the disclosing party in exercising the right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder.

EAST KENTUCY POWER COOPERATIVE, INC.

By: Randy D. [Signature] 4/10/06

Title: Vice President, Power Production

J. Thomas Mason 4/10/06

By: J. Thomas Mason

Title: Independent Contractor

(canda)

GRAMMER KISSEL ROBBINS SKANCKE & EDWARDS

SUITE 1225
1225 EYE STREET, N. W.
WASHINGTON, D. C. 20005
202-408-5400 FAX: 202-408-5406

July 7, 1997

Foster J. Collis, Esq.
Vice-President and General Counsel
East Kentucky Power Cooperative, Inc.
4758 Lexington Road
P.O. Box 707
Winchester, KY 40391

Handwritten:
Linda!
original to all Robb; copy
for our file.

Re: Retainer Agreement

Dear Foster:

I very much appreciate your interest in having us assist East Kentucky in connection with the proposed merger between Kentucky Utilities and Louisville Gas & Electric Company. The purpose of this letter is to set forth the terms under which we propose to work for East Kentucky.

Consistent with our current fee schedule, I propose to bill my time (and that of any of the firm's other partners should they become involved) at an hourly rate of \$215.00, our of counsel (Nancy Mohler) at an hourly rate of \$185.00, associate attorney's time at an hourly rate of \$135.00, and legal assistants at an hourly rate of \$60.00. I will personally serve as the principal lawyer on our work on these matters, and will use other partners, of counsel, associates, and legal assistants only when necessary and efficient to do so. We of course bill only for time actually expended. We will not propose any increases to this fee scheduled at least for the first year, and no rate increases will be implemented without prior notice to and approval by East Kentucky. Statements are rendered monthly, and payment is appreciated upon receipt. We reserve the right to impose a late charge of 1% per month on amounts outstanding over thirty (30) days.

In addition to fees, we expect reimbursement for out-of-pocket expenses incurred. Such expenses typically include charges for telephone, copying, cabfare, court reporters, computerized legal research services (i.e., Westlaw), travel, and meals and lodging associated with

Foster J. Collis, Esq.
July 7, 1997
Page 2

travel. All such out-of-pocket expenses are billed on an at-cost, as-incurred basis with no markups or multipliers, except that in-house copying is charged at the flat rate of \$0.15 per page. Larger copying jobs are sent to vendors outside of our office that can perform those reproduction services at lower cost.

As we discussed, I also may be representing the Illinois Municipal Electric Agency in connection with the proposed KU-LG&E merger. Time expended on work common to East Kentucky and IMEA will be pro rated equally. Work performed for one client that is not material or beneficial to the other will be billed solely to the client for which the work is performed. Thus, for example, I would bill East Kentucky alone for time expended on its motion to intervene. Common work, such as review of the companies' merger application and related papers, would be pro rated between East Kentucky and IMEA. Out-of-pocket expenses would be handled in the same manner.

Based upon my understanding of the proceedings and my inquiries to both you and IMEA's General Manager, I am not aware of any known conflicts of interest between East Kentucky and IMEA at this time. Similarly, I am not aware of any conflicts between East Kentucky and the City of Hamilton, Ohio, with the exception of any matters that might arise in connection with the existing contract between East Kentucky and Hamilton.

* * * * *

I hope that the foregoing provides you with the information you need at this time. Should you require any additional information or wish to discuss revisions to any of my proposals, please call me at your convenience. If the foregoing is acceptable, please confirm your acceptance of these terms by signing below and returning a copy of this letter to me.

Foster J. Collis, Esq.
July 7, 1997
Page 3

I look forward to working with you and other
representatives of East Kentucky on these matters.

Sincerely,


Alan I. Robbins

Accepted and approved by East Kentucky:

By: 

Title: Gen. Counsel

Date: 7/15/97

C:\1EKPC\RETAINER.DOC

Post-It® Fax Note	7671	Date	10/21	# of pages	1
To	STEPHANIE CAMERON	From	JOHN FARLEY		
Co./Dept	ESPC	Co.	ESPC		
Phone #		Phone #	401-621-2240		
Fax #	859-744-6008	Fax #			

WORK ORDER 18

JOHN FARLEY & ASSOCIATES
SERVICES AGREEMENT

This Work Order is made and entered into this 17th day of October, 2005, by and between John Farley Consulting, LLC ("John Farley Consulting"), formerly known as John Farley & Associates, a corporation organized under the laws of the State of Rhode Island, located at Suite 156E, One Richmond Square, Providence, RI 02906, and East Kentucky Power Cooperative ("Client"), located at 4775 Lexington Road, Winchester KY 40391. The work as outlined below shall be performed in accordance with the John Farley & Associates Services Agreement, as executed by both parties. The Services Agreement together with Work Order attachments shall hereinafter collectively be referred to as Agreement.

Work Plan, Schedule, and Deliverables:

The work plan, schedule, and list of deliverables are set forth in Attachment B to this Agreement, the "Work Plan - East Kentucky Power Cooperative DSM Consulting Support", dated October 14, 2005

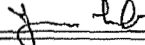
Terms and Conditions:

The pricing for the work outlined above is set forth in Attachment A to this Agreement.

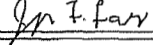
The work and terms proposed in this Work Order are valid through November 15, 2005. Please indicate your approval of the Work Order by signing below.

EAST KENTUCKY POWER COOPERATIVE

JOHN FARLEY CONSULTING LLC



Signature



Signature

Print Name

John Farley

Print Name

Title 10/17/05

Date

Title Manager

Date 10/21/2005

WORK ORDER 18

**JOHN FARLEY & ASSOCIATES
SERVICES AGREEMENT**

This Work Order is made and entered into this 17th day of October, 2005, by and between John Farley Consulting, LLC (“John Farley Consulting”), formerly known as John Farley & Associates, a corporation organized under the laws of the State of Rhode Island, located at Suite 156E, One Richmond Square, Providence, RI 02906, and East Kentucky Power Cooperative (“Client”), located at 4775 Lexington Road, Winchester KY 40391. The work as outlined below shall be performed in accordance with the John Farley & Associates Services Agreement, as executed by both parties. The Services Agreement together with Work Order attachments shall hereinafter collectively be referred to as Agreement.

Work Plan, Schedule, and Deliverables:

The work plan, schedule, and list of deliverables are set forth in Attachment B to this Agreement, the “Work Plan - East Kentucky Power Cooperative DSM Consulting Support” , dated October 14, 2005

Terms and Conditions:

The pricing for the work outlined above is set forth in Attachment A to this Agreement.

The work and terms proposed in this Work Order are valid through November 15, 2005. Please indicate your approval of the Work Order by signing below.

EAST KENTUCKY POWER COOPERATIVE

JOHN FARLEY CONSULTING LLC

Signature

Signature

Print Name

John Farley
Print Name

Title

Manager
Title

Date

Date

Attachment A - Project Pricing

The price for Work Order #18 is a fixed consulting fee of \$ 12,000, plus travel, incidentals, and other direct costs.

Initial payment, due upon work order execution, will be \$4,000.

Second payment, due upon acceptance of Task 1 deliverables, will be \$ 4,000.

Third payment, due upon acceptance of Task 2 deliverables, will be \$4,000.

Attachment B to Work Order 18
Work Plan: East Kentucky Power Cooperative DSM
Consulting Support

October 14, 2005

Project Description

Situation: East Kentucky Power Cooperative (EKPC) has an active program to evaluate and design cost-effective demand side management and other marketing programs. EKPC is conducting rigorous screening of their demand-side management programs using the California Standard Practice tests. Previous Work Orders (#1-3) covered the reporting, development, and training aspects of the work, as well as setup, support, and new research work (#s 4 - 16).

This Work Plan for Work Order #18 addresses the need to provide consulting support for EKPC staff as they design new programs, deliver customized analyses to members, update their datasets, and prepare for the 2006 Integrated Resource Plan. Since the specific nature of the support inquiries cannot be known ahead of time, this work order is specified according to the level of support in terms of person-hours.

Task 1: First installment of support. Consultant will provide telephone and e-mail consulting support to EKPC staff engaged in the DSM planning work. EKPC staff will make request for service to consultant, describing nature of the problem and desired format of the response. Consultant will estimate time requirement for response. Any request requiring 8 or fewer billable hours to respond will be performed by consultant within 3 business days of acknowledging the request. Consultant will track billable hours dedicated to this support work and provide an update to EKPC every month.

*Deliverables: Consulting services in the amount of **40** billable hours as directed by EKPC staff. Monthly report detailing requests fulfilled that month and billable hours to date.*

Task 2: Second installment of support: Identical to Task 1.

*Deliverables: Consulting services in the amount of **40** billable hours*

Schedule

This support work will be performed during the period October 24, 2005 through December 31, 2005.

WORK ORDER 19

**JOHN FARLEY & ASSOCIATES
SERVICES AGREEMENT**

This Work Order is made and entered into this 18th day of January, 2006, by and between John Farley Consulting, LLC ("John Farley Consulting"), formerly known as John Farley & Associates, a corporation organized under the laws of the State of Rhode Island, located at Suite 156E, One Richmond Square, Providence, RI 02906, and East Kentucky Power Cooperative ("Client"), located at 4775 Lexington Road, Winchester KY 40391. The work as outlined below shall be performed in accordance with the John Farley & Associates Services Agreement, as executed by both parties. The Services Agreement together with Work Order attachments shall hereinafter collectively be referred to as Agreement.

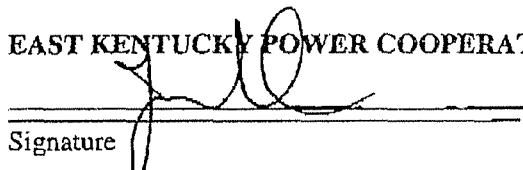
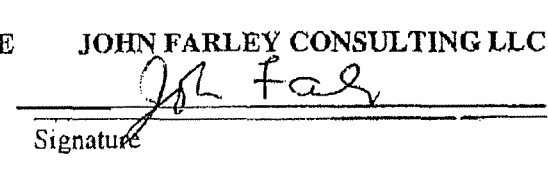
Work Plan, Schedule, and Deliverables:

The work plan, schedule, and list of deliverables are set forth in Attachment B to this Agreement, the "Work Plan - East Kentucky Power Cooperative DLC Demonstration Consulting Support", dated January 17, 2006

Terms and Conditions:

The pricing for the work outlined above is set forth in Attachment A to this Agreement.

The work and terms proposed in this Work Order are valid through February 1, 2006. Please indicate your approval of the Work Order by signing below.

EAST KENTUCKY POWER COOPERATIVE	JOHN FARLEY CONSULTING LLC
	
Signature	Signature
<u>James L. Lamb</u>	<u>John Farley</u>
Print Name	Print Name
<u>Manager, Market Research</u>	<u>Manager</u>
Title	Title
<u>1/17/06</u>	<u>1/17/06</u>
Date	Date

Post-it® Fax Note	7671	Date	1/17/06	# of pages	1
To	STEPHANIE COENERT	From	JOHN FARLEY		
Co./Dept.	E KPC	Co.	JFC		
Phone #		Phone #	401-621-2240		
Fax #	859-744-6008	Fax #			

WORK ORDER 19

**JOHN FARLEY & ASSOCIATES
SERVICES AGREEMENT**

This Work Order is made and entered into this 18th day of January, 2006, by and between John Farley Consulting, LLC (“John Farley Consulting”), formerly known as John Farley & Associates, a corporation organized under the laws of the State of Rhode Island, located at Suite 156E, One Richmond Square, Providence, RI 02906, and East Kentucky Power Cooperative (“Client”), located at 4775 Lexington Road, Winchester KY 40391. The work as outlined below shall be performed in accordance with the John Farley & Associates Services Agreement, as executed by both parties. The Services Agreement together with Work Order attachments shall hereinafter collectively be referred to as Agreement.

Work Plan, Schedule, and Deliverables:

The work plan, schedule, and list of deliverables are set forth in Attachment B to this Agreement, the “Work Plan - East Kentucky Power Cooperative DLC Demonstration Consulting Support”, dated January 17, 2006

Terms and Conditions:

The pricing for the work outlined above is set forth in Attachment A to this Agreement.

The work and terms proposed in this Work Order are valid through February 1, 2006. Please indicate your approval of the Work Order by signing below.

EAST KENTUCKY POWER COOPERATIVE

JOHN FARLEY CONSULTING LLC

Signature

Print Name

Title

Date

Signature

John Farley
Print Name

Manager
Title

Date

Attachment A - Project Pricing

The price for Work Order #19 is a fixed consulting fee of \$ 35,000, plus travel, incidentals, and other direct costs.

Initial payment, due upon work order execution, will be \$7,000.

Second payment, due upon acceptance of Task 1 deliverables, will be \$ 7,000.

Third payment, due upon acceptance of Task 2 deliverables, will be \$7,000.

Fourth payment, due upon acceptance of Task 3 deliverables, will be \$7,000.

Fifth payment, due upon acceptance of Task 4 deliverables, will be \$7,000.

Attachment B to Work Order 19
Work Plan: East Kentucky Power Cooperative DLC
Demonstration Consulting Support
January 17, 2006

Project Description

Situation: East Kentucky Power Cooperative (EKPC) has filed with the Kentucky Public Service Commission to implement a demonstration project for the direct load control (DLC) of central air conditioners and water heaters.

This Work Plan for Work Order #19 addresses the consulting support needed to successfully conduct the DLC demonstration project. The Work Plan includes planning, facilitation, and review activities to support EKPC and member cooperative staff in the different phases of the DLC project. The work also includes some interaction and oversight of the activities of third party providers, including technology providers and service providers. The overall level of effort represents 220 consulting hours, or an average of slightly over seven (7) hours per week across thirty (30) weeks in 2006. It is anticipated that the support will require up to four (4) trips to EKPC offices for in-person meetings with key personnel in the project.

Task 1: Consulting support during Design phase of project. Consultant will provide planning and facilitation support to EKPC and member cooperative staff for the following project work: project kickoff, program planning and design, installation and training for key hardware and software infrastructure (excluding customer site work), and testing for the monitoring and verification (M&V) plan.

Deliverables: Consulting services, in-person meeting, and associated documentation. It is anticipated that the consulting services will consist of 60 billable hours as directed by EKPC staff. Monthly report detailing milestones achieved and billable hours to date.

Task 2: Consulting support during Installation phase of project: Consultant will provide planning and facilitation support to EKPC and member cooperative staff for the following project work: marketing, customer enrollment, and installation of load control devices.

Deliverables: Consulting services, in-person meeting, and associated documentation. It is anticipated that the consulting services will consist of 50 billable hours as directed by EKPC staff. Monthly report detailing milestones achieved and billable hours to date.

Task 3: Consulting support during Control Events phase of project: Consultant will provide planning and facilitation support to EKPC and member cooperative staff for the following project work: control events, monitoring and verification (M&V), ongoing customer communications, customer billing and care, and reporting.

Deliverables: Consulting services, in-person meeting, and associated documentation. It is anticipated that the consulting services will consist of 50 billable hours as directed by EKPC staff. Monthly report detailing milestones achieved and billable hours to date.

Task 4: Consulting support during Evaluation phase of project: Consultant will provide facilitation and review support to EKPC and member cooperative staff for the following project work: project evaluation, impact evaluation, and final report.

Deliverables: Consulting services, in-person meeting, and associated documentation. It is anticipated that the consulting services will consist of 60 billable hours as directed by EKPC staff. Monthly report detailing milestones achieved and billable hours to date.

Schedule

This support work will be performed during the period January 23, 2006 through December 31, 2006.

The following schedule represents current estimate as to when project milestones will be completed:

Task	Start	Complete
1. Design Phase	January 23, 2006	March 31, 2006
2. Installation Phase	April 1, 2006	May 31, 2006
3. Control Events Phase	June 1, 2006	October 31, 2006
4. Evaluation Phase	November 1, 2006	December 31, 2006

WORK ORDER 20

**JOHN FARLEY & ASSOCIATES
SERVICES AGREEMENT**

This Work Order is made and entered into this 17th day of August, 2006, by and between John Farley Consulting, LLC ("John Farley Consulting"), formerly known as John Farley & Associates, a corporation organized under the laws of the State of Rhode Island, located at Suite 156E, One Richmond Square, Providence, RI 02906, and East Kentucky Power Cooperative ("Client"), located at 4775 Lexington Road, Winchester KY 40391. The work as outlined below shall be performed in accordance with the John Farley & Associates Services Agreement, as executed by both parties. The Services Agreement together with Work Order attachments shall hereinafter collectively be referred to as Agreement.

Work Plan, Schedule, and Deliverables:

The work plan, schedule, and list of deliverables are set forth in Attachment B to this Agreement, the "Work Plan - East Kentucky Power Cooperative DLC Demonstration Consulting Support", dated August 17, 2006

Terms and Conditions:

The pricing for the work outlined above is set forth in Attachment A to this Agreement.

The work and terms proposed in this Work Order are valid through September 30, 2006. Please indicate your approval of the Work Order by signing below.

EAST KENTUCKY POWER COOPERATIVE

JOHN FARLEY CONSULTING LLC

Signature

Signature

Print Name

Print Name

Title

Title

Date

Date

[Signature]
James Lamb
VP Coordinated Planning
8/18/06

[Signature]
John Farley
Manager
8/18/2006

Post-it® Fax Note	7671	Date	8/18	# of pages	1
To	STEPHANIE CORNETT	From	JOHN FARLEY		
Co./Dept.	EKPC	Co.	JFC		
Phone #		Phone #	401-621-2240		
Fax #	859-744-6008	Fax #			

WORK ORDER 20

**JOHN FARLEY & ASSOCIATES
SERVICES AGREEMENT**

This Work Order is made and entered into this 17th day of August, 2006, by and between John Farley Consulting, LLC (“John Farley Consulting”), formerly known as John Farley & Associates, a corporation organized under the laws of the State of Rhode Island, located at Suite 156E, One Richmond Square, Providence, RI 02906, and East Kentucky Power Cooperative (“Client”), located at 4775 Lexington Road, Winchester KY 40391. The work as outlined below shall be performed in accordance with the John Farley & Associates Services Agreement, as executed by both parties. The Services Agreement together with Work Order attachments shall hereinafter collectively be referred to as Agreement.

Work Plan, Schedule, and Deliverables:

The work plan, schedule, and list of deliverables are set forth in Attachment B to this Agreement, the “Work Plan - East Kentucky Power Cooperative DLC Demonstration Consulting Support”, dated August 17, 2006

Terms and Conditions:

The pricing for the work outlined above is set forth in Attachment A to this Agreement.

The work and terms proposed in this Work Order are valid through September 30, 2006. Please indicate your approval of the Work Order by signing below.

EAST KENTUCKY POWER COOPERATIVE

JOHN FARLEY CONSULTING LLC

Signature

Print Name

Title

Date

Signature

John Farley
Print Name

Manager
Title

Date

Attachment A - Project Pricing

The price for Work Order #20 is a fixed consulting fee of \$ 20,000, plus travel, incidentals, and other direct costs.

Initial payment, due upon work order execution, will be \$5,000.

Second payment, due upon acceptance of Task 1 deliverables, will be \$ 7,000.

Third payment, due upon acceptance of Task 2 deliverables, will be \$3,000.

Fourth payment, due upon acceptance of Task 3 deliverables, will be \$5,000.

Attachment B to Work Order 20

Work Plan: East Kentucky Power Cooperative Consulting Support for IRP, DLC and DSM analysis

August 17, 2006

Project Description

Situation: EKPC will be filing its Integrated Resource Plan (IRP) with the Public Service Commission in the Fall of 2006. In addition, East Kentucky Power Cooperative (EKPC) is implementing a demonstration project for the direct load control (DLC) of central air conditioners and water heaters.

This Work Plan for Work Order #20 addresses the consulting support needed in 2006 to (1) to prepare the demand side management (DSM) section of the IRP, (2) to provide technical support for follow-up DSM analysis, and (3) successfully conduct the DLC demonstration project. The Work Plan includes data development, analysis, and reporting activities to support EKPC staff in preparing the IRP. The work also includes follow-on analysis of DSM programs, particularly for specific member cooperatives. Finally, the work includes tasks to support the DLC demonstration, particularly with the second installation at Big Sandy. The overall level of effort represents 130 consulting hours, or an average of approximately seven (7) hours per week across the remaining nineteen (19) weeks in 2006.

Task 1: Consulting support to complete the DSM portion of the IRP. Consultant will provide data development, screening, program design, DSManager analysis, and report writing support to EKPC staff.

Deliverables: Consulting services, and associated documentation. It is anticipated that the consulting services will consist of 65 billable hours as directed by EKPC staff. Monthly report detailing milestones achieved and billable hours to date.

Task 2: Consulting support for ad hoc DSM analysis: Consultant will provide telephone and e-mail consulting support to EKPC staff engaged in the DSM planning work.

Deliverables: Consulting services in the amount of 20 billable hours as directed by EKPC staff. Monthly report detailing requests fulfilled that month and billable hours to date.

Task 3: Consulting support for the DLC project. Consultant will provide planning and facilitation support to EKPC and member cooperative staff for the following project work: installation and training for key hardware and software infrastructure (excluding customer site work), control events, monitoring and verification (M&V), ongoing customer communications, customer billing and care, project evaluation, and reporting.

Deliverables: Consulting services, in-person meeting, and associated documentation. It is anticipated that the consulting services will consist of 45 billable hours as directed by EKPC staff. Monthly report detailing milestones achieved and billable hours to date.

Schedule

This support work will be performed during the period August 21, 2006 through December 31, 2006.

The following schedule represents current estimate as to when project milestones will be completed:

Task	Start	Complete
1. IRP	August 21, 2006	October 15, 2006
2. Ad hoc DSM	October 1, 2006	December 31, 2006
3. DLC	September 1, 2006	December 31, 2006

3004

Purchase Order

CHANGE ORDER - REPRINT

EAST KY POWER COOPERATIVE

P O Box 707
Winchester KY 40392-0707
Phone 859-744-4812
Fax 859-744-6008

Purchase Order	Date	Revision	Page
EKPC- 0000030104	01/25/2006	3-	1
Payment Terms	Freight Terms		
30	F.O.B. Dest, Freight Ppd/Add		

Buyer: Gentry, Alma P
Ship To: Winchester Warehouse
4775 Lexington Road
Winchester KY 40391

Vendor:0000017260
KENTUCKIANA ENGINEERING CO INC
311 TOWNEPARK CIRCLE SUITE 100
LOUISVILLE KY 40243

Bill To: East Kentucky Power Co-op
P O Box 707
Winchester KY 40392-0707

Tax Exempt? Y Tax Exempt ID: 47507

Line-Schd Item	Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
1- 1	Class II Modeling at J. K. Smith Station for Proposed CFB		125,000.00	DOL	1.0000	125,000.00	06/30/2007

Reference quote dated January 20, 2006.

DOL unit of measure indicates an estimate only. Actual costs will be applied to Purchase Order upon receipt of documented time, material, and/or expenses.

Reference Memorandum dated 1/20/2006 inclusive of Scope of Work containing Tasks 1 thru 9; Page 5; and Schedule of Fees.

If Kentuckiana Engineering Company, Inc. personnel are on EKPC sites, the following shall be applicable:

Compliance with Laws, Ordinances, Regulations, and Codes

Contractor shall at all times be solely responsible for complying with all applicable laws, ordinances, regulations, codes, and facility rules, including those relating to safety of all persons and property, in connection with the Work.

Status of Contractor

EKPC does not reserve any right to control the methods or manner of performance of the Work by the Contractor. The Contractor, in doing the Work herein called for, shall not act as an agent or employee of EKPC, but shall be and act as an independent contractor, and shall be free to perform the Work by such methods and in such manner as the Contractor may choose, furnishing all equipment, and doing everything necessary to perform such Work properly and safely, having supervision over and responsibility for the safety and actions of its employees, and control over and responsibility for its equipment. EKPC may at all times have the right to have its authorized representative inspect the Work, not for any purpose or reserved right of controlling the methods and manner of the performance of the Work, but in order to assure that all Work complies with the requirements of the Contract. All persons employed by the Contractor in performance of and Work under this contract shall be employees of the Contractor and shall not be deemed to be employees of EKPC. Contractor agrees that if any portion of Contractor's Work is subcontracted, all such subcontractors shall be bound by and observe the conditions of this Contract to the same extent as herein required of Contractor.

Indemnity by Contractor

Contractor agrees to defend, indemnify and hold harmless EKPC, its directors, officers, employees and agents from any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature-including but not limited to costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to or destructions of properties, (c) pollutions, contaminations of or other adverse effects the environment or (d) violations of governmental laws, regulations or orders-whether suffered directly by EKPC itself or indirectly by reason of claims, demands or suits against it by third parties, resulting or alleged to have resulted from acts or omissions of Contractor, its employees, agents, subcontractors or other representatives or from their presence on the premises of EKPC or otherwise from performance of this Contract.

Contractor's Insurance Obligation

Contractor shall provide and maintain, and shall require any and all subcontractors to provide and maintain, with an insurance company authorized to do business in the Commonwealth of Kentucky and otherwise acceptable to EKPC the following insurance:

A) Workers Compensation and Employer's Liability Policy: Prior to the start of the Work, Contractor shall submit

All shipments, shipping papers, invoices, and correspondence must be identified with our Purchase Order Number. Overshipments will not be accepted unless authorized by Buyer prior to shipment.

Authorized Signature

Purchase Order

CHANGE ORDER - REPRINT

EAST KY POWER COOPERATIVE

P O Box 707
 Winchester KY 40392-0707
 Phone 859-744-4812
 Fax 859-744-6008

Purchase Order	Date	Revision	Page
EKPC- 0000030104	01/25/2006	3-	2
Payment Terms	Freight Terms		
30	F.O.B. Dest,	Freight Ppd/Add	
Buyer: Gentry, Alma P			

Ship To: Winchester Warehouse
 4775 Lexington Road
 Winchester KY 40391

Vendor:0000017260
 KENTUCKIANA ENGINEERING CO INC
 311 TOWNEPARK CIRCLE SUITE 100
 LOUISVILLE KY 40243

Bill To: East Kentucky Power Co-op
 P O Box 707
 Winchester KY 40392-0707

Tax Exempt? Y Tax Exempt ID: 47507

Line-Schd	Item	Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
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evidence of Contractor's Workers' Compensation and Employer's Liability Insurance Policy, and each such policy shall include:

- 1) Workers' Compensation (statutory benefits coverage) Insurance accordance with the laws of the Commonwealth of Kentucky
- 2) Employer's Liability with a minimum limit of One Million Dollars (\$1,000,000) with respect to Bodily Injury Each Accident/(\$1,000,000) Bodily Injury by Disease Each Employee/(\$1,000,000) Bodily Injury by Disease Policy Limit.
- 3) United States Longshoremen and Harbor Workers Act Endorsement (WC 00 01 06), if exposures warrant.
- 4) Maritime "Jones Act" Endorsement (WC 00 02 01), if exposures warrant.
- 5) Federal Employer's Liability Act Endorsement "FELA" (WC 00 01 04), if exposures warrant.

B) Commercial General Liability Policy: Prior to the start of Work, Contractor shall provide evidence of Contractor's Policy providing Commercial General Liability Insurance, with combined single minimum limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each Occurrence/Two Million Dollars (\$2,000,000) General Aggregate and the following coverage:

- 1) Coverage for premises and operations, including Work let or sublet.
- 2) No exclusion of coverage for Blanket Contractual Liability to the extent covered by the policy against liability assumed by Contractor under this Contract.
- 3) No exclusion for Broad Form Property Damage hazard.

4) No exclusion for liability arising out of blasting, collapse, and underground property damage hazards.
 5) Products and Completed Operations Liability Coverage with a Two Million Dollars (\$2,000,000) Aggregate Limit. Said coverage must continue in force for a minimum of two (2) years from the Acceptance of Work.

6) Personal and Advertising Injury Liability coverage with a One Million Dollar (\$1,000,000) Limit and Contractual Liability Exclusion (#5) eliminated.

7) Said policy shall name EKPC as an Additional Insured to the extent necessary to fulfill Contractor's indemnity obligations Indemnity By Contractor, with Contractor's policy deemed to be primary.

8) Said policy shall be endorsed to provide that the underwriter(s) have waived their Rights of Recovery Against Others (subrogation) against EKPC and EKPC's insurance carrier(s).

9) Coverage shall be amended to provide for Aggregate Limit of Liability at each project or jobsite.

10) Should policy contain a deductible clause for bodily injury or property damage liability, said deductible shall be shown on the Certificate of Insurance, and Contractor's carrier shall agree to pay any such claims "first dollar" and then recover the deductible amount from Contractor.

C) Commercial Automobile Liability Insurance Policy: Prior to the start of Work, Contractor shall provide evidence of Contractor's Commercial Automobile Liability Insurance Covering the use of all owned, non-owned and hired Automobiles, with a minimum combined single limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each accident with respect to Contractor's vehicles assigned to or used in performance of Work under this Contract.

1) Said policy shall name EKPC as an Additional Insured to the extent necessary to fulfill Contractor's indemnity obligations under Indemnity By Contractor, with said policy designated to be primary.

2) Said policy shall include an endorsement providing that the underwriter(s) have waived their Rights of Recovery Against Others(subrogation) against EKPC and EKPC's insurance carrier(s).

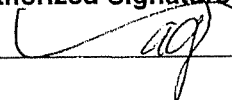
D) Aircraft Public Liability Insurance: If applicable, Contractor shall provide prior to the start of Work, evidence of Contractor's Aircraft Public Liability Insurance covering fixed wing and rotorcraft aircraft whether owned, non-owned, leased, hired or assigned with a combined single minimum limit for bodily injury and property damage of Five Million Dollars (\$5,000,000) including passenger liability coverage. Said policy shall include an endorsement providing that the underwriter(s) have waived their rights of subrogation against EKPC and EKPC's insurance carrier(s).

E) Environmental Impairment ("Pollution") Liability Insurance: If applicable, CONTRACTOR shall provide prior to the start of work, evidence of Contractor's Environmental Impairment Liability Insurance covering contracting operations. Said policy shall cover contractor's use of vehicles and shall provide for cleanup and remediation expenses. Limits of liability shall not be less than \$1,000,000 each occurrence. Said policy shall be endorsed to provide Additional Insured status of EKPC and shall be endorsed to provide Waiver of Subrogation in favor EKPC.

Quality of Insurance Coverage

All shipments, shipping papers, invoices, and correspondence must be identified with our Purchase Order Number. Overshipments will not be accepted unless authorized by Buyer prior to shipment.

Authorized Signature



Purchase Order

CHANGE ORDER - REPRINT

EAST KY POWER COOPERATIVE

P O Box 707
Winchester KY 40392-0707
Phone 859-744-4812
Fax 859-744-6008

Table with 4 columns: Purchase Order, Date, Revision, Page. Row 1: EKPC- 0000030104, 01/25/2006, 3-, 3. Row 2: Payment Terms, Freight Terms. Row 3: 30, F.O.B., Dest., Freight Ppd/Add.

Buyer: Gentry, Alma P
Ship To: Winchester Warehouse
4775 Lexington Road
Winchester KY 40391

Vendor:0000017260
KENTUCKIANA ENGINEERING CO INC
311 TOWNEPARK CIRCLE SUITE 100
LOUISVILLE KY 40243

Bill To: East Kentucky Power Co-op
P O Box 707
Winchester KY 40392-0707

Tax Exempt? Y Tax Exempt ID: 47507

The above policies to be provided by Contractor shall be written by companies satisfactory to EKPC or having a Best Rating of not less than A- ("Excellent"). These policies shall not be materially changed or cancelled except with thirty day written notice to EKPC from the Contractor and the Insurance Carrier. Evidence of coverage, notification of cancellation or other changes shall be mailed to:

East Kentucky Power Cooperative, Inc.
ATTN: Finance & Risk Management
P. O. Box 707
Winchester, KY 40392-0707

Also, a copy of the Certificate of Insurance should be sent to the "Ship To:" address on this purchase order, marked to the attention of Mike Binkley.

Implication of Insurance

EKPC shall not be obligated to review any of Contractor's Certificates of Insurance, insurance policies, or endorsements, or to advise Contractor of any deficiencies in such documents. Minimum limits and coverage required under this Article should not be construed to necessarily be adequate for Contractor's own insurance and risk management needs. Any receipts of such documents or their review by EKPC shall not relieve Contractor from or be deemed a waiver of EKPC's rights to insist on strict fulfillment of Contractor's obligations under the Contract.

Certificates of Insurance

EKPC reserves the right to request and receive a summary of coverage of any of the above policies or endorsements.

Other Notices

Contractor shall provide notice of any accidents or claims at the Work site to EKPC's Finance & Risk Management, at the above address, and EKPC's site authorized representative.

Equal Employment Opportunity

The Equal Employment Opportunity Clause at 41 CFR 60-1.4 (a) and the Affirmative Action Clauses at 41 CFR 60-250.5 and 60-741.5 are hereby incorporated by reference and made a part of this Contract as though fully set forth herein.

THIS ORDER HAS ATTACHMENTS.

- 3/9/06 CHANGE ORDER #1 APG
Change Order issued to increase pricing on Line 1 by \$5,000 as per Change of Scope dated 3/3/06.
6/14/06 CHANGE ORDER #2 APG
Change Order issued to increase price by \$33,000 to make a total of \$75,000. as per Change of Scope dated 6/13/06.
9/8/06 CHANGE ORDER #3 APG
Change Order issued to increase price by \$50,000 to make a total of \$125,000 as per Change of Scope dated 7/7/06.

RECEIVING HOURS ARE FROM 7:30 AM TO 3:30 PM, MONDAY THRU FRIDAY.
NO TRUCKS ALLOWED ON PROPERTY PRIOR TO 7:30 AM.

All shipments, shipping papers, invoices, and correspondence must be identified with our Purchase Order Number. Overshipments will not be accepted unless authorized by Buyer prior to shipment.

Authorized Signature
[Handwritten Signature]

CHANGE OF SCOPE TO ORIGINAL PURCHASE ORDER

To: Bob Hughes, Randy Dials, Gail Varner

Date: September 7, 2006

Location: Headquarters

Project/Description: Smith Power Station

- (A) Purchase Order Number and/or Line Item (if necessary): 30104
- (B) Budget Code Number: 172-4803, Acct. #92300
- (C) Contractor: Kentuckiana Engineering Co., Inc.
- (D) Actual/Estimated Original Total: \$75,000

CHANGE OF SCOPE

- (E) Additional Dollars: \$50,000
- (F) Addition to Quantity (Caution: Unit of Measure):
- (G) Revised Total Estimated charges to Purchase Order (add D & E): \$125,000 per Mike Binkley.
- (H) Reason for Change in Scope: Additional modeling to secure Smith Unit Nos. 1 & 2 CFB Construction Permit.

Approvals:
Plant - Robert E. Hughes
Others - Randy Dials / say per phone
9/7/06

Note: Do not attach original invoice requiring payment.

After approvals
c: Purchasing

Form COS1
Revised 7/10/06

3-104

Purchase Order

CHANGE ORDER - REPRINT

EAST KY POWER COOPERATIVE

P O Box 707
Winchester KY 40392-0707
Phone 859-744-4812
Fax 859-744-6008

Purchase Order	Date	Revision	Page
EKPC- 0000030104	01/25/2006	2-	1
Payment Terms	Freight Terms		
30	F.O.B. Dest,	Freight Ppd/Add	
Buyer: Gentry, Alma P			

Vendor:0000017260
KENTUCKIANA ENGINEERING CO INC
311 TOWNEPARK CIRCLE SUITE 100
LOUISVILLE KY 40243

Ship To: Winchester Warehouse
4775 Lexington Road
Winchester KY 40391

Bill To: East Kentucky Power Co-op
P O Box 707
Winchester KY 40392-0707

Tax Exempt? Y Tax Exempt ID: 47507

Line-Schd Item	Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
1- 1	Class II Modeling at J. K. Smith Station for Proposed CFB		75,000.00	DOL	1.0000	75,000.00	06/30/2007

Reference quote dated January 20, 2006.

DOL unit of measure indicates an estimate only. Actual costs will be applied to Purchase Order upon receipt of documented time, material, and/or expenses.

Reference Memorandum dated 1/20/2006 inclusive of Scope of Work containing Tasks 1 thru 9; Page 5; and Schedule of Fees.

If Kentuckiana Engineering Company, Inc. personnel are on EKPC sites, the following shall be applicable:

Compliance with Laws, Ordinances, Regulations, and Codes

Contractor shall at all times be solely responsible for complying with all applicable laws, ordinances, regulations, codes, and facility rules, including those relating to safety of all persons and property, in connection with the Work.

Status of Contractor

EKPC does not reserve any right to control the methods or manner of performance of the Work by the Contractor. The Contractor, in doing the Work herein called for, shall not act as an agent or employee of EKPC, but shall be and act as an independent contractor, and shall be free to perform the Work by such methods and in such manner as the Contractor may choose, furnishing all equipment, and doing everything necessary to perform such Work properly and safely, having supervision over and responsibility for the safety and actions of its employees, and control over and responsibility for its equipment. EKPC may at all times have the right to have its authorized representative inspect the Work, not for any purpose or reserved right of controlling the methods and manner of the performance of the Work, but in order to assure that all Work complies with the requirements of the Contract. All persons employed by the Contractor in performance of and Work under this contract shall be employees of the Contractor and shall not be deemed to be employees of EKPC. Contractor agrees that if any portion of Contractor's Work is subcontracted, all such subcontractors shall be bound by and observe the conditions of this Contract to the same extent as herein required of Contractor.

Indemnity by Contractor


Contractor agrees to defend, indemnify and hold harmless EKPC, its directors, officers, employees and agents from any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature-including but not limited to costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to or destructions of properties, (c) pollutions, contaminations of or other adverse effects the environment or (d) violations of governmental laws, regulations or orders-whether suffered directly by EKPC itself or indirectly by reason of claims, demands or suits against it by third parties, resulting or alleged to have resulted from acts or omissions of Contractor, its employees, agents, subcontractors or other representatives or from their presence on the premises of EKPC or otherwise from performance of this Contract.

Contractor's Insurance Obligation

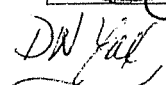
Contractor shall provide and maintain, and shall require any and all subcontractors to provide and maintain, with an insurance company authorized to do business in the Commonwealth of Kentucky and otherwise acceptable to EKPC the following insurance:

- A) Workers Compensation and Employer's Liability Policy: Prior to the start of the Work, Contractor shall submit

All shipments, shipping papers, invoices, and correspondence must be identified with our Purchase Order Number. Overshipments will not be accepted unless authorized by Buyer prior to shipment.

Authorized Signature


C-188



Purchase Order

CHANGE ORDER - REPRINT

EAST KY POWER COOPERATIVE

P O Box 707
 Winchester KY 40392-0707
 Phone 859-744-4812
 Fax 859-744-6008

Purchase Order	Date	Revision	Page
EKPC- 0000030104	01/25/2006	2-	2
Payment Terms	Freight Terms		
30	F.O.B. Dest.	Freight Ppd/Add	

Buyer: Gentry, Alma P
 Ship To: Winchester Warehouse
 4775 Lexington Road
 Winchester KY 40391

Vendor:0000017260
 KENTUCKIANA ENGINEERING CO INC
 311 TOWNEPARK CIRCLE SUITE 100
 LOUISVILLE KY 40243

Bill To: East Kentucky Power Co-op
 P O Box 707
 Winchester KY 40392-0707

Tax Exempt? Y Tax Exempt ID: 47507

Line-Schd Item	Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
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evidence of Contractor's Workers' Compensation and Employer's Liability Insurance Policy, and each such policy shall include:

- 1) Workers' Compensation (statutory benefits coverage) Insurance accordance with the laws of the Commonwealth of Kentucky
- 2) Employer's Liability with a minimum limit of One Million Dollars (\$1,000,000) with respect to Bodily Injury Each Accident/(\$1,000,000) Bodily Injury by Disease Each Employee/(\$1,000,000) Bodily Injury by Disease Policy Limit.
- 3) United States Longshoremen and Harbor Workers Act Endorsement (WC 00 01 06), if exposures warrant.
- 4) Maritime "Jones Act" Endorsement (WC 00 02 01), if exposures warrant.
- 5) Federal Employer's Liability Act Endorsement "FELA" (WC 00 01 04), if exposures warrant.

B) Commercial General Liability Policy: Prior to the start of Work, Contractor shall provide evidence of Contractor's Policy providing Commercial General Liability Insurance, with combined single minimum limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each Occurrence/Two Million Dollars (\$2,000,000) General Aggregate and the following coverage:

- 1) Coverage for premises and operations, including Work let or sublet.
- 2) No exclusion of coverage for Blanket Contractual Liability to the extent covered by the policy against liability assumed by Contractor under this Contract.
- 3) No exclusion for Broad Form Property Damage hazard.
- 4) No exclusion for liability arising out of blasting, collapse, and underground property damage hazards.
- 5) Products and Completed Operations Liability Coverage with a Two Million Dollars (\$2,000,000) Aggregate Limit. Said coverage must continue in force for a minimum of two (2) years from the Acceptance of Work.
- 6) Personal and Advertising Injury Liability coverage with a One Million Dollar (\$1,000,000) Limit and Contractual Liability Exclusion (#5) eliminated.
- 7) Said policy shall name EKPC as an Additional Insured to the extent necessary to fulfill Contractor's indemnity obligations Indemnity By Contractor, with Contractor's policy deemed to be primary.
- 8) Said policy shall be endorsed to provide that the underwriter(s) have waived their Rights of Recovery Against Others (subrogation) against EKPC and EKPC's insurance carrier(s).
- 9) Coverage shall be amended to provide for Aggregate Limit of Liability at each project or jobsite.
- 10) Should policy contain a deductible clause for bodily injury or property damage liability, said deductible shall be shown on the Certificate of Insurance, and Contractor's carrier shall agree to pay any such claims "first dollar" and then recover the deductible amount from Contractor.

C) Commercial Automobile Liability Insurance Policy: Prior to the start of Work, Contractor shall provide evidence of Contractor's Commercial Automobile Liability Insurance Covering the use of all owned, non-owned and hired Automobiles, with a minimum combined single limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each accident with respect to Contractor's vehicles assigned to or used in performance of Work under this Contract.

- 1) Said policy shall name EKPC as an Additional Insured to the extent necessary to fulfill Contractor's indemnity obligations under Indemnity By Contractor, with said policy designated to be primary.
- 2) Said policy shall include an endorsement providing that the underwriter(s) have waived their Rights of Recovery Against Others(subrogation) against EKPC and EKPC's insurance carrier(s).

D) Aircraft Public Liability Insurance: If applicable, Contractor shall provide prior to the start of Work, evidence of Contractor's Aircraft Public Liability Insurance covering fixed wing and rotorcraft aircraft whether owned, non-owned, leased, hired or assigned with a combined single minimum limit for bodily injury and property damage of Five Million Dollars (\$5,000,000) including passenger liability coverage. Said policy shall include an endorsement providing that the underwriter(s) have waived their rights of subrogation against EKPC and EKPC's insurance carrier(s).

E) Environmental Impairment ("Pollution") Liability Insurance: If applicable, CONTRACTOR shall provide prior to the start of work, evidence of Contractor's Environmental Impairment Liability Insurance covering contracting operations. Said policy shall cover contractor's use of vehicles and shall provide for cleanup and remediation expenses. Limits of liability shall not be less than \$1,000,000 each occurrence. Said policy shall be endorsed to provide Additional Insured status of EKPC and shall be endorsed to provide Waiver of Subrogation in favor EKPC.

Quality of Insurance Coverage

All shipments, shipping papers, invoices, and correspondence must be identified with our Purchase Order Number. Overshipments will not be accepted unless authorized by Buyer prior to shipment.

Authorized Signature

Purchase Order

EAST KY POWER COOPERATIVE

P O Box 707
 Winchester KY 40392-0707
 Phone 859-744-4812
 Fax 859-744-6008

Vendor:0000017260
 KENTUCKIANA ENGINEERING CO INC
 311 TOWNEPARK CIRCLE SUITE 100
 LOUISVILLE KY 40243

CHANGE ORDER - REPRINT

Purchase Order	Date	Revision	Page
EKPC- 0000030104	01/25/2006	2-	3
Payment Terms	Freight Terms		
30	F.O.B. Dest,	Freight Ppd/Add	
Buyer: Gentry,Alma P			

Ship To: Winchester Warehouse
 4775 Lexington Road
 Winchester KY 40391

Bill To: East Kentucky Power Co-op
 P O Box 707
 Winchester KY 40392-0707

Tax Exempt? Y Tax Exempt ID: 47507

Line-Schd Item	Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
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The above policies to be provided by Contractor shall be written by companies satisfactory to EKPC or having a Best Rating of not less than A- ("Excellent"). These policies shall not be materially changed or cancelled except with thirty day written notice to EKPC from the Contractor and the Insurance Carrier. Evidence of coverage, notification of cancellation or other changes shall be mailed to:

East Kentucky Power Cooperative, Inc.
 ATTN: Finance & Risk Management
 P. O. Box 707
 Winchester, KY 40392-0707

Also, a copy of the Certificate of Insurance should be sent to the "Ship To:" address on this purchase order, marked to the attention of Mike Binkley.

Implication of Insurance

EKPC shall not be obligated to review any of Contractor's Certificates of Insurance, insurance policies, or endorsements, or to advise Contractor of any deficiencies in such documents. Minimum limits and coverage required under this Article should not be construed to necessarily be adequate for Contractor's own insurance and risk management needs. Any receipts of such documents or their review by EKPC shall not relieve Contractor from or be deemed a waiver of EKPC's rights to insist on strict fulfillment of Contractor's obligations under the Contract.

Certificates of Insurance

EKPC reserves the right to request and receive a summary of coverage of any of the above policies or endorsements.

Other Notices

Contractor shall provide notice of any accidents or claims at the Work site to EKPC's Finance & Risk Management, at the above address, and EKPC's site authorized representative.

Equal Employment Opportunity

The Equal Employment Opportunity Clause at 41 CFR 60-1.4 (a) and the Affirmative Action Clauses at 41 CFR 60-250.5 and 60-741.5 are hereby incorporated by reference and made a part of this Contract as though fully set forth herein.

THIS ORDER HAS ATTACHMENTS.

 3/9/06 CHANGE ORDER #1 APG
 Change Order issued to increase pricing on Line 1 by \$5,000 as per Change of Scope dated 3/3/06.

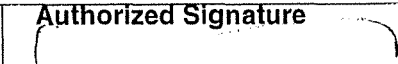
 6/14/06 CHANGE ORDER #2 APG
 Change Order issued to increase price by \$33,000 to make a total of \$75,000. as per Change of Scope dated 6/13/06.

RECEIVING HOURS ARE FROM 7:30 AM TO 3:30 PM, MONDAY THRU FRIDAY.
 NO TRUCKS ALLOWED ON PROPERTY PRIOR TO 7:30 AM.

Total PO Amount 75,000.00

*** Please contact the Purchasing Assistant via phone (859-744-4864 ext. 312) or fax (859-737-6046)

All shipments, shipping papers, invoices, and correspondence must be identified with our Purchase Order Number. Overshipments will not be accepted unless authorized by Buyer prior to shipment.

Authorized Signature 

Purchase Order

EAST KY POWER COOPERATIVE

P O Box 707
Winchester KY 40392-0707
Phone 859-744-4812
Fax 859-744-6008

CHANGE ORDER - REPRINT

Purchase Order	Date	Revision	Page
EKPC- 0000030104	01/25/2006	2-06/14/2006	4
Payment Terms	Freight Terms		
30	F.O.B. Dest, Freight Ppd/Add		
Buyer: Gentry, Alma P			

Ship To: Winchester Warehouse
4775 Lexington Road
Winchester KY 40391

Vendor:0000017260
KENTUCKIANA ENGINEERING CO INC
311 TOWNEPARK CIRCLE SUITE 100
LOUISVILLE KY 40243

Bill To: East Kentucky Power Co-op
P O Box 707
Winchester KY 40392-0707

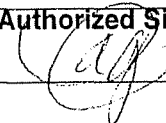
Tax Exempt? Y Tax Exempt ID: 47507

Line-Schd	Item	Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
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to acknowledge receipt of the Purchase Order. ***

All shipments, shipping papers, invoices, and correspondence must be identified with our Purchase Order Number. Overshipments will not be accepted unless authorized by Buyer prior to shipment.

Authorized Signature



CHANGE OF SCOPE TO ORIGINAL PURCHASE ORDER

To: ~~Bob Hughes, Randy Dials~~, Gail Varner

Date: June 13, 2006

Location: Headquarters

Project/Description: Smith Power Station

- (A) Purchase Order Number and/or Line Item (if necessary): 30104
- (B) Budget Code Number: 172-4803, Acct. #92300
- (C) Contractor: Kentuckiana Engineering Co., Inc.
- (D) Actual/Estimated Original Total: \$33,000

CHANGE OF SCOPE

- (E) Additional Dollars: \$42,000
- (F) Addition to Quantity (Caution: Unit of Measure):
- (G) Revised Total Estimated charges to Purchase Order (add D & E): \$75,000 per Mike Binkley.
ALSO, extend due date to 6/30/07.
- (H) Reason for Change in Scope: Additional modeling to secure Smith Unit Nos. 1 & 2 CFB Construction Permit.

Approvals:
Plant - Bob Hughes
Others - Randy Dials

Note: Do not attach original invoice requiring payment.

After approvals
c: Purchasing

Form COS1
Revised 6/18/02

36 04

Purchase Order

CHANGE ORDER - REPRINT

EAST KY POWER COOPERATIVE

P O Box 707
Winchester KY 40392-0707
Phone 859-744-4812
Fax 859-744-6008

Purchase Order	Date	Revision	Page
EKPC- 0000030104	01/25/2006	1-	1
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30	F.O.B. Dest.	Freight Ppd/Add	
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Winchester KY 40391

Vendor:0000017260
KENTUCKIANA ENGINEERING CO INC
311 TOWNEPARK CIRCLE SUITE 100
LOUISVILLE KY 40243

Bill To: East Kentucky Power Co-op
P O Box 707
Winchester KY 40392-0707

Tax Exempt? Y Tax Exempt ID: 47507

Line-Schd	Item	Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
1-	1	Class II Modeling at J. K. Smith Station for Proposed CFB		33,000.00	DOL	1.0000	33,000.00	06/01/2006

Reference quote dated January 20, 2006.

DOL unit of measure indicates an estimate only. Actual costs will be applied to Purchase Order upon receipt of documented time, material, and/or expenses.

Reference Memorandum dated 1/20/2006 inclusive of Scope of Work containing Tasks 1 thru 9; Page 5; and Schedule of Fees.

If Kentuckiana Engineering Company, Inc. personnel are on EKPC sites, the following shall be applicable:

Compliance with Laws, Ordinances, Regulations, and Codes

Contractor shall at all times be solely responsible for complying with all applicable laws, ordinances, regulations, codes, and facility rules, including those relating to safety of all persons and property, in connection with the Work.

Status of Contractor

EKPC does not reserve any right to control the methods or manner of performance of the Work by the Contractor. The Contractor, in doing the Work herein called for, shall not act as an agent or employee of EKPC, but shall be and act as an independent contractor, and shall be free to perform the Work by such methods and in such manner as the Contractor may choose, furnishing all equipment, and doing everything necessary to perform such Work properly and safely, having supervision over and responsibility for the safety and actions of its employees, and control over and responsibility for its equipment. EKPC may at all times have the right to have its authorized representative inspect the Work, not for any purpose or reserved right of controlling the methods and manner of the performance of the Work, but in order to assure that all Work complies with the requirements of the Contract. All persons employed by the Contractor in performance of and Work under this contract shall be employees of the Contractor and shall not be deemed to be employees of EKPC. Contractor agrees that if any portion of Contractor's Work is subcontracted, all such subcontractors shall be bound by and observe the conditions of this Contract to the same extent as herein required of Contractor.

Indemnity by Contractor


Contractor agrees to defend, indemnify and hold harmless EKPC, its directors, officers, employees and agents from any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature-including but not limited to costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to or destructions of properties, (c) pollutions, contaminations of or other adverse effects the environment or (d) violations of governmental laws, regulations or orders-whether suffered directly by EKPC itself or indirectly by reason of claims, demands or suits against it by third parties, resulting or alleged to have resulted from acts or omissions of Contractor, its employees, agents, subcontractors or other representatives or from their presence on the premises of EKPC or otherwise from performance of this Contract.

Contractor's Insurance Obligation

Contractor shall provide and maintain, and shall require any and all subcontractors to provide and maintain, with an insurance company authorized to do business in the Commonwealth of Kentucky and otherwise acceptable to EKPC the following insurance:

A) Workers Compensation and Employer's Liability Policy: Prior to the start of the Work, Contractor shall submit

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Authorized Signature 

Purchase Order

CHANGE ORDER - REPRINT

EAST KY POWER COOPERATIVE

P O Box 707
 Winchester KY 40392-0707
 Phone 859-744-4812
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Tax Exempt? Y Tax Exempt ID: 47507

Line-Schd	Item	Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
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evidence of Contractor's Workers' Compensation and Employer's Liability Insurance Policy, and each such policy shall include:

- 1) Workers' Compensation (statutory benefits coverage) Insurance accordance with the laws of the Commonwealth of Kentucky
- 2) Employer's Liability with a minimum limit of One Million Dollars (\$1,000,000) with respect to Bodily Injury Each Accident/(\$1,000,000) Bodily Injury by Disease Each Employee/(\$1,000,000) Bodily Injury by Disease Policy Limit.
- 3) United States Longshoremen and Harbor Workers Act Endorsement (WC 00 01 06), if exposures warrant.
- 4) Maritime "Jones Act" Endorsement (WC 00 02 01), if exposures warrant.
- 5) Federal Employer's Liability Act Endorsement "FELA" (WC 00 01 04), if exposures warrant.

B) Commercial General Liability Policy: Prior to the start of Work, Contractor shall provide evidence of Contractor's Policy providing Commercial General Liability Insurance, with combined single minimum limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each Occurrence/Two Million Dollars (\$2,000,000) General Aggregate and the following coverage:

- 1) Coverage for premises and operations, including Work let or sublet.
- 2) No exclusion of coverage for Blanket Contractual Liability to the extent covered by the policy against liability assumed by Contractor under this Contract.
- 3) No exclusion for Broad Form Property Damage hazard.

4) No exclusion for liability arising out of blasting, collapse, and underground property damage hazards.
 5) Products and Completed Operations Liability Coverage with a Two Million Dollars (\$2,000,000) Aggregate Limit. Said coverage must continue in force for a minimum of two (2) years from the Acceptance of Work.

6) Personal and Advertising Injury Liability coverage with a One Million Dollar (\$1,000,000) Limit and Contractual Liability Exclusion (#5) eliminated.

7) Said policy shall name EKPC as an Additional Insured to the extent necessary to fulfill Contractor's indemnity obligations Indemnity By Contractor, with Contractor's policy deemed to be primary.

8) Said policy shall be endorsed to provide that the underwriter(s) have waived their Rights of Recovery Against Others (subrogation) against EKPC and EKPC's insurance carrier(s).

9) Coverage shall be amended to provide for Aggregate Limit of Liability at each project or jobsite.

10) Should policy contain a deductible clause for bodily injury or property damage liability, said deductible shall be shown on the Certificate of Insurance, and Contractor's carrier shall agree to pay any such claims "first dollar" and then recover the deductible amount from Contractor.

C) Commercial Automobile Liability Insurance Policy: Prior to the start of Work, Contractor shall provide evidence of Contractor's Commercial Automobile Liability Insurance Covering the use of all owned, non-owned and hired Automobiles, with a minimum combined single limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each accident with respect to Contractor's vehicles assigned to or used in performance of Work under this Contract.

1) Said policy shall name EKPC as an Additional Insured to the extent necessary to fulfill Contractor's indemnity obligations under Indemnity By Contractor, with said policy designated to be primary.

2) Said policy shall include an endorsement providing that the underwriter(s) have waived their Rights of Recovery Against Others(subrogation) against EKPC and EKPC's insurance carrier(s).

D) Aircraft Public Liability Insurance: If applicable, Contractor shall provide prior to the start of Work, evidence of Contractor's Aircraft Public Liability Insurance covering fixed wing and rotorcraft aircraft whether owned, non-owned, leased, hired or assigned with a combined single minimum limit for bodily injury and property damage of Five Million Dollars (\$5,000,000) including passenger liability coverage. Said policy shall include an endorsement providing that the underwriter(s) have waived their rights of subrogation against EKPC and EKPC's insurance carrier(s).

E) Environmental Impairment ("Pollution") Liability Insurance: If applicable, CONTRACTOR shall provide prior to the start of work, evidence of Contractor's Environmental Impairment Liability Insurance covering contracting operations. Said policy shall cover contractor's use of vehicles and shall provide for cleanup and remediation expenses. Limits of liability shall not be less than \$1,000,000 each occurrence. Said policy shall be endorsed to provide Additional Insured status of EKPC and shall be endorsed to provide Waiver of Subrogation in favor EKPC.

Quality of Insurance Coverage

All shipments, shipping papers, invoices, and correspondence must be identified with our Purchase Order Number. Overshipments will not be accepted unless authorized by Buyer prior to shipment.

Authorized Signature

Purchase Order

CHANGE ORDER - REPRINT

EAST KY POWER COOPERATIVE

P O Box 707
Winchester KY 40392-0707
Phone 859-744-4812
Fax 859-744-6008

Table with 4 columns: Purchase Order, Date, Revision, Page. Row 1: EKPC- 0000030104, 01/25/2006, 1- 03/09/2006, 3. Row 2: Payment Terms, Freight Terms. Row 3: 30, F.O.B. Dest, Freight Ppd/Add.

Buyer: Gentry, Alma P
Ship To: Winchester Warehouse
4775 Lexington Road
Winchester KY 40391

Vendor:0000017260
KENTUCKIANA ENGINEERING CO INC
311 TOWNEPARK CIRCLE SUITE 100
LOUISVILLE KY 40243

Bill To: East Kentucky Power Co-op
P O Box 707
Winchester KY 40392-0707

Tax Exempt? Y Tax Exempt ID: 47507

The above policies to be provided by Contractor shall be written by companies satisfactory to EKPC or having a Best Rating of not less than A- ("Excellent"). These policies shall not be materially changed or cancelled except with thirty day written notice to EKPC from the Contractor and the Insurance Carrier. Evidence of coverage, notification of cancellation or other changes shall be mailed to:

East Kentucky Power Cooperative, Inc.
ATTN: Finance & Risk Management
P. O. Box 707
Winchester, KY 40392-0707

Also, a copy of the Certificate of Insurance should be sent to the "Ship To:" address on this purchase order, marked to the attention of Mike Binkley.

Implication of Insurance

EKPC shall not be obligated to review any of Contractor's Certificates of Insurance, insurance policies, or endorsements, or to advise Contractor of any deficiencies in such documents. Minimum limits and coverage required under this Article should not be construed to necessarily be adequate for Contractor's own insurance and risk management needs. Any receipts of such documents or their review by EKPC shall not relieve Contractor from or be deemed a waiver of EKPC's rights to insist on strict fulfillment of Contractor's obligations under the Contract.

Certificates of Insurance

EKPC reserves the right to request and receive a summary of coverage of any of the above policies or endorsements.

Other Notices

Contractor shall provide notice of any accidents or claims at the Work site to EKPC's Finance & Risk Management, at the above address, and EKPC's site authorized representative.

Equal Employment Opportunity

The Equal Employment Opportunity Clause at 41 CFR 60-1.4 (a) and the Affirmative Action Clauses at 41 CFR 60-250.5 and 60-741.5 are hereby incorporated by reference and made a part of this Contract as though fully set forth herein.

THIS ORDER HAS ATTACHMENTS.

3/9/06 CHANGE ORDER #1 APG
Change Order issued to increase pricing on Line 1 by \$5,000
as per Change of Scope dated 3/3/06.

RECEIVING HOURS ARE FROM 7:30 AM TO 3:30 PM, MONDAY THRU FRIDAY.
NO TRUCKS ALLOWED ON PROPERTY PRIOR TO 7:30 AM.

Total PO Amount 33,000.00

*** Please contact the Purchasing Assistant via phone (859-744-4864 ext. 312) or fax (859-737-6046) to acknowledge receipt of the Purchase Order. ***

All shipments, shipping papers, invoices, and correspondence must be identified with our Purchase Order Number. Overshipments will not be accepted unless authorized by Buyer prior to shipment.

Authorized Signature

CHANGE OF SCOPE TO ORIGINAL PURCHASE ORDER

To: ~~Bob Hughes, Gail Varner~~

Date: March 3, 2006

Location: Headquarters

Project/Description: Smith Power Station

- (A) Purchase Order Number and/or Line Item (if necessary): 30104
- (B) Budget Code Number: 172-4803, Acct. #92300
- (C) Contractor: Kentuckiana Engineering Co., Inc.
- (D) Actual/Estimated Original Total: \$28,000

CHANGE OF SCOPE

- (E) Additional Dollars: \$5,000
- (F) Addition to Quantity (Caution: Unit of Measure):
- (G) Revised Total Estimated charges to Purchase Order (add D & E): \$33,000 per Mike Binkley.
- (H) Reason for Change in Scope: Extra modeling needed for J. K. Smith Station proposed CFB.

Approvals:
Plant - Robert E. Hughes
Others - R. D. [Signature]

Note: Do not attach original invoice requiring payment.

After approvals
c: Purchasing

Form COS1
Revised 6/18/02

Purchase Order

5-10-06
acked

EAST KY POWER COOPERATIVE

P.O. Box 707
Winchester KY 40392-0707
Phone 859-744-4812
Fax 859-744-6008

Purchase Order	Date	Revision	Page
EKPC- 0000030104	01/25/2006		1
Payment Terms	Freight Terms		
30	F.O.B. Dest.	Freight Ppd/Add	

Buyer: Gentry, Alma P
Ship To: Winchester Warehouse
4775 Lexington Road
Winchester KY 40391

Vendor: 0000017260
KENTUCKIANA ENGINEERING CO INC
311 TOWNEPARK CIRCLE SUITE 100
LOUISVILLE KY 40243

Bill To: East Kentucky Power Co-op
P O Box 707
Winchester KY 40392-0707

Tax Exempt?	Y	Tax Exempt ID.	47507				
Line-Schd Item	Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
1-1	Class II Modeling at J. K. Smith Station for Proposed CFB		28,000.00	DOL	1.0000	28,000.00	06/01/2006

Reference quote dated January 20, 2006.

DOL unit of measure indicates an estimate only. Actual costs will be applied to Purchase Order upon receipt of documented time, material, and/or expenses.

Reference Memorandum dated 1/20/2006 inclusive of Scope of Work containing Tasks 1 thru 9; Page 5; and Schedule of Fees.

If Kentuckiana Engineering Company, Inc. personnel are on EKPC sites, the following shall be applicable:

Compliance with Laws, Ordinances, Regulations, and Codes

Contractor shall at all times be solely responsible for complying with all applicable laws, ordinances, regulations, codes, and facility rules, including those relating to safety of all persons and property, in connection with the Work.

Status of Contractor

EKPC does not reserve any right to control the methods or manner of performance of the Work by the Contractor. The Contractor, in doing the Work herein called for, shall not act as an agent or employee of EKPC, but shall be and act as an independent contractor, and shall be free to perform the Work by such methods and in such manner as the Contractor may choose, furnishing all equipment, and doing everything necessary to perform such Work properly and safely, having supervision over and responsibility for the safety and actions of its employees, and control over and responsibility for its equipment. EKPC may at all times have the right to have its authorized representative inspect the Work, not for any purpose or reserved right of controlling the methods and manner of the performance of the Work, but in order to assure that all Work complies with the requirements of the Contract. All persons employed by the Contractor in performance of and Work under this contract shall be employees of the Contractor and shall not be deemed to be employees of EKPC. Contractor agrees that if any portion of Contractor's Work is subcontracted, all such subcontractors shall be bound by and observe the conditions of this Contract to the same extent as herein required of Contractor.

Indemnity by Contractor

Contractor agrees to defend, indemnify and hold harmless EKPC, its directors, officers, employees and agents from any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature-including but not limited to costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to or destructions of properties, (c) pollutions, contaminations of or other adverse effects the environment or (d) violations of governmental laws, regulations or orders-whether suffered directly by EKPC itself or indirectly by reason of claims, demands or suits against it by third parties, resulting or alleged to have resulted from acts or omissions of Contractor, its employees, agents, subcontractors or other representatives or from their presence on the premises of EKPC or otherwise from performance of this Contract.

Contractor's Insurance Obligation

Contractor shall provide and maintain, and shall require any and all subcontractors to provide and maintain, with an insurance company authorized to do business in the Commonwealth of Kentucky and otherwise acceptable to EKPC the following insurance:

A) Workers Compensation and Employer's Liability Policy: Prior to the start of the Work, Contractor shall submit

2-13 Aced by Dwain

All shipments, shipping papers, invoices, and correspondence must be identified with our Purchase Order Number. Overshipments will not be accepted unless authorized by Buyer prior to shipment.

Unauthorized

1-30 mailed w/signed contract C-197 Dwain 502-489-8074

Purchase Order

EAST KY POWER COOPERATIVE

P O Box 707
 Winchester KY 40392-0707
 Phone 859-744-4812
 Fax 859-744-6008

Purchase Order	Date	Revision	Page
EKPC- 0000030104	01/25/2006		2
Payment Terms		Freight Terms	
30		F.O.B. Dest, Freight Ppd/Add	
Buyer: Gentry, Alma P			

Ship To: Winchester Warehouse
 4775 Lexington Road
 Winchester KY 40391

Vendor:0000017260
 KENTUCKIANA ENGINEERING CO INC
 311 TOWNEPARK CIRCLE SUITE 100
 LOUISVILLE KY 40243

Bill To: East Kentucky Power Co-op
 P O Box 707
 Winchester KY 40392-0707

Tax Exempt? Y Tax Exempt ID: 47507

Line-Schd	Item	Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
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evidence of Contractor's Workers' Compensation and Employer's Liability Insurance Policy, and each such policy shall include:

- 1) Workers' Compensation (statutory benefits coverage) Insurance accordance with the laws of the Commonwealth of Kentucky
- 2) Employer's Liability with a minimum limit of One Million Dollars (\$1,000,000) with respect to Bodily Injury Each Accident/(\$1,000,000) Bodily Injury by Disease Each Employee/(\$1,000,000) Bodily Injury by Disease Policy Limit.
- 3) United States Longshoremen and Harbor Workers Act Endorsement (WC 00 01 06), if exposures warrant.
- 4) Maritime "Jones Act" Endorsement (WC 00 02 01), if exposures warrant.
- 5) Federal Employer's Liability Act Endorsement "FELA" (WC 00 01 04), if exposures warrant.

B) Commercial General Liability Policy: Prior to the start of Work, Contractor shall provide evidence of Contractor's Policy providing Commercial General Liability Insurance, with combined single minimum limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each Occurrence/Two Million Dollars (\$2,000,000) General Aggregate and the following coverage:

- 1) Coverage for premises and operations, including Work let or sublet.
- 2) No exclusion of coverage for Blanket Contractual Liability to the extent covered by the policy against liability assumed by Contractor under this Contract.
- 3) No exclusion for Broad Form Property Damage hazard.
- 4) No exclusion for liability arising out of blasting, collapse, and underground property damage hazards.
- 5) Products and Completed Operations Liability Coverage with a Two Million Dollars (\$2,000,000) Aggregate Limit. Said coverage must continue in force for a minimum of two (2) years from the Acceptance of Work.
- 6) Personal and Advertising Injury Liability coverage with a One Million Dollar (\$1,000,000) Limit and Contractual Liability Exclusion (#5) eliminated.
- 7) Said policy shall name EKPC as an Additional Insured to the extent necessary to fulfill Contractor's indemnity obligations Indemnity By Contractor, with Contractor's policy deemed to be primary.
- 8) Said policy shall be endorsed to provide that the underwriter(s) have waived their Rights of Recovery Against Others (subrogation) against EKPC and EKPC's insurance carrier(s).
- 9) Coverage shall be amended to provide for Aggregate Limit of Liability at each project or jobsite.
- 10) Should policy contain a deductible clause for bodily injury or property damage liability, said deductible shall be shown on the Certificate of Insurance, and Contractor's carrier shall agree to pay any such claims "first dollar" and then recover the deductible amount from Contractor.

C) Commercial Automobile Liability Insurance Policy: Prior to the start of Work, Contractor shall provide evidence of Contractor's Commercial Automobile Liability Insurance Covering the use of all owned, non-owned and hired Automobiles, with a minimum combined single limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each accident with respect to Contractor's vehicles assigned to or used in performance of Work under this Contract.

- 1) Said policy shall name EKPC as an Additional Insured to the extent necessary to fulfill Contractor's indemnity obligations under Indemnity By Contractor, with said policy designated to be primary.
- 2) Said policy shall include an endorsement providing that the underwriter(s) have waived their Rights of Recovery Against Others(subrogation) against EKPC and EKPC's insurance carrier(s).

D) Aircraft Public Liability Insurance: If applicable, Contractor shall provide prior to the start of Work, evidence of Contractor's Aircraft Public Liability Insurance covering fixed wing and rotorcraft aircraft whether owned, non-owned, leased, hired or assigned with a combined single minimum limit for bodily injury and property damage of Five Million Dollars (\$5,000,000) including passenger liability coverage. Said policy shall include an endorsement providing that the underwriter(s) have waived their rights of subrogation against EKPC and EKPC's insurance carrier(s).

E) Environmental Impairment ("Pollution") Liability Insurance: If applicable, CONTRACTOR shall provide prior to the start of work, evidence of Contractor's Environmental Impairment Liability Insurance covering contracting operations. Said policy shall cover contractor's use of vehicles and shall provide for cleanup and remediation expenses. Limits of liability shall not be less than \$1,000,000 each occurrence. Said policy shall be endorsed to provide Additional Insured status of EKPC and shall be endorsed to provide Waiver of Subrogation in favor EKPC.

Quality of Insurance Coverage

All shipments, shipping papers, invoices, and correspondence must be identified with our Purchase Order Number. Overshipments will not be accepted unless authorized by Buyer prior to shipment.

Unauthorized

Purchase Order

EAST KY POWER COOPERATIVE

P O Box 707
 Winchester KY 40392-0707
 Phone 859-744-4812
 Fax 859-744-6008

Purchase Order	Date	Revision	Page
EKPC- 0000030104	01/25/2006		3
Payment Terms	Freight Terms		
30	F.O.B. Dest, Freight Ppd/Add		
Buyer: Gentry, Alma P			

Ship To: Winchester Warehouse
 4775 Lexington Road
 Winchester KY 40391

Vendor: 0000017260
 KENTUCKIANA ENGINEERING CO INC
 311 TOWNEPARK CIRCLE SUITE 100
 LOUISVILLE KY 40243

Bill To: East Kentucky Power Co-op
 P O Box 707
 Winchester KY 40392-0707

Tax Exempt? Y Tax Exempt ID: 47507

Line-Schd	Item	Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
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The above policies to be provided by Contractor shall be written by companies satisfactory to EKPC or having a Best Rating of not less than A- ("Excellent"). These policies shall not be materially changed or cancelled except with thirty day written notice to EKPC from the Contractor and the Insurance Carrier. Evidence of coverage, notification of cancellation or other changes shall be mailed to:

East Kentucky Power Cooperative, Inc.
 ATTN: Finance & Risk Management
 P. O. Box 707
 Winchester, KY 40392-0707

Also, a copy of the Certificate of Insurance should be sent to the "Ship To:" address on this purchase order, marked to the attention of Mike Binkley.

Implication of Insurance

EKPC shall not be obligated to review any of Contractor's Certificates of Insurance, insurance policies, or endorsements, or to advise Contractor of any deficiencies in such documents. Minimum limits and coverage required under this Article should not be construed to necessarily be adequate for Contractor's own insurance and risk management needs. Any receipts of such documents or their review by EKPC shall not relieve Contractor from or be deemed a waiver of EKPC's rights to insist on strict fulfillment of Contractor's obligations under the Contract.

Certificates of Insurance

EKPC reserves the right to request and receive a summary of coverage of any of the above policies or endorsements.

Other Notices

Contractor shall provide notice of any accidents or claims at the Work site to EKPC's Finance & Risk Management, at the above address, and EKPC's site authorized representative.

Equal Employment Opportunity

The Equal Employment Opportunity Clause at 41 CFR 60-1.4 (a) and the Affirmative Action Clauses at 41 CFR 60-250.5 and 60-741.5 are hereby incorporated by reference and made a part of this Contract as though fully set forth herein.

RECEIVING HOURS ARE FROM 7:30 AM TO 3:30 PM, MONDAY THRU FRIDAY.
 NO TRUCKS ALLOWED ON PROPERTY PRIOR TO 7:30 AM.

Total PO Amount 28,000.00

***** Please contact the Purchasing Assistant via phone (859-744-4864 ext. 312) or fax (859-737-6046) to acknowledge receipt of the Purchase Order. *****

**ORIGINAL COPY
 PLEASE RETURN "SIGNED"
 TO PURCHASING AS SOON
 AS POSSIBLE**

x *Alma P. Gentry*

All shipments, shipping papers, invoices, and correspondence must be identified with our Purchase Order Number. Overshipments will not be accepted unless authorized by Buyer prior to shipment.



Purchase Order

CHANGE ORDER - REPRINT

EAST KY POWER COOPERATIVE

P O Box 707
Winchester KY 40392-0707
Phone 859-744-4812
Fax 859-744-6008

Purchase Order	Date	Revision	Page
EKPC- 0000028705	08/18/2005	1-	1
Payment Terms	Freight Terms		
30	Not Applicable		

Buyer: Gentry, Alma P
Ship To: Winchester Warehouse
4775 Lexington Road
Winchester KY 40391

Vendor:0000012102
KENVIRONS INC
452 VERSAILLES ROAD
FRANKFORT KY 40601-0000

Bill To: East Kentucky Power Co-op
P O Box 707
Winchester KY 40392-0707

Tax Exempt? Y Tax Exempt ID: 47507

Line-Schd Item	Description	Mfg ID	Quantity UOM	PO Price	Extended Amt	Due Date
1-1	Perform engineering services associated with permitting a special waste disposal permit for J. K. Smith Power Station.		96,050.00 DOL	1.0000	96,050.00	12/31/2007

Reference letter quote dated August 15, 2005.

DOL unit of measure indicates an estimate only. Actual costs will be applied to Purchase Order upon receipt of documented time, material, and/or expenses.

Compliance with Laws, Ordinances, Regulations, and Codes

Contractor shall at all times be solely responsible for complying with all applicable laws, ordinances, regulations, codes, and facility rules, including those relating to safety of all persons and property, in connection with the Work.

Status of Contractor

EKPC does not reserve any right to control the methods or manner of performance of the Work by the Contractor. The Contractor, in doing the Work herein called for, shall not act as an agent or employee of EKPC, but shall be and act as an independent contractor, and shall be free to perform the Work by such methods and in such manner as the Contractor may choose, furnishing all equipment, and doing everything necessary to perform such Work properly and safely, having supervision over and responsibility for the safety and actions of its employees, and control over and responsibility for its equipment. EKPC may at all times have the right to have its authorized representative inspect the Work, not for any purpose or reserved right of controlling the methods and manner of the performance of the Work, but in order to assure that all Work complies with the requirements of the Contract. All persons employed by the Contractor in performance of and Work under this contract shall be employees of the Contractor and shall not be deemed to be employees of EKPC.

Contractor agrees that if any portion of Contractor's Work is subcontracted, all such subcontractors shall be bound by and observe the conditions of this Contract to the same extent as herein required of Contractor.

Indemnity by Contractor

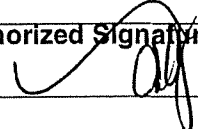
Contractor agrees to defend, indemnify and hold harmless EKPC, its directors, officers, employees and agents from any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature-including but not limited to costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to or destructions of properties, (c) pollutions, contaminations of or other adverse effects the environment or (d) violations of governmental laws, regulations or orders-whether suffered directly by EKPC itself or indirectly by reason of claims, demands or suits against it by third parties, resulting or alleged to have resulted from acts or omissions of Contractor, its employees, agents, subcontractors or other representatives or from their presence on the premises of EKPC or otherwise from performance of this Contract.

Contractor's Insurance Obligation

Contractor shall provide and maintain, and shall require any and all subcontractors to provide and maintain, with an insurance company authorized to do business in the Commonwealth of Kentucky and otherwise acceptable to EKPC the following insurance:

- A) Workers Compensation and Employer's Liability Policy: Prior to the start of the Work, Contractor shall submit evidence of Contractor's Workers' Compensation and Employer's Liability Insurance Policy, and each such policy shall include:
 - 1) Workers' Compensation (statutory benefits coverage) Insurance accordance with the laws of the Commonwealth of Kentucky

All shipments, shipping papers, invoices, and correspondence must be identified with our Purchase Order Number. Overshipments will not be accepted unless authorized by Buyer prior to shipment.

Authorized Signature 

Purchase Order

CHANGE ORDER - REPRINT

EAST KY POWER COOPERATIVE

P O Box 707
 Winchester KY 40392-0707
 Phone 859-744-4812
 Fax 859-744-6008

Purchase Order	Date	Revision	Page
EKPC- 0000028705	08/18/2005	1-	2
Payment Terms		Freight Terms	
30		Not Applicable	
Buyer: Gentry, Alma P			

Ship To: Winchester Warehouse
 4775 Lexington Road
 Winchester KY 40391

Vendor:0000012102
 KENVIRONS INC
 452 VERSAILLES ROAD
 FRANKFORT KY 40601-0000

Bill To: East Kentucky Power Co-op
 P O Box 707
 Winchester KY 40392-0707

Tax Exempt? Y Tax Exempt ID: 47507

Line-Schd Item	Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
2)	Employer's Liability with a minimum limit of One Million Dollars (\$1,000,000) with respect to Bodily Injury Each Accident/(\$1,000,000) Bodily Injury by Disease Each Employee/(\$1,000,000) Bodily Injury by Disease Policy Limit.						
3)	United States Longshoremen and Harbor Workers Act Endorsement (WC 00 01 06), if exposures warrant.						
4)	Maritime "Jones Act" Endorsement (WC 00 02 01), if exposures warrant.						
5)	Federal Employer's Liability Act Endorsement "FELA" (WC 00 01 04), if exposures warrant.						

B) Commercial General Liability Policy: Prior to the start of Work, Contractor shall provide evidence of Contractor's Policy providing Commercial General Liability Insurance, with combined single minimum limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each Occurrence/Two Million Dollars (\$2,000,000) General Aggregate and the following coverage:

- 1) Coverage for premises and operations, including Work let or sublet.
- 2) No exclusion of coverage for Blanket Contractual Liability to the extent covered by the policy against liability assumed by Contractor under this Contract.
- 3) No exclusion for Broad Form Property Damage hazard.
- 4) No exclusion for liability arising out of blasting, collapse, and underground property damage hazards.
- 5) Products and Completed Operations Liability Coverage with a Two Million Dollars (\$2,000,000) Aggregate Limit. Said coverage must continue in force for a minimum of two (2) years from the Acceptance of Work.
- 6) Personal and Advertising Injury Liability coverage with a One Million Dollar (\$1,000,000) Limit and Contractual Liability Exclusion (#5) eliminated.
- 7) Said policy shall name EKPC as an Additional Insured to the extent necessary to fulfill Contractor's indemnity obligations Indemnity By Contractor, with Contractor's policy deemed to be primary.
- 8) Said policy shall be endorsed to provide that the underwriter(s) have waived their Rights of Recovery Against Others (subrogation) against EKPC and EKPC's insurance carrier(s).
- 9) Coverage shall be amended to provide for Aggregate Limit of Liability at each project or jobsite.
- 10) Should policy contain a deductible clause for bodily injury or property damage liability, said deductible shall be shown on the Certificate of Insurance, and Contractor's carrier shall agree to pay any such claims "first dollar" and then recover the deductible amount from Contractor.

C) Commercial Automobile Liability Insurance Policy: Prior to the start of Work, Contractor shall provide evidence of Contractor's Commercial Automobile Liability Insurance Covering the use of all owned, non-owned and hired Automobiles, with a minimum combined single limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each accident with respect to Contractor's vehicles assigned to or used in performance of Work under this Contract.

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- 2) Said policy shall include an endorsement providing that the underwriter(s) have waived their Rights of Recovery Against Others(subrogation) against EKPC and EKPC's insurance carrier(s).

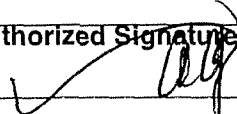
D) Aircraft Public Liability Insurance: If applicable, Contractor shall provide prior to the start of Work, evidence of Contractor's Aircraft Public Liability Insurance covering fixed wing and rotorcraft aircraft whether owned, non-owned, leased, hired or assigned with a combined single minimum limit for bodily injury and property damage of Five Million Dollars (\$5,000,000) including passenger liability coverage. Said policy shall include an endorsement providing that the underwriter(s) have waived their rights of subrogation against EKPC and EKPC's insurance carrier(s).

E) Environmental Impairment ("Pollution") Liability Insurance: If applicable, CONTRACTOR shall provide prior to the start of work, evidence of Contractor's Environmental Impairment Liability Insurance covering contracting operations. Said policy shall cover contractor's use of vehicles and shall provide for cleanup and remediation expenses. Limits of liability shall not be less than \$1,000,000 each occurrence. Said policy shall be endorsed to provide Additional Insured status of EKPC and shall be endorsed to provide Waiver of Subrogation in favor EKPC.

Quality of Insurance Coverage

The above policies to be provided by Contractor shall be written by companies satisfactory to EKPC or having a Best Rating of not less than A- ("Excellent"). These policies shall not be materially changed or cancelled except with thirty day written notice to EKPC from the Contractor and the Insurance Carrier. Evidence of coverage, notification of cancellation or other changes shall be mailed to:

All shipments, shipping papers, invoices, and correspondence must be identified with our Purchase Order Number. Overshipments will not be accepted unless authorized by Buyer prior to shipment.

Authorized Signature


Purchase Order

EAST KY POWER COOPERATIVE

P O Box 707
 Winchester KY 40392-0707
 Phone 859-744-4812
 Fax 859-744-6008

Vendor:0000012102
 KENVIRONS INC
 452 VERSAILLES ROAD
 FRANKFORT KY 40601-0000

CHANGE ORDER - REPRINT

Purchase Order	Date	Revision	Page
EKPC- 0000028705	08/18/2005	1- 01/03/2007	3
Payment Terms	Freight Terms		
30	Not Applicable		

Buyer: Gentry,Alma P
 Ship To: Winchester Warehouse
 4775 Lexington Road
 Winchester KY 40391

Bill To: East Kentucky Power Co-op
 P O Box 707
 Winchester KY 40392-0707

Tax Exempt? Y Tax Exempt ID: 47507

Line-Schd Item	Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
----------------	-------------	--------	----------	-----	----------	--------------	----------

East Kentucky Power Cooperative, Inc.
 ATTN: Finance & Risk Management
 P. O. Box 707
 Winchester, KY 40392-0707

Also, a copy of the Certificate of Insurance should be sent to the "Ship To:" address on this purchase order, marked to the attention of Craig Johnson.

Implication of Insurance

EKPC shall not be obligated to review any of Contractor's Certificates of Insurance, insurance policies, or endorsements, or to advise Contractor of any deficiencies in such documents. Minimum limits and coverage required under this Article should not be construed to necessarily be adequate for Contractor's own insurance and risk management needs. Any receipts of such documents or their review by EKPC shall not relieve Contractor from or be deemed a waiver of EKPC's rights to insist on strict fulfillment of Contractor's obligations under the Contract.

Certificates of Insurance

EKPC reserves the right to request and receive a summary of coverage of any of the above policies or endorsements.

Other Notices

Contractor shall provide notice of any accidents or claims at the Work site to EKPC's Finance & Risk Management, at the above address, and EKPC's site authorized representative.

Equal Employment Opportunity

The Equal Employment Opportunity Clause at 41 CFR 60-1.4 (a) and the Affirmative Action Clauses at 41 CFR 60-250.5 60-741.5 are hereby incorporated by reference and made a part of this Contract as though fully set forth herein.

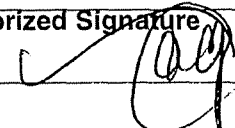
 1/3/07 CHANGE ORDER #1 APG
 Change Order issued to change due date to 12/31/2007 as
 directed by Gail Varner.

RECEIVING HOURS ARE FROM 7:30 AM TO 3:30 PM, MONDAY THRU FRIDAY.
 NO TRUCKS ALLOWED ON PROPERTY PRIOR TO 7:30 AM.

Total PO Amount 96,050.00

***** Please contact the Purchasing Assistant via phone (859-744-4864 ext. 312) or fax (859-737-6046) to acknowledge receipt of the Purchase Order. *****

All shipments, shipping papers, invoices, and correspondence must be identified with our Purchase Order Number. Overshipments will not be accepted unless authorized by Buyer prior to shipment.

Authorized Signature


Purchase Order

FAXED

EAST KY POWER COOPERATIVE

P O Box 707
Winchester KY 40392-0707
Phone 859-744-4812
Fax 859-744-6008

Purchase Order	Date	Revision	Page
EKPC- 0000028705	08/18/2005		1
Payment Terms	Freight Terms		
30	Not Applicable		

Buyer: Gentry, Alma P
Ship To: Winchester Warehouse
4775 Lexington Road
Winchester KY 40391

Vendor:0000012102
KENVIRONS INC
452 VERSAILLES ROAD
FRANKFORT KY 40601-0000

Bill To: East Kentucky Power Co-op
P O Box 707
Winchester KY 40392-0707

Tax Exempt? Y Tax Exempt ID: 47507

Line-Schd Item	Description	Mfg ID	Quantity UOM	PO Price	Extended Amt	Due Date
1- 1	Perform engineering services associated with permitting a special waste disposal permit for J. K. Smith Power Station.		96,050.00 DOL	1.0000	96,050.00	12/31/2006

Reference letter quote dated August 15, 2005.

DOL unit of measure indicates an estimate only. Actual costs will be applied to Purchase Order upon receipt of documented time, material, and/or expenses.

Compliance with Laws, Ordinances, Regulations, and Codes

Contractor shall at all times be solely responsible for complying with all applicable laws, ordinances, regulations, codes, and facility rules, including those relating to safety of all persons and property, in connection with the Work.

Status of Contractor

EKPC does not reserve any right to control the methods or manner of performance of the Work by the Contractor. The Contractor, in doing the Work herein called for, shall not act as an agent or employee of EKPC, but shall be and act as an independent contractor, and shall be free to perform the Work by such methods and in such manner as the Contractor may choose, furnishing all equipment, and doing everything necessary to perform such Work properly and safely, having supervision over and responsibility for the safety and actions of its employees, and control over and responsibility for its equipment. EKPC may at all times have the right to have its authorized representative inspect the Work, not for any purpose or reserved right of controlling the methods and manner of the performance of the Work, but in order to assure that all Work complies with the requirements of the Contract. All persons employed by the Contractor in performance of and Work under this contract shall be employees of the Contractor and shall not be deemed to be employees of EKPC. Contractor agrees that if any portion of Contractor's Work is subcontracted, all such subcontractors shall be bound by and observe the conditions of this Contract to the same extent as herein required of Contractor.

Indemnity by Contractor

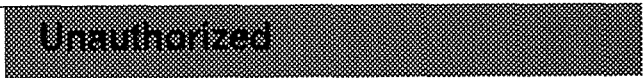
Contractor agrees to defend, indemnify and hold harmless EKPC, its directors, officers, employees and agents from any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature-including but not limited to costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to or destructions of properties, (c) pollutions, contaminations of or other adverse effects the environment or (d) violations of governmental laws, regulations or orders-whether suffered directly by EKPC itself or indirectly by reason of claims, demands or suits against it by third parties, resulting or alleged to have resulted from acts or omissions of Contractor, its employees, agents, subcontractors or other representatives or from their presence on the premises of EKPC or otherwise from performance of this Contract.

Contractor's Insurance Obligation

Contractor shall provide and maintain, and shall require any and all subcontractors to provide and maintain, with an insurance company authorized to do business in the Commonwealth of Kentucky and otherwise acceptable to EKPC the following insurance:

- A) Workers Compensation and Employer's Liability Policy: Prior to the start of the Work, Contractor shall submit evidence of Contractor's Workers' Compensation and Employer's Liability Insurance Policy, and each such policy shall include:
 - 1) Workers' Compensation (statutory benefits coverage) Insurance accordance with the laws of the Commonwealth of Kentucky

All shipments, shipping papers, invoices, and correspondence must be identified with our Purchase Order Number. Overshipments will not be accepted unless authorized by Buyer prior to shipment.



8/29 ack'd by Chris

287C
ack'd

Purchase Order

FAXED

EAST KY POWER COOPERATIVE

P O Box 707
 Winchester KY 40392-0707
 Phone 859-744-4812
 Fax 859-744-6008

Purchase Order	Date	Revision	Page
EKPC- 0000028705	08/18/2005		2
Payment Terms	Freight Terms		
30	Not Applicable		
Buyer: Gentry, Alma P			

Ship To: Winchester Warehouse
 4775 Lexington Road
 Winchester KY 40391

Vendor:0000012102
 KENVIRONS INC
 452 VERSAILLES ROAD
 FRANKFORT KY 40601-0000

Bill To: East Kentucky Power Co-op
 P O Box 707
 Winchester KY 40392-0707

Tax Exempt? Y Tax Exempt ID: 47507

Line-Schd	Item	Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
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- 2) Employer's Liability with a minimum limit of One Million Dollars (\$1,000,000) with respect to Bodily Injury Each Accident/(\$1,000,000) Bodily Injury by Disease Each Employee/(\$1,000,000) Bodily Injury by Disease Policy Limit.
 3) United States Longshoremen and Harbor Workers Act Endorsement (WC 00 01 06), if exposures warrant.
 4) Maritime "Jones Act" Endorsement (WC 00 02 01), if exposures warrant.
 5) Federal Employer's Liability Act Endorsement "FELA" (WC 00 01 04), if exposures warrant.

B) Commercial General Liability Policy: Prior to the start of Work, Contractor shall provide evidence of Contractor's Policy providing Commercial General Liability Insurance, with combined single minimum limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each Occurrence/Two Million Dollars (\$2,000,000) General Aggregate and the following coverage:

- 1) Coverage for premises and operations, including Work let or sublet.
- 2) No exclusion of coverage for Blanket Contractual Liability to the extent covered by the policy against liability assumed by Contractor under this Contract.
- 3) No exclusion for Broad Form Property Damage hazard.
- 4) No exclusion for liability arising out of blasting, collapse, and underground property damage hazards.
- 5) Products and Completed Operations Liability Coverage with a Two Million Dollars (\$2,000,000) Aggregate Limit. Said coverage must continue in force for a minimum of two (2) years from the Acceptance of Work.
- 6) Personal and Advertising Injury Liability coverage with a One Million Dollar (\$1,000,000) Limit and Contractual Liability Exclusion (#5) eliminated.
- 7) Said policy shall name EKPC as an Additional Insured to the extent necessary to fulfill Contractor's indemnity obligations Indemnity By Contractor, with Contractor's policy deemed to be primary.
- 8) Said policy shall be endorsed to provide that the underwriter(s) have waived their Rights of Recovery Against Others (subrogation) against EKPC and EKPC's insurance carrier(s).
- 9) Coverage shall be amended to provide for Aggregate Limit of Liability at each project or jobsite.
- 10) Should policy contain a deductible clause for bodily injury or property damage liability, said deductible shall be shown on the Certificate of Insurance, and Contractor's carrier shall agree to pay any such claims "first dollar" and then recover the deductible amount from Contractor.

C) Commercial Automobile Liability Insurance Policy: Prior to the start of Work, Contractor shall provide evidence of Contractor's Commercial Automobile Liability Insurance Covering the use of all owned, non-owned and hired Automobiles, with a minimum combined single limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each accident with respect to Contractor's vehicles assigned to or used in performance of Work under this Contract.

- 1) Said policy shall name EKPC as an Additional Insured to the extent necessary to fulfill Contractor's indemnity obligations under Indemnity By Contractor, with said policy designated to be primary.
- 2) Said policy shall include an endorsement providing that the underwriter(s) have waived their Rights of Recovery Against Others (subrogation) against EKPC and EKPC's insurance carrier(s).

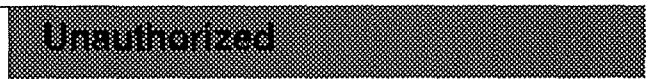
D) Aircraft Public Liability Insurance: If applicable, Contractor shall provide prior to the start of Work, evidence of Contractor's Aircraft Public Liability Insurance covering fixed wing and rotorcraft aircraft whether owned, non-owned, leased, hired or assigned with a combined single minimum limit for bodily injury and property damage of Five Million Dollars (\$5,000,000) including passenger liability coverage. Said policy shall include an endorsement providing that the underwriter(s) have waived their rights of subrogation against EKPC and EKPC's insurance carrier(s).

E) Environmental Impairment ("Pollution") Liability Insurance: If applicable, CONTRACTOR shall provide prior to the start of work, evidence of Contractor's Environmental Impairment Liability Insurance covering contracting operations. Said policy shall cover contractor's use of vehicles and shall provide for cleanup and remediation expenses. Limits of liability shall not be less than \$1,000,000 each occurrence. Said policy shall be endorsed to provide Additional Insured status of EKPC and shall be endorsed to provide Waiver of Subrogation in favor EKPC.

Quality of Insurance Coverage

The above policies to be provided by Contractor shall be written by companies satisfactory to EKPC or having a Best Rating of not less than A- ("Excellent"). These policies shall not be materially changed or cancelled except with thirty day written notice to EKPC from the Contractor and the Insurance Carrier. Evidence of coverage, notification of cancellation or other changes shall be mailed to:

All shipments, shipping papers, invoices, and correspondence must be identified with our Purchase Order Number. Overshipments will not be accepted unless authorized by Buyer prior to shipment.



Purchase Order

FAXED

EAST KY POWER COOPERATIVE

P O Box 707
 Winchester KY 40392-0707
 Phone 859-744-4812
 Fax 859-744-6008

Purchase Order	Date	Revision	Page
EKPC- 0000028705	08/18/2005		3
Payment Terms	Freight Terms		
30	Not Applicable		
Buyer: Gentry, Alma P			

Vendor:0000012102
 KENVIRONS INC
 452 VERSAILLES ROAD
 FRANKFORT KY 40601-0000

Ship To: Winchester Warehouse
 4775 Lexington Road
 Winchester KY 40391

Bill To: East Kentucky Power Co-op
 P O Box 707
 Winchester KY 40392-0707

Tax Exempt? Y Tax Exempt ID: 47507

Line-Schd Item	Description	Mfg ID.	Quantity UOM	PO Price	Extended Amt	Due Date
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East Kentucky Power Cooperative, Inc.
 ATTN: Finance & Risk Management
 P. O. Box 707
 Winchester, KY 40392-0707

Also, a copy of the Certificate of Insurance should be sent to the "Ship To:" address on this purchase order, marked to the attention of Craig Johnson.

Implication of Insurance

EKPC shall not be obligated to review any of Contractor's Certificates of Insurance, insurance policies, or endorsements, or to advise Contractor of any deficiencies in such documents. Minimum limits and coverage required under this Article should not be construed to necessarily be adequate for Contractor's own insurance and risk management needs. Any receipts of such documents or their review by EKPC shall not relieve Contractor from or be deemed a waiver of EKPC's rights to insist on strict fulfillment of Contractor's obligations under the Contract.

Certificates of Insurance

EKPC reserves the right to request and receive a summary of coverage of any of the above policies or endorsements.

Other Notices

Contractor shall provide notice of any accidents or claims at the Work site to EKPC's Finance & Risk Management, at the above address, and EKPC's site authorized representative.

Equal Employment Opportunity

The Equal Employment Opportunity Clause at 41 CFR 60-1.4 (a) and the Affirmative Action Clauses at 41 CFR 60-250.5 60-741.5 are hereby incorporated by reference and made a part of this Contract as though fully set forth herein.

RECEIVING HOURS ARE FROM 7:30 AM TO 3:30 PM, MONDAY THRU FRIDAY.
 NO TRUCKS ALLOWED ON PROPERTY PRIOR TO 7:30 AM.

Total PO Amount 96,050.00

***** Please contact the Purchasing Assistant via phone (859-744-4864 ext. 312) or fax (859-737-6046) to acknowledge receipt of the Purchase Order. *****

**ORIGINAL COPY
 PLEASE RETURN "SIGNED"
 TO PURCHASING AS SOON
 AS POSSIBLE**

[Handwritten Signature]

All shipments, shipping papers, invoices, and correspondence must be identified with our Purchase Order Number. Overshipments will not be accepted unless authorized by Buyer prior to shipment.



Purchase Order

7/31/06 ag

signed

EAST KY POWER COOPERATIVE

P O Box 707
Winchester KY 40392-0707
Phone 859-744-4812
Fax 859-744-6008

Purchase Order	Date	Revision	Page
EKPC- 0000031720	07/27/2006		1
Payment Terms	Freight Terms		
30	Not Applicable		
Buyer: Gentry, Alma P			

Ship To: Winchester Warehouse
4775 Lexington Road
Winchester KY 40391

Vendor:0000012102
KENVIRONS INC
452 VERSAILLES ROAD
FRANKFORT KY 40601-0000

Bill To: East Kentucky Power Co-op
P O Box 707
Winchester KY 40392-0707

31.20
ack

Tax Exempt? Y Tax Exempt ID: 47507

Line-Schd Item	Description	Mfg ID	Quantity UOM	PO Price	Extended Amt	Due Date
1-1	BART modeling		18,500.00 DOL	1.0000	18,500.00	10/31/2006 12/31/07

Pricing is an estimate and will be adjusted to reflect actual documented work. DOL unit of measure indicates an estimate only. Actual costs will be applied to Purchase Order upon receipt of documented time, material, and/or expenses.

Scope of Work and estimate pricing per Chris Wathen in letter dated 7/20/06.

If personnel are on-site, the following shall apply:

Compliance with Laws, Ordinances, Regulations, and Codes

Contractor shall at all times be solely responsible for complying with all applicable laws, ordinances, regulations, codes, and facility rules, including those relating to safety of all persons and property, in connection with the Work.

Status of Contractor

EKPC does not reserve any right to control the methods or manner of performance of the Work by the Contractor. The Contractor, in doing the Work herein called for, shall not act as an agent or employee of EKPC, but shall be and act as an independent contractor, and shall be free to perform the Work by such methods and in such manner as the Contractor may choose, furnishing all equipment, and doing everything necessary to perform such Work properly and safely, having supervision over and responsibility for the safety and actions of its employees, and control over and responsibility for its equipment. EKPC may at all times have the right to have its authorized representative inspect the Work, not for any purpose or reserved right of controlling the methods and manner of the performance of the Work, but in order to assure that all Work complies with the requirements of the Contract. All persons employed by the Contractor in performance of and Work under this contract shall be employees of the Contractor and shall not be deemed to be employees of EKPC. Contractor agrees that if any portion of Contractor's Work is subcontracted, all such subcontractors shall be bound by and observe the conditions of this Contract to the same extent as herein required of Contractor.

Indemnity by Contractor

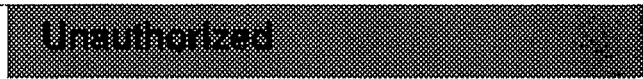
Contractor agrees to defend, indemnify and hold harmless EKPC, its directors, officers, employees and agents from any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature-including but not limited to costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to or destructions of properties, (c) pollutions, contaminations of or other adverse effects the environment or (d) violations of governmental laws, regulations or orders-whether suffered directly by EKPC itself or indirectly by reason of claims, demands or suits against it by third parties, resulting or alleged to have resulted from acts or omissions of Contractor, its employees, agents, subcontractors or other representatives or from their presence on the premises of EKPC or otherwise from performance of this Contract.

Contractor's Insurance Obligation

Contractor shall provide and maintain, and shall require any and all subcontractors to provide and maintain, with an insurance company authorized to do business in the Commonwealth of Kentucky and otherwise acceptable to EKPC the following insurance:

- A) Workers Compensation and Employer's Liability Policy: Prior to the start of the Work, Contractor shall submit evidence of Contractor's Workers' Compensation and Employer's Liability Insurance Policy, and each such policy shall include:
 - 1) Workers' Compensation (statutory benefits coverage) Insurance accordance with the laws of the Commonwealth of

All shipments, shipping papers, invoices, and correspondence must be identified with our Purchase Order Number. Overshipments will not be accepted unless authorized by Buyer prior to shipment.



Purchase Order

EAST KY POWER COOPERATIVE

P O Box 707
 Winchester KY 40392-0707
 Phone 859-744-4812
 Fax 859-744-6008

Purchase Order	Date	Revision	Page
EKPC- 0000031720	07/27/2006		2
Payment Terms		Freight Terms	
30		Not Applicable	
Buyer: Gentry, Alma P			

Vendor:0000012102
 KENVIRONS INC
 452 VERSAILLES ROAD
 FRANKFORT KY 40601-0000

Ship To: Winchester Warehouse
 4775 Lexington Road
 Winchester KY 40391

Bill To: East Kentucky Power Co-op
 P O Box 707
 Winchester KY 40392-0707

Tax Exempt? Y Tax Exempt ID: 47507

Line-Schd Item	Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
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- Kentucky
- 2) Employer's Liability with a minimum limit of One Million Dollars (\$1,000,000) with respect to Bodily Injury Each Accident/(\$1,000,000) Bodily Injury by Disease Each Employee/(\$1,000,000) Bodily Injury by Disease Policy Limit.
 - 3) United States Longshoremen and Harbor Workers Act Endorsement (WC 00 01 06), if exposures warrant.
 - 4) Maritime "Jones Act" Endorsement (WC 00 02 01), if exposures warrant.
 - 5) Federal Employer's Liability Act Endorsement "FELA" (WC 00 01 04), if exposures warrant.

B) Commercial General Liability Policy: Prior to the start of Work, Contractor shall provide evidence of Contractor's Policy providing Commercial General Liability Insurance, with combined single minimum limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each Occurrence/Two Million Dollars (\$2,000,000) General Aggregate and the following coverage:

- 1) Coverage for premises and operations, including Work let or sublet.
- 2) No exclusion of coverage for Blanket Contractual Liability to the extent covered by the policy against liability assumed by Contractor under this Contract.
- 3) No exclusion for Broad Form Property Damage hazard.
- 4) No exclusion for liability arising out of blasting, collapse, and underground property damage hazards.
- 5) Products and Completed Operations Liability Coverage with a Two Million Dollars (\$2,000,000) Aggregate Limit. Said coverage must continue in force for a minimum of two (2) years from the Acceptance of Work.
- 6) Personal and Advertising Injury Liability coverage with a One Million Dollar (\$1,000,000) Limit and Contractual Liability Exclusion (#5) eliminated.
- 7) Said policy shall name EKPC as an Additional Insured to the extent necessary to fulfill Contractor's indemnity obligations Indemnity By Contractor, with Contractor's policy deemed to be primary.
- 8) Said policy shall be endorsed to provide that the underwriter(s) have waived their Rights of Recovery Against Others (subrogation) against EKPC and EKPC's insurance carrier(s).
- 9) Coverage shall be amended to provide for Aggregate Limit of Liability at each project or jobsite.
- 10) Should policy contain a deductible clause for bodily injury or property damage liability, said deductible shall be shown on the Certificate of Insurance, and Contractor's carrier shall agree to pay any such claims "first dollar" and then recover the deductible amount from Contractor.

C) Commercial Automobile Liability Insurance Policy: Prior to the start of Work, Contractor shall provide evidence of Contractor's Commercial Automobile Liability Insurance Covering the use of all owned, non-owned and hired Automobiles, with a minimum combined single limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each accident with respect to Contractor's vehicles assigned to or used in performance of Work under this Contract.

- 1) Said policy shall name EKPC as an Additional Insured to the extent necessary to fulfill Contractor's indemnity obligations under Indemnity By Contractor, with said policy designated to be primary.
- 2) Said policy shall include an endorsement providing that the underwriter(s) have waived their Rights of Recovery Against Others(subrogation) against EKPC and EKPC's insurance carrier(s).

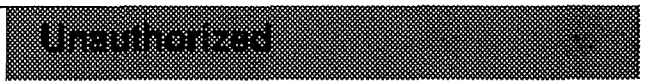
D) Aircraft Public Liability Insurance: If applicable, Contractor shall provide prior to the start of Work, evidence of Contractor's Aircraft Public Liability Insurance covering fixed wing and rotorcraft aircraft whether owned, non-owned, leased, hired or assigned with a combined single minimum limit for bodily injury and property damage of Five Million Dollars (\$5,000,000) including passenger liability coverage. Said policy shall include an endorsement providing that the underwriter(s) have waived their rights of subrogation against EKPC and EKPC's insurance carrier(s).

E) Environmental Impairment ("Pollution") Liability Insurance: If applicable, CONTRACTOR shall provide prior to the start of work, evidence of Contractor's Environmental Impairment Liability Insurance covering contracting operations. Said policy shall cover contractor's use of vehicles and shall provide for cleanup and remediation expenses. Limits of liability shall not be less than \$1,000,000 each occurrence. Said policy shall be endorsed to provide Additional Insured status of EKPC and shall be endorsed to provide Waiver of Subrogation in favor EKPC.

Quality of Insurance Coverage

The above policies to be provided by Contractor shall be written by companies satisfactory to EKPC or having a Best Rating of not less than A- ("Excellent"). These policies shall not be materially changed or cancelled except with thirty day written notice to EKPC from the Contractor and the Insurance Carrier. Evidence of coverage, notification of

All shipments, shipping papers, invoices, and correspondence must be identified with our Purchase Order Number. Overshipments will not be accepted unless authorized by Buyer prior to shipment.



Purchase Order

EAST KY POWER COOPERATIVE

P.O. Box 707
 Winchester KY 40392-0707
 Phone 859-744-4812
 Fax 859-744-6008

Purchase Order	Date	Revision	Page
EKPC- 0000031720	07/27/2006		3
Payment Terms	Freight Terms		
30	Not Applicable		
Buyer: Gentry, Alma P			

Vendor:0000012102
 KENVIRONS INC
 452 VERSAILLES ROAD
 FRANKFORT KY 40601-0000

Ship To: Winchester Warehouse
 4775 Lexington Road
 Winchester KY 40391

Bill To: East Kentucky Power Co-op
 P O Box 707
 Winchester KY 40392-0707

Tax Exempt? Y Tax Exempt ID: 47507

Line	Schd	Item	Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
cancellation or other changes shall be mailed to:									

East Kentucky Power Cooperative, Inc.
 ATTN: Finance & Risk Management
 P. O. Box 707
 Winchester, KY 40392-0707

Also, a copy of the Certificate of Insurance should be sent to the "Ship To:" address on this purchase order, marked to the attention of Mike Binkley.

Implication of Insurance

EKPC shall not be obligated to review any of Contractor's Certificates of Insurance, insurance policies, or endorsements, or to advise Contractor of any deficiencies in such documents. Minimum limits and coverage required under this Article should not be construed to necessarily be adequate for Contractor's own insurance and risk management needs. Any receipts of such documents or their review by EKPC shall not relieve Contractor from or be deemed a waiver of EKPC's rights to insist on strict fulfillment of Contractor's obligations under the Contract.

Certificates of Insurance

EKPC reserves the right to request and receive a summary of coverage of any of the above policies or endorsements.

Other Notices

Contractor shall provide notice of any accidents or claims at the Work site to EKPC's Finance & Risk Management, at the above address, and EKPC's site authorized representative.

Equal Employment Opportunity

The Equal Employment Opportunity Clause at 41 CFR 60-1.4 (a) and the Affirmative Action Clauses at 41 CFR 60-250.5 and 60-741.5 are hereby incorporated by reference and made a part of this Contract as though fully set forth herein.

RECEIVING HOURS ARE FROM 7:30 AM TO 3:30 PM, MONDAY THRU FRIDAY.
 NO TRUCKS ALLOWED ON PROPERTY PRIOR TO 7:30 AM.

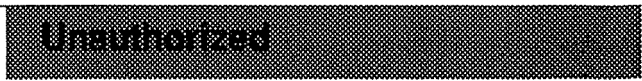
Total PO Amount 18,500.00

*** Please contact the Purchasing Assistant via phone (859-744-4864 ext. 312) or fax (859-737-6046) to acknowledge receipt of the Purchase Order. ***

ORIGINAL COPY
 PLEASE RETURN "SIGNED"
 TO PURCHASING AS SOON
 AS POSSIBLE

[Handwritten Signature]

All shipments, shipping papers, invoices, and correspondence must be identified with our Purchase Order Number. Overshipments will not be accepted unless authorized by Buyer prior to shipment.



Purchase Order

8/17/06 ag
FAXED

3. 21

EAST KY POWER COOPERATIVE

P.O. Box 707
Winchester KY 40392-0707
Phone 859-744-4812
Fax 859-744-6008

Purchase Order	Date	Revision	Page
EKPC- 0000031721	07/27/2006		1
Payment Terms	Freight Terms		
30	Not Applicable		
Buyer: Gentry, Alma P			

Ship To: Winchester Warehouse
4775 Lexington Road
Winchester KY 40391

Vendor:0000012102
KENVIRONS INC
452 VERSAILLES ROAD
FRANKFORT KY 40601-0000

Bill To: East Kentucky Power Co-op
P O Box 707
Winchester KY 40392-0707

Tax Exempt? Y Tax Exempt ID: 47507

Line-Schd	Item	Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
1-	1	Work related to J. K. Smith permit application preparation.		88,000.00	DOL	1.0000	88,000.00	08/01/2008

If on-site work is required the following shall apply:

Compliance with Laws, Ordinances, Regulations, and Codes

Contractor shall at all times be solely responsible for complying with all applicable laws, ordinances, regulations, codes, and facility rules, including those relating to safety of all persons and property, in connection with the Work.

Status of Contractor

EKPC does not reserve any right to control the methods or manner of performance of the Work by the Contractor. The Contractor, in doing the Work herein called for, shall not act as an agent or employee of EKPC, but shall be and act as an independent contractor, and shall be free to perform the Work by such methods and in such manner as the Contractor may choose, furnishing all equipment, and doing everything necessary to perform such Work properly and safely, having supervision over and responsibility for the safety and actions of its employees, and control over and responsibility for its equipment. EKPC may at all times have the right to have its authorized representative inspect the Work, not for any purpose or reserved right of controlling the methods and manner of the performance of the Work, but in order to assure that all Work complies with the requirements of the Contract. All persons employed by the Contractor in performance of and Work under this contract shall be employees of the Contractor and shall not be deemed to be employees of EKPC. Contractor agrees that if any portion of Contractor's Work is subcontracted, all such subcontractors shall be bound by and observe the conditions of this Contract to the same extent as herein required of Contractor.

Indemnity by Contractor

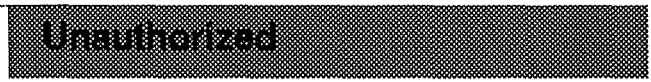
Contractor agrees to defend, indemnify and hold harmless EKPC, its directors, officers, employees and agents from any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature-including but not limited to costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to or destructions of properties, (c) pollutions, contaminations of or other adverse effects the environment or (d) violations of governmental laws, regulations or orders-whether suffered directly by EKPC itself or indirectly by reason of claims, demands or suits against it by third parties, resulting or alleged to have resulted from acts or omissions of Contractor, its employees, agents, subcontractors or other representatives or from their presence on the premises of EKPC or otherwise from performance of this Contract.

Contractor's Insurance Obligation

Contractor shall provide and maintain, and shall require any and all subcontractors to provide and maintain, with an insurance company authorized to do business in the Commonwealth of Kentucky and otherwise acceptable to EKPC the following insurance:

- A) Workers Compensation and Employer's Liability Policy: Prior to the start of the Work, Contractor shall submit evidence of Contractor's Workers' Compensation and Employer's Liability Insurance Policy, and each such policy shall include:
 - 1) Workers' Compensation (statutory benefits coverage) Insurance accordance with the laws of the Commonwealth of Kentucky
 - 2) Employer's Liability with a minimum limit of One Million Dollars (\$1,000,000) with respect to Bodily Injury Each Accident/(\$1,000,000) Bodily Injury by Disease Each Employee/(\$1,000,000) Bodily Injury by Disease Policy Limit.
 - 3) United States Longshoremen and Harbor Workers Act Endorsement (WC 00 01 06), if exposures warrant.
 - 4) Maritime "Jones Act" Endorsement (WC 00 02 01), if exposures warrant.

All shipments, shipping papers, invoices, and correspondence must be identified with our Purchase Order Number. Overshipments will not be accepted unless authorized by Buyer prior to shipment.



Purchase Order

FAXED

EAST KY POWER COOPERATIVE

P O Box 707
 Winchester KY 40392-0707
 Phone 859-744-4812
 Fax 859-744-6008

Purchase Order	Date	Revision	Page
EKPC- 0000031721	07/27/2006		2
Payment Terms	Freight Terms		
30	Not Applicable		
Buyer: Gentry, Alma P			

Ship To: Winchester Warehouse
 4775 Lexington Road
 Winchester KY 40391

Vendor:0000012102
 KENVIRONS INC
 452 VERSAILLES ROAD
 FRANKFORT KY 40601-0000

Bill To: East Kentucky Power Co-op
 P O Box 707
 Winchester KY 40392-0707

Tax Exempt? Y Tax Exempt ID: 47507

Line-Schd	Item	Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
5)		Federal Employer's Liability Act Endorsement "FELA" (WC 00 01 04), if exposures warrant.						

B) Commercial General Liability Policy: Prior to the start of Work, Contractor shall provide evidence of Contractor's Policy providing Commercial General Liability Insurance, with combined single minimum limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each Occurrence/Two Million Dollars (\$2,000,000) General Aggregate and the following coverage:

- 1) Coverage for premises and operations, including Work let or sublet.
- 2) No exclusion of coverage for Blanket Contractual Liability to the extent covered by the policy against liability assumed by Contractor under this Contract.
- 3) No exclusion for Broad Form Property Damage hazard.

4) No exclusion for liability arising out of blasting, collapse, and underground property damage hazards.
 5) Products and Completed Operations Liability Coverage with a Two Million Dollars (\$2,000,000) Aggregate Limit. Said coverage must continue in force for a minimum of two (2) years from the Acceptance of Work.

6) Personal and Advertising Injury Liability coverage with a One Million Dollar (\$1,000,000) Limit and Contractual Liability Exclusion (#5) eliminated.

7) Said policy shall name EKPC as an Additional Insured to the extent necessary to fulfill Contractor's indemnity obligations Indemnity By Contractor, with Contractor's policy deemed to be primary.

8) Said policy shall be endorsed to provide that the underwriter(s) have waived their Rights of Recovery Against Others (subrogation) against EKPC and EKPC's insurance carrier(s).

9) Coverage shall be amended to provide for Aggregate Limit of Liability at each project or jobsite.

10) Should policy contain a deductible clause for bodily injury or property damage liability, said deductible shall be shown on the Certificate of Insurance, and Contractor's carrier shall agree to pay any such claims "first dollar" and then recover the deductible amount from Contractor.

C) Commercial Automobile Liability Insurance Policy: Prior to the start of Work, Contractor shall provide evidence of Contractor's Commercial Automobile Liability Insurance Covering the use of all owned, non-owned and hired Automobiles, with a minimum combined single limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each accident with respect to Contractor's vehicles assigned to or used in performance of Work under this Contract.

1) Said policy shall name EKPC as an Additional Insured to the extent necessary to fulfill Contractor's indemnity obligations under Indemnity By Contractor, with said policy designated to be primary.

2) Said policy shall include an endorsement providing that the underwriter(s) have waived their Rights of Recovery Against Others(subrogation) against EKPC and EKPC's insurance carrier(s).

D) Aircraft Public Liability Insurance: If applicable, Contractor shall provide prior to the start of Work, evidence of Contractor's Aircraft Public Liability Insurance covering fixed wing and rotorcraft aircraft whether owned, non-owned, leased, hired or assigned with a combined single minimum limit for bodily injury and property damage of Five Million Dollars (\$5,000,000) including passenger liability coverage. Said policy shall include an endorsement providing that the underwriter(s) have waived their rights of subrogation against EKPC and EKPC's insurance carrier(s).

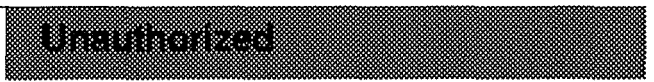
E) Environmental Impairment ("Pollution") Liability Insurance: If applicable, CONTRACTOR shall provide prior to the start of work, evidence of Contractor's Environmental Impairment Liability Insurance covering contracting operations. Said policy shall cover contractor's use of vehicles and shall provide for cleanup and remediation expenses. Limits of liability shall not be less than \$1,000,000 each occurrence. Said policy shall be endorsed to provide Additional Insured status of EKPC and shall be endorsed to provide Waiver of Subrogation in favor EKPC.

Quality of Insurance Coverage

The above policies to be provided by Contractor shall be written by companies satisfactory to EKPC or having a Best Rating of not less than A- ("Excellent"). These policies shall not be materially changed or cancelled except with thirty day written notice to EKPC from the Contractor and the Insurance Carrier. Evidence of coverage, notification of cancellation or other changes shall be mailed to:

East Kentucky Power Cooperative, Inc.
 ATTN: Finance & Risk Management
 P. O. Box 707

All shipments, shipping papers, invoices, and correspondence must be identified with our Purchase Order Number. Overshipments will not be accepted unless authorized by Buyer prior to shipment.



Purchase Order

FAXED

EAST KY POWER COOPERATIVE

P O Box 707
 Winchester KY 40392-0707
 Phone 859-744-4812
 Fax 859-744-6008

Purchase Order	Date	Revision	Page
EKPC- 0000031721	07/27/2006		3
Payment Terms	Freight Terms		
30	Not Applicable		
Buyer: Gentry, Alma P			

Ship To: Winchester Warehouse
 4775 Lexington Road
 Winchester KY 40391

Vendor:0000012102
 KENVIRONS INC
 452 VERSAILLES ROAD
 FRANKFORT KY 40601-0000

Bill To: East Kentucky Power Co-op
 P O Box 707
 Winchester KY 40392-0707

Tax Exempt? Y Tax Exempt ID: 47507

Line-Schd	Item	Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
		Winchester, KY	40392-0707					

Also, a copy of the Certificate of Insurance should be sent to the "Ship To:" address on this purchase order, marked to the attention of Mike Binkley.

Implication of Insurance

EKPC shall not be obligated to review any of Contractor's Certificates of Insurance, insurance policies, or endorsements, or to advise Contractor of any deficiencies in such documents. Minimum limits and coverage required under this Article should not be construed to necessarily be adequate for Contractor's own insurance and risk management needs. Any receipts of such documents or their review by EKPC shall not relieve Contractor from or be deemed a waiver of EKPC's rights to insist on strict fulfillment of Contractor's obligations under the Contract.

Certificates of Insurance

EKPC reserves the right to request and receive a summary of coverage of any of the above policies or endorsements.

Other Notices

Contractor shall provide notice of any accidents or claims at the Work site to EKPC's Finance & Risk Management, at the above address, and EKPC's site authorized representative.

Equal Employment Opportunity

The Equal Employment Opportunity Clause at 41 CFR 60-1.4 (a) and the Affirmative Action Clauses at 41 CFR 60-250.5 and 60-741.5 are hereby incorporated by reference and made a part of this Contract as though fully set forth herein.

Pricing is an estimate and will be adjusted to reflect actual documented work. DOL unit of measure indicates an estimate only. Actual costs will be applied to Purchase Order upon receipt of documented time, material, and/or expenses.

Scope of Work and estimate pricing as provided in letter dated July 20, 2006, Chris Wathen

Work shall be billed using Rate Sheet effective January 1, 2006.

RECEIVING HOURS ARE FROM 7:30 AM TO 3:30 PM, MONDAY THRU FRIDAY.
 NO TRUCKS ALLOWED ON PROPERTY PRIOR TO 7:30 AM.

Total PO Amount 88,000.00

*** Please contact the Purchasing Assistant via phone (859-744-4864 ext. 312) or fax (859-737-6046) to acknowledge receipt of the Purchase Order. ***

ORIGINAL COPY
 PLEASE RETURN "SIGNED"
 TO PURCHASING AS SOON
 AS POSSIBLE

x *Robert E. [Signature]*
Randy [Signature]

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Purchase Order

CHANGE ORDER - REPRINT

EAST KY POWER COOPERATIVE

P O Box 707
Winchester KY 40392-0707
Phone 859-744-4812
Fax 859-744-6008

Table with 4 columns: Purchase Order, Date, Revision, Page. Row 1: EKPC- 0000031722, 07/28/2006, 2-, 1. Row 2: Payment Terms, Freight Terms. Row 3: 30, Not Applicable. Row 4: Buyer: Gentry, Alma P.

Ship To: Winchester Warehouse
4775 Lexington Road
Winchester KY 40391

Vendor:0000012102
KENVIRONS INC
452 VERSAILLES ROAD
FRANKFORT KY 40601-0000

Bill To: East Kentucky Power Co-op
P O Box 707
Winchester KY 40392-0707

Tax Exempt? Y Tax Exempt ID: 47507

Table with 8 columns: Line-Schd Item, Description, Mfg ID, Quantity, UOM, PO Price, Extended Amt, Due Date. Row 1: 1- 1, Preparation of permit for Spurlock Power Station Unit No. 4, 75,000.00, DOL, 1.0000, 75,000.00, 08/01/2007

If on-site work is required the following shall apply:

Compliance with Laws, Ordinances, Regulations, and Codes

Contractor shall at all times be solely responsible for complying with all applicable laws, ordinances, regulations, codes, and facility rules, including those relating to safety of all persons and property, in connection with the Work.

Status of Contractor

EKPC does not reserve any right to control the methods or manner of performance of the Work by the Contractor. The Contractor, in doing the Work herein called for, shall not act as an agent or employee of EKPC, but shall be and act as an independent contractor, and shall be free to perform the Work by such methods and in such manner as the Contractor may choose, furnishing all equipment, and doing everything necessary to perform such Work properly and safely, having supervision over and responsibility for the safety and actions of its employees, and control over and responsibility for its equipment. EKPC may at all times have the right to have its authorized representative inspect the Work, not for any purpose or reserved right of controlling the methods and manner of the performance of the Work, but in order to assure that all Work complies with the requirements of the Contract. All persons employed by the Contractor in performance of and Work under this contract shall be employees of the Contractor and shall not be deemed to be employees of EKPC. Contractor agrees that if any portion of Contractor's Work is subcontracted, all such subcontractors shall be bound by and observe the conditions of this Contract to the same extent as herein required of Contractor.

Indemnity by Contractor

Contractor agrees to defend, indemnify and hold harmless EKPC, its directors, officers, employees and agents from any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature-including but not limited to costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to or destructions of properties, (c) pollutions, contaminations of or other adverse effects the environment or (d) violations of governmental laws, regulations or orders-whether suffered directly by EKPC itself or indirectly by reason of claims, demands or suits against it by third parties, resulting or alleged to have resulted from acts or omissions of Contractor, its employees, agents, subcontractors or other representatives or from their presence on the premises of EKPC or otherwise from performance of this Contract.

Contractor's Insurance Obligation

Contractor shall provide and maintain, and shall require any and all subcontractors to provide and maintain, with an insurance company authorized to do business in the Commonwealth of Kentucky and otherwise acceptable to EKPC the following insurance:

- A) Workers Compensation and Employer's Liability Policy: Prior to the start of the Work, Contractor shall submit evidence of Contractor's Workers' Compensation and Employer's Liability Insurance Policy, and each such policy shall include:
1) Workers' Compensation (statutory benefits coverage) Insurance accordance with the laws of the Commonwealth of Kentucky
2) Employer's Liability with a minimum limit of One Million Dollars (\$1,000,000) with respect to Bodily Injury Each Accident/(\$1,000,000) Bodily Injury by Disease Each Employee/(\$1,000,000) Bodily Injury by Disease Policy Limit.
3) United States Longshoremen and Harbor Workers Act Endorsement (WC 00 01 06), if exposures warrant.
4) Maritime "Jones Act" Endorsement (WC 00 02 01), if exposures warrant.

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Authorized Signature
[Handwritten Signature]

Purchase Order

EAST KY POWER COOPERATIVE

P O Box 707
 Winchester KY 40392-0707
 Phone 859-744-4812
 Fax 859-744-6008

CHANGE ORDER - REPRINT

Purchase Order	Date	Revision	Page
EKPC- 0000031722	07/28/2006	2-	2
Payment Terms	Freight Terms		
30	Not Applicable		

Buyer: Gentry, Alma P
 Ship To: Winchester Warehouse
 4775 Lexington Road
 Winchester KY 40391

Vendor:0000012102
 KENVIRONS INC
 452 VERSAILLES ROAD
 FRANKFORT KY 40601-0000

Bill To: East Kentucky Power Co-op
 P O Box 707
 Winchester KY 40392-0707

Tax Exempt? Y Tax Exempt ID: 47507

Line-Schd	Item	Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
5)		Federal Employer's Liability Act Endorsement "FELA" (WC 00 01 04), if exposures warrant.						

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- 6) Personal and Advertising Injury Liability coverage with a One Million Dollar (\$1,000,000) Limit and Contractual Liability Exclusion (#5) eliminated.
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- 9) Coverage shall be amended to provide for Aggregate Limit of Liability at each project or jobsite.
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E) Environmental Impairment ("Pollution") Liability Insurance: If applicable, CONTRACTOR shall provide prior to the start of work, evidence of Contractor's Environmental Impairment Liability Insurance covering contracting operations. Said policy shall cover contractor's use of vehicles and shall provide for cleanup and remediation expenses. Limits of liability shall not be less than \$1,000,000 each occurrence. Said policy shall be endorsed to provide Additional Insured status of EKPC and shall be endorsed to provide Waiver of Subrogation in favor EKPC.

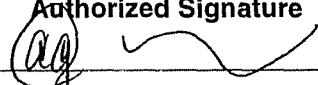
Quality of Insurance Coverage

The above policies to be provided by Contractor shall be written by companies satisfactory to EKPC or having a Best Rating of not less than A- ("Excellent"). These policies shall not be materially changed or cancelled except with thirty day written notice to EKPC from the Contractor and the Insurance Carrier. Evidence of coverage, notification of cancellation or other changes shall be mailed to:

East Kentucky Power Cooperative, Inc.
 ATTN: Finance & Risk Management
 P. O. Box 707

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Authorized Signature



Purchase Order

CHANGE ORDER - REPRINT

EAST KY POWER COOPERATIVE

P O Box 707
Winchester KY 40392-0707
Phone 859-744-4812
Fax 859-744-6008

Purchase Order	Date	Revision	Page
EKPC- 0000031722	07/28/2006	2-	3
Payment Terms	Freight Terms		
30	Not Applicable		

Buyer: Gentry, Alma P
Ship To: Winchester Warehouse
4775 Lexington Road
Winchester KY 40391

Vendor:0000012102
KENVIRONS INC
452 VERSAILLES ROAD
FRANKFORT KY 40601-0000

Bill To: East Kentucky Power Co-op
P O Box 707
Winchester KY 40392-0707

Tax Exempt? Y Tax Exempt ID: 47507

Line-Schd Item	Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
	Winchester, KY 40392-0707						

Also, a copy of the Certificate of Insurance should be sent to the "Ship To:" address on this purchase order, marked to the attention of Mike Binkley.

Implication of Insurance

EKPC shall not be obligated to review any of Contractor's Certificates of Insurance, insurance policies, or endorsements, or to advise Contractor of any deficiencies in such documents. Minimum limits and coverage required under this Article should not be construed to necessarily be adequate for Contractor's own insurance and risk management needs. Any receipts of such documents or their review by EKPC shall not relieve Contractor from or be deemed a waiver of EKPC's rights to insist on strict fulfillment of Contractor's obligations under the Contract.

Certificates of Insurance

EKPC reserves the right to request and receive a summary of coverage of any of the above policies or endorsements.

Other Notices

Contractor shall provide notice of any accidents or claims at the Work site to EKPC's Finance & Risk Management, at the above address, and EKPC's site authorized representative.

Equal Employment Opportunity

The Equal Employment Opportunity Clause at 41 CFR 60-1.4 (a) and the Affirmative Action Clauses at 41 CFR 60-250.5 and 60-741.5 are hereby incorporated by reference and made a part of this Contract as though fully set forth herein.

Pricing is an estimate and will be adjusted to reflect actual documented work. DOL unit of measure indicates an estimate only. Actual costs will be applied to Purchase Order upon receipt of documented time, material, and/or expenses.

Reference Scope of Work and pricing estimate dated July 20, 2006 by Chris Wathen

 11/03/06 CHANGE ORDER #1 APG
 Change Order issued to increase quantity on Line 1 due to "Additional assistance needed obtaining permit due to the Sierra Club lawsuit." Terms and Conditions remain the same.


 01/05/07 CHANGE ORDER #2 APG
 Change Order issued to increase quantity on Line 1 due to AAdditional assistance needed obtaining permit due to the Sierra Club lawsuit." Terms and Conditions remain the same.

RECEIVING HOURS ARE FROM 7:30 AM TO 3:30 PM, MONDAY THRU FRIDAY.
NO TRUCKS ALLOWED ON PROPERTY PRIOR TO 7:30 AM.

Total PO Amount

*** Please contact the Purchasing Assistant via phone (859-744-4864 ext. 312) or fax (859-737-6046)

All shipments, shipping papers, invoices, and correspondence must be identified with our Purchase Order Number. Overshipments will not be accepted unless authorized by Buyer prior to shipment.

Authorized Signature


CHANGE OF SCOPE TO ORIGINAL PURCHASE ORDER

To: ~~Bob Hughes, Randy Dials~~, Gail Varner

Date: January 3, 2007

Location: Headquarters

Project/Description: Spurlock Power Station Unit No. 4

- (A) Purchase Order Number and/or Line Item (if necessary): 31722
- (B) Budget Code Number: 172-4803, Acct. #92300
- (C) Contractor: Kenvirons, Inc.
- (D) Actual/Estimated Original Total: \$40,000

CHANGE OF SCOPE

- (E) Additional Dollars: \$35,000
- (F) Addition to Quantity (Caution: Unit of Measure):
- (G) Revised Total Estimated charges to Purchase Order (add D & E): \$75,000 per Mike Binkley.
- (H) Reason for Change in Scope: Additional assistance needed obtaining permit due to the Sierra Club lawsuit.

Approvals:
Plant - RDH - 1/3/07
Others - _____
R. Varner

Note: Do not attach original invoice requiring payment.

After approvals
c: Purchasing

Form COS1
Revised 7/10/06

Purchase Order

CHANGE ORDER - REPRINT

EAST KY POWER COOPERATIVE

P O Box 707
 Winchester KY 40392-0707
 Phone 859-744-4812
 Fax 859-744-6008

Purchase Order	Date	Revision	Page
EKPC- 0000031722	07/28/2006	1-	1
Payment Terms	Freight Terms		
30	Not Applicable		
Buyer: Gentry,Alma P			

Ship To: Winchester Warehouse
 4775 Lexington Road
 Winchester KY 40391

Vendor:0000012102
 KENVIRONS INC
 452 VERSAILLES ROAD
 FRANKFORT KY 40601-0000

Bill To: East Kentucky Power Co-op
 P O Box 707
 Winchester KY 40392-0707

Line-Schd	Item	Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
1-	1	Preparation of permit for Spurlock Power Station Unit No. 4.		40,000.00	DOL	1.0000	40,000.00	08/01/2007

If on-site work is required the following shall apply:

Compliance with Laws, Ordinances, Regulations, and Codes

Contractor shall at all times be solely responsible for complying with all applicable laws, ordinances, regulations, codes, and facility rules, including those relating to safety of all persons and property, in connection with the Work.

Status of Contractor

EKPC does not reserve any right to control the methods or manner of performance of the Work by the Contractor. The Contractor, in doing the Work herein called for, shall not act as an agent or employee of EKPC, but shall be and act as an independent contractor, and shall be free to perform the Work by such methods and in such manner as the Contractor may choose, furnishing all equipment, and doing everything necessary to perform such Work properly and safely, having supervision over and responsibility for the safety and actions of its employees, and control over and responsibility for its equipment. EKPC may at all times have the right to have its authorized representative inspect the Work, not for any purpose or reserved right of controlling the methods and manner of the performance of the Work, but in order to assure of and Work under this contract shall be employees of the Contractor and shall not be deemed to be employees of EKPC. Contractor agrees that if any portion of Contractor's Work is subcontracted, all such subcontractors shall be bound by and observe the conditions of this Contract to the same extent as herein required of Contractor.

Indemnity by Contractor

Contractor agrees to defend, indemnify and hold harmless EKPC, its directors, officers, employees and agents from any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature-including but not limited to costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to or destructions of properties, (c) pollutions, contaminations of or other adverse effects the environment or (d) violations of governmental laws, regulations or orders-whether suffered directly by EKPC itself or indirectly by reason of claims, demands or suits against it by third parties, resulting or alleged to have resulted from acts or omissions of Contractor, its employees, agents, subcontractors or other representatives or from their presence on the premises of EKPC or otherwise from performance of this Contract.

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Authorized Signature



Purchase Order

CHANGE ORDER - REPRINT

EAST KY POWER COOPERATIVE

P O Box 707
 Winchester KY 40392-0707
 Phone 859-744-4812
 Fax 859-744-6008

Purchase Order	Date	Revision	Page
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Buyer: Gentry, Alma P			

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 FRANKFORT KY 40601-0000

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Tax Exempt? Y Tax Exempt ID: 47507

Line-Schd Item	Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
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Purchase Order

CHANGE ORDER - REPRINT

EAST KY POWER COOPERATIVE

P O Box 707
 Winchester KY 40392-0707
 Phone 859-744-4812
 Fax 859-744-6008

Purchase Order	Date	Revision	Page
EKPC- 0000031722	07/28/2006	1- 11/03/2006	3
Payment Terms	Freight Terms		
30	Not Applicable		
Buyer: Gentry, Alma P			

Ship To: Winchester Warehouse
 4775 Lexington Road
 Winchester KY 40391

Vendor:0000012102
 KENVIRONS INC
 452 VERSAILLES ROAD
 FRANKFORT KY 40601-0000

Bill To: East Kentucky Power Co-op
 P O Box 707
 Winchester KY 40392-0707

Tax Exempt? Y Tax Exempt ID: 47507

Line-Schd	Item	Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
		Winchester, KY	40392-0707					

Also, a copy of the Certificate of Insurance should be sent to the "Ship To:" address on this purchase order, marked to the attention of Mike Binkley.

Implication of Insurance

EKPC shall not be obligated to review any of Contractor's Certificates of Insurance, insurance policies, or endorsements, or to advise Contractor of any deficiencies in such documents. Minimum limits and coverage required under this Article should not be construed to necessarily be adequate for Contractor's own insurance and risk management needs. Any receipts of such documents or their review by EKPC shall not relieve Contractor from or be deemed a waiver of EKPC's rights to insist on strict fulfillment of Contractor's obligations under the Contract.

Certificates of Insurance

EKPC reserves the right to request and receive a summary of coverage of any of the above policies or endorsements.

Other Notices

Contractor shall provide notice of any accidents or claims at the Work site to EKPC's Finance & Risk Management, at the above address, and EKPC's site authorized representative.

Equal Employment Opportunity

The Equal Employment Opportunity Clause at 41 CFR 60-1.4 (a) and the Affirmative Action Clauses at 41 CFR 60-250.5 and 60-741.5 are hereby incorporated by reference and made a part of this Contract as though fully set forth herein.

Pricing is an estimate and will be adjusted to reflect actual documented work. DOL unit of measure indicates an estimate only. Actual costs will be applied to Purchase Order upon receipt of documented time, material, and/or expenses.

Reference Scope of Work and pricing estimate dated July 20, 2006 by Chris Wathen

If on-site work is required the following shall apply:

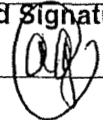
 11/03/06 CHANGE ORDER #1 APG
 Change Order issued to increase quantity on Line 1 due to "Additional assistance needed obtaining permit due to the Sierra Club lawsuit." Terms and Conditions remain the same.

RECEIVING HOURS ARE FROM 7:30 AM TO 3:30 PM, MONDAY THRU FRIDAY.
 NO TRUCKS ALLOWED ON PROPERTY PRIOR TO 7:30 AM.

Total PO Amount 40,000.00

***** Please contact the Purchasing Assistant via phone (859-744-4864 ext. 312) or fax (859-737-6046) to acknowledge receipt of the Purchase Order. *****

All shipments, shipping papers, invoices, and correspondence must be identified with our Purchase Order Number. Overshipments will not be accepted unless authorized by Buyer prior to shipment.

Authorized Signature


CHANGE OF SCOPE TO ORIGINAL PURCHASE ORDER

To: ~~Bob Hughes, Randy Dial, Gail Warner~~

Date: November 1, 2006

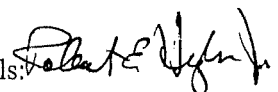
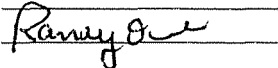
Location: Headquarters

Project/Description: Spurlock Power Station Unit No. 4

- (A) Purchase Order Number and/or Line Item (if necessary): 31722
- (B) Budget Code Number: 172-4803, Acct. #92300
- (C) Contractor: Kenvirons, Inc.
- (D) Actual/Estimated Original Total: \$21,000

CHANGE OF SCOPE

- (E) Additional Dollars: \$19,000
- (F) Addition to Quantity (Caution: Unit of Measure):
- (G) Revised Total Estimated charges to Purchase Order (add D & E): \$40,000 per Mike Binkley.
- (H) Reason for Change in Scope: Additional assistance needed obtaining permit due to the Sierra Club lawsuit.

Approvals: 
Plant - _____
Others - _____


Note: Do not attach original invoice requiring payment.

After approvals
c: Purchasing

Form COS1
Revised 7/10/06

Purchase Order

8/3/06 leg
FAXED

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Tax Exempt? Y Tax Exempt ID: 47507

Line-Schd Item	Description	Mfg ID	Quantity UOM	PO Price	Extended Amt	Due Date
1- 1	Preparation of permit for Spurlock Power Station Unit No. 4.		21,000.00 DOL	1.0000	21,000.00	08/01/2007

If on-site work is required the following shall apply:

Compliance with Laws, Ordinances, Regulations, and Codes

Contractor shall at all times be solely responsible for complying with all applicable laws, ordinances, regulations, codes, and facility rules, including those relating to safety of all persons and property, in connection with the Work.

Status of Contractor

EKPC does not reserve any right to control the methods or manner of performance of the Work by the Contractor. The Contractor, in doing the Work herein called for, shall not act as an agent or employee of EKPC, but shall be and act as an independent contractor, and shall be free to perform the Work by such methods and in such manner as the Contractor may choose, furnishing all equipment, and doing everything necessary to perform such Work properly and safely, having supervision over and responsibility for the safety and actions of its employees, and control over and responsibility for its equipment. EKPC may at all times have the right to have its authorized representative inspect the Work, not for any purpose or reserved right of controlling the methods and manner of the performance of the Work, but in order to assure that all Work complies with the requirements of the Contract. All persons employed by the Contractor in performance of and Work under this contract shall be employees of the Contractor and shall not be deemed to be employees of EKPC. Contractor agrees that if any portion of Contractor's Work is subcontracted, all such subcontractors shall be bound by and observe the conditions of this Contract to the same extent as herein required of Contractor.

Indemnity by Contractor

Contractor agrees to defend, indemnify and hold harmless EKPC, its directors, officers, employees and agents from any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature-including but not limited to costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to or destructions of properties, (c) pollutions, contaminations of or other adverse effects the environment or (d) violations of governmental laws, regulations or orders-whether suffered directly by EKPC itself or indirectly by reason of claims, demands or suits against it by third parties, resulting or alleged to have resulted from acts or omissions of Contractor, its employees, agents, subcontractors or other representatives or from their presence on the premises of EKPC or otherwise from performance of this Contract.

Contractor's Insurance Obligation

Contractor shall provide and maintain, and shall require any and all subcontractors to provide and maintain, with an insurance company authorized to do business in the Commonwealth of Kentucky and otherwise acceptable to EKPC the following insurance:

- A) Workers Compensation and Employer's Liability Policy: Prior to the start of the Work, Contractor shall submit evidence of Contractor's Workers' Compensation and Employer's Liability Insurance Policy, and each such policy shall include:
 - 1) Workers' Compensation (statutory benefits coverage) Insurance accordance with the laws of the Commonwealth of Kentucky
 - 2) Employer's Liability with a minimum limit of One Million Dollars (\$1,000,000) with respect to Bodily Injury Each Accident/(\$1,000,000) Bodily Injury by Disease Each Employee/(\$1,000,000) Bodily Injury by Disease Policy Limit.
 - 3) United States Longshoremen and Harbor Workers Act Endorsement (WC 00 01 06), if exposures warrant.
 - 4) Maritime "Jones Act" Endorsement (WC 00 02 01), if exposures warrant.

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Tax Exempt? Y Tax Exempt ID: 47507

Line-Schd Item	Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
5)	Federal Employer's Liability Act Endorsement "FELA" (WC 00 01 04), if exposures warrant.						

B) Commercial General Liability Policy: Prior to the start of Work, Contractor shall provide evidence of Contractor's Policy providing Commercial General Liability Insurance, with combined single minimum limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each Occurrence/Two Million Dollars (\$2,000,000) General Aggregate and the following coverage:

- 1) Coverage for premises and operations, including Work let or sublet.
- 2) No exclusion of coverage for Blanket Contractual Liability to the extent covered by the policy against liability assumed by Contractor under this Contract.
- 3) No exclusion for Broad Form Property Damage hazard.

4) No exclusion for liability arising out of blasting, collapse, and underground property damage hazards.

5) Products and Completed Operations Liability Coverage with a Two Million Dollars (\$2,000,000) Aggregate Limit. Said coverage must continue in force for a minimum of two (2) years from the Acceptance of Work.

6) Personal and Advertising Injury Liability coverage with a One Million Dollar (\$1,000,000) Limit and Contractual Liability Exclusion (#5) eliminated.

7) Said policy shall name EKPC as an Additional Insured to the extent necessary to fulfill Contractor's indemnity obligations Indemnity By Contractor, with Contractor's policy deemed to be primary.

8) Said policy shall be endorsed to provide that the underwriter(s) have waived their Rights of Recovery Against Others (subrogation) against EKPC and EKPC's insurance carrier(s).

9) Coverage shall be amended to provide for Aggregate Limit of Liability at each project or jobsite.

10) Should policy contain a deductible clause for bodily injury or property damage liability, said deductible shall be shown on the Certificate of Insurance, and Contractor's carrier shall agree to pay any such claims "first dollar" and then recover the deductible amount from Contractor.

C) Commercial Automobile Liability Insurance Policy: Prior to the start of Work, Contractor shall provide evidence of Contractor's Commercial Automobile Liability Insurance Covering the use of all owned, non-owned and hired Automobiles, with a minimum combined single limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each accident with respect to Contractor's vehicles assigned to or used in performance of Work under this Contract.

1) Said policy shall name EKPC as an Additional Insured to the extent necessary to fulfill Contractor's indemnity obligations under Indemnity By Contractor, with said policy designated to be primary.

2) Said policy shall include an endorsement providing that the underwriter(s) have waived their Rights of Recovery Against Others(subrogation) against EKPC and EKPC's insurance carrier(s).

D) Aircraft Public Liability Insurance: If applicable, Contractor shall provide prior to the start of Work, evidence of Contractor's Aircraft Public Liability Insurance covering fixed wing and rotorcraft aircraft whether owned, non-owned, leased, hired or assigned with a combined single minimum limit for bodily injury and property damage of Five Million Dollars (\$5,000,000) including passenger liability coverage. Said policy shall include an endorsement providing that the underwriter(s) have waived their rights of subrogation against EKPC and EKPC's insurance carrier(s).

E) Environmental Impairment ("Pollution") Liability Insurance: If applicable, CONTRACTOR shall provide prior to the start of work, evidence of Contractor's Environmental Impairment Liability Insurance covering contracting operations. Said policy shall cover contractor's use of vehicles and shall provide for cleanup and remediation expenses. Limits of liability shall not be less than \$1,000,000 each occurrence. Said policy shall be endorsed to provide Additional Insured status of EKPC and shall be endorsed to provide Waiver of Subrogation in favor EKPC.

Quality of Insurance Coverage

The above policies to be provided by Contractor shall be written by companies satisfactory to EKPC or having a Best Rating of not less than A- ("Excellent"). These policies shall not be materially changed or cancelled except with thirty day written notice to EKPC from the Contractor and the Insurance Carrier. Evidence of coverage, notification of cancellation or other changes shall be mailed to:

East Kentucky Power Cooperative, Inc.
 ATTN: Finance & Risk Management
 P. O. Box 707

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Unauthorized

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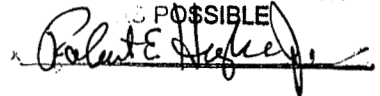
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 NO TRUCKS ALLOWED ON PROPERTY PRIOR TO 7:30 AM.

Total PO Amount 21,000.00

***** Please contact the Purchasing Assistant via phone (859-744-4864 ext. 312) or fax (859-737-6046) to acknowledge receipt of the Purchase Order. *****

ORIGINAL COPY
 RETURN "SIGNED"
 AS SOON AS POSSIBLE



All shipments, shipping papers, invoices, and correspondence must be identified with our Purchase Order Number. Overshipments will not be accepted unless authorized by Buyer prior to shipment.



**MEMO OF AGREEMENT BETWEEN EAST KENTUCKY
POWER COOPERATIVE and LEGG STRATEGIES
July 20, 2006**

I. General Purpose of the Agreement

The purpose of this agreement is for East Kentucky Power Cooperative (EKPC) to engage Legg Strategies as a consultant from July 20 to December 30, 2006.

II. Contact Information for Heartland and the Consultant

For EKPC, Roy Palk, President and CEO is the primary contact. The address; 4775 Lexington Road, Winchester, KY 40392-0707. For Legg Strategies: Ms. Hilda Gay Legg is the sole contact. The address is: 201 North Brookhaven Drive, Somerset, KY 42501, phone (606) 679-0049, hildalegg@yahoo.com.

III. Description of Performance

During the contract period, Legg Strategies will serve as a liaison with Rural Utilities Service leadership, and develop innovative strategies – all focused on ways to secure more resources or provide resource support for the purpose of streamlining the environmental review process while meeting the obligation of NEPA, 2) serve as consultant and offer guidance on strategies to deal with various issues and seek thru other sources alternative avenues to resolve any dilemmas, 3) maintain open and frequent communication with all levels of RUS staff regarding the urgency of the transmission project review, loan applications, etc. 4) serve as a resource of information regarding the USDA organization and its functionality 5) offer guidance on other state or federal issues that EKPC may seek upon request.

IV. Performance Schedule

The performance period begins immediately and ends December 30, 2006. The manner of performance and specific hours to be worked shall be determined by the consultant, yet request may be made by EKPC for additional purposes. EKPC will rely on the consultant to dedicate time and effort reasonably necessary to meet the obligations under this agreement.

V. Reporting Schedule

Consultant may be asked to provide brief written updates.

VI Compensation, Reimbursements and Payment Terms

EKPC agrees to pay Legg Strategies a monthly consulting fee of \$5,000 plus reasonable travel expenses. EKPC reimburses mileage at the federal rate, as well as other meals, transportation and lodging expenses that are reasonable and customary for travelers. Upon execution of this agreement and monthly thereafter for the duration of the agreement, EKPC will issue a check in the amount of \$5,000 plus expenses at the end of each month.

VII Changes to or Termination of Agreement

Any changes to the agreement will require discussion and acceptance by both parties, with the aspects of that change agreed to in writing. Either party may terminate this agreement for its convenience by giving the other party thirty (30) day's advance notice.

VIII Indemnification

Legg Strategies will defend and hold harmless EKPC, its officers, and employees against any and all liability, loss, expense or claim for injury or damages that result from execution of this agreement.

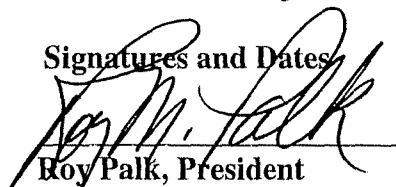
IX Conflicts of Interest, Nondisclosure, Confidentiality

Legg Strategies and EKPC agree to keep confidential information confidential. Both parties agree to advise each other of actual or perceived conflicts of interest that may jeopardize the honest execution of this agreement.

X Miscellaneous

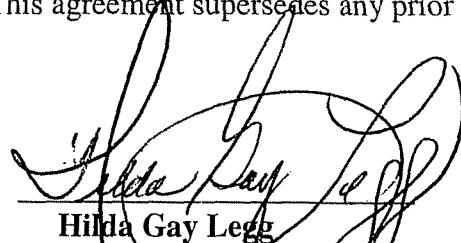
This Memo of Agreement shall be construed according to the laws of the Commonwealth of Kentucky. This agreement supersedes any prior oral or written negotiations.

XI Signatures and Dates


Roy Palk, President

East KY Power Cooperative

Date: July 24, 2006


Hilda Gay Legg

Legg Strategies

Date: July 27, 2006



MCR PERFORMANCE SOLUTIONS, LLC
400 Skokie Boulevard, Suite 375
Northbrook, IL 60062
847.562.0066

July 7, 2006

Mr. Jim Lamb
East Kentucky Power Cooperative
P.O. Box 707
Winchester, KY 40392-0707

Re: Risk Modeling Support

Dear Jim:

This letter is to confirm our verbal proposal to provide risk modeling support for EKPC. Per our discussion, we will perform the following:

- We will update the FRST model implemented by our firm in 2005 with the following changes:
 - Update the risk logic to accept ACES output from their portfolio model versus the current information which comes from EK's production cost model
 - Expand FRST to monthly data for the first 3 years from 2 years
 - Update the FRST to provide logic for the budget years to run scenarios from APM vs. the current static inputs
 - Added additional risk functionality to non-power supply variables
 - Provide general updates to FRST including some of our latest functionality provided on our current models

Dan Rupp will provide the needed technical support for this project. Project fees are expected to be approximately \$70,000 plus expenses and administrative charges which are billed separately. The project is expected to be completed by the fall depending on schedules and availability of EK personnel.

We look forward to continuing our support of East Kentucky as you look to better monitor and measure the risk in your business.

Sincerely,

David Thompson
Vice President



MCR PERFORMANCE SOLUTIONS, LLC
400 Skokie Boulevard, Suite 375
Northbrook, IL 60062
847.562.0066

August 21, 2006

Mr. Jim Lamb
East Kentucky Power Cooperative
P.O. Box 707
Winchester, KY 40392-0707

Re: Strategy Analysis Support

Dear Jim:

This letter is to confirm our verbal proposal to analytic support for EKPC to examine strategy alternatives. Per our discussion, we will perform the following:

- We will utilize publicly available information to analyze the costs and benefits of a merger with another G&T
- We will prepare a document with financial analysis and issues, risks and benefits which you can provide

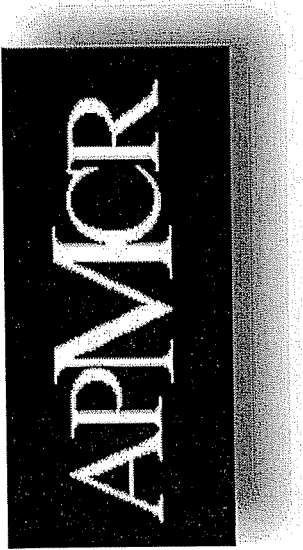
Dan Rupp will provide the needed technical support for this project. Project fees are expected to be \$15,000 plus expenses and administrative charges which are billed separately. The project is expected to be completed in 2-3 weeks to meet your deadline for a CEO meeting.

We look forward to continuing our support of East Kentucky and assisting you on this project.

Sincerely,

A handwritten signature in black ink, appearing to read 'David Thompson'.

David Thompson
Vice President



East Kentucky Power Cooperative Enterprise Risk Diagnostic



March 23, 2006

Project Objectives

- Identify EKPC's key strategic issues
 - Establish how enterprise risk management supports corporate strategy
 - Perform ground work for establishing EKPC's risk tolerance
- Identify and prioritize EKPC's key risks ... develop an initial EKPC "risk dictionary"
- Move toward the desired state for Enterprise Risk Management at EKPC
 - Assess current state and gaps related to tools, data, process/policies, and education/skills
 - Develop recommendations and high level timelines for addressing key gaps
 - Define potential risk response strategies to manage top risks

Why Enterprise Risk Management?

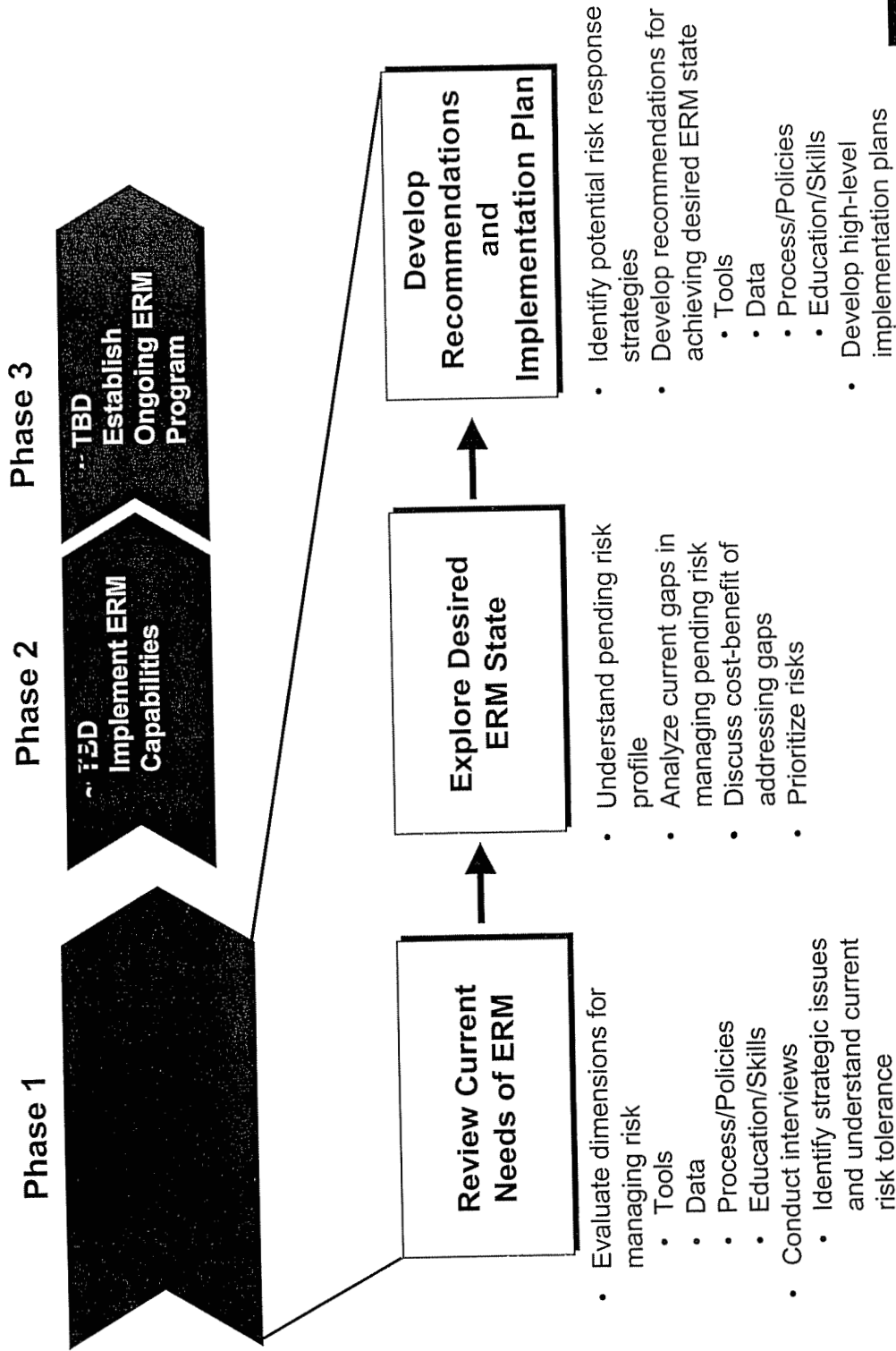
- Disciplined and consistent method to identify, communicate, and manage risk
- Clear link between strategic business plans and key risks
- Aligned risk tolerance from Board to Management to Staff
- Enhanced risk and performance measurement and reporting
- Integrated and coordinated approach to managing risk
- Lender and credit rating agency requirements
- Higher Board and Officer risk management expectations
- Better and more informed decision making

The project will address key questions facing East Kentucky.

- How do EKPC's key strategic issues impact its risk profile?
 - High member load growth
 - Addition of a new member
 - Substantial generation additions
 - Increases in fuel costs
 - Significant environmental expenditures
 - Required financing
 - Economic development initiatives
 - Rate pressure/increases
 - Surplus/deficit position
 - Market price of power
- Does EKPC have the optimal organizational structure and business processes in place to effectively manage risks?
- What are the key performance indicators for Enterprise Risk Management and does EKPC have the infrastructure (data, tools, etc.) to report them?
- What risk response strategies can EKPC put in place to help manage the variability around the projected increases in member rates?
- How will EKPC communicate its risk management objectives with its key stakeholders?

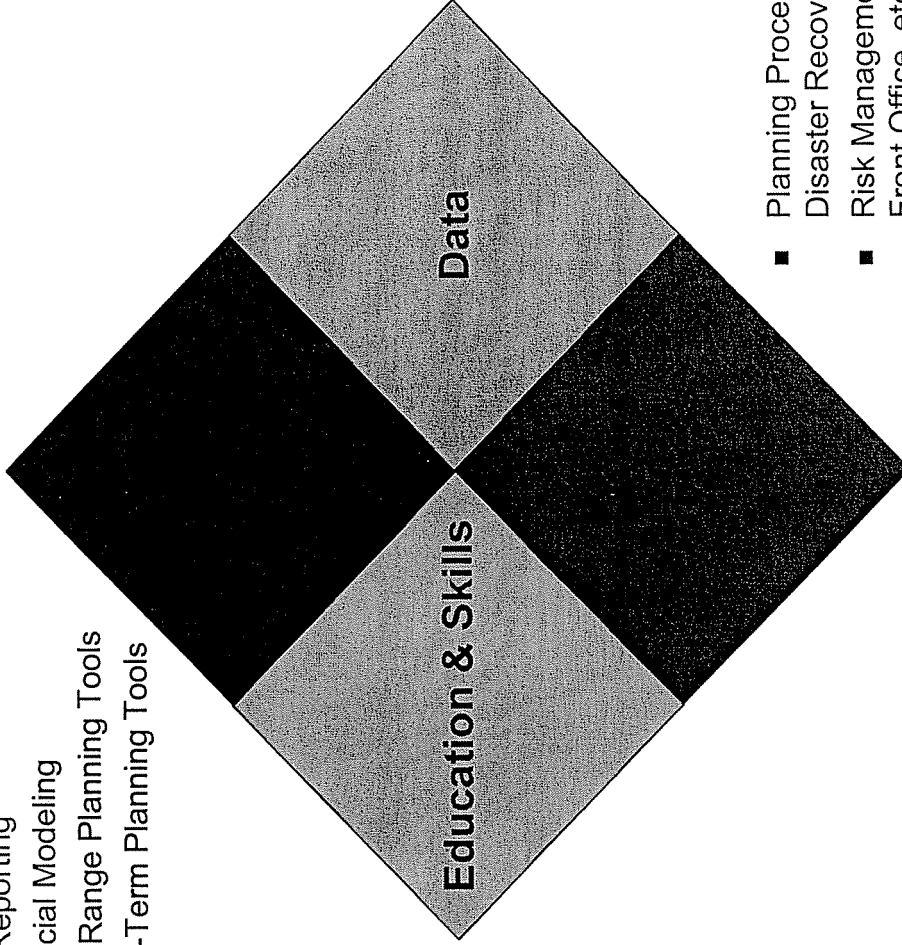
Our process for Phase 1 will focus on identification of key gaps and the desired Enterprise Risk Management Program.

Enterprise Risk Management Implementation Phases



The ERM Diagnostic will evaluate the four key dimensions for managing risk.

- Risk Management Systems
- Risk Reporting
- Financial Modeling
- Long Range Planning Tools
- Short-Term Planning Tools



- Training
- Knowledge
- Capabilities

- Probability Risk Distributions and Volatilities for Key Risks
- Purchases and Sales Data
- Market Forecast Data
- Non-commodity Forecasts
- Financial Forecast Assumptions

- Planning Processes (Strategic, Supply, Disaster Recovery, etc.)
- Risk Management Processes (Credit, Front Office, etc.)
- Contract Management



Key risks will be identified along with potential risk response strategies for each risk factor.

Risk Factor	Key Issues	Risk Response Strategies	Risk Response Strategies
Unclear authority, accountability and responsibility	Documented roles and responsibilities among and between Board and Key Issues	Risk Response Strategies	Risk Response Strategies
Inadequate risk management process and controls	Risk management diagnostic Key Issues	Risk Response Strategies	Risk Response Strategies
IT security	Back-up and recovery plan Key Issues	Risk Response Strategies	Risk Response Strategies
Cyber	Market plan Key Issues	Risk Response Strategies	Risk Response Strategies
Margin from non-utility energy services	Credit policy and controls Key Issues	Risk Response Strategies	Risk Response Strategies
Counterparty credit risk	VARA Plan and ERP Key Issues	Risk Response Strategies	Risk Response Strategies
Compliance with RUS requirements related to non-utility energy and FERC	Interest rate swaps Key Issues	Risk Response Strategies	Risk Response Strategies
Open	Weather derivatives Key Issues	Risk Response Strategies	Risk Response Strategies
Emergency	Outage insurance Key Issues	Risk Response Strategies	Risk Response Strategies
Risk Violation	There is a significant short position and a potential high degree of exposure to market prices Key Issues	Risk Response Strategies	Risk Response Strategies
Level spent	Gas prices have impacted all regional suppliers and increased prices Key Issues	Risk Response Strategies	Risk Response Strategies
Level spent	Gas as the marginal fuel drives increase in power costs Key Issues	Risk Response Strategies	Risk Response Strategies
Level spent	With new plant, client will be exposed to volatility in coal markets Key Issues	Risk Response Strategies	Risk Response Strategies
Level spent	Coal prices have increased in volatility due to supply disruptions that are both mine and transportation related Key Issues	Risk Response Strategies	Risk Response Strategies
Level spent	Purchased power contract(s) (e.g., one year forwards) Key Issues	Risk Response Strategies	Risk Response Strategies
Level spent	Option contracts Key Issues	Risk Response Strategies	Risk Response Strategies
Level spent	Firm transmission Key Issues	Risk Response Strategies	Risk Response Strategies
Level spent	Financial transmission rights Key Issues	Risk Response Strategies	Risk Response Strategies
Level spent	Fuel adjustment clause (still impacts rates) Key Issues	Risk Response Strategies	Risk Response Strategies
Level spent	Long-term contract Key Issues	Risk Response Strategies	Risk Response Strategies
Level spent	Fuel purchase agreements (forwards, options) Key Issues	Risk Response Strategies	Risk Response Strategies
Level spent	Financial hedges (futures, swaps, basis) Key Issues	Risk Response Strategies	Risk Response Strategies
Level spent	Fuel adjustment clause (still impacts rates) Key Issues	Risk Response Strategies	Risk Response Strategies
Level spent	Surplus of coal-fired generation (shut down gas units if needed) Key Issues	Risk Response Strategies	Risk Response Strategies
Level spent	Duel fuel capability (gas and oil) Key Issues	Risk Response Strategies	Risk Response Strategies
Level spent	Standard policies relative to minimum cash liquidity position and minimum capital rotation policy Key Issues	Risk Response Strategies	Risk Response Strategies
Level spent	Long-term contract Key Issues	Risk Response Strategies	Risk Response Strategies
Level spent	"Laddering" of contracts Key Issues	Risk Response Strategies	Risk Response Strategies
Level spent	Fuel diversity Key Issues	Risk Response Strategies	Risk Response Strategies
Level spent	Change in number of suppliers Key Issues	Risk Response Strategies	Risk Response Strategies
Level spent	Fuel adjustment clause (still impacts rates) Key Issues	Risk Response Strategies	Risk Response Strategies
Level spent	Coal mine ownership Key Issues	Risk Response Strategies	Risk Response Strategies
Level spent	Spread coal increases/decreases over multiple years related Key Issues	Risk Response Strategies	Risk Response Strategies

Board and Officer Risks

Organization Risks

Corporate Risks

Non-Utility Risks

Contract Credit and Trading Credit Risks

Environmental and Regulatory Risks

Interest Rate Risks

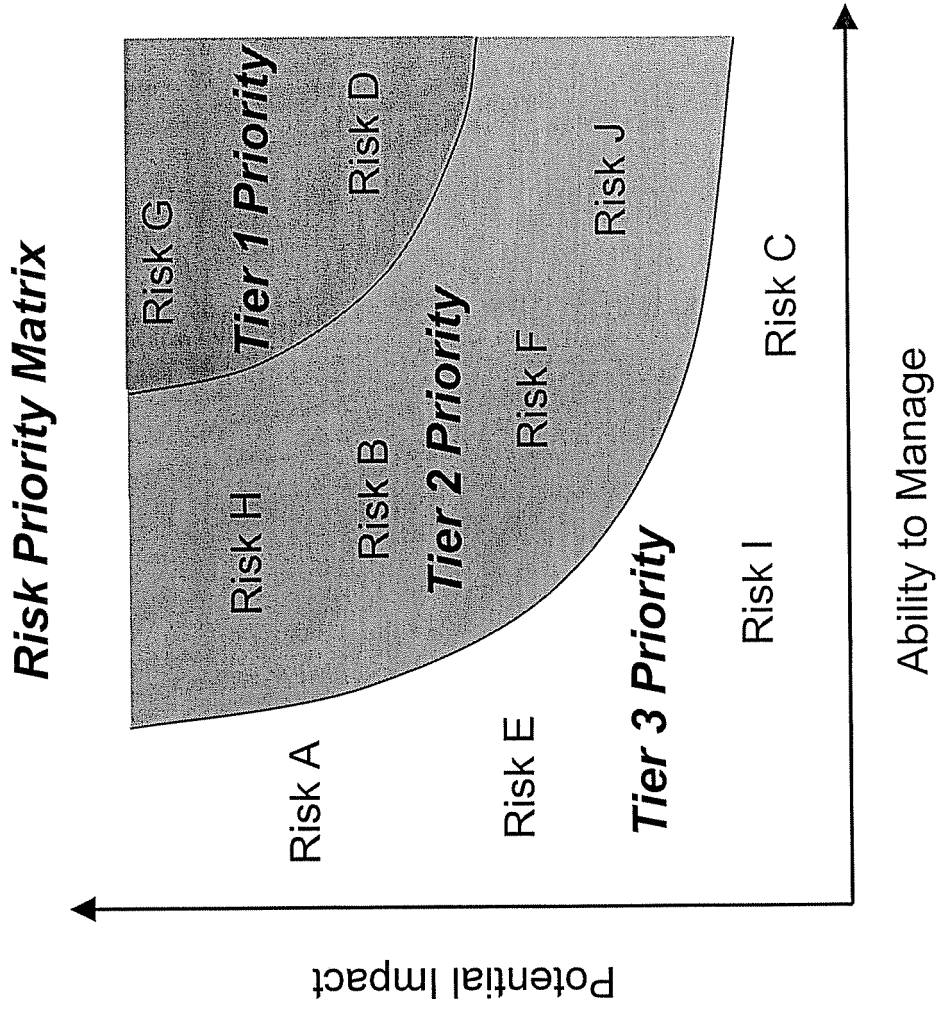
Operational Risks

Volumetric Risks

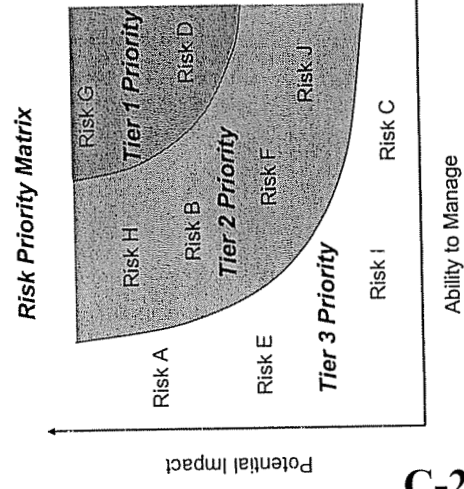
Commodity Price Risks



The risks will be prioritized based on impact on the company in conjunction with the company's ability to address the risk.



We will utilize the risk prioritization matrix and the ERM dimensions to develop recommendations that address gaps ... and strategies to manage risks.



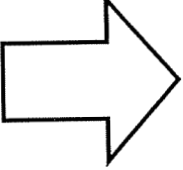
C-235

Recommendations

Establish fuel procurement capabilities	There is a significant potential high degree of exposure to market prices	Purchased power contracts (e.g., one year forwards)
Establish fuel procurement capabilities	Gas prices have increased significantly and increased power costs	Financial transmission rights
Define / Short-term power market compliance	With new plant, client will be exposed to volatility in coal markets	Financial transmission rights
Develop industry	Coal prices have increased significantly due to supply disruptions that are both mine and transportation related	Financial transmission rights
Establish policies	Coal prices have increased significantly due to supply disruptions that are both mine and transportation related	Financial transmission rights
Develop	Coal prices have increased significantly due to supply disruptions that are both mine and transportation related	Financial transmission rights

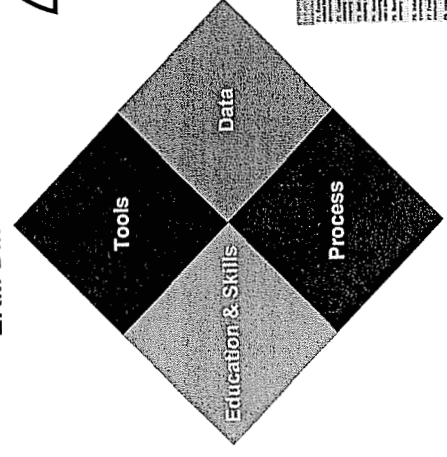
Summary Findings and Conclusions

Recommendations and Strategies



These findings drive the development of recommendations and strategies

High Level Implementation Plans



	Jan	Apr	May	Jun	Jul	Aug
1. Establish fuel procurement capabilities						
2. Define / Short-term power market compliance						
3. Develop industry						
4. Establish policies						
5. Develop						



Deliverables Outline

East Kentucky Electric Cooperative Enterprise Risk Management Diagnostic SM

Preliminary Table of Contents

- I. Executive Summary
- II. Strategic Issues for Enterprise Risk Management
- III. Desired State of Enterprise Risk Management and Necessary Data, Tools, Processes/Policies, and Education/Skills
- IV. Prioritized Risks and Potential Risk Response Strategies
- V. Recommendations for Achieving Desired ERM State
- VI. High-Level Implementation Plan

Staff Presentation Deliverable

- The staff deliverable will be in the form of a presentation-style briefing, which will be customized to the needs and specific situation of EKPC
- Facilitated discussion

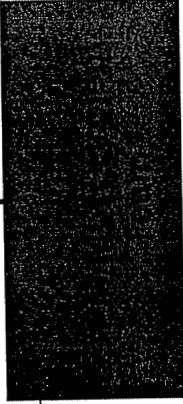
Board Retreat Deliverable (to be confirmed)

- Presentation style briefing
- Facilitated discussion including:
 - Governance and policies
 - Key risks and discussion of risk tolerance concept
 - Implementation timelines and plans

Initial Project Organization

- Participate in strategic discussion
- Review and approve implementation plan

- Participate in interviews
- Participate in review sessions; review and approve recommendations and implementation plan



Roles

- Roy Palk – Executive Sponsor
- Jim Lamb – Project Manager
- Review project progress ... provide informal feedback to Project Team
- Clear the path for ...
 - Interviews
 - Documents
- Coordinate internal communication regarding risk management

Participants and Roles

- MCR Project Lead – Dave Thompson, Jim Pardikes
 - Manage project to schedule
 - Lead development of deliverables
 - Review documents and conduct interviews
- APM Project Participants – Jeff Walker, John Sturm
 - Review documents and conduct interviews
 - Assist in developing deliverables
- EKPC Staff
 - Provide relevant documents
 - Assist in developing and reviewing deliverables



Contract For Services

THIS CONTRACT DESCRIBES THE SCOPE OF SERVICES TO BE PROVIDED AND THE COMPENSATION REQUIRED TO EXECUTE SAID SERVICES. THE CONTRACT IS BETWEEN EAST KENTUCKY POWER COOPERATIVE (EKPC), "CLIENT," AND PRESTON-OSBORNE OF LEXINGTON, KENTUCKY, "CONSULTANT."

SCOPE OF SERVICES AND DELIVERABLES:

Preston-Osborne will serve as research consultant to EKPC and seven (7) of its member systems to conduct a quarterly satisfaction survey among small commercial customers.

Specific activities may include, but not be limited to:

- Overall project management;
- Questionnaire development;
- Coordination with EKPC on sample procurement;
- Data collection (including labor costs for interviewing and supervisory staff, long-distance telephone charges, and materials, based on 30 completed surveys per participating system each quarter using a survey instrument no more than 10 minutes in length);
- Data tabulation and verification; and
- Providing EKPC with data tables on a quarterly basis, as well as individual results for all respondents who gave permission to Preston-Osborne to do so.

All activities undertaken on behalf of EKPC will be performed at the specific and stated direction of the client.

The survey instrument will be the same as the one used to conduct the study in 2005. Minor revisions will be allowed throughout the year so long as those revisions don't result in an instrument that takes more than 10 minutes to administer.

Sample will be provided by EKPC. EKPC and Preston-Osborne will work together to determine the most appropriate schedule for drawing sample.

As of January 6, 2006, the following seven (7) member systems are slated to participate in the study: Blue Grass Energy, Grayson RECC, Jackson Energy, Nolin RECC, Owen Electric, Salt River Electric, and South Kentucky Rural Electric.

Interviews will be conducted by telephone during regular business hours to capitalize on the time when most people are at work. Calls will be placed between 8:30 a.m. and 6:00 p.m., Monday through Friday. Additional calls may be placed earlier in the morning or during the evening in instances when a respondent who was chosen for inclusion in the sample requests a specific callback time that falls outside regular business hours. Efforts will be made to avoid calling businesses during times that would reasonably be viewed as being particularly inconvenient, for example, a restaurant during lunch hour.

Each quarter, 30 interviews are to be conducted on behalf of each participating member system. If a participating cooperative has a particularly limited small commercial customer base or lacks telephone numbers for a significant portion of that particular customer base, it may not be feasible to interview that many customers during the yearlong study. Accommodations will be made to tailor the project to meet the individual requested specifications of each participating member system.

Concurrent with data collection, Preston-Osborne will be handling data tabulation and verification.

Each quarter (after the data have been collected, tabulated, and verified), Preston-Osborne will provide EKPC with data tables, as well as individual results for all respondents who gave permission to Preston-Osborne to do so.

COMPENSATION:

For the services described, and assuming that seven (7) systems participate in the study, Preston-Osborne shall be compensated a total ~~of \$15,000~~ for all activities described above. The amount shall be paid in four equal payments to be billed ~~February 1, May 1, August 1, and November 1~~. Should the methodology or the number of participating member systems differ from what is outlined in this contract, the research consultant reserves the right to adjust the compensation accordingly, with prior notification to EKPC.

TERMS OF AGREEMENT:

The contract can be terminated with 60 days written notice by either party (Client or Consultant). If either party terminates the contract, the Client agrees to pay all fees and expenses incurred in accordance with this Agreement through the effective date of termination. This amount will be calculated based on the hourly rate of staff members acting on behalf of the Client while executing this research project and any reimbursable expenses incurred up to and including the date of termination. All materials or information acquired or produced by the Consultant or its representatives in its performance of services under this Agreement shall remain the sole property of the Consultant until payment is received by the Consultant.

PROTECTION OF THE CLIENT:

Preston-Osborne agrees to indemnify EKPC with respect to any claims or actions for libel, slander, defamation, copyright infringement, idea misappropriation, or invasion of rights of privacy arising out of any materials which have been prepared by the Consultant on the Client's behalf, except that if any such claim for action is based on materials supplied by the Client to the Vendor. Then, in such an event, the aforesaid shall not apply and the Client shall indemnify the Consultant and hold the Consultant harmless with respect thereto.

CONFIDENTIALITY:

It is understood that all information, facts, and figures that come to the attention of the Consultant will be handled in a confidential manner. The Consultant agrees to exercise reasonable care to prevent disclosure of EKPC's proprietary information to any third party, except as may be authorized by the Client.

APPROVAL PROCESS:

EKPC agrees to designate one person to represent the Client in approving material as described in the SCOPE OF SERVICES. Approval by that person will give the Consultant full authority to act in the company's behalf.

CHANGES IN CONTRACT:

This contract sets forth the entire Agreement. Any modifications must be in writing and signed by an authorized officer of both the Consultant and Client.

CONCLUSION:

If this agreement is acceptable, please affix the appropriate signature(s) below and return one copy to the Consultant.

Preston-Osborne
January 6, 2006

East Kentucky Power Cooperative
January 7th, 2006

Leanna H. Comer

Leanna H. Comer
President, Research

J. Lamb

_____ (Signature)

James Lamb (Name)

Mgr Mkt Rsch (Title)

2006 EKPC Small Commercial Timeline

Do not
need
for 1st Q.

Task	Responsible Party	No later than
Sample (as needed) provided to Preston-Osborne	EKPC & member systems	January 27
Data collection—first quarter	PO	Month of February
Data verification and quality control analysis of dataset	PO	First part of March
Tables and spreadsheets sent to EKPC	PO	Week of March 13
Data collection—second quarter	PO	Month of May
Data verification and quality control analysis of dataset	PO	First part of June
Tables and spreadsheets sent to EKPC	PO	Week of June 12
Sample (as needed) provided to Preston-Osborne	EKPC & member systems	July 28
Data collection—third quarter	PO	Month of August
Data verification and quality control analysis of dataset	PO	First part of September
Tables and spreadsheets sent to EKPC	PO	Week of September 11
Data collection—fourth quarter	PO	Month of November
Data verification and quality control analysis of dataset	PO	First part of December
Tables and spreadsheets sent to EKPC	PO	Week of December 11



**East Kentucky Power Cooperative
Employee Opinion Survey 2006
Project Plan**

Prepared by:

Tara V. Koosmann
Questar Project Manager

Project #30605E

Initial Date:

September 1, 2006

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I. EXECUTIVE SUMMARY

Questar proposes to work with East Kentucky Power Cooperative (EKPC) on the implementation of an employee opinion survey. The employee survey done in 2002 and 2005, as well as the follow-up survey done in 2004 will be used as reference. The employee data will be summarized in reports defined by EKPC at the end of the survey administration.

This plan includes the current estimate for all survey phases and replaces all previous documents referring to these phases.

This project plan represents the best efforts of Questar and EKPC to lay out all of the issues surrounding the Employee Opinion Survey. Upon acceptance of this plan, Questar is prepared to begin the development and implementation phases of the project. This document includes the conceptual design and business rules associated with all phases of the project as they are currently understood by Questar.

II. PRIMARY CONTACTS FOR QUESTAR AND EKPC

Questar:

PROJECT MANAGER/PRIMARY CONTACT

Name: Tara Koosmann
Manager: Faysal Abraham
Telephone number: 651-406-4292
Fax number: 651-688-0546
E-mail address: tkoosmann@questarweb.com

SENIOR CONSULTANT

Name: Sally Blecha
Manager: Anna Erickson
Telephone number: 651-688-1907
Fax number: 651-688-0546
E-mail address: sblecha@questarweb.com

ACCOUNT EXECUTIVE

Name: Larry Cramberg
Manager: Brian Wunder
Telephone number: 636-532-0335
E-mail address: lcramberg@charter.net

East Kentucky Power Cooperative:

MAIN CONTACT

Name: Sally Witt
Title: Forecasting & Market Analysis Supervisor
Telephone number: 800-238-3443 x641 / 859-744-4864 x641
Fax number: 859-744-6008
E-mail address: sally.witt@ekpc.coop

Mailing address: 4775 Lexington Road
Winchester, KY 40391
(Eastern Standard Time)

III. SCOPE OF WORK

A. Content Development

1. The name of the survey will be EKPC Employee Opinion Survey 2006.
2. Survey content will be the same as the 2005 survey.
3. The layout of the survey should also include the definitions of senior management, manager, and supervisor.
4. There were 3 open-ended comment questions from the 2005 survey – 2 of which will be used. The OEC asking what could be done to make EKPC a better place to work will be eliminated.
5. There will be one survey version – English.
6. The Business Unit and Location will be asked as a question to be completed by the employee. This code will be used for reporting back the results.

B. Registration/Sample Management

1. The survey will be administered as a population to approximately 700 employees.
2. EKPC's organizational structure involves business units and locations. Power Production consists of 3 stations. Power Delivery consists of 4 service centers.
3. There is a new business unit to be added – Coordinated Planning.
4. EKPC will provide Questar with the codes to use for report roll-ups.

C. Materials Development and Distribution

1. Questar will develop a 4-page black & white scannable survey. The EKPC logo will also be in black and white. There will be no reference to Questar's project number on the survey.
2. Questar will develop a 9x12 1-color BRE for survey returns. There will be no reference to Questar's project number on the envelope, just the name of the project.
3. Questar will distribute survey materials to Sally Witt; EKPC will distribute to employees.

D. Administration

1. Methodology selected for administration is paper.
2. Administration period is scheduled for September 27th – October 18th, 2006.
3. EKPC will be responsible for any pre-communication and any reminders sent during administration.
4. Surveys will be mailed back to Questar individually by each respondent via BRE envelope. Optionally, surveys may be returned in bulk.
5. Response rates by business unit/location will be provided daily to EKPC for follow-up.

E. Data Capture

1. The survey booklet will be image scanned.
2. Comments will be transcribed. Single stage editing will be done, which includes deleting signatures, expletives, vulgar languages, and racial/ethnic/gender slurs. Proper names will remain.
3. There will be no maximum length for comments.
4. Surveys returned with attachments, such as memos or newspaper articles will be referenced in the comment; they will not be transcribed.

F. Reporting

1. Questar will use the data report format used in the 2005 Employee Survey, with the addition of the historical comparison column used in the 2005 survey.
2. The report template will also display Questar's norms when appropriate for the items and/or dimensions.
3. The data report format will include the following sections: About This Report, Executive Summary, Dimension Summary by Percent Favorable, Dimension Deviation Display, Ten Most Favorable/Unfavorable Items, Dimension Comparison, and Item Detail.
4. There will be three data reports produced – Overall EKPC, Power Production, and Power Delivery.
5. Historical data from the EKPC 2002 Employee survey, the 2004 Follow-up survey, and the 2005 Employee survey will be included where appropriate each as a separate column.
6. Minimum N to receive a report and for a data line to be represented is 5 respondents.
7. There will be one comment report produced. It will be sorted by how satisfied you are with EKPC.
8. All reports will be in English.

G. Report Distribution

1. Reports will be sent to Sally Witt at EKPC headquarters.
2. Reports will be delivered as electronic pdf files via email.

H. Follow-Up

1. A short executive summary of overall results will be written, similar to the one written at the end of the 2005 administration.

IV. PROJECT SCHEDULE

Below is the initial proposed timeline. The timeline may change as the project progresses and if there are any changes in scope.

While dates are tentative, the amount of time needed for any one step is not always flexible. Therefore, missing due dates will result in re-negotiation of the schedule.

Task/Project Phase	Start	Finish
Survey/Ancillary Material Development		
Content reviewed	Wk of 9/5	
Content finalized	9/7	
Layout of survey	Wk of 9/11	
Approve survey layout	9/15	
Print surveys	Wk of 9/18	
Create scan program	Wk of 9/25	
Setup PO Box for survey returns	Wk of 9/11	
Layout of BRE	Wk of 9/11	
Approve BRE	9/15	
Print envelopes	Wk of 9/18	
Distribute survey materials	9/25	
Report Development		
Provide report requests and roll up information	Wk of 9/18	
Administration		
Survey go live date	9/27	
Published cut-off	10/18	
Actual survey cut-off	10/20	
Comment transcription	Wk of 10/23	
Data and comment processing and reporting	Wk of 11/6	
Ship data and comment reports	11/21	
Ship executive summary	12/1	

V. INVESTMENT SUMMARY

Project Phase		Estimated Cost	Phase Total
SURVEY PLANNING			\$5,100
Project Planning and Client Kickoff Meeting			✓\$3,000
Preparing for, conducting, and summarizing a Project Planning and Client Kick Off Meeting (via tele-conference). Participants will be the EKPC and Questar survey teams. Objective of tele-conference will be to clarify survey objectives, logistics, milestones, and timelines.	\$3,000 ✓		
Survey Materials			\$2,100 ✓
Questionnaires: Assumes minor revisions to design/layout of 2005 survey: 4-page Image-scannable survey booklet with updated cover letter. Printing, one-color, N = 800.	\$600 ✓ \$1,000 ✓		
Envelopes: Printing, 9x12 Business Reply Envelopes, one-color, N = 800.	\$500 ✓		
PROGRAMMING AND SET-UP			\$2,300
Data Collection and Reporting Set-up			\$2,300
Assumes minor modifications to scan program for data capture.	\$800 ✓		
Assumes same reports and comparison lines as 2005 with the addition of most recent historical comparison and additional Business Units and Locations.	\$1,500 ✓		
COLLECTION OF DATA			\$1,452.50
Receipt, check-in, scanning and editing of completed surveys, assuming a 50% response rate: N = 350 @ \$1.15 each ~ 280	\$402.50 309.35		
Comments handling: Transcribing and editing two open-ended comments. Assumes 50% of returned surveys (or 175) include a comment and comments average 65 words (400 characters) each. Estimated 140,000 characters @ \$7.50 per 1,000 characters.	\$1,050 847.02		
RESULTS REPORTING			\$620
Printed and Electronic Data Reports			\$620
Three data reports @ \$115 each. One comment report @ \$125 each. Raw data file @ \$150 each.	\$345 115 ✓ \$125 ✓ \$150 ✓		
CONSULTING			\$5,400
Results analysis and preparation of executive summary.	\$5,400 ✓		
PROJECT MANAGEMENT			\$3,000
On-going process coordination and facilitation with client administrator, internal coordination of survey tasks, data collection, analysis, and reporting functions. Estimated based on knowledge of survey scope at this time. Estimated 20 hours @ \$150 per hour.	① 1200 + ② 1200 + 1500	\$3,000	
TOTAL PROJECT COSTS			\$17,872.50

*Actuals will be billed for items that present costs on a per piece/hour basis.

*Shipping, postage, taxes and travel will be invoiced at cost.

+ 36.21 shipping surveys
 31.51
 31.51
 Inv 1 = 6399.23
 2 = 3984.20
 3 = 8154.02
 18537.45
C-250

VI. SCOPE CHANGE PROCESS


A Scope Change will be provided to EKPC detailing any changes requested by EKPC. Scope Changes are defined as anything not included in the Scope of Work. These changes are billable and are scheduled according to the nature of work to be performed, available personnel and equipment availability. Questar and EKPC acknowledge that changes to the agreed-upon Scope of Work may/will impact the original completion date of the project. Questar will provide an updated project schedule if necessary.

VII. PROJECT REQUIREMENTS ACCEPTANCE

This certifies that the project requirements as stated are accurate and are agreed to by Questar Data Systems and EKPC. By signing below, I/We agree to accept the requirements as stated and have Questar begin development and execution of the project.

Should you at any time have any questions or need assistance, please refer to the list of contacts in Section II. We at Questar appreciate your business and look forward to working with you.

Thank you for choosing Questar.

Project Plan Accepted by:  Date: 9/13/06
Name/Title: VP Coordinated Planning

May 2, 2006

Via E-mail



Mr. Jim Lamb
Vice President of Planning
East Kentucky Power Cooperative, Inc.
P. O. Box 707
Winchester, KY 40392-0707

Subject: **Custom Risk-Focused Planning Workshop**

Dear Jim:

Thank you for the opportunity to work with you and your staff in providing a workshop on how to incorporate risks in your power supply planning process at Eastern Kentucky Power Cooperative ("EKPC"). This work will be performed in accordance with the Professional Services Agreement No. 07-00768-10000 between R. W. Beck and EKPC dated July 24, 2003.

Scope of Services

Based on our discussions, it is our understanding that you want to motivate your staff to incorporate risk analysis in EKPC's long-term power supply decisions. Also, EKPC must prepare an Integrated Resource Plan ("IRP") by October 2006 and if possible want to incorporate risks in the IRP process. To assist you and your staff in accomplishing your goals, you have requested that Beck provide training on the subject through a 2-day workshop at your offices. The objective of this workshop is to demonstrate to your staff the techniques and benefits of incorporating risks in your long-term planning process.

The following tasks will be executed as part of the Scope of Services:

- Prepare training materials for 2-day workshop
- Two senior risk consultants will conduct a 2-day training workshop at EKPC's offices on May 17-18

An outline of the agenda for the workshop is attached.

Deliverables and Schedule

Deliverables that will be provided to EKPC under this Scope of Services are listed below.

Deliverable	Due Date
1. PowerPoint presentation to facilitate workshop	May 17
2. Two Senior Beck Consultants to facilitate 2-day workshop	May 17 - 18

Mr. Jim Lamb
May 2, 2006
Page 2

Project Team

R. W. Beck's proposed Project Team for this assignment is listed below. Other R. W. Beck personnel may be called upon as needed to assist in the preparation of the materials for the workshop.

Person	Role
Jeanna Barnard	Project Manager – Presenter
P. Glen Justis	Presenter
Brown Thornton	Client Liaison

Cost

Services under this proposal will be provided on a time-and-materials basis in accordance with the above-referenced Professional Services Agreement. Beck will provide the Scope of Services described above for an amount not to exceed \$25,000 (including expenses).

Additional Services

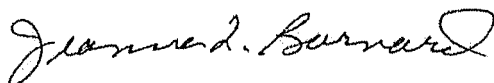
Services provided under this Scope of Services are limited to those services specifically described above. Additional services provided will be billed on a time and materials basis in accordance with the above-referenced Professional Services Agreement.

If this Scope of Services is acceptable, please sign in the space provided below and fax to my attention at 407-648-8382. If you have any questions regarding our proposal, please contact me at 407-648-3504 or jbarnard@rwbeck.com

Thank you for the opportunity to assist EKPC with this important effort.

Sincerely,

R. W. BECK, INC.



Jeanna L. Barnard
Principal Senior Director
Management and Economic Consulting

JLB/ea

N:\010548\Project Management\EKPD Risk Workshop Scope 05 01 06.doc

Mr. Jim Lamb
May 2, 2006
Page 3

Accepted on behalf of:

Eastern Kentucky Power Cooperative

Signature

Date

**Proposed Agenda for EKPC Workshop
Risk-focused Resource Planning
May 17 -18, 2006**

- 1. Importance of risk management**
 - Reason for this workshop
 - Energy risk management and enterprise-wide risk management
 - Components of risk management program
- 2. Overview of resource planning approaches**
 - Deterministic (no uncertainty reflected)
 - Sensitivity / Scenario analysis
 - Probabilistic risk analysis
 - Stochastic decisions models
- 3. Risk-focused resource planning**
 - Long-term decision making (IRP) – developing an optimal power supply plan while taking risk into account
 - Risk assessment of energy portfolio and next project
 - Developing budgets in a risk-focused framework
- 4. Project risk assessment**
 - Risk assessment of an individual project
 - Example: Retrofit coal plant, purchase allowances or retire plant
- 5. Break-out Exercises**
 - Least cost alternative (CC versus CFB coal plant) based on deterministic assumptions and analysis
 - Determine risks (qualitative analysis) for each alternative and proposed risk mitigation strategies
 - “Best” alternative using risk focused approach
 - Discuss power supply strategy from long-term stochastic decision model and how it is used
- 6. Importance of short-term (Daily, Monthly) risk measurement and risk management (geared to gain an understanding of the ACES reports and existing and potential role of ACES)**
 - Role of ACES
 - Review ACES reports for understanding and use
 - Discuss additional uses of ACES and proposed changes to ACES risk reporting
- 7. Lessons learned and next steps**
 - What has been learned
 - Determine areas where additional training may be needed
 - High level action plan to implement risk management and risk-focused planning

**RONALD L. WILLHITE
7375 WOLF SPRING TRACE
LOUISVILLE, KY 40241**

December 13, 2004

William A. Bosta
Pricing Manager
East Kentucky Power Cooperative, Inc.
P. O. Box 707
Winchester, KY 40392-0707

Dear Bill:

Attached are two copies of the Regulatory Affairs Consulting Agreement that I have executed.

I appreciate and look forward to the opportunity to work with you and others at East Kentucky on regulatory matters.

Best wishes for the holidays.

Sincerely,



Ronald L. Willhite

**RONALD L. WILLHITE
REGULATORY AFFAIRS CONSULTING AGREEMENT**

This **REGULATORY AFFAIRS CONSULTING AGREEMENT** (“Agreement”) is effective as of the 1st day of January, 2005, by and between the **EAST KENTUCKY POWER COOPERATIVE, INC.** (“EKPC”), a Kentucky corporation, with its principal offices at 4775 Lexington Road, Winchester, Kentucky 40391, and **RONALD L. WILLHITE** (the “Consultant”), who resides at 7375 Wolf Spring Trace, Louisville, Kentucky 40241.

WITNESSETH:

WHEREAS, the Consultant is in the business of providing consulting services in the field of regulatory affairs and economic matters; and

WHEREAS, EKPC has determined that, pursuant to the terms and conditions set out below, it wishes to obtain the Consultant’s services;

NOW THEREFORE, in consideration of the premises and the mutual promises of the parties set out below and for other good and valuable consideration, the receipt and sufficiency of which the parties hereby acknowledge, EKPC and the Consultant hereby agrees as follows:

1. **Engagement; services to be performed.**

a. The Consultant will perform services detailed in the scope of services set out in Attachment I, which is hereby incorporated as a part of this Agreement, and, as requested by EKPC, may perform additional consulting services in regard to EKPC and member system regulatory matters, transactions and disputes with other utilities or industrial customers of EKPC member systems, and similar matters. The structure of the engagement can be changed at any time by mutual agreement.

b. David G. Eames will be EKPC’s Project Manager for this Agreement and William A. Bosta will be the primary contact person at EKPC to ensure that no misunderstanding as to the nature of its assignments occurs.

2. **Performance; level of effort.**

a. During the term of this Agreement, the Consultant will use its best efforts, skill, knowledge and experience in the performance of the services assigned to it under this Agreement. The Consultant will take all steps necessary to ensure that no actions taken by it in the performance of such services are in any manner contrary or detrimental to the best interests of EKPC. The Consultant will also refrain from performing any

services for others that could conflict with the interests of EKPC or its member systems, without prior written consent, which shall not be unreasonably withheld.

b. The Consultant will be free to engage in other work during the term of this Agreement, provided that such work does not cause the Consultant to breach the provisions of subparagraph 2 a., above, and does not otherwise interfere with the Consultant's performance of his responsibilities hereunder.

3. Compensation; payment terms.

a. In consideration of the services the Consultant performs pursuant to Attachment I, hereto, EKPC will pay the Consultant a fixed fee of \$2,000 per month during the term of the Agreement. Any additional hours of work on specific projects shall be compensated at a rate of \$195 per hour.

b. The fee payable under this paragraph 3 shall be paid in arrears, upon EKPC's receipt of the Consultant's invoice, on the last business day of each calendar month during the term of the Agreement. Monthly detailed invoices shall be submitted that include a description of services provided, along with an expense log and receipts

4. Reimbursements.

EKPC will reimburse the Consultant for reasonable expenses the Consultant incurs in his performance of services under this Agreement including travel expenses, meals, lodging and automobile mileage. Consultant must obtain the approval of EKPC Project Manager before incurring those expenses.

5. Confidentiality.

a. All information and data of whatsoever kind or nature that is furnished or made available to the Consultant by EKPC or its representatives in connection with the services the Consultant is to perform hereunder and that is designated by EKPC to be confidential (the "Confidential Information") shall be, and shall be treated by the Consultant as being, confidential and proprietary to EKPC. The Consultant shall exercise with respect to such Confidential Information the same degree of care and control as a reasonable individual would normally exercise in the preservation and protection of his or her own confidential information. Without limitation of the foregoing, the Consultant will not, without EKPC's prior written consent, disclose any such Confidential Information to anyone, in any manner whatsoever, either in whole or in part. However, the Consultant may disclose Confidential Information as required by applicable law or judicial or administrative order. In such events, Consultant will notify EKPC of such required disclosure of Confidential Information in order that EKPC may seek a protective order or other protection against disclosure of the information.

b. The Consultant and EKPC recognize that if the Consultant has or acquires any confidential information belonging to any third party, the Consultant may be legally or ethically bound by an obligation of confidentiality to such party with respect to such information. The Consultant will not intentionally disclose to EKPC any such confidential information.

c. The provisions of this paragraph 5, shall survive the termination of this Agreement.

6. Proprietary Rights and Data Publication.

a. Any materials, property, information and other work product ("Data"), which shall include, without limitation, all writings, drawings, pictures, graphic representations and computer software, whether contained on and/or in paper, other physical media, magnetic tapes, diskettes, or otherwise, which is either furnished by EKPC to the Consultant for use in the performance of this Agreement or is prepared or otherwise produced by the Consultant in the course of its performance of services under this Agreement, will at all times be and remain the exclusive property of EKPC. Any Data prepared or otherwise produced by the Consultant in the course of its performance of services under this Agreement will be and remain the exclusive property of EKPC, unless otherwise excepted from this provision in advance of commencing work, and is accepted by EKPC. EKPC reserves all proprietary rights, including copyright, to the entire subject matter of this Agreement.

b. All such Data shall be delivered to EKPC promptly upon EKPC's request; provided, however, that EKPC shall reimburse the Consultant for the cost of reproduction and delivery of any such Data.

c. The provisions of this paragraph 6., shall survive the termination of this Agreement.

7. Individual performance; relationship status.

a. The services that the consultant is to provide under this Agreement shall be performed only by Ronald L. Willhite. Neither the Consultant's performance of services hereunder nor the right to perform may be delegated by the Consultant to any other firm or corporation.

b. The Consultant will function as an independent Consultant under this Agreement. The Consultant will not have the status of an employee of EKPC, will not be eligible to participate (and will not participate) in any of EKPC's employee benefit plans or programs. The consultant will be responsible for the payment of any and all taxes for which the Consultant is liable under the law in connection with this Agreement. In this connection, the Consultant understands that the failure to provide the Consultant's complete and correct Taxpayer Identification Number to EKPC may require EKPC to comply with withholding regulations under applicable federal law. The Consultant is,

therefore, voluntarily providing EKPC with that number as part of this Agreement on the line provided below.

c. The Consultant understands and agrees that he will not have any authority to make or to imply any binding commitments upon EKPC.

8. Indemnity and Insurance.

The indemnity and insurance requirements of Attachment II, which is hereby incorporated as a part of this Agreement, shall apply for the duration of the Agreement.

9. Term: termination.

a. The term of this Agreement shall be for an initial term of one year and shall continue thereafter until either party terminates the Agreement in writing and in accordance with subparagraph 9 b below.

b. Either party may terminate this Agreement for any reason whatsoever by giving at least two months written notice to the other party.

10. EKPC Representatives.

a. No request, notice, authorization, direction, or approval received by the Consultant in connection with the performance of this Agreement will be binding upon either the Consultant or EKPC unless issued or confirmed in writing by an authorized representative of EKPC. The Consultant will immediately notify EKPC Project Manager whenever a request, notice, authorization, direction, or approval is received from any person other than an authorized representative of EKPC.

b. David G. Eames or William A. Bosta are hereby authorized to administer this Agreement. In this capacity, they are authorized to receive and to approve invoices, to transmit all modifications to this Agreement, and to sign and to receive on behalf of EKPC all administrative correspondence pertaining to this Agreement.

11. Notices.

Assignments for the performance of services and agreements pertaining to fees for specific services may be communicated by hard copy or e-mail. Invoices shall be submitted by hard copy. Such notices shall be delivered as follows:

David G. Eames
East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707
Ph: (859) 744-4864, ext. 345 ; Fax: (859) 744-6008

Ronald L. Willhite
7375 Wolf Spring Trace
Louisville, KY 40241

12. Miscellaneous.

a. This Agreement represents the complete agreement between the parties with respect to the subject matter hereof and supersedes any and all prior negotiations, representations, agreements or understandings by and between such parties, whether written or oral. No modification of this Agreement shall be binding upon either party unless made in writing and signed by both parties.

b. This Agreement shall in all respects be governed by the laws of the Commonwealth of Kentucky.

13. Strict Compliance.

No failure of a Party to exercise any right or to insist upon strict compliance by the other Party with any obligation and no custom or practice of the Parties at variance with this Agreement shall constitute a waiver of the right of a Party to demand exact compliance. Waiver by one Party of any particular default by the other Party shall not affect or impair a Party's rights in respect to any subsequent default of the same or of a different nature, nor shall any delay or omission of a Party to exercise any rights arising from such default affect or impair the rights of that Party as to such default or any subsequent default.

IN WITNESS WHEREOF, intending to be bound hereby, the parties hereto have caused this Agreement to be duly executed by their authorized representatives as of the date first above written.

EAST KENTUCKY POWER COOPERATIVE, INC.

By: Roy M. Palk

Roy M. Palk
President and Chief Executive Officer

Date: Jan. 13, 2005

RONALD L. WILLHITE

Ronald L. Willhite
Ronald L. Willhite

Date: 12/13/04

Taxpayer ID No.: 900-68-7597

(H:legal/misc-willhite-agmt)

Attachment I

Scope of Services

Advisor to EKPC and members on matters involving regulatory strategy, major regulatory initiatives and PSC Rules and Regulations.

Engagement would include ongoing availability averaging approximately one and one-half days per month to perform the following:

1. Advise EKPC and members regarding regulatory strategy and PSC initiatives and rulemakings.
2. Advise EKPC and members regarding PSC Rule and Regulation interpretation and implementation.
3. Monitor and report on significant PSC proceedings upon request.
4. Assist legislative representatives regarding regulatory matters involving legislative action.
5. Advise EKPC and members regarding regulatory issues and strategy in transactions or disputes involving other electric utilities or industrial customers of EKPC members.
6. Attend regulatory meetings including NARUC, SEARUC and PSC Annual Conference at Consultant's discretion with reimbursement from EKPC for all reasonable expenses subject to EKPC's approval prior to meeting.

Attachment II

Consultant Indemnity and Insurance Requirements

Indemnity by Consultant

Consultant agrees to defend, indemnify and hold harmless EKPC, its directors, officers, employees and agents, from any and all damage, loss, claim, demand, suit or liability, including but not limited to costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to or destructions of properties, resulting or alleged to have resulted from acts or omissions of Consultant, its employees, agents, sub-contractors or other representatives or from their presence on the premises of EKPC or otherwise from performance of this Contract.

Insurance

I. Consultant's Insurance Obligation

Consultant shall provide and maintain, with an insurance company authorized to do business in the Commonwealth of Kentucky and otherwise acceptable to EKPC, the following insurance:

a) Automobile Liability Insurance Policy:

Prior to the start of Work, Consultant shall provide evidence of Consultant's Automobile Liability Insurance Covering the use of all owned, non-owned and hired Automobiles, with a minimum combined single limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each Accident with respect to Consultant's vehicles assigned to or used in performance of Work under this Contract.

II. Quality of Insurance Coverage

The above policies to be provided by Consultant shall be written by companies satisfactory to EKPC or having a Best Rating of not less than A- ("Excellent"). These policies shall not be materially changed or cancelled except with thirty day written notice to EKPC from the Consultant and the Insurance Carrier. Evidence of coverage, notification of cancellation or other changes shall be mailed to:

East Kentucky Power Cooperative, Inc.
ATTN: Finance & Risk Management
P. O. Box 707
Winchester, KY 40392-0707

III. Implication of Insurance

EKPC shall not be obligated to review any of Consultant's Certificates of Insurance, insurance policies, or endorsements, or to advise Consultant of any deficiencies in such documents. Minimum limits and coverage required under this Article should not be construed to necessarily be adequate for Consultant's own

insurance and risk management needs. Any receipts of such documents or their review by EKPC shall not relieve Consultant from or be deemed a waiver of EKPC's rights to insist on strict fulfillment of Consultant's obligations under the Contract.

IV. Certificates of Insurance

EKPC reserves the right to request and receive a summary of coverage of any of the above policies or endorsements.

V. Other Notices

Consultant shall provide notice of any accidents or claims at the Work site to EKPC's Finance & Risk Management, at the above address, and EKPC's site authorized representative.

SCS ENGINEERS

March 8, 2006
File No. 05101205

*Feed by
4-6-06
to Gary Saylor*

Mr. Ralph Tyree
Manager, Non-traditional Power Production Projects
East Kentucky Power Cooperative, Inc.
4775 Lexington Road
Winchester, Kentucky 40391

Subject: Landfill Gas Modeling at the Benson Valley Area Landfill
Frankfort, Kentucky
Proposal for Professional Engineering Services

Dear Mr. Tyree:

This proposal has been prepared in response to a request from you to Gary Saylor of SCS Engineers (SCS). As you know, SCS has already performed landfill gas (LFG) modeling and general feasibility assessments for East Kentucky Power Cooperative Inc. (EKPC) on other potential landfill gas to energy (LFGE) projects.

Project Background

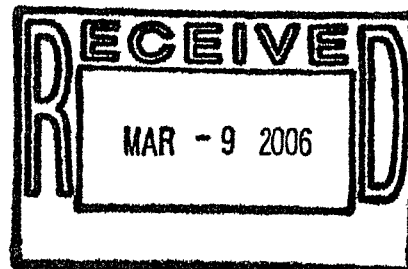
It is our understanding that EKPC is interested in the possibility of developing a LFGE project at this site. The Benson Valley Area Landfill is located south of Interstate 64 along Highway 151 in Franklin County, Kentucky. The facility is owned and operated by a subsidiary of Allied Waste Industries. The landfill began accepting waste for disposal in 1971 and currently has about 3 million tons of waste in place. The landfill installed and began operating a landfill gas collection and control system (GCCS) in 1995.

This letter represents a proposal from SCS Engineers to perform LFG modeling at the facility identified above. SCS has already performed other work for Allied at this site that will assist us in this effort for EKPC. The balance of this proposal will describe more specifically the services we propose in response to your request.

Scope of Work

SCS had previously performed LFG modeling for EKPC at numerous Kentucky landfills. A more detailed feasibility assessment of LFGE projects was performed for two of these Kentucky facilities. On this project, we would limit our initial work to LFG modeling and preparing a report for EKPC.

To perform this work, we envision performing the following tasks:



1. Contact the designated representative of the landfill (we assume this to be Jerry Barr). Collect and review as much additional background information relevant to this project as possible. This would include past waste quantities by calendar year for this site. Landfill configuration and background information on the existing and proposed LFG collection system would also be collected. Schedule a visit to the site.
2. Perform a site visit and inspect the facility. Collect any other needed background information not previously provided.
3. Perform LFG modeling. Finalize past and future waste quantities by calendar year. Identify appropriate gas generation defaults. Identify past installations or future plans for LFG collection. Prepare model and execute a modeling run for this facility.
4. Prepare a letter report summarizing background information and presenting the results of the gas model. Submit as a draft to EKPC for review and comment.
5. Incorporate a single set of comments into a revised, final letter report as appropriate.
6. Provide a site map with a proposed location of the LFGE facility (if an acceptable electronic base map is available and provided to SCS).

At this time, we envision that the report on this facility would be approximately 5 to 8 pages in length. This would include site background relevant to the gas modeling effort, a copy of the gas modeling run, and a graphical representation of the gas model results.

Our approach will be to prepare a stand-alone letter report for this facility. The effort to prepare the stand-alone letter report is included within our stated scope and price.

Schedule and Cost

Our period of performance would begin at such time as we receive your authorization to proceed. We envision that 1 to 2 weeks would be needed to gather and review the background information, 1 week to schedule and perform the site visit, and 1 to 2 weeks to prepare and deliver the draft report. Finalization of our draft report could then occur in the days and weeks thereafter, depending upon the time it takes to receive your comments. Normally we would request 1 week between the receipt of your comments, and the delivery of our revised, final report.

We propose a cost of \$3,800 for gas modeling at the Benson Valley Area Landfill. Since the scope of work herein is fairly well defined, and considering the relatively small scale of this project, we propose to deliver these services on a lump-sum basis, billable at the end of the month following delivery of the draft report.

Mr. Ralph Tyree
File No 05101205
March 8, 2006
Page 3

Closing

We have attached a Standard Short Form Agreement for your review and consideration. If you wish to proceed with the project and find this proposal and contract acceptable, please sign both copies of the attached contract, and return one to us at your earliest convenience.

Please note the proposed contract form is generally the same as that agreed to between EKPC and SCS on previous gas modeling projects. We assume, therefore, that you will find the terms and conditions to be acceptable to EKPC.

We would appreciate this opportunity to again serve EKPC. If you have any comments or questions concerning our proposal or wish to proceed with this project, please contact the undersigned.

Respectfully submitted,



Gary L. Saylor, P.E., L.S.
Project Manager
SCS ENGINEERS



Anthony J. DiPuccio, P.E.
Vice President
SCS ENGINEERS

GLS/AJD

**AGREEMENT BETWEEN SCS ENGINEERS AND CLIENT
FOR PROFESSIONAL SERVICES**

This Agreement is made by and between East Kentucky Power Cooperative (EKPC)
(hereafter "Client"), and SCS Engineers (hereafter "SCS").

WITNESSETH

That for the considerations set forth below, the parties agree as follows:

1. Scope of Services: SCS shall provide professional services (hereafter "Services") for the project (hereafter "Project") as set forth in Proposal #05101205 dated March 8, 2006 for LFG Modeling at the Benson Valley Area Landfill in accordance with the terms and conditions of this Agreement.

2. Basis of Compensation: Lump sum as described in the Proposal. Cost = \$3,800.

3. Method of Invoicing: Monthly.

4. Professional Retainer: None.

5. Other Terms: None.

6. General Conditions:

a. Payments for invoices prepared by SCS are due and payable upon receipt. Payments due SCS under this Agreement shall be subject to a service charge of one and one-half (1-1/2) percent per month for invoices not paid within thirty (30) days after the date of receipt of invoice.

b. Client agrees to pay all costs and expenses of SCS, including reasonable attorney fees, arising out of or in connection with collecting amounts for which Client is responsible pursuant to this Agreement

c. This Agreement may be terminated by either party upon 15 days' written notice to the other party. Upon termination, SCS shall be paid for all Services rendered to the date of termination together with any termination expenses incurred.

d. Any work in addition to that described in Article 1 above performed at the request of the Client shall be compensated on a time-and-materials basis at the rates contained in SCS' Standard Fee Schedule in effect at the time of performance of the Services.

e. The parties hereto shall each maintain in full force and effect Commercial General Liability insurance with coverage limits which are reasonable in light of the Services to be undertaken, and Workers' Compensation Insurance as required by law.

f. Any drawings, specifications, reports, data and notes developed pursuant to this Agreement are instruments of service, and as such the original documents, tracings, and field notes are and remain the property of SCS.

g. Neither party shall delegate its duties under this Agreement without the written consent of the other party. Each party binds itself to the successors, administrators and assigns of the other party in respect of all covenants of this Agreement.

h. The parties agree that the total liability of SCS under this Agreement and for the Project shall be limited to Fifty Thousand Dollars (\$50,000) or the amount of SCS' total fees hereunder (whichever is greater), unless Client pays for the assumption of additional liability by SCS as a separate line item in Article 2 above.

i. Unless otherwise expressly stated in the Scope of Services, SCS shall have no responsibility for site health and safety, except with respect to the activities of SCS and its subcontractors. In no event shall SCS be responsible for the means, methods or manner of performance of any persons other than SCS and SCS' subcontractors.


j. Client agrees that SCS will not be responsible for liability caused by the presence or release of hazardous substances or contaminants at the site, unless the release results from the sole negligence of SCS or its subcontractors. The Client will either make others responsible for liabilities due to such conditions, or will indemnify, defend and save harmless SCS from such liabilities. At no time shall title to hazardous substances, solid wastes, petroleum contaminated soil or other regulated substances pass to SCS, nor shall any provision of this Agreement be interpreted to permit or obligate SCS to assume the status of a "generator," "owner," "operator," "transporter," "arranger" or "treatment, storage or disposal facility" under state or federal law. The provisions of this Article 6j shall survive any termination of this Agreement.

k. SCS shall be entitled to rely on information provided by Client. SCS shall be entitled to an equitable adjustment in the price and schedule if conditions differ materially from information provided by Client, or differ from what could reasonably be anticipated given the nature of the Services.

7. For the purposes of this Agreement, the term "SCS Engineers" shall mean SCS Engineers P.C. for projects in New York and North Carolina, and Stearns, Conrad and Schmidt Consulting Engineers, Inc. for all other projects.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the last date written below.

SCS ENGINEERS:

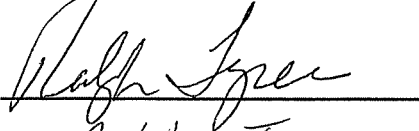
BY: 

NAME: Anthony J. DiPuccio, P.E.

TITLE: Vice President

DATE: March 8, 2006

CLIENT:

BY: 

NAME: Ralph Tyree

TITLE: Manager

DATE: 4/6/06

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0372-0107. The time required to complete this information collection is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information

ENGINEERING SERVICE CONTRACT FOR THE DESIGN AND CONSTRUCTION OF A GENERATING PLANT

AGREEMENT, made January 3, 2005, between East Kentucky Power Cooperative, Inc. (hereinafter called the "Owner") and Stanley Consultants, Inc. of Muscatine, Iowa hereinafter called the "Engineer")

WHEREAS, the Administrator of the Rural Utilities Service (hereinafter called the "Administrator") of the United States of America (hereinafter called the "Government") has approved the making of a loan or loan guarantee of not in excess of \$ N/A by the Government to the Owner pursuant to the Rural Electrification Administration Act of 1936, as amended, approximately \$ N/A of which is intended to finance, in whole or in part, the construction and operation of an electrical generating plant which is estimated to cost \$ 469.7 million and consists of a 278 mw coal-fired, steam electric, circulating fluidized bed baseload unit at Spurlock Station, including GSU transformers.

in the State of Kentucky, having the Rural Utilities Service project designation of Spurlock 4, (hereinafter called the "Project"), located at such place as the Owner with the approval of the Administrator shall designate;

NOW, THEREFORE, in consideration of the mutual undertakings herein contained, the parties hereto agree as follows:

ARTICLE I

General Obligation of Engineer

In accordance with the normal standards and practices used in the profession, the Engineer shall diligently and competently render all engineering services which shall be necessary or advisable for the expeditious, economical, and sound design and construction of the Project with due consideration to applicable ecological and environmental requirements. The enumeration of specific duties and obligations to be performed by the Engineer hereunder shall not be construed to limit the general undertakings of the Engineer.

ARTICLE II

Design of Project

Section 1. The Engineer shall prepare and within 30 days after the approval hereof by the Administrator submit in duplicate to the Owner for approval and to the Administrator for approval, if approval of the Administrator is required, a "Project Design Manual" which shall consist of, but not necessarily be limited to, the following items:

(a) A detailed statement covering the procedures to be followed by the Engineer in the performance of this Agreement, including, without limitation, such matters as the routing and distribution of copies of correspondence and reports, the furnishing of lists of plans and specifications, procedures relating to the awarding of construction and equipment contracts, identification of persons to be called by telephone with respect to various subject matters, contract closeouts, and meetings.

(b) A design outline which includes all design criteria for the Project, including, without limitation, plant site, equipment, building requirements, environmental equipment and other environmental factors, civil, electrical, and mechanical requirements. The outline shall comply with the requirements of RUS Environmental Policies and Procedures.

(c) Evaluation studies which support the economic basis for the design and selection of equipment, including, without limitation, turbine throttle and exhaust conditions, boiler feed pump, air quality equipment, and condenser.

(d) Testing procedures which outline the responsibilities to be assumed by the Owner, Engineer, and contractor and include, without limitation, acceptance testing, concrete tests, laboratory testing, radiographic inspection, electrical checkout, and testing.

Section 2. In addition, the Engineer shall prepare and within 30 days after the approval hereof by the Administrator submit in duplicate to the Owner for approval and to the Administrator for approval, if approval of the Administrator is required, preliminary plans (hereinafter called the "Preliminary Plans") which shall consist of:

(a) A single-line diagram of proposed main and auxiliary electrical connections, including all major equipment, switching and substations.

(b) A single-line flow diagram of proposed steam, water, gas, oil, and air connections, including all major equipment.

(c) A schedule, in a form acceptable to the Owner and Administrator, showing by months the estimated time required for each major subdivision of the Project for design, fabrication, and installation, and the estimated date the project will be available for commercial service. Such schedule shall specify, in percentages, the portion of the total design performance of the Engineer under this Agreement which each item of design represents.

(d) The Engineer's estimate of the total cost of the completed Project, by components, together with the forecast of the amounts of money needed by the Owner each month until completion of the Project.

Section 3. Promptly upon receipt of approval by the Owner and by the Administrator, if the approval of the Administrator is required, of the Project Design Manual and Preliminary Plans, the Engineer shall proceed with preparation of and shall submit, in duplicate, to the Owner and to the Administrator, if approval of the Administrator is required, complete and detailed plans and specifications, drawings, maps, and other engineering documents required for the construction of the Project (all of the foregoing being hereinafter sometimes collectively called the "Plans and Specifications"). In the preparation of the Plans and Specifications, the Engineer shall consult with the Owner to the end that the Project shall serve the purposes intended by the Owner. The Engineer shall diligently make such necessary changes in the Plans and Specifications as may be required by the Owner and the Administrator. The Plans and Specifications shall include the following:

(a) Detailed drawings showing the complete design and layout of the Project.

(b) The form of construction contract (hereinafter called the "Construction Contract") to be entered into between the Contractor and Owner for the construction of the Project, including forms of notice and instructions to bidders, material and construction specifications, contractor's proposal, bidder's qualifications,

contractor's bond, and construction drawings. If the Owner or the Administrator shall direct that the Project shall be constructed under more than one contract, the Engineer shall submit forms of all necessary Construction Contracts and shall also prepare and submit in connection with each such contract all that is hereinabove required of the Engineer in connection with the Construction Contract. All maps, drawings, plans, specifications, estimates, and other documents required to be prepared or submitted by the Engineer under this section or other sections of the Agreement shall conform to applicable environmental requirements related to the project, including those commitments contained in the RUS Final Environmental Statement, standard specifications, and other forms prescribed by the Administrator, unless deviation therefrom shall be permitted by the Administrator in writing.

Section 4. The Engineer shall also proceed to procure and submit to the Owner and to the Administrator, if approval of the Administrator is required, forms of other contracts and documents for the equipment and materials proposed to be purchased by the Owner for use in connection with the construction of the Project or any services necessary or desirable in connection therewith.

Section 5. The Engineer, immediately upon receipt of notice from the Owner and from the Administrator, if approval of the Administrator is required, of their approval for bidding purposes of the form of Construction Contract or any contracts for materials, equipment, and services, as the case may be, shall, unless otherwise instructed by the Owner with the prior approval of the Administrator, take all appropriate and necessary action to procure full, free, and competitive bidding for the award of such contracts. In fulfilling this responsibility, the Engineer shall prepare and submit to the Owner for approval a recommended bidders' list. Upon approval of such list by the Owner, the Engineer, in collaboration with the Owner, shall fix a date for the opening of bids for such contracts. The Engineer shall be available to each prospective bidder for consultation with respect to the details of the Plans and Specifications and all other matters pertaining to the preparation of the Proposals for the construction of the Project or the supply of materials, equipment or services therefor.

Section 6. The Engineer shall attend all openings of bids for the construction of the Project, or any part thereof, or for the furnishing of materials, equipment, and services therefor. In case fewer than three (3) bids are received for the construction of the Project or component parts of the Project, the Owner shall be notified immediately and such bids shall remain unopened unless permission is obtained from the Owner for the opening of such bids. If bids are opened, the Engineer shall carefully check and prepare tabulations of all bids received and shall render to the Owner all such assistance as shall be required in connection with consideration of the bids so that contracts may be prudently and properly awarded. The Engineer shall submit in writing to the Owner its first, second, and third choice of bidders, materials, and equipment to be used in each case, with its recommendation and reasons for the selection. When the Owner has indicated its choice of bidders, materials, and equipment, the Engineer shall forward a tabulation of the bids, copies of the recommendation, and the Owner's selection to the Administrator, if approval of the Administrator is required. If requested by the Administrator, the Engineer shall forward one complete copy of all original bids received. Upon approval by the Administrator, if approval of the Administrator is required, of the selection of a bidder, materials, and equipment, the Engineer shall prepare three counterparts of the contract to be executed by the Owner and the Contractor and shall forward such executed counterparts to the Administrator for approval, if approval of the Administrator is required.

Section 7. The Engineer shall furnish to the Owner all engineering information, services, data, and drawings required for procuring all necessary or desirable permits, licenses, franchises, titles, rights, and authorizations and shall cooperate with the Owner's attorney in the procuring thereof.

ARTICLE III

Construction Management

Section 1. The Engineer shall supervise the construction of the Project and shall make a diligent effort to ensure the expeditious and economical construction thereof in accordance with the Plans and Specifications and the terms of the Construction Contract and equipment or material contracts and the loan contract (hereinafter called the "Loan Contract") entered into between the Owner and the Government or any other lenders specifying the terms upon which the Project shall be constructed and financed. The Engineer shall carefully inspect all materials and equipment prior to their incorporation in the Project and shall promptly reject those not in compliance with the Specifications. The Engineer shall also supervise and inspect the incorporation of the

materials in the Project and the workmanship with which such materials are incorporated. The Engineer, as representative of the Owner, shall have sole responsibility for requiring the Contractor to perform the Construction Contract in accordance with its terms and the Plans and Specifications, and, in performing the duties incident to such responsibility, the Engineer shall issue to the Contractor such directives and impose such restrictions as may be required to obtain reasonable and proper compliance by the Contractor with the terms of the Construction Contract and the Plans and Specifications in the construction of the Project; provided that the Engineer shall not be required to exercise any actual control over employees of the Contractor. The term "supervise" when used herein shall not confer upon the Engineer responsibility for the Contractor's construction means, methods, or techniques. The obligations of the Engineer hereunder run to and are for the benefit of only the Owner and the Administrator.

Section 2. *If, after the Construction Contract has been approved by the Administrator, if approval of the Administrator is required, it shall be determined that any change or changes in the Plans and Specifications are advisable, the Engineer shall prepare and submit to the Owner and the Contractor all necessary details in connection with such change or changes. The execution of such changes by the Engineer shall be within the intent of the Engineer's general undertakings as outlined elsewhere in this contract. Upon approval of the change or changes by the Owner and the Contractor, the proposed change or changes shall be submitted by the Engineer to the Administrator, if approval of the Administrator is required, in the form of a contract amendment.*

Section 3. *The Engineer shall prepare all estimates, certificates, reports, and other documents required to be executed by the Engineer pursuant to the terms of the Construction Contract, equipment or material contracts, or the Loan Contract. When any bid specification is forwarded to RUS for review, an updated cost estimate for the proposed contract shall also be included. After all major equipment contracts have been awarded and all permits have been received, and after approximately forty percent (40%) of the project design has been completed and construction has commenced, the Engineer shall update, on a quarterly basis, unless more frequently requested by the Owner, the information required under Article II, Section 2 (d) hereof.*

Section 4. *The Engineer shall, upon completion of construction of component parts of the Project, make a complete inspection and conduct, utilizing the Owner's operating personnel and/or the manufacturer's representatives, such component and system tests as shall be necessary to assure conformance with the Plans and Specifications, the standards required by the Construction Contract, equipment and materials contracts, and the guarantees given in connection therewith.*

Section 5. *The Engineer shall schedule and coordinate the start-up activities for placing the plant in service. This shall include preparation of system operating schedules, written system start-up procedures, and operating manuals describing the various plant systems and operating procedures.*

Section 6. *The Engineer shall prepare written procedures for final acceptance tests of major equipment, such procedures being subject to the Owner's concurrence. Furthermore, the Engineer shall conduct, utilizing the Owner's operating personnel, final acceptance tests of major equipment. Such tests shall be made in the presence of duly qualified representatives of the Owner and the Administrator, if the Administrator elects to attend, and the time and procedure of such tests shall be agreed upon by the Engineer, the Owner, and the Administrator. After completion of each final acceptance test, the Engineer shall prepare copies of the test results and recommendations as to acceptability of equipment and submit them to the Owner for review.*

Section 7. *A competent resident engineer with full authority to act for the Engineer shall be maintained by the Engineer at the site of the Project during the entire period of any construction activity. The Engineer shall maintain at the site of the Project and under the direct supervision of the resident engineer a sufficient number of qualified engineering field inspectors to fully discharge the responsibilities of the Engineer pursuant to Article III, Section 1 hereof.*

ARTICLE IV

Final Documents

The Engineer shall, upon the completion of the inspection and tests in respect of the Project provided in Sections 4 and 6 of Article III, obtain or prepare and deliver to the Owner the following:

- (a) A nameplate inventory and summary in triplicate of all equipment and facilities incorporated in the Project together with a breakdown of contract costs arranged by Standard List of Retirement Units, RUS Bulletin 181-2.
- (b) Two complete sets of final inventory (record) drawings showing the location and layout of the Project in accordance with revisions to design drawings and field records of construction. All information required by this Agreement to be included in the maps and drawings shall be included in the record drawings. One complete set of the record drawings shall be in reproducible form satisfactory to the Owner. The Engineer shall also provide the Owner with any other original manufacturer's equipment drawings not otherwise available to the Owner.
- (c) An itemized statement in triplicate of the amounts payable by the Owner under all contracts for the construction of the Project and the furnishing of materials, equipment, and services thereof.
- (d) A certificate in triplicate to the effect that the Project has been fully constructed substantially in accordance with the Plans and Specifications if and as amended.
- (e) A detailed report in duplicate of all tests, in a form satisfactory to the Owner.
- (f) All maps, tracings, and drawings prepared or used by the Engineer in connection with the performance of the duties of the Engineer under this Agreement.
- (g) Operating and maintenance manuals received from manufacturers.

When the Owner has determined that the Project is available for commercial service, the Engineer shall report to the Owner and the Administrator, for depreciation purposes, the estimated total contract cost of the Project, plus the Owner's other related overhead cost, as obtained from the Owner, showing as a separate item the cost of land (a non-depreciable item).

ARTICLE V

Compensation

Section 1. The Owner shall pay the Engineer for the services performed hereunder as indicated in the attached Schedule A.

Section 2. The total compensation to be paid in connection with this Agreement shall not exceed

\$. 16.2 million Sixteen million, two hundred thousand Dollars.)

Section 3. The Engineer shall submit to the Owner each month a certified statement in duplicate of the amounts due for services hereunder, which statement shall be in accordance with the applicable reports of engineering progress required by Article VI, Section 1 hereof, and shall be in such detail and contain such supporting data as the Owner may request. The Owner shall review and approve each statement within thirty (30) days or inform the Engineer of the reasons the statement cannot be approved. Upon approval of each such statement by the Owner, ninety (90) percent of the amount thereof shall be due and payable. The balance of the compensation payable under Section 1 hereof shall be due and payable within thirty (30) days after completion of the Project. The Project shall be deemed complete for the purposes of the Agreement when all required final documents, including a certificate of completion, have been submitted by the Engineer and approved by the Owner and by the Administrator, if approval of the Administrator is required.

Section 4. *In the event that this Agreement at any time be terminated pursuant to Article VI, Section 2 hereof, the compensation which shall be payable by the Owner to the Engineer for services rendered prior to such termination shall be computed as follows:*

(a) *Compensation for services in respect of the Design of the Project shall be determined in accordance with Section 1 of this Article V, using the final report of engineering progress referred to in Article VI, Section 1 hereof to determine the percentage of completion of the services in respect of design of the Project as of the effective date of termination.*

(b) *Compensation for services in respect of supervision and inspection of construction of the Project and all other services shall be computed at the rate of \$ see per staff hour of supervision and inspection of construction performed by the Engineer prior to the effective date of termination, but in no event shall such compensation exceed an amount computed in accordance with the provisions of Section 1 of this Article V. The Engineer shall submit to the Owner, in duplicate, a statement of the staff hours of supervision and inspection of construction in such detail and with such supporting data as may be requested by the Owner.* 1/6/2004

Section 5. *Compensation payable to the Engineer under any of the Articles of this Agreement shall be in addition to taxes or levies (excluding Federal, State, and Local Income Taxes) which may be assessed against the Engineer by any State or political subdivision directly on services performed or payments for services performed by the Engineer pursuant to this Agreement. Such taxes or levies which the Engineer may be required to collect or pay, shall, in turn, be added by the Engineer to invoices submitted to the Owner pursuant to this Agreement.*

Section 6. *At or prior to the time when any payments shall be made to the Engineer pursuant to this Agreement, the Engineer if requested by the Owner shall furnish to the Owner, as a condition precedent to such payment, a certificate to the effect that all salaries or wages earned by the employees of the Engineer in connection with the Project have been fully paid by the Engineer up to and including a date not more than fifteen (15) days prior to the date when such payment shall be made. At or before the time when the final payment provided to be made hereunder shall be made to the Engineer by the Owner, the Engineer shall also furnish to the Owner, as a condition precedent to such payment, a certificate in form satisfactory to the Administrator that all the employees of the Engineer have been paid for services rendered by them in connection with the Project and that all other obligations which might become a lien on the Project have been paid.*

Section 7. *Interest at the rate of five percent (5 %) per annum [percentage is not to exceed any applicable State usury laws] shall be paid by the Owner to the Engineer on all unpaid balances due the Engineer, commencing thirty (30) days after the due date, provided that the delay in payment beyond the due date shall not have been caused by any condition within the control of the Engineer. Such compensation shall be paid ten (10) days after the amount of the interest has been determined by the Engineer and the Owner.*

ARTICLE VI

Miscellaneous

Section 1. *The Engineer shall prepare and execute in such form and detail as the Owner and the Administrator shall direct all estimates, certificates, reports, and other documents required to be executed by the Engineer pursuant to the Construction Contract or the Loan Contract, including, without limitation, a monthly report of engineering progress on the form of schedule referred to in Article II, Section 2 (c) hereof, showing the percentage of completion of each of the subdivisions thereof and the overall percentage of completion of engineering services in respect of the design and construction of the Project as of the date of each such report; Monthly Cost Estimates and Forecasts of Cash Requirements in the form referred to in Article II, Section 2 (d) hereof, which shall contain explanations of changes, if any, from prior Monthly Cost Estimates and Forecasts of Cash Requirements. From time to time the Engineer shall prepare and submit to the Owner for approval and to the Administrator for approval, if approval of the Administrator is required, all necessary changes in the schedule referred to in Article II, Section 2 (c) hereof; provided, however, that no changes shall be made in the percentages assigned to each item of design in the original schedule approved by the Owner and by the Administrator, if approval of the Administrator is required, pursuant to Article II, Section 2 (c) hereof.*

Section 2. *The Owner may at any time terminate this Agreement by giving notice to the Engineer in writing to that effect, delivered or mailed to the Engineer's last known address not less than twelve (12) calendar*

days prior to the effective date of termination specified in the notice. From and after the effective date specified in such notice, this Agreement shall be terminated, except that the Engineer shall be entitled to receive compensation for services hereunder as provided in Section 3 of Article V hereof, and the Engineer shall be obligated forthwith to deliver to the Owner all maps, tracings, and drawings of the Project and all other letters, documents, and other material including all records pertaining thereto. If this Agreement shall be terminated, the Engineer shall prepare and submit to the Owner and the Administrator a final report of engineering progress as of the date of termination.

Section 3. Insurance. The Engineer shall take out and maintain throughout the period of this Agreement insurance of the following types and minimum amounts:

(a) Workers' compensation and employers' liability insurance, as required by law, covering all of the Engineer's employees who perform any of the obligations of the Engineer under the Agreement. If any employer or employee is not subject to the workers' compensation laws of the governing State, then insurance shall be obtained voluntarily to extend to the employer and employee coverage to the same extent as though the employer or employee were subject to the workers' compensation laws.

(b) Public liability insurance covering all operations under the Agreement shall have limits for bodily injury or death of not less than \$1 million each occurrence, limits for property damage of not less than \$1 million each occurrence, and \$1 million aggregate for accidents during the policy period. A single limit of \$1 million of bodily injury and property damage is acceptable. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.

(c) Automobile liability insurance on all motor vehicles used in connection with the Agreement, whether owned, nonowned, or hired, shall have limits for bodily injury or death of not less than \$1 million per person and \$1 million per occurrence, and property damage limits of \$1 million for each occurrence. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.

(d) Errors and Omissions (Professional Liability) Insurance in an amount at least as large as the maximum compensation specified in Article V, Section 2, but not less than \$500,000.

The Owner shall have the right at any time to require public liability insurance and property damage liability insurance greater than those required in subsections "b" and "c" of this Section. In any such event, the additional premium or premiums payable solely as the result of such additional insurance shall be added to the total compensation to be paid under this Agreement.

The Owner shall be named as Additional Insured on all policies of insurance required in subsections "b" and "c" of this Section.

The policies of insurance shall be in such form and issued by such insurer as shall be satisfactory to the Owner. The Engineer shall furnish the Owner a certificate evidencing compliance with the foregoing requirements which shall provide not less than thirty (30) days prior written notice to the Owner of any cancellation or material change in the insurance.

The Engineer shall also follow the requirements of 7 CFR part 1788, RUS Fidelity and Insurance Requirements for Electric and Telephone Borrowers.

Section 4. The obligations and duties to be performed by the Engineer under this Agreement shall be performed by persons qualified to perform such duties efficiently. The Engineer, if the Owner shall so direct in writing, shall replace any resident engineer or other persons employed by the Engineer in connection with the Project. For the information of the Owner and the Administrator, the Engineer shall file with the Owner and the Administrator a statement, signed by the Engineer, of the qualifications, including specific experience of each engineer and inspector assigned to the Project and the duties assigned to each.

Section 5. Approvals, directions, and notices provided to be given hereunder by the Administrator to the Engineer or the Owner shall be deemed to be properly given if given by the Administrator or by any person authorized by the Administrator to give such approvals, directions, or notices.

Section 6. The Engineer shall follow all applicable RUS rules and regulations.

Section 7. This Agreement may be simultaneously executed and delivered in three or more counterparts, each of which so executed and delivered shall be deemed to be an original, and all constitute but one and the same instrument.

Section 8. The obligations of the Engineer under this Agreement shall not be assigned without the approval in writing of the Owner and of the Administrator.

Section 9. This Agreement shall be effective only from and after the time when it shall be approved by the Administrator in writing. Neither this Agreement nor any provision thereof shall be modified, amended, rescinded, waived, or terminated without the approval of the Administrator.

Section 10. The Engineer shall comply with applicable statutes pertaining to engineering and warrants that Steven J. Schebler [Name of Engineer] who will be in responsible charge of the Project possesses license number 15430 issued by the State of Kentucky on the 3rd day of January, 2005.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed.

East Ky Power Cooperative Inc
Owner

By Ray M. Palk
President

ATTEST:

Della E. Dameron Secretary
For and on behalf of the Corporate Secretary

Stanley Consultants, Inc
Engineer

St. J. Schebler
Sr. Vice President

ATTEST:

Matthew A. Lease Secretary



Stanley Consultants INC.

A Stanley Group Company
Engineering, Environmental and Construction Services - Worldwide

UNIT 4

4
January 6, 2008

Mr. Randy Dials
Vice President, Production
East Kentucky Power Cooperative
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707

Dear Mr. Dials:

Subject: Spurlock Station - Unit 4
Detailed Design Services Proposal

East Kentucky Power Cooperative's objective is to install Spurlock Station, Unit 4, a 300 MW (gross), coal-fired steam-electric generating unit located at Spurlock Station next to Unit 3, with a commercial operation date of December 2007. Stanley Consultants will provide professional services as defined in our attached Scope of Work. Terms and Conditions are the same as our existing contract on Unit 3.

Stanley Consultants will commit the resources and capabilities to your project to meet the established objectives.

East Kentucky Power Cooperative is a valued client of Stanley Consultants. We are proposing the Gilbert Project Team for this work. Our extensive experience with coal-fired generating plant design; design of Spurlock Station Units 1 and 2, and Gilbert Unit 3; and the capability to perform all aspects of the project makes our team uniquely qualified for this project.

We are pleased to continue the long-standing relationship between our two organizations.

Sincerely,

Stanley Consultants, Inc.

Steven J. Schebler, P.E.
Vice President

Attachment

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**SCOPE OF WORK
UNIT 4
DETAILED DESIGN
EAST KENTUCKY POWER COOPERATIVE**

Stanley Consultants will prepare detailed design documents for Unit 4, a 300 MW (gross), coal-fired steam-electric generating unit located at Spurlock Station next to Unit 3.

Stanley Consultants' work includes the design of the turbine-generator island, turbine building, coal and limestone handling to boiler vendor terminations, underground piping ties, cooling tower and basin, and electrical work to the high side of the transformer. Building work will include the design of siding and roofing enclosure for the boiler vendor's building enclosure. The boiler vendor will design and install all systems, equipment, and steel above ground from and including the coal silos to the stack connection.

The DCS Specifications will include network overview diagrams, system descriptions, and input/output (I/O) point listings. Controls work scope will be the same as Unit 3.

Interconnection wiring diagrams are provided for turbine-generator, limestone, coal handling, ash handling, and selected motor controls not provided by Contracts 36, 201, and 281.

The basis of design will be the approved design outline of Unit 4, which is expected to be completed by June 2004.

The contract breakdown is as follows:

Construction Contracts

- Contract 1 – Turbine Generator
- Contract 201 – Boiler Island and Turbine Island Steel
- Contract 221 – Chimney
- Contract 222 – Cooling Tower
- Contract 251 – Piling
- Contract 261 – Substructure
- Contract 281 – Balance of Plant
- Contract 211 – Coal Handling

Equipment Contracts

<u>Contract No.</u>	<u>Title</u>
6	Feedwater Heaters
8	Deaerator
11	Condenser
16	Circulating Water Pumps
17	Condensate Pumps
21	Boiler Feed Pumps
36	Controls (DCS)
131	Transformers
146	Switchgear
204	Cont. Emission Monitor (by East Kentucky Power Cooperative)



Specifications will be prepared (with the exception of negotiated Contracts 1 and 201) utilizing RUS front-end documents. The anticipated drawings are similar to Unit 3 drawing list (as applicable). Our proposal is subject to mutually agreed contract terms and conditions (the same terms as Unit 3).

Detailed design "after award" services include shop drawing review of all work designed by Stanley Consultants, as requested in Stanley Consultants' prepared specifications. This work occurs after award of equipment and construction contracts and information is used in the final design process.

Review of the boiler vendor shop drawings will be for interface points only, since the boiler island will be a design-build contract.

Periodic review meetings will occur once per month, which includes reviews of preliminary plans and specifications until design is complete.

All specifications and drawings will be issued in preliminary format for East Kentucky Power Cooperative's review. After resolution of comments, documents will be issued final for bid.

The level of detail of the detailed design will be the same as that provided for Gilbert Unit 3.

We have included preparation of a master schedule (Primavera software), which will be updated each month through design and construction. Construction scheduling will be done in the field.

All drawings will be prepared in Intergraph Microstation and converted to AutoCAD (East Kentucky Power Cooperative selected release number).

All contract administration will be provided by East Kentucky Power Cooperative. All bids will be received by East Kentucky Power Cooperative and copies sent to Stanley Consultants for review and recommendation. Conformed contracts will be prepared by Stanley Consultants and issued by East Kentucky Power Cooperative. Stanley Consultants will send all specifications and drawings to bidders. The overall plant cost estimate will be updated throughout the detailed design and construction as contracts are awarded, reflecting all changes that may occur.

Questions during construction, inspection by design team members, full-time inspection services, as-built drawings, meetings during construction and construction start-up, and performance testing will be proposed later.

Resident services will be provided by East Kentucky Power Cooperative. No Stanley Consultants' field inspection work is included with this proposal. On-site inspection or periodic visits by the design engineers during construction and/or start-up will be proposed later as desired by East Kentucky Power Cooperative.

Additional work shall be in accordance with our schedule of Hourly Fees and Charges (Form C 04-05, attached) as mutually agreed.



**ESTIMATED FEE
UNIT 4
DETAILED DESIGN
EAST KENTUCKY POWER COOPERATIVE**

Stanley Consultants proposes a not-to-exceed fee for detailed design of Unit 4 in the amount of Eight Million Seven Hundred Thirty Thousand Dollars (\$8,730,000).

Stanley Consultants proposed to prepare the Unit 4 design outline for a total estimated not-to-exceed fee of Three Hundred Thirty Thousand Dollars (\$330,000); this is included in the \$8,730,000 fee.

Proposal is based on identical (to Unit 3) Turbine-Generator and Auxiliaries and Fluidized Bed Boiler and Emission Control Equipment.

Proposed is based on these differences from Unit 3:

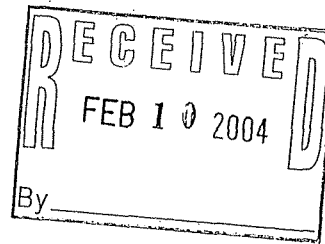
- Reuse of existing control room.
- Coal handling includes conveyor from transfer to Unit 3 to Crusher House; second crusher and crusher house expansion; conveyor to plant; side discharge coal tripper.
- Design per 2002 Kentucky Building Code.
- Fluid drives on three major fans.
- New air compressor.
- Additional fuel oil pumps and new piping to plant.
- Additional fire water pump.
- Identical boiler feed pump arrangement.
- Identical feedwater heater sizing and location in plant.
- Study and design for black start.
- Limestone silos remain the same height as Unit 3.



Stanley Consultants INC.

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UNIT 4
STANLEY



February 6, 2004

Mr. Craig Johnson
Project Manager
East Kentucky Power Cooperative
Spurlock Station
P.O. Box 398
Maysville, KY 41056

Dear Mr. Johnson:

Subject: Unit 4 - Spurlock Station
Design Services

In addition to the base design fee proposed, we have estimated the cost for a 3D design, utilizing the Bentley Triforma software package (piping 2.5" and larger), cable tray, and steel for Unit 4.

For the Turbine Island 3D only, the additional fee is estimated at Five Hundred Sixty Thousand Dollars (\$560,000).

If ISometrics are requested for above-ground BOP piping, in lieu of the BOP contractor furnishing, an additional fee of Fifty Thousand Dollars (\$50,000) is estimated.

The complete 3D design package is therefore:

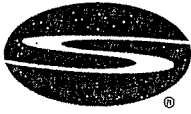
$$\$560,000 + \$50,000 = \$610,000$$

In addition to the design fee proposed, if Stanley Consultants undertakes the Unit 4 pipe support design work (performed by Lisega on Unit 3), we estimate an additional Four Hundred Eighty Thousand Dollars (\$480,000) in fee. The pipe support design services include:

1. Perform pipe stress analysis, type select hangers, and locate hangers for the large bore (2.5" and larger) with design temperatures equal to or greater than 150°F.
2. Type select and locate hangers on large bore piping systems with design temperatures less than 150°F and have diameters 14" or greater.
3. Provide supplementary steel guide details for each required configuration. Guide details will include connection details and steel member sizes based on span and loads.

Deliverables will be in the following forms:

1. Hanger schedules that will indicate the hanger type, loads, and movements.
2. Plan drawing locating the hangers.



Mr. Craig Johnson
February 6, 2004
Page 2

3. MSS detail sheets will be developed for each hanger type.
4. Drawings for supplementary steel guide details.

If representative (not actual) 3D modeling of pipe support is desired, after completion of the pipe support design phase, the 3D model will include the pipe supports. This additional modeling fee is estimated at Eighty Thousand Dollars (\$80,000).

Therefore, the total pipe support design fee is:

$$\$480,000 + \$80,000 = \$560,000$$

If you have any questions regarding these options, please let me know.

Sincerely,

Stanley Consultants, Inc.

Steven J. Schebler, P.E.
Vice President

cc: Mr. Randy Dials
cc: Mr. Sam Holloway

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Stanley Consultants INC.

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Engineering, Environmental and Construction Services - Worldwide

October 15, 2004 (Revision 1)

Mr. Craig Johnson
Project Manager
East Kentucky Power Cooperative
Spurlock Station
P.O. Box 398
Maysville, Kentucky 41056

Dear Craig:

Subject: Spurlock Station - Unit 4
Field Services

As you requested we have estimated our fee for field services you anticipate through April 1, 2008 for Spurlock Unit 4.

Terms and Conditions and Hourly Fees and Charges are in accordance with our existing Agreement on Unit 4.

The estimated total not-to-exceed fee for the enclosed scope is \$6,300,000 (six million three hundred thousand dollars).

Resumes of the proposed on-site field engineers will be provided at a later date. Proposed field engineers will be subject to East Kentucky Power Cooperative approval.

Please incorporate this work into our contract for Unit 4.

Stanley Consultants, Inc.

Steven J. Schebler, P.E.
Senior Vice President

cc: Mr. Sam Holloway, EKPC
cc: Mr. Randy Dials, EKPC

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Stanley Consultants, Inc., will provide on-site construction inspection as follows:

Senior Mechanical Engineer - SC 15 Rate

Duration on-site June 3, 2005, through April 1, 2008

Mechanical Engineer - SC 14 Rate

Duration on-site November 1, 2005, through April 1, 2008

Senior Electrical Engineer - SC 15 Rate

Duration on-site November 1, 2005, through April 1, 2008

I&C Engineer - SC 14 Rate

Duration on-site November 1, 2005, through April 1, 2008

Structural Engineer - SC 14 Rate

Duration on-site June 3, 2005, through June 3, 2006

This is a total of 133 man months.

As a part of their duties, one engineer will be assigned to maintain the master project schedule throughout the duration of the project, updated monthly. Stanley Consultants field services will be provided in accordance with the procedures listed in our field services manual previously sent to East Kentucky Power Cooperative (EKPC).

Vacations and time off on the job will be coordinated so that one engineer will always be on-site during normal work hours.

We have included a total contingency of 34 man months for overtime (at straight time rates) equally distributed among engineers on-site in our estimate.

In addition, we have included time and expense for the project manager, project engineer, and lead design engineers to visit the site periodically (monthly) and provide field trip reports to EKPC. This includes 24 hrs/month for 2005 per person and 32 hrs/month per person for 2006, 2007, and 2008. This would begin August 2005 through April 1, 2008. This time and expense for Muscatine-based engineers is estimated at \$1,080,000. This is included in the total not-to-exceed fee.

The total Muscatine-based engineers' estimated man-hours are 5,000. The total field engineers' man-hours are 28,750. If additional field assistance is requested beyond these man-hour estimates, the rates in effect at the time requested will be used.

Our estimate includes moving expenses to and from Maysville, Kentucky, for field engineers on-site. Mileage is estimated for use of personal cars for job-related work. The site engineers will assist with startup, but no other assistance is included in the estimate, except for the periodic trips, at this time.

If other startup assistance is requested it will be proposed later. All contract administration will be provided by EKPC.

Offices, desk, copiers, and other office supplies will be provided by EKPC on-site. Stanley Consultants will provide each engineer with a computer. One letter-sized computer printer will be provided for the duration of the project.

If the project is delayed beyond April 1, 2008, additional time may be requested if the estimated hours have been used.



Hourly Fees and Charges

Fiscal Year 2004-2005

- I. Compensation for office-based personnel in the contiguous United States for time in the performance of the work shall be in accordance with the following Hourly Fees:

Classification	Hourly Fee	Classification	Hourly Fee	Classification	Hourly Fee
SC-1	28.80	SC-8	76.00	SC-15	129.80
SC-2	36.25	SC-9	81.85	SC-16	144.60
SC-3	43.50	SC-10	88.75	SC-17	165.70
SC-4	49.85	SC-11	96.35	SC-18	186.25
SC-5	56.30	SC-12	103.75	SC-19	215.00
SC-6	62.65	SC-13	111.45		
SC-7	69.80	SC-14	120.25		

Travel time in the interest of the work and away from the assigned office, either local or intercity, will be charged in accordance with the foregoing schedule. When traveling by public carrier, the maximum charge will be eight hours per day.

- II. Compensation for items of expense and other charges incurred in connection with the performance of the work shall be in accordance with the following schedule:

Automobile	\$0.50/mile
Automobile Assigned to Project Site	\$30.00/cal. day
Four-Wheel Drive Vehicles	\$0.60/mile
Four-Wheel Drive Vehicles Assigned to Project Site	\$40.00/cal. day
Computer-Aided Drafting and Design (CADD)	\$15.00/hour
Mylar Plots	\$10.00/plot
Global Positioning System Receivers	\$18.50/hour
Ground Transportation (rental car, taxi, etc.)	At Cost Plus 10%
Air Travel (commercial and charter)	At Cost Plus 10%
Living Expenses (away from assigned office)	At Cost Plus 10%
Telephone and Facsimile	At Cost Plus 10%
Equipment Rental	At Cost Plus 10%
Laboratory Work	At Cost Plus 10%
Soils Testing and Analysis	At Cost Plus 10%
Outside Photographic Work	At Cost Plus 10%
Duplicating Work	(schedule supplied upon request)
Technical Testing and Surveying Equipment	(schedule supplied upon request)

- III. Compensation for purchases, items of expense, and other charges not scheduled above, incurred in connection with the performance of the work, shall be at cost plus 10%.
- IV. Compensation for use of proprietary computer programs shall be as a surcharge rate applied to the data processing system charges. Compensation for outside computer system services shall be at net cost plus a surcharge rate to cover data communication costs. Compensation for programming, data entry, and consultation shall be in accordance with Article I above. (Schedule supplied upon request.)
- V. Interest at the rate of 1-1/2% per month will be charged on invoices not paid within 30 days.
- VI. Charges are subject to revision on or after April 2, 2005.

ENGINEERING SERVICE CONTRACT FOR THE DESIGN AND CONSTRUCTION OF A GENERATING PLANT

AGREEMENT, made January 3, 2005, between East Kentucky Power
Cooperative, Inc.

(hereinafter called the "Owner") and Stanley Consultants, Inc
of Muscataine, Iowa hereinafter called the "Engineer").

WHEREAS, the Administrator of the Rural Utilities Service (hereinafter called the "Administrator") of the United States of America (hereinafter called the "Government") has approved the making of a loan or loan guarantee of not in excess of \$ N/A by the Government to the Owner pursuant to the Rural Electrification Administration Act of 1936, as amended, approximately \$ N/A of which is intended to finance, in whole or in part, the construction and operation of an electrical generating plant which is estimated to cost \$ 533 million

and consists of a 278 mw coal-fired, steam electric, circulating fluidized
bed baseload unit at Spurlock Station, including GSU transformers.

in the State of Kentucky, having the Rural Utilities Service project designation of Smith 1 (hereinafter called the "Project"), located at such place as the Owner with the approval of the Administrator shall designate;

NOW, THEREFORE, in consideration of the mutual undertakings herein contained, the parties hereto agree as follows:

ARTICLE I

General Obligation of Engineer

In accordance with the normal standards and practices used in the profession, the Engineer shall diligently and competently render all engineering services which shall be necessary or advisable for the expeditious, economical, and sound design and construction of the Project with due consideration to applicable ecological and environmental requirements. The enumeration of specific duties and obligations to be performed by the Engineer hereunder shall not be construed to limit the general undertakings of the Engineer.

ARTICLE II

Design of Project

Section 1. *The Engineer shall prepare and within 30 days after the approval hereof by the Administrator submit in duplicate to the Owner for approval and to the Administrator for approval, if approval of the Administrator is required, a "Project Design Manual" which shall consist of, but not necessarily be limited to, the following items:*

(a) *A detailed statement covering the procedures to be followed by the Engineer in the performance of this Agreement, including, without limitation, such matters as the routing and distribution of copies of correspondence and reports, the furnishing of lists of plans and specifications, procedures relating to the awarding of construction and equipment contracts, identification of persons to be called by telephone with respect to various subject matters, contract closeouts, and meetings.*

(b) *A design outline which includes all design criteria for the Project, including, without limitation, plant site, equipment, building requirements, environmental equipment and other environmental factors, civil, electrical, and mechanical requirements. The outline shall comply with the requirements of RUS Environmental Policies and Procedures.*

(c) *Evaluation studies which support the economic basis for the design and selection of equipment, including, without limitation, turbine throttle and exhaust conditions, boiler feed pump, air quality equipment, and condenser.*

(d) *Testing procedures which outline the responsibilities to be assumed by the Owner, Engineer, and contractor and include, without limitation, acceptance testing, concrete tests, laboratory testing, radiographic inspection, electrical checkout, and testing.*

Section 2. *In addition, the Engineer shall prepare and within 30 days after the approval hereof by the Administrator submit in duplicate to the Owner for approval and to the Administrator for approval, if approval of the Administrator is required, preliminary plans (hereinafter called the "Preliminary Plans") which shall consist of:*

(a) *A single-line diagram of proposed main and auxiliary electrical connections, including all major equipment, switching and substations.*

(b) *A single-line flow diagram of proposed steam, water, gas, oil, and air connections, including all major equipment.*

(c) *A schedule, in a form acceptable to the Owner and Administrator, showing by months the estimated time required for each major subdivision of the Project for design, fabrication, and installation, and the estimated date the project will be available for commercial service. Such schedule shall specify, in percentages, the portion of the total design performance of the Engineer under this Agreement which each item of design represents.*

(d) *The Engineer's estimate of the total cost of the completed Project, by components, together with the forecast of the amounts of money needed by the Owner each month until completion of the Project.*

Section 3. *Promptly upon receipt of approval by the Owner and by the Administrator, if the approval of the Administrator is required, of the Project Design Manual and Preliminary Plans, the Engineer shall proceed with preparation of and shall submit, in duplicate, to the Owner and to the Administrator, if approval of the Administrator is required, complete and detailed plans and specifications, drawings, maps, and other engineering documents required for the construction of the Project (all of the foregoing being hereinafter sometimes collectively called the "Plans and Specifications"). In the preparation of the Plans and Specifications, the Engineer shall consult with the Owner to the end that the Project shall serve the purposes intended by the Owner. The Engineer shall diligently make such necessary changes in the Plans and Specifications as may be required by the Owner and the Administrator. The Plans and Specifications shall include the following:*

(a) *Detailed drawings showing the complete design and layout of the Project.*

(b) *The form of construction contract (hereinafter called the "Construction Contract") to be entered into between the Contractor and Owner for the construction of the Project, including forms of notice and instructions to bidders, material and construction specifications, contractor's proposal, bidder's qualifications,*

contractor's bond, and construction drawings. If the Owner or the Administrator shall direct that the Project shall be constructed under more than one contract, the Engineer shall submit forms of all necessary Construction Contracts and shall also prepare and submit in connection with each such contract all that is hereinabove required of the Engineer in connection with the Construction Contract. All maps, drawings, plans, specifications, estimates, and other documents required to be prepared or submitted by the Engineer under this section or other sections of the Agreement shall conform to applicable environmental requirements related to the project, including those commitments contained in the RUS Final Environmental Statement, standard specifications, and other forms prescribed by the Administrator, unless deviation therefrom shall be permitted by the Administrator in writing.

Section 4. The Engineer shall also proceed to procure and submit to the Owner and to the Administrator, if approval of the Administrator is required, forms of other contracts and documents for the equipment and materials proposed to be purchased by the Owner for use in connection with the construction of the Project or any services necessary or desirable in connection therewith.

Section 5. The Engineer, immediately upon receipt of notice from the Owner and from the Administrator, if approval of the Administrator is required, of their approval for bidding purposes of the form of Construction Contract or any contracts for materials, equipment, and services, as the case may be, shall, unless otherwise instructed by the Owner with the prior approval of the Administrator, take all appropriate and necessary action to procure full, free, and competitive bidding for the award of such contracts. In fulfilling this responsibility, the Engineer shall prepare and submit to the Owner for approval a recommended bidders' list. Upon approval of such list by the Owner, the Engineer, in collaboration with the Owner, shall fix a date for the opening of bids for such contracts. The Engineer shall be available to each prospective bidder for consultation with respect to the details of the Plans and Specifications and all other matters pertaining to the preparation of the Proposals for the construction of the Project or the supply of materials, equipment or services therefor.

Section 6. The Engineer shall attend all openings of bids for the construction of the Project, or any part thereof, or for the furnishing of materials, equipment, and services therefor. In case fewer than three (3) bids are received for the construction of the Project or component parts of the Project, the Owner shall be notified immediately and such bids shall remain unopened unless permission is obtained from the Owner for the opening of such bids. If bids are opened, the Engineer shall carefully check and prepare tabulations of all bids received and shall render to the Owner all such assistance as shall be required in connection with consideration of the bids so that contracts may be prudently and properly awarded. The Engineer shall submit in writing to the Owner its first, second, and third choice of bidders, materials, and equipment to be used in each case, with its recommendation and reasons for the selection. When the Owner has indicated its choice of bidders, materials, and equipment, the Engineer shall forward a tabulation of the bids, copies of the recommendation, and the Owner's selection to the Administrator, if approval of the Administrator is required. If requested by the Administrator, the Engineer shall forward one complete copy of all original bids received. Upon approval by the Administrator, if approval of the Administrator is required, of the selection of a bidder, materials, and equipment, the Engineer shall prepare three counterparts of the contract to be executed by the Owner and the Contractor and shall forward such executed counterparts to the Administrator for approval, if approval of the Administrator is required.

Section 7. The Engineer shall furnish to the Owner all engineering information, services, data, and drawings required for procuring all necessary or desirable permits, licenses, franchises, titles, rights, and authorizations and shall cooperate with the Owner's attorney in the procuring thereof.

ARTICLE III

Construction Management

Section 1. The Engineer shall supervise the construction of the Project and shall make a diligent effort to ensure the expeditious and economical construction thereof in accordance with the Plans and Specifications and the terms of the Construction Contract and equipment or material contracts and the loan contract (hereinafter called the "Loan Contract") entered into between the Owner and the Government or any other lenders specifying the terms upon which the Project shall be constructed and financed. The Engineer shall carefully inspect all materials and equipment prior to their incorporation in the Project and shall promptly reject those not in compliance with the Specifications. The Engineer shall also supervise and inspect the incorporation of the

materials in the Project and the workmanship with which such materials are incorporated. The Engineer, as representative of the Owner, shall have sole responsibility for requiring the Contractor to perform the Construction Contract in accordance with its terms and the Plans and Specifications, and, in performing the duties incident to such responsibility, the Engineer shall issue to the Contractor such directives and impose such restrictions as may be required to obtain reasonable and proper compliance by the Contractor with the terms of the Construction Contract and the Plans and Specifications in the construction of the Project; provided that the Engineer shall not be required to exercise any actual control over employees of the Contractor. The term "supervise" when used herein shall not confer upon the Engineer responsibility for the Contractor's construction means, methods, or techniques. The obligations of the Engineer hereunder run to and are for the benefit of only the Owner and the Administrator.

Section 2. If, after the Construction Contract has been approved by the Administrator, if approval of the Administrator is required, it shall be determined that any change or changes in the Plans and Specifications are advisable, the Engineer shall prepare and submit to the Owner and the Contractor all necessary details in connection with such change or changes. The execution of such changes by the Engineer shall be within the intent of the Engineer's general undertakings as outlined elsewhere in this contract. Upon approval of the change or changes by the Owner and the Contractor, the proposed change or changes shall be submitted by the Engineer to the Administrator, if approval of the Administrator is required, in the form of a contract amendment.

Section 3. The Engineer shall prepare all estimates, certificates, reports, and other documents required to be executed by the Engineer pursuant to the terms of the Construction Contract, equipment or material contracts, or the Loan Contract. When any bid specification is forwarded to RUS for review, an updated cost estimate for the proposed contract shall also be included. After all major equipment contracts have been awarded and all permits have been received, and after approximately forty percent (40%) of the project design has been completed and construction has commenced, the Engineer shall update, on a quarterly basis, unless more frequently requested by the Owner, the information required under Article II, Section 2 (d) hereof.

Section 4. The Engineer shall, upon completion of construction of component parts of the Project, make a complete inspection and conduct, utilizing the Owner's operating personnel and/or the manufacturer's representatives, such component and system tests as shall be necessary to assure conformance with the Plans and Specifications, the standards required by the Construction Contract, equipment and materials contracts, and the guarantees given in connection therewith.

Section 5. The Engineer shall schedule and coordinate the start-up activities for placing the plant in service. This shall include preparation of system operating schedules, written system start-up procedures, and operating manuals describing the various plant systems and operating procedures.

Section 6. The Engineer shall prepare written procedures for final acceptance tests of major equipment, such procedures being subject to the Owner's concurrence. Furthermore, the Engineer shall conduct, utilizing the Owner's operating personnel, final acceptance tests of major equipment. Such tests shall be made in the presence of duly qualified representatives of the Owner and the Administrator, if the Administrator elects to attend, and the time and procedure of such tests shall be agreed upon by the Engineer, the Owner, and the Administrator. After completion of each final acceptance test, the Engineer shall prepare copies of the test results and recommendations as to acceptability of equipment and submit them to the Owner for review.

Section 7. A competent resident engineer with full authority to act for the Engineer shall be maintained by the Engineer at the site of the Project during the entire period of any construction activity. The Engineer shall maintain at the site of the Project and under the direct supervision of the resident engineer a sufficient number of qualified engineering field inspectors to fully discharge the responsibilities of the Engineer pursuant to Article III, Section 1 hereof.

ARTICLE IV

Final Documents

The Engineer shall, upon the completion of the inspection and tests in respect of the Project provided in Sections 4 and 6 of Article III, obtain or prepare and deliver to the Owner the following:

- (a) A nameplate inventory and summary in triplicate of all equipment and facilities incorporated in the Project together with a breakdown of contract costs arranged by Standard List of Retirement Units, RUS Bulletin 181-2.
- (b) Two complete sets of final inventory (record) drawings showing the location and layout of the Project in accordance with revisions to design drawings and field records of construction. All information required by this Agreement to be included in the maps and drawings shall be included in the record drawings. One complete set of the record drawings shall be in reproducible form satisfactory to the Owner. The Engineer shall also provide the Owner with any other original manufacturer's equipment drawings not otherwise available to the Owner.
- (c) An itemized statement in triplicate of the amounts payable by the Owner under all contracts for the construction of the Project and the furnishing of materials, equipment, and services thereof.
- (d) A certificate in triplicate to the effect that the Project has been fully constructed substantially in accordance with the Plans and Specifications if and as amended.
- (e) A detailed report in duplicate of all tests, in a form satisfactory to the Owner.
- (f) All maps, tracings, and drawings prepared or used by the Engineer in connection with the performance of the duties of the Engineer under this Agreement.
- (g) Operating and maintenance manuals received from manufacturers.

When the Owner has determined that the Project is available for commercial service, the Engineer shall report to the Owner and the Administrator, for depreciation purposes, the estimated total contract cost of the Project, plus the Owner's other related overhead cost, as obtained from the Owner, showing as a separate item the cost of land (a non-depreciable item).

ARTICLE V

Compensation

Section 1. The Owner shall pay the Engineer for the services performed hereunder as indicated in the attached Schedule A.

Section 2. The total compensation to be paid in connection with this Agreement shall not exceed

\$ 16.2 million Sixteen million, two hundred thousand Dollars.)

Section 3. The Engineer shall submit to the Owner each month a certified statement in duplicate of the amounts due for services hereunder, which statement shall be in accordance with the applicable reports of engineering progress required by Article VI, Section 1 hereof, and shall be in such detail and contain such supporting data as the Owner may request. The Owner shall review and approve each statement within thirty (30) days or inform the Engineer of the reasons the statement cannot be approved. Upon approval of each such statement by the Owner, ninety (90) percent of the amount thereof shall be due and payable. The balance of the compensation payable under Section 1 hereof shall be due and payable within thirty (30) days after completion of the Project. The Project shall be deemed complete for the purposes of the Agreement when all required final documents, including a certificate of completion, have been submitted by the Engineer and approved by the Owner and by the Administrator, if approval of the Administrator is required.

Section 4. *In the event that this Agreement at any time be terminated pursuant to Article VI, Section 2 hereof, the compensation which shall be payable by the Owner to the Engineer for services rendered prior to such termination shall be computed as follows:*

(a) *Compensation for services in respect of the Design of the Project shall be determined in accordance with Section 1 of this Article V, using the final report of engineering progress referred to in Article VI, Section 1 hereof to determine the percentage of completion of the services in respect of design of the Project as of the effective date of termination.*

(b) *Compensation for services in respect of supervision and inspection of construction of the Project and all other services shall be computed at the rate of \$ see per staff hour of supervision and inspection of construction performed by the Engineer prior to the effective date of termination, but in no event shall such compensation exceed an amount computed in accordance with the provisions of Section 1 of this Article V. The Engineer shall submit to the Owner, in duplicate, a statement of the staff hours of supervision and inspection of construction in such detail and with such supporting data as may be requested by the Owner.* proposal dated 1/6/2004

Section 5. *Compensation payable to the Engineer under any of the Articles of this Agreement shall be in addition to taxes or levies (excluding Federal, State, and Local Income Taxes) which may be assessed against the Engineer by any State or political subdivision directly on services performed or payments for services performed by the Engineer pursuant to this Agreement. Such taxes or levies which the Engineer may be required to collect or pay, shall, in turn, be added by the Engineer to invoices submitted to the Owner pursuant to this Agreement.*

Section 6. *At or prior to the time when any payments shall be made to the Engineer pursuant to this Agreement, the Engineer if requested by the Owner shall furnish to the Owner, as a condition precedent to such payment, a certificate to the effect that all salaries or wages earned by the employees of the Engineer in connection with the Project have been fully paid by the Engineer up to and including a date not more than fifteen (15) days prior to the date when such payment shall be made. At or before the time when the final payment provided to be made hereunder shall be made to the Engineer by the Owner, the Engineer shall also furnish to the Owner, as a condition precedent to such payment, a certificate in form satisfactory to the Administrator that all the employees of the Engineer have been paid for services rendered by them in connection with the Project and that all other obligations which might become a lien on the Project have been paid.*

Section 7. *Interest at the rate of five percent (5 %) per annum [percentage is not to exceed any applicable State usury laws] shall be paid by the Owner to the Engineer on all unpaid balances due the Engineer, commencing thirty (30) days after the due date, provided that the delay in payment beyond the due date shall not have been caused by any condition within the control of the Engineer. Such compensation shall be paid ten (10) days after the amount of the interest has been determined by the Engineer and the Owner.*

ARTICLE VI

Miscellaneous

Section 1. *The Engineer shall prepare and execute in such form and detail as the Owner and the Administrator shall direct all estimates, certificates, reports, and other documents required to be executed by the Engineer pursuant to the Construction Contract or the Loan Contract, including, without limitation, a monthly report of engineering progress on the form of schedule referred to in Article II, Section 2 (c) hereof, showing the percentage of completion of each of the subdivisions thereof and the overall percentage of completion of engineering services in respect of the design and construction of the Project as of the date of each such report; Monthly Cost Estimates and Forecasts of Cash Requirements in the form referred to in Article II, Section 2 (d) hereof, which shall contain explanations of changes, if any, from prior Monthly Cost Estimates and Forecasts of Cash Requirements. From time to time the Engineer shall prepare and submit to the Owner for approval and to the Administrator for approval, if approval of the Administrator is required, all necessary changes in the schedule referred to in Article II, Section 2 (c) hereof; provided, however, that no changes shall be made in the percentages assigned to each item of design in the original schedule approved by the Owner and by the Administrator, if approval of the Administrator is required, pursuant to Article II, Section 2 (c) hereof.*

Section 2. *The Owner may at any time terminate this Agreement by giving notice to the Engineer in writing to that effect, delivered or mailed to the Engineer's last known address not less than twelve (12) calendar*

days prior to the effective date of termination specified in the notice. From and after the effective date specified in such notice, this Agreement shall be terminated, except that the Engineer shall be entitled to receive compensation for services hereunder as provided in Section 3 of Article V hereof, and the Engineer shall be obligated forthwith to deliver to the Owner all maps, tracings, and drawings of the Project and all other letters, documents, and other material including all records pertaining thereto. If this Agreement shall be terminated, the Engineer shall prepare and submit to the Owner and the Administrator a final report of engineering progress as of the date of termination.

Section 3. Insurance. The Engineer shall take out and maintain throughout the period of this Agreement insurance of the following types and minimum amounts:

(a) Workers' compensation and employers' liability insurance, as required by law, covering all of the Engineer's employees who perform any of the obligations of the Engineer under the Agreement. If any employer or employee is not subject to the workers' compensation laws of the governing State, then insurance shall be obtained voluntarily to extend to the employer and employee coverage to the same extent as though the employer or employee were subject to the workers' compensation laws.

(b) Public liability insurance covering all operations under the Agreement shall have limits for bodily injury or death of not less than \$1 million each occurrence, limits for property damage of not less than \$1 million each occurrence, and \$1 million aggregate for accidents during the policy period. A single limit of \$1 million of bodily injury and property damage is acceptable. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.

(c) Automobile liability insurance on all motor vehicles used in connection with the Agreement, whether owned, nonowned, or hired, shall have limits for bodily injury or death of not less than \$1 million per person and \$1 million per occurrence, and property damage limits of \$1 million for each occurrence. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.

(d) Errors and Omissions (Professional Liability) Insurance in an amount at least as large as the maximum compensation specified in Article V, Section 2, but not less than \$500,000.

The Owner shall have the right at any time to require public liability insurance and property damage liability insurance greater than those required in subsections "b" and "c" of this Section. In any such event, the additional premium or premiums payable solely as the result of such additional insurance shall be added to the total compensation to be paid under this Agreement.

The Owner shall be named as Additional Insured on all policies of insurance required in subsections "b" and "c" of this Section.

The policies of insurance shall be in such form and issued by such insurer as shall be satisfactory to the Owner. The Engineer shall furnish the Owner a certificate evidencing compliance with the foregoing requirements which shall provide not less than thirty (30) days prior written notice to the Owner of any cancellation or material change in the insurance.

The Engineer shall also follow the requirements of 7 CFR part 1788, RUS Fidelity and Insurance Requirements for Electric and Telephone Borrowers.

Section 4. The obligations and duties to be performed by the Engineer under this Agreement shall be performed by persons qualified to perform such duties efficiently. The Engineer, if the Owner shall so direct in writing, shall replace any resident engineer or other persons employed by the Engineer in connection with the Project. For the information of the Owner and the Administrator, the Engineer shall file with the Owner and the Administrator a statement, signed by the Engineer, of the qualifications, including specific experience of each engineer and inspector assigned to the Project and the duties assigned to each.

Section 5. Approvals, directions, and notices provided to be given hereunder by the Administrator to the Engineer or the Owner shall be deemed to be properly given if given by the Administrator or by any person authorized by the Administrator to give such approvals, directions, or notices.

Section 6. The Engineer shall follow all applicable RUS rules and regulations.

Section 7. This Agreement may be simultaneously executed and delivered in three or more counterparts, each of which so executed and delivered shall be deemed to be an original, and all constitute but one and the same instrument.

Section 8. The obligations of the Engineer under this Agreement shall not be assigned without the approval in writing of the Owner and of the Administrator.

Section 9. This Agreement shall be effective only from and after the time when it shall be approved by the Administrator in writing. Neither this Agreement nor any provision thereof shall be modified, amended, rescinded, waived, or terminated without the approval of the Administrator.

Section 10. The Engineer shall comply with applicable statutes pertaining to engineering and warrants that Steven J. Schebler [Name of Engineer] who will be in responsible charge of the Project possesses license number 15430 issued by the State of Kentucky on the 3rd day of January, 2005.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed.

East Ky Power Cooperative Inc
Owner

By Ray M. Palk
President

ATTEST:

Della E. Dawson Secretary
For and on behalf of the Corporate Secretary

Stanley Consultants, Inc
Engineer

St. J. Schubb
S. Vice President

ATTEST:

John A. Heave Secretary



Stanley Consultants INC.

A Stanley Group Company
Engineering, Environmental and Construction Services - Worldwide

Smith Unit 1

*G300
Contract
proposal*

DUPLICATE

September 22, 2004

Mr. Randy Dials
Vice President, Production
East Kentucky Power Cooperative
4775 Lexington Road
P.O. Box 707
Winchester, KY 40392-0707

Dear Mr. Dials:

Subject: Smith Station - Unit 1
Coal-Fired Steam-Electric Generating Unit
Detailed Design Services Proposal

East Kentucky Power Cooperative's objective is to install Smith Station, Unit 1, a 300 MW (gross), coal-fired steam-electric generating unit located at Smith Station as shown on Site Plan 17032-X1, with a commercial operation date of March 2009. Stanley Consultants will provide professional services as defined in our attached Scope of Work. Terms and Conditions are the same as our existing contract on E.A. Gilbert, Unit 3.

Stanley Consultants will commit the resources and capabilities to your project to meet the established objectives.

East Kentucky Power Cooperative is a valued client of Stanley Consultants. Our extensive experience with coal-fired generating plant design; design of Spurlock Station Units 1 and 2, and Gilbert Unit 3; concept design of Spurlock Unit 4; and the capability to perform all aspects of the project makes our team uniquely qualified for this project.

We are pleased to continue the long-standing relationship between our two organizations.

Sincerely,

Stanley Consultants, Inc.

Steven J. Schebler, P.E.
Senior Vice President

Attachment
sjs14:ds:4EIMU-6662.lt1



**SCOPE OF WORK
SMITH STATION UNIT 1
DETAILED DESIGN
EAST KENTUCKY POWER COOPERATIVE**

Stanley Consultants will prepare detailed design documents for Unit 1, a 300 MW (gross), coal-fired steam-electric generating unit located at Smith Station.

Stanley Consultants' work includes the design of the turbine-generator island, turbine building, coal and limestone handling to boiler vendor terminations, underground piping ties, cooling tower and basin, and electrical work to the high side of the transformer. Building work will include the design of siding and roofing enclosure for the boiler vendor's building enclosure. The boiler vendor will design and install all systems, equipment, and steel above ground from and including the coal silos to the stack connection.

The DCS Specifications will include network overview diagrams, system descriptions, and input/output (I/O) point listings. Controls work scope will be the same as Unit 3 and as proposed on Unit 4 at Spurlock.

Interconnection wiring diagrams are provided for turbine-generator, limestone, coal handling, ash handling, and selected motor controls not provided by Contracts 36, 201, and 281.

The basis of design will be the approved design outline of Unit 1, which is expected to be completed by December 2005.

The contract breakdown is as follows:

Construction Contracts

- Contract 1 – Turbine Generator
- Contract 201 – Boiler Island and Turbine Island Steel
- Contract 210 – Site Preparation
- Contract 211 – Coal and Limestone Handling
- Contract 221 – Chimney
- Contract 222 – Cooling Tower
- Contract 223 – Circulating Water Lines
- Contract 251 – Piling
- Contract 252 – Ash Silos
- Contract 253 – Reservoir
- Contract 254 – Rail Road Extension
- Contract 261 – Substructure
- Contract 263 – Intake Structure
- Contract 281 – Balance of Plant



Equipment Contracts

<u>Contract No.</u>	<u>Title</u>
6*	Feedwater Heaters
8*	Deaerator
11*	Condenser
16*	Circulating Water Pumps
17*	Condensate Pumps
21*	Boiler Feed Pumps
36*	Controls (DCS)
46	Fans (ID, FD, PA) and Motors
71	Ash Handling
131*	Transformers
146*	Switchgear
204	Cont. Emission Monitor (by East Kentucky Power Cooperative)

* Common specification with Unit 4 Spurlock Station.

Specifications will be prepared (with the exception of negotiated Contracts 1, 36, and 201) utilizing RUS front-end documents. The anticipated drawings are similar to Unit 3 drawing list (as applicable). Our proposal is subject to mutually agreed contract terms and conditions (the same terms as Unit 3).

Detailed design "after award" services include shop drawing review of all work designed by Stanley Consultants, as requested in Stanley Consultants' prepared specifications. This work occurs after award of equipment and construction contracts and information is used in the final design process.

Review of the boiler vendor shop drawings will be for interface points only, since the boiler island will be a design-build contract.

Periodic review meetings will occur once per month, which includes reviews of preliminary plans and specifications until design is complete.

All specifications and drawings will be issued in preliminary format for East Kentucky Power Cooperative's review. After resolution of comments, documents will be issued final for bid.

The level of detail of the detailed design will be the same as that provided for Gilbert Unit 3.

We have included preparation of a master schedule (Primavera software), which will be updated each month through design and construction. Construction scheduling will be done in the field.

All drawings will be prepared in Intergraph Microstation and converted to AutoCAD (East Kentucky Power Cooperative selected release number).

All contract administration will be provided by East Kentucky Power Cooperative. All bids will be received by East Kentucky Power Cooperative and copies sent to Stanley Consultants for review and recommendation. Conformed contracts will be prepared and issued by Stanley Consultants. Stanley Consultants will send all specifications and drawings to bidders.

The overall plant cost estimate will be updated throughout the detailed design and construction as contracts are awarded, reflecting all changes that may occur.



Questions during construction, inspection by design team members, full-time inspection services, as-built drawings, meetings during construction and construction start-up, and performance testing will be proposed separately.

Resident services will be provided by East Kentucky Power Cooperative. No Stanley Consultants' field inspection work is included with this proposal. On-site inspection witness of equipment testing and periodic visits by the design engineers during construction and/or start-up will be proposed later as desired by East Kentucky Power Cooperative.

Additional work shall be in accordance with our schedule of Hourly Fees and Charges (Form C 04-05, attached) as mutually agreed.



**ESTIMATED FEE
SMITH STATION UNIT 1
DETAILED DESIGN
EAST KENTUCKY POWER COOPERATIVE**

Stanley Consultants proposes a not-to-exceed fee for detailed design of Unit 1 in the amount of Twelve Million Five Hundred Seventy Thousand Dollars (\$12,570,000).

Stanley Consultants proposes to prepare Unit 1 design outline and preliminary design for a total estimated not-to-exceed fee of One Million Dollars (\$1,000,000); this is included in the \$12,570,000 fee.

A separate proposal is offered for the engineering design of the reservoir in addition to the fees listed if the reservoir becomes necessary.

Proposal is based on identical (to Spurlock Unit 4) Turbine-Generator and Auxiliaries and Fluidized Bed Boiler and Emission Control Equipment. This proposal includes the following design assumptions:

	<u>Gilbert Unit 3</u>	<u>Spurlock Unit 4</u>	<u>Smith Unit1</u>
Control Room	Existing	Existing	New
Coal Handling	-	Tripper, conveyor to plant, crusher house addition	Reuse existing tunnels and reclaim, new crusher house, transfer tower, conveyor to plant and coal tripper
Kentucky Building Code	Described in existing contract documents	2002 with variances	2002 with variances
Fans (3)	Direct drive	Direct drive	Direct drive
Boiler Feed Pumps	BF and booster pumps in-line	Separate BF and booster booster pumps in line	Separate BF and booster booster pumps in line
Feed Water Heaters Sizing and Location	Identical	Identical	Identical
Limestone Silos	Identical	Identical	Identical
3D Design	Turbine Area Only	Turbine Island	Turbine Island
Pipe Hanger Design and Stress Analysis	Final in 281 Contract Preliminary SCI	Design by Stanley Consultants Preliminary and Final	Design by Stanley Consultants Preliminary and Final



	<u>Gilbert Unit 3</u>	<u>Spurlock Unit 4</u>	<u>Smith Unit1</u>
Ash Silos	In 201 Contract	Use Unit 3 Silos	Design by Stanley Consultants
Turbine Generator Pedestal	Identical	Identical	Identical



Hourly Fees and Charges Fiscal Year 2004-2005

- I. Compensation for office-based personnel in the contiguous United States for time in the performance of the work shall be in accordance with the following Hourly Fees:

Classification	Hourly Fee	Classification	Hourly Fee	Classification	Hourly Fee
SC-1	28.80	SC-8	76.00	SC-15	129.80
SC-2	36.25	SC-9	81.85	SC-16	144.60
SC-3	43.50	SC-10	88.75	SC-17	165.70
SC-4	49.85	SC-11	96.35	SC-18	186.25
SC-5	56.30	SC-12	103.75	SC-19	215.00
SC-6	62.65	SC-13	111.45		
SC-7	69.80	SC-14	120.25		

Travel time in the interest of the work and away from the assigned office, either local or intercity, will be charged in accordance with the foregoing schedule. When traveling by public carrier, the maximum charge will be eight hours per day.

- II. Compensation for items of expense and other charges incurred in connection with the performance of the work shall be in accordance with the following schedule:

Automobile	\$0.50/mile
Automobile Assigned to Project Site	\$30.00/cal. day
Four-Wheel Drive Vehicles	\$0.60/mile
Four-Wheel Drive Vehicles Assigned to Project Site	\$40.00/cal. day
Computer-Aided Drafting and Design (CADD)	\$15.00/hour
Mylar Plots	\$10.00/plot
Global Positioning System Receivers	\$18.50/hour
Ground Transportation (rental car, taxi, etc.)	At Cost Plus 10%
Air Travel (commercial and charter)	At Cost Plus 10%
Living Expenses (away from assigned office)	At Cost Plus 10%
Telephone and Facsimile	At Cost Plus 10%
Equipment Rental	At Cost Plus 10%
Laboratory Work	At Cost Plus 10%
Soils Testing and Analysis	At Cost Plus 10%
Outside Photographic Work	At Cost Plus 10%
Duplicating Work	(schedule supplied upon request)
Technical Testing and Surveying Equipment	(schedule supplied upon request)

- III. Compensation for purchases, items of expense, and other charges not scheduled above, incurred in connection with the performance of the work, shall be at cost plus 10%.
- IV. Compensation for use of proprietary computer programs shall be as a surcharge rate applied to the data processing system charges. Compensation for outside computer system services shall be at net cost plus a surcharge rate to cover data communication costs. Compensation for programming, data entry, and consultation shall be in accordance with Article I above. (Schedule supplied upon request.)
- V. Interest at the rate of 1-1/2% per month will be charged on invoices not paid within 30 days.
- VI. Charges are subject to revision on or after April 2, 2005.



Stanley Consultants INC.

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Engineering, Environmental and Construction Services - Worldwide

Smith I

October 15, 2004

Mr. Craig Johnson
Project Manager
East Kentucky Power Cooperative
Spurlock Station
P.O. Box 398
Maysville, Kentucky 41056

Dear Craig:

Subject: Smith Station - Coal Fired Unit
Field Services

As you requested we have estimated our fee for field services you anticipate through April 1, 2009 for Smith Station.

Terms and Conditions and Hourly Fees and Charges are in accordance with our existing Agreement on Unit 4.

The estimated total not-to-exceed fee for the enclosed scope is \$6,700,000 (six million and seven hundred thousand dollars).

Resumes of the proposed on-site field engineers will be provided at a later date. Proposed field engineers will be subject to East Kentucky Power Cooperative approval.

Please incorporate this work into our contract for Smith Station.

Stanley Consultants, Inc.

Steven J. Schebler, P.E.
Senior Vice President

cc: Mr. Sam Holloway, EKPC
cc: Mr. Randy Dials, EKPC

sjs:wsb:SPEMU-7675.PE1



Scope of Work

Stanley Consultants, Inc., will provide on-site construction inspection as follows:

Senior Mechanical Engineer - SC 15 Rate

Duration on-site June 3, 2006, through April 1, 2009

Mechanical Engineer - SC 14 Rate

Duration on-site November 1, 2006, through April 1, 2009

Senior Electrical Engineer - SC 15 Rate

Duration on-site November 1, 2006, through April 1, 2009

I&C Engineer - SC 14 Rate

Duration on-site November 1, 2006, through April 1, 2009

Structural Engineer - SC 14 Rate

Duration on-site June 3, 2006, through June 3, 2009

This is a total of 133 man months.

As a part of their duties, one engineer will be assigned to maintain the master project schedule throughout the duration of the project, updated monthly. Stanley Consultants field services will be provided in accordance with the procedures listed in our field services manual previously sent to East Kentucky Power Cooperative (EKPC).

Vacations and time off on the job will be coordinated so that one engineer will always be on-site during normal work hours.

We have included a total contingency of 50 man months for overtime (at straight time rates) equally distributed among engineers on-site in our estimate. (This is equivalent to 15 hrs/week.)

In addition, we have included time and expense for the project manager, project engineer, and lead design engineers to visit the site periodically (monthly) and provide field trip reports to EKPC. This includes 24 hrs/month for 2006 per person and 32 hrs/month per person for 2007, 2008, and 2009. This would begin August 2006, though April 1, 2009. This time and expense for Muscatine-based engineers is estimated at \$1,120,000. This is included in the total not-to-exceed fee.

The total Muscatine-based engineers' estimated man-hours are 5,000. The total field engineers' man-hours are 31,500. If additional field assistance is requested beyond these man-hour estimates, the rates in effect at the time requested will be used.

Our estimate includes moving expenses to and from Maysville, Kentucky, for field engineers on-site. Mileage is estimated for use of personal cars for job-related work. The site engineers will assist with startup, but no other assistance is included in the estimate, except for the periodic trips, at this time.

If other startup assistance is requested it will be proposed later. All contract administration will be provided by EKPC.

Offices, desk, copiers, and other office supplies will be provided by EKPC on-site. Stanley Consultants will provide each engineer with a computer. One letter-sized computer printer will be provided for the duration of the project.

If the project is delayed beyond April 1, 2009, additional time may be requested if the estimated hours have been used.

THE GRIZZLE COMPANY

AGREEMENT

East Kentucky Power Cooperative (EKPC), 4775 Lexington Road, P.O. Box 707, Winchester, KY 40392-0707, hereby agrees to employ The Grizzle Company (TGC), a District of Columbia corporation with its principle place of business located at Suite 400, 1400 Sixteenth Street, N.W., Washington, D.C. 20036, under the terms and conditions set forth below:

1. Term of Agreement. This Agreement will begin February 15, 2006, and will continue uninterrupted until May 14, 2006, and thereafter on a month-to-month basis until either party gives thirty (30) days advance notice in writing of its desire to modify or terminate this Agreement. Should the scope of work change during the term of this Agreement, either party has an option to renegotiate the monthly retainer.

2. Scope of Work. TGC will provide EKPC professional advice and guidance on enforcement actions by the U.S. Environmental Protection Agency, and for other general regulatory guidance not otherwise specified.

3. Compensation. EKPC will pay TGC a fee of \$7,500.00 each month, in advance, for professional service under this Agreement. In addition, EKPC will reimburse TGC for all reasonable expenses made in the performance of its duties under this agreement. Routine disbursements consist of, but are not limited to, photocopying, telephone, facsimile, messenger, local transportation, entertainment, travel and postage. All disbursements for materials, services and rights will be made by TGC as agent for EKPC. Subject to EKPC approval, TGC may procure additional services and materials as needed.

4. Payments. On the fifteenth (15th) day of every month, TGC will invoice EKPC for the monthly fee and for accumulated out-of-pocket expenses incurred by TGC on behalf of EKPC during the previous thirty (30) day period. All bills are due and payable upon receipt. In the event that any invoice remains outstanding for a period of more than thirty (30) days, TGC will have the right to suspend all work on EKPC's account. TGC may charge a late fee of one percent (1%) on all fees not received within thirty days of the due date.

5. Record Keeping. TGC will maintain accurate records of all out-of-pocket expenditures incurred on behalf of EKPC. During the term of the this Agreement, and for one year thereafter, EKPC may examine such records upon reasonable notice and during normal business hours. The foregoing does not include TGC salary data, overhead and other TGC internal costs or non-billable expenses. Notwithstanding anything contained herein to the contrary, TGC will provide a description of all disbursements made on behalf of EKPC in the herein above described invoice from TGC.

6. Confidential Information. Both during and after the term of this Agreement, TGC acknowledges its responsibility to preserve the confidentiality of any proprietary information or data developed by TGC on behalf of EKPC, or disclosed by EKPC to TGC.

7. Independent Contractor. TGC will act as an independent contractor in the performance of its duties under this Agreement. TGC is not responsible for the acts of EKPC or representations made by EKPC upon which TGC acts in providing services under this Agreement. EKPC is not responsible for the acts of TGC unless such acts are performed at EKPC's request or as a result of representations provided to TGC by EKPC.

8. Compliance. TGC will comply with all applicable laws and regulations pertaining to Congressional and Executive Branch contacts.

9. Extent of Agreement. This Agreement represents the entire understanding between EKPC and TGC, and may be amended only by a writing signed by all parties involved. It shall be governed by and construed in accordance with the laws of the District of Columbia.

Please signify your acceptance of the terms set forth above by signing and returning this Agreement to TGC.

THE GRIZZLE COMPANY

By: Richard A. Cantor
Richard A. Cantor
President

Date: 16 February 2006

ACCEPTED:

East Kentucky Power Cooperative

By: D. Alan W. Hensley
General Counsel

Date: 21 Feb 2006

Retainer Agreement Between EKPC and The Nelson Group

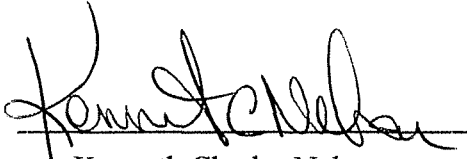
**Attachment "A"
July 29, 2004**

This attachment extends the retainer contract between East Kentucky Power Cooperative and The Nelson Group until EKPC presents The Nelson Group with a list of probable consulting responsibilities. The Nelson Group will, upon receipt of said responsibilities, prepare a replacement contract based on the number of estimated hours at the rate of \$250 per hour, amortized over a period of twelve months or longer as determined both parties.

Until such time that a new contract is fully executed, all terms and conditions of the previous contract remain in force as of the date indicated above.

THE NELSON GROUP

EAST KENTUCKY POWER COOPERATIVE



Kenneth Charles Nelson
President & CEO

July 29/04
Date

August 3, 2004
Date

faxed 1/23/03

HeartLand Marketing & Communications

6100 West 96th Street

Suite 175

Indianapolis, IN 46278

(317) 344-7100

Proposal to: East Kentucky Power Cooperative

Subject: Leadership Retreat

Date: January 8, 2003

Overview:

East Kentucky Power has identified a need to conduct an off-site retreat among EKPC directors, member system managers, and EKPC executive staff that focuses on building leadership for our future.

The planning process will include private and confidential interviews by HeartLand Marketing & Communications (HMC) with EKPC directors and designated members of the EKPC executive team. The interviews will provide participants an opportunity to identify Key Issues and Concerns they believe should be addressed during this leadership retreat February 19, 20, and 21 at an "off campus" location in Lexington, Kentucky. EKPC staff will select the location.

Member system managers, having recently been interviewed for the marketing retreat, will not be interviewed... but will be advised to contact HMC with any additional Key Issues and Concerns they wish to discuss at the February retreat.

While the interview process will be "member driven" and open-ended... the primary focus will be on *strategic* issues related to strengthening the relationships among EKPC, the board of directors, and the member systems, positioning the CEO and board officers as a cohesive leadership team, and broadening the integrated planning process ... going beyond load forecasting to consider the strategic impact on member pricing, and member services, among others identified by EKPC and the interviewees.

Day One of the retreat will consist of a plenary session presenting and discussing the Key Issues and Concerns... providing a clear definition of what is expected of each of the participants and their respective organizations... and obtaining agreement on a common agenda. The agenda should complement the "three legged stool" approach of member

management as systems – EKPC directors as policy makers – and EKPC as member support.

Day Two of the retreat will focus on break out sessions with Directors/Managers and EKPC Executive Staff. Directors and Managers will focus on policy and visioning. The EKPC Staff will focus on improved support for the members, communications, implementation, and operations.

Both groups will return for a final plenary session on the morning of Day Three to present their findings and recommendations. HMC will assist the participants in reaching consensus, and identifying specific expectations, action items, responsibility, accountability, and timelines.

Deliverables:

HMC will draft three introductory letters or memos explaining the retreat process and containing specific information on the dates, times, and location for the retreat. One letter will be addressed to EKPC directors. The second letter will be addressed to the member system managers. Both these letters will be sent under the signatures of the EKPC President & CEO, and Chairman of the Board.

The third letter, memo, or e-mail will be addressed to the EKPC Executive Staff. This communication should summarize the same information as the previous two, but may come directly from Ken with a copy to Roy Palk.

HMC will conduct private and confidential interviews with all EKPC directors, and designated EKPC executive staff to identify Key Issues and Concerns to be introduced, discussed, and debated during the retreat. HMC will coordinate the interview scheduling process with the assistance of EKPC staff. HMC will also be available to receive input from member systems managers.

While HMC already has a working knowledge of some key issues and concerns, HMC will work closely with all involved to fully understand the client's additional needs, and to gain sufficient background information to be knowledgeable and fully prepared for the upcoming interview and retreat process. HMC will also attend any necessary meetings at EKPC, or participate in any conference calls or correspondence in advance of the retreat

HMC will facilitate the leadership retreat including the plenary and breakout sessions.

HMC will provide EKPC with a formal summary report within two weeks after the strategic planning retreat.

HMC will present a formal report to the EKPC Board of Directors at a date to be selected by EKPC.

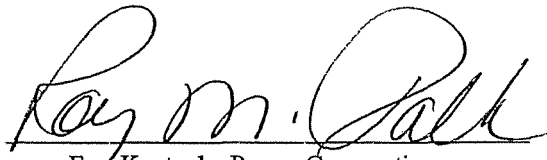
Terms and Conditions:

HMC will provide all of the services listed in this proposal for a professional fee of \$20,000. One half of the fee, or \$10,000 is due at time of signing of this proposal. The balance is due upon delivery and acceptance of the final planning documents.

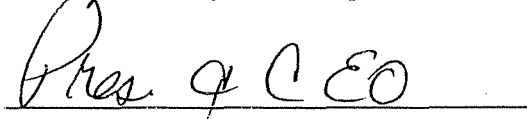
Fees for lodging and meals associated with this project will be submitted for reimbursement to HMC at cost. Transportation in an HMC vehicle will be charged at the rate of 38-cents per mile.

HMC sincerely appreciates the opportunity to be of service to EKPC, its Board of Directors, and its member systems.

Kenneth C. Nelson
President & CEO
HeartLand Marketing & Communications

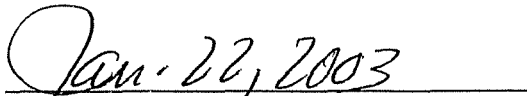


East Kentucky Power Cooperative



Title

Date



Date



Strategic Planning For Growing Business

Kenneth C. Nelson
President & CEO

The Agreement:

Professional consulting services agreement between East Kentucky Power Cooperative and The Nelson Group, Inc.

Scope of deliverables identified and requested by EKPC:

General Communications

- Internal communications among EKPC staff
- External communications with member systems, EKPC directors, and other designated persons or organizations

Corporate Vision

- Assist with the communications and execution of the Corporate Vision
- Assist with the integration of the Corporate Vision into the Integrated Planning Process
- Update and revise the Corporate Vision Statement according to the changing needs of EKPC.

Member Services

- Act as *sounding board* and advisor for existing and proposed marketing programs
- Help with the development and implementation of marketing programs for the member systems
- Assist with community and economic development programs

Additional Professional Consulting Services

- As requested and authorized by EKPC

Terms and Conditions:

EKPC agrees to retain a minimum of 240-hours of professional consulting services from Kenneth Charles Nelson, president & CEO of The Nelson Group payable at the rate of \$250-per hour for a total annual non-refundable fee of \$60,000 for 12-months commencing July 15, 2003 and renewable at the same rate on July 16, 2004.

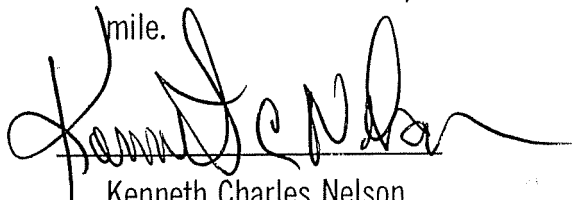
EKPC shall make minimum monthly payments of \$5,000 on the 15th of each month for 20 hours of consulting services. Professional consulting services requested by EKPC exceeding 20-hours for any given month shall be charged in addition to the monthly retainer fee at the rate of \$250 per hours. Any additional hours provided above 20-hours per month will be deducted from the annual total of 240-hours. Payments exceeding the \$5,000 monthly retainer fee will be deducted from the \$60,000 annual total.

EKPC may request more than 240-hours during the 12-months covered under this agreement. Additional hours will be charged at the rate of \$250-per hour and deducted from the remaining annual balance.

The Nelson Group shall provide EKPC accurate monthly billing including the retainer fee(s), hours worked, and the remaining balances.

The Nelson Group shall provide EKPC appropriate records on the last day of each month covered under the terms of this agreement.

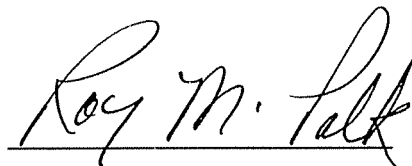
Meals, lodging, and transportation directly attributed to services covered under the terms and conditions of this agreement shall be documented and charged at cost. Travel in a Nelson Group vehicle shall also be charged at the rate of 38-cents per mile.



Kenneth Charles Nelson
President & CEO
The Nelson Group

July 21, 2003

Date



Roy M. Palk
President & CEO
East Kentucky Power Cooperative

July 21, 2003

Date

Linda Breathitt
202 508 4063 Direct Dial
202 654 1880 Direct Fax
lbreathitt@thelenreid.com

701 Pennsylvania Avenue, N.W., Suite 800
Washington, DC 20004-2608

Tel. 202.508.4000
Fax 202.508.4321

www.thelenreid.com

September 16, 2004

Mr. Dale Henley
General Counsel
East Kentucky Power Cooperative
4775 Lexington Road
P.O. Box 707
Winchester, KY 40392-0707

Re: **Representation of East Kentucky Power Cooperative (EKPC)**

Dear Dale:

I would like to welcome EKPC as a client of Thelen Reid & Priest LLP. We have found that it is important to express as clearly as possible our expectations and intentions when taking on a new representation. For that reason, and also because the law requires us to put certain information in a written agreement with clients, I have prepared this letter agreement and enclose a statement of our Billing and Payment Policies.

We have already discussed the nature of energy consulting services for which you have retained our firm. I will serve as the client manger for this representation. So that we have a common understanding about the scope of our work, I would like to set out briefly here what you have asked us to do.

General Representation. I will work on behalf of EKPC for a period beginning in August, 2004 until such time as EKPC feels this matter is concluded. I will provide strategic and regulatory advice that addresses specific issues of interest and/or concern to EKPC. Specifically, this engagement shall include, but not be limited to, providing energy and regulatory advice on FERC matters and any other energy or regulatory issues EKPC feels may be required. The fee for this engagement is \$525.00 per hour (plus reimbursements for costs).

Naturally, we trust and hope that you will be satisfied with our services and will return to us for your future legal or consulting needs. If the above accurately states our mutual understanding of the terms and conditions of this representation (including the provisions of our Billing Policy in the attachment), please confirm your agreement by executing the enclosed copy of this letter in the space provided and returning it to me.

Mr. Dale Henley
September 16, 2004
Page 2

Thelen Reid & Priest LLP

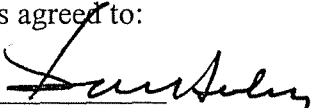
On behalf of our entire firm, I thank you for the confidence you have shown in us by retaining Thelen Reid & Priest LLP and in particular my consulting services. We look forward to working with you.

Sincerely,

Linda Breathitt
Senior Energy and Regulatory Consultant

LB/tlc
Enclosure

The foregoing is agreed to:



East Kentucky Power Cooperative

9-20-04

By: _____

Name: _____

Title: _____

BILLING AND PAYMENT POLICIES
of
THELEN REID & PRIEST LLP

Fees for Legal Services.

As we have agreed, the fees for my consulting services will be \$525.00 per hour for the period of time stated in the engagement letter.

Our firm may utilize attorneys, legal assistants and other staff in a manner which we believe will best serve a client's requirements consistent with providing the proper level of skill and experience at the most reasonable costs. Our schedule of hourly rates for attorneys, legal assistants and other members of the professional staff is based upon years of experience, specialization and level of professional attainment. We will seek prior approval if such services are advisable.

Currently, our rates in Washington, D.C. range from \$175 to \$650 per hour for attorneys and from \$90 to \$150 per hour for law clerks and legal assistants.

We are sometimes requested by clients to give estimates of fees and costs that we expect to be incurred in connection with a specific matter. While we will work closely with clients on budgets for matters, clients should be aware that estimates and budgets are by their nature imprecise and are subject to unforeseeable future events. Unless we have expressly agreed to a fixed fee or maximum fee to be charged or other billing arrangement, the actual amounts billed may be different from estimated or budgeted amounts.

Other Charges.

Non-fee charges are separately itemized on our statements in accordance with the attached schedule. In cases where costs incurred for outside materials or services exceed \$200, we may forward the vendors' statements directly to you for payment with the understanding that they will be discharged promptly. As a result of billing delays by outside vendors, some charges may be billed later than the period in which the corresponding legal services were rendered.

Revisions to Fees for Legal Services and Non-Fee Charges.

Our rates and non-fee charges are reviewed periodically and adjusted from time to time. It is not the policy of the firm to send out a schedule to each client every time our rates or non-fee charges are adjusted, and we reserve the right to adjust rates and charges in a reasonable manner without prior notice. Unless otherwise agreed, the rates that are being charged for all personnel will be reflected in the invoices itemizing our charges.

Monthly Statements Due Upon Receipt.

Our statements generally will be prepared and mailed during the month following the end of the month in which the services are rendered. Statements are due upon receipt. In litigation matters in which we prosecute monetary claims on the client's behalf, we shall have a lien on the

proceeds from those claims to the extent of any unpaid fees or other charges, and such lien shall attach to any judgment, settlement or other recovery obtained by the client on those claims.

Past Due Amounts.

To avoid burdening those clients who pay their statements promptly with higher fees to reflect the added costs we incur as a result of clients who are delinquent, a monthly service charge of 10% per annum accruing from the due date may at our discretion be added to statements which remain unpaid for 30 days or more. In no event will the service charge be greater than the maximum rate permitted by any applicable law. In the unlikely event that we are required to institute legal proceedings to collect our fees or other amounts due to us, the prevailing party will be entitled to recover a reasonable attorney's fee (not to exceed \$40,000) and other costs of collection.

Termination of Services.

Our clients have the right to terminate our services at any time. We will have the same right, subject to any professional obligation to give a client reasonable notice to arrange alternative representation and subject to the rules of any applicable court or tribunal. In the event of a termination of our services, the client will be obligated to pay for our fees and other charges incurred prior to the delivery of notice of termination.

Arbitration.

To the extent applicable, notice is given that New York law provides, with certain exceptions, that you have the right to arbitrate fee disputes if the amount of the dispute is between \$1,000 and \$50,000.

SCHEDULE OF CHARGES OTHER THAN
FOR PROFESSIONAL SERVICES

Reproduction	\$.15 per page
Color Reproduction	\$1.00 per page
Velobinding	\$1.50 per bind
Facsimile	\$2.00 per page (outgoing only)
Postage	No charge, except for unusually large mailings which are billed at U.S. Postal rates
Overtime Text Editing and Secretarial Services	\$50.00 per hour
Telephone	No charge for local calls. Long distance calls at cost.
Computerized Legal Research	Billed at rates charged by computerized research vendors (e.g. Lexis, Westlaw)
Mileage	Internal Revenue Service standard mileage rate
Other Travel	At cost
Airfare	Coach class for domestic flights, business class for international flights
Other Third-Party Charges	All other third-party charges (e.g., filing fees, expert witness fees, travel on client's behalf) are billed at the rates charged by these third-parties