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August 21, 2014

Via Hand-Delivery

Mr. Jeffrey Derouen
Executive Director
Kentucky Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, KY 40602

RECEIVED

AUG 21 2014

PUBLIC SERVICE
COMMISSION

Re: In the Matter of: An Application of East Kentucky Power Cooperative, Inc. for an Order Declaring the Glasgow Landfill Gas to Energy Project to be an Ordinary Extension of Existing Systems in the Usual Course of Business and a Joint Application of Farmers Rural Electric Cooperative Corporation and East Kentucky Power Cooperative, Inc. for Approval to Enter Into a Ten Year Purchased Power Agreement and Approval of a Special Contract, PSC Case No. 2014-00292

Dear Mr. Derouen:

Enclosed please find for filing with the Commission in the above-referenced case an original and ten (10) copies each of East Kentucky Power Cooperative, Inc. and Farmers Rural Electric Cooperative Corporation's Application and Motion for Confidential Treatment. Please return file-stamped copies of each to me.

Do not hesitate to contact me if you have any questions.

Very truly yours,

David S. Samford

Enclosures

M:\Clients\4000 - East Kentucky Power\2684 - PPA for Renewable Energy\
Correspondence\Ltr. to Jeff Derouen - 140819.docx

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

AUG 21 2014

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

**AN APPLICATION OF EAST KENTUCKY POWER)
COOPERATIVE INC. FOR AN ORDER DECLARING)
THE GLASGOW LANDFILL GAS TO ENERGY PROJECT)
TO BE AN ORDINARY EXTENSION OF EXISTING)
SYSTEMS IN THE USUAL COURSE OF BUSINESS AND)
A JOINT APPLICATION OF FARMERS RURAL)
ELECTRIC COOPERATIVE CORPORATION AND EAST)
KENTUCKY POWER COOPERATIVE, INC. FOR)
APPROVAL TO ENTER INTO A TEN YEAR PURCHASED)
POWER AGREEMENT AND APPROVAL OF A SPECIAL)
CONTRACT)**

CASE NO.
2014- 00292

APPLICATION

Comes now East Kentucky Power Cooperative, Inc. (“EKPC”) by and through counsel, pursuant to KRS 278.020, KRS 278.160, 807 KAR 5:001 Sections 14 and 15, and other applicable law, and for its Application requesting that the Kentucky Public Service Commission (“Commission”) enter an Order: 1) declaring the Glasgow Landfill Gas to Energy Project (“Project”) to be an ordinary extension of existing systems in the usual course of business; and 2) approving a special contract relating to same; and also comes now Farmers Rural Electric Cooperative Corporation, (“Farmers”) by and through counsel, pursuant to KRS 278.300, 807 KAR 5:013, Section 13, and other applicable law, and for its Application requesting that the Commission enter an Order approving a Capacity, Energy and Environmental Attribute Purchase, Sale and Interconnection Agreement, dated August 13, 2014 (“Agreement”) being the same special contract referred to above, respectfully stating as follows:

I. INTRODUCTION

1. On August 13, 2014, Farmers and EKPC entered into the Agreement to provide for the purchase and sale of capacity, energy and environmental attributes produced from a

landfill gas to energy (“LFGTE”) facility, with a rated capacity of 1 MW, that EKPC seeks to construct in association with improvements to the Glasgow Regional Landfill (the “Glasgow LFGTE Facility”). In addition, the Agreement includes certain terms and obligations relating to the interconnection of the Glasgow LFGTE Facility to Farmers’ electric distribution system. A copy of the Agreement is attached hereto and incorporated herein as Exhibit 1.

2. The improvements to the Glasgow Regional Landfill, which will be the source of gas for, and the location of, the Glasgow LFGTE Facility are made possible through special financing available from the United States Department of Agriculture’s Rural Utilities Service (“RUS”) Rural Economic Development Loan Program to the City of Glasgow, Kentucky, which is a customer of Farmers and the owner of the Glasgow Regional Landfill. This financing was approved by RUS in 2013 and has allowed the City of Glasgow to commence construction of a system to capture, gather and deliver landfill gas in a manner suitable for use as fuel for the generation of electricity.

3. EKPC has extensive experience with the construction, operation and maintenance of LFGTE facilities and agreed to purchase landfill gas produced by the City of Glasgow and to convert said landfill gas into electricity. In exchange, the City of Glasgow has agreed to allow EKPC to lease a portion of the Glasgow Regional Landfill to construct, operate and maintain the Glasgow LFGTE Facility.

4. In light of its role in helping secure funding for the improvements to the Glasgow Regional Landfill, Farmers desires to purchase the entire capacity, energy and environmental attributes produced by the Glasgow LFGTE Facility. While Farmers currently purchases capacity and energy from EKPC pursuant to a Wholesale Power Agreement, this sale of capacity, energy and environmental attributes will be deemed to be a separate transaction and on

terms and conditions that are different from those set forth in the Wholesale Power Agreement. The initial term of the Agreement will be ten (10) years, although it may be renewed for up to two additional five (5) year terms, which coincides with the terms of the landfill gas purchase agreement and site lease agreement EKPC has entered into with the City of Glasgow.

5. The cost of the capacity, energy, and environmental attributes sold to Farmers under the Agreement is priced below the cost of the bundled wholesale rate charged by EKPC to Farmers pursuant to the Wholesale Power Agreement. Moreover, because the price being charged to Farmers fully recovers the cost of production from the Glasgow LFGTE Facility, the purchase of capacity, energy, and environmental attributes will not result in subsidization of Farmers by EKPC's other Members.

6. Farmers' Board of Directors approved resolutions to purchase power from EKPC's Glasgow LFGTE Facility and to enter into the Agreement with EKPC on August 13, 2014. A copy of this Resolution is incorporated herein by reference as Exhibit 2. EKPC's Board of Directors accepted Farmers' notice to purchase power outside of the context of the Wholesale Power Contract in a Resolution adopted on May 3, 2013. A copy of this Resolution is incorporated herein by reference as Exhibit 3.

7. The improvement of the Glasgow Regional Landfill, the construction and operation of the Glasgow LFGTE Facility and the purchase of capacity, energy and environmental attributes from said facility are all beneficial to Farmers and its Members. Farmers will be able to work closely with the City of Glasgow and EKPC to develop a local energy resource on favorable economic terms and to promote economic growth through investment in both the Glasgow Regional Landfill and the Glasgow LFGTE Facility. This investment will manifest itself in the form of short-term construction operations associated with

the improvement of the Glasgow Regional Landfill and the Glasgow LFGTE Facility. Over the long-term, this investment will create a larger tax base for the benefit of City of Glasgow and Barren County. Moreover, once the Glasgow LFGTE Facility is complete, Farmers will be in a position to provide emergency back-up service to the Glasgow Regional Wastewater Treatment Plant. This will allow the City of Glasgow to assure the availability of reliable emergency power at a lower cost than other options and will afford Farmers an additional source of revenue, in the form of a back-up power supply agreement, regardless of whether emergency power is actually required. Thus, the Agreement helps facilitate a “win-win-win” situation for Farmers, EKPC and the City of Glasgow.

II. EKPC’S REQUEST FOR A DECLARATORY ORDER

8. Pursuant to 807 KAR 5:001, Section 14(1), EKPC’s mailing address is P.O. Box 707, Winchester, Kentucky 40392-0707 and EKPC’s electronic mail address is psc@ekpc.coop.

9. Pursuant to 807 KAR 5:001, Section 14(2), EKPC is a Kentucky corporation, in good-standing and was incorporated on July 9, 1941.

10. EKPC states that the Project represents an ordinary extension of existing systems in the usual course of business and does not require the issuance of a Certificate of Public Convenience and Necessity (“CPCN”), pursuant to KRS 278.020(1) and 807 KAR 5:001 Section 15(3).

11. As grounds for said request for a declaratory order, EKPC states as follows:

(a) KRS 278.020(1) provides an exemption from the requirement of a CPCN for the construction of new facilities for furnishing regulated utility services to the public if such new facilities are ordinary extensions of existing systems in the usual course of business. As defined by 807 KAR 5:001, Section 15(3), such ordinary extensions must not “create wasteful

duplication offacilities,” must not “conflict with the existing certificates or service of other utilities operating in the area...,” and must not “involve sufficient capital outlay to materially affect the existing financial condition of the utility involved, or will not result in increased charges to its customers.”

(b) The Project proposed by EKPC involves generation output of one (1) MW or less and will represent an individual investment of approximately [REDACTED].¹ No Site compatibility certificate is required for the Glasgow LFGTE Facility, pursuant to the provisions of KRS 278.216(1). This facility will provide small, but reliable and economic quantities of electric energy to EKPC for sale to Farmers utilizing renewable resources, and will not require investments sufficient to materially affect the financial condition of EKPC, or require an increase in EKPC’s wholesale power rates.

(c) The proposed generating facility for the Project will be constructed on a leased portion of the landfill itself, and will be connected to Farmers’ facilities in the vicinity. The facilities will not compete or conflict with the existing certificates or services of any other jurisdictional utilities in the area. Therefore, such facilities will not represent wasteful duplication of plant, equipment, property or facilities.

12. Attached hereto as Exhibits 4 through 13, are detailed information concerning the Project including descriptions of the Project, capital and operating cost estimates, financing information, feasibility studies, gas supply agreement and site lease, a map and such other information relevant to the Project. This Project is very similar to the Bavarian LFGTE project, which was approved by the Commission in PSC Case No. 2002-00352 on December 18, 2002, the Green Valley and Laurel Ridge Projects, which were approved by the Commission in PSC

¹ A Motion for Confidential Treatment of this and similar confidential and proprietary information filed as part of this Application has been filed contemporaneously herewith.

Case No. 2002-00474 on March 3, 2003, the Hardin County LFGTE Project, which was approved by the Commission in PSC Case No. 2005-00164 on July 8, 2005, the Pendleton County LFGTE Project which was approved by the Commission in PSC Case No. 2006-00033 on March 10, 2006 and the Maysville-Mason County LFGTE Project which was approved by the Commission in PSC Case No. 2007-00509 on March 26, 2008.

13. Based upon the foregoing, EKPC respectfully requests that the Commission issue a declaratory Order stating that no CPCN is required for the Glasgow LFGTE Project.

III. FARMER'S REQUEST FOR APPROVAL OF THE AGREEMENT

14. Pursuant to 807 KAR 5:001, Section 14(1) and 807 KAR 5:001, Section 18(1)(a), Farmer's mailing address is 504 South Broadway, Glasgow, Kentucky 42141. Farmer's email address is FarmersRECC-PSC@farmersrecc.net. The facts upon which the Application is based on are set forth generally in paragraphs one (1) through thirteen (13) above. Pursuant to KRS 278.300 and 807 KAR 5:001 Section 18, Farmers requests approval to assume an obligation or liability in respect to an evidence of indebtedness.²

15. Pursuant to 807 KAR 5:001, Section 14(2) and 807 KAR 5:001, Section 18(1)(a), Farmers was incorporated in the Commonwealth of Kentucky on March 15, 1938 and is currently in good standing.

16. Pursuant to 807 KAR 5:001, Section 18(1)(b), Farmers' electric plant in service consists primarily of electric distribution facilities serving approximately 24,850 customers in eight counties in Kentucky, along with associated operations, maintenance and administrative

² The Commission stated in Administrative Case 350 that any power purchase agreement that includes a "take or pay" or "minimum payment" obligation constitutes and evidence of indebtedness. *See In the Matter of the Consideration and Determination of the Appropriateness of Implementing a Ratemaking Standard Pertaining to the Purchase of Long-Term Wholesale Power by Electric Utilities as Required in Section 712 of the Energy Policy Act of 1992*, Order (Ky. P.S.C., Oct. 25, 1993).

facilities. The original cost of Farmers' property is \$81,837,933, which is also the cost to Farmers.

17. Pursuant to 807 KAR 5:001, Section 18(1)(c), Farmers states that it is not seeking to issue any stock, notes or bonds. Rather, it desires to perform and exercise the rights and obligations set forth in the Agreement.

18. Pursuant to 807 KAR 5:001 Section 18(1)(d), Farmers states that there are no proceeds to be derived from the proposed transaction.

19. Pursuant to 807 KAR 5:001, Section 18(1)(e), Farmers states that there is no specific property to be acquired, constructed, improved, or extended by the proceeds of the proposed transaction.

21. Pursuant to 807 KAR 5:001 Section 18(1)(f), Farmers states that there is no proposal to discharge or refund any outstanding obligations of Farmers. The capacity and energy purchased pursuant to the Agreement will serve as a resource to serve the Farmers system's native load needs.

22. Pursuant to 807 KAR 5:001 Section 18(2)(a), a Financial Exhibit, as described in Section 12 of 807 KAR 5:001, is attached hereto and incorporated herein as Exhibit 14. Unless otherwise specified, the Financial Exhibit covers operations for the twelve (12) month period ended July 31, 2014, which is not more than ninety (90) days prior to the date this Application is filed.

23. Pursuant to 807 KAR 5:001, Section 18(2)(b), copies of all of Farmers' relevant deeds of trust or mortgages have been filed of record in Case No. 2008-00030.³

³ See *In the Matter of the Application of Farmers Rural Electric Cooperative Corporation for an Adjustment of Rates*, Case No. 2008-00040.

24. Pursuant to 807 KAR 5:001, Section 18(2)(c), Farmers states that no specific property acquisition will result; therefore, the providing of maps and plans is not applicable and, if necessary, a deviation is requested pursuant to 807 KAR 5:001, Section 22.

25. This proposed transaction is for a lawful object within the corporate purposes of Farmers as set forth in KRS Chapter 279 generally. The transaction will involve the purchase of renewable energy which will aid in diversifying Farmers' energy sources and promoting the use of local energy resources to the benefit of the economy in Farmers' service territory.

26. This transaction is necessary and appropriate for, and is consistent with the proper performance by Farmers of its service to the public and will not impair Farmers' ability to perform that service. To the contrary, this transaction will enhance its ability to provide reliable energy at a reasonable price its Members.

27. Based upon the foregoing, Farmers respectfully requests the Commission to approve the Agreement.

IV. EKPC'S REQUEST FOR APPROVAL OF A SPECIAL CONTRACT

28. The facts upon which the Application are based are set forth generally in paragraphs one (1) to twenty-seven (27) above. Pursuant to KRS 278.160 and 807 KAR 5:013, Section 13, EKPC requests approval to file the Agreement as a special contract and that it be accepted as same.

29. The Agreement is being filed with the Commission because it sets out rates, charges or conditions not currently included in EKPC or Farmers' general tariffs. In particular, the Agreement provides that Farmers alone shall be entitled to the capacity, energy and environmental attributes associated with the Glasgow LFGTE Facility.

30. The Agreement is fair, just and reasonable and will be beneficial to EKPC, Farmers, the City of Glasgow and all of their respective customers and residents.

31. Based upon the foregoing, EKPC respectfully requests the Commission to approve the Agreement as a special contract.

WHEREFORE, on the basis of the foregoing:

1. EKPC respectfully requests the Commission to issue a declaratory order that the Project constitutes an ordinary extension of existing facilities in the usual course of business and does not require a CPCN pursuant to KRS 278.020(1) and 807 KAR 5:001 Section 15(3); and
2. Farmers respectfully requests that:
 - a. The Commission determine and find that the Agreement described herein and attached hereto be found to be for a lawful object within the corporate purposes of Farmers, is necessary or appropriate for or consistent with the proper performance by Farmers of its service to the public; will not impair Farmers' ability to perform that service; and is reasonably necessary and appropriate for such purpose; and
 - b. The Commission enter an Order authorizing Farmers to perform its obligations and duties as set forth in the Agreement with EKPC; and
3. EKPC respectfully requests that the Commission enter an Order allowing the Agreement to be entered in its records of the Commission as a special contract with Farmers.

VERIFICATION

The undersigned, pursuant to KRS 278.300(2), hereby verifies that all of the information contained in the foregoing Application is true and correct to the best of my knowledge, opinion and belief.

FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION

BY: William T. Prather
William T. Prather, President and Chief Executive Officer

COMMONWEALTH OF KENTUCKY

COUNTY OF BARREN

The foregoing Verification was signed, acknowledged and sworn to before me this 13th day of August 2014, by William T. Prather, President and Chief Executive Officer of Farmers RECC, a Kentucky corporation, on behalf of the corporation.

Diana DuFosse
NOTARY PUBLIC ID# 446566
my commission expires: 07-30-2015

VERIFICATION

The undersigned, pursuant to KRS 278.300(2), hereby verifies that all of the information contained in the foregoing Application is true and correct to the best of my knowledge, opinion and belief.


EAST KENTUCKY POWER COOPERATIVE, INC.

BY: 
Mike McNalley, CFO & Executive VP

COMMONWEALTH OF KENTUCKY

COUNTY OF CLARK

The foregoing Verification was signed, acknowledged and sworn to before me this 14th day of August 2014, by Mike McNalley of East Kentucky Power Cooperative, Inc., a Kentucky corporation, on behalf of the corporation.

 My Commission Expires:
5-9-2017
NOTARY PUBLIC JD# 488050

Respectfully Submitted,



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*Counsel for East Kentucky Power Cooperative, Inc.
and Farmers Rural Electric Cooperative
Corporation*

EXHIBITS

Capacity, Energy and Environmental Attribute Purchase, Sale and Interconnection Agreement, dated August 13, 2014	1
Farmers Board of Directors Resolution, dated August 13, 2014	2
EKPC Board of Directors Resolution, dated June 10, 2013	3
EKPC Project Description & Vicinity Map	4
EKPC Feasibility Study	5
EKPC Cost Comparisons with other EKPC Generation Options	6
EKPC Capital Cost Breakdown	7
EKPC Expected Hours of Generation	8
EKPC Annual Operation, Maintenance and Fuel Cost	9
EKPC Financing	10
EKPC Landfill Gas Analysis	11
EKPC Environmental Approvals	12
EKPC Landfill Gas Purchase Agreement, Site Lease Agreement, and Gas Collection System Proposed Layout Drawing	13
Farmers Financial Exhibit, dated July 31, 2014	14

CAPACITY, ENERGY AND ENVIRONMENTAL ATTRIBUTE PURCHASE, SALE, AND INTERCONNECTION AGREEMENT

This Capacity, Energy and Environmental Attribute Purchase, Sale and Interconnection Agreement is made and entered into and effective this 13th day of August, 2014, by and among East Kentucky Power Cooperative, Inc., a Kentucky corporation with its principal office at 4758 Lexington Road, Winchester, Kentucky 40391 ("EKPC"), and Farmers Rural Electric Cooperative Corporation, a Kentucky corporation with its principal office at 504 South Broadway, Glasgow, Kentucky 42141 ("Member") (EKPC and Member may be referred to herein individually as a "Party" or jointly as the "Parties").

WITNESSETH:

WHEREAS, EKPC is engaged in the generation, transmission and sale of electric power in the Commonwealth of Kentucky and is the wholesale power supplier for Member;

WHEREAS, EKPC owns or will own a Landfill Gas-To-Energy Facility ("LFGTE Facility") in Glasgow, Kentucky, that will be interconnected to Member's electric distribution system and desires to produce electric generation capacity, electric energy, and environmental attributes exclusively for sale to Member;

WHEREAS, Member is willing to permit EKPC to be interconnected and operate in parallel with Member's System, so that EKPC will be able to deliver to Member such capacity, energy, and environmental attributes produced by the LFGTE Facility; and

WHEREAS, the Parties wish to specify in this Agreement their relative rights and responsibilities regarding the sale and purchase of capacity, energy, and environmental attributes;

NOW, THEREFORE, the Parties agree as follows:

ARTICLE I - DEFINITIONS

1.01 "Agreement" shall mean this Capacity, Energy and Environmental Attribute Purchase, Sale, and Interconnection Agreement and all Schedules hereto.

1.02 "Applicable Laws and Regulations" shall mean all duly enacted and applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

1.03 "Authorization" shall mean any license, permit, approval, filing, waiver, exemption, variance, clearance, entitlement, allowance, franchise, or other authorization from or by a Governmental Authority.

1.04 "Authorization Date" shall mean the date that the last Authorization required to be given in order for the Parties to perform this Agreement is granted by the Kentucky Public Service

Commission, the Administrator of the Rural Utilities Service or any other applicable Governmental Authority.

1.05 “Commercial Operation Date” shall mean the date on which the LFGTE Facility is fully constructed and operational.

1.06 “Delivery Point” shall mean the meter at the point of connection of the 12,470 volt facilities of Member and the 12,470 volt facilities of EKPC.

1.07 “Dispute” shall have the meaning given in Section 9.06(a).

1.08 “Early Termination Date” shall have the meaning given in Section 9.03(a).

1.09 “EKPC’s System” shall mean the transmission system owned by EKPC in support of the bulk power grid.

1.10 “Environmental Attributes” shall mean: 1) any grants or other payments from a Governmental Authority or non-profit entity (other than a cooperative corporation formed under KRS Chapter 279 and to the extent permitted by law) for which the LFGTE Facility is eligible based upon its generation of electricity from renewable resources; 2) environmental air quality credits, off-sets, emission reductions, allowances or other benefits related to the generation of electricity from the LFGTE Facility in a manner which reduces, displaces or off-sets emissions resulting from fuel combustion at another location pursuant to any law; and 3) credits, off-sets, environmental and other certificates, green pricing programs, renewable energy credit trading programs or any similar program.

1.11 “Event of Default” shall have the meaning given in Section 9.01 and Section 9.02.

1.12 “Force Majeure” shall have the meaning given in Section 7.01.

1.13 “Good Utility Practice” shall mean any of the practices, methods and acts employed by owners and/or lessors, operators or maintainers of electric generation, transmission or distribution facilities similar in size and operational characteristics to the LFGTE Facility, Interconnection Facilities, Member’s System and EKPC’s transmission system which, in the exercise of reasonable judgment in the light of the facts known or that reasonably should have been known at the time that a decision was made, could reasonably have been expected to accomplish the desired result at the lowest reasonable cost, consistent with licensing and regulatory considerations, environmental considerations, reliability, safety, protection of lives and property, expedition, the technical specifications and manufacturer’s maintenance requirements, and the applicable requirements of any Governmental Authority. Good Utility Practice is not intended to be limited to the optimum practice, method or act, to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts generally accepted in the region.

1.14 “Governmental Authority” shall mean the federal government of the United States, and any state, county or local government, and any regulatory department, body, political subdivision, commission (including the Kentucky Public Service Commission and Federal Energy Regulatory Commission), agency, instrumentality, ministry, court, judicial or

administrative body, taxing authority, or other authority of any of the foregoing (including any corporation or other entity owned or controlled by any of the foregoing), any regional transmission organization or independent system operator, any national or regional reliability organization or council (including the North American Electric Reliability Corporation) or any reliability coordinator, in each case, having jurisdiction or authority over the Agreement (or any portion thereof), EKPC, Member, the LFGTE Facility, the Interconnection Facilities, Member's System or EKPC's transmission system, whether acting under actual or assumed authority.

1.15 "Initial Term" shall mean the period commencing on the effective date of this Agreement, written above, and concluding on a date ten (10) years following the Commercial Operation Date of EKPC's LFGTE Facility.

1.16 "Interconnection Costs" shall mean all reasonable costs of connection, switching, metering, transmission, distribution, safety provisions and administrative costs incurred by EKPC or Member directly related to the installation and maintenance of physical facilities necessary to permit interconnected operations with the LFGTE Facility, to the extent those costs are in excess of corresponding costs which EKPC or Member would have incurred if either had not engaged in interconnected operations with the LFGTE Facility but instead had generated an equivalent amount of electric energy itself or purchased an equivalent amount of electric energy or capacity or both from other sources. Interconnection costs shall not include any costs included in the calculation of EKPC's or Member's avoided costs.

1.17 "Interconnection Facilities" shall mean all facilities, lines, equipment, appurtenances and meters, between the LFGTE Facility and Member's System that are necessary to physically and electrically interconnect the LFGTE Facility to Member's System, regardless of whether owned by EKPC or Member.

1.18 "Member's System" shall mean Member's facilities and equipment used to distribute electricity to end users directly from nearby generators or from interconnection with EKPC's System.

1.19 "Notice of Early Termination" shall have the meaning given in Section 9.03(a).

1.20 "Operating Requirements" shall mean any operating and technical requirements that may be imposed by a regional transmission organization, independent system operator, control area coordinator, balancing authority, Member or EKPC.

1.21 "Proprietary Information" shall have the meaning set forth in 12.06(f)(i).

ARTICLE II – SALE OF CAPACITY, ENERGY, AND ENVIRONMENTAL ATTRIBUTES

2.01 Sale of Capacity and Energy. As soon as is reasonably practicable after all requirements set forth herein are met following the Authorization Date of this Agreement and the Commercial Operation Date of the LFGTE Facility, EKPC will deliver, and Member will receive, capacity, energy and Environmental Attributes from EKPC's LFGTE Facility at the Delivery Point. Member shall pay for the capacity, energy and Environmental Attributes delivered by EKPC as

set forth in Schedule A. The electric power delivered by EKPC and received by Member shall be metered.

2.02 Exclusivity. EKPC agrees that its LFGTE Facility will be installed and used at all times for the sole purpose of Member's benefit, and capacity, energy and Environmental Attributes produced by said LFGTE Facility shall not be otherwise transmitted, shared, or resold by EKPC to any other person throughout the term(s) of this Agreement, unless consented to in advance by Member.

2.03 Delivery of Electricity. EKPC shall interconnect with Member's System and shall deliver electricity to the Delivery Point. EKPC must provide good quality electric power within a reasonable range of voltage, frequency, flicker, harmonic currents, and power factor, including, but not limited to:

a. The electricity delivered hereunder shall be in the form of three-phase power, at a frequency of 60-hertz, alternating current and within five percent (5%) above or below a nominal voltage of 12,470 volts or a nominal operating voltage to be determined by Member from actual operating experience.

b. EKPC shall provide for proper synchronization of the LFGTE Facility with Member's System such that synchronism is accomplished without causing undesirable harmful currents, surges, or voltage dips on Member's System or the transmission system owned by EKPC or other interconnected utilities.

c. The electricity delivered by EKPC shall not cause unusual fluctuations or disturbances on Member's System or EKPC's System or other interconnected utilities. Accordingly, EKPC shall provide, at EKPC's expense, suitable apparatus which will keep such fluctuations or disturbances within reasonable limits established by Member and EKPC in accordance with IEEE Standard 519 and/or other applicable standards.

d. Member shall install a safety switch that will fully disconnect the generation circuit of EKPC's LFGTE Facility from Member's System. The switch shall be of the visible break type which can be secured by a padlock by Member. The disconnect switch shall be accessible to Member and EKPC personnel at all times.

2.04 Environmental Attributes. During the Initial Term of this Agreement and any subsequent term(s), Member shall own, and may assign or sell at its sole discretion, all right, title and interest associated with or resulting from any Environmental Attributes associated with the LFGTE Facility and associated power and shall have the exclusive right to claim that Member is responsible for: (i) generating electricity from a renewable resource; and (ii) the reductions in emissions of pollution and greenhouse gases resulting from the power produced from a renewable resource.

ARTICLE III – RIGHTS AND OBLIGATIONS

3.01 Rights and Obligations of EKPC.



a. Design and Construction of the LFGTE Facility. EKPC shall design, construct and interconnect the LFGTE Facility at its own expense and in accordance with Good Utility Practices, Operating Requirements and all Applicable Laws and Regulations. Prior to completion and energization of the interconnection between the LFGTE Facility and Member's System, Member shall have the right to inspect the LFGTE Facility and Interconnection Facilities to determine that the LFGTE Facility and Interconnection Facilities are in compliance with Operating Requirements, Good Utility Practice and all Applicable Laws and Regulations. Any deficiencies noted must be corrected prior to energization. EKPC shall not, after energization, modify or change in any way the design or operating characteristics of the LFGTE Facility without giving advance notice to Member, unless circumstances indicate that such modification or change is necessary to prevent or limit harm to persons or property, in which such case notice shall be given to Member as soon as is reasonably practical thereafter.

b. Operation and Maintenance of the LFGTE Facility. At all times during the Initial Term of this Agreement and any subsequent term(s), EKPC has the sole duty and responsibility for operation and maintenance of the LFGTE Facility, and Member shall not furnish service personnel or material and equipment to EKPC for the maintenance or operation of the LFGTE Facility, unless separately agreed to and invoiced by Member. EKPC shall operate and maintain the LFGTE Facility in accordance with Operating Requirements, Good Utility Practices, and all Applicable Laws and Regulations.

i. Protection of the LFGTE Facility. EKPC shall protect the LFGTE Facility from disturbances occurring on Member's System, EKPC's System or other interconnected utilities' systems and shall have the sole responsibility for the safety and electrical protection of the LFGTE Facility, irrespective of the condition of Member's or EKPC's Interconnection Facilities. This protection shall include automatic sensing and immediate disconnection from a faulted or de-energized Member distribution line, and shall prevent EKPC from energizing a de-energized Member distribution line.

ii. Parallel Operation. Switching to place the LFGTE Facility in or out of service and parallel operation with EKPC's System or Member's System shall be coordinated with the EKPC system operator and designated Member operating personnel.

iii. Reactive Power. EKPC shall operate its LFGTE Facility to furnish its own reactive power (kvar) requirements.

c. Records Retention. EKPC shall maintain records regarding all maintenance of the LFGTE Facility, and upon reasonable prior notice, EKPC shall make those records available for inspection by Member during regular business hours.

3.02 Rights and Obligations of Member.

a. Design and Construction of Interconnection Facilities. The Interconnection Facilities shall be designed, acquired, constructed, installed, and interconnected at Member's expense and in accordance with Operating Requirements, Good Utility Practices, and all Applicable Laws and Regulations. EKPC shall not, after energization, modify or change in any way the design or operating characteristics of the Interconnection Facilities without Member's express approval.

b. Operation and Maintenance of the Interconnection Facilities. Each part of the Interconnection Facilities owned by Member, shall be operated and maintained in accordance with Operating Requirements, Good Utility Practices, and all Applicable Laws and Regulations.

c. Modifications and Upgrades of Interconnection Facilities. Member is responsible for all costs in relation to changes in its interconnection and protective equipment as may be required from time to time to meet changing conditions and requirements on Member's System or EKPC's System or other interconnected utilities' systems. In the event that load growth or other needs on the EKPC's transmission system or Member's System require the construction of new facilities in the future to replace or supplement the Interconnection Facilities Member shall be responsible for all costs incurred for such new interconnection facilities prior to the in-service date for such facilities.

3.03 Laws and Authorizations. EKPC and Member shall comply with all Applicable Laws and Regulations and Authorizations applicable to their respective performance of obligations under this Agreement, except where non-compliance will not have an adverse effect on any other Party, any other Party's rights under this Agreement or, as applicable, EKPC's or Member's ability to perform its obligations under this Agreement.

ARTICLE IV – METERS

4.01 Meters. EKPC shall specify, own, install, operate and maintain the metering equipment, and which EKPC and Member deem appropriate, based on the size and other characteristics of the LFGTE Facility. EKPC and Member shall use such metering equipment to measure the energy delivered by EKPC to Member, measure backup service provided to EKPC by Member, and monitor voltage and reactive power flows on the interconnection.

4.02 Readings. EKPC shall read the meter at the Delivery Point following the end of each month. The amount of power delivered by EKPC during the preceding month shall be determined from such readings, as such readings may be adjusted pursuant to Section 4.05.

4.03 Metering Modifications. Any modifications of the metering equipment may be made at the sole discretion of EKPC. Any additional costs incurred in making such modifications shall be borne by EKPC.

4.04 Inspection and Testing. EKPC shall inspect and test the meter as frequently as deemed appropriate by EKPC and Member, and shall, at a minimum, comply with requirements as set forth by the Kentucky Public Service Commission.

4.05 Accuracy. EKPC shall calibrate the meter to maintain accuracy within plus or minus one (1) percent as far as is reasonably practical and in accordance with Good Utility Practice. EKPC will give Member notice of all meter tests at least forty-eight (48) hours in advance thereof and each Party may have its representative present for such tests. If, at any test, the meter shall be found to be inaccurate by more than one (1) percent, fast or slow, an adjustment shall be made through mutual agreement among EKPC and Member to compensate for the effects of such inaccuracy over the period of inaccuracy that may be established. Any corrections in billings resulting from inaccurate metering shall be made in the next monthly bill rendered, and such

corrections, when made, shall constitute full adjustment. If at any time a meter shall fail to register, EKPC or Member, as applicable, shall determine through mutual agreement the meter registrations to be used for billing purposes by using an appropriate methodology.

ARTICLE V – PURCHASES AND BILLING

5.01 Power Purchases. Any capacity, energy, and environmental attributes purchased by Member from EKPC from a resource other than the LFGTE Facility shall be metered and accounted for separately from capacity, energy and Environmental Attributes delivered and sold hereunder to Member by EKPC, and shall be purchased in accordance with the tariffs, rules, and regulations established by EKPC as applicable to all members of EKPC and approved by the Kentucky Public Service Commission.

5.02 Billing.

a. An accounting for amounts due hereunder shall be prepared by EKPC and sent to Member on or before the 10th day of each month, and shall incorporate such information as may reasonably be necessary or desirable to determine the payment owing for capacity, energy, and environmental attributes delivered to the Delivery Point during the preceding month, and any other amounts due hereunder.

b. In the event that EKPC owes any amount to Member pursuant to this Agreement, Member shall send EKPC a statement of the amount then due and shall incorporate such information as may be reasonably necessary or desirable to determine the payments and other amounts due hereunder.

c. In the event of the termination or expiration of this Agreement, EKPC shall, within five (5) business days of the date of termination or expiration, provide a final billing statement that indicates any amounts owed by Member or to be paid by EKPC.

5.03 Payment and Interest.

a. Payments. All payments shown to be due to EKPC by Member on a billing statement shall be tendered to EKPC along with the billing statement no later than the 20th day of each month. By the 15th day of the month, Member shall prepare and send to EKPC a statement showing any amounts due to Member and shall indicate how such amounts were determined. Payment for Member's invoice to EKPC shall be tendered by the end of the month in which a billing statement is received. If the paying Party, in good faith, disputes a portion of any billing statement, the paying Party shall render payment for the undisputed portion of such bill to the billing Party. Upon resolution of the dispute, any amount found to be due and payable to the billing Party shall be paid to the billing Party. The paying Party shall render payment by wire transfer, or such other payment method as the Parties mutually agree.

b. Interest. If the paying Party fails to pay all or a portion of the undisputed amounts billed within the time stated in the preceding paragraph, the paying Party shall owe interest on the unpaid portion of the bill, which interest shall accrue daily at the Prime Rate (as published in the Wall Street Journal) plus two (2) percent, from and including the due date of such amount, but excluding the date the delinquent amount is paid. If any portion of a disputed amount is

ultimately determined to be due to the billing Party, such amount shall be due and payable not later than ten (10) days after resolution of the Dispute, and the paying Party shall owe interest on such portion of such disputed amount to the extent that such portion is determined to be due and owing to the billing Party, which interest shall accrue daily at the Prime Rate (as published in the Wall Street Journal) plus two (2) percent, from and including the original due date of such amount, but excluding the date the disputed amount is paid.

c. Offsets. Any Party may at any time offset any amounts owed by it against any and all amounts that may be due and owed to another Party under this Agreement.

5.04 Member's Services. Any delivery of electric power and energy and reactive support supplied to EKPC by Member shall be metered and accounted for separately from the power and energy delivered and sold hereunder by EKPC to Member and shall be provided in accordance with the Schedule attached hereto or the rates, rules and regulations established by Member and approved by the Kentucky Public Service Commission, as applicable, and any changes in such Schedule rates, rules and regulations as may become effective in the future.

ARTICLE VI – PROPERTY RIGHTS AND ACCESS

6.01 Communications and Data Logging Systems. EKPC shall provide Member with adequate space within the centralized control house or similar structure of the LFGTE Facility to accommodate a reasonable remote terminal owned by Member, if necessary and requested. EKPC shall also provide Member with access to the LFGTE Facility, upon reasonable advance notice and during normal business hours, as may be necessary and appropriate to enable Member to install and maintain such remote terminal in a manner consistent with Good Utility Practice, provided that such access shall not unreasonably interfere with EKPC's normal business operations. While at the LFGTE Facility, Member personnel shall observe such safety precautions as may be reasonably required by EKPC and communicated to Member in writing.

6.02 Right of Access. Member shall have right of access to EKPC's LFGTE Facility and EKPC's meter. Such inspections shall not relieve EKPC from its obligations to maintain the LFGTE Facility in satisfactory operating conditions and shall, in no way, be deemed an endorsement of the safe condition of the LFGTE Facility. While present on the property of EKPC, Member personnel shall observe such safety precautions as may be reasonably required by EKPC and communicated to Member in writing.

6.03 Removal of Equipment. Upon termination of this Agreement for any reason, any part or all of the Interconnection Facilities then owned by Member may be removed by Member at Member's cost and expense. Any portion of the Interconnection Facilities owned by EKPC at the termination of this Agreement shall remain EKPC's property.

ARTICLE VII – FORCE MAJEURE

7.01 Force Majeure Defined. "Force Majeure" shall mean an event or circumstance beyond the reasonable control of and without the fault or negligence of the Party claiming Force Majeure, which, despite the exercise of reasonable diligence, cannot be or be caused to be prevented, avoided or removed by such Party. Force Majeure shall include, to the extent consistent with the preceding sentence: an act of God; war (declared or undeclared); sabotage;

riot; insurrection; civil unrest or disturbance; military or guerilla action; banditry; terrorist activity or a threat of terrorist activity which, under the circumstances, would be considered a precursor to actual terrorist activity; economic sanction or embargo; civil strike, work stoppage, slow-down, or lock-out that are of an industry or sector-wide nature and that are not directed solely or specifically at the affected Party; explosion; fire; earthquake or seaquake; abnormal weather condition; hurricane; flood; lightning; high winds; drought; peril of the sea; the binding order of any Governmental Authority (provided that the affected Party has in good faith considered reasonably contesting such order); the failure to act on the part of any Governmental Authority (provided that such action has been timely requested and diligently pursued); unavailability of equipment, supplies or products, but only to the extent caused by an event or circumstance of Force Majeure; and failure of equipment. With respect to EKPC, Force Majeure shall also include (to the extent beyond the reasonable control of and without the fault or negligence of EKPC) any interruption in distribution service on Member's side of the Delivery Point. No Party shall be deemed to have suffered an event of Force Majeure due to the failure of equipment which that Party is responsible for operating or maintaining unless the equipment has ;2been operated and maintained in accordance with Good Utility Practice. Neither the lack of money nor changes in market conditions shall constitute an event of Force Majeure.

7.02 Effect of Force Majeure. If any Party is rendered wholly or partly unable to perform its obligations under this Agreement or its performance is delayed because of Force Majeure, that Party shall be excused from whatever performance it is unable to perform or delayed in performing due to the Force Majeure to the extent so affected, provided that: a) the Party affected by such Force Majeure, as soon as reasonably practical after the commencement of such affect, gives the other Party prompt oral notice, followed by a written notice within forty-eight (48) hours after such oral notice, fully describing the particulars of the occurrence; b) the suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure event; and c) the Party whose performance is affected by such Force Majeure uses its commercially reasonable efforts to overcome and remedy its inability to perform as soon as possible.

7.03 Affect on Payment Obligations. Notwithstanding any other provision of this Agreement, a Party suffering a Force Majeure event is not relieved from tendering payment(s) that are obligated to be paid pursuant to this Agreement. Force Majeure shall not be a defense to any payment that is lawfully owed.

7.04 Deadlines Extended; Termination. Whenever a Party is required to commence or complete any action within a specified period and is prevented or delayed by Force Majeure from commencing or completing such action within the specified period, such period shall be extended by an amount equal to the duration of such event of Force Majeure occurring or continuing during such period except as otherwise specifically provided in this Agreement; provided, however, that in no event shall a Force Majeure extend any term of this Agreement. If any Force Majeure prevents EKPC from delivering power for more than ninety (90) consecutive days, then Member may terminate this Agreement upon written notice to EKPC and no Party shall have any liability arising out of such termination.

ARTICLE VIII – RISK OF LOSS AND INDEMNIFICATION

8.01 Risk of Loss.

a. EKPC. As between EKPC and Member, EKPC shall be responsible for and shall bear the full risk of loss: (i) with respect to any loss of or damage to any property located on EKPC's side of the Delivery Point; and (ii) with respect to any personal injury or death, or loss of or damage to any other property arising out of the ownership or leasing, operation or maintenance of any property of EKPC on EKPC's side of the Delivery Point; provided, however, that EKPC shall not be responsible for any loss, damage, or injury to the extent that such loss, damage, or injury arises out of the negligence or willful misconduct of Member.

b. Member. As between EKPC and Member, Member shall be responsible for and shall bear the full risk of loss: (i) with respect to any loss of or damage to any property located on Member's side of the Delivery Point, and (ii) with respect to any personal injury or death, or loss of or damage to any other property arising out of the ownership, operation or maintenance of any property of Member on Member's side of the Delivery Point, provided, however, that Member shall not be responsible for any loss, damage, or injury to the extent that such loss, damage, or injury arises out of the negligence or willful misconduct of EKPC.

8.02 Environmental Claims. EKPC assumes liability for any and all claims, demands, actions, violations, notices or causes of action of any kind arising from or relating to the design, construction, installation, operation, maintenance or dismantling of the LFGTE Facility that arise from or relate to violations of any environmental statutes, regulations, rules or orders whether federal, state or local in nature.

8.03 Indemnification.

a. By EKPC. EKPC shall indemnify, defend and hold Member and its employees, directors, officers, managers, members and agents harmless from and against any and all third party claims, suits, damages, losses, liabilities, expenses and costs (including reasonable attorneys' fees) including, but not limited to, those arising out of property damage to the property of Member or others, environmental claims, and personal injury and bodily injury (including death, sickness and disease) to the extent caused by EKPC's: (i) material breach of any obligation, representation or warranty contained in this Agreement; or (ii) negligence or willful misconduct.

b. By Member. Member shall indemnify, defend and hold EKPC and its employees, directors, officers, managers, members, shareholders and agents harmless from and against any and all third party claims, suits, damages, losses, liabilities, expenses and costs (including reasonable attorneys' fees) including, but not limited to, those arising out of property damage, environmental claims, and personal injury and bodily injury (including death, sickness and disease) to the extent caused by Member's: (i) material breach of any obligation, representation or warranty contained in this Agreement; or (ii) negligence or willful misconduct.

c. Apportionment. If, due to the joint, concurring, comparative or contributory negligence or willful misconduct of the Parties, any Party incurs any cost or expense arising out of any claim, cause or demand, such cost or expense shall be allocated between the Parties in proportion to their respective degrees of negligence or willful misconduct contributing to such claim, cause or demand.

d. Employees. No Party shall be deemed an employee of the other Party. No Party shall bring any claim against another Party with respect to any liability for compensation under any applicable state or federal worker's compensation act, including worker's compensation and/or employer's liability claims of employees. Each Party shall be liable for all claims of the Party's own employees arising out of any provision of any workers' compensation law.

e. Notice and Participation.

i. If any Party entitled to indemnification hereunder (the "Indemnified Party") intends to seek indemnification under this Article from another Party (the "Indemnifying Party") with respect to any claim, cause or demand, the Indemnified Party shall give the Indemnifying Party notice of such claim, cause or demand upon the receipt of actual knowledge or information by the Indemnified Party of any possible claim, cause or demand or of the commencement of such claim, which notice shall in no event be later than the later of: (A) fifteen (15) business days prior to the last day for responding to such claim, cause or demand; or (B) one-half of the period allowed for responding to such claim, cause or demand. The Indemnifying Party shall have no liability under this Article for any claim, cause or demand for which such notice is not provided, but only to the extent that the failure to give such notice materially impairs the ability of the Indemnifying Party to respond to or to defend the claim, cause or demand.

ii. The Indemnifying Party shall have the right to assume the defense of any claim, cause or demand, at its sole cost and expense, with counsel designated by the Indemnifying Party and reasonably satisfactory to the Indemnified Party; provided, however, that if the defendants in any such proceeding include both the Indemnified Party and the Indemnifying Party, and the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it which are different from or additional to those available to the Indemnifying Party, the Indemnified Party shall have the right to select separate counsel, at the Indemnifying Party's expense, to assert such legal defenses and to otherwise participate in the defense of such claim, cause or demand on behalf of such Indemnified Party, and the Indemnifying Party shall be responsible for the reasonable fees and expenses of such separate counsel.

iii. Should any Indemnified Party be entitled to indemnification under this Section as a result of a claim, cause or demand by a third party, and should the Indemnifying Party fail to assume the defense of such claim, cause or demand within a reasonable period of time, the Indemnified Party may, at the expense of the Indemnifying Party, contest (or, with or without the prior consent of the Indemnifying Party), settle such claim, cause or demand.

iv. Except to the extent expressly provided herein, no Indemnified Party shall settle any claim, cause or demand with respect to which it has sought or is entitled to seek indemnification pursuant to this Section unless: (A) it has obtained the prior written consent of the Indemnifying Party; or (B) the Indemnifying Party has failed to provide, within a reasonable period of time, security, in a form reasonably satisfactory to the Indemnified Party, securing the payment of any cost or expense, up to the amount of the proposed settlement.

v. Except to the extent expressly provided otherwise herein, no Indemnifying Party shall settle any claim, cause or demand with respect to which it may be liable to provide

indemnification pursuant to this Section without the prior written consent of the Indemnified Party, provided, however, that if the Indemnifying Party has reached a bona fide settlement agreement with the plaintiff(s) in any such proceeding, which settlement includes a full release of the Indemnified Party for any and all liability with respect to such claim, cause or demand, and the Indemnified Party does not consent to such settlement agreement, then the dollar amount specified in the settlement agreement, plus the Indemnified Party's reasonable legal fees and other costs related to the defense of the claim, cause or demand paid or incurred prior to the date of such settlement agreement, shall act as an absolute maximum limit on the indemnification obligation of the Indemnifying Party with respect to the claim, cause or demand, or portion thereof, that is the subject of such settlement agreement.

f. Net Amount. In the event that an Indemnifying Party is obligated to indemnify and hold any Indemnified Party harmless under this Article, the amount owing to the Indemnified Party shall be the amount of such Indemnified Party's actual cost and expense, net of any insurance or other recovery actually received by the Indemnified Party.

g. Assertion of Claims. No claim, cause or demand of any kind shall be asserted against any Party, whether arising out of contract, tort (including negligence), strict liability, or any other cause of or form of action, unless it is filed in a court of competent jurisdiction, or a demand for arbitration is made, within the applicable statute of limitations period for such claim, cause or demand.

h. No Release of Insurers. The provisions of this Article shall not be deemed or construed to release any insurer from its obligation to pay any insurance proceeds in accordance with the terms and conditions of valid and collectible insurance policies.

i. Survival of Obligation. The duty to indemnify under this Article shall continue in full force and effect notwithstanding the expiration or termination of this Agreement, with respect to any cost or expense arising out of an event or condition which occurred or existed prior to such expiration or termination.

8.04 Limitation of Liability. For a breach of any provision of this Agreement for which an express remedy or measure of damages is provided, such express remedy or measure of damages shall be the sole and exclusive remedy. Unless expressly herein provided, no Party shall be liable for consequential, incidental, punitive exemplary or indirect damages, lost profits or other business interruption damages, by statute (to the extent permitted by law), in tort or contract or otherwise (except to the extent that an Indemnifying Party is obligated under Section 8.03 to indemnify against third party claims for consequential, incidental, punitive, exemplary or indirect damages or lost profits or business interruption damages). The limitations herein imposed on remedies and the measure of damages is without regard to the cause or causes related thereto, including the negligence of any Party, whether such negligence be sole, joint or concurrent, or active or passive. To the extent any damages required to be paid hereunder for a breach are liquidated, the Parties acknowledge that the liquidated damages are reasonable in light of the anticipated harm that would be caused by the breach, the difficulties of proof of loss, and the inconvenience or non-feasibility of otherwise obtaining an adequate remedy. EXCEPT AS SET FORTH IN THIS AGREEMENT, THERE ARE NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF

MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE SUBJECT MATTER OF THIS AGREEMENT.

ARTICLE IX - EVENTS OF DEFAULT AND REMEDIES

9.01 Events of Default by EKPC. EKPC shall be in default under this Agreement upon the happening or occurrence of any of the following events or conditions, each of which shall be an "Event of Default" for purposes of this Agreement:

a. EKPC breaches or fails to observe or perform any of its material obligations under this Agreement, other than the obligations described in Section 9.01(c), unless within thirty (30) days after written notice from Member specifying the nature of such breach or failure, EKPC either cures such breach or failure or, if such cure cannot reasonably be effected by the payment of money and cannot reasonably be completed within thirty (30) days, commences such cure during the initial thirty (30) day period and thereafter diligently pursues such cure during such additional period of time as is reasonably necessary to cure such breach or failure.

b. EKPC is dissolved, or its existence is terminated or its business is discontinued, unless: (i) this Agreement is assigned to a successor pursuant to Article XI; or (ii) it is merged into a successor corporation which continues substantially all of its business activities.

c. EKPC fails to pay, when due, any amount due hereunder, and such failure continues for a period of seven (7) business days following the receipt by it of a written notice of such failure from Member.

d. Any representation or warranty of EKPC set forth in this Agreement was false or misleading in any material respect when made, unless: (i) the fact, circumstance or condition that is the subject of such representation or warranty is made true within thirty (30) days after Member has given notice thereof to it; provided, however, that if the fact, circumstance or condition that is the subject of such representation or warranty cannot be corrected within such thirty (30) day period and if it commences to correct the fact, circumstance or condition that is the subject of such representation during the initial thirty (30) day period, and thereafter proceeds with all due diligence, to correct the fact, circumstance or condition that is the subject of such representation or warranty, such period shall be extended for such further period as shall be reasonably necessary for it to correct the same with all due diligence; and (ii) such cure removes any adverse effect on Member of such fact, circumstance or condition being otherwise than as first represented, or such fact, circumstance or condition being otherwise than as first represented does not materially adversely affect Member.

e. EKPC shall: (i) file a voluntary petition in bankruptcy or file a voluntary petition or otherwise commence any action or proceeding seeking reorganization, liquidation, arrangement or readjustment of its debts or for any other relief under Bankruptcy Law, or consent to, approve of, or acquiesce in, any such petition, action or proceeding; (ii) apply for or acquiesce in the appointment of a receiver, liquidator, sequestrator, custodian, trustee or similar officer for it or for all or any part of its property; (iii) make an assignment of this Agreement for the benefit of creditors; or (iv) be insolvent or be unable generally to pay its debts as they become due.

f. A proceeding or case is commenced, without the application or consent of EKPC, in any court of competent jurisdiction, seeking: (i) the liquidation, reorganization, dissolution, winding-up, or composition or adjustment of its debts; (ii) the appointment of a trustee, receiver, custodian, liquidator or the like, of it or of all or any substantial part of its assets; or (iii) similar relief in respect of it under any bankruptcy law, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue un-stayed and in effect, for a period of ninety (90) days from commencement of such proceeding or case or the date of such order, judgment or decree.

g. EKPC makes an assignment of this Agreement in violation of Article XI.

h. In no circumstance shall EKPC be liable for an Event of Default by Member nor shall Member be liable for an Event of Default by EKPC.

9.02 Events of Default By Member. Member shall be in default under this Agreement upon the happening or occurrence of any of the following events or conditions, each of which shall be an "Event of Default" for purposes of this Agreement:

a. Member breaches or fails to observe or perform any of Member's material obligations under this Agreement, other than the obligations described in Section 9.02(c) unless, within thirty (30) days after written notice from EKPC specifying the nature of such breach or failure, Member either cures such breach or failure or, if such cure cannot reasonably be effected by the payment of money and cannot reasonably be completed within thirty (30) days, commences such cure during the initial thirty (30) day period and thereafter diligently pursues such cure during such additional period of time as is reasonably necessary to cure such breach or failure.

b. Member is dissolved, or Member's existence is terminated or its business is discontinued, unless this Agreement is assigned to a successor pursuant to Article XI.

c. Member fails to pay, when due, any amount due hereunder, and such failure continues for a period of seven (7) business days following the receipt by Member of a written notice of such failure from EKPC.

d. Any representation or warranty of Member set forth in this Agreement was false or misleading in any material respect when made, unless: (i) the fact, circumstance or condition that is the subject of such representation or warranty is made true within thirty (30) days after EKPC has given notice thereof to Member; provided, however, that if the fact, circumstance or condition that is the subject of such representation or warranty cannot be corrected within such thirty (30) day period and if Member commences to correct the fact, circumstance or condition that is the subject of such representation during the initial thirty (30) day period, and thereafter proceeds with all due diligence, to correct the fact, circumstance or condition that is the subject of such representation or warranty, such period shall be extended for such further period as shall be reasonably necessary for Member to correct the same with all due diligence; and (ii) such cure removes any adverse effect on EKPC of such fact, circumstance or condition being otherwise than as first represented, or such fact, circumstance or condition being otherwise than as first represented does not materially adversely affect EKPC.

e. Member shall: (i) file a voluntary petition in bankruptcy or file a voluntary petition or otherwise commence any action or proceeding seeking reorganization, liquidation, arrangement or readjustment of its debts or for any other relief under any Bankruptcy Law, or consent to, approve of, or acquiesce in, any such petition, action or proceeding; (ii) apply for or acquiesce in the appointment of a receiver, liquidator, sequestrator, custodian, trustee or similar officer for it or for all or any part of its property; (iii) make an assignment of this Agreement for the benefit of creditors; or (iv) be insolvent or be unable generally to pay its debts as they become due.

f. A proceeding or case is commenced, without the application or consent of Member in any court of competent jurisdiction, seeking: (i) the liquidation, reorganization, dissolution, winding-up, or composition or adjustment of debts of Member; (ii) the appointment of a trustee, receiver, custodian, liquidator or the like, of Member or of all or any substantial part of its assets; or (iii) similar relief in respect of Member under any bankruptcy law, and such proceeding or case shall continue un-dismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue un-stayed and in effect, for a period of ninety (90) Days from commencement of such proceeding or case or the date of such order, judgment or decree.

g. Member shall sell, assign, transfer or otherwise divert to a third party all or any portion of the power produced from the LFGTE Facility, without the express written consent of EKPC.

h. Member makes an assignment of this Agreement in violation of Article XI.

9.03 Remedies.

a. General. Upon an Event of Default by a Party, another Party shall have the right, but not the obligation, to terminate this Agreement with respect to all obligations arising after the date a notice identifying the applicable Event(s) of Default and terminating the Agreement is delivered to the defaulting Party (“Notice of Early Termination”). A Notice of Early Termination is effective on the date it is delivered to the defaulting Party (“Early Termination Date”). Delivery of a Notice of Early Termination shall not relieve the non-defaulting Party of making timely payment for any amounts owed relating to obligations arising prior to the delivery of the Notice of Early Termination. If an Event of Default by a Party under this Agreement leads to termination of this Agreement, the non-defaulting Party may pursue all remedies available to it in law or equity and the defaulting Party’s liability hereunder shall be determined as follows:

i. For a termination arising from an Event of Default by EKPC, EKPC shall be liable for a Termination Payment equal to all costs actually expended by Member from the effective date of this Agreement through the date the Notice of Early Termination is delivered to the defaulting Party, both dates inclusive; and which have not yet been paid by EKPC. For purposes of the preceding sentence, “sums actually expended” shall include all payments and obligations to make future payments by Member arising from or in any way relating to the terms of this Agreement, whether incurred in the planning, designing, permitting, seeking of regulatory approval, development, construction or interconnection of the LFGTE Facility and associated power and energy.

ii. For a termination arising from an Event of Default by Member, Member shall be liable for a Termination Payment equal to all costs actually expended by EKPC from the effective date of this Agreement through the date the Notice of Early Termination is delivered to the defaulting Party, both dates inclusive; and which have not yet been paid by Member. For purposes of the preceding sentence, “sums actually expended” shall include all payments and obligations to make future payments by EKPC arising from or in any way relating to the terms of this Agreement, whether incurred in the planning, designing, permitting, seeking of regulatory approval, development, construction or interconnection of the LFGTE Facility and associated power and energy.

b. No Waiver. Any waiver at any time by any Party of its rights with respect to an Event of Default under this Agreement, or with respect to any other matters arising in connection with this Agreement, shall not be deemed to be a waiver with respect to any subsequent Event of Default or other matter. Any waiver under this Agreement must be in writing.

c. Costs, Expenses and Attorneys’ Fees. In pursuing and collecting any damages pursuant to this Section 9.03, the non-defaulting Party shall also be entitled to recover any reasonable costs, expenses or attorneys’ fees arising from or relating to the pursuit of remedies set forth above.

d. Limitation of Liability Upon Termination of Other Agreement. Notwithstanding any other provision of this Agreement to the contrary and for avoidance of any doubt, Farmers’ obligation to make payments shall be limited to twelve months following the termination of the Landfill Gas Purchase Agreement, dated August 13, 2014, between the City of Glasgow, Kentucky and EKPC that may occur prior to the expiration of the original term, or any renewal term, of the Landfill Gas Purchase Agreement.

9.04 Suspension of Performance. Notwithstanding any other provision of this Agreement, if an Event of Default shall have occurred and be continuing, the non-defaulting Party, upon notice to the defaulting Party, shall have the right, but not the obligation: (i) to suspend performance under this Agreement with respect to such defaulting Party pending the exercise of other remedies provided hereunder (provided, however, that EKPC may suspend performance immediately upon the delivery of a notice to Member when Member has committed an Event of Default pursuant to Section 9.02(c)), which suspension may continue for a period not to exceed sixty (60) days; and (ii) to exercise any remedy available at law or in equity; provided, however, that the collection of the Termination Payment shall be the non-defaulting Party's sole and exclusive remedy for any damages due hereunder.

9.05 Election of Remedies

a. Except as specifically limited in this Agreement, each and every right, power and remedy of a Party, whether specifically stated in this Agreement, or otherwise existing, may be exercised concurrently or separately, from time to time, and so often and in such order as may be deemed expedient by the exercising Party, and the exercise or the beginning of the exercise of any such right, power or remedy shall not be deemed a waiver of the right to exercise, at the same time or thereafter, any other right, power or remedy. No delay or omission of a Party in the exercise of any right, power or remedy shall impair or operate as a waiver thereof or of any other right, power or remedy then or thereafter existing.

b. Notwithstanding any other provision of this Article, neither Party shall terminate this Agreement following the occurrence of an Event of Default by another Party if, prior to the defaulting Party's receipt of a notice of such termination, and notwithstanding the expiration or unavailability of any cure period provided under this Agreement, the defaulting Party shall have cured the Event of Default.

c. Each Party agrees that it has a duty to mitigate damages and covenants that it will use commercially reasonable efforts to minimize damages it may incur as a result of another Party's performance or non-performance of this Agreement.

9.06 Dispute Resolution.

a. General Provisions. Every dispute of any kind or nature between EKPC and Member arising out of or in connection with this Agreement (each a "Dispute") shall be resolved in accordance with this Section, to the extent permitted by law.

b. Referral to Senior Management.

i. Upon the occurrence of a Dispute, any Party may deliver a notice to the other Party requesting that the Dispute be referred to the senior management of the Parties. Any such notice shall include the names of the senior management of the Party nominated to attempt to resolve the Dispute, and a schedule of their availability during the thirty (30) day period following the date of the notice. Any such notice shall be delivered within a reasonable time after the Dispute arises, but in no event shall it be delivered less than thirty (30) days before the institution of legal or equitable proceedings based on such Dispute would be barred by any applicable statute of limitations.

ii. Within seven (7) days after receipt of a notice pursuant to the preceding paragraph, the other Party shall provide a notice to the requesting Party indicating the names of the senior management of the Party nominated to attempt to resolve the Dispute, and a schedule of their availability during the remainder of the thirty (30) day period following the date of the notice.

iii. During the remainder of the thirty (30) day period following delivery of the original notice, the nominated members of the senior management of the Parties shall meet as frequently as possible, and shall attempt in good faith to resolve the Dispute. Unless the Parties agree otherwise in writing prior to the commencement of such thirty (30) day period, neither Party shall be entitled to invoke or rely on any admissions, settlement offers or other statements made during the course of such discussions in any subsequent arbitration or legal proceedings.

c. Commission Proceeding. Any Dispute that has not been resolved within thirty (30) days of the delivery of a notice in accordance with Section 9.06(b) shall be resolved by: (i) the filing of an appropriate pleading before the Kentucky Public Service Commission to the extent that the subject matter of the Dispute is within the jurisdiction of the Commission; or (ii) the filing of an appropriate action in the Circuit Court of Barren County, Kentucky.

d. Continued Performance. During the conduct of Dispute resolution procedures pursuant to this Section: (i) the Parties shall continue to perform their respective obligations under this Agreement; and (ii) no Party shall exercise any other remedies hereunder arising by virtue of the matters in dispute; provided, however, that nothing in this Section shall be construed: (A) to prevent EKPC from suspending performance in the event that Member has not paid undisputed amounts due and owing to EKPC under this Agreement; or (B) to prevent Member from suspending performance hereunder (other than payments for power previously provided to Member) in the event that EKPC ceases providing power hereunder.

9.07 Effect of Termination. No termination of this Agreement following an Event of Default shall relieve the defaulting Party of its liability and obligations hereunder, and a non-defaulting Party may take whatever action at law or in equity may appear necessary or desirable to enforce performance and observance of any obligations under this Agreement, and the rights given hereunder shall be in addition to all other remedies available to the Parties, either at law, in equity, or otherwise, for the breach of this Agreement, provided, however, that any damages for the termination of this Agreement shall be as provided in Section 9.03.

ARTICLE X – INSURANCE

10.01 Coverage and Amounts. At all times during the term of this Agreement, each party shall, at its sole cost and expense, procure and maintain the following insurance coverage:

- a. Workers Compensation Insurance, covering liability under applicable Workers Compensation law, at the statutory coverage levels, including employer's liability insurance in an amount not less than \$100,000 for each accident; and
- b. Comprehensive general liability and property damage insurance in a combined single limit of not less than \$3,000,000 for death or injury to any person(s) or for property damage as a result of or in connection with the operation of its facilities required for the performance of its obligations hereunder.

10.02 Evidence of Insurance. Upon request made on or after the Authorization Date, EKPC shall provide Member with insurance certificates reasonably acceptable to Member evidencing that insurance coverages for the LFGTE Facility are in compliance with the specifications for insurance coverage set forth in this Article X. Such insurance and certificates shall: (a) include Member as an additional insured beneficiary under the commercial general liability and umbrella liability policies; (b) provide a waiver of any rights of subrogation against Member, its affiliates and subsidiaries; and (c) indicate that the commercial general liability and umbrella liability policies have been extended as described above. All policies shall be written with insurers with A.M. Best Company ratings of at least A-. All policies shall be written on an occurrence basis, except as provided in Section 10.04. The commercial general liability and umbrella liability policies shall: (i) provide that EKPC's policy shall be primary in all instances regardless of like coverages, if any, carried by Member; and (ii) provide for claims by one insured against another such that, except for the limits of insurance, the insurance shall apply separately to each insured against whom a claim is made or suit is brought.

10.03 Modification of Insurance. If any insurance required to be maintained by EKPC hereunder ceases to be available on commercially reasonable terms in the commercial insurance

market, EKPC shall provide written notice of such fact to Member, accompanied by a certificate from an independent insurance advisor of recognized national standing, certifying that such insurance is not available on commercially reasonable terms in the commercial insurance market for electric generating plants of similar type, geographic location and design. Upon delivery of such notice, EKPC shall be relieved of the affected obligation, and EKPC shall use commercially reasonable efforts to obtain other insurance that would provide comparable protection against the risk to be insured.

10.04 Term Insurance. All insurance required under this Agreement shall cover occurrences during the term(s) of this Agreement. In the event that any insurance as required herein is commercially available only on a "claims-made" basis, such insurance shall provide for a retroactive date not later than the Authorization Date and such insurance shall be maintained by EKPC, with a retroactive date not later than the retroactive date required above, for a minimum of three (3) years after the expiration of the final term of this Agreement.

ARTICLE XI - SALE, TRANSFER OR ASSIGNMENT

11.01 Assignment to Non-Affiliates. With the exception of Member's right, title and interest in Environmental Attributes, this Agreement may not be assigned, in whole or in part, by any Party without the prior written consent of the other Party. Such consent may require that: (i) the assignee agrees in writing, in form and substance satisfactory to the non-assigning Party, to assume and to perform each and every obligation of the assignor under this Agreement; (ii) the assignment does not impair any security given by the assigning Party hereunder unless the assignee posts replacement security which meets the requirements of this Agreement; and (iii) the assignee has obtained, prior to the assignment, such Authorizations as may be required by Applicable Law and Regulations. Any assignment in violation hereof shall be null and void and shall constitute an Event of Default by the assigning Party.

11.02 Assignment to Affiliates. Notwithstanding Section 11.01, any Party may assign this Agreement to an affiliate of such Party without the consent of the other Party, provided, however, that the assigning Party shall remain liable for all of its obligations under this Agreement unless and until the consent of the non-assigning Party is secured in accordance with Section 11.01. The assigning Party shall notify the other Party of the occurrence of any event described in this paragraph.

ARTICLE XII - MISCELLANEOUS

12.01 Representations and Warranties.

Representations and Warranties of EKPC and Member. EKPC and Member, solely as applied to each of them in their individual capacity, make the following representations and warranties to the other:

- i. It is a corporation duly organized and in good standing under the laws of the Commonwealth of Kentucky, and is duly qualified to conduct business in Kentucky.
- ii. It possesses all requisite legal power and authority to enter into and perform its obligations under this Agreement and to carry out the transaction(s) contemplated

herein. It has all legal power and authority to transact the business in which it engages or proposes to engage, and holds or reasonably expects to obtain all Authorizations necessary and required therefore.

iii. Its execution, delivery and performance of this Agreement have been duly authorized by, and are in accordance with, its articles of incorporation or other organization documents; this Agreement has been duly executed and delivered for it by the signatories so authorized; and this Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with the terms thereof.

iv. Its execution and delivery of this Agreement: (A) will not result in a material breach or violation of, or constitute a material default under, any applicable law or Authorization, or any contract, lease or other agreement or instrument to which it is a party, or by which it or its properties may be bound or affected; and (B) does not require any Authorization, or the consent, authorization or notification of any other person, or any other action by or with respect to any other person.

v. Its performance of this Agreement: (A) will not result in a material breach or violation of, or constitute a material default under, any applicable law or Authorization, or any contract, lease or other agreement or instrument to which it is a party, or by which it or its properties may be bound or affected; and (B) does not require any Authorization, or the consent, authorization or notification of any other person, or any other actions by or with respect to any other person, other than: (I) Kentucky Public Service Commission approval; (II) such Authorizations, consents, authorizations, notifications, and other actions as have already been obtained, made, or taken, as applicable; and (III) such Authorizations, consents, approvals, notifications, or other actions which are not required to have been obtained, made, or taken, as applicable, prior to the date on which the representation and warranty is made, and which are reasonably expected to be obtained, made or taken on a timely basis and in due course.

vi. No suit, action or arbitration, or legal, administrative or other proceeding is pending, or to its knowledge, has been threatened against it that would affect the validity or enforceability of this Agreement or the ability of such buyer to perform its obligations hereunder in any material respect, or that would, if adversely determined, have a material adverse effect on its business or financial condition. There are no bankruptcy, insolvency, reorganization, receivership or other arrangements proceedings, pending against or being contemplated by it, or, to its knowledge, threatened against it.

vii. It is not in breach of, in default under, or in violation of, any applicable law, or the provisions of any Authorization, or in breach of, in default under, or in violation of, any provision of any promissory note, indenture or any evidence of indebtedness or security therefor, lease, contract or other agreement by which it is bound, except for any such breaches, defaults or violations which, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on its business or financial condition or its ability to perform any obligations hereunder.

12.02 Term. This Agreement, and any amendments hereto, shall have an Initial Term of the period commencing on the effective date of this Agreement, written above, and concluding on a date ten (10) years following the Commercial Operation Date of EKPC's LFGTE Facility.

Member shall have the option to extend the term of this Agreement for up to two (2) additional terms of five (5) years, upon provision of written notice to EKPC no later than one hundred fifty (150) days prior to the expiration of the existing term., unless terminated as provided in Section 9.03(a) or Section 12.03.

12.03 Termination. In addition to an early termination pursuant to Section 9.03, any party may terminate this Agreement at the expiration of the Initial Term or during any subsequent term thereafter by giving the other parties at least ninety (90) days advance notice in writing prior to the end of such Initial Term or any subsequent term. Termination shall not affect any obligation accrued prior to such termination or any other obligation which, pursuant to the terms of this Agreement, survives termination.

12.04 Conditions Precedent. Notwithstanding any other provisions herein, Member or EKPC may terminate this Agreement if it is not approved by the Kentucky Public Service Commission or any other Governmental Authority.

12.05 Notices. Any notice required by this Agreement to be given in writing shall be deemed properly given if and when delivered in person, or sent by registered or certified mail, postage prepaid to the person specified below:

If to EKPC:

President & Chief Executive Officer
East Kentucky Power Cooperative, Inc.
4758 Lexington Road
P.O. Box 0707
Winchester, Kentucky 40392-0707

If to Member:

President and CEO
Farmers RECC
504 South Broadway
Glasgow, KY 42141

Notice may also be delivered to such other person or address as a Party may have been designated in a written notice given by or on behalf of the Party entitled to receive notice to the other Party.

12.06 Confidentiality.

a. Duty of Confidentiality. Any Proprietary Information of a Party (the "Transferor") which is disclosed to or otherwise received or obtained by another Party (the "Transferee") incident to this Agreement is disclosed, and shall be held, in confidence, and the Transferee shall not (subject to paragraphs (b) and (c) below) publish or otherwise disclose any Proprietary Information of the Transferor to any person for any reason or purpose whatsoever, or use any Proprietary Information for any purpose other than performance under this Agreement, without the prior written approval of the Transferor, which approval may be granted or withheld

by the Transferor in its sole discretion. Without limiting the generality of the foregoing, each Party shall observe at a minimum the same safeguards and precautions with regard to the Transferor's Proprietary Information which such Party observes with respect to its own information of the same or similar kind.

b. Disclosures to Employees, Contractors and Affiliates. Each Party agrees that it will make available Proprietary Information received from another Party to its employees, contractors and affiliates only on a need-to-know basis, and that all persons to whom such Proprietary Information is made available will be made aware of the confidential nature of such Proprietary Information, and will be required to agree to hold such Proprietary Information in confidence under terms substantially identical to the terms hereof.

c. Disclosures to Governmental Authorities. Notwithstanding the foregoing:

i. A Transferee may provide any Proprietary Information to any Governmental Authority having jurisdiction over or asserting a right to obtain such information, provided that: (A) such Governmental Authority orders that such Proprietary Information be provided; and (B) unless prohibited from so doing by applicable law, the Transferee promptly advises the Transferor of any request for such information by such Governmental Authority and cooperates in giving the Transferor an opportunity to present objections, requests for limitation, and/or requests for confidentiality or other restrictions on disclosure or access, to such Governmental Authority.

ii. Each Party may, to the extent required, disclose Proprietary Information to any Governmental Authority in connection with the application for any required Authorization, provided that, unless prohibited from so doing by applicable law, the Transferee shall advise the Transferor of any Proprietary Information that Transferee will disclose to the Governmental Authority prior thereto and shall cooperate in giving the Transferor an opportunity to present objections, requests for limitation, and/or requests for confidentiality or other restrictions on disclosure or access, to such Governmental Authority.

iii. Either Party may disclose such Proprietary Information regarding the terms of this Agreement as such Party deems necessary to enable it to comply with the Securities Exchange Act of 1934, or the rules, regulations and forms of the Securities and Exchange Commission, issued thereunder or the applicable rules of any stock exchange.

d. Injunctive Relief. In the event of a breach or threatened breach of the provisions of paragraph (a) above by any Transferee, the Transferor shall be entitled to an injunction restraining such Party from such breach. Nothing contained herein shall be construed as prohibiting the Transferor from pursuing any other remedies available at law or equity for such breach or threatened breach of this Agreement.

e. Continuing Obligation. The obligation to retain Proprietary Information in confidence shall continue in full force and effect during the term of the Agreement and for a period of two (2) years thereafter, notwithstanding the expiration or termination of this Agreement, with respect to any information obtained by any Party prior to such expiration or termination.

f. Definition of Proprietary Information:

i. The term "Proprietary Information" means all information, written or oral, which has been or is disclosed by the Transferor, or by any person on behalf of the Transferor, or which otherwise becomes known to the Transferee, or to any person associated with such Transferee, or any other person in a confidential relationship with, the Transferee, and which: (A) relates to matters such as patents, trade secrets, research and development activities, draft or final contracts or other business arrangements, books and records, resource data and analysis, generation data and analysis, budgets, cost estimates, pro forma calculations, engineering work product, environmental compliance, vendor lists, suppliers, manufacturing processes, energy consumption, pricing information, private processes, and other similar information, as they may exist from time to time; (B) relates to the existence or the terms, including pricing, of this Agreement; or (C) the Transferor expressly designates in writing to be confidential.

ii. Notwithstanding anything to the contrary in the preceding paragraph, Proprietary Information shall exclude information falling into any of the following categories: A) information that, at the time of disclosure hereunder, is in the public domain, other than information that entered the public domain by breach of this Agreement by Transferee; B) information that, after disclosure hereunder, enters the public domain, other than information that enters the public domain by breach of this Agreement by Transferee; C) information, other than that obtained from third parties, that prior to disclosure hereunder, was already in Transferee's possession, either without limitation on disclosure to others or subsequently becoming free of such limitation; D) information obtained by Transferee from a third party having an independent right to disclose the information; or E) information that is available through independent research without use of or access to the Proprietary Information.

12.07 No Partnership. Notwithstanding any provision of this Agreement to the contrary, EKPC and Member do not intend to create hereby any lease, joint venture, partnership, association taxable as a corporation, or other entity for the conduct of any business for profit. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, another Party. The Parties agree to take, on a timely basis, all voluntary action as may be necessary to be excluded from treatment as a partnership under the Internal Revenue Code, and, if it should appear that one or more changes to this Agreement would be required in order to prevent the creation of such a business entity, the Parties agree to negotiate promptly in good faith with respect to such changes.

12.08 No Duty To Third Parties. Except as provided in Article X and Article XI, this Agreement is for the sole benefit of the Parties hereto, and nothing in this Agreement nor any action taken hereunder shall be construed to create any duty, liability or standard of care to any person not a party to this Agreement. Except as specifically provided herein, no person shall have any rights or interest, direct or indirect, in this Agreement or the services to be provided hereunder, or both, except the Parties hereto. Except as provided in Article X and Article XI, the Parties specifically disclaim any intent to create any rights in any person as a third-party beneficiary to this Agreement or the services to be provided hereunder, or both.

12.09 Dedication. No undertaking by one Party to the other under this Agreement shall constitute the dedication of that Party's system or any portion thereof to another Party or to the

public or affect the status of the other as an independent entity and not a public utility or public service company.

12.10 Entire Agreement. This Agreement contains the entire agreement among the Parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings relating to such subject matter. Except for any modification which this Agreement expressly authorizes a party to make unilaterally, no modification or waiver of any term or provision of this Agreement shall be effective unless it is in writing and signed by all of the Parties.

12.11 Interpretation. The headings of the Articles in this Agreement have been inserted for convenience only and shall in no way affect the interpretation of any of the terms or provisions hereof.

12.12 Applicable Law and Venue. This Agreement shall be construed and interpreted in accordance with the laws of the Commonwealth of Kentucky except to the extent federal law is applicable. Any action, case, proceeding, matter or dispute shall be filed in the Circuit Court of Barren County, Kentucky.

12.13 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid, but if any provision of this Agreement or the application thereof shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provisions or the application of any other provision which can be given without the invalid provision or application, and to this end the provisions of this Agreement are declared to be severable.

12.14 Counterparts. This Agreement may be executed simultaneously in two (2) or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized officers and have caused their seals to be affixed as of the date first written above.

EAST KENTUCKY POWER COOPERATIVE, INC.

BY: Anthony J. Campbell

ITS: Pres./CEO

FARMERS RURAL ELECTRIC COOPERATIVE
CORPORATION

BY: William J. Pratten

ITS: President and CEO

Schedule A – Sale of Capacity, Energy and Environmental Attribute Rates

I. Initial Rates:

[REDACTED]

II. Subsequent Rate Changes

[REDACTED]

III. Obligation to Pay Farmers shall be obligated to tender a payment each month regardless of the amount of power that is produced by the LFGTE Facility, except as set forth in Section 9.03(d).



RESOLUTION

WHEREAS, Farmers Rural Electric Cooperative Corporation (“Farmers”) is a member-owned cooperative whose mission is to provide its members with reliable and competitively-priced energy services that will enhance the quality of life for its members and communities; and

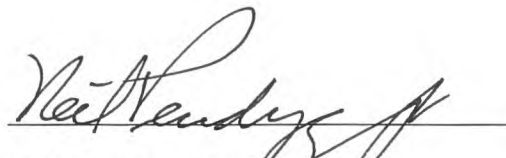
WHEREAS, Farmers headquarters is located in the City of Glasgow and serves a portion of the City residences and businesses, including a portion of the City’s landfill; and

WHEREAS, the City of Glasgow has a need to comply with Federal and State regulations pertaining to methane gas management emanating from its landfill; and


WHEREAS, Farmers has a desire to enter into a cooperative effort with the City of Glasgow and East Kentucky Power Cooperative, Inc. to purchase the methane gases as a means to assist the City in cost-effectively managing its landfill gases and to provide Farmers with a source of competitively-priced renewable power; and

NOW, THEREFORE BE IT RESOLVED, that at a meeting of the Farmers’ Board of Directors on August 13, 2014, the board approves an agreement to purchase the entire output of capacity, energy, and environmental attributes from the East Kentucky Power Landfill Gas to Energy (“LFGTE”) facility to be located at the Glasgow municipal landfill in accordance with the Capacity, Energy And Environmental Attribute Purchase, Sale, And Interconnection Agreement, dated August 13, 2014, and authorizes Farmers’ management to take any and all necessary steps to effectuate said agreement and obtain any required approvals from the Kentucky Public Service Commission, or any other agency, relating to same.

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION



Neil Pendency, Chairman



Ronnie Smith, Secretary

**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 Headquarters Building, 4775 Lexington Road, located in Winchester, Kentucky, on Monday, June 10, 2013, at 9:30 a.m., EDT, the following business was transacted:

Request for Approval of Farmers RECC's Utilizing Amendment #3 of the Wholesale Power Contract for a 939 kW (Gross) Landfill Gas to Energy Engine Generator Located as Glasgow Landfill

After review of the applicable information, a motion to approve the Request for Farmers RECC Utilizing Amendment #3 of the Wholesale Power Contract for a 939 kW (Gross) Landfill Gas to Energy Engine Generator Located as Glasgow Landfill was made by Strategic Issues Committee Chairman Lonnie Vice, and passed by the full Board to approve the following:

Whereas, Farmers Rural Electric Cooperative Cooperation (Farmers RECC) is in discussions with the City of Glasgow and East Kentucky Power Cooperative ("EKPC") for development of a Landfill Gas to Energy Project;

Whereas, The generating unit would be interconnected with the Farmers RECC distribution system near the West Glasgow Substation;

Whereas, The unit, when in operation, will not generate in excess of load at the EKPC Point of Delivery and is considered a "Behind the Meter Source";

Whereas, The proposed generator would be in service June 2015 and the proposed agreement would be for a twenty year term;

Whereas, Farmers RECC would like to utilize Amendment #3 of the Wholesale Power Contract for the aforementioned generation facility;

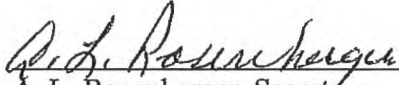
Whereas, The sum of Farmers RECC's Amendment #3 resources do not exceed 5% of Farmers RECC's load;

Whereas, Farmers RECC's Board of Directors has requested and the EKPC Strategic Issues Committee has recommended that the EKPC Board of Directors approve this transaction; now, therefore, be it;

Resolved, That the EKPC Board hereby approves the Farmers RECC's Board of Directors' request that the EKPC Board of Directors approves Farmers RECC's utilization of Amendment #3 of the Wholesale Power Contract for the proposed landfill gas to energy generator.

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 in 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 10th day of June 2013.


A. L. Rosenberger, Secretary

Corporate Seal

EXHIBIT 4 - EKPC PROJECT DESCRIPTION & VICINITY MAPS

East Kentucky Power Cooperative, Inc. (EKPC) is proposing to construct, operate, and maintain the proposed Glasgow Landfill Gas to Electric (LFGTE) Facility, approximately 3.0 miles to the southwest of the city of Glasgow in central Barren County, Kentucky. The Glasgow LFGTE Facility would be sited at the Glasgow Landfill, which is located at 400 Glen Garry Road, on the south side of the Louie B. Nunn Cumberland Parkway, 2.0 miles west of US Highway 31E. EKPC would lease a plant site of approximately 0.25-acre (75'×130') from the City of Glasgow on a previously disturbed area of the Glasgow Landfill property. The proposed LFGTE site would be located on the north side of the active landfill, just east of the facilities maintenance building. A topographic map and aerial photograph depicting the location of the proposed project are included below.

EKPC originally identified a 0.9-acre site boundary for construction of the proposed facility. In order to minimize costs associated with site development, the final facility footprint was reduced and shifted approximately 100-feet to the west. This minor adjustment moved the southwestern most portion of the site boundary outside of the area initially investigated by EKPC. However, EKPC has reviewed this area, which is very small (0.08-acre), has been previously disturbed by landfill activities, currently contains the landfill maintenance shop access road, and believes that this site modification would not change the environmental effects analysis contained in the agency consultation.

The Landfill Division of the City of Glasgow operates the active Glasgow Landfill, which primarily accepts municipal solid waste (MSW) from 16 counties in south-central Kentucky. Disposal operations began at the site in the 1970's. The landfill currently receives over 81,000 tons of MSW annually. In addition to the main facility, a Construction and Demolition Debris (CDD) Landfill is also operated and maintained by the City of Glasgow. The current site has a total permitted area of 356 acres, of which a large portion has been developed for waste disposal.

The proposed Glasgow LFGTE Facility would utilize captured methane gas as fuel for the generation of electricity. One Caterpillar model 3516 low emission reciprocating engine/generator set rated at about 1.0 MW would be installed at the facility. The project would also include the installation of other essential operational equipment, including switchgear, controls, fuel treatment, communications equipment, and electrical transformers. The new facility would require the construction of a metal building of approximately 3,000 square feet to house the generating equipment. Farmers Rural Electric Cooperative Corporation (FRECC) would construct a distribution tap line from the new facility to connect to the existing 25 kV distribution system.

Because EKPC plans to apply for project financing assistance from the U.S. Department of Agriculture, Rural Utilities Service (RUS) the proposed project constitutes a Federal action subject to review in accordance with RUS's *Environmental Policy and Procedures* for implementing the National Environmental Policy Act (7 CFR Part 1794). In accordance with section 1794.22 (a)(8) of these regulations, the proposed project meets the criteria for a Categorically Excluded proposal requiring the preparation of an Environmental Report (ER).

An adequate ER enables RUS to evaluate the environmental effects of a proposed categorically excluded project. It also enables RUS to fulfill its obligations under the National Environmental Policy Act of 1969 (NEPA), as amended, and other environmental mandates. RUS is solely responsible for determining the adequacy of the proposed project's environmental acceptability. This ER is intended to provide RUS officials with sufficient information to make a decision regarding the significance of the environmental impacts of its actions, based on an understanding of environmental consequences presented in this document.

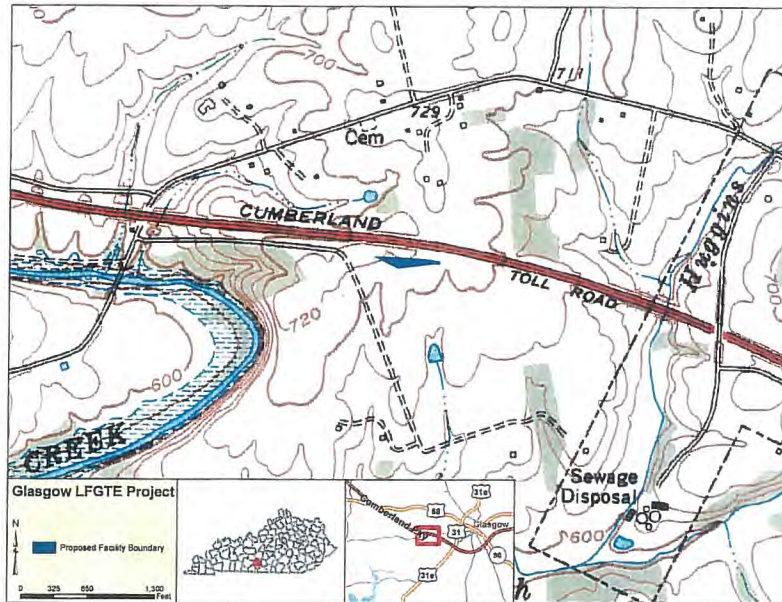


EXHIBIT 5 - EKPC FEASIBILITY STUDY

EKPC enlisted the services of SCS Engineers to perform methane gas recovery projections for the proposed Glasgow Landfill gas collection system. Conclusions and observations are provided within the study.

SCS ENGINEERS




**Landfill Gas Modeling Report
Glasgow Regional Landfill
Barren County, Kentucky**

Presented to:

East Kentucky Power Cooperative, Inc.



EAST KENTUCKY POWER COOPERATIVE

A Touchstone Energy Cooperative 

4775 Lexington Road
Winchester, KY 40391
(859) 744-4864

Presented by:

SCS ENGINEERS
2060 Reading Road, Suite 200
Cincinnati, OH
(513) 421-5353

July 23, 2013
File No. 23213017.00

Offices Nationwide
www.scsengineers.com

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FIGURE 1 GLASGOW REGIONAL LANDFILL

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EXHIBIT 1 LFG RECOVERY PROJECTION TABLE
EXHIBIT 2 LFG RECOVERY PROJECTION GRAPH

LANDFILL GAS MODELING REPORT GLASGOW REGIONAL LANDFILL BARREN COUNTY, KENTUCKY

This report has been prepared as part of a landfill gas investigation in connection with a proposed landfill gas to energy (LFGE) project being contemplated for the Glasgow Regional Landfill located near the City of Glasgow in Barren County, Kentucky. The development of the project is being considered by East Kentucky Power Cooperative, Inc. (EKPC) in conjunction with the City of Glasgow. Gary Saylor of SCS Engineers performed a site visit at the landfill and met with representatives of the landfill and EKPC on June 11, 2013 for the purpose of obtaining information about the landfill and the in-place passive landfill gas venting system.

DATA SOURCES

SCS relied on the following information sources in developing our LFG model and this modeling summary report:

- Observations made during the June 11, 2013 site visit that included personnel from SCS, EKPC, and the City of Glasgow;
- Historical waste information and future LFG collection system information included in the report "Feasibility Study, Landfill Gas Recovery & Utilization, Glasgow Regional Landfill" prepared by others and dated February 28, 2012;
- Quarterly waste receipt information for calendar year 2012 and the latest annual landfill capacity survey provided by the City of Glasgow during the site visit;
- Publically available historical weather data for the Glasgow, KY area;
- Engineering drawings for the landfill and general information provided by Nesbitt Engineering, Inc. to SCS via email on July 8, 2013; and
- A copy of the Kentucky Solid Waste Permit for the Glasgow Regional Landfill dated December 21, 2011.

LANDFILL BACKGROUND

The City of Glasgow owns and operates the active Glasgow Regional Landfill located in Barren County, Kentucky. Disposal operations began at the site in the 1970's. The site primarily accepts municipal solid waste (MSW) and construction demolition debris (CDD) waste from various counties in south-central Kentucky. The landfill is located on Glen Garry Road, just south of the Cumberland Parkway (see Figure 1). The current site has a total permitted area of 356 acres, of which a large portion has been developed for waste disposal. The site permitted area includes 72.66 acres for the active MSW Contained Landfill, 29.75 acres for active CDD disposal on top of part of the pre-1992 landfill area, and 89.77 acres of closed residential MSW areas. For the most part, CDD waste is segregated from the MSW waste being disposed at the facility. A relatively small part of the waste received in the MSW area would therefore be classified as purely inert waste and no adjustment to the gas model for inert waste is required.

The Landfill consists of various waste disposal units. Three units (Units 1 through 3) were operated prior to 1983 and are excluded from this study due to age. Unit 4, Phase 1 received waste from 1983 to 1991 as a transitional area and is also excluded from this study. Unit 4, Phase 1 now is permitted for the purpose of disposing only CDD waste on top of the previous placed MSW. Segregated areas of CDD waste are typically excluded from the SCS gas recovery model due to low gas generation potential. Drilling wells through the CDD waste to reach the old MSW waste beneath is also a concern. Unit 4, Phase 2 began operation in 1992 and is located to the west of Phase 1. The currently active area is Unit 4, Phases 3 and 4 located to the south of Phase 1. Part of Phase 2 (the northern slope) has received final cover over the waste and has passive gas vents installed.

The total remaining permitted waste capacity in Unit 4 was about 9.1 million cubic yards of landfill airspace as of the early part of February 2013. The active MSW areas in Unit 4, starting with Phase 2, have been receiving MSW waste since 1992. Approximately 1.7 million tons of waste has been placed in these areas from 1992 through the end of calendar year 2012. In the future, Unit 4 will continue to be developed and filled from east to west, with the northern part of the disposal area mostly overlaying the early phases of Unit 4 disposal area. Approximately 2.7 million cubic yards of airspace remain in the CDD area for future CDD waste disposal.

The status and characteristics of the active portions of the landfill site are summarized below in the following table.

LANDFILL CHARACTERISTICS

Landfill Area	Approx. Waste Footprint (Acres)	Total Estimated Airspace (C.Y.)	In-Place Waste Volume Feb. 2013 (C.Y.)	Remaining Waste Volume Feb. 2013 (C.Y.)	Remaining Waste Disposal (tons)*
MSW	72.66	11,302,315	2,182,294	9,120,021	6,731,944
CDD	29.75	2,915,165	188,552	2,726,613	1,153,085

* Estimated based on waste density reported for the period March 2012 to February 2013 for MSW and CDD.

LANDFILL GAS BACKGROUND

An active landfill gas (LFG) collection system has not yet been installed at this facility. There are numerous passive gas vents and trenches, especially in the older residential landfill units and in the closed portions of the contained landfill. The gas vents in the active MSW area will need to be closed or plugged as part of the installation of the initial LFG collection system.

In addition to gas recovery for the purpose of operating LFG-fired engines for energy production, the older closed areas of the site have been experiencing issues with horizontal gas migration. SCS understands that gas monitoring probes to the north of the landfill area, and south of the Cumberland Parkway, are showing methane migration beyond the limits of the landfilled area. Since collecting gas for migration control generally results in the recovery of

low methane, high oxygen landfill gas, a separate gas collection system may be needed for addressing the control of landfill gas migration in order to provide LFG with a sufficient methane content for energy production. Existing gas vents could be used as part of the remedial control gas system if the collected gas is diverted separately from a LFG recovery system to a flare.

LANDFILL GAS MODEL

SCS models LFG recovery directly, eliminating the need to multiply LFG generation by an estimated recovery rate. The ultimate methane recovery rate (L_o) used as a model input parameter in the updated projections directly considers both methane generation and estimated recovery rate.

The LFG recovery projection for the Landfill is shown in Exhibit 1 and Exhibit 2. SCS prepared its model using the following input parameters:

- **Refuse Filling History and Projections:** Glasgow provided the total waste tonnage for the period 1983 through 2012. The tonnage numbers prior to 2012 were provided for a previous feasibility report. SCS chose to only use the waste numbers for years 1992 and later. Updated tonnage values were provided for this report by Glasgow for calendar year 2012. A projection of future waste receipts for years 2013 through site closure is based on an estimated amount starting with the 2012 tonnage and increasing at a rate of 0.6 percent a year¹ to a maximum of 112,000 tons per year of MSW in year 2067.
- **LFG Decay Rate Constant (k):** A k value of 0.100 yr^{-1} was used based on the SCS default value for precipitation received (50 to 52 inches per year) in the area of the site.
- **Ultimate Methane Recovery Rate (L_o):** A L_o value of $3,000 \text{ ft}^3/\text{ton}$ was used. This is based on the SCS default value for MSW landfills in this region.
- **Future System Coverage:** Overall, the initial installation of the active gas collection system in 2014 is assumed to achieve 70 percent coverage of the waste in place since 1992. Future system coverage values after 2014 assume that expansion and active operations and maintenance (O&M) of the system will be regularly undertaken. SCS assumes that Glasgow will make regular improvements to the LFG collection system annually, perform expansions of the system as needed, and apply final cover in stages to areas at final grade to maintain an average coverage of 70 percent.

Projected LFG recovery rates are tabulated in Exhibit 1. A graph of the projected LFG recovery is included as Exhibit 2. As shown in Exhibit 1, LFG recovery is projected to reach 620 scfm after system start-up in 2014 and to increase over time while the landfill remains open. LFG recovery is projected to reach 643 scfm in 2020, 682 scfm in 2030, and 723 scfm in 2040.

¹ Increase is based on the average annual population growth in the Glasgow area over the period 1971 to 2010.

Methodology, Limitations, and Model Disclaimer

The LFG model used by SCS applies the same first-order decay equation as the U.S. Environmental Protection Agency's Landfill Gas Emissions Model (LandGEM). Unlike LandGEM which estimates LFG generation for regulatory purposes, the LFG model developed by SCS estimates LFG recovery for non-regulatory applications. The LFG recovery model used by SCS applies values for the potential methane generation capacity (L_0) and methane generation rate (k) that are either (1) calibrated to LFG flow and methane data collected from the landfill being modeled, or (2) adjusted to default values developed by SCS based on a database of over 1,000 years of LFG flow and methane data from 216 landfills with operational LFG collection systems.

Because LFG generation is unknown, the use of generation models to estimate LFG recovery incorporates error in estimating both generation and collection efficiency. The LFG modeling method used by SCS minimizes these sources of error by modeling the LFG "recovery potential", which is the maximum amount of LFG a fully comprehensive, efficiently operated gas collection and control system (GCCS) can recover. Expected recovery given the limitations of the actual or proposed collection system is calculated by multiplying potential recovery by the estimated fraction of LFG that is effectively collected, a measure we call collection system coverage. SCS recognizes that there is some level of uncertainty in the estimate of collection system coverage which increases to the extent that LFG recovery is not being maximized. However, this uncertainty is far less than for estimates of collection efficiency, which must account for the unknown percentage of LFG that is not collectable. Furthermore, the SCS modeling method also includes a process to minimize error from uncertain collection system coverage estimates. Whenever collection system coverage is estimated to be less than 60% or is otherwise uncertain, SCS modelers are instructed to use the SCS default k and L_0 values to project potential recovery and then estimate collection system coverage by dividing measured LFG recovery by modeled potential recovery.

This approach to modeling allows us to take full advantage of our LFG recovery database, the most extensive in the industry. Potential recovery is measurable at a significant number of sites in the SCS database with 100 percent comprehensive and well-operated systems (100% system coverage). The remaining sites in the SCS database have at least 60% recovery based on our evaluations of collection system coverage at these landfills. Dividing actual measured recovery by percent system coverage allows us to estimate with reasonable accuracy the potential recovery rates at the 216 sites in the database, and then find site-specific model k and L_0 values which best fit the data. We have found a good correlation between k values and average annual precipitation, which we used to develop a default "k vs. precipitation" curve to use for modeling sites without flow data for model calibration, or when collection system coverage is uncertain. Because of the large number of sites and wide range of climates in the SCS database, we are able to confidently estimate appropriate k values for every inch of precipitation (unlike the LandGEM defaults, which have only "wet" and "dry" values).

The SCS default model coefficients are therefore empirically-based using a database much larger than any other in the industry (including EPA's). This approach to modeling provides SCS with the most accurate possible estimates of potential recovery. Realistic estimates of collection system coverage based on the existing system design and performance, and planned GCCS

build-out schedules, can then be applied to the model projections to derive estimates of expected recovery. Because the L_0 and k values developed by SCS for modeling LFG recovery at U.S. landfills do not provide information on LFG emissions, they should not be used for any regulatory purpose and are not consistent with U.S. EPA regulation and guidance for LFG modeling for Clean Air Act programs.

This report has been prepared in accordance with the care and skill generally exercised by reputable LFG professionals, under similar circumstances, in this or similar localities. The LFG recovery projections are based on our engineering judgment as of the date of this report. No warranty, express or implied, is made as to the professional opinions presented herein.

Changes in the landfill property use and conditions (for example, variations in rainfall, water levels, landfill operations, volume of inert waste, final cover systems, or other factors) may affect future gas generation at the site. SCS does not guarantee the quantity or the quality of available landfill gas.

This letter report has been prepared exclusively for the use of the EKPC. No other party, known or unknown to SCS, is intended as a beneficiary of this report or the information it contains. Third parties use this report at their own risk. SCS assumes no responsibility for the accuracy of information obtained from, or provided by, third-party sources.

SCS COMMENTS ON PREVIOUS LFG FEASIBILITY STUDY

As part of the scope of services on this project, EKPC requested that SCS review the report "Feasibility Study, Landfill Gas Recovery & Utilization, Glasgow Regional Landfill, Glasgow, KY" prepared for the City of Glasgow by Cornerstone in conjunction with Nesbitt Engineering and dated February 28, 2012 (Glasgow Study). SCS has made the following observations on the content of the report:

1. The Glasgow Study consultant used the USEPA LandGEM model to estimate gas generation at the landfill. They also used a factor of 70 percent as collection efficiency to reduce the generated gas to an estimate of gas assumed to be collected. The modeling parameters selected were the basic values of k and L_0 recommended in EPA's AP-42 emission factor guidance. The AP-42 factors for k do not take into account moisture in the waste for wet sites receiving 25 inches or more of rain and are all assigned the same k value of 0.04. The SCS gas model uses k values higher than AP-42 for wet area sites and results in a higher projected gas recovery in the SCS model compared to LandGEM.
2. As part of the field investigation performed for the Glasgow Study, twelve gas samples were taken and composited into 4 sample canisters for analysis at laboratory. The samples were analyzed for a variety of parameters including VOC, sulfur, hydrocarbons, moisture, and siloxanes. While the samples provide useful baseline information, the samples may not be fully representative of the gas quality collected by an active gas collection system with constant vacuum applied to the collection wells as compared to the gas samples obtained from passive vents.

3. The report recommends that the City self-develop a gas-to-electric project and use the generated power to offset usage at its adjacent waste-water treatment plant (WWTP). This requires a significant permitting effort because of the need to cross Huggins Branch Creek with the gas header pipe to reach the WWTP. Locating the plant near the Farmers RECC line in the northwest part of the site will not require additional permitting to cross the creek and will reduce the project construction costs.
4. The report indicates that locating the gas-to-energy plant near the Farmers line could impact nearby single family residences. The closest residence to the landfill in this area is along Frontage Road south of the Cumberland Parkway and about 250 feet west of the site maintenance building. The Farmers RECC line appears to be about 2500 feet to the east of the maintenance building. These residences on Frontage Road do not appear to be close enough to the Farmers distribution line to be a concern for noise from the engines or emissions from the engine stack. A high efficiency muffler on the engine or noise barriers should address any noise concerns. To SCS knowledge, other EKPC LFG-to-electric plants have not experienced noise issues due to the type of construction used. Based on permits issued for other EKPC LFG-to-electric facilities, the emissions will be regulated Kentucky Department of Environmental Protection (KDEP), routinely monitored, and emissions routinely reported to KDEP.
5. Overall, the report contains mostly good information about the landfill and the City's options for developing a gas to energy project. It includes an analysis of project costs that recommends the City should file for a renewable energy grant from TVA to help finance the project. The financial pro forma for the City to self-develop the project includes a capital outlay of up to \$3.9 million and annual revenues based on receiving/saving \$0.085/kWh for electricity at the WWTP, sale of excess power to GEPD for \$0.056/kWh, and carbon credit sale at \$1.00/ton CO₂e. Payback times range from 8 to 10 years based on the above revenue assumptions. Options for the City to develop its own gas project at the landfill seem very limited without a significant amount of grant money or other outside financial assistance. Although LFG-to-electric projects have a successful history, they are not without risk to the entity that develops the project.

CONCLUSIONS AND OBSERVATIONS

The Glasgow Regional Landfill is a MSW disposal facility that currently does not have an active gas collection and control system and such a system is presently not required under any regulatory mandates. Parts of the landfill are closed and not receiving waste, while others areas are active and receiving about 80,000 to 112,000 tons of new MSW each year. Achieving the future gas recovery rates is dependent on installing and maintaining an active gas collection system, controlling water levels in the landfill, and expanding the future gas collection into new MSW disposal areas.

Based on our review of the site background information, SCS makes the following observations and recommendations regarding the site's gas recovery potential:

1. SCS was provided with data from the City of Glasgow and Nesbitt Engineering to conduct this study. SCS believes the data provided was adequate to make a reasonable projection of

future gas recovery. Additional data, when available, from an installed gas recovery system would help to better define the actual gas flow potential for future LFG recovery at this facility.

2. There is a concern with the multiple existing passive gas vents installed at the landfill. It is important that any new active gas system be isolated from the impacts of air intrusion that would likely be caused by the passive vents. Either the passive vents would need to be abandoned or somehow incorporated in the design of the collection system to minimize oxygen levels in the collected gas.
3. SCS recommends that the active system for the purpose of energy recovery not be installed in Unit 4, Phase 1. The age and amount of MSW waste in this area does not seem to justify the cost or difficulty expected for installing active wells in this area now covered with CDD waste.
4. Horizontal landfill gas migration from the older parts of the facility is a concern for the City. While gas from these areas is not needed to support the energy project, the potential environmental problems for the site should continue to be addressed by the City. The migration issue may impact a LFG-to-energy project. The State may require that the active gas system also include a component for gas migration control.

Since LFG collected for migration control typically contains higher levels of oxygen than desired for an energy project, SCS envisions two separate LFG collections systems needing to be installed. One, a migration control system, would collect gas from new migration control wells and existing gas vents and route the low methane gas directly to a flare. The other system would consist of all new vertical wells installed in the Contained Landfill and route higher quality methane gas to the energy project. The flare would also serve as a backup for the energy plant for times the plant was offline.

5. Based on the model projections, SCS estimates that enough LFG could be recovered to support a gas-to-electricity plant. SCS estimates that the landfill could support a plant of up to one CAT 3520 engine (or equivalent) after installation of a comprehensive gas collection system in 2014. SCS would recommend that the recovery system be installed first and operated for at least 3 months before committing to any particular engine size or type. The actual flow from a newly installed system would allow representative gas sampling and provide a basis for further calibrating the gas recovery model.



Google earth

feet
meters



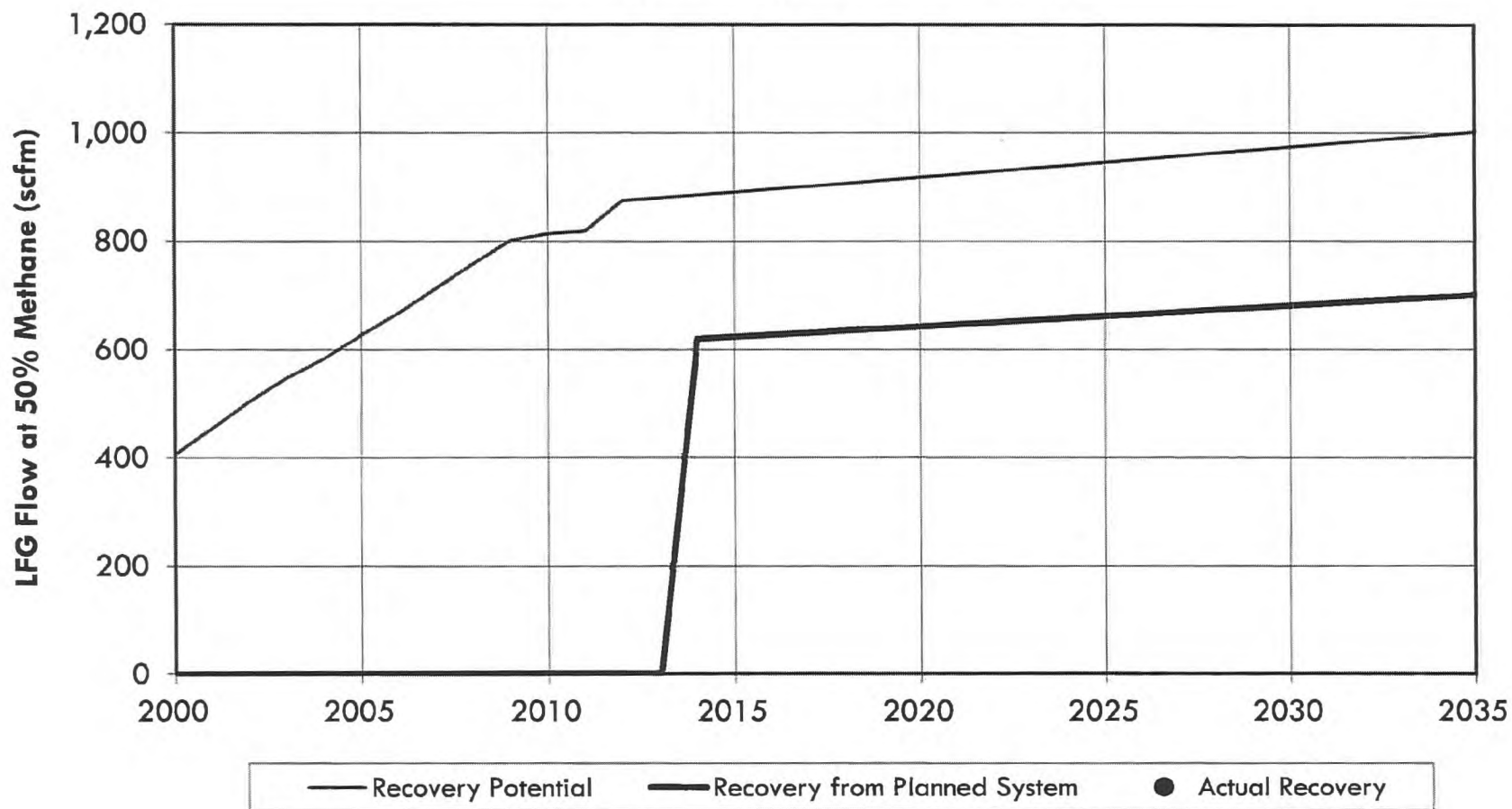
FIGURE 1 - GLASGOW REGIONAL LANDFILL

**EXHIBIT 1. LFG RECOVERY PROJECTION - CONTAINED MSW LF
GLASGOW REGIONAL LANDFILL, GLASGOW, KY**

Year	MSW Disposal Rate	MSW Refuse In-Place	LFG Recovery Potential			LFG System Coverage	LFG Recovery from Planned System		
	(tons/yr)	(tons)	(scfm)	(mmcf/day)	(mmBtu/yr)	(%)	(scfm)	(mmcf/day)	(mmBtu/yr)
1992	44,000	44,000	0	0.00	0	0%	0	0.00	0
1993	48,898	92,898	48	0.07	12,802	0%	0	0.00	0
1994	52,000	144,898	97	0.14	25,810	0%	0	0.00	0
1995	65,682	210,580	145	0.21	38,483	0%	0	0.00	0
1996	64,162	274,742	203	0.29	53,931	0%	0	0.00	0
1997	68,000	342,742	254	0.37	67,466	0%	0	0.00	0
1998	73,945	416,687	304	0.44	80,830	0%	0	0.00	0
1999	77,159	493,846	356	0.51	94,652	0%	0	0.00	0
2000	79,766	573,612	406	0.59	108,093	0%	0	0.00	0
2001	85,243	658,855	455	0.66	121,014	0%	0	0.00	0
2002	83,571	742,426	505	0.73	134,299	0%	0	0.00	0
2003	80,413	822,839	548	0.79	145,834	0%	0	0.00	0
2004	90,244	913,083	584	0.84	155,351	0%	0	0.00	0
2005	90,779	1,003,862	627	0.90	166,824	0%	0	0.00	0
2006	100,051	1,103,913	667	0.96	177,360	0%	0	0.00	0
2007	103,810	1,207,723	713	1.03	189,591	0%	0	0.00	0
2008	105,898	1,313,621	759	1.09	201,752	0%	0	0.00	0
2009	80,670	1,394,291	802	1.16	213,363	0%	0	0.00	0
2010	74,745	1,469,036	814	1.17	216,530	0%	0	0.00	0
2011	122,844	1,591,880	818	1.18	217,671	0%	0	0.00	0
2012	80,930	1,672,810	875	1.26	232,697	0%	0	0.00	0
2013	81,400	1,754,210	880	1.27	234,099	0%	0	0.00	0
2014	81,900	1,836,110	886	1.28	235,505	70%	620	0.89	164,853
2015	82,400	1,918,510	891	1.28	236,922	70%	624	0.90	165,845
2016	82,900	2,001,410	896	1.29	238,350	70%	627	0.90	166,845
2017	83,400	2,084,810	902	1.30	239,787	70%	631	0.91	167,851
2018	83,900	2,168,710	907	1.31	241,233	70%	635	0.91	168,863
2019	84,400	2,253,110	913	1.31	242,687	70%	639	0.92	169,881
2020	84,900	2,338,010	918	1.32	244,148	70%	643	0.93	170,903
2021	85,400	2,423,410	924	1.33	245,615	70%	646	0.93	171,931
2022	85,900	2,509,310	929	1.34	247,088	70%	650	0.94	172,962
2023	86,400	2,595,710	935	1.35	248,567	70%	654	0.94	173,997
2024	86,900	2,682,610	940	1.35	250,050	70%	658	0.95	175,035
2025	87,400	2,770,010	946	1.36	251,538	70%	662	0.95	176,077
2026	87,900	2,857,910	951	1.37	253,029	70%	666	0.96	177,121
2027	88,400	2,946,310	957	1.38	254,524	70%	670	0.96	178,167
2028	88,900	3,035,210	963	1.39	256,023	70%	674	0.97	179,216
2029	89,400	3,124,610	968	1.39	257,524	70%	678	0.98	180,267
2030	89,900	3,214,510	974	1.40	259,028	70%	682	0.98	181,319
2031	90,400	3,304,910	980	1.41	260,534	70%	686	0.99	182,374
2032	90,900	3,395,810	985	1.42	262,042	70%	690	0.99	183,429
2033	91,400	3,487,210	991	1.43	263,552	70%	694	1.00	184,487
2034	91,900	3,579,110	997	1.44	265,064	70%	698	1.00	185,545
2035	92,500	3,671,610	1,002	1.44	266,578	70%	702	1.01	186,605
2036	93,100	3,764,710	1,008	1.45	268,122	70%	706	1.02	187,685
2037	93,700	3,858,410	1,014	1.46	269,694	70%	710	1.02	188,786
2038	94,300	3,952,710	1,020	1.47	271,290	70%	714	1.03	189,903
2039	94,900	4,047,610	1,026	1.48	272,910	70%	718	1.03	191,037
2040	95,500	4,143,110	1,032	1.49	274,550	70%	723	1.04	192,185

Methane Content of LFG Adjusted to: 50%
 Selected Decay Rate Constant (k): 0.100
 Selected Ultimate Methane Recovery Rate (Lo): 3,000 cu ft/ton

Exhibit 2. LFG Recovery Projection Glasgow Regional Landfill, KY



**EXHIBIT 6 - EKPC COST COMPARISONS WITH OTHER EKPC LFGTE
GENERATION OPTIONS**

Since 2005 generation costs from EKPC's existing LFGTE fleet has ranged from a low of [REDACTED] in 2008 to a high of [REDACTED] in 2012. The Glasgow LFGTE Project is expected to generate at a cost of [REDACTED] to [REDACTED] over the first six year maintenance cycle with a six-year average cost of generation of [REDACTED]

**EXHIBIT 6, PAGES 2-6
CONFIDENTIAL INFORMATION**

(FILED UNDER SEAL)

EXHIBIT 7 – EKPC CAPITAL COST BREAKDOWN

EKPC has hired LFG Technologies to design and specify equipment for the Glasgow LFGTE Project. Budget A includes all design elements typical of EKPC LFGTE facilities.

**EXHIBIT 7, PAGE 2
CONFIDENTIAL INFORMATION**

(FILED UNDER SEAL)

EXHIBIT 8 – EKPC EXPECTED HOURS OF GENERATION

Expected energy generation is 7,489,800 net kWh per year based on a 1.0 MW generator, 5.0% station service (auxiliary load), and 90% capacity factor. This equates to operation of 7,884 hours/year at full load.

EXHIBIT 9 – EKPC ANNUAL OPERATION, MAINTENANCE AND FUEL COST

Operation and maintenance costs are depicted for a typical six-year maintenance overhaul cycle schedule for the Caterpillar 3516A+ engine generator. Initial costs represent 2014 costs for individual maintenance activities. Costs are then escalated at 2.5% annually for each activity for the 6-year cycle. Due to major overhaul cost, year 6 operation and maintenance costs are approximately twice yearly average costs for the previous 5 years.

Fuel cost will begin in 2015 at [REDACTED] mmBtu and escalate based on the Consumer Price Index - All Urban Consumers escalation rate calculated yearly on the commercial operation date anniversary. Fuel cost based on expected hours of operation is predicted to be approximately [REDACTED] per year in the first year of operation. The Consumer Price Index - All Urban Consumers escalation rate has averaged 1.93% per year since 2000. A 2.00% per year rate increase is utilized in the evaluation.

**EXHIBIT 9, PAGE 2
CONFIDENTIAL INFORMATION**

(FILED UNDER SEAL)

EXHIBIT 10 – EKPC FINANCING

Funding for this project will be provided by the use of general funds reimbursable with Rural Utilities Services (RUS) funds or non-RUS funding. Non-RUS sources may include National Rural Utilities Cooperative Finance Corporation (CFC) or CoBank, or private placement debt. Current long term interest rates from these sources range from 3.8% to 5.5%.

Finance costs used in the evaluation depict a 4.5% finance rate with a 30-year depreciation schedule.

**EXHIBIT 10, PAGES 2-31
CONFIDENTIAL INFORMATION**

(FILED UNDER SEAL)

EXHIBIT 11 – EKPC LANDFILL GAS ANALYSIS

The minimum heating value of the landfill gas will fluctuate based upon how effectively the gas collection system is operated. As you will note in Article 2.1 of the Landfill Gas Purchase Agreement, the minimum heating value of the Conforming Landfill Gas to be made available for purchase is 50% (approximately 500 Btu's per cubic foot). Any landfill gas delivered below 50%, as noted in Article 2.3, shall be deemed Non-Conforming Gas, resulting in a reduced purchase price or EKPC electing to decline delivery, thus encouraging a more efficient gas collection system operation and higher plant capacity factor. EKPC typically averages receipt of landfill gas in the 520 to 550 Btu/scfm at its other LFGTE facilities.

EXHIBIT 12 – EKPC ENVIRONMENTAL APPROVALS

**Commonwealth of Kentucky
Energy and Environment Cabinet
Department for Environmental Protection
Division for Air Quality
200 Fair Oaks Lane, 1st Floor
Frankfort, Kentucky 40601
(502) 564-3999**

**AIR QUALITY PERMIT
Issued under 401 KAR 52:040**

Permittee Name: East Kentucky Power Cooperative
Mailing Address: 4775 Lexington Road, P.O. Box 707
Winchester, KY 40392-0707

Source Name: East Kentucky Power Cooperative, Inc. for
Glasgow Regional Landfill

Mailing Address: 400 Glen Garry Road
Glasgow, Ky 42142

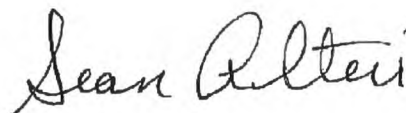
Source Location: 36.987 deg N , 85.956 deg W

Permit ID: S-14-009
Agency Interest #: 121035
Activity ID: APE20140001
Review Type: Minor Source, Construction / Operating
Source ID: 21-009-00102

Regional Office: Bowling Green Regional Office
2642 Russellville Road
Bowling Green, KY 42101
(270) 746-7475

County: Barren

**Application
Complete Date:** February 21, 2014
Issuance Date: April 18, 2014
Expiration Date: April 18, 2024



**Sean Alteri, Director
Division for Air Quality**

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	Permit type	Activity#	Complete Date	Issuance Date	Summary of Action
S-14-009	Initial	APE20140001	02/21/14	04/18/14	Initial Construction/Operating Permit

SECTION A - PERMIT AUTHORIZATION

Pursuant to a duly submitted application the Kentucky Division for Air Quality (Division) hereby authorizes the operation of the equipment described herein in accordance with the terms and conditions of this permit. This permit has been issued under the provisions of Kentucky Revised Statutes (KRS) Chapter 224 and regulations promulgated pursuant thereto.

The permittee shall not construct, reconstruct, or modify any affected facilities without first submitting a complete application and receiving a permit for the planned activity from the permitting authority, except as provided in this permit or in 401 KAR 52:040, State-origin permits.

Issuance of this permit does not relieve the permittee from the responsibility of obtaining any other permits, licenses, or approvals required by the Kentucky Energy and Environment Cabinet (Cabinet) or any other federal, state, or local agency.

SECTION B - EMISSION POINTS, EMISSION UNITS, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS

Emission Unit 01

Internal Combustion Engine

Description:

Make/Model: Caterpillar G3516A
Commenced Construction: 11/01/2014
Maximum Rating: 1412 HP
Fuel Source: Treated landfill gas

Applicable Regulations:

40 CFR 63, Subpart ZZZZ, National Emissions Standards for Hazardous Air Pollutants for Stationary Reciprocating Internal Combustion Engines.

40 CFR 60, Subpart JJJJ, Standards of Performance for Stationary Spark Ignition Internal Combustion Engines.

Non-Applicable Regulations:

40 CFR 60, Subpart WWW, Standards of Performance for Municipal Solid Waste Landfills.

40 CFR 63, Subpart AAAA, National Emission Standards for Hazardous Air Pollutants for Municipal Solid Waste Landfills.

1. Operating Limits:

- a. To preclude the applicability of regulations 40 CFR 60, Subpart WWW and 40 CFR 63, Subpart AAAA, the permittee shall:
 - i. purchase or combust in the engine only treated landfill gas that has been filtered, de-watered, and compressed and;
 - ii. use the gas only as a fuel, and venting of treated landfill gas from the treatment system to the ambient air is not allowed.
- b. If the permittee does not operate and maintain the certified stationary SI internal combustion engine and control device according to the manufacturer's emission-related written instructions, the engine will be considered a non-certified engine, and the permittee must demonstrate compliance according to (a)(2)(i) through (iii) of 40 CFR 60.4243 [40 CFR 60.4243(a)(2)].

2. Emission Limits:

The permittee must achieve the following emissions standards in either g/HP-hr or ppmvd at 15% O₂ over the entire life of the engine [40 CFR 60.4233(e), 40 CFR 60.4234]. For the purposes of 40 CFR 60, Subpart JJJJ, when calculating emissions of volatile organic compounds, emissions of formaldehyde should not be included [40 CFR 60, Subpart JJJJ, Table 1].

SECTION B - EMISSION POINTS, EMISSION UNITS, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

Pollutant	Emission Standards	
	g/HP-hr	ppmvd at 15% O ₂
Nitrogen oxides (NO _x)	3.0	150
Carbon monoxide (CO)	5.0	610
Volatile Organic Compounds (VOC)	1.0	80

Compliance Demonstration:

1. The permittee must demonstrate compliance with applicable emission standards in 40 CFR 60, Subpart JJJJ, using one of the following methods:
 - i. The permittee must purchase an engine certified according to procedures specified in 40 CFR 60, Subpart JJJJ, for the same model year and demonstrate compliance according to one of the methods specified in 40 CFR 60.4243(a) [40 CFR 60.4243(b)(1)]; or
 - ii. If the permittee purchases a non-certified engine, the permittee must demonstrate compliance with the emission standards according to the requirements specified in 40 CFR 60.4244, as applicable. Furthermore, the permittee must keep a maintenance plan and records of conducted maintenance and must, to the extent practicable, maintain and operate the engine in a manner consistent with good air pollution control practice for minimizing emissions. In addition, the permittee must conduct performance testing as provided in Testing Requirements (a) and (b), an initial performance test and conduct subsequent performance testing every 8,760 hours of operation or 3 years, whichever comes first, thereafter to demonstrate compliance [40 CFR 60.4243(b)(ii)].
2. The permittee should expect that air-to-fuel ratio controllers will be used with the operation of three-way catalysts/non-selective catalytic reduction. The AFR controller must be maintained and operated appropriately in order to ensure proper operation of the engine and control device to minimize emissions at all times [40 CFR 60.4243(g)].

3. Testing Requirements:

- a. If the permittee chooses to demonstrate compliance with the emission standards in 40 CFR 60, Subpart JJJJ using Emission Limitations Compliance Demonstration Method, 1.ii, the permittee must conduct an initial performance test and conduct subsequent performance testing every 8,760 hours of operation or 3 years, whichever comes first [40 CFR 60.4243(b)(2)(ii)].
- b. The permittee must conduct performance tests according to the methods and procedures specified in 40 CFR 60.4244.
- c. If the permittee chooses to purchase a certified engine, then testing is non-applicable and Section C (7c) shall be voided [40 CFR 60.4243(a)(1)].

SECTION B - EMISSION POINTS, EMISSION UNITS, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

4. Monitoring Requirements:

NA

5. Recordkeeping Requirements:

- a. To demonstrate compliance with Operating Limitation (a) and to preclude the applicability of 40 CFR 60, Subpart WWW, and 40 CFR 63, Subpart AAAA, the permittee shall maintain records that demonstrate that the fuel burned was treated landfill gas that had been filtered, de-watered, and compressed [401 KAR 52:040, Section 10].
- b. The permittee must maintain records of the following information in items (i) through (iv) below:
 - i. All notifications submitted to comply with 40 CFR 60, Subpart JJJJ and all documentation supporting any notification;
 - ii. Maintenance conducted on the engine;
 - iii. If the stationary SI internal combustion engine is a certified engine, documentation from the manufacturer that the engine is certified to meet the emission standards and information as required in 40 CFR Parts 90, 1048, 1054, and 1060, as applicable; and
 - iv. If the stationary engine is not certified or is a certified engine operating in a non-certified manner and subject to 40 CFR 60.4243(a)(2), documentation that the engine meets the emission standards is required.

[40 CFR 60.4245(a)]

6. Reporting Requirements:

- a. If the engine has not been certified by an engine manufacturer to meet the emission standards in 40 CFR 60.4231, the permittee must submit an initial notification as required in 40 CFR 60.7(a)(1). The notification must include the information in 40 CFR 60.4245(c) [40 CFR 60.4245(c)].
- b. If the permittee chooses to demonstrate compliance with the emission standards in 40 CFR 60, Subpart JJJJ, using Emission Limitations Compliance Demonstration Method 1.ii. above, the permittee must submit a copy of each performance test as conducted in 40 CFR 60.4244 within 60 days after the test has been completed [40 CFR 60.4245(d)].

SECTION C - GENERAL CONDITIONS**1. Administrative Requirements**

- a. The permittee shall comply with all conditions of this permit. Noncompliance shall be a violation of 401 KAR 52:040, Section 3(1)(b), and is grounds for enforcement action including but not limited to the termination, revocation and reissuance, or revision of this permit.
- b. This permit shall remain in effect for a fixed term of ten (10) years following the original date of issue. Permit expiration shall terminate the source's right to operate unless a timely and complete renewal application has been submitted to the Division at least six months prior to the expiration date of the permit. Upon a timely and complete submittal, the authorization to operate within the terms and conditions of this permit, including any permit shield, shall remain in effect beyond the expiration date, until the renewal permit is issued or denied by the Division [401 KAR 52:040, Section 15].
- c. Any condition or portion of this permit which becomes suspended or is ruled invalid as a result of any legal or other action shall not invalidate any other portion or condition of this permit [Section 1a-11 of the *Cabinet Provisions and Procedures for Issuing State-Origin Permits* incorporated by reference in 401 KAR 52:040, Section 23].
- d. Pursuant to materials incorporated by reference by 401 KAR 52:040, this permit may be revised, revoked, reopened, reissued, or terminated for cause. The filing of a request by the permittee for any permit revision, revocation, reissuance, or termination, or of a notification of a planned change or anticipated noncompliance shall not stay any permit condition [Section 1a-4, 5, of the *Cabinet Provisions and Procedures for Issuing State-Origin Permits* incorporated by reference in 401 KAR 52:040, Section 23].
- e. This permit does not convey property rights or exclusive privileges [Section 1a-8 of the *Cabinet Provisions and Procedures for Issuing State-Origin Permits* incorporated by reference in 401 KAR 52:040, Section 23].
- f. Nothing in this permit shall alter or affect the liability of the permittee for any violation of applicable requirements prior to or at the time of permit issuance [401 KAR 52:040, Section 11(3)].
- g. This permit shall be subject to suspension at any time the permittee fails to pay all fees within 90 days after notification as specified in 401 KAR 50:038, Air emissions fee. The permittee shall submit an annual emissions certification pursuant to 401 KAR 52:040, Section 20.

2. Recordkeeping Requirements

- a. Records of all required monitoring data and support information, including calibrations, maintenance records, and original strip chart recordings, and copies of all reports required by the Division for Air Quality, shall be retained by the permittee for a period of at least five years and shall be made available for inspection upon request by any duly authorized representative of the Division for Air Quality [401 KAR 52:040, Section 3(1)(f), and Section 1b-IV-2 of the *Cabinet Provisions and Procedures for Issuing State-Origin*

SECTION C - GENERAL CONDITIONS (CONTINUED)

Permits incorporated by reference in 401 KAR 52:040, Section 23].

- b. The permittee shall perform compliance certification and recordkeeping sufficient to assure compliance with the terms and conditions of the permit. Documents, including reports, shall be certified by a responsible official pursuant to 401 KAR 52:040, Section 21.

3. Reporting Requirements

- a. (1) In accordance with the provisions of 401 KAR 50:055, Section 1, the permittee shall notify the Regional Office listed on the front of this permit concerning startups, shutdowns, or malfunctions as follows:
 - i. When emissions during any planned shutdowns and ensuing startups will exceed the standards, notification shall be made no later than three (3) days before the planned shutdown, or immediately following the decision to shut down, if the shutdown is due to events which could not have been foreseen three (3) days before the shutdown.
 - ii. When emissions due to malfunctions, unplanned shutdowns and ensuing startups are or may be in excess of the standards, notification shall be made as promptly as possible by telephone (or other electronic media) and shall be submitted in writing upon request.
- (2) The permittee shall promptly report deviations from permit requirements including those attributed to upset conditions (other than emission exceedances covered by Reporting Requirement condition a.(1) above), the probable cause of the deviation, and corrective or preventive measures taken to the Regional Office listed on the front of this permit within 30 days. Other deviations from permit requirements shall be included in the semiannual report [Section 1b-V-3 of the *Cabinet Provisions and Procedures for Issuing State-Origin Permits* incorporated by reference in 401 KAR 52:040, Section 23].
- b. The permittee shall furnish information requested by the Cabinet to determine if cause exists for modifying, revoking and reissuing, or terminating the permit; or to determine compliance with the permit [Section 1a-6 of the *Cabinet Provisions and Procedures for Issuing State-Origin Permits* incorporated by reference in 401 KAR 52:040, Section 23].
- c. Summary reports of monitoring required by this permit shall be submitted to the Regional Office listed on the front of this permit at least every six (6) months during the life of this permit. For emission units that were still under construction or which had not commenced operation at the end of the 6-month period covered by the report and are subject to monitoring requirements in this permit, the report shall indicate that no monitoring was performed during the previous six months because the emission unit was not in operation. The summary reports are due January 30th and July 30th of each year. All deviations from permit requirements shall be clearly identified in the reports. All reports shall be certified by a responsible official pursuant to 401 KAR 52:040, Section 21.

SECTION C - GENERAL CONDITIONS (CONTINUED)

4. Inspections

In accordance with the requirements of 401 KAR 52:040, Section 3(1)(f), the permittee shall allow authorized representatives of the Cabinet to perform the following during reasonable times. Reasonable times are defined as during all hours of operation, during normal office hours, or during an emergency:

- a. Enter upon the premises to inspect any facility, equipment (including air pollution control equipment), practice, or operation.
- b. To access and copy any records required by the permit.
- c. Inspect, at reasonable times, any facilities, equipment (including monitoring and pollution control equipment), practices, or operations required by the permit.
- d. Sample or monitor, at reasonable times, substances or parameters to assure compliance with the permit or any applicable requirements.

5. Emergencies/Enforcement Provisions

- a. The permittee shall not use as defense in an enforcement action, the contention that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance [Section 1a-3 of the *Cabinet Provisions and Procedures for Issuing State-Origin Permits* incorporated by reference in 401 KAR 52:040, Section 23].
- b. An emergency shall constitute an affirmative defense to an action brought for the noncompliance with the technology-based emission limitations if the permittee demonstrates through properly signed contemporaneous operating logs or relevant evidence that:
 - (1) An emergency occurred and the permittee can identify the cause of the emergency;
 - (2) The permitted facility was at the time being properly operated;
 - (3) During an emergency, the permittee took all reasonable steps to minimize levels of emissions that exceeded the emissions standards or other requirements in the permit; and
 - (4) The permittee notified the Division as promptly as possible and submitted written notice of the emergency to the Division within two working days after the time when emission limitations were exceeded due to the emergency and included a description of the emergency, steps taken to mitigate emissions, and corrective actions taken.
- c. Emergency provisions listed in General Condition 5.b are in addition to any emergency or upset provision contained in an applicable requirement [401 KAR 52:040, Section 22(1)].

SECTION C - GENERAL CONDITIONS (CONTINUED)

- d. In an enforcement proceeding, the permittee seeking to establish the occurrence of an emergency shall have the burden of proof [401 KAR 52:040, Section 22(2)].

6. Compliance

- a. Periodic testing or instrumental or non-instrumental monitoring, which may consist of record keeping, shall be performed to the extent necessary to yield reliable data for purposes of demonstration of continuing compliance with the conditions of this permit. For the purpose of demonstration of continuing compliance, the following guidelines shall be followed:
- (1) Pursuant to 401 KAR 50:055, General compliance requirements, Section 2(5), all air pollution control equipment and all pollution control measures proposed by the application in response to which this permit is issued shall be in place, properly maintained, and in operation at any time an affected facility for which the equipment and measures are designed is operated, except as provided by 401 KAR 50:055, Section 1.
 - (2) All the air pollution control systems shall be maintained regularly in accordance with good engineering practices and the recommendations of the respective manufacturers. A log shall be kept of all routine and non-routine maintenance performed on each control device. Daily observations are required during daylight hours of all operations and control equipment to determine whether conditions appear to be either normal or abnormal.
 - (3) Visible Emissions: If Section B contains no specific requirement; daily qualitative observations of visible emissions shall be made for each affected facility. If the operations or controls appear to be abnormal, the permittee must then comply with the requirements of Section C – General Conditions, 3.a.(2), of this permit.
 - (4) A log of the monthly raw material consumption and monthly production rates shall be kept available at the facility. Compliance with the emission limits may be demonstrated by computer program, spread sheets, calculations or performance tests as may be specified by the Division [401 KAR 50:055, Section 2].
- b. Pursuant to 401 KAR 52:040, Section 19, the permittee shall certify compliance with the terms and conditions contained in this permit by January 30th of each year, by completing and returning a Compliance Certification Form (DEP 7007CC) (or an approved alternative) to the Regional Office listed on the front of this permit in accordance with the following requirements:
- (1) Identification of the term or condition;
 - (2) Compliance status of each term or condition of the permit;
 - (3) Whether compliance was continuous or intermittent;
 - (4) The method used for determining the compliance status for the source, currently and over the reporting period, and
 - (5) For an emissions unit that was still under construction or which has not commenced operation at the end of the 12-month period covered by the annual compliance certification, the permittee shall indicate that the unit is under construction and that

SECTION C - GENERAL CONDITIONS (CONTINUED)

compliance with any applicable requirements will be demonstrated within the timeframes specified in the permit.

- (6) The certification shall be submitted by January 30th of each year. Annual compliance certifications shall be sent to the Division for Air Quality, Bowling Green Regional Office, located at 2642 Russellville Road, Bowling Green, KY 42101.
- c. Permit Shield - A permit shield shall not protect the owner or operator from enforcement actions for violating an applicable requirement prior to or at the time of permit issuance. Compliance with the conditions of this permit shall be considered compliance with all:
 - (1) Applicable requirements that are included and specifically identified in this permit; or
 - (2) Non-applicable requirements expressly identified in this permit [401 KAR 52:040, Section 11].

7. **Construction Requirements:**

Pursuant to a duly submitted application the Kentucky Division for Air Quality hereby authorizes the construction of the equipment described herein, Emission Unit 01 in accordance with the terms and conditions of this permit.

- a. Pursuant to 401 KAR 52:040, Section 12(3), unless construction is commenced on or before 18 months after the date of issuance of this permit, or if construction is commenced and then stopped for any consecutive period of 18 months or more, or is not completed within a reasonable timeframe, then the construction and operating authority granted by this permit for those affected facilities for which construction was not completed shall immediately become invalid. Upon a written request, the Cabinet may extend these time periods if the source shows good cause.
- b. Pursuant to 401 KAR 52:040, Section 12(4)(a), and 401 KAR 59:005, General provisions, Section 3(1), within 30 days following construction commencement, within 15 days following start-up and attainment of maximum production rate, or within 15 days following the issuance date of this permit, whichever is later, the owner and/or operator of the affected facilities specified on this permit shall furnish to the Regional Office listed on the front of this permit, with a copy to the Field Office Branch at the Frankfort Central Office, the following:
 - (1) Date when construction commenced.
 - (2) Start-up date of each of the affected facilities listed on this permit.
 - (3) Date when maximum production rate was achieved.
- c. (1) Pursuant to 401 KAR 59:005, General provisions, Section 2(1), this permit shall allow time for the initial start-up, operation and performance testing and/or compliance demonstration of the affected facilities listed herein. However, within 60 days after achieving the maximum production rate at which the affected facilities will be operated, but not later than 180 days after initial start-up of such facilities, the owner or operator shall conduct performance tests on the emission unit 01 and furnish the Division's Frankfort office a written report of the results of such performance tests or demonstrate compliance to a duly authorized representative of the Division.

SECTION C - GENERAL CONDITIONS (CONTINUED)

- (2) Pursuant to 401 KAR 59:005, General provisions, Section 3(1)(b), unless notification and justification to the contrary are received by this Division, the date of achieving the maximum production rate at which the affected facilities will be operated shall be deemed to be 30 days after initial start-up.
 - (3) Pursuant to 401 KAR 50:045, Section 2, a source required to conduct a performance test shall submit a completed Compliance Test Protocol form, DEP form 6028, or a test protocol a source has developed for submission to other regulatory agencies, in a format approved by the cabinet, to the Division's Frankfort Central Office a minimum of sixty (60) days prior to the scheduled test date. Pursuant to 401 KAR 50:045, Section 7, the Division shall be notified of the actual test date at least Thirty (30) days prior to the test.
 - (4) Pursuant to 401 KAR 50:045, Section 5, in order to demonstrate that a source is capable of complying with a standard at all times, a performance test shall be conducted under normal conditions that are representative of the source's operations and create the highest rate of emissions. If [When] the maximum production rate represents a source's highest emissions rate and a performance test is conducted at less than the maximum production rate, a source shall be limited to a production rate of no greater than 110 percent of the average production rate during the performance tests. If and when the facility is capable of operation at the rate specified in the application, the source may retest to demonstrate compliance at the new production rate. The Division for Air Quality may waive this requirement on a case-by-case basis if the source demonstrates to the Division's satisfaction that the source is in compliance with all applicable requirements.
- d. Operation of the affected facilities authorized by this permit shall not commence until compliance with applicable standards specified herein has been demonstrated in accordance with the requirements of 401 KAR 52:040, Section 12(4)(b). Until compliance is demonstrated, the source may only operate for the purpose of demonstrating compliance.

SECTION D - INSIGNIFICANT ACTIVITIES

The following listed activities have been determined to be insignificant activities for this source pursuant to 401 KAR 52:040, Section 6. Although these activities are designated as insignificant the permittee must comply with the applicable regulation. Process and emission control equipment at each insignificant activity subject to an opacity standard shall be inspected monthly and a qualitative visible emissions evaluation made. Results of the inspection, evaluation, and any corrective action shall be recorded in a log.

<u>Description</u>	<u>Generally Applicable Regulation</u>
1. 500 – gallon storage tanks for lube oil	None
2. 500 – gallon waste oil tank	None



United States Department of Agriculture
Rural Development

MAY 13 2014

Mr. Jerry Purvis
Manager of Environmental Affairs
East Kentucky Power Cooperative, Inc.
P.O. Box 707
Winchester, Kentucky 40392-0707

Dear Mr. Purvis:

The USDA Rural Utilities Service (RUS) has completed its review of the Environmental Report (ER) submitted for the proposed Glasgow Landfill Gas to Energy Project in Barren County, Kentucky. The proposed project meets the criteria for a Categorical Exclusion in accordance with 7 CFR Part 1794, Environmental Policies and Procedures, as amended (§1794.22[a][8]). An Environmental Assessment or Environmental Impact Statement will not be prepared for our action related to this project.

No additional environmental information needs to be submitted for review, provided the project is constructed as described in the ER. East Kentucky Power Cooperative is responsible for acquiring the necessary permits for construction and operation of the proposed project and for implementing all environmental commitments made in the ER.

Thank you for your assistance and cooperation in helping us fulfill our environmental review requirements.

Sincerely,

A handwritten signature in blue ink that reads "Wei M. Moy".

WEI M. MOY
Chief, Power Supply Engineering Branch
Power Supply Division/Electric Program
USDA Rural Utilities Service

1400 Independence Ave, S.W. · Washington DC 20250-0700
Web: <http://www.rurdev.usda.gov>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights,
1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800) 795-3272 (Voice) or (202) 720-6382 (TDD).

EXHIBIT 13 – EKPC LANDFILL GAS PURCHASE AGREEMENT, SITE LEASE AGREEMENT, AND GAS COLLECTION SYSTEM PROPOSED LAYOUT DRAWING

LANDFILL GAS PURCHASE AGREEMENT
BETWEEN THE CITY OF GLASGOW, KENTUCKY AND EAST KENTUCKY POWER
COOPERATIVE, INC. FOR THE GLASGOW REGIONAL LANDFILL

CONTENTS

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LANDFILL GAS PURCHASE AGREEMENT
GLASGOW, KENTUCKY LANDFILL

This LANDFILL GAS PURCHASE AGREEMENT ("Agreement") is made this 11TH day of ~~June~~ ^{August} 2014, by and between the City of Glasgow, Kentucky, whose address is 310 West Front Street, Glasgow, Kentucky, 42141 ("Seller") and East Kentucky Power Cooperative, Inc., a Kentucky corporation, whose address is 4775 Lexington Road, Winchester, Kentucky 40391 ("Purchaser").

RECITALS

- A. Seller operates the Glasgow Regional Landfill ("Landfill"); and
- B. Gases, consisting primarily of methane and carbon dioxide, are produced from decomposing refuse within the Landfill ("Landfill Gas"); and
- C. Seller intends to construct, maintain and operate facilities to collect Landfill Gas from the Landfill ("Landfill Facilities" or "Seller's Facilities"); and
- D. Seller desires to produce, deliver, and sell Landfill Gas collected in the Landfill Facilities to Purchaser; and
- E. Purchaser intends to construct, operate and maintain a landfill gas to electric ("LFGTE") facility, which shall include all equipment, transmission lines, etc. that are necessary to generate electric energy and sell such energy, at or adjacent to the Landfill ("LFGTE Facility" or "Purchaser's Facility"), and desires to purchase the Landfill Gas captured by the Seller through the Landfill Facilities during the term of this Agreement and in accordance with its terms and conditions for purposes of generating electrical energy; and
- F. The property upon which the LFGTE Facility will be constructed and operated is owned by The City of Glasgow; and
- G. Pursuant to the terms of a Site Lease Agreement contemporaneously entered into between the parties, Purchaser is leasing certain real estate from Seller at or near the Landfill ("Leased Premises") in order to construct, operate and maintain the LFGTE Facility;

THEREFORE, in consideration of the mutual promises, obligations and agreements contained herein, and other good and valuable consideration, receipt of which is hereby acknowledged, Seller and Purchaser agree as follows:

ARTICLE I

PURCHASE OF LANDFILL GAS

- 1.1 Purchase and Sale. Subject to the terms and conditions of the Agreement, including, without limitation, the termination provision of ARTICLE IX, Seller agrees to sell to

Purchaser all existing or future Landfill Gas produced at the Landfill and Purchaser agrees to purchase from Seller all Landfill Gas produced and delivered to Purchaser's LFGTE Facility, up to the design capacity of the LFGTE Facility, which may initially include one or more engine/generator set(s). For informational purposes only, Purchaser acknowledges that it plans to initially construct a single engine plant on the Leased Premises. In the event that the Landfill Facilities recover more Landfill Gas than the Purchaser can use at the LFGTE Facility, Purchaser, at its option, shall be allowed to expand the LFGTE Facility and shall have first a right of refusal for the purchase of any additional Landfill Gas captured by Seller. Each such unit constructed by Purchaser shall have a rated capacity of approximately 1000 kW.

ARTICLE II

GAS QUALITY

- 2.1 **Conforming Gas.** Seller shall use commercially reasonable efforts to deliver Landfill Gas to Purchaser at a minimum heating value of 500 Btu's per cubic foot ("Conforming Gas"). Calibration tests of the equipment shall be performed by the Purchaser at least once each month and the result of each test shall continue to be used until the results of a subsequent test are known. Consistent with Section 2.5, Purchaser will use commercially reasonable efforts to use all Conforming Gas delivered by the Seller.
- 2.2 **Delivery Pressure.** Seller shall control the amount of vacuum on the Landfill Facilities with its blower/flare skid so as to deliver Landfill Gas to Purchaser hereunder at a positive pressure.
- 2.3 **Non-Conforming Gas.** Any Landfill Gas that does not have the heating value at or above the specifications set forth in Section 2.1 shall be deemed Non-Conforming Gas. Purchaser may elect to: (i) accept the Non-Conforming Gas, in which case the purchase price shall be 0.75 \$/mmBtu, or (ii) reject such Non-Conforming Gas, in which event Purchaser shall not be obligated to provide payments for such Non-Conforming Gas. In addition, in the event that more than half of the gas delivered by Seller for a period of three (3) consecutive months is Non-Conforming Gas, for any reason or cause, Purchaser shall have the option to terminate this Agreement and the Site Lease Agreement.
- 2.4 **Seller's Reserved Rights.** Seller expressly excludes from this Agreement and reserves unto itself, its successors and assigns, the right to: (1) drill new wells; (2) rework and repair old wells; (3) abandon any well; (4) build, test, modify, extend, repair, dispose of or discontinue the use of any or all of Seller's Facilities, provided that the Seller shall comply in all material respects with New Source Performance Standards for Municipal Solid Waste Landfills and any other environmental laws, rules, orders, consent decrees or regulations. Provided, however, nothing herein shall relieve Seller from its obligations under Section 13.1 herein.

In the event that the Seller's Facilities cannot maintain a steady supply of Landfill Gas above a minimum flow of 400 scfm at 50% methane concentration during the first two years of operation of the LFGTE Facility, the Seller agrees to supplement the Seller's Facilities by installing additional gas wells and leachate pumps. The exact number of additional wells and final locations shall be proposed by the Parties' consulting engineer(s) and agreed to by the Seller and Purchaser.

- 2.5 Purchaser's Reserved Rights. Purchaser reserves the right, at any time and in its sole discretion, to add or remove engines/generators as Landfill Gas volumes may increase or decrease; provided, however that should the Purchaser terminate this Agreement or should Seller otherwise actually or constructively abandon the Seller's Facilities, Purchaser shall remove the LFGTE Facility down to the concrete slab, unless the Seller and Purchaser can agree upon a sale price and term of a sale transaction: (i) within ninety (90) days of the date of delivery of the written termination notice to the Seller; or (ii) within thirty (30) days of the date of actual or constructive abandonment of the Seller's Facilities by Seller.

By way of example and for illustrative purposes only, if Purchaser removes an engine/generator due to a drop off in available volumes of Landfill Gas, Purchaser shall not be responsible for payment for the associated Landfill Gas, which might have otherwise been purchased, had the engine/generator not been removed.

Purchaser reserves the right to review the wellfield tuning reports and to make suggestions to Seller regarding necessary or advisable well adjustments to the Landfill Facilities in an effort to maximize Landfill Gas purchases and electrical generation until such time as the site is required to meet the requirements of New Source Performance Standards for Municipal Waste Landfills. Seller shall provide copies of the wellfield tuning reports to the Purchaser for its use in completing any environmental reporting, if applicable. Purchaser takes no legal responsibility for any reporting or compliance obligations of Seller, but Purchaser shall undertake to be familiar with all such standards as applicable to Seller and provided by Seller pertaining to the project and shall coordinate with Seller to comply with any applicable law that may be applicable to the Landfill. Seller shall obtain all necessary permits and other governmental permissions related to the operations of the Landfill and Landfill Facilities and shall indemnify and hold Purchaser (and Purchaser's members, agents, employees, contractors, representatives, successors, assigns and affiliates) harmless from and against any and all fines, penalties, sanctions, actions, claims, damages, injuries, costs and other expenses, including attorneys' fees, arising from or related to: (i) the acquisition or compliance with any such permits or the violation thereof, except as may be caused by the Purchaser's gross negligence, intentional acts or Purchaser's violations of such permits or other applicable standards; or (ii) the impact upon the environment, third parties or the property of third parties of the Seller's construction, operation and maintenance of the Landfill and Landfill Facilities.

ARTICLE III

UNITS OF VOLUME - MEASUREMENT

- 3.1 Unit of Volume. Except for the determination of heating value, the unit of volume for measurement of Landfill Gas delivered hereunder will be one (1) cubic foot of Landfill Gas at a base temperature of sixty (60) degrees Fahrenheit and at an absolute pressure of 14.73 pounds per square inch. All fundamental constants shall be in accordance with the standards prescribed in the National Standard ANSI-API 2530, Second Edition, as reprinted in September 1986, with any subsequent amendments which may be mutually acceptable to Purchaser and Seller.
- 3.2 Landfill Gas Metering.
- a. Metering Equipment. Purchaser shall provide and maintain in accurate working order, metering devices for the measurement of the Btu value of the Landfill Gas delivered hereunder at Purchaser's sole cost and expense. Such metering equipment shall include a Daniel Process Gas Chromatograph, Carrier Gas System, Calibration Gas Cylinder, 10" Free Standing Rack and Sample Conditioning System or equal system. The Landfill Gas shall be sampled and measured at a point on the main gas header between the LFGTE Facility's gas compressor room and engine room.
 - b. Meter Tests. Purchaser, at its sole cost and expense, shall keep the metering equipment accurate and in repair, making such periodic tests as Purchaser deems necessary, but at least once each month. Purchaser shall give Seller reasonable advance notice of any such test so that Seller may have its representative present. Seller may request a special test of the metering equipment at any time. If the meter is accurate to within 2%, then the Seller shall pay for such calibration test. If the meter is not accurate to within 2%, then the Purchaser shall recalibrate its meter and shall pay for such testing and calibration.
 - c. Meter Out of Service. If for any reason Purchaser's metering equipment is out of service or out of repair so that the amount of Landfill Gas delivered cannot be ascertained, Purchaser shall estimate the Landfill Gas deliveries during the period when the metering equipment is out of service or out of repair based on upon a 12,000 Btu/kWh heat rate for the engine/generators. By way of example: $(\text{Net kWh for the period}) \times (12,000 \text{ Btu/kWh}) \times (\text{Purchase Price of Gas}) / 1,000,000 = \'s for Landfill Gas used during the period.
 - d. Meter Access. Seller shall be able to view the meter at any reasonable time during regular business hours after giving Purchaser at least three business days advance notice of such desire to view the meter. During any such viewing of the meter, Seller's agents, employees and representatives shall observe and abide by all safety and operational guidelines applicable to the LFGTE Facility. Seller

may not enter into the LFGTE Facility without being accompanied by an authorized agent, employee or representative of Purchaser.

ARTICLE IV

PRICE, BILLING, PAYMENT AND INCENTIVE

- 4.1 Purchase Price. Effective upon the start-up and Acceptance Testing of the LFGTE Facility (“Operational Date”), the initial purchase price for Conforming Landfill Gas delivered to Purchaser pursuant to the terms of the Agreement shall be a base price of [REDACTED] per mmBtu, subject to the adjustment of Section 4.2.
- 4.2 Rate Adjustment. The purchase price for Conforming Landfill Gas shall be adjusted on each anniversary date of the completion of the Purchaser’s Facilities as defined in Section 7.2, in a percentage amount equal to one hundred (100) percent of the increase or decrease in the Consumers Price Index, All Urban Consumers (or any successor index) over the most recently reported twelve (12) month period.
- 4.3 Rounding. The price for Landfill Gas determined pursuant to this ARTICLE IV shall be rounded to the nearest one tenth of one cent (\$0.001).
- 4.4 Billing and Payment.
 - a. Payment. On or before the tenth (10th) day of each calendar month, the Purchaser shall pay the Seller for all Landfill Gas delivered and any Non-Conforming Gas delivered and accepted by Purchaser in the preceding calendar month (subject to the limitations set forth in Section 4.1), along with all appropriate supporting information (“Billing Statement”). Such Billing Statement shall set forth the quantity of conforming Landfill Gas and Non-Conforming Gas, on a mmBtu basis, delivered to Purchaser during the preceding calendar month and the amount due Seller for such Landfill Gas. If the Seller, in good faith, disputes any part of the Billing Statement, the Seller shall inform the Purchaser in writing of such disagreement within ten (10) days of receipt of the Billing. Upon the resolution of a billing dispute, the Purchaser shall pay the amount finally determined to be correct within ten (10) days of such determination, along with interest.
 - b. Errors in Billing. If either party hereto shall find, at any time within one (1) year after the date of any payment hereunder, that there has been an overpayment or underpayment, the party finding the error shall promptly notify the other party in writing. In the event of an underpayment, Purchaser shall pay any undisputed amount due, plus interest, within thirty (30) days of the date of the notice of error. In the event of an overpayment, Seller shall refund any undisputed overpayment to Purchaser, including interest on any such amount(s), via a reduction in the next monthly payment.
 - c. Interest. For purposes of Section 4.4, interest shall accrue on any amount over paid or not paid on or before the due date therefore at a rate equal to one (1)

percent plus the prime rate of Citibank, N.A., New York, New York, or its successor.

ARTICLE V

TAX CREDITS

- 5.1 Tax Credits. All Internal Revenue Code Section 29 Tax Credits or any other similar state, federal, or local credits or deductions available to landfill gas producers and arising from the Seller's production and sale of Landfill Gas from the Landfill Facilities ("Production Credits") shall be the property of Seller. Purchaser shall have the right to all tax credits or any other similar state, federal, or local credits or deductions or payments arising from the generation and sale of electricity using Landfill Gas as a fuel (as opposed to the production and sale of Landfill Gas), including, without limitation, Renewable Energy Production Incentive Payments from the U.S. Department of Energy ("Generation Credits"). Neither Party shall take any actions including, by way of example, taking or claiming other tax credits, which would in any way reduce the amount of the Production Credits or Generation Credits to which the other Party is otherwise entitled.
- 5.2 Emissions Credits. All air emission credits arising from Seller's production and sale of Landfill Gas from the Landfill prior to the delivery point shall be the property of Seller. All air emission credits arising from the Purchaser's production of electricity and purchase of the Landfill Gas after reaching the delivery point shall be the property of the Purchaser.

ARTICLE VI

POINT OF DELIVERY

- 6.1 Point of Delivery. The Point of Delivery for all Landfill Gas sold hereunder shall be at the interconnection between Purchaser's Facilities and Seller's Facilities approximately ten (10) feet outside the LFGTE Facility's Gas Compressor Room. Title to and control and possession of the Landfill Gas sold hereunder shall pass to Purchaser at the Point of Delivery.

ARTICLE VII

FACILITIES

- 7.1 Seller's Facilities. Seller shall bear the expense of and duty to construct, maintain, and operate Seller's Facilities. Seller's Facilities shall include, without limitation:
- a. All equipment required to: (i) collect and process the Landfill Gas in accordance with law and good industry practice; (ii) deliver such Landfill Gas from the Landfill to the Point of Delivery; and (iii) accept condensate and leachate from the Purchaser's Facilities. The foregoing description shall include all equipment

presently located at the Landfill and any additional Landfill Gas wells (including a leachate pump in each well), valves, connectors, sampling ports and piping that may be installed hereafter;

- b. All equipment required to be owned by Seller in order to claim entitlement to the Production Credits;
- c. All equipment required to flare the Landfill Gas, including a manual bypass line to allow delivery of Landfill Gas to the LFGTE Facility in the event that the Seller's blower/flare skid is temporarily out of service due to maintenance. Seller's blower/flare skid shall be electrically interlocked with the Purchaser's Facilities to allow flaring of any excess Landfill Gas or in the event of an outage at the Purchaser's Facilities;
- d. Seller's Facilities shall be designed, constructed, and operated in compliance with all applicable federal, state or local laws, rules, orders, consent decrees and regulations. Seller will notify Purchaser of its construction schedule for Seller's Facilities at least 15 days in advance of the scheduled start of construction of such Landfill Facilities, and shall use good faith and commercially reasonable efforts to complete the Landfill Facilities. Completion of such Landfill Facilities shall mean that the Landfill Facilities are capable of sustained normal operation in compliance with all relevant specifications provided: (i) herein; (ii) by all applicable federal, state or local laws, rules, orders, consent decrees and regulations; and (iii) by the manufacturer of the equipment used in the Landfill Facilities.

7.2 Purchaser's Facility. At no cost to Seller, Purchaser shall permit, construct, operate, and maintain the LFGTE Facility to enable Purchaser to accept delivery of Landfill Gas from Seller at the Point of Delivery and to generate electrical energy for sale. Purchaser's Facility shall include, without limitation:

- a. All piping suitable to transport Landfill Gas from the Point of Delivery to the Purchaser's electrical generating equipment;
- b. Any piping necessary to convey condensate from Purchaser's Facility to Seller's leachate/condensate collection system;
- c. One or more engines/generators for the generation of electricity, the exact number of which Purchaser may determine and change at any time, in its sole discretion; and
- d. All transmission lines and equipment from the Purchaser's Facilities to the interconnection point at the transmission or distribution system. Purchaser shall be responsible for all costs and expenses to permit, construct, maintain, and operate Purchaser's Facility. At all times during the term hereof, Purchaser's

Facility shall be designed, constructed, and operated in compliance with all applicable federal and state laws, rules, orders, consent decrees and regulations.

- e. Upon expiration or termination of this Agreement for any reason, Purchaser, at Purchaser's sole expense, shall have the right to remove all of Purchaser's Facility located on the Leased Premises that are above-ground, at any time within one year from the date of expiration or termination, unless the Seller has expressed an interest in acquiring the Purchaser's Facility and a purchase price and terms can be agreed upon within ninety (90) days of Purchaser's written notice of termination or expiration. In the event that Purchaser is required to remove the LFGTE Facility, Purchaser shall, at its sole cost, cap the pipeline and take all steps required by applicable law and regulation in connection with the abandonment of the pipeline and other underground equipment and structures. Purchaser shall be under no obligation to begin the construction of the LFGTE Facility until the Seller has collected at least 90 days of Landfill Gas flow data which confirms 400 scfm or more at 50% methane, and 90 days of documented continuous flare operation. Completion of Purchaser's Facility shall mean that the LFGTE Facility is capable of sustained normal operation for the generation of electricity.

7.3 Acceptance Testing.

- b. Notice. The Purchaser shall give the Seller at least 30 days prior written notice of the expected initiation of the tests conducted to demonstrate that the LFGTE Facility is ready for Commercial Operations (the "Acceptance Tests"). The Purchaser shall not commence the Acceptance Tests until:
 - (i) the Purchaser is authorized under applicable law to operate the LFGTE Facility;
 - (ii) all utilities required for the operation of the LFGTE Facility, as applicable, are connected and functioning in accordance with good utility practice and standards and such operation is approved by the local electric utility with whom the LFGTE Facility is interconnected; and
 - (iii) the Purchaser has submitted to the Seller written notice that the foregoing conditions have been satisfied.
- c. Conduct of Acceptance Tests. The Purchaser shall conduct the Acceptance Tests, at its cost, expense, and risk, and at no cost or expense to the Seller. The Purchaser shall permit the designated representatives of the Seller at the Seller's cost to inspect the preparations for the Acceptance Tests and to be present for the conduct of the Acceptance Tests for purposes of ensuring compliance with the testing plan, ensuring that all safety requirements are being complied with, and to ensure the integrity of the Acceptance Tests results. The Seller and its representatives shall not interfere with or delay any such tests.

- d. Test Report. Within [30] days after the successful completion of the Acceptance Tests, the Purchaser shall furnish the Seller with a copy of a report demonstrating that the testing requirements have been satisfied.
- 7.4 Commercial Operation Date. The “Commercial Operation Date” means the date on which the Purchaser notifies the Seller that the LFGTE Facility is fully constructed and operational as demonstrated by satisfying the Commercial Operation Date Conditions set forth in Section 7.5. The “Scheduled Commercial Operation Date” shall occur within 365 days of a Seller’s demonstration that an acceptable volume/quality of gas is being collected by the initial collection system as set forth in Section 7.2
- 7.5 Commercial Operation Date Conditions. The following conditions shall constitute the “Commercial Operation Date Conditions,” each of which must be satisfied in all respects in order for the Commercial Operation Date to occur, and each of which must be and remain satisfied as of the Commercial Operation Date (unless otherwise agreed to by the parties in writing):
- (i) Field Proving. The Seller shall have proved the constant availability of Landfill Gas over a ninety (90) day period with a gas quality of at least 400 scfm at 50% methane concentration.
 - (ii) Successful Testing. The Purchaser shall have completed the Acceptance Tests and shall have demonstrated that the LFGTE Facility has met the standards set forth therein.
 - (iii) Required Insurance. The Parties shall have provided certificates of insurance for all required insurance pursuant to Article XV.
 - (iv) Governmental Approvals. All applicable governmental approvals required under applicable law that are necessary for the continued routine operation of the LFGTE Facility shall have been duly obtained and shall be in full force and effect.
 - (v) Interconnection Agreement. The Purchaser shall have entered into and delivered to the Seller any required interconnection agreements, if applicable.
 - (vi) No Default. The Parties each have certified that there is no Event of Default by them pursuant to this Agreement, or event which, with the giving of notice or the passage of time, would constitute an Event of Default by the Purchaser hereunder.
- 7.6 Commercial Operation Date Delay; Extension Period. Unexcused Delay. In the event that the Commercial Operation Date is delayed beyond the Scheduled Commercial Operation Date, the Party causing the delay shall: (i) take any actions necessary, at the cost and expense of said Party, to remedy the reason for the failure of the occurrence of the Commercial Operation Date, to be undertaken as necessary until all Commercial Operation Date Conditions have been successfully completed. Unless due to Force

Majeure, if the Commercial Operation Date shall not have occurred on or before the end of the 180-day period following the Scheduled Commercial Operation Date, as such date may have been extended due to a Force Majeure (the "Extension Period"), such failure shall constitute a basis for termination pursuant to Section 9.3.

- 7.7 Termination for Failure to Achieve Commercial Operation Date. If, as of the end of the last day of the Extension Period, the Commercial Operating Date has not been achieved for reasons other than Force Majeure during the Extension Period, an Event of Default will be deemed to have occurred, and the non-defaulting Party shall have the right to terminate this Agreement upon written notice to the defaulting Party (without providing any further opportunity to cure). Upon any such termination, the non-defaulting Party shall have all of the rights and remedies provided herein.

ARTICLE VIII

AUTHORITY AND PERMITS

- 8.1 Permits; Authorizations. Seller and Purchaser each, at their own respective expense, shall obtain and maintain all permits, authorizations, easements, and rights-of-way required for the performance of its obligations hereunder, using reasonable efforts to obtain and maintain the permits and authorizations necessary for the operation of the Landfill Facilities and LFGTE Facility and operation of those other facilities required in order to fulfill their respective obligations hereunder. Each Party shall provide the other Party, prior to the start of construction of the Purchaser's Facility, written notification that all required permits and authorizations have been received as well as a copy of such permits and authorizations. Purchaser's permits, authorizations, easements, right-of-way, including those for transmission or distribution lines, shall include approvals of the Project by the EKPC Board of Directors; the Kentucky Public Service Commission ("PSC"); and the Rural Utilities Service ("RUS"), an agency of the United States Department of Agriculture, if applicable, and the issuance of any required air permits by the Kentucky Department of Air Quality ("DAQ").

The obligation to perform the terms of this Agreement are expressly conditioned upon the Parties each securing all such necessary permits and authorizations, pursuant to the provisions of Section 13.5.

- 8.2 Public Utility Status. Seller does not intend to hold itself out as a public utility or to submit to the jurisdiction of the PSC, or any other state or federal regulatory agency by reason of the production, delivery, or sale of Landfill Gas hereunder; provided however, that Seller agrees to submit to the lawfully-authorized jurisdiction of any agency that administers laws or regulations concerning pipeline safety or other matters relating to the safe handling of Landfill Gas or the operation and management of the Landfill. To that end, Seller may, in its sole discretion, seek a ruling or other assurance satisfactory to Seller from any such agency that the extrication, delivery, or sale of Landfill Gas or the operation and management of the Landfill will not subject Seller to the jurisdiction of such agency.

- 8.3 Mutual Assistance. Upon request, the Parties hereto shall use reasonable efforts to support and assist one another in the acquisition of any required permit or authorization. Such support may include participation in regulatory proceedings and the provision of information concerning each Party's operations. Seller shall not seek intervention in any regulatory proceeding initiated by Purchaser at the PSC without Purchaser's written consent, which shall be granted or denied in the Purchaser's sole discretion. This obligation of assistance shall not require either Party to take actions or assert positions in regulatory proceedings which would result in adverse impacts on the Party's other business interests as determined in the requested Party's sole discretion.

ARTICLE IX

TERM AND RIGHT TO TERMINATE

- 9.1 Term. The Term of this Agreement shall commence on the date first written above and shall continue for an initial term expiring ten (10) years following the Commercial Operation Date. Purchaser shall have the option to extend the term of this Agreement for up to two (2) additional terms of five (5) years, upon provision of written notice to Seller no later than one hundred eighty (180) days prior to the expiration of the existing term.
- 9.2 Seller's Right to Terminate. Seller may terminate this Agreement by written notice to Purchaser upon the occurrence of any of the following events:
- a. At any time during the term of this Agreement, the PSC, or any other regulatory or legislative body, asserts jurisdiction over Seller as a public utility and requires that Purchaser pay Seller a lower price for Landfill Gas purchased hereunder than that price otherwise provided under this Agreement; or
 - b. Purchaser fails to achieve financial closing within one (1) year following the execution of this Landfill Gas Purchase Agreement.
 - c. Purchaser fails to achieve the Commercial Operation Date by the end of the Extension Period;
 - d. Purchaser fails to perform its obligations under this Agreement due to an event of Force Majeure which lasts longer than three (3) consecutive months; or
 - e. The initiation of an involuntary proceeding against Purchaser under the bankruptcy or insolvency laws, which involuntary proceeding remains undismissed for one hundred twenty (120) consecutive days, or the initiation by the Purchaser of a voluntary proceeding under the bankruptcy or insolvency laws, in which case Purchaser shall provide written notice to the Seller; or
 - f. Termination of the Site Lease Agreement, pursuant to the terms of such Site Lease Agreement; or

- g. Purchaser fails to perform any material obligation hereunder, and fails to cure such failure to perform within sixty (60) days after receipt of Seller's notice of such failure of performance, or if such cure cannot reasonably be completed in sixty (60) days, Purchaser fails to promptly initiate and implement such cure in a prompt fashion and cure such failure in a reasonable time.

Upon termination by Seller pursuant to item (a) - (f) of this Section 9.2: (i) Purchaser shall remain obligated to pay Seller for all Landfill Gas previously delivered hereunder at the price in effect on the date of delivery, calculated pursuant to ARTICLE IV, and (ii) the indemnification obligations of Section 2.5 and Section 12.1 shall remain in effect. All other obligations of the Parties hereunder shall cease upon such termination pursuant to items (a) - (f); provided, however, that upon termination by Seller pursuant to item (g) of this Section 9.2, Seller may pursue its legal or equitable remedies for breach of this Agreement by Purchaser.

9.3 Purchaser's Right to Terminate. Purchaser may terminate this Agreement by written notice to Seller upon the occurrence of any of the following events:

- a. At any time during the term of this Agreement, the PSC, Seller or any other regulatory agency, executive agency, court or legislative body, takes any actions which: (i) prohibit Purchaser's use of Landfill Gas for generation of electricity, (ii) disallows cost recovery for the purchase of electricity generated by the LFGTE Facility by any purchaser of such electricity that is subject to the jurisdiction of the PSC, (iii) requires that Purchaser pay Seller a higher price for Landfill Gas purchased hereunder than the price otherwise allowed under this Agreement; (iv) fails to grant any necessary permit, certificate of public convenience and necessity or other document necessary for the construction, operation and maintenance of the LFGTE Facility; or (v) imposes a restriction, whether environmental or otherwise, upon the operation of the LFGTE Facility that is unduly burdensome or cost prohibitive; or
- b. Seller fails to perform its obligations under this Agreement due to an event of Force Majeure which lasts longer than three (3) consecutive months; or
- c. Seller fails to provide Purchaser with a schedule for the construction of Seller's Facilities, pursuant to Section 7.1, hereinabove, by July 1, 2014.
- d. The initiation of an involuntary proceeding against Seller under the bankruptcy or insolvency laws, which involuntary proceeding remains undismissed for one hundred twenty (120) consecutive days, or the initiation by the Seller of a voluntary proceeding under the bankruptcy or insolvency laws, in which case Seller shall provide written notice to Purchaser; or
- e. Termination of the Site Lease Agreement, pursuant to the terms of such Site Lease Agreement; or

- f. Seller fails to perform any material obligation hereunder, and fails to cure such failure to perform within sixty (60) days after receipt of Purchaser's notice of such failure of performance, or if such cure cannot reasonably be completed in sixty (60) days, Seller fails to promptly initiate and implement such cure in a prompt fashion and cure such failure in a reasonable time; or
- g. Seller fails to provide Purchaser with a minimum of 300 scfm Conforming Landfill Gas as defined in Section 2.1 to operate one or more LFGTE unit(s) for thirty (30) cumulative days in any three hundred sixty-five (365) day period.

Upon termination by Purchaser pursuant to items (a), (b), (c), (d) or (e) of this Paragraph 9.3: (i) Purchaser shall remain obligated to pay Seller for all Landfill Gas previously delivered hereunder at the price in effect on the date of delivery, calculated pursuant to ARTICLE IV, and (ii) the indemnification obligations of Section 2.5 and Section 12.1 shall remain in effect. All other obligations of the Parties hereunder shall cease upon such termination pursuant to items (a), (b), (c), (d), or (e); provided, however, that upon termination by Purchaser pursuant to item for (f) or (g) of this Section 9.3, Purchaser may pursue its legal or equitable remedies for breach of this Agreement by Seller.

- 9.4 Effective Date of Termination. A notice of termination given pursuant to either Section 9.2 or Section 9.3 shall be effective on the date of delivery to the other Party. Except as expressly set forth herein, neither Party shall owe any duties to the other Party under this Agreement once a notice of termination has been delivered.

ARTICLE X

TAXES

- 10.1 Liability for Taxes. Seller shall pay, or cause to be paid, all taxes and assessments imposed on Seller with respect to the sale of Landfill Gas, the ownership of the Landfill and Seller's Facilities. Purchaser shall pay or cause to be paid all taxes and assessments imposed upon Purchaser with respect to the purchase of Landfill Gas and the ownership of Purchaser's LFGTE Facility. Neither Party shall be responsible or liable for any taxes nor any other statutory charges levied or assessed against any of the facilities of the other Party used for the purpose of carrying out the provisions of this Agreement. If any Party is wrongfully assessed a tax that is applicable to the facilities of the other Party, the assessed Party shall promptly notify the other Party of the assessment. The Parties agree to cooperate in the resolution of any wrongful assessment of taxes.

ARTICLE XI

FORCE MAJEURE

- 11.1 Suspension of Obligations. Except as may be otherwise expressly set forth in this Agreement, if either Party is rendered unable, wholly or in part, by Force Majeure to carry out its obligations under this Agreement, it is agreed that upon such Party giving

notice, including details concerning such force majeure, in writing or by facsimile to the other Party as soon as reasonably possible after the occurrence of the cause relied on, then the obligations of the Party giving such notice, including the obligation to make payments due hereunder, so far as they are affected by Force Majeure, shall be suspended during the continuance of any such inability so caused, but for no longer period, and such cause shall, as far as possible, be remedied with commercially reasonable diligence.

- 11.2 Definition of Force Majeure. "Force Majeure" shall mean an event or circumstance beyond the reasonable control of and without the fault or negligence of the Party claiming force majeure, which, despite the exercise of reasonable diligence, cannot be or be caused to be prevented, avoided or removed by such Party. Without limitation, examples of a force majeure include acts of God, fires, storms, lightning, floods, earthquakes, explosions, war, public disorder, accidents, casualty, changes in laws or regulations or other governmental acts, revocation or the inability to obtain permits and licenses after making reasonable efforts and labor disturbances, so long as they satisfy the elements of a force majeure set forth above. Force Majeure shall not include the unavailability of or delays in delivery or production of any product, labor, fuel, service, or materials unless caused by an event that would otherwise be defined herein as an event of Force Majeure.
- 11.3 Strikes or Lockouts. It is agreed that the settlement of strikes or lockouts shall be entirely within the sole discretion of the Party having the difficulty, and, that the foregoing requirement that any Force Majeure shall be remedied with commercially reasonable diligence shall not require the settlement of strikes or lockouts when such course is inadvisable in the sole discretion of the Party having the difficulty.

ARTICLE XII

INDEMNITY AND LIMITATION OF LIABILITY

- 12.1 Indemnification. In addition to the requirements of Section 2.5, each Party shall defend, indemnify, and hold the other Party, its members, directors, officers, partners, shareholders, employees, agents, representatives, co-ventures, tenants, contractors, or servants harmless from and against any and all claims, penalties, demands, actions, proceedings, damages, settlements, liability, or losses of whatsoever nature, including reasonable attorneys fees, for injury or death to person(s) or for damage or loss to or of property to the extent arising out of or caused by: (i) a breach of this Agreement by the indemnifying Party; or (ii) the indemnifying Party's intentional, willful, wanton, negligent or grossly negligent operations or activities hereunder.
- 12.2 Limitation of Liability. For a breach of any provision of this Agreement for which an express remedy or measure of damages is provided, such express remedy or measure of damages shall be the sole and exclusive remedy. Unless expressly herein provided, no Party shall be liable for consequential, incidental, punitive exemplary or indirect damages, lost profits or other business interruption damages, by statute (to the extent permitted by law), in tort or contract or otherwise (except to the extent that an Indemnifying Party is obligated under Section 2.5 or Section 12.1 to indemnify against

third-party claims for consequential, incidental, punitive, exemplary or indirect damages or lost profits or business interruption damages). The limitations herein imposed on remedies and the measure of damages is without regard to the cause or causes related thereto, including the negligence of any Party, whether such negligence be sole, joint or concurrent, or active or passive. To the extent any damages required to be paid hereunder for a breach are liquidated, the Parties acknowledge that the liquidated damages are reasonable in light of the anticipated harm that would be caused by the breach, the difficulties of proof of loss, and the inconvenience or non-feasibility of otherwise obtaining an adequate remedy. EXCEPT AS SET FORTH IN THIS AGREEMENT, THERE ARE NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE SUBJECT MATTER OF THIS AGREEMENT.

ARTICLE XIII

SELLER'S AND PURCHASER'S OBLIGATIONS

- 13.1 Seller's Obligations. Seller's primary obligation and business purpose with regard to this Agreement is the safe, efficient, and economical management of its Landfill and Landfill Gas production system in accordance with any and all federal, state and local laws, rules, regulations, ordinances, and orders. Seller shall operate and manage its Landfill and Landfill Facilities in such manner as is customary and reasonable in the industry for similar such facilities and in accordance with this Agreement. Seller agrees not to: (i) interfere with the operation and maintenance of Purchaser's LFGTE Facility; or (ii) consistent with the provisions set forth above, cause an intentional, material disruption of delivery of Landfill Gas to Purchaser's LFGTE Facility. Seller shall inform Purchaser of operational changes or decisions which might reasonably and materially affect Landfill Gas production within a reasonable period before such changes are made, and shall use reasonable efforts to minimize any adverse impact of such changes on operations on the supply of Landfill Gas to Purchaser. If a condition exists or develops which reduces the quantity or quality of Landfill Gas used to generate electricity, excluding a force majeure event, Seller shall take action to make any repairs to the Seller's Facilities within five (5) days of discovery, unless more immediate action is necessary to sustain the flow of Landfill Gas or to prevent injury to persons or property. Should the Seller not take action or complete all repairs within fifteen (15) days of discovery, the Purchaser may declare such inaction to be an event of force majeure. Seller shall provide to Purchaser in a timely manner, copies of all Landfill Facilities inspection reports, changes to any of the Seller's environmental reporting standards, requirements or procedures, permits or permit modifications that may influence, change or modify the Landfill Facilities or the flow of Landfill Gas.
- 13.2 Purchaser's Condensate. Purchaser shall test its Condensate quarterly during the first year following the Commercial Operation Date and annually thereafter, at Purchaser's sole expense, to determine if, when combined with that leachate and condensate extracted from the Landfill by Seller, Purchaser's Condensate will be acceptable either for

recirculation or for disposal. Seller shall accept and bear the cost of lawfully disposing of Purchaser's Condensate combined with Seller's leachate and condensate. The Parties shall each take commercially reasonable action to ensure there is no spillage or unintentional discharge of any Condensate for which they are responsible into the environment. Purchaser shall notify Seller of any known changes in the chemical composition of Purchaser's Condensate or of any changes in its process which might result in such chemical composition changes.

- 13.3 Purchaser's Obligations. Purchaser shall be solely responsible for the generation of electricity from Landfill Gas delivered by Seller to the Delivery Point. Purchaser shall operate Purchaser's LFGTE Facility in a commercially reasonable and prudent manner for facilities of similar size and use and in accordance with the terms of this Agreement. Purchaser shall conduct its activities under this Agreement in such a manner as not to interfere with Seller's use of the Landfill, unless Seller otherwise consents in writing. The noise levels produced by Purchaser's Facilities shall not exceed, at the boundaries of the Landfill, applicable federal or state standards for noise.
- 13.4 Environmental Matters.
- a. Should New Source Performance Standards or other similar air standards be deemed applicable to the Purchaser's Facility, Purchaser shall meet all applicable NMOC (non-methane organic compounds) destruction standards, at Purchaser's sole cost and expense.
 - b. Should New Source Performance Standards or other similar air standards be deemed applicable to the Seller's Facilities which produce and collect Landfill Gas, Seller shall meet all applicable standards, at Seller's sole cost and expense.
 - c. Purchaser and Seller shall each conduct their respective activities hereunder, in full conformance with all applicable environmental laws, regulations, rules, orders and consent decrees.
 - d. Seller and Purchaser shall each be responsible for any stack testing required for either Seller's Facilities or Purchaser's Facility, respectively.
- 13.5 Contingencies. This Agreement is expressly contingent upon both of the respective Parties securing all necessary permits, certificates and authorizations, as set forth in ARTICLE II and ARTICLE VIII. In addition, the purchaser of energy produced by the LFGTE Facility must receive approval from the PSC to enter into a long-term power purchase agreement in order for any obligation set forth in this Agreement to be enforceable. In the event the above contingencies are not satisfied within one year from the execution of this Agreement, this Agreement may be terminated by either Party upon written notice, and the Parties shall have no liabilities or further obligations to each other. This right of either Party to terminate this Agreement shall be extinguished if, prior to the issuance of any valid notice of termination hereunder, all the required permits, certificates or authorizations are obtained by the other Party. A Party giving notice of termination

under this Section 13.5 shall be deemed to have given notice so long as the notice is, before 11:59 PM local prevailing time on the day that is one year after the execution of this Agreement: (i) hand-delivered to the person identified below as being the recipient for Notices under this Agreement; or (ii) delivered to an overnight courier service with instructions to deliver said notice to the person identified below as being the recipient for Notices under this Agreement. The failure to timely deliver any notice pursuant to this Section 13.5 shall be deemed a waiver of said contingency.

ARTICLE XIV

WARRANTIES, REPRESENTATIONS, AND RESERVED RIGHTS

- 14.1 Purchaser's Representations and Warranties. Purchaser represents and warrants to Seller as follows:
- a. Purchaser is an Electric Cooperative Corporation duly organized and validly existing under the laws of the Commonwealth of Kentucky, with full legal right, power, and authority to enter into and to fully and timely perform its obligations hereunder;
 - b. Purchaser has duly authorized, executed, and delivered this Agreement and this Agreement constitutes a legal, valid, and binding obligation, enforceable against Purchaser in accordance with its terms;
 - c. Neither the execution or delivery by Purchaser of this Agreement, nor the performance by it of its obligations in connection with the transactions contemplated hereby or the fulfillment of the terms and conditions hereof conflicts with, violates, or results in a breach of any constitution, law, or governmental regulation applicable to it, or materially conflicts with, violates, or results in a breach of any term or condition of any order, judgment, or decree or any agreement of instrument to which Purchaser is a Party or by which Purchaser or any of its properties or assets are bound, or constitutes a default thereunder;
 - d. To the Purchaser's knowledge and belief, no approval, authorization, order, consent, declaration, registration, or filing with any federal, state, or local governmental authority or referendum of voters is required for the valid execution and delivery of this Agreement by Purchaser, except such as have been disclosed to Seller or have been duly obtained or made; and
 - e. Purchaser has no knowledge of any action, suit, or proceeding, at law or in equity, before or by any court or governmental authority, pending or threatened against Purchaser, in which an unfavorable decision, ruling, or finding would materially adversely affect the performance by Purchaser of its obligations hereunder, or that, in any way, would materially adversely affect the validity or enforceability of this Agreement.

14.2 Seller's Representations, Warranties, and Reserved Rights. Seller represents and warrants to Purchaser as follows:

- a. Seller is a municipal corporation, with full legal right, power, and authority to manage the Landfill and Landfill Facilities and to enter into and to fully and timely perform its obligations hereunder, and approved the agreement and authorized Seller to enter same;
- b. Seller has duly authorized, executed, and delivered this Agreement and this Agreement constitutes a legal, valid, and binding obligation, enforceable against Seller in accordance with its terms;
- c. Neither the execution or delivery by Seller of this Agreement, nor the performance by it of its obligations in connection with the transactions contemplated hereby or the fulfillment of the terms and conditions hereof conflicts with, violates, or results in a breach of any constitution, law, or governmental regulation applicable to it, or materially conflicts with, violates, or results in a breach of any term or condition of any order, judgment, or decree or any agreement of instrument to which Seller is a Party or by which Seller or any of its properties or assets are bound, or constitutes a default thereunder;
- d. To the Seller's knowledge and belief, no approval, authorization, order, consent, declaration, registration, or filing with any federal, state, or local governmental authority or referendum of voters is required for the valid execution and delivery of this Agreement by Seller, except such as have been disclosed to Purchaser or have been duly obtained or made;
- e. Seller has no knowledge of any action, suit, or proceeding, at law or in equity, before or by any court or governmental authority, pending or threatened against Seller, in which an unfavorable decision, ruling, or finding would materially adversely affect the performance by Seller of its obligations hereunder, or that, in any way, would materially adversely affect the validity or enforceability of this Agreement.

ARTICLE XV

INSURANCE

15.1 Insurance Requirements. At all times during the term of this Agreement, each Party shall, at its sole cost and expense, procure and maintain the following insurance coverage:

- a. Workers Compensation Insurance, covering liability under applicable Workers Compensation law, at the statutory coverage levels, including employer's liability insurance in an amount not less than \$1,000,000 for each accident; and Comprehensive general liability and property damage insurance in a combined single limit of not less than \$3,000,000 for death or injury to any person(s) or for property

damage as a result of or in connection with the operation of its facilities required for the performance of its obligations hereunder.

- b. The Purchaser shall maintain builders risk insurance and property insurance for the full replacement value of the LFGTE Facility at all times during the term of this Agreement.

- 15.2 Certificate of Insurance. Each Party shall provide the other Party with a Certificate of Insurance showing the other Party as an additional insured except for worker's compensation and employers liability insurance, on each of the above policies of insurance and shall provide for thirty (30) days written notice to the other Party in advance of any termination or material change in coverage, and such policies shall contain a waiver of subrogation rights.

ARTICLE XVI

DISPUTE RESOLUTION

- 16.1 Dispute Resolution. In the event of a dispute, each Party will select a representative of its senior management to meet in person or by telephone and attempt to resolve such dispute before either Party exercises any judicial rights which may be available. However, if the Parties' representatives are unable to resolve the dispute within ten (10) business days, or if the dispute could cause injury to persons or property before the Parties' representatives are able to meet and confer, then either Party may exercise any judicial rights which may be available. The Parties may elect, upon mutual agreement, to submit any such dispute to arbitration or mediation. Pending the resolution of any dispute, Purchaser shall continue to operate Purchaser's Facility in a manner consistent with this Agreement and Seller shall continue to provide Landfill Gas in accordance with the applicable provisions of this Agreement.

ARTICLE XVII

MISCELLANEOUS

- 17.1 Assignment. Except as provided herein below, neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed. Upon any assignment made in compliance with this Section 17.1, this Agreement shall inure to and be binding upon the successors and assigns of the assigning Party and without relieving the assigning Party from liability hereunder. However, nothing herein shall in any manner restrict the Parties from assigning rights hereunder to the RUS, the National Rural Cooperative Finance Corporation ("CFC"), or any other third party lender for financing purposes. Notice of any assignment shall be given to the other Party within seven (7) days of the effective date of the assignment.

17.2 Notices. Any notice, request, demand, statement, and/or payment provided for herein shall be in writing and, except as otherwise provided herein, shall be sent to the Parties hereto at the following addresses:

Purchaser: East Kentucky Power Cooperative, Inc.
Attention: Production
4775 Lexington Road
Winchester, KY 40391

Seller: City of Glasgow, Kentucky – Department of Public Works
Attention: Superintendent of Public Works
310 West Front Street
Glasgow, Kentucky 42141

All payments made by the Parties shall be sent to the applicable address shown above. Unless otherwise expressly set forth herein, such notices, etc., shall be deemed to have been given and received when personally delivered or upon receipt as evidenced by a U.S. Postal Service Receipt for Certified Mail or by evidence of delivery by a private express mail service. Either Party may change the address to which communications or payments are to be made by written notice to the other Party as set forth above.

17.3 Integration and Amendments. This Agreement is intended by both Parties as the entire expression of their agreement with respect to the subject matter, both written and oral, and supersedes all previous agreements, representation and communications. This Agreement may be modified only by a written amendment executed by both Parties.

17.4 No Waiver. The waiver by either Purchaser or Seller of any failure on the part of the other Party to perform any of its obligations under this Agreement shall not be construed as a waiver of any future or continuing failure or failures, whether similar or dissimilar thereto.

17.5 Choice of Law. This Agreement and any provisions contained herein shall be interpreted under the laws of the Commonwealth of Kentucky. The parties agree that any dispute regarding this Agreement may be brought in the appropriate court(s) of Barren County, Kentucky.

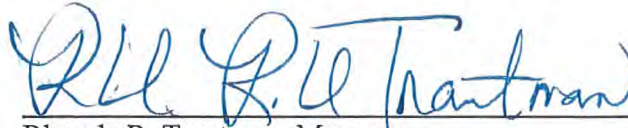
17.6 Economic Grants. The Parties may seek to obtain any and all local, state or federal economic development, recycling, environmental, and other grants and/or benefits for which they may be eligible as a direct result of their respective rights, obligations, and performance hereunder, and the Parties shall coordinate and cooperate with each other in that regard.

17.7 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 GO-741.5 are hereby incorporated by reference and made a part of this Contract as though fully set forth herein.

17.8 Dodd-Frank. The Parties contemplate that this Agreement shall be for the purchase of Landfill Gas for future delivery and will not qualify as a “swap” under the Dodd-Frank Act. However, should this Agreement subsequently be determined to be jurisdictional to the Commodities Futures Trading Commission under Dodd-Frank, it is agreed that Seller shall bear the responsibility for timely reporting any transactions hereunder.

IN WITNESS WHEREOF, the Parties hereto have caused the execution of this Agreement by the officers whose names appear below as of the date first written above.

THE CITY OF GLASGOW, KENTUCKY

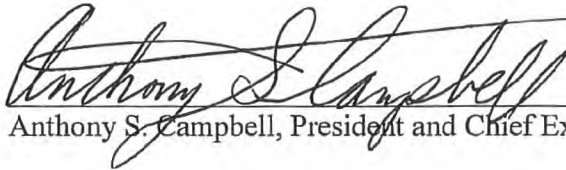


Rhonda R. Trautman, Mayor

Attest:


CITY CLERK

EAST KENTUCKY POWER COOPERATIVE, INC.



Anthony S. Campbell, President and Chief Executive Officer

SITE LEASE AGREEMENT

This Site Lease Agreement ("Lease") is made this 11TH day of ~~June~~ AUGUST, 2014 by and between The City of Glasgow, Kentucky, whose address is 310 West Front Street, Glasgow, Kentucky, 42141 ("Lessor") and East Kentucky Power Cooperative, Inc., whose address is 4775 Lexington Road, Winchester, Kentucky, 40391 ("Lessee"), and singularly or collectively referred to as the Party or Parties.

WITNESSETH:

1. Property Description. Lessor, in consideration of the rents and obligations to be paid and performed by Lessee, does hereby lease to Lessee the premises described as the Leasehold Area in Attachment 1 ("Leased Premises"). In addition, Lessor hereby grants to Lessee, its agents, employees and contractors, the right of ingress and egress to and from the Leased Premises, as may be reasonably necessary to allow Lessee to perform its obligations under this Lease and the Landfill Gas Purchase Agreement ("Gas Purchase Agreement") that is being entered into between the Parties contemporaneous herewith.
2. Term and Termination. The term of this Lease shall be the same as and concurrent with the term of the Gas Purchase Agreement, subject to Lessee's right of access to the Leased Premises, as set forth in Paragraph 6(d) below. The term of this Lease may be extended by mutual agreement of the Parties to coincide with any extension of the Gas Purchase Agreement. This Lease may be terminated by either Party following a default, as defined below, of the other Party.
3. Quiet Enjoyment. Lessor covenants that Lessee, by paying the rents and observing its obligations under this Lease, shall lawfully and peaceably hold, occupy and enjoy the Leased Premises during the term herein created, and any extension thereof. Lessor agrees that it shall not allow any mortgage or other lien instrument to be placed upon the Leased Premises without Lessee's consent and that any such mortgage or other lien instrument shall be subordinate to the terms of this Lease.
4. Easements. Lessor agrees to grant to Lessee, together with its agents and contractors retained in connection with the Landfill Gas to Electric Facility ("LFGTE Facility") to be constructed by Lessee, nonexclusive easements appurtenant to this Lease as are reasonably necessary for the interconnection of the LFGTE Facility to electric, data, sewage system, water, phone and other utilities.
5. Rent. Commencing on the effective date of this Agreement, Lessee shall pay annual rent in

the amount of \$100.00. The rent for future years of this lease shall be due on or before the anniversary of the Commercial Operation Date of the LFGTE Facility.

6. Construction and Purchase of Improvements and Equipment

- a. Lessee shall be permitted to install and maintain on the Leased Premises any and all equipment reasonably necessary for the receipt and processing of Landfill Gas and conversion of same to electrical energy, including without limitation, Purchaser's LFGTE Facility, as such term is defined in the Gas Purchase Agreement, at Lessee's sole cost and expense.
- b. Lessee may, at its option and at its own cost and expense, at any time and from time to time, make such alterations, changes, replacements, improvements, and additions in and to the LFGTE Facility as Lessee may deem desirable. Lessee will not permit the Leased Premises to become subject to any lien on account of labor or material furnished to the Lessee or its agents in connection with work of any character performed or claimed to have been performed on the Leased Premises by or at the direction of the Lessee, provided, however, the Lessee shall have the right to contest in good faith and with reasonable diligence the validity of such lien or claimed lien.
- c. Until the expiration or earlier termination of this Lease, title to the LFGTE Facility situated on or erected on the Leased Premises, as allowed under the terms of this Lease and any equipment or other property installed thereon and any alteration, change or addition thereto shall remain solely with Lessee, or, subject to Lessor's prior approval, which approval shall not be unreasonably withheld: i) in a third party purchaser of the electricity generated by Lessee; or ii) in a third party who holds title for reasons related to Lessee's financing of the LFGTE Facility. Nothing herein shall preclude Lessee from operating such LFGTE Facility in the event of Lessor's default and failure to cure.
- d. Upon expiration or termination of this Lease, unless the Lessor has expressed an interest in acquiring the LFGTE Facility and a price can be agreed upon within ninety (90) days from the date of such expiration or termination, Lessor and Lessee agree that Lessee shall have a one-year period thereafter in which to remove the above-ground portions of the LFGTE Facility from the Leased Premises. In the event that Lessee elects to remove the LFGTE Facility, Lessee shall, at its own cost, cap the pipeline and take all steps required by applicable law and regulation with the abandonment of the pipeline and other underground facilities and structures. Any portions of the LFGTE Facility which have not been removed prior to the expiration of such period shall, at Lessor's option, be deemed to have been abandoned, whereupon title to same, shall vest in Lessor on such date, without any payment or other consideration given by Lessor. Alternatively, Lessor may require Lessee to remove all or any part of the LFGTE Facility that remains above-

ground at Lessee's expense. If Lessee fails to remove such Improvements pursuant to Lessor's request, Lessor may remove any remaining part of the LFGTE Facility that remains above-ground at Lessee's expense,

- e. Lessor's consent to Lessee's construction and/or installation of Improvements pursuant to this Paragraph 6 shall not create any warranties in favor of Lessee or any third party as to the design, suitability, regulatory compliance or other attributes of the LFGTE Facility.
 - f. Lessor shall have the right to review and comment upon all plans for design and construction of the LFGTE Facility, and any future expansions or improvements thereto, before Lessee commences construction and/or installation, and to monitor Lessee's operations on the Leased Premises. Such review and comment shall be limited to the extent necessary to enable Lessor to determine that the LFGTE Facility and the operation thereof, do and will:
 - (i) comply with the terms of this Lease;
 - (ii) not adversely affect, in any material respect, Lessor, its agents, employees and officers or post-closure activities at the Glasgow Regional Landfill ("Landfill");
 - (iii) not emit noxious odors or excessive noise as defined by applicable federal and state regulations.
 - g. Lessee shall comply with all applicable laws, rules, regulations, consent decrees and orders of governmental bodies at all times in the conduct of its activities on the Leased Premises; provided, however, that the Lessor shall not use its authority as a governmental body to impose upon the Lessor any additional obligations relating to the Leased Premises or the LFGTE Facility other than those set forth in this Lease.
7. Destruction of the LFGTE Facility. In the event the LFGTE Facility is partially or totally destroyed due to no fault of the Lessee such that it cannot, in Lessee's sole opinion, be used for its intended purpose or rebuilt with insurance proceeds, Lessee shall have the right to terminate this Lease on thirty (30) days' written notice to Lessor. Lessee, upon the effective date of such termination, shall have no further obligations or liabilities hereunder except as to those covenants and obligations which expressly survive the termination hereof, including but not limited to the removal of the LFGTE Facility as set forth in Paragraph 6
8. Use of Leased Premises. Lessee shall use the Leased Premises solely in accordance with the terms of this Lease. Lessee's use of the Leased Premises shall be on an exclusive basis, and the Parties agree to conduct their respective activities on the Leased Premises in such a

manner so as not to disturb each other's business operations.

9. Responsibility of Claims. Lessor shall not be liable for loss of or damage to any of Lessee's property by theft or otherwise, or for any injury or damage to persons or property resulting from fire, explosion, steam, gas, electricity, water or rain which may leak from any part of any building or from the pipes, appliances or plumbing works therein, or from the roof, street or subsurface, or from any other place resulting from dampness or any other cause whatsoever, except for damage caused by the negligence, gross negligence or intentional misconduct of the Lessor. Lessee shall give immediate notice to Lessor of any fire, accident or defect discovered with the Leased Premises.

10. Default.

a. If the rental payments set forth in this Lease, shall remain unpaid for a period of twenty (20) days after they become due, or if Lessee shall be in default with respect to any of its covenants herein contained or set forth in the Gas Purchase Agreement, Lessor may notify Lessee in writing, giving a reasonably detailed description of the default. Lessor may declare this Lease terminated and shall be relieved from further performance of any obligations hereunder if Lessee fails to cure, or fails to commence the cure of, any default within the sixty (60) day period immediately following receipt of Lessor's notice of default and, after said period, fails to diligently pursue the cure to completion if such cure could not reasonably have been accomplished within the sixty (60) day period.

b. If either Party shall be in default with respect to any of its covenants or material obligations herein contained or set forth in the Gas Purchase Agreement, the non-defaulting Party shall notify the defaulting Party in writing, giving a reasonably detailed description of the default. The non-defaulting Party may declare this Lease terminated and shall be relieved from further performance of any obligations hereunder if the defaulting Party fails to cure, or fails to commence the cure of, any default within the sixty (60) day period immediately following receipt of the non-defaulting Party's notice of default and, after said period, fails to diligently pursue the cure to completion if such cure could not reasonably have been accomplished within the sixty (60) day period.

11. Taxes. Lessor shall pay or cause to be paid all taxes and assessments imposed on Lessor with respect to the sale of Landfill Gas, the ownership of the Landfill, Lessor's Facilities, and associated equipment. Lessee shall pay or cause to be paid all taxes and assessments imposed upon the Lessee with respect to the purchase of the Landfill Gas and the ownership of Lessee's LFGTE Facility and associated equipment. Neither Party shall be responsible or liable for any taxes or any other statutory charges levied or assessed against any of the

facilities of the other party used for the purpose of carrying out the provisions of this Agreement. If any Party is wrongfully assessed a tax that is applicable to the facilities of the other Party, the assessed Party shall promptly notify the other Party of the assessment. The Parties agree to cooperate in the resolution of any wrongful assessment of taxes. If any Party is wrongfully assessed a tax that is applicable to the facilities of the other Party, the assessed Party shall promptly notify the other Party of the assessment. The Parties agree to cooperate in the resolution of any wrongful assessment of taxes.

12. Warranty.

a. Lessor represents and warrants the following to Lessee:

- (1) Lessor possesses fee simple title to the Leased Premises;
- (2) Lessor has the power and authority to execute and deliver this Lease and carry out and perform all covenants to be performed by it hereunder.
- (3) The Leased Premises are free from all mortgages, encumbrances, liens, defects in title, violations of law or environmental regulations, leases, tenancies, easements, restrictions and agreements of any kind whatsoever affecting the Premises which would interfere with or obstruct Lessee's use of the Leased Premises for the purposes described herein;
- (4) At the time of the commencement of the term hereof, exclusive physical possession and enjoyment of the Leased Premises will be delivered to Lessee;
- (5) Lessor is a municipal corporation duly organized and validly existing under the law of the Commonwealth of Kentucky, with full legal right, power and authority to enter into and to fully and timely perform its obligations hereunder;
- (6) Lessor has duly authorized, executed, and delivered this Lease and this Lease constitutes a legal, valid and binding obligation, enforceable against Lessee in accordance with its terms;
- (7) Neither the execution or delivery by Lessor of this Lease, nor the performance by it of its obligations in connection with the transaction contemplated hereby or the fulfillment of the terms and conditions hereof conflicts with, violates, or results in a breach of any applicable law, or materially conflicts with, violates or results in a breach of any term or condition of any order, judgment, or

decree or and other lease or instrument to which Lessor is a party, or by which Lessee or any of its properties or assets are bound, or constitutes a default thereunder;

- (8) To the Lessor's knowledge and believe, no approval, authorization, order consent, declaration, registration, or filing with any federal, state or local governmental authority or referendum of voters is required for the valid execution and delivery of this Lease by Lessor, except such as have been disclosed to the Lessee or have been duly obtained or made; and
- (9) Lessor has no knowledge of any action, suit or proceeding, at law or in equity, before or by any court or governmental authority, pending or threatened against Lessor, in which an unfavorable decision, ruling or finding would materially and adversely affect the performance by Lessor of its obligations hereunder, or that, in any way, would materially and adversely affect the validity or enforceability of this Lease.

b. Lessee represents and warrants to the Lessor as follows:

- (1) Lessee is an electric cooperative corporation duly organized and validly existing under the law of the Commonwealth of Kentucky, with full legal right, power and authority to enter into and to fully and timely perform its obligations hereunder;
- (2) Lessee has duly authorized, executed, and delivered this Lease and this Lease constitutes a legal, valid and binding obligation, enforceable against Lessee in accordance with its terms;
- (3) Neither the execution or delivery by Lessee of this Lease, nor the performance by it of its obligations in connection with the transaction contemplated hereby or the fulfillment of the terms and conditions hereof conflicts with, violates, or results in a breach of any applicable law, or materially conflicts with, violates or results in a breach of any term or condition of any order, judgment, or decree or and other lease or instrument to which Lessee is a party, or by which Lessee or any of its properties or assets are bound, or constitutes a default thereunder;
- (4) To the Lessee's knowledge and believe, no approval, authorization, order consent, declaration, registration, or filing with any federal, state or local governmental authority or referendum of voters is required for the valid

execution and delivery of this Lease by Lessee, except such as have been disclosed to the Lessor or have been duly obtained or made; and

- (5) Lessee has no knowledge of any action, suit or proceeding, at law or in equity, before or by any court or governmental authority, pending or threatened against Lessee, in which an unfavorable decision, ruling or finding would materially and adversely affect the performance by Lessee of its obligations hereunder, or that, in any way, would materially and adversely affect the validity or enforceability of this Lease.

13. Indemnification. Subject to the provisions of Paragraph 9 set forth above, each Party shall defend, indemnify and hold the other Party, its members, directors, officers, partners, shareholders, employees, agents, representatives, co-ventures, tenants, contractors, or servants, harmless from and against any and all claims, penalties, demands, actions, proceedings, settlements, liability or losses of whatsoever nature including reasonable attorney's fees for injury or death to person(s) or for damage or loss to or of property to the extent arising out of or caused by: (i) a breach of this Lease by the indemnifying Party; or (ii) the indemnifying Party's intentional, willful, wanton, negligent or grossly negligent operations or activities hereunder. In no event shall either Party be liable to the other for loss of anticipated profits or consequential, special or punitive damages.

14. Notices. Any notice, request, demand, statement and/or payment provided for herein shall be in writing and, except as otherwise provided herein shall be sent to the Parties hereto at the following addresses:

Lessee: East Kentucky Power Cooperative, Inc.
Attention: Production
4775 Lexington Road
Winchester, KY 40391

Lessor: The City of Glasgow, Kentucky Public Works
Attention: Superintendent of Public Works
310 West Front Street
Glasgow, KY 42141

All payments made by the Parties shall be sent to the applicable address shown above. Any notices given pursuant to this Lease shall be deemed to have been given and received when personally delivered or when evidenced by a U.S. Postal Service Receipt for Certified Mail or by facsimile or by evidence of delivery by a private express mail service. Either Party may change the address to which communications or payments are to be made by written notice to the other Party as set forth above.

15. Force Majeure. If either Party is rendered unable, wholly or in part, by Force Majeure to carry out its obligations under this Agreement, it is agreed that upon such Party giving notice and reasonably full particulars of such force majeure in writing or by facsimile to the other Party as soon as possible after the occurrence of the cause relied on, then the obligations of the Party giving such notice, excluding the obligation to make payments due hereunder, are suspended to the extent necessary, so far as they are affected by Force Majeure, shall be suspended during the continuance of any such inability so caused, but for no longer period, and such cause shall, as far as possible, be remedied with commercially reasonable diligence.

"Force Majeure" shall mean an event or circumstance beyond the reasonable control of and without the fault or negligence of the Party claiming force majeure, which, despite the exercise of reasonable diligence, cannot be or be caused to be prevented, avoided or removed by such Party. Without limitation, examples of a force majeure include acts of God, fires, storms, lightning, floods, earthquakes, war, public disorder, accidents, casualty, changes in laws or regulations or other governmental acts, labor disturbances. Force Majeure shall not include the unavailability of, increased costs of, or delays in production or delivery of any product, labor, fuel, service or materials unless caused by an event that would otherwise be defined herein as an event of Force Majeure.

It is agreed that the settlement of strikes or lockouts shall be entirely within the sole discretion of the Party having the difficulty, and, that the foregoing requirement that any Force Majeure shall be remedied with all reasonable diligence and shall not require the settlement of strikes or lockouts by acceding to the demands of the opposing Party when such course is inadvisable in the discretion of the Party having the difficulty.

16. Governing Law. This Lease shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky. The parties agree that any dispute regarding this Lease may be brought in the appropriate court(s) of Barren County, Kentucky.
17. Definition. Wherever the words "Lessor" and "Lessee" appear in the Lease, they shall include the respective Parties hereto and their respective successors and assigns.
18. Complete Agreement. This Lease is intended to constitute a final, complete and exclusive expression of their agreement on the subject matter hereof, and shall not be changed, modified, discharged, or extended, except by subsequent amendment in writing signed by both Parties.
19. Waiver. The waiver by either Lessor or Lessee of any failure on the part of the other party to perform any of its obligations under this Lease shall not be construed as a waiver of any future or continuing failure or failures, whether similar or dissimilar thereto.

20. Counterparts. This Lease may be executed in any number of counterparts, each of which shall be deemed an original.
21. Partial Invalidity. If any term or provision of this Lease, or the application thereof to any person or circumstance, becomes invalid or is found to be unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held unenforceable, shall not be affected thereby.
22. Assignment. This Agreement may not be assigned by either Party without the prior approval of the other Party, which consent shall not be unreasonably withheld or delayed. Upon any assignment made in compliance with this paragraph 22, all covenants, terms, conditions, and provisions of this Agreement shall inure to and be binding upon the successors and assigns of the assigning Party and without relieving the assigning Party from liability hereunder. Nothing herein shall in any manner restrict the Parties from assigning rights hereunder to the Rural Utilities Service (RUS), the National Rural Utilities Cooperative Finance Cooperation (CFC), or any other third party lender for financing purposes.

IN WITNESS WHEREOF, the Lessor and Lessee have caused this Lease to be executed on the date and year first written above.

THE CITY OF GLASGOW, KENTUCKY

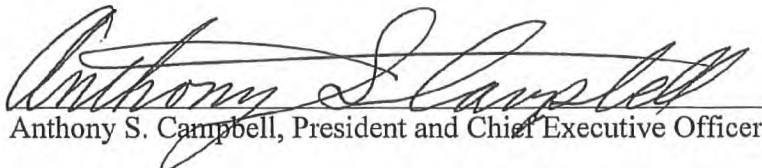


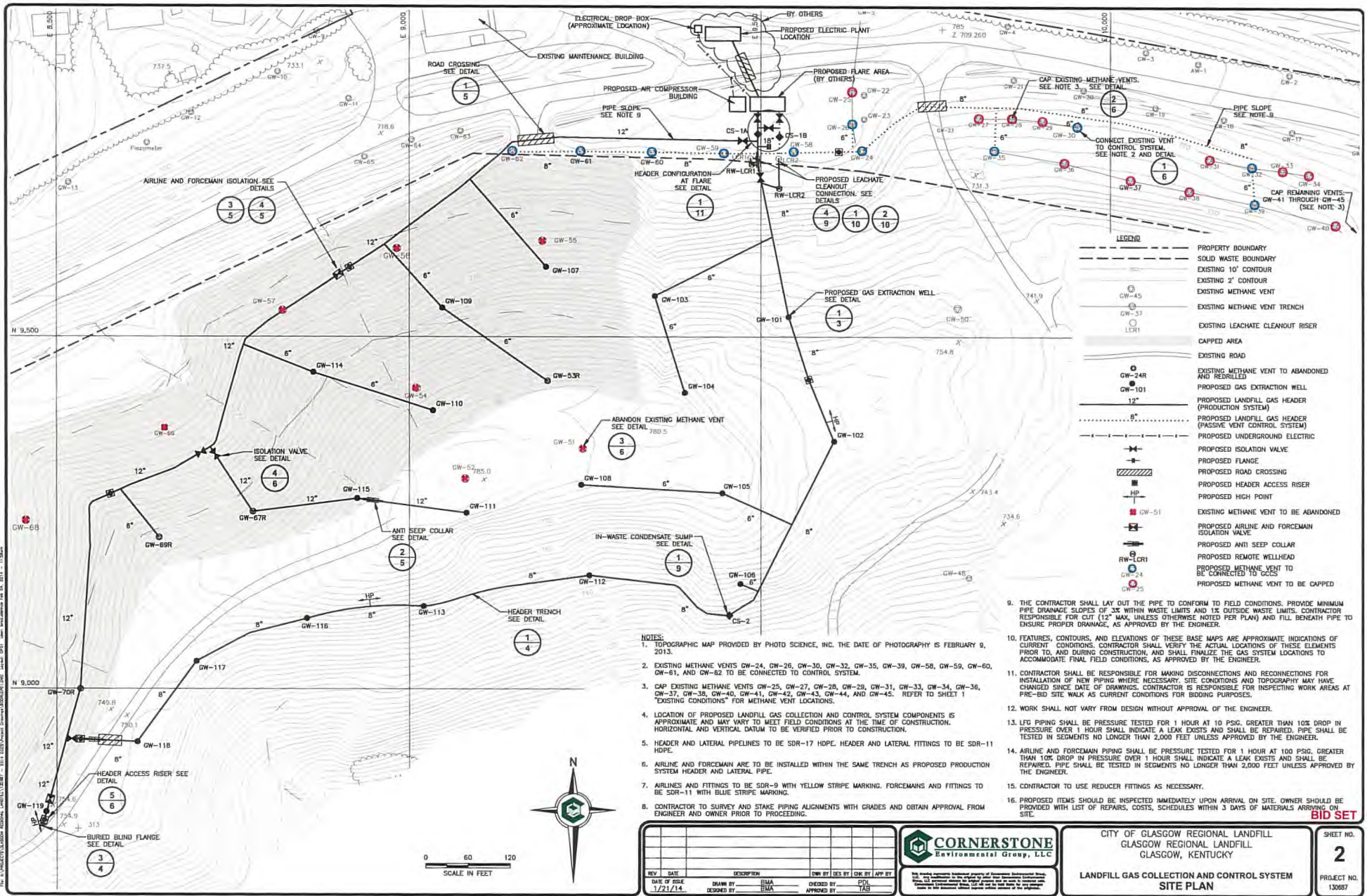
Rhonda R. Trautman, Mayor

Attest:


CITY CLERK

EAST KENTUCKY POWER COOPERATIVE, INC.


Anthony S. Campbell, President and Chief Executive Officer



- LEGEND**
- PROPERTY BOUNDARY
 - SOLID WASTE BOUNDARY
 - - - - - EXISTING 10' CONTOUR
 - - - - - EXISTING 2' CONTOUR
 - GW-45 EXISTING METHANE VENT
 - GW-37 EXISTING METHANE VENT TRENCH
 - LCR1 EXISTING LEACHATE CLEANOUT RISER
 - CAPPED AREA
 - EXISTING ROAD
 - GW-24R EXISTING METHANE VENT TO ABANDONED AND REDROLLED
 - GW-101 PROPOSED GAS EXTRACTION WELL
 - 12" PROPOSED LANDFILL GAS HEADER (PRODUCTION SYSTEM)
 - 8" PROPOSED LANDFILL GAS HEADER (PASSIVE VENT CONTROL SYSTEM)
 - PROPOSED UNDERGROUND ELECTRIC
 - PROPOSED ISOLATION VALVE
 - PROPOSED FLANGE
 - PROPOSED ROAD CROSSING
 - PROPOSED HEADER ACCESS RISER
 - HP PROPOSED HIGH POINT
 - GW-51 EXISTING METHANE VENT TO BE ABANDONED
 - PROPOSED AIRLINE AND FORCEMAIN ISOLATION VALVE
 - RW-LCR1 PROPOSED ANTI SEEP COLLAR
 - GW-24 PROPOSED REMOTE WELLHEAD
 - GW-25 TO BE CONNECTED TO LOCALS
 - PROPOSED METHANE VENT TO BE CAPPED

- NOTES:**
1. TOPOGRAPHIC MAP PROVIDED BY PHOTO SCIENCE, INC. THE DATE OF PHOTOGRAPHY IS FEBRUARY 9, 2013.
 2. EXISTING METHANE VENTS GW-24, GW-26, GW-30, GW-32, GW-35, GW-39, GW-58, GW-59, GW-60, GW-61, AND GW-62 TO BE CONNECTED TO CONTROL SYSTEM.
 3. CAP EXISTING METHANE VENTS GW-25, GW-27, GW-28, GW-29, GW-31, GW-33, GW-34, GW-36, GW-37, GW-38, GW-40, GW-41, GW-42, GW-43, GW-44, AND GW-45. REFER TO SHEET 1 "EXISTING CONDITIONS" FOR METHANE VENT LOCATIONS.
 4. LOCATION OF PROPOSED LANDFILL GAS COLLECTION AND CONTROL SYSTEM COMPONENTS IS APPROXIMATE AND MAY VARY TO MEET FIELD CONDITIONS AT THE TIME OF CONSTRUCTION. HORIZONTAL AND VERTICAL DATUM TO BE VERIFIED PRIOR TO CONSTRUCTION.
 5. HEADER AND LATERAL PIPELINES TO BE SDR-17 HDPE. HEADER AND LATERAL FITTINGS TO BE SDR-11 HDPE.
 6. AIRLINE AND FORCEMAIN ARE TO BE INSTALLED WITHIN THE SAME TRENCH AS PROPOSED PRODUCTION SYSTEM HEADER AND LATERAL PIPE.
 7. AIRLINES AND FITTINGS TO BE SDR-9 WITH YELLOW STRIPE MARKING. FORCEMANS AND FITTINGS TO BE SDR-11 WITH BLUE STRIPE MARKING.
 8. CONTRACTOR TO SURVEY AND STAKE PIPING ALIGNMENTS WITH GRADES AND OBTAIN APPROVAL FROM ENGINEER AND OWNER PRIOR TO PROCEEDING.
 9. THE CONTRACTOR SHALL LAY OUT THE PIPE TO CONFORM TO FIELD CONDITIONS. PROVIDE MINIMUM PIPE DRAINAGE SLOPES OF 3% WITHIN WASTE LIMITS AND 1% OUTSIDE WASTE LIMITS. CONTRACTOR RESPONSIBLE FOR CUT (12" MAX. UNLESS OTHERWISE NOTED PER PLAN) AND FILL BENEATH PIPE TO ENSURE PROPER DRAINAGE, AS APPROVED BY THE ENGINEER.
 10. FEATURES, CONTOURS, AND ELEVATIONS OF THESE BASE MAPS ARE APPROXIMATE INDICATIONS OF CURRENT CONDITIONS. CONTRACTOR SHALL VERIFY THE ACTUAL LOCATIONS OF THESE ELEMENTS PRIOR TO, AND DURING CONSTRUCTION, AND SHALL FINALIZE THE GAS SYSTEM LOCATIONS TO ACCOMMODATE FINAL FIELD CONDITIONS, AS APPROVED BY THE ENGINEER.
 11. CONTRACTOR SHALL BE RESPONSIBLE FOR MAKING DISCONNECTIONS AND RECONNECTIONS FOR INSTALLATION OF NEW PIPING WHERE NECESSARY. SITE CONDITIONS AND TOPOGRAPHY MAY HAVE CHANGED SINCE DATE OF DRAWINGS. CONTRACTOR IS RESPONSIBLE FOR INSPECTING WORK AREAS AT PRE-BID SITE WALK AS CURRENT CONDITIONS FOR BIDDING PURPOSES.
 12. WORK SHALL NOT VARY FROM DESIGN WITHOUT APPROVAL OF THE ENGINEER.
 13. LFD PIPING SHALL BE PRESSURE TESTED FOR 1 HOUR AT 10 PSIG. GREATER THAN 10% DROP IN PRESSURE OVER 1 HOUR SHALL INDICATE A LEAK EXISTS AND SHALL BE REPAIRED. PIPE SHALL BE TESTED IN SEGMENTS NO LONGER THAN 2,000 FEET UNLESS APPROVED BY THE ENGINEER.
 14. AIRLINE AND FORCEMAIN PIPING SHALL BE PRESSURE TESTED FOR 1 HOUR AT 100 PSIG. GREATER THAN 10% DROP IN PRESSURE OVER 1 HOUR SHALL INDICATE A LEAK EXISTS AND SHALL BE REPAIRED. PIPE SHALL BE TESTED IN SEGMENTS NO LONGER THAN 2,000 FEET UNLESS APPROVED BY THE ENGINEER.
 15. CONTRACTOR TO USE REDUCER FITTINGS AS NECESSARY.
 16. PROPOSED ITEMS SHOULD BE INSPECTED IMMEDIATELY UPON ARRIVAL ON SITE. OWNER SHOULD BE PROVIDED WITH LIST OF REPAIRS, COSTS, SCHEDULES WITHIN 3 DAYS OF MATERIALS ARRIVING ON SITE.

REV.	DATE	DESCRIPTION	OWN BY	DES BY	CHK BY	APP BY
1	1/21/14	DATE OF ISSUE	BLMA	DESIGNED BY	CHKD BY	APP'D BY

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Environmental Group, LLC

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CITY OF GLASGOW REGIONAL LANDFILL
GLASGOW REGIONAL LANDFILL
GLASGOW, KENTUCKY

**LANDFILL GAS COLLECTION AND CONTROL SYSTEM
SITE PLAN**

SHEET NO. **2**

PROJECT NO. 130687

1" = 100'

0 60 120
SCALE IN FEET



1" = 100'

**EXHIBIT 14 – FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
FINANCIAL EXHIBIT, DATED JULY 31, 2014**

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 0572-0032. The time required to complete this information collection is estimated to average 15 hours 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.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION KY0034
	PERIOD ENDED July, 2014
	BORROWER NAME Farmers Rural Electric Cooperative Corporation

Instructions - See help in the online application.

The information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

William Prather

8/8/2014

DATE

PART A. STATEMENT OF OPERATIONS

ITEM	ROLLING YEAR: August - July			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	50,247,768	53,105,617	49,799,853	4,450,751
2. Power Production Expense	-	-	-	-
3. Cost of Purchased Power	36,507,940	38,541,223	36,005,793	3,430,256
4. Transmission Expense	-	-	-	-
5. Regional Market Expense	-	-	-	-
6. Distribution Expense - Operation	1,535,792	1,524,090	1,490,085	141,326
7. Distribution Expense - Maintenance	2,673,856	3,578,642	2,857,912	235,576
8. Customer Accounts Expense	1,079,091	1,088,359	1,107,468	90,415
9. Customer Service and Informational Expense	153,623	178,156	140,553	12,245
10. Sales Expense	-	-	-	-
11. Administrative and General Expense	2,079,929	2,086,986	2,192,500	193,197
12. Total Operation & Maintenance Expense (2 thru 11)	44,030,231	46,997,456	43,794,311	4,103,015
13. Depreciation and Amortization Expense	2,418,288	2,552,647	2,574,087	215,903
14. Tax Expense - Property & Gross Receipts	523,919	521,005	542,100	44,800
15. Tax Expense - Other	52,362	54,599	55,690	5,384
16. Interest of Long-Term Debt	1,886,133	1,868,028	1,942,959	155,198
17. Interest Charged to Construction - Credit	-	-	-	-
18. Interest Expense - Other	5,724	3,616	6,609	73
19. Other Deductions	10,615	1,241	4,400	(5)
20. Total Cost of Electric Service (12 thru 19)	48,927,272	51,998,592	48,920,156	4,524,368
21. Patronage Capital & Operating Margins (1 minus 20)	1,320,496	1,107,025	879,697	(73,617)
22. Non Operating Margins - Interest	53,566	79,287	75,050	264
23. Allowance for Funds Used During Construction	-	-	-	-
24. Income (Loss) from Equity Investments	97,859	173,422	91,500	-
25. Non Operating Margins - Other	45,957	34,868	10,500	-
26. Generation and Transmission Capital Credits	2,235,247	2,974,429	2,000,000	-
27. Other Capital Credits and Patronage Dividends	54,813	93,410	68,000	-
28. Extraordinary Items	-	-	-	-
29. Patronage Capital or Margins (21 thru 28)	3,807,938	4,462,441	3,124,747	(73,353)

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			BORROWER DESIGNATION KY0034		
Instructions - See help in the online application.			PERIOD ENDED July, 2014		
PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (A)	THIS YEAR (B)		LAST YEAR (A)	THIS YEAR (B)
1. New Services Connected	293	197	5. Miles Transmission	0.00	0.00
2. Services Retired	137	138	6. Miles Distribution - Overhead	3,340.66	3,343.21
3. Total Services in Place	27,584	27,992	7. Miles Distribution - Underground	269.02	276.55
4. Idle Services (Exclude Seasonals)	3,081	3,038	8. Total Miles Energized (5 + 6 + 7)	3,609.68	3,619.76
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	80,643,987		30. Memberships		536,005
2. Construction Work in Progress	1,193,946		31. Patronage Capital		31,441,190
3. Total Utility Plant (1 + 2)	81,837,933		32. Operating Margins - Prior Years		0
4. Accum. Provision for Depreciation and Amort.	24,249,034		33. Operating Margins - Current Year		1,000,237
5. Net Utility Plant (3 - 4)	57,588,899		34. Non-Operating Margins		731,891
6. Non-Utility Property (Net)	0		35. Other Margins and Equities		1,206,364
7. Investments in Subsidiary Companies	1,394,993		36. Total Margins & Equities (30 thru 35)		34,915,687
8. Invest. In Assoc. Org. - Patronage Capital	19,728,430		37. Long-Term Debt - RUS (net)		3,175,458
9. Invest. In Assoc. Org. - Other - General Funds	0		38. Long-Term Debt - FFB - RUS Guaranteed		36,421,681
10. Invest. In Assoc. Org. - Other - Nongeneral Funds	1,016,581		39. Long-Term Debt - Other - RUS Guaranteed		0
11. Investments in Economic Development Projects	1,000,000		40. Long-Term Debt Other (net)		5,919,195
12. Other Investments	0		41. Long-Term Debt - RUS - Econ. Devel. (net)		935,180
13. Special Funds	0		42. Payments - Unapplied		135,807
14. Total Other Property & Investments (6 thru 13)	23,140,004		43. Total Long-Term Debt (37 thru 41 - 42)		46,315,707
15. Cash - General Funds	1,868,015		44. Obligations Under Capital Leases - Noncurrent		0
16. Cash - Construction Funds - Trustee	0		45. Accumulated Operating Provisions and Asset Retirement Obligations		488,499
17. Special Deposits	0		46. Total Other Noncurrent Liabilities (44 + 45)		488,499
18. Temporary Investments	33,265		47. Notes Payable		0
19. Note Receivable (Net)	175		48. Accounts Payable		3,985,172
20. Accounts Receivable - Sales of Energy (net)	1,959,264		49. Consumers Deposits		911,709
21. Accounts Receivable - Other (net)	2,841,094		50. Current Maturities Long-Term Debt		1,887,000
22. Renewable Energy Credits	0		51. Current Maturities Long-Term Debt - Economic Development		64,820
23. Materials and Supplies - Electric & Other	755,529		52. Current Maturities Capital Leases		0
24. Prepayments	334,677		53. Other Current and Accrued Liabilities		1,879,077
25. Other Current and Accrued Assets	0		54. Total Current & Accrued Liabilities (47 thru 53)		8,728,778
26. Total Current and Accrued Assets (15 thru 25)	7,792,019		55. Regulatory Liabilities		0
27. Regulatory Assets	0		56. Other Deferred Credits		371,803
28. Other Deferred Debits	2,299,552		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)		90,820,474
29. Total Assets and Other Debits (5 + 14 + 26 thru 28)	90,820,474				

FARMERS RECC

Monthly Operating Reports - Actual, Current Year

	ROLLING TWELVE MONTH PERIOD												
	TOTAL	Year Ending 2014:						Year Ending 2013:					
		July	June	May	April	March	February	January	December	November	October	September	August
1. Operating Revenue and Patronage Capital	53,105,617	4,450,751	4,534,818	3,652,924	3,399,101	4,251,284	5,162,459	6,385,766	5,151,004	4,291,674	3,615,372	3,833,354	4,377,110
2. Power Production Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Cost of Purchased Power	38,541,223	3,430,256	3,326,006	2,759,726	2,521,178	3,195,059	3,609,534	4,494,170	3,650,902	3,086,816	2,537,382	2,757,015	3,173,179
4. Transmission Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Regional Market Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Distribution Expense - Operation	1,524,090	141,326	134,981	130,543	93,234	114,823	148,240	156,983	131,548	147,919	93,130	115,607	115,756
7. Distribution Expense - Maintenance	3,578,642	235,576	228,871	245,714	194,265	253,698	237,425	313,900	547,432	328,791	390,670	274,709	327,591
8. Customer Accounts Expense	1,088,359	90,415	76,579	97,190	92,093	88,685	82,418	96,178	107,495	94,449	78,556	92,792	91,509
9. Customer Service and Informational Expense	178,156	12,245	10,787	14,930	14,685	16,083	13,055	14,496	31,296	11,920	13,736	12,456	12,467
10. Sales Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
11. Administrative and General Expense	2,086,986	193,197	164,586	167,585	163,776	175,315	161,408	192,831	190,650	177,653	178,681	139,858	181,446
12. Total Operation & Maintenance Expense (2 thru 11)	46,997,456	4,103,015	3,941,810	3,415,688	3,079,231	3,843,663	4,252,080	5,268,558	4,659,323	3,847,548	3,292,155	3,392,437	3,901,948
13. Depreciation and Amortization Expense	2,552,647	215,903	216,540	218,980	217,685	212,474	211,737	211,356	215,247	213,074	207,733	206,212	205,706
14. Tax Expense - Property & Gross Receipts	521,005	44,800	44,800	44,800	44,800	44,800	44,800	44,800	31,405	44,000	44,000	44,000	44,000
15. Tax Expense - Other	54,599	5,384	4,474	4,474	4,474	4,475	4,474	4,474	4,474	4,474	4,474	4,474	4,474
16. Interest of Long-Term Debt	1,868,028	155,198	152,452	152,651	152,458	159,930	143,000	157,612	164,937	149,677	157,672	161,629	160,812
17. Interest Charged to Construction - Credit	-	-	-	-	-	-	-	-	-	-	-	-	-
18. Interest Expense - Other	3,616	73	678	182	59	717	58	682	296	90	127	126	528
19. Other Deductions	1,241	(5)	4,925	(1,162)	1,603	(7,940)	8,010	1,135	150	(102)	(3,728)	965	(2,610)
20. Total Cost of Electric Service (12 thru 19)	51,998,592	4,524,368	4,365,679	3,835,613	3,500,310	4,258,119	4,664,159	5,688,617	5,075,832	4,258,761	3,702,433	3,809,843	4,314,858
21. Patronage Capital & Operating Margins (1 minus 20)	1,107,025	(73,617)	169,139	(182,689)	(101,209)	(6,835)	498,300	697,149	75,172	32,913	(87,061)	23,511	62,252
22. Non Operating Margins - Interest	79,287	264	236	4,056	19,223	354	10,469	448	375	15,797	19,613	596	7,856
23. Allowance for Funds Used During Construction	-	-	-	-	-	-	-	-	-	-	-	-	-
24. Income (Loss) from Equity Investments	173,422	-	-	-	-	-	6,454	-	166,968	-	-	-	-
25. Non Operating Margins - Other	34,868	-	-	-	(1,577)	-	-	(159)	-	14,278	-	-	22,326
26. Generation and Transmission Capital Credits	2,974,429	-	-	-	-	-	-	-	2,974,429	-	-	-	-
27. Other Capital Credits and Patronage Dividends	93,410	-	-	-	-	61,550	-	-	30,036	-	-	1,824	-
28. Extraordinary Items	-	-	-	-	-	-	-	-	-	-	-	-	-
29. Patronage Capital or Margins (21 thru 28)	4,462,441	(73,353)	169,375	(178,633)	(83,563)	55,069	515,223	697,438	3,246,980	62,988	(67,448)	25,931	92,434

FARMERS RECC

Monthly Operating Reports - Actual, Prior Year

	ROLLING TWELVE MONTH PERIOD												
	TOTAL	Year Ending 2013:							Year Ending 2012:				
		July	June	May	April	March	February	January	December	November	October	September	August
1. Operating Revenue and Patronage Capital	50,247,768	4,596,557	4,306,187	3,482,190	3,497,925	4,467,647	4,584,562	5,365,307	4,428,879	4,053,961	3,355,419	3,833,354	4,275,780
2. Power Production Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Cost of Purchased Power	36,507,940	3,193,901	3,295,549	2,611,469	2,547,531	3,258,850	3,247,294	3,575,270	3,375,129	3,075,199	2,478,949	2,757,015	3,091,784
4. Transmission Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Regional Market Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Distribution Expense - Operation	1,535,792	112,491	132,035	118,469	131,405	115,874	130,259	146,045	139,878	148,210	143,033	115,607	102,486
7. Distribution Expense - Maintenance	2,673,856	251,442	241,604	245,864	205,676	217,363	208,208	229,842	210,448	152,954	195,425	274,709	240,321
8. Customer Accounts Expense	1,079,091	89,656	94,981	103,942	95,223	85,402	80,155	83,691	84,932	88,365	87,021	92,792	92,931
9. Customer Service and Informational Expense	153,623	10,303	14,448	13,355	16,085	7,873	11,556	16,366	11,251	15,610	12,963	12,456	11,357
10. Sales Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
11. Administrative and General Expense	2,079,929	188,126	177,463	177,660	180,494	159,562	162,480	186,938	201,841	178,118	155,478	139,858	171,911
12. Total Operation & Maintenance Expense (2 thru 11)	44,030,231	3,845,919	3,956,080	3,270,759	3,176,414	3,844,924	3,839,952	4,238,152	4,023,479	3,658,456	3,072,869	3,392,437	3,710,790
13. Depreciation and Amortization Expense	2,418,288	205,071	204,337	203,559	202,726	202,376	201,076	200,653	199,750	198,604	198,005	206,212	195,919
14. Tax Expense - Property & Gross Receipts	523,919	44,000	44,000	44,000	44,000	44,000	44,000	44,000	45,919	42,000	42,000	44,000	42,000
15. Tax Expense - Other	52,362	4,300	4,359	4,359	4,358	4,359	4,359	4,359	4,359	4,359	4,359	4,474	4,359
16. Interest of Long-Term Debt	1,886,133	155,127	156,732	159,823	152,436	167,075	140,823	158,955	162,933	148,500	161,210	161,629	160,890
17. Interest Charged to Construction - Credit	-	-	-	-	-	-	-	-	-	-	-	-	-
18. Interest Expense - Other	5,724	134	118	130	213	124	1,318	983	578	247	728	126	1,025
19. Other Deductions	10,615	142	3,925	1,480	4,083	(4,340)	4,840	1,431	57	(10)	(2,535)	965	577
20. Total Cost of Electric Service (12 thru 19)	48,927,272	4,254,693	4,369,551	3,684,110	3,584,230	4,258,518	4,236,368	4,648,533	4,437,075	4,052,156	3,476,635	3,809,843	4,115,560
21. Patronage Capital & Operating Margins (1 minus 20)	1,320,496	341,864	(63,364)	(201,920)	(86,305)	209,129	348,194	716,774	(8,196)	1,805	(121,216)	23,511	160,220
22. Non Operating Margins - Interest	53,566	584	4,871	477	19,285	4,280	481	440	368	335	19,132	596	2,717
23. Allowance for Funds Used During Construction	-	-	-	-	-	-	-	-	-	-	-	-	-
24. Income (Loss) from Equity Investments	97,859	-	-	-	-	-	-	-	97,859	-	-	-	-
25. Non Operating Margins - Other	45,957	-	-	(693)	-	-	-	-	-	46,650	-	-	-
26. Generation and Transmission Capital Credits	2,235,247	-	-	-	-	-	-	-	2,235,247	-	-	-	-
27. Other Capital Credits and Patronage Dividends	54,813	-	-	-	-	52,989	-	-	-	-	-	1,824	-
28. Extraordinary Items	-	-	-	-	-	-	-	-	-	-	-	-	-
29. Patronage Capital or Margins (21 thru 28)	3,807,938	342,448	(58,493)	(202,136)	(67,020)	266,398	348,675	717,214	2,325,278	48,790	(102,084)	25,931	162,937

FARMERS RECC

Monthly Operating Budget

	ROLLING TWELVE MONTH PERIOD												
	TOTAL	Year Ending 2014:						Year Ending 2013:					
		July	June	May	April	March	February	January	December	November	October	September	August
1. Operating Revenue and Patronage Capital	49,799,853	4,919,355	4,474,261	3,705,020	3,542,589	4,123,869	4,464,603	5,533,694	4,431,934	3,627,124	3,252,149	3,332,075	4,393,180
2. Power Production Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Cost of Purchased Power	36,005,793	3,533,889	3,212,763	2,679,689	2,570,829	2,963,192	3,198,194	3,937,377	3,203,215	2,669,007	2,406,227	2,413,416	3,217,995
4. Transmission Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Regional Market Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Distribution Expense - Operation	1,490,085	130,363	126,008	128,274	129,477	133,333	130,397	143,161	116,434	112,281	115,285	111,117	113,955
7. Distribution Expense - Maintenance	2,857,912	259,095	256,648	259,844	261,112	233,516	232,850	245,519	187,348	202,879	249,590	232,729	236,782
8. Customer Accounts Expense	1,107,468	95,311	90,948	92,924	93,163	91,966	90,500	97,050	92,182	88,345	90,970	87,460	96,649
9. Customer Service and Informational Expense	140,553	13,307	12,533	13,169	13,420	12,847	12,426	13,891	10,623	10,018	10,784	8,677	8,858
10. Sales Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
11. Administrative and General Expense	2,192,500	199,374	168,551	177,177	177,844	182,718	175,964	196,877	188,202	171,930	182,246	177,761	193,856
12. Total Operation & Maintenance Expense (2 thru 11)	43,794,311	4,231,339	3,867,451	3,351,077	3,245,845	3,617,572	3,840,331	4,633,875	3,798,004	3,254,460	3,055,102	3,031,160	3,868,095
13. Depreciation and Amortization Expense	2,574,087	220,119	218,606	216,600	214,531	213,078	211,657	210,097	216,590	215,685	213,830	212,151	211,143
14. Tax Expense - Property & Gross Receipts	542,100	46,000	46,000	46,000	46,000	46,000	46,000	46,000	44,020	44,020	44,020	44,020	44,020
15. Tax Expense - Other	55,690	4,610	4,475	4,475	4,475	4,475	4,475	4,475	4,822	4,822	4,822	4,822	4,882
16. Interest of Long-Term Debt	1,942,959	160,042	157,042	157,042	157,042	157,042	157,042	157,042	168,133	168,133	168,133	168,133	168,133
17. Interest Charged to Construction - Credit	-	-	-	-	-	-	-	-	-	-	-	-	-
18. Interest Expense - Other	6,609	130	129	530	530	530	130	130	1,080	680	1,080	1,080	580
19. Other Deductions	4,400	500	100	100	500	100	100	2,500	100	100	100	100	100
20. Total Cost of Electric Service (12 thru 19)	48,920,156	4,662,740	4,293,803	3,775,824	3,668,923	4,038,797	4,259,735	5,054,119	4,232,749	3,687,900	3,487,087	3,461,526	4,296,953
21. Patronage Capital & Operating Margins (1 minus 20)	879,697	256,615	180,458	(70,804)	(126,334)	85,072	204,868	479,575	199,185	(60,776)	(234,938)	(129,451)	96,227
22. Non Operating Margins - Interest	75,050	1,900	3,400	3,400	19,400	6,400	6,400	6,400	250	3,750	19,250	250	4,250
23. Allowance for Funds Used During Construction	-	-	-	-	-	-	-	-	-	-	-	-	-
24. Income (Loss) from Equity Investments	91,500	-	-	-	-	-	1,500	-	90,000	-	-	-	-
25. Non Operating Margins - Other	10,500	-	-	-	7,500	-	-	-	-	-	1,000	1,000	1,000
26. Generation and Transmission Capital Credits	2,000,000	-	-	-	-	-	-	-	2,000,000	-	-	-	-
27. Other Capital Credits and Patronage Dividends	68,000	-	-	-	-	44,500	-	-	-	-	-	23,500	-
28. Extraordinary Items	-	-	-	-	-	-	-	-	-	-	-	-	-
29. Patronage Capital or Margins (21 thru 28)	3,124,747	258,515	183,858	(67,404)	(99,434)	135,972	212,768	485,975	2,289,435	(57,026)	(214,688)	(104,701)	101,477

Farmers RECC
Schedule of Outstanding Long-Term Debt
December 31, 2013

RUS						
Note Number	Interest Rate	Date of Issue	Date of Maturity	Original Balance	Principal Payments	Balance
1B310	5.12%	Aug-98	Aug-33	2,277,000.00	545,012.00	1,731,988.00
1B315	4.50%	Jan-99	Jan-34	1,300,000.00	371,201.00	928,799.00
1B316	4.12%	Aug-99	Aug-34	977,000.00	290,587.00	686,413.00

FFB						
Note Number	Interest Rate	Date of Issue	Date of Maturity	Original Balance	Principal Payments	Balance
H0010	5.491%	Jan-01	Jan-35	4,602,000.00	832,037.00	3,769,963.00
H0015	5.617%	Jan-01	Jan-35	451,000.00	80,078.00	370,922.00
H0020	4.770%	Aug-03	Dec-37	5,000,000.00	689,449.00	4,310,551.00
H0025	4.770%	Nov-03	Dec-37	1,000,000.00	137,889.00	862,111.00
H0030	4.770%	Feb-04	Dec-37	1,000,000.00	137,889.00	862,111.00
H0035	4.770%	Dec-04	Dec-37	2,000,000.00	275,779.00	1,724,221.00
H0040	4.353%	Aug-05	Dec-37	3,000,000.00	423,384.00	2,576,616.00
H0045	4.671%	Dec-05	Dec-37	1,000,000.00	129,040.00	870,960.00
H0050	4.587%	Feb-06	Dec-37	1,000,000.00	130,120.00	869,880.00
H0055	4.898%	Oct-06	Dec-37	1,000,000.00	115,487.00	884,513.00
H0060	4.929%	Feb-07	Dec-37	1,000,000.00	111,725.00	888,275.00
H0065	4.915%	Apr-07	Dec-37	2,228,000.00	242,407.00	1,985,593.00
H0070	3.406%	Jan-09	Dec-40	7,000,000.00	485,548.00	6,514,452.00
H0075	3.630%	Mar-09	Dec-40	1,000,000.00	66,910.00	933,090.00
H0080	4.449%	Feb-10	Dec-40	1,000,000.00	58,479.00	941,521.00
H0085	3.491%	Nov-10	Dec-40	1,000,000.00	60,092.00	939,908.00
H0090	2.868%	Aug-11	Dec-40	750,000.00	38,067.00	711,933.00
H0095	0.069%	Jan-12	Mar-14	1,000,000.00	60,411.00	939,589.00
H00100	0.069%	Nov-12	Mar-14	1,000,000.00	35,435.00	964,565.00
H00105	0.069%	Jan-13	Mar-14	1,500,000.00	40,249.00	1,459,751.00
F00110	0.069%	Jul-13	Mar-14	3,152,000.00	28,664.00	3,123,336.00

CFC						
Note Number	Interest Rate	Date of Issue	Date of Maturity	Original Balance	Principal Payments	Balance
9011-001	6.800%	Feb-80	Feb-15	685,000.00	633,985.00	51,015.00
9014-001	6.800%	Apr-82	Mar-17	691,000.00	535,772.00	155,228.00
9015-001	6.800%	Feb-86	Feb-21	330,000.00	191,537.00	138,463.00
9016-001	6.800%	Dec-88	Dec-23	585,000.00	267,993.00	317,007.00
9017-001	6.800%	Jan-92	Jan-27	961,000.00	323,129.00	637,871.00
9018-001	6.800%	Apr-98	Apr-33	900,000.00	174,189.00	725,811.00
9018-002	6.800%	Sep-98	Apr-33	400,000.00	77,417.00	322,583.00
9018-003	6.800%	Nov-98	Apr-33	652,000.00	136,427.00	515,573.00
9019-004	3.100%	Sep-10	May-14	165,916.00	82,317.00	83,599.00
9019-005	3.400%	Sep-10	May-15	149,308.00	-	149,308.00
9019-006	3.700%	Sep-10	May-16	83,151.00	-	83,151.00
9019-007	3.900%	Sep-10	May-17	87,417.00	-	87,417.00
9019-008	4.100%	Sep-10	May-18	42,960.00	-	42,960.00
9020-002	2.800%	Jul-12	May-14	146,078.00	72,529.00	73,549.00
9020-003	2.900%	Jul-12	May-15	218,444.00	-	218,444.00
9020-004	3.050%	Jul-12	May-16	201,643.00	-	201,643.00
9020-005	3.300%	Jul-12	May-17	215,713.00	-	215,713.00
9020-006	3.500%	Jul-12	May-18	220,112.00	-	220,112.00
9020-007	3.750%	Jul-12	May-19	228,652.00	-	228,652.00
9020-008	3.900%	Jul-12	May-20	236,677.00	-	236,677.00
9020-009	4.050%	Jul-12	May-21	230,578.00	-	230,578.00
9020-010	4.200%	Jul-12	May-22	195,552.00	-	195,552.00
9020-011	4.300%	Jul-12	May-23	218,285.00	-	218,285.00
9020-012	4.400%	Jul-12	May-24	151,914.00	-	151,914.00
9021-001	2.250%	Mar-13	Nov-14	1,870,578.00	160,675.00	1,709,903.00

	Blended Int Rate	Original Balance	Principal Payments	Balance
RUS	4.80%	4,554,000.00	1,206,800.00	3,347,200.00
FFB	4.02%	40,683,000.00	4,179,139.00	36,503,861.00
CFC	4.96%	9,866,978.00	2,655,970.00	7,211,008.00
TOTAL DEBT	4.25%			47,062,069.00

Farmers RECC
Schedule of Outstanding Long-Term Debt
July 31, 2014

RUS							
Note Number	Interest Rate	Date of Issue	Date of Maturity	Original Balance	Principal Payments	Balance	Rolling 12 Mo Interst Cost
1B310	5.12%	Aug-98	Aug-33	2,277,000.00	577,393.00	1,699,607.00	88,633.00
1B315	4.50%	Jan-99	Jan-34	1,300,000.00	389,805.00	910,195.00	41,730.00
1B316	4.12%	Aug-99	Aug-34	977,000.00	304,844.00	672,156.00	28,270.00

FFB							
Note Number	Interest Rate	Date of Issue	Date of Maturity	Original Balance	Principal Payments	Balance	Rolling 12 Mo Interst Cost
H0010	5.491%	Jan-01	Jan-35	4,602,000.00	881,515.00	3,720,485.00	211,782.00
H0015	5.617%	Jan-01	Jan-35	451,000.00	84,876.00	366,124.00	21,303.00
H0020	4.770%	Aug-03	Dec-37	5,000,000.00	739,064.00	4,260,936.00	210,988.00
H0025	4.770%	Nov-03	Dec-37	1,000,000.00	147,813.00	852,187.00	42,198.00
H0030	4.770%	Feb-04	Dec-37	1,000,000.00	147,813.00	852,187.00	42,198.00
H0035	4.770%	Dec-04	Dec-37	2,000,000.00	295,626.00	1,704,374.00	84,394.00
H0040	4.353%	Aug-05	Dec-37	3,000,000.00	454,715.00	2,545,285.00	115,392.00
H0045	4.671%	Dec-05	Dec-37	1,000,000.00	139,197.00	860,803.00	41,769.00
H0050	4.587%	Feb-06	Dec-37	1,000,000.00	140,378.00	859,622.00	35,753.00
H0055	4.898%	Oct-06	Dec-37	1,000,000.00	125,497.00	874,503.00	44,424.00
H0060	4.929%	Feb-07	Dec-37	1,000,000.00	121,737.00	878,263.00	44,888.00
H0065	4.915%	Apr-07	Dec-37	2,228,000.00	264,828.00	1,963,172.00	86,214.00
H0070	3.406%	Jan-09	Dec-40	7,000,000.00	560,808.00	6,439,192.00	230,027.00
H0075	3.630%	Mar-09	Dec-40	1,000,000.00	77,341.00	922,659.00	35,035.00
H0080	4.449%	Feb-10	Dec-40	1,000,000.00	67,799.00	932,201.00	43,046.00
H0085	3.491%	Nov-10	Dec-40	1,000,000.00	70,816.00	929,184.00	33,986.00
H0090	2.868%	Aug-11	Dec-40	750,000.00	46,959.00	703,041.00	21,314.00
H0095	0.069%	Jan-12	Mar-14	1,000,000.00	77,687.00	922,313.00	1,583.00
H00100	0.069%	Nov-12	Mar-14	1,000,000.00	53,170.00	946,830.00	1,624.00
H00105	0.069%	Jan-13	Mar-14	1,500,000.00	67,088.00	1,432,912.00	2,457.00
H00110	0.069%	Jul-13	Mar-14	3,152,000.00	86,092.00	3,065,908.00	5,418.00
F00115	6.700%	Jul-14	Dec-14	1,300,000.00	-	1,300,000.00	-

CFC							
Note Number	Interest Rate	Date of Issue	Date of Maturity	Original Balance	Principal Payments	Balance	Rolling 12 Mo Interst Cost
9011-001	6.800%	Feb-80	Feb-15	685,000.00	659,063.00	25,937.00	3,806.00
9014-001	6.800%	Apr-82	Mar-17	691,000.00	557,496.00	133,504.00	10,709.00
9015-001	6.800%	Feb-86	Feb-21	330,000.00	199,408.00	130,592.00	9,369.00
9016-001	6.800%	Dec-88	Dec-23	585,000.00	279,285.00	305,715.00	21,341.00
9017-001	6.800%	Jan-92	Jan-27	961,000.00	338,722.00	622,278.00	42,826.00
9018-001	6.800%	Apr-98	Apr-33	900,000.00	183,758.00	716,242.00	48,601.00
9018-002	6.800%	Sep-98	Apr-33	400,000.00	81,670.00	318,330.00	21,601.00
9018-003	6.800%	Nov-98	Apr-33	652,000.00	143,224.00	508,776.00	34,523.00
9019-004	3.100%	Sep-10	May-14	165,916.00	165,916.00	-	3,227.00
9019-005	3.400%	Sep-10	May-15	149,308.00	-	149,308.00	5,078.00
9019-006	3.700%	Sep-10	May-16	83,151.00	-	83,151.00	3,076.00
9019-007	3.900%	Sep-10	May-17	87,417.00	-	87,417.00	3,409.00
9019-008	4.100%	Sep-10	May-18	42,960.00	-	42,960.00	1,761.00
9020-002	2.800%	Jul-12	May-14	146,078.00	146,078.00	-	2,566.00
9020-003	2.900%	Jul-12	May-15	218,444.00	-	218,444.00	6,335.00
9020-004	3.050%	Jul-12	May-16	201,643.00	-	201,643.00	6,149.00
9020-005	3.300%	Jul-12	May-17	215,713.00	-	215,713.00	7,118.00
9020-006	3.500%	Jul-12	May-18	220,112.00	-	220,112.00	7,705.00
9020-007	3.750%	Jul-12	May-19	228,652.00	-	228,652.00	8,574.00
9020-008	3.900%	Jul-12	May-20	236,677.00	-	236,677.00	9,231.00
9020-009	4.050%	Jul-12	May-21	230,578.00	-	230,578.00	9,339.00
9020-010	4.200%	Jul-12	May-22	195,552.00	-	195,552.00	8,213.00
9020-011	4.300%	Jul-12	May-23	218,285.00	-	218,285.00	9,386.00
9020-012	4.400%	Jul-12	May-24	151,914.00	-	151,914.00	6,684.00
9021-001	2.250%	Mar-13	Nov-14	1,870,578.00	323,163.00	1,547,415.00	39,373.00

Original Balance	Principal Payments	Balance	Rolling 12 Mo Interst Cost
4,554,000.00	1,272,042.00	3,281,958.00	158,633.00
41,983,000.00	4,650,819.00	37,332,181.00	1,885,793.00
9,866,978.00	3,077,783.00	6,789,195.00	330,000.00
		47,403,334.00	2,174,426.00

SCHEDULE B - PROPERTY SCHEDULE

(a) The Existing Electric Facilities are located in the following counties:

Adair, Barren, Edmonson, Grayson, Green, Hart, Larue, and Metcalfe,
in the State of Kentucky.

(b) The property referred to in the last line of paragraph I of the Granting clause includes the following:

1. A certain tract of land described in a certain deed, dated January 20, 1948, by Charles A. Goodman, Jr. and Sarah P. Goodman, his wife, as grantors, to the Mortgagor, as grantee, and recorded in the Office of the County Court Clerk of Barren County, in the State of Kentucky, in Deed Book 121, on page 575;

2. A certain tract of land described in a certain deed, dated March 17, 1948, by Grace G. Gillenwater, a widow, as grantor, to the Mortgagor, as grantee, and recorded in the Office of the County Court Clerk of Barren County, in the State of Kentucky, in Deed Book 122, on page 49;

3. A certain tract of land described in a certain deed, dated February 12, 1953, by Charles A. Goodman, Jr. and Sarah P. Goodman, his wife, as grantors, to the Mortgagor, as grantee, and recorded in the Office of the County Court Clerk of Barren County, in the State of Kentucky, in Deed Book 133, on page 343;

4. A certain tract of land described in a certain deed, dated February 25, 1953, by Agnes Gordon and her husband, Roy Gordon, as grantors, to the Mortgagor, as grantee, and recorded in the Office of the County Court Clerk of Barren County, in the State of Kentucky, in Deed Book 133, on page 379;

5. A certain tract of land described in a certain deed, dated April 19, 1954, by E. S. Pedigo, a single man, as grantor, to the Mortgagor, as grantee, and recorded in the Office of the County Court Clerk of Barren County, in the State of Kentucky, in Deed Book 135, on page 642;

6. A certain tract of land described in a certain deed, dated September 6, 1958, by Robert E. Brown, and his wife, Maggie Brown, as grantors, to the Mortgagor, as grantee, and recorded in the Office of the County Court Clerk of Barren County, in the State of Kentucky, in Deed Book 147, on page 505;

7. A certain tract of land described in a certain deed, dated June 20, 1960, by Warren A. Willoughby and his wife, Wilma Willoughby, et al, as grantors, to the Mortgagor, as grantee, and recorded in the Office of the County Court Clerk of Barren County, in the State of Kentucky, in Deed Book 152, on page 310;

8. A certain tract of land described in a certain deed, dated February 3, 1965, by Howard Malcolm Jones and Frances Y. Jones, his wife, as grantors, to the Mortgagor, as grantee, and recorded in the Office of the County Court Clerk of Barren County, in the State of Kentucky, in Deed Book 167, on page 423;

9. A certain tract of land described in a certain deed, dated October 1, 1968, by Richard L. Garnett, trustee, as grantor, to the Mortgagor, as grantee, and recorded in the Office of the County Court Clerk of Barren County, in the State of Kentucky, in Deed Book 178, on page 258;

10. A certain tract of land described in a certain deed, dated March 10, 1969, by William Terry Doyel, trustee for William Terry Doyel, et al, as grantors, to the Mortgagor, as grantee, and recorded in the Office of the County Court Clerk of Barren County, in the State of Kentucky, in Deed Book 180, on page 108;

11. A certain tract of land described in a certain deed, dated September 11, 1971, by Charles A. Goodman, Jr. and his wife, Sarah P. Goodman, as grantors, to the Mortgagor, as grantee, and recorded in the Office of the County Court Clerk of Barren County, in the State of Kentucky, in Deed Book 188, on page 182;

12. A certain tract of land described in a certain deed, dated June 22, 1972, by Henry Ellison Staples and Vesta Mae Staples, his wife, as grantors, to the Mortgagor, as grantee, and recorded in the Office of the County Court Clerk of Barren County, in the State of Kentucky, in Deed Book 191, on page 506;

13. A certain tract of land described in a certain deed, dated April 16, 1975, by John Paul Childress and Camilla W. Childress, his wife, as grantors, to the Mortgagor, as grantee, and recorded in the office of the County Court Clerk of Barren County, in the State of Kentucky, in Deed Book 199, on page 640;

14. A certain tract of land described in a certain deed, dated March 22, 1993, by Bobby H. Richardson, Master Commissioner of the Barren Circuit Court, as grantor, to the Mortgagor, as grantee and recorded in the Office of the County Court Clerk of Barren County, in the State of Kentucky, in Deed Book 228, on page 554;

15. A certain tract of land described in a certain deed, dated September 17, 1993, by James M. Bransford and his wife, Myrtle Bransford, as grantors, to the Mortgagor, as grantee and recorded in the Office of the County Court Clerk of Barren County, in the State of Kentucky, in Deed Book 229, on page 604;

16. A certain tract of land described in a certain deed, dated December 20, 1993, by Irene Stockton, a single person, as grantor, to the Mortgagor, as grantee and recorded in the Office of the County Court Clerk of Barren County, in the State of Kentucky, in Deed Book 229, on page 990;

17. A certain tract of land described in a certain deed, dated March 7, 1996, by South Central Bank of Barren County, Inc., as grantor, to the Mortgagor, as grantee and recorded in the Office of the County Court Clerk of Hart County, in the State of Kentucky, in Deed Book 216, on page 537.

18. A certain tract of land described in a certain deed, dated June 26, 1997, by Bharat Mody and Bharati Modi, his wife, as grantors to the Mortgagor, as grantee and recorded in the Office of the County Court Clerk of Barren County, in the State of Kentucky, in Deed Book 236, on page 950;

19. A certain tract of land described in a certain deed, dated May 24, 2001 by Wilsonya Watts, unmarried, surviving spouse of Rudolph Watts, as grantor to the Mortgagor, as grantee and recorded in the Office of the County Court Clerk of Barren County, in the State of Kentucky, in Deed Book 255, on page 119;

20. A certain tract of land described in a certain deed, dated May 24, 2001 by William L. Twyman and Lou Twyman, his wife, as grantors to the Mortgagor, as grantee and recorded in the Office of the County Court Clerk of Barren County, in the State of Kentucky, in Deed Book 255, on page 048;

21. A certain tract of land described in a certain deed, dated May 24, 2001 by Cornell C. Clarke and Marjorie M. Clarke, husband and wife individually, and Marjorie Mitchell Clarke, Trustee, as grantors to the Mortgagor, as grantee and recorded in the Office of the County Court Clerk of Barren County, in the State of Kentucky, in Deed Book 255, on page 042;

22. A certain tract of land described in a certain deed, dated August 30, 2001 by Edward M. Glass and Tammy P. Glass, his wife, as grantors to the Mortgagor, as grantee and recorded in the Office of the County Court Clerk of Barren County, in the State of Kentucky, in Deed Book 257, on page 444;

23. A certain tract of land described in a certain deed, dated August 31, 2001 by Larry P. Jolly and Martha Ann Jolly, his wife, as grantors to the Mortgagor, as grantee and recorded in the Office of the County Court Clerk of Barren County, in the State of Kentucky, in Deed Book 257, on page 448;

24. A certain tract of land described in a certain deed, dated April 27, 2002 by Carla W. Allen, Master Commissioner of the Barren Circuit Court, as grantor to the Mortgagor, as grantee and recorded in the Office of the County Court Clerk of Barren County, in the State of Kentucky, in Deed Book 262, on page 450;

Debtor: Farmers Rural Electric Cooperative Corporation 4

25. A certain tract of land described in a certain deed, dated April 1, 2010 by the Edmonton-Metcalf County Industrial Development Authority, as grantors to the Mortgagor, as grantee and recorded in the Office of the County Court Clerk of Metcalf County, in the State of Kentucky, in Deed Book 142, on page 6;

26. A certain tract of land described in a certain deed, dated November 11, 2010 by Grace Allen Fant, as grantor to the Mortgagor, as grantee and recorded in the Office of the County Court Clerk of Barren County, in the State of Kentucky, in Deed Book 329, on page 731;

27. A certain tract of land described in a certain deed, dated November 15, 2011 by Roger W. and Jane Ann Gibson, as grantors to the Mortgagor, as grantee and recorded in the Office of the County Court Clerk of Hart County, in the State of Kentucky, in Deed Book 311, page 688;

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

**AN APPLICATION OF EAST KENTUCKY POWER)
COOPERATIVE INC. FOR AN ORDER DECLARING)
THE GLASGOW LANDFILL GAS TO ENERGY PROJECT)
TO BE AN ORDINARY EXTENSION OF EXISTING)
SYSTEMS IN THE USUAL COURSE OF BUSINESS AND)
A JOINT APPLICATION OF FARMERS RURAL)
ELECTRIC COOPERATIVE CORPORATION AND EAST)
KENTUCKY POWER COOPERATIVE, INC. FOR)
APPROVAL TO ENTER INTO A TEN YEAR PURCHASED)
POWER AGREEMENT AND APPROVAL OF A SPECIAL)
CONTRACT)**

RECEIVED

AUG 21 2014

**PUBLIC SERVICE
COMMISSION**

CASE NO.

2014- 00292

MOTION FOR CONFIDENTIAL TREATMENT

Comes now East Kentucky Power Cooperative, Inc. ("EKPC") and Farmers Rural Electric Cooperative Corporation ("Farmers"), by and through counsel, pursuant to KRS 61.878, 807 KAR 5:001, Section 13 and other applicable law, and for its Motion requesting that the Kentucky Public Service Commission ("Commission") afford confidential treatment to certain information in the Application, and Exhibits thereto, in the above-captioned proceeding, respectfully state as follows:

1. The Application in this case requests the Commission to determine that no Certificate of Public Convenience and Necessity ("CPCN") is necessary for a Landfill Gas to Energy Facility ("LFGTE Facility") in Glasgow, Kentucky, as well as to approve a purchase power agreement between Farmers and EKPC regarding the sale of energy, capacity and environmental attributes produced by the LFGTE Facility.

2. As part of the Application, EKPC is submitting confidential information related to the pricing term of the Agreement, as well as the cost of landfill gas purchased by EKPC, operation and maintenance costs related to the facility, capital costs, evaluation inputs and generating fleet cost data contained in Exhibits 1, 6, 7, 9, 10 and 13 of the Application. This information is hereinafter referred to as the “Confidential Information.”

3. The Kentucky Open Records Act exempts from disclosure certain confidential and proprietary commercial information. *See* KRS 61.878(1)(c). To qualify for this exemption from public disclosure and, therefore, to maintain the confidentiality of the information, a party must establish that disclosure of the confidential and proprietary commercial information would permit an unfair advantage to competitors of that party. Public disclosure of the Confidential Information described above would lead to such a result.

4. The public disclosure of the Confidential Information would reveal information that is, quite obviously, highly sensitive, commercially valuable and strictly proprietary. The public disclosure of this information would potentially harm movants’ competitive position in the marketplace, to the detriment of movants and their customers.

5. The Confidential Information was developed internally by EKPC personnel or was the subject of confidential negotiations with Farmers and the City of Glasgow, Kentucky. The Confidential Information is not on file with any public agency, and is not available from any commercial or other source. Moreover, the aforementioned Confidential Information is distributed within EKPC and Farmers only to those employees who must have access for business reasons, and is generally recognized as confidential and proprietary in the energy industry. In particular, much of this Confidential Information was, and remains, integral to EKPC’s effective execution of business decisions and strategy. Indeed, as the Kentucky

Supreme Court has found, “information concerning the inner workings of a corporation is ‘generally accepted as confidential or proprietary.’” *Hoy v. Kentucky Industrial Revitalization Authority*, 907 S.W.2d 766, 768 (Ky. 1995).

6. The Confidential Information is also entitled to confidential treatment because it constitutes a trade secret under the two prong test of KRS 365.880: (a) the economic value of the information as derived by not being readily ascertainable by other persons who might obtain economic value by its disclosure; and (b) the information is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. The economic value of the information derives from the fact that it reveals Movants’ business decisions and strategies – which is commercially valuable. Second, EKPC and Farmers certainly endeavor to maintain the confidentiality of the information by limiting its dissemination, even within the respective companies.

7. In accordance with 807 KAR 5:001, Section 13(3), the Movants are filing: (1) one copy of the Application and Exhibits with the Confidential Material, under seal, which identifies the confidential material; and one (1) original and (10) ten copies of the Application and Exhibits in which the Confidential Information is redacted. The Movants respectfully request that the Confidential Information be treated as confidential under the Commission’s regulations for a period of at least ten (10) years from the date entry of an Order.

6. Movants do not object to limited disclosure of the Confidential Information described herein, pursuant to an acceptable confidentiality and nondisclosure agreement, to any intervenors with a legitimate interest in reviewing the same for the sole purpose of participating in this case.

WHEREFORE, on the basis of the foregoing, Movants respectfully request the Commission to enter an Order granting this Motion and to so afford such protection from public disclosure to the unredacted copies of the Confidential Information, which are filed herewith under seal, for a period of ten years from the date of entry of such an Order.

This 21st day of August 2014.

Respectfully submitted,



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