

FIRST AMENDMENT TO
AGREEMENT BETWEEN
OWEN ELECTRIC COOPERATIVE
AND
KENTUCKY AMERICAN WATER

THIS FIRST AMENDMENT TO AGREEMENT dated October 29, 2008, made and entered into this 18th day of September, 2012, by and between OWEN ELECTRIC COOPERATIVE, INC., ("OEC") and KENTUCKY AMERICAN WATER ("KAW"), hereinafter referred to as the parties hereto,

WITNESSETH:

WHEREAS, OEC and KAW entered into an Agreement dated October 29, 2008, a copy of which is attached hereto and incorporated herein marked as Exhibit "1"; and,

WHEREAS, OEC and KAW have agreed to amend paragraphs five (5) and six (6) of said Agreement as hereinafter set forth and to henceforth be legally bound by said Amendments,

NOW, THEREFORE, in consideration of the premises aforesaid and other good and valuable consideration, receipt of all of which is hereby acknowledged, it is understood and agreed between the parties that:

5. Upon completion of the facility and permanent power being supplied, OEC will bill KAW per OEC's standard tariff under the primary metering section as well as a maintenance replacement fee for KAW's equipment; that OEC will be maintaining and replacing as agreed. KAW will own all equipment on the load side of the primary metering- that at KAW's request- OEC will maintain, repair and replace as necessary, overhead structures, overhead 25 kV primary conductor and hardware, underground 25 kV primary conductor and hardware, two electronic circuit reclosers and two 5,000 kVA transformers with the starting point of OEC responsibility being the primary meter structure and the endpoint being just after the 4,160 volt connections inside each of the 25-4.16 kV, 5,000 kVA transformers; KAW will be responsible for wire to 4,160 volt termination point and OEC will be responsible for maintaining and replacing the 4,160 volt terminations inside the transformers; that OEC will have the final authority to select the control settings on the electronic circuit reclosers and will bill KAW a monthly maintenance replacement fee; KAW understands OEC will be requesting a maintenance replacement fee. The amounts for the maintenance replacement fee are projected in Attachment "A." After six years, OEC will update the Bureau of Labor Statistics' Producer Price Index for the Electric Power Distribution Industry (PPI) and make the billing adjustment starting in January of that year. Both parties agree that upon failure of one of the dual transformers, KAW will operate on a single transformer. In the event of either transformer failing for any cause or reason, KAW accepts the fact that lead times for a factory replacement of the units may result in an extended period of time without utility-supplied power.



OEC will annually de-energize each transformer and perform a standard series of inspections and tests. KAW staff, at the facility, shall assist with this procedure by opening the the 4,160 volt switchgear for the transformer being inspected in order to prevent back feeding the transformer. All lockout/tagout procedures shall be followed.

There is no guaranteed reliability of service with this agreement, either restoration time or outage frequency. OEC will use good utility practices to maintain and restore service to all its equipment and KAW's equipment that it is responsible for. OEC will provide KAW documentation of all maintenance reports, records and recommendations and meet with KAW to review annually.

6. KAW will pay OEC, at cost, for all additional expenditures by OEC and EKPC to reduce the voltage flicker level at the site per KAW requirements. These costs will be billed when determined and paid within 30 days of receipt of bill from OEC. The proposed design will have under 7% flicker for the 700 HP motor with a motor starting current of two (2) time running current. Regarding harmonic distortion and voltage flicker, KAW agrees to operate the facility within the guidelines of the IEEE 519-1992 standard.

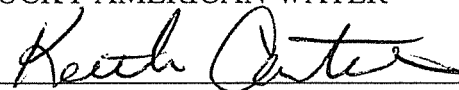
In all other respects, the undersigned parties ratify and confirm all other provisions of the October 29, 2008, Agreement except as specifically amended and agreed as set forth herein. Provided, however, the terms and conditions of this Agreement are pending all applicable approvals that may be required by the Parties' individual Board of Directors, the Rural Utilities Service, the Kentucky Public Service Commission, and all other local, state and federal agencies.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by an authorized representative.

OWEN ELECTRIC COOPERATIVE, INC.

BY: 
Mark A. Stallons
President/CEO

KENTUCKY AMERICAN WATER

BY: 
Keith Cartier
Vice President Operations

