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PUBLIC SERVICE
COMMISSION

AGREEMENT FOR PURCHASE OF POWER

AGREEMENT made March 1, 2012 between Owen Electric Cooperative, Inc., P. O. Box 400, Owenton, KY 40359, (hereinafter called the "Seller" and Sanitation District No. 1 called the "Member",

WITNESSETH:

The Seller agrees to sell and to deliver to the Member and the Member agrees to purchase and receive from the Seller all of the electric power which the Member may need at Western Regional Water Reclamation Facility (WR), Boone County, Kentucky up to 5,000 KVA upon the following terms:

1. **SERVICE CHARACTERISTICS**

Service hereunder shall be alternating current, three phase, sixty cycles, 12.47/7.2 kV Grounded Wye. The service demarcation point between Seller and Member shall be the load side of pad-mounted metering equipment in the primary metering installation. The seller shall own the cabinet and all metering equipment and the conductor that terminates on the source side of this installation. The Member will own underground conductor that is on the load side of this demarcation point. Member shall be responsible for entire operation, maintenance and replacement of all facilities starting with the underground cable connections on the load side conductor at the defined demarcation point.



2. PAYMENT

- A. The Member shall pay the Seller for service hereunder at the rates and upon the terms and conditions set forth in Schedule V attached hereto and made a part of this agreement. As the Member's usage may change, Member and Seller may agree upon a different Schedule from time-to-time. Notwithstanding any provision of the Schedule, however, and irrespective of the Member's requirements, the Member shall pay to the Seller not less than \$4,000 per month for service or for having service available hereunder.
- B. The initial billing period shall start when Member begins using electrical power and energy or 30 days after the Seller notifies the Member in writing that service is available hereunder, whichever shall occur first.
- C. Bills for service hereunder shall be paid monthly within the Eighteen (18) day period at the office of the Seller in Owenton, Kentucky. If the Member shall fail to pay any such bill within the Eighteen (18) day period, the Seller may discontinue service hereunder by giving ten (10) days notice in writing to the Member.
- The Member agrees that if, at any time, the rate under which the Seller purchases or sells electric energy is modified, with approval of the Public Service Commission of Kentucky, the Seller may make a corresponding modification in the rate for service hereunder.



3. CONTINUITY OF SERVICE

- A. The Seller shall use reasonable diligence to provide a constant and uninterrupted electric supply (See Section 8) of electric power and energy. But if source(s) of electric supply shall be interrupted or become defective through act of God, or the public enemy, by communication system failure to or from intelligent electronic devices or by accident, strikes, labor troubles, or by action of the elements, or inability to secure right of ways, or other permits needed, or for any other cause beyond the reasonable control of the Seller, the Seller shall not be liable therefore.
- B. The Member shall, at his expense provide protection for three-phase motors in the event of single phasing, high or low voltage or any other abnormal conditions beyond the reasonable control of the Seller. The Member shall operate the facility within the guidelines of IEEE 519. Furthermore, the Member shall, at his expense, provide all corrective steps necessary to mitigate any objectionable voltage flicker that should affect the Seller's distribution system, thereby impacting other Customer-members of the Seller.

4. MEMBERSHIP

The Member is presently a member of the Seller. No additional membership fee is required. The Member will be bound by the provisions of the articles of incorporation and by-laws of the Seller and by such rules, regulations and policies as may, from time to time,



be adopted by the Cooperative.

5. TERMS

This agreement shall become effective on the date first above written and shall remain in effect for five (5) years, following the start of the initial billing period and thereafter until terminated by either party giving to the other six (6) months notice in writing.

6. SUCCESSION

This agreement shall be binding upon and inure of the benefit of the successors, legal representative and assigns of the respective parties hereto.

7. DEPOSIT

The Member shall not be required to make a deposit with the Seller due to its positive credit record on its existing account with the Seller.



8. BACKUP CAPACITY AGREEMENT

The Member has requested from the Seller, a backup three-phase 12.5 kV service to the WR Facility with the capacity of 2,500 KVA. The Seller has entered into agreement with EKPC (Seller's Wholesale Power Supplier) to reserve 2,500 KVA of backup transformer capacity at the Burlington 69-12.5 kV, 11.2/14 MVA distribution substation, which will cost at present, \$588/per month.

NOW THEREFORE,

- Member will pay Seller an additional \$588 per month to reserve 2,500 KVA of backup transformer capacity at the Burlington distribution substation, based on the current distribution transformer nameplate rating and monthly substation charge. Member will pay the backup capacity charge of \$588 per month to Seller beginning on March 1, 2012. If the transformer nameplate rating changes for the Burlington substation, or if there is a change to the monthly substation charge for the substation – due to either a change in EKPC's established tariff rates or a change in the substation installed capacity – this monthly backup capacity charge will be recalculated accordingly.
- Seller must provide the 2,500 KVA backup distribution feeder capacity from Burlington Substation to the WR Facility on 7.0 miles of distribution feeder. Seller and Member have previously noted and discussed that this monthly distribution feeder capacity charge will be \$10 per Megawatt-Mile based on Seller's current wholesale power cost from EKPC. Member will pay the backup feeder capacity charge of \$175 per month to Seller beginning on March 1, 2012. This monthly charge will increase on a percentage basis that is directly tied to future wholesale power cost increases from EKPC to Seller.
- This backup capacity agreement may be terminated one year after written request for termination of the agreement has been received by Seller.



9. TERMS AND CONDITIONS

The terms and conditions established with this agreement are pending all applicable approvals that may be required by the Parties' individual Boards 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


By



Mark A. Stallons
President and Chief Executive Officer

SANITATION DISTRICT NO. 1 OF NORTHERN KENTUCKY

By



Chief Operating Officer

Christopher Novak

