

EXHIBIT 14

ENVIRONMENTAL ASSESSMENT FOR GILBERT UNIT 3 AND UNIT 4

DATED JANUARY 2002

FINDING OF NO SIGNIFICANT IMPACT

DATED FEBRUARY 2002

(See bound report included with this filing)



EXHIBIT 15
SPECIAL MEMBERSHIP AGREEMENT

EAST KENTUCKY POWER COOPERATIVE, INC.

AND

**WARREN RURAL ELECTRIC
COOPERATIVE CORPORATION**

SPECIAL MEMBERSHIP AGREEMENT

May 27, 2004

SPECIAL MEMBERSHIP AGREEMENT

THIS SPECIAL MEMBERSHIP AGREEMENT, entered this 27th day of May 2004, by and between EAST KENTUCKY POWER COOPERATIVE, INC., a Kentucky generation and transmission electric cooperative corporation, with its principal offices at 4775 Lexington Road, Post Office Box 707, Winchester, Kentucky 40391, (hereinafter referred to as "EKPC"), and WARREN RURAL ELECTRIC COOPERATIVE CORPORATION, a Kentucky distribution electric cooperative corporation, with its principal offices at 951 Fairview Avenue, Post Office Box 1118, Bowling Green, Kentucky 42102, (hereinafter referred to as "Warren RECC").

WITNESSETH

WHEREAS, EKPC is an electric generation and transmission cooperative providing wholesale electric power and energy to sixteen member distribution cooperatives in central and eastern Kentucky; and

WHEREAS, Warren RECC is an electric distribution cooperative providing retail electric service to its members in western Kentucky, which desires to become a member of EKPC and to purchase its wholesale power needs from EKPC beginning on April 1, 2008; and

WHEREAS, EKPC and Warren RECC (the "Parties") have agreed to terms for membership and the purchase of such wholesale power requirements of Warren RECC which are intended to protect the existing members of EKPC from adverse rate impacts; and

WHEREAS, The Parties hereto desire to memorialize the terms for Warren RECC membership in EKPC in this Special Membership Agreement (the "Agreement");

NOW, THEREFORE, In consideration for the mutual promises of the Parties hereto, and other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties do hereby agree as follows:

ARTICLE 1 - MEMBERSHIP

1.01 Membership - Warren RECC, having satisfactorily applied for membership in EKPC, and subject to the satisfaction of all conditions to the obligations of the Parties contained herein, shall be entitled to full membership in EKPC effective on April 1, 2008, (the "Effective Date") and to all rights, privileges and obligations of such membership, as provided in the EKPC Articles of Incorporation, Bylaws and Policies, including, but not limited to, the right to representation on the EKPC Board of Directors and the right to receive capital credits.

1.02. Interim Rights of Warren RECC - Until the Effective Date, Warren RECC shall have the following rights to participate in EKPC activities and to utilize EKPC member services:

A. Meeting Attendance - Warren RECC shall have the right to send two representatives to meetings of the EKPC Board as guests, subject to any normal limitations on guests attending such meetings. Such representatives may also attend meetings of EKPC Board committees, and may be invited to other EKPC functions, as directed by the EKPC Chairman of the Board.

B. Services - Warren RECC shall have access to the member services, as designated in Section 1.03, hereinbelow, on a fee for services basis. A schedule of the associated fees will be provided upon request.

1.03 Member Services - On and after the Effective Date, Warren RECC shall be entitled, without additional cost, to any and all services provided without a separate fee to existing EKPC member systems. These services currently include marketing, industrial development, power quality analyses, energy conservation analyses, load forecasting, rate consulting, EPRI membership, Cooperative Research Network membership, and Touchstone Energy membership, but may change from time to time.

1.04 Membership Obligations - On and after the Effective Date, Warren RECC agrees to comply with the EKPC Articles of Incorporation, Bylaws and Policies, and to abide by all membership obligations included therein.

ARTICLE 2 - SUPPLY AND PURCHASE OF POWER AND ENERGY

2.01 Wholesale Power Contract - Warren RECC and EKPC agree to execute, on the date of execution of this Agreement, a standard Rural Utilities Service ("RUS") Wholesale Power Contract ("WPC") including all EKPC system WPC amendments to date which have been entered into by all existing members of EKPC, and the Supplemental Agreements to the WPC and Memorandum of Agreement which have been entered by EKPC and such members. The Warren RECC WPC will become effective on April 1, 2008, and will remain effective through December 31, 2040. Warren RECC agrees to execute any amendments to the WPC, which are entered on or before April 1, 2008, by a majority of the existing members of EKPC.

2.02 Rates for Service - Warren RECC shall pay EKPC standard tariff rates for wholesale electric power and energy services, as approved by the Kentucky Public Service Commission (the "PSC") and as adjusted in the future with the approval of the PSC, and, in addition to such tariff rates, shall pay a billing adder (the "Supplemental Compensation"), as described hereinbelow, which shall compensate EKPC for additional costs resulting from Warren RECC membership.

2.03 Supplemental Compensation - The Supplemental Compensation is intended to protect existing EKPC members from an adverse rate impact as a result of the purchase of power, or construction of new facilities for the generation and transmission of electric power and energy, to meet the power supply requirements of Warren RECC. The Parties agree that the attached procedures for determining the Supplemental Compensation (Exhibits 1A, Table 1, and 1B), are reasonable. EKPC and Warren RECC agree, at an appropriate time after the determination of the costs of EKPC's power supply arrangements and an accurate projection of Warren RECC's load as of 2008, to file a joint application for approval of the Supplemental Compensation for EKPC and the amortization by Warren based on the methodology contained therein. The Parties recognize that the PSC must approve the amount and duration of such Supplemental Compensation based on the actual costs of such power supply, transmission, and Warren RECC's actual load on April 1, 2008, and agree to accept, for the purposes of this Agreement, the final Supplemental Compensation which is determined by the PSC, subject to the Parties' rights to request a rehearing or appeal of any PSC decision. The Parties also acknowledge that the determination of the Supplemental Compensation may

require the approval of the RUS, the National Rural Utilities Cooperative Finance Corporation ("CFC"), and CoBank and is subject to any such necessary approvals.

2.04 Warren RECC Allocation - In the event that Warren RECC obtains an allocation of power and energy from the Southeastern Power Administration which can be utilized for the benefit of the EKPC system, Warren RECC agrees to transfer such allocation to EKPC in return for an appropriate reduction to the Supplemental Compensation.

2.05 Warren RECC Transmission Facilities - It is understood by the Parties that Warren RECC will continue to own, operate and maintain its existing transmission lines and substations ("transmission system") after the Effective Date. Warren RECC agrees, at its cost and expense, to upgrade its transmission system, on or before the Effective Date, to meet the EKPC First Contingency Planning Criteria, which are attached hereto, and made a part hereof, as Exhibit 2, and to continue to maintain and operate said system in compliance with EKPC's Transmission Ownership Principles, which are attached hereto, and made a part hereof, as Exhibit 3. Warren RECC agrees, at its cost and expense, to construct, own, operate and maintain any additions to its transmission system required due to future growth in the Warren RECC load, to be jointly determined by Warren RECC and EKPC on a one-system basis. As long as Warren RECC continues to own its transmission system, EKPC agrees to credit billings to Warren RECC to reflect Warren RECC's annual costs associated with such facilities, provided, however, that the cost of Warren RECC's transmission facilities existing on April 1, 2008, will be excluded from this credit for the duration of the Supplemental Compensation period, as determined by the PSC.

ARTICLE 3 - SUPPLY OF POWER AND ENERGY

3.01 Determination of Power Supply Arrangements - EKPC shall proceed with reasonable efforts to determine the most economical and reliable alternatives for supplying the projected wholesale electric power and energy needs of Warren RECC as of April 1, 2008, which are currently estimated to be 419 MW, at the generator. Prior to April 1, 2008, Warren RECC agrees to obtain prior approval from EKPC before acquiring any individual or aggregated new loads currently served by other wholesale electric power suppliers. EKPC's obligation for power supply shall include required transmission and ancillary services, as provided to all existing EKPC members systems. EKPC may, in its sole discretion, choose to construct new generation and/or related transmission facilities for this purpose, contract for purchases of electric power and energy and/or transmission services, or use any other reasonable measures to meet its power supply obligations hereunder, consistent with the sound operation of its existing system and subject to necessary regulatory and/or lender approvals. Any new generation and/or transmission facilities so constructed by EKPC shall become EKPC system facilities, and the power requirements of Warren RECC on and after April 1, 2008, shall be served by the EKPC system, on the same basis as all existing EKPC member systems. EKPC shall have the sole discretion to finance any new facilities in any manner that it chooses, subject to necessary regulatory and/or lender approvals.

3.02 Approvals - Once the best generation and transmission alternatives to allow the EKPC system to serve the projected Warren RECC demand are determined, EKPC will proceed to obtain all necessary approvals required by such alternatives. These

approvals may include construction certificates from the PSC, approvals of RUS, CFC, and CoBank, and other regulatory or lender approvals. Such approvals will also include any necessary PSC, RUS, CFC and/or CoBank approval of the Supplemental Compensation, which will be determined by the power supply and transmission alternatives for Warren RECC that are chosen by EKPC. Warren RECC agrees to provide reasonable support and assistance to EKPC in obtaining all such necessary approvals, including the providing of supporting information and testimony requested by EKPC or the regulatory agencies, and participation in meetings or administrative proceedings to support and assist EKPC.

3.03 Power Supply - Upon the receipt of all necessary approvals, and the fulfillment of all conditions to the effectiveness of the obligations of the Parties to this Agreement, EKPC will proceed to contract for the construction of new facilities and/or the procurement of power and energy and/or transmission services to meet Warren RECC's projected power supply requirements on April 1, 2008. Power and energy shall be delivered to Warren RECC at delivery points which will be agreed upon by the Parties, after necessary transmission arrangements are finalized.

ARTICLE 4 - CONTINGENCIES

4.01 Approvals - All obligations of the Parties are subject to the receipt of all necessary regulatory and lender approvals for the transactions contemplated herein. The Parties agree to provide reasonable assistance and support to each other's efforts to obtain all such necessary approvals. The anticipated approvals, for each Party, which are required before EKPC can commit to arrangements for power supply to Warren RECC are as follows:

A. EKPC Approvals -

- 1) PSC approval of generation and/or transmission construction and/or power purchase contracts;
- 2) RUS/CFC approval of power supply arrangement, construction of necessary facilities, and/or any power purchase contracts.

B. Warren RECC Approvals -

- 1) RUS, CFC and CoBank approval of the power supply arrangement.

4.02 Rights of Termination - In the event that any required approval referenced in Section 4.01 is denied or has not been obtained by July 1, 2005, unless the requirement for the obtaining of such approval is waived by the mutual agreement of the Parties, then either Party may terminate this Agreement upon thirty (30) days written advance notice to the other Party. This date for obtaining these designated approvals shall not be extended as a result of events of force majeure affecting either party, and may only be extended by the express mutual agreement of the Parties. In the event of termination hereunder, the Parties agree to bear their own expenses relating to all activities in furtherance of this Agreement up to the time of such termination, and the Parties shall have no further liability or obligation to each other in regard to this Agreement following such termination.

ARTICLE 5 - WARRANTIES

5.01 Warren RECC Warranties - Warren RECC hereby represents and warrants to EKPC as follows:

- A. It is duly organized, validly existing and in good standing under the laws of the Commonwealth of Kentucky;

B. It has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement, except as otherwise identified hereinabove;

C. The execution, delivery and performance of this Agreement have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;

D. This Agreement, and each other document executed and delivered in accordance with this Agreement, constitutes its legally valid and binding obligation enforceable against it in accordance with its terms;

E. It is not insolvent or bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt;

F. There are not pending or, to its knowledge, threatened against it, any legal proceedings that could materially adversely affect its ability to perform its obligations under this Agreement

G. No Event of Default or Potential Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement.

5.02 EKPC Warranties - EKPC hereby represents and warrants to Warren RECC as follows:

A. It is duly organized, validly existing and in good standing under the laws of the Commonwealth of Kentucky;

B. It has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement, except as otherwise identified hereinabove;

C. The execution, delivery and performance of this Agreement have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;

D. This Agreement, and each other document executed and delivered in accordance with this Agreement, constitutes its legally valid and binding obligation enforceable against it in accordance with its terms;

E. It is not insolvent or bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt;

F. There are not pending or, to its knowledge, threatened against it, any legal proceedings that could materially adversely affect its ability to perform its obligations under this Agreement

G. No Event of Default or Potential Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement.

ARTICLE 6 - FORCE MAJEURE

6.01 Definition - "Force Majeure" as used herein shall mean a cause beyond the control of a Party, whether foreseen or unforeseen, which wholly or materially prevents the Party from performing any obligation under this Agreement, and which the Party claiming force majeure could not have prevented with the exercise of reasonable prudence. Examples (without limitations) of force majeure, but only if beyond the control of the Party, are the following: Acts of God; acts of the public enemy; insurrections; riots; terrorist incidents; strikes; labor disputes; shortage of supplies; fires; explosions; floods; breakdowns of or damage to plants, equipment or facilities; interruptions to or contingencies of transportation; embargoes; orders or acts of civil or military authority; failure of regulators or lenders to grant necessary approvals.

6.02 Excuse for Performance - If because of force majeure either Party is unable to carry out its obligations under this Agreement, and if such Party promptly gives the other Party hereto written notice of such force majeure, the obligations and liabilities of the Party giving such notices and the corresponding obligations of the other Party shall be suspended to the extent made necessary by and during the continuance of such force majeure, provided, however, that the disabling effects of such force majeure shall be mitigated, to the extent possible, and eliminated as soon as, and to the extent practicable, by the Party claiming force majeure.

ARTICLE 7 - INDEMNIFICATION

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

ARTICLE 8 - DEFAULT

8.01 Events of Default - Events of Default under this Agreement shall include:

A. The failure to make, when due, any payment required pursuant to this Agreement, if such failure is not remedied within three (3) Business Days after written notice;

B. A determination is made that any representation or warranty made by such Party herein is false or misleading in any material respect when made or when deemed made or repeated;

C. The failure to perform any material covenant or obligation set forth in this Agreement, if such failure is not remedied within three (3) Business Days after written notice;

D. The insolvency, bankruptcy of, or assignment for the benefit of creditors by, such Party.

8.02 Notice and Termination - Upon the occurrence of an Event of Default, the Non-defaulting Party shall have the right, upon written notice to the Defaulting Party, to immediately terminate this Agreement and to pursue any available legal or equitable remedies.

ARTICLE 9 - MISCELLANEOUS

9.01 Notices - All notices required or permitted to be given hereunder shall be in writing and shall be deemed properly given if mailed to the Chief Executive Officer of the proper Party, by certified or registered mail, return receipt requested, at the following addresses:

EKPC: 4775 Lexington Road
 P. O. Box 707
 Winchester, Kentucky 40392-0707

Warren RECC: 951 Fairview Avenue
 P.O. Box 1118
 Bowling Green, Kentucky 42102

9.02 Governing Law - The validity and interpretation of this Agreement shall be governed by the laws of the Commonwealth of Kentucky.

9.03 Entire Agreement - This Agreement represents the entire agreement of the Parties in regard to the subject matter contained herein and supercedes all prior agreements between the Parties in that regard. This Agreement may be modified only by the written agreement of both Parties. Captions on the sections of this Agreement are for convenience only and shall not be considered in construing the intent of the Parties.

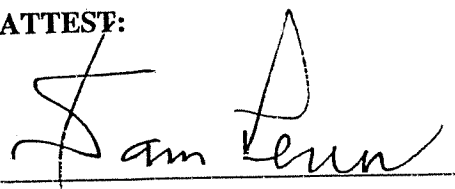
9.04 Waivers - No waiver of a breach of this Agreement shall be construed or held to be a waiver of subsequent or any other breaches. All remedies afforded under this Agreement shall be cumulative and in addition to every remedy provided by law.

9.05 Assignment - This Agreement may not be assigned or otherwise transferred by a Party without the prior written consent of the other Party, except that either Party may assign the Agreement to the RUS, or other lenders, pursuant to any mandatory provisions of the Party's Mortgage with RUS.

9.06 Non-Discrimination - This Agreement is subject to the provisions of Paragraphs 1 through 7 of Section 202, SubPart B, of Presidential Executive Order 11246, September 24, 1965, which is hereby incorporated by reference and made a part hereof.

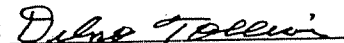
IN TESTIMONY WHEREOF, WITNESS the signatures of the undersigned, on the date first above written, in multiple originals, for and on behalf of said Parties and pursuant to duly authorized resolutions by their respective Boards of Directors.

ATTEST:



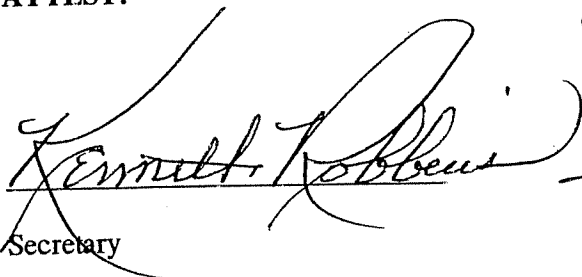
Secretary

East Kentucky Power Cooperative, Inc.

BY: 

Chairman of the Board

ATTEST:



Secretary

Warren Rural Electric Cooperative Corporation

BY: 

Chairman of the Board



SPECIAL MEMBERSHIP AGREEMENT

EXHIBIT 1

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**Exhibit 1A – Determination of the Cost to Serve Warren RECC
and Supplemental Compensation**

Exhibit 1B – Line Description for Table 1

Table 1 – Summary of EKPC Costs to Serve Warren RECC

SPECIAL MEMBERSHIP AGREEMENT

EXHIBIT 1 A

Determination of the Cost to Serve Warren RECC and Supplemental Compensation

EKPC will compute the cost to serve Warren RECC and the amount of Supplemental Compensation by following the sequential steps listed below:

BASE CASE

1. EKPC will complete a forecast of its loads, not including Warren RECC.
2. EKPC will develop power supply and transmission plans to serve the loads of EKPC's existing members, not including Warren RECC, (see Paragraph 1, above) reliably and at the lowest practical cost.
3. EKPC will complete a Financial Forecast based on the latest EKPC load forecast and power supply and transmission plans (See Paragraphs 1 and 2, above).
4. EKPC will complete a forecast of its Wholesale Power Rate Schedules based on its Financial Forecast (See Paragraph 3, above).
5. EKPC and Warren RECC will jointly complete a forecast of Warren RECC's loads.

INCREMENTAL COST OF POWER SUPPLY TO SERVE WARREN RECC

6. EKPC will develop power supply and transmission plans to serve the Warren RECC loads (See Paragraph 5, above.) reliably and at the lowest practical cost. If feasible, any benefit of the integration of the Warren RECC related power supply and transmission facilities with the EKPC power supply and transmission facilities will be recognized. Where appropriate, the cost estimates will all be based on the same data as was used in preparing the EKPC Financial Forecast (See Paragraph 3, above).
7. EKPC will complete a forecast of the cost to serve Warren RECC based on the power supply and transmission plans developed in Paragraph 6, above,

including an incremental amount for EKPC's additional administrative and general expenses.

8. EKPC currently plans to construct several tens of millions of dollars worth of high voltage transmission facilities specifically to connect the EKPC transmission system to Warren RECC load centers and estimates of related annual costs are included in the current forecast of the **cost to serve** Warren RECC (See Paragraph 7, above).

Certain of these facilities, designated the Barren County – Bowling Green 161 kV line and terminations, with an estimated construction cost of \$13,400,000 and whose annual costs are included in the total **cost to serve** Warren RECC, may be of use to EKPC in delivering power and energy to other transmission users. EKPC may use these facilities to deliver power and energy to other parties if, in the opinion of EKPC, the reliability of transmission service to Warren RECC will not be significantly jeopardized. If EKPC does use these facilities for that purpose, it will reduce the **cost to serve** Warren RECC by an amount equal to a portion of the expenses related to this facility. Such reduction will be calculated monthly and will be equal to: $((\text{Peak Load Delivered to Others During Current Month}) / (\text{Total Peak Line Loading During Month, including Warren RECC}))$ multiplied by (Associated EKPC Transmission Ownership Expenses During Month).

EKPC may also use additional high voltage transmission facilities constructed to connect the EKPC and Warren RECC systems, to deliver power and energy to other transmission users if EKPC and Warren RECC mutually agree that such use would not significantly jeopardize the reliability of transmission service to Warren RECC. If EKPC does use such additional high voltage transmission facilities for service to other transmission users, it will also reduce the **cost to serve** Warren RECC accordingly, as described in the preceding paragraph.

The calculation and amount of the cost reductions described in the two preceding paragraphs will be the same regardless of whether EKPC collects revenue in payment for delivery of power and energy to others connected to the subject transmission facilities, or has other contractual relationships with such other transmission users.

If additional transmission facilities must be constructed in the Warren RECC area by EKPC to serve other transmission users, the transmission **costs to serve** Warren RECC will not be increased unless mutually agreed upon by EKPC and Warren RECC.

9. EKPC is currently studying the need for and feasibility of a 161 kV transmission tie from Aberdeen to Big Rivers Electric Corporation's

(BREC) Wilson Plant. This tie will improve the reliability of service to Warren RECC, EKPC, and BREC. It also is potentially valuable to both EKPC and BREC by providing a transmission path for wholesale power marketing transactions between the two parties and/or with other utilities. If EKPC and BREC can justify this tie on its own merits, there will be no additional cost to Warren RECC for this added measure of reliability. However, if this tie does not prove to be feasible in the opinion of EKPC and/or BREC, it may be necessary for Warren RECC to pay for a portion of such line (by including a portion of the associated annual expenses in the calculation of the cost to serve Warren RECC) in order to justify its construction. EKPC will diligently and objectively pursue this project, and will make its final decision based on the best interests of EKPC and Warren RECC. Regulatory and lender approvals will also be required before these facilities can be constructed.

10. EKPC will estimate the revenue that it will receive from Warren RECC, based on Warren RECC's amount of load and its characteristics, and on the forecasted EKPC Rate Schedules (See Paragraph 4, above).

SUPPLEMENTAL COMPENSATION

11. EKPC will compare the revenue that it expects to receive from Warren RECC (See Paragraph 10, above) with the cost to serve Warren RECC (See Paragraph 7, above).
12. If EKPC's estimated cost to serve Warren RECC (See Paragraph 7, above) is greater than the expected revenue from Warren RECC (See Paragraph 10, above), Warren RECC will pay EKPC Supplemental Compensation equal to the difference between EKPC's estimated cost to serve Warren RECC and the expected revenue from Warren RECC, until the time that such expected costs and revenues are projected to equalize.
13. If the expected revenue from Warren RECC is equal to or greater than the estimated cost to serve Warren RECC, Warren RECC will pay standard EKPC rates for wholesale electric service.
14. The estimated amount of Supplemental Compensation, on an annual basis, will be computed at appropriate times between now and April 1, 2008. A final computation, based on load forecasts, calculation methodology and costs of power supply and transmission approved by the PSC, will be completed on or before April 1, 2008 for implementation on April 1, 2008. At that time, a PSC approved schedule of Supplemental Compensation amounts, on an annual basis, will be determined and will remain fixed for the duration of the Wholesale Power Contract.

15. Exhibit 1, Table 1 is an example, using methodology agreed to by the Parties, of the computation of the Supplemental Compensation, based on current load and cost estimates. The final computation will be based on actual and then-current estimated costs and load forecasts.
16. Warren RECC, at its option, may 1) pay the amount of Supplemental Compensation to EKPC as a one-time, up-front, lump-sum payment due on April 1, 2008 (such amount being equal to the sum of the present values of each of the annual amounts of Supplemental Compensation, discounted at an interest rate of 5% per year and based on payment due at first of each year), 2) pay the amount of Supplemental Compensation annually, beginning April 1, 2008, for the following year, and continuing for as long as Warren RECC must pay Supplemental Compensation to EKPC, or 3) commencing April 1, 2008, pay 1/12 of the amount due for the following twelve month period, with such monthly amount being adjusted each subsequent April 1 and equal to 1/12 of the total amount of Supplemental Compensation due for the next twelve month period following. Such monthly payments will continue for as long as Warren RECC must pay Supplemental Compensation to EKPC.
17. It is recognized by the Parties to this Agreement that the methodology, cost estimates, load forecasts, and power supply and transmission plans used in computing the final amount of Supplemental Compensation, as well as Warren RECC's treatment of the Supplemental Compensation for retail ratemaking purposes, are all subject to the review and final approval by the PSC, RUS, and CFC.
18. It may be that after the amount of Supplemental Compensation is determined (See Paragraph 14, above), EKPC will want to use some of the high voltage transmission facilities constructed to connect the EKPC transmission system to Warren load centers, and whose costs are included in the current forecast of the **cost to serve** Warren RECC, to deliver power and energy to other parties. If so, then the procedures spelled out in Paragraph 8. above will be followed and, subject to any necessary regulatory and/or lender approvals, the amount of Supplemental Compensation will be adjusted accordingly. In no case, however, will the amount of Supplemental Compensation, on an annual basis, become a negative amount.

AMORTIZATION OF SUPPLEMENTAL COMPENSATION.

19. The Supplemental Compensation is the incremental cost to Warren RECC, above EKPC embedded rates, for EKPC to develop a long-term (33 year) power supply arrangement required to serve Warren RECC. The generation and transmission facilities that EKPC must construct to serve

Warren RECC have an estimated useful life of approximately 32 years. Because the expected life of the facilities and the term of the Wholesale Power Contract coincide, Warren plans to amortize, subject to regulatory and lender approval, the cost of the Supplemental Compensation over the life of the contract on a straight-line basis.

SPECIAL MEMBERSHIP AGREEMENT

EXHIBIT 1 B

Line Description for Table 1

<u>Line No.</u>	<u>Description/Discussion</u>
10	Peak demand at EKPC generator buses. Based on load estimates provided by Warren RECC for 161 kV delivery divided by 0.98 (assumed 2% generation loss to 161 kV bus).
11	Peak demand coincidental with EKPC's peak demand. This value is used in determining the amount of incremental generation required to serve Warren RECC's peak loads.
12	Energy that must be produced to serve Warren RECC's loads. Based on load estimates provided by Warren RECC for 161 kV delivery divided by 0.98 (assumed 2% of generation loss to 161 kV bus).
13	Non-coincidental peak demand at low side of Warren RECC's distribution substation transformers. This is equal to 96.5 % of peak demand at EKPC's generator buses. Warren RECC will be billed based on demand coincident with EKPC's peak demand and will be metered at low side of its distribution substations.
14	Energy at low side of Warren RECC's distribution substation transformers. This is equal to 96.5 % of energy produced at EKPC's generator buses. Warren RECC will be billed based on energy metered at low side of its distribution substations.
16	Current estimate of EKPC's costs to supply Warren RECC with the capacity and energy shown on Lines 11 and 12. This includes generating resources (peaking, intermediate, and base load, including reserves), generation related transmission (required interconnection and system upgrade facilities), administrative and general expenses, fixed and variable operation and maintenance expenses, fixed charges (interest, depreciation, property taxes and insurance, and an amount required for TIER), fuel expenses, KU/LGEE wheeling, and any other expenses required for power supply.
18	Expenses related to the 161 kV transmission facilities required to connect the existing EKPC transmission system to Warren RECC's 161 kV load centers.
20	The sum of Lines 16 and 18. This is EKPC's total cost to serve Warren RECC.

- 23 The estimated revenue that EKPC will collect from Warren RECC based on Warren RECC's load characteristics and the wholesale power rates that EKPC expects to have in place beginning April 1, 2008 and as adjusted in the future. This is based on data from billing metering located on the low voltage side of Warren RECC's distribution substations. These figures are based on EKPC rate estimates developed from EKPC's current financial forecast. The cost estimates which form the basis of the forecast are, in general, based on the same cost data as used in determining the cost to serve Warren RECC (Line 20).
- 25 Line 20 minus Line 23 (positive values only). This represents the amount of Supplemental Compensation that Warren RECC will be required to pay in addition to the amount computed based on EKPC's wholesale power rates (Base Rates). The Base Rates will be the same for ALL EKPC's members. The first number shown here is the arithmetic sum of all the annual amounts and equals the total Supplemental Compensation that will be due EKPC from Warren RECC.
- 26 The Net Present Value (NPV) shown here is the lump-sum up-front amount that Warren RECC may pay EKPC on April 1, 2008 in lieu of paying EKPC the annual amounts shown on Line 25.
- 27 Line 23 plus Line 25, Warren RECC's total power bill. This results in EKPC collecting revenue equal to its cost to serve Warren RECC (Line 20).
- 30 Warren RECC's estimated expenses related to its transmission facilities existing April 1, 2008. This consists of three 161 kV substations and approximately 200 miles of 69 kV lines. This does not include Warren RECC's 69 kV distribution Substations. This is included here in order to illustrate the methodology only.
- 31 Warren RECC's estimated expenses related to its transmission facilities added after April 1, 2008. This does not include Warren RECC's 69 kV distribution Substations added after that date. This is included here in order to illustrate the methodology only.
- 33 Sum of Lines 30 and 31.
- 35 Amount of credit that EKPC will give Warren RECC on its power bill for its transmission ownership (high voltage delivery). The credit includes Line 31 for all years since EKPC Base Rates are assumed to include adequate revenue to cover facilities required for load growth. However, Line 30 is not a credit to Warren RECC in years when the Supplemental Compensation (Line 25) is a positive number since including a credit for existing transmission facilities would also increase the Supplemental Compensation (Line 25) by a like amount.
- 37 Line 27 minus Line 35.

- 42 This represents the amortization of the arithmetic sum of all the annual amounts of Supplemental Compensation from Line 25. The annual amounts shown on Line 42 are each equal to 1/33 of the arithmetic sum and is the amount Warren RECC will expense each year.
- 43 Equal to Line 30 during years Warren RECC pays EKPC Supplemental Compensation (Line 25). Otherwise, this line is equal to zero (EKPC credits Warren RECC for all transmission costs after Warren RECC no longer pays EKPC Supplemental Compensation).
- 44 Equal to Line 23.
- 46 Sum of Lines 42, 43, and 44. This is the amount that Warren RECC plans to collect from its retail member-customers for power supply.



SPECIAL MEMBERSHIP AGREEMENT

EXHIBIT 2

**East Kentucky Power Cooperative
(EKPC)**

Transmission System Planning Criteria

September 8, 1998

Section 1

Overview and General Discussion

The primary purpose of East Kentucky Power Cooperative's (EKPC's) transmission system is to reliably transmit electrical energy from its available generating resources to customers served by its transmission system. Interconnections have been constructed in the past with other utilities, to increase the reliability of the EKPC transmission system, and to provide EKPC customers access to other economic and/or emergency generating resources.

EKPC subscribes to and designs its transmission to conform to the fundamental characteristics of a reliable interconnected bulk electric system recommended by the North American Electric Reliability Council (NERC). Additionally, EKPC is a member of the East Central Area Reliability Coordination Agreement (ECAR) and subscribes to and designs its transmission system to comply with the reliability principles and responsibilities set forth in ECAR Documents.

The Federal Energy Regulatory Commission (FERC) requires all public utilities that own, operate, or control facilities used for transmitting electric energy in interstate commerce to have on file open access non-discriminatory transmission tariffs. EKPC has these tariffs on file to provide firm and non-firm point-to-point transmission service for other entities, as well as firm network service.

The American National Standards Institute (ANSI), The Institute of Electrical and Electronic Engineers, Inc (IEEE), and The Rural Utilities Services (RUS) all publish standards for power system equipment design and application. EKPC incorporates these standards in the design and application of equipment utilized on its transmission system.

The NERC and ECAR standards previously referred to above are discussed in Section 2. The EKPC Planning Criteria is presented in Section 3.

Section 2

NERC and ECAR Planning Standards

NERC in its planning standards report states the fundamental requirements for planning reliable interconnected bulk electric systems and the required actions or system performance necessary to comply. The Regions, sub regions, power pools, and their members have the responsibility to develop their own appropriate planning criteria and/or guides that are based on the NERC Planning Standards.

EKPC is a member of ECAR. ECAR has developed Document 1 entitled, "Reliability Criteria for Evaluation and Simulated Testing of the Bulk Systems", in compliance with the NERC Planning Standards report. ECAR Document 1 contains the standards that transmission providers are expected to adhere to in their simulated testing and system performance evaluations. EKPC has developed and adopted planning criteria and guides that meet or exceed ECAR Document 1 standards and requirements.

Section 3

EKPC Transmission System Planning Criteria

3.1 Overview

In general, EKPC's transmission system is planned to withstand forced outages of generators and transmission facilities, individually and combined. Table 1 describes the contingencies and measurements EKPC utilizes in testing and assessing the performance of its transmission system

For all testing conditions, stability of the network should be maintained, and cascading outages should not occur. Specific modeling considerations are considered as part of the testing conditions, which are discussed in Section 3.1.

Table 1: Transmission Planning Contingencies and Measurements

Contingencies ¹	Max. Facility Ratings	Min. Volt Level (P.U.) ²	Max. Volt Level ³ (P.U.)	Curtail Demand and/or Transfers
None(Base Case)	Tables 2,3	0.955	1.050	no
Extreme load due to unusual weather. ⁴	Tables 2,3	0.940	1.050	no
Outage of a generator, transmission circuit, or transformer. ⁵	Tables 2,3	0.925	1.050	no
Outage of two(2) generators.	Tables 2,3	0.925	1.050	no
Outage of a generator and a transmission circuit or transformer.	Tables 2,3	0.925	1.050	no
Outage of a bus section or a circuit breaker. ⁶	Tables 2,3	0.925	1.050	yes
Outage of two(2) transmission circuits.	Tables 2,3	0.925	1.050	yes
Outage of a transmission circuit and a transformer.	Tables 2,3	0.925	1.050	yes
Outage of two(2) transformers.	Tables 2,3	0.925	1.050	yes
Outage of a double circuit tower line. ⁷	Tables 2,3	0.925	1.050	yes
Outage of a generator, transmission circuit, transformer, or bus section. ⁸	Tables 2,3	0.925	1.050	yes

¹ All contingencies(except as noted) are single line to ground or 3-phase faults with normal clearing. For all testing conditions, network stability should be maintained and cascading should not occur.

² Measured at the unregulated low side distribution transformer bus.

³ For peak load conditions. Maximum off-peak voltage level at unregulated low side distribution transformer bus = 1.085 P.U.

⁴ Based on a 10% probability load forecast. Fault conditions do not apply.

⁵ Includes outages which do not result from a fault.

⁶ Single line to ground with normal clearing.

⁷ Non 3-phase, with normal clearing.

⁸ Single line to ground, with delayed clearing.

**Table 2: EKPC Typical Line Ratings⁹
(Maximum Conductor Operating Temperatures)**

Line Type	Thermal Capability(MVA)	
	Normal / Contingency¹⁰	
	176 / 212°F Operation	
	Winter	Summer
69 kV 1/0 ACSR6x1	37 / 40	27 / 32
69 kV 2/0 ACSR 6x1	43 / 46	31 / 37
69 kV 3/0 ACSR 6x1	54 / 59	39 / 47
69 kV 195.7 ACAR	58 / 64	42 / 51
69 kV 4/0 ACSR 6x1	62 / 68	45 / 55
69 kV 266.8 ACSR 26x7	78 / 87	57 / 69
69 kV 556.5 ACSR TW 26x7	121 / 135	88 / 108
69 kV 556.5 ACSR 26x7	125 / 139	90 / 111
69 kV 795 ACSR 26x7	157 / 175	113 / 140
138 kV 556.5 ACSR TW 26x7	242 / 270	176 / 216
138 kV 556.5 ACSR 26x7	250 / 278	181 / 222
138 kV 636 ACSR 26x7	273 / 303	197 / 242
138 kV 795 ACSR 26x7	315 / 351	227 / 280
138 kV 954 ACSR 54x7	349 / 389	251 / 311
161 kV 636 ACSR 26x7	318 / 354	230 / 283
161 kV 795 ACSR 26x7	367 / 409	265 / 327
161 kV 954 ACSR 54x7	407 / 454	293 / 363
345 kV 2-954 ACSR 54x7	1746 / 1947	1257 / 1554

⁹ Line rating may be limited by terminal facilities or by maximum existing conductor operating temperature.

¹⁰ Normal ratings apply only to base case conditions. Contingency ratings apply to contingency conditions.

Table 3: EKPC Transformer Ratings(Maximum)¹¹

	Rated kV			MVA Rating ¹²			
	High	Low	Rated	Summer(95F)		Winter(32F)	
	Side	Side		Norm	Emer	Norm	Emer
55C Rise							
OA	161	138	75	71	107	100	135
	161, 138	69	75	71	107	100	135
	161	69	60	57	86	80	108
	161, 138	69	50	47	71	67	90
	138	69	49.5	47	71	66	89
	138	69	45	43	64	60	81
	161	69	35	33	50	47	63
	161	69	26.8	25	38	36	48
	138	69	25.5	24	36	34	46
OA/FA/FA							
OA/FOA/FOA	138	69	82.5	78	111	107	136
65C Rise							
OA	345	138	270	257	367	340	475
	345	138	180	171	245	227	317
	161	138	90	86	122	113	158
	161, 138	69	90	86	122	113	158
	161, 138	69	60	57	82	76	106
OA/FA/FA	345	138	450	434	581	536	662
OA/FOA/FOA	345	138	300	290	387	357	441
	161	138	150	145	194	179	221
	161, 138	69	150	145	194	179	221
	161	138	140	135	181	167	206
	161, 138	69	140	135	181	167	206
	161, 138	69	100	97	129	119	147
	161, 138	69	93.3	90	120	111	137
	138	69	84	81	108	100	123
	161, 138	69	65.4	63	84	78	96
	138	69	65.3	63	84	77	96
	161	69	50	48	65	60	74
	138	69	47.6	46	61	57	70

¹¹ Transformer rating may be limited by terminal facilities.

¹² Normal ratings apply only to base case conditions. Contingency ratings apply to contingency conditions.

3.1 Plant Voltage Schedules

For major power plants, the voltage level at the high side of the generator step up transformer(GSU) should be maintainable with normal generation and normal transmission system conditions as follows:

<u>Plant Name</u>	<u>GSU High Side Bus Name and (kV)</u>	<u>Scheduled Voltage (kV)</u>	<u>Scheduled Voltage (Per Unit)</u>
H. L. Spurlock	Spurlock 345	355	1.029
H. L. Spurlock	Spurlock 138	142	1.029
J. S. Cooper	Cooper 161	166	1.031
W. C. Dale	Dale 138	142	1.029
W. C. Dale	Dale 69	72	1.043
J. K. Smith	J. K. Smith 138	142	1.029

3.2 Modeling Considerations

Replacement generation required to offset generating unit outages should be simulated first from all available internal resources. If internal resources are not available or are exhausted, then replacement generation should be simulated from the most restrictive of interconnected companies (AEP, CINergy, LGEE, or TVA).

A single outage may include multiple transmission components in the common zone of relay protection.

Post-fault conditions and conditions after load restoration should be evaluated. Post-contingency operator initiated actions to restore load service must be simulated. Load that is off-line as a result of the contingency being evaluated may be switched to alternate sources during the restoration process, however, load should not be taken off-line to perform switching.

Transmission capacitor status (on/off) should be simulated consistent with existing automatic voltage control (on/off) settings and operating practice during normal transmission system conditions. Manual on-line switching of capacitors during normal conditions can be simulated provided it is consistent with existing operational practice, however, manual switching should not be simulated following a contingency to eliminate low voltage conditions.

The following operational procedures should be avoided:

- 1) Seasonal adjustment(s) of fixed taps on transmission transformers to control voltage(s) within acceptable ranges.
- 2) Switching HV and EHV system facilities out of service to reduce off-peak voltage(s).

3.3 Reliability Criteria

Customer Interruptions - Customer interruptions may occur due to an outage of a subtransmission circuit or a distribution substation transformer. To minimize the time and number of customers affected by a single contingency outage, the following criteria should be applied:

- (a) Spare Distribution Transformer - To provide for the failure of the distribution substation transformer, a spare transformer should be maintained and available for installation at the affected substation within 10 hours.
- (b) Distribution Substation Supply - Transmission radial supply to a distribution substation is acceptable provided that the tap "load-exposure" index, TE, does not exceed 100 MW-miles. When this index is exceeded, multiple source supply should be provided to reduce this index below 100 MW-miles.
- (c) Subtransmission Circuit - The circuit "load-exposure" index, CE, should not exceed 2400 MW-miles.

3.4 Load Level

Future transmission facility requirements should be determined using power flow base cases which model coincident individual substation peak demands (summer and winter) forecasted on a normal weather basis. Future transmission facility requirements should also be determined using summer and winter load flow base cases simulating a 10% probability severe weather load forecast. A severe weather load flow case will be considered in itself as an abnormal system planning condition.



SPECIAL MEMBERSHIP AGREEMENT

EXHIBIT 3

EKPC – WARREN RECC Transmission Ownership Principles

TRANSMISSION FACILITIES

1. Warren RECC, at its cost, will upgrade and/or add new transmission facilities as required so that the Warren RECC system will meet EKPC's transmission planning criteria on April 1, 2008. Preliminary studies indicate that the required facilities are as follows:
 - a. A new transmission substation at Meredith
 - b. A new 69 kV capacitor bank at Franklin
 - c. 111.23 miles of 69 kV Transmission Line High Temperature Upgrades
2. Beginning with execution of EKPC's Wholesale Power Contract all Warren RECC transmission system improvements and additions thereafter shall be as mutually agreed upon by Warren RECC and EKPC.
3. Warren RECC will retain ownership of all its transmission facilities existing on April 1, 2008 and operate and maintain them. This includes 161 kV lines, 161 kV/69 kV substations and transformers, 138 kV/69 kV substations and transformers, 69 kV lines, 69 kV capacitors, and 69 kV switching stations.
4. Warren RECC will construct, own, maintain and operate all transmission system improvements and additions required in its electric service area after April 1, 2008 unless otherwise changed by mutual agreement.
5. Beginning April 1, 2008, EKPC will reimburse Warren RECC monthly for its cost of all transmission system improvements and additions required in its electric service area after April 1, 2008.
6. Beginning with the first year that Warren RECC no longer pays EKPC "Supplemental Compensation" (see "Special Membership Agreement"), EKPC will also reimburse Warren RECC monthly for its cost of all transmission facilities existing April 1, 2008.
7. Transmission related costs will be calculated in accordance with Paragraphs 9 and 10 below and will be reviewed annually.

8. If Warren RECC desires at some future date, EKPC will take ownership of and be responsible for operation and maintenance of all existing Warren RECC transmission lines and substations and assume debt equal to net plant of pertinent facilities. In that event, EKPC would also be responsible for constructing, owning, and maintaining all additional transmission facilities required to serve Warren RECC. If EKPC takes ownership of transmission facilities existing April 1, 2008, prior to the time that Warren RECC is no longer paying EKPC "Supplemental Compensation," the related costs will then be added to EKPC's cost to serve Warren RECC and the "Supplemental Compensation" will be increased accordingly.

DETERMINATION OF WARREN RECC'S OWNERSHIP COSTS

9. Using industry accepted accounting procedures, Warren RECC will determine its costs related to its owned transmission facilities described above.
10. Cost components which relate to the specific transmission facilities described above will include:
 - a) Interest payments related to loans taken for the transmission facilities.
 - b) Depreciation rates according to Warren RECC's latest depreciation study or other RUS approved schedule relating to transmission facilities.
 - c) Property taxes paid and allocated to transmission facilities.
 - d) Property and liability insurance allocated to transmission facilities.
 - e) Actual administrative and general costs related to transmission facilities.
 - f) Return or margin required to maintain RUS prescribed TIER
 - g) Actual operations and maintenance expenses experienced and/or allocated to transmission facilities.
 - h) Expenses will be allocated in proportion to base ratings of 161-69-13 kV substations where applicable.

METERING FACILITIES

11. Beginning April 1, 2008 EKPC will be responsible for installing, owning, and maintaining all interconnection metering with other utilities in the Warren RECC service area.
12. Beginning April 1, 2008, EKPC will purchase, at net book value, Warren RECC's existing distribution substation low voltage metering, including potential transformers and current transformers, and will utilize such metering to determine Warren RECC's capacity and energy purchases from EKPC. EKPC will be responsible for installation of new metering as required, and maintenance and certified testing of all its metering

equipment. EKPC will read the meters and compute Warren RECC's contribution to EKPC's coincidental peak demand. Warren RECC will be required to pay the "metering charge" portion of EKPC's rate. EKPC will provide pulses for Warren RECC's supervisory control and data acquisition system. EKPC will also provide access to and use of CT and PT metering circuits to Warren RECC for Warren RECC's use as well as metering data required by Warren RECC for load studies.

DISTRIBUTION SUBSTATION FACILITIES

13. Warren RECC will retain ownership of all its distribution substations existing on April 1, 2008 and operate and maintain them.
14. Warren RECC will construct, own, maintain, and operate all distribution substation improvements and additions in its electric service area after April 1, 2008.
15. EKPC will reimburse Warren RECC for its cost of distribution substation facilities ownership, i.e., fixed charges, operation, and maintenance costs, beginning April 1, 2008 by virtue of NOT collecting its "Base Rate Delivery Point Charge" from Warren RECC.
16. If Warren RECC desires at some future date, EKPC will take ownership of and be responsible for operation and maintain of all existing Warren RECC distribution substations and assume debt equal to net plant of pertinent facilities. In that event, EKPC would also be responsible for constructing, owning, and maintaining all additional distribution substations required to serve Warren RECC. In return, Warren RECC will pay the EKPC "Base Rate Delivery Point Charge."

If Warren RECC desires to exercise this option, it must sell 100 percent of its then existing distribution substations to EKPC.



EXHIBIT 16

WHOLESALE POWER CONTRACT

EAST KENTUCKY POWER COOPERATIVE, INC.

AND

**WARREN RURAL ELECTRIC
COOPERATIVE CORPORATION**

WHOLESALE POWER CONTRACT,

AMENDMENT 1,

SUPPLEMENT 1,

SUPPLEMENT 2, and

MEMORANDUM OF AGREEMENT

May 27, 2004

WHOLESALE POWER CONTRACT

AGREEMENT made as of May 27, 2004 between EAST KENTUCKY POWER COOPERATIVE, INC. (hereinafter called the "Seller"), a corporation organized and existing under the laws of the State of Kentucky and WARREN RURAL ELECTRIC COOPERATIVE CORPORATION (hereinafter called the "Member"), a corporation organized and existing under the laws of the State of Kentucky.

WHEREAS, the Seller proposes to construct an electric generating plant or transmission system or both, and may purchase or otherwise obtain electric power and energy for the purpose, among others, of supplying electric power and energy to borrowers from the Rural Utilities Service which are or may become members of the Seller; and

WHEREAS, the Seller has heretofore entered into or is about to enter into agreements for the sale of electric power and energy similar in form to this agreement with all of the borrowers which are members of the Seller, and may enter into similar contracts with other such borrowers who may become members, and

WHEREAS, the Member desires to purchase electric power and energy from the Seller on the terms and conditions herein set forth;

WHEREAS, the Member desires to purchase electric power and energy from the Seller on the terms and conditions herein set forth;

NOW, THEREFORE, in consideration of the mutual undertakings herein contained the parties hereto agree as follows:

1. General - The Seller shall sell and deliver to the Member and the Member shall purchase and receive from the Seller all electric power and energy which the Member

shall require for the operation of the Member’s system to the extent that the Seller shall have such power and energy and facilities available; provided, however, that the Member shall have the right to continue to purchase electric power and energy under any existing contract or contracts with a supplier other than the Seller during the remainder of the term thereof. The Member shall terminate, if the Seller shall, with the approval or at the direction of the Administrator of the Rural Utilities Service (hereinafter called the “Administrator”), so request, any such existing contract or contracts with a supplier other than the Seller at such times as it may legally do so, provided the Seller shall have sufficient electric power and energy and facilities available for the Member.

2. Electric Characteristics and Delivery Point(s) – Electric power and energy to be furnished hereunder shall be alternating current, three-phase, four-wire, sixty cycle. The Seller shall make and pay for all final connections between the systems of the Seller and the Member at the point(s) of delivery. The point(s) of delivery, delivery voltage and initial capacity shall be:

East Bowling Green	161 kV	300 MVA
Memphis Junction	161 kV	300 MVA
Aberdeen	161 kV	100 MVA
Rosine	69 kV	10 MVA
Caneyville	69 kV	13 MVA
Leitchfield	69 kV	N/A
City of Franklin	69 kV	N/A

and such other point or points as may be agreed upon by the Seller and the Member.

3. Substation - The Seller shall install, own, and maintain the necessary substation equipment at the point(s) of connection. The Member shall own and maintain

switching and protective equipment which may be reasonably necessary to enable the Member to take and use the electric power and energy hereunder and to protect the system of the Seller. Meters and metering equipment shall be furnished, maintained and read by the Seller and shall be located at the point of delivery on the low voltage side of such transforming equipment.

4. Rate - (a) The Member shall pay the Seller for all electric power and energy furnished hereunder at the rates and on the terms and conditions set forth in Rate Schedule A, attached hereto and made a part hereof, and shall pay to Seller Supplemental Compensation as determined pursuant to the terms of Member's Special Membership Agreement with Seller, dated May 27, 2004.

(b) The Board of Directors of the Seller at such intervals as it shall deem appropriate, but in any event not less frequently than once in each calendar year, shall review the rate for electric power and energy furnished hereunder and under similar agreements with other Members and, if necessary shall revise such rate so that it shall produce revenues which shall be sufficient, but only sufficient, with the revenues of the Seller from all other sources, to meet the cost of the operation and maintenance (including without limitation, replacements, insurance, taxes and administrative and general overhead expenses) of the generating plant, transmission system and related facilities of the Seller, the cost of any power and energy purchased for resale hereunder by the Seller, the cost of transmission service, make payments on account of principal of and interest on all indebtedness of the Seller, and to provide for the establishment and maintenance of reasonable reserves. The Seller shall cause a notice in writing to be given to the Member and other members of the Seller and the Administrator which shall set out

all the proposed revisions of the rate with the effective date thereof, which shall be not less than thirty (30) nor more than forty-five (45) days after the date of the notice, and shall set forth the basis upon which the rate is proposed to be adjusted and established. The Member agrees that the rate from time to time established by the Board of Directors of the Seller shall be deemed to be substituted for the rate herein provided and agrees to pay for electric power and energy furnished by the Seller to it hereunder after the effective date of any such revisions at such revised rates; provided, however, that no such revision shall be effective unless approved in writing by the Administrator.

5. Meter Readings and Payment of Bills – The Seller shall read meters monthly. Electric power and energy furnished hereunder shall be paid for at the office of the Seller in Winchester, Kentucky monthly within fifteen (15) days after the bill therefore is mailed to the Member. If the Member shall fail to pay any such bill within such fifteen-day period, the Seller may discontinue delivery of electric power and energy hereunder upon fifteen (15) days' written notice to the Member of its intention so to do.

6. Meter Testing and Billing Adjustment – The Seller shall test and calibrate meters by comparison with accurate standards at intervals of twelve (12) months. The Seller shall also make special meter tests at any time at the Member's request. The costs of all tests shall be borne by the Seller, provided, however, that if any special meter test made at the Member's request shall disclose that the meters are recording accurately, the Member shall reimburse the Seller for the cost of such test. Meters registering not more than two percent (2%) above or below normal shall be deemed to be accurate. The readings of any meter which shall have been disclosed by test to be inaccurate shall be corrected for the ninety (90) days previously to such test in accordance with the

percentage of inaccuracy found by such test. If any meter shall fail to register for any period the Member and the Seller shall agree as to the amount of energy furnished during such period and the Seller shall render a bill therefor.

7. Notice of Meter Reading or Test – The Seller shall notify the Member in advance of the time of any meter reading or test so that the Member’s representative may be present at such meter reading or test.

8. Right of Access – Duly authorized representatives of either party hereto shall be permitted to enter the premises of the other party hereto at all reasonable times in order to carry out the provisions hereof.

9. Continuity of Service – The Seller shall use reasonable diligence to provide a constant and uninterrupted supply of electric power and energy hereunder. If the supply of electric power and energy shall fail or be interrupted, or become defective through act of God or of the public enemy, or because of accident, labor troubles, or any other cause beyond the control of the Seller, the Seller shall not be liable therefor or for damages caused thereby.

10. Term – This Agreement shall become effective only upon approval in writing by the Administrator and shall remain in effect until January 1, 2041, and thereafter until terminated by either party’s giving to the other not less than six months’ written notice of its intention to terminate. Subject to the provisions of Section 1 hereof, service hereunder and the obligation of the Member to pay therefore shall commence upon completion of the facilities necessary to provide service.

Executed the day and year first above mentioned.

EAST KENTUCKY POWER
COOPERATIVE, INC

SELLER

By Dilno Tollar

Chairman of the Board

ATTEST:
Sam Linn
SECRETARY

WARREN RURAL ELECTRIC
COOPERATIVE CORPORATION

MEMBER

By J. A. Hamo

Chairman of the Board

ATTEST:
Kenneth Robbins
SECRETARY

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WHOLESALE POWER CONTRACT
RATE SCHEDULE A

P.S.C. KY NO. 28

CANCELS P.S.C. KY NO. 27

EAST KENTUCKY POWER COOPERATIVE, INC.

OF

WINCHESTER, KENTUCKY

RATES, RULES, AND REGULATIONS FOR FURNISHING

WHOLESALE POWER SERVICE

AT

VARIOUS LOCATIONS TO

RURAL ELECTRIC COOPERATIVE MEMBERS

THROUGHOUT KENTUCKY

FILED WITH THE PUBLIC SERVICE COMMISSION
OF KENTUCKY

ISSUED MAY 8, 2003

EFFECTIVE FOR SERVICE RENDERED
ON AND AFTER MAY 1, 2003

ISSUED BY EAST KENTUCKY POWER COOPERATIVE, INC.

BY _____

Roy M. Palk
President and Chief Executive Officer

EAST KENTUCKY POWER COOPERATIVE, INC.

Wholesale Power Rate Schedule

Applicability

Applicable to all sections of this rate schedule and this rate schedule shall apply to each East Kentucky Power Cooperative, Inc. (hereinafter referred to as "EKPC" or the "Cooperative") load center separately.

Load Center Charges - Monthly

A. Metering Point Charge

1. Applicable to each metering point and to each substation
2. Charge: \$125.00

B. Substation Charge

1. Applicable to each substation based on its size:
2. Charges:

1,000 - 2,999 kVa substation	\$ 944.00
3,000 - 7,499 kVa substation	\$2,373.00
7,500 - 14,999 kVa substation	\$2,855.00
15,000 and over kVa substation	\$4,605.00

Minimum Monthly Charge

The minimum monthly charge shall be equal to the Load Center Charges plus the minimum monthly charges for Section B and Section C. Load Center Charges cover metering point and substation charge.

DATE OF ISSUE May 8, 2003 DATE EFFECTIVE: Service rendered on and after May 1, 2003

ISSUED BY _____ TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in
Case No. 2002-00432 Dated April 23, 2003

EAST KENTUCKY POWER COOPERATIVE, INC.

Fuel Adjustment

1. The fuel clause shall provide for periodic adjustment per kWh of sales when the unit cost of fuel [F(m) / S(m)] is above or below the base unit cost of \$0.01560 per kWh [F(b) / S(b)]. The current monthly charges shall be increased or decreased by the product of the kWh furnished during the current month and the fuel adjustment rate for the preceding month where the fuel adjustment rate is defined below:

$$\text{Fuel Adjustment Rate} = \frac{F(m)}{S(m)} - \frac{F(b)}{S(b)}$$

Where F is the expense of fossil fuel in the base (b) and current (m) periods; and S is sales in the base (b) and current (m) periods, all defined below:

2. Fuel cost (F) shall be the most recent actual monthly cost of:
 - (a) Fossil fuel consumed in the utility's own plants, and the utility's share of fossil and nuclear fuel consumed in jointly owned or leased plants, plus the cost of fuel which would have been used in plants suffering forced generation and/or transmission outages, but less the cost of fuel related to substitute generation, plus
 - (b) The actual identifiable fossil and nuclear fuel costs associated with energy purchased for reasons other than identified in paragraph (c) below, but excluding the cost of fuel related to purchases to substitute the forced outages, plus
 - (c) The net energy cost of energy purchases, exclusive of capacity or demand charges (irrespective of the designation assigned to such transaction) when such energy is purchased on an economic dispatch basis. Included therein may be such costs as the charges for economy energy purchases and the charges as a result of scheduled outages, also such kinds of energy being purchased by the buyer to substitute for its own higher cost energy; and less

DATE OF ISSUE May 8, 2003 DATE EFFECTIVE: Service rendered on and after May 1, 2003

ISSUED BY _____ TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in
Case No. 2002-00432 Dated April 23, 2003

EAST KENTUCKY POWER COOPERATIVE, INC.

Fuel Adjustment (con't.)

- (d) The cost of fossil fuel recovered through inter-system sales including the fuel costs related to economy energy sales and other energy sold on an economic dispatch basis.
- (e) All fuel costs shall be based on weighted average inventory costing.
- 3. Forced outages are all non-scheduled losses of generation or transmission which require (purchase of) substitute power for a continuous period in excess of six (6) hours. Where forced outages are not as a result of faulty equipment, faulty manufacture, faulty design, faulty installations, faulty operation, or faulty maintenance, but are Acts of God, riot, insurrection or acts of public enemy, the utility may, upon proper showing, with the approval of the Commission, include the fuel cost of substitute energy in the adjustment.
- 4. Sales (S) shall be kWh sold, excluding inter-system sales. Where for any reason, billed system sales cannot be coordinated with fuel costs for the billing period, sales may be equated to the sum of (i) generation, (ii) purchases, (iii) interchange in, less (iv) energy associated with pumped storage operations, less (v) inter-system sales referred to in subsection (2)(d) above, less (vi) total system losses. Utility-used energy shall not be excluded in the determination of sales (S).
- 5. The cost of fossil fuel shall include no items other than the invoice price of fuel less any cash or other discounts. The invoice price of fuel includes the cost of the fuel itself and necessary charges for transportation of the fuel from the point of acquisition to the unloading point, as listed in Account 151 of the FERC Uniform System of Accounts for Public Utilities and Licenses.

DATE OF ISSUE May 8, 2003 DATE EFFECTIVE: Service rendered on and after May 1, 2003

ISSUED BY _____ TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in
Case No. 2002-00432 Dated April 23, 2003

EAST KENTUCKY POWER COOPERATIVE, INC.

Power Factor Adjustment

The member cooperative agrees to maintain a unity power factor as nearly as practicable at each load center at the time of the monthly peak demand for the load center. When the power factor is determined to be less than 90%, the monthly billing demand at the load center will be adjusted by multiplying the actual monthly billing demand by 90% and dividing this product by the actual power factor at the time of the monthly peak demand for the load center. For new load centers, the power factor penalty will not be applicable for the month of energization or the succeeding six (6) months. The demand rate applicable for power factor penalty billing is the lowest firm demand rate in Section A, B, C, E, or G.

Energy Curtailment and Outage Restoration Priorities

These tariffs are subject to the Energy Curtailment and Outage Restoration Priorities provisions of Administrative Case No. 353 of the Kentucky Public Service Commission. East Kentucky Power Cooperative's energy curtailment and restoration procedures are contained in Appendix I to these tariffs title Emergency Electric Procedures, East Kentucky Power Cooperative, Inc.; prepared April 1, 1994; revised February 17, 1995.

East Kentucky Power Cooperative will adhere to the curtailment of service requirements as set forth below and contained in Kentucky Revised Statutes (KRS) Section 278.214.

Curtailment of service by utility or generation and transmission cooperative. When a utility or generation and transmission cooperative engaged in the transmission of electricity experiences on its transmission facilities an emergency or other event that necessitates a curtailment or interruption of service, the utility or generation and transmission cooperative shall not curtail or interrupt retail electric service within its certified territory, or curtail or interrupt wholesale electric energy furnished to a member distribution cooperative for retail electric service within the cooperative's certified territory, except for customers who have agreed to receive interruptible service, until after service has been interrupted to all other customers whose interruption may relieve the emergency or other event.

DATE OF ISSUE May 8, 2003 DATE EFFECTIVE: Service rendered on and after May 1, 2003

ISSUED BY _____ TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in
Case No. 2002-00432 Dated April 23, 2003

EAST KENTUCKY POWER COOPERATIVE, INC.

Section A

Availability

Available to all cooperative associations which are or shall be members of EKPC. The electric power and energy furnished hereunder shall be separately metered for each point of delivery.

Applicability

Applicable to all power usage at the load center not subject to the provisions of Sections B, C, and E of this tariff.

Monthly Rate - Per Load Center

Demand Charge per kW of billing demand	\$7.82
Energy Charge per kWh	\$0.022675

Billing Demand

The billing demand (kilowatt demand) is based on EKPC's system peak demand (coincident peak) which is the highest average rate at which energy is used during any fifteen minute interval in the below-listed hours for each month and adjusted for power factor as provided herein:

<u>Months</u>	<u>Hours Applicable for Demand Billing - EST</u>
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.
May through September	10:00 a.m. to 10:00 p.m.

Billing demand applicable to this section is equal to the load center's contribution to EKPC's system peak demand minus the actual demands of Section B, Section C, and Section E participants coincident with EKPC's system peak demand.

DATE OF ISSUE May 8, 2003 DATE EFFECTIVE: Service rendered on and after May 1, 2003

ISSUED BY _____ TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in
Case No. 2002-00432 Dated April 23, 2003

Wholesale Power Contract

Rate Schedule A

6

For All Counties Served

P.S.C. No. 28

Original Sheet No. 6

Canceling P.S.C. No. 27

Original Sheet No. 6

EAST KENTUCKY POWER COOPERATIVE, INC.

Section A (con't.)

Billing Energy

Billing energy applicable to this section is equal to the total energy provided at the load center minus the actual energy provided to Section B, Section C, and Section E participants.

DATE OF ISSUE May 8, 2003 DATE EFFECTIVE: Service rendered on and after May 1, 2003

ISSUED BY _____ TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in
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EAST KENTUCKY POWER COOPERATIVE, INC.

Section B

Availability

Available to all cooperative associations which are or shall be members of EKPC and which execute EKPC approved contracts with the ultimate consumers. The electric power and energy furnished hereunder shall be separately metered for each point of delivery.

Applicability

Applicable to cooperative associations and ultimate consumers willing to contract for demands of 500 kW or greater and a monthly minimum energy usage equal to or greater than 400 hours per kW of contract demand. Wholesale monthly minimum demand shall be agreed between the cooperative association and EKPC.

Monthly Rate

Demand Charge per kW of Minimum Demand	\$5.39
Demand Charge per kW of Billing Demand in Excess of Minimum Demand	\$7.82
Energy Charge per kWh	\$0.022675

Billing Demand

The billing demand (kilowatt demand) shall be the minimum demand plus any excess demand. Excess demand occurs when the ultimate consumer's highest demand during the current month, coincident with EKPC's system peak (coincident peak), exceeds the minimum demand. EKPC's system peak demand is the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor as provided herein:

<u>Months</u>	<u>Hours Applicable for Demand Billing - EST</u>
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.
May through September	10:00 a.m. to 10:00 p.m.

DATE OF ISSUE May 8, 2003 DATE EFFECTIVE: Service rendered on and after May 1, 2003

ISSUED BY _____ TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in
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EAST KENTUCKY POWER COOPERATIVE, INC.

Section B (con't.)

Minimum Monthly Charge

The minimum monthly charge shall not be less than the sum of (a) and (b) below:

- (a) The product of the minimum demand multiplied by the demand charge, plus
- (b) The product of the minimum demand multiplied by 400 hours and the energy charge per kWh minus the fuel base per kWh.

DATE OF ISSUE May 8, 2003 DATE EFFECTIVE: Service rendered on and after May 1, 2003

ISSUED BY _____ TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in
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EAST KENTUCKY POWER COOPERATIVE, INC.

Section C

Availability

Available to all cooperative associations which are or shall be members of EKPC and which execute EKPC approved contracts with the ultimate consumers. The electric power and energy furnished hereunder shall be separately metered for each point of delivery.

Applicability

Applicable to cooperative associations and ultimate consumers willing to contract for demand of 500 kW or greater and a monthly energy usage equal to or greater than 400 hours per kW of billing demand.

Monthly Rate

Demand Charge per kW of Billing Demand	\$5.39
Energy Charge per kWh	\$0.022675

DATE OF ISSUE May 8, 2003 DATE EFFECTIVE: Service rendered on and after May 1, 2003

ISSUED BY _____ TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in
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EAST KENTUCKY POWER COOPERATIVE, INC.

Section C (con't.)

Billing Demand

The kilowatt demand shall be the greater of (a) or (b) listed below:

- (a) The contract demand
- (b) The ultimate consumer's highest demand during the current month or preceding eleven months coincident with EKPC's system peak demand. EKPC's system peak demand is the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor as provided herein:

<u>Months</u>	<u>Hours Applicable for Demand Billing - EST</u>
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.
May through September	10:00 a.m. to 10:00 p.m.

Minimum Monthly Charge

The minimum monthly charge shall not be less than the sum of (a) and (b) below:

- (a) The product of the billing demand multiplied by the demand charge, plus
- (b) The product of the billing demand multiplied by 400 hours and the energy charge per kWh minus the fuel base per kWh.

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EAST KENTUCKY POWER COOPERATIVE, INC.

Section D
Interruptible Service

Standard Rider

This Interruptible Rate is a rider to Rate Sections A, B, C, and E.

Applicable

In all territory served by EKPC.

Availability of Service

This schedule shall be made available at any load center, to any member cooperative where an ultimate "Customer" will contract for an interruptible demand of not less than 250 kW and not more than 20,000 kW, subject to a maximum number of hours of interruption per year and a notice period as listed below.

Monthly Rate

A monthly demand credit per kW is based on the following matrix:

<u>Notice Minutes</u>	<u>Annual Hours of Interruption</u>		
	<u>200</u>	<u>300</u>	<u>400</u>
10	\$2.70	\$3.15	\$3.60
60	\$2.25	\$2.70	\$3.15

DATE OF ISSUE May 8, 2003 DATE EFFECTIVE: Service rendered on and after May 1, 2003

ISSUED BY _____ TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in
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**Wholesale Power Contract
Rate Schedule A
12**

For All Counties Served
P.S.C. No. 28
Original Sheet No. 12
Canceling P.S.C. No. 27
Original Sheet No. 12

EAST KENTUCKY POWER COOPERATIVE, INC.

Section D (con't.)

Determination of Measured Load - Billing Demand

The billing demand (kilowatt demand) is based on EKPC's system peak demand (coincident peak) which is the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor as provided herein:

<u>Months</u>	<u>Hours Applicable for Demand Billing - EST</u>
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.
May through September	10:00 a.m. to 10:00 p.m.

The interruptible billing demand shall be equal to the amount by which the monthly billing demand exceeds the minimum billing demand as specified in the contract.

Conditions of Service for Customer Contract

1. The customer will, upon notification by the Cooperative, reduce his load being supplied by the Cooperative to the contract capacity level specified by the contract.
2. The Cooperative will endeavor to provide the Customer as much advance notice as possible of the interruption of service. However, the Customer shall interrupt service within the notice period as contracted.
3. Service will be furnished under the Cooperatives "General Rules and Regulations" or "Terms and Conditions" except as set out herein and/or provisions agreed to by written contract.
4. No responsibility of any kind shall attach to the Cooperative for, or on account of, any loss or damage caused by, or resulting from, any interruption or curtailment of this service.

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ISSUED BY _____ TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in
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EAST KENTUCKY POWER COOPERATIVE, INC.

Section D (con't.)

5. The Customer shall own, operate, and maintain all necessary equipment for receiving electric energy and all telemetering and communications equipment, within the Customer's premises, required for interruptible service.
6. The minimum original contract period shall be one year and thereafter until terminated by giving at least six months previous written notice. The Cooperative may require a contract be executed for a longer initial term when deemed necessary by the size of the load and other conditions.
7. The Fuel Adjustment Clause, as specified in the General Wholesale Power Rate Schedule, is applicable.

Calculation of Monthly Bill

The monthly bill is calculated on the following basis:

- A. Sum of metering point charge and substation charge, plus
- B. Minimum billing demand in kW multiplied by the firm capacity rate, plus
- C. Interruptible billing demand in kW multiplied by interruptible rate, plus
- D. Energy usage in kWh multiplied by the energy rate.

Number and Duration of Interruptions

- A. Winter Season: There shall be no more than two (2) interruptions during any 24 hour calendar day. No interruption shall last more than six hours.
- B. Summer Season: There shall be no more than one (1) interruption during any 24 hour calendar day. No interruption shall last more than twelve hours.
- C. The maximum number of annual hours of interruption shall be in accordance with the customer contracted level of interruptible service.

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EAST KENTUCKY POWER COOPERATIVE, INC.

Section D (con't.)

Charge for Failure to Interrupt

If Customer fails to interrupt load as requested by the Cooperative, the Cooperative shall bill the uninterrupted load at a rate equal to five (5) times the applicable firm power demand charge for that billing month. Uninterrupted load is equal to actual load during requested interruption minus firm load.

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ISSUED BY _____ TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in
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**Wholesale Power Contract
Rate Schedule A
15**

For All Counties Served
P.S.C. No. 28
Original Sheet No. 15
Canceling P.S.C. No. 27
First Revised Sheet No. 15

EAST KENTUCKY POWER COOPERATIVE, INC.

Section E

Availability

Available to all cooperative associations which are or shall be members of EKPC. The electric power and energy furnished hereunder shall be separately metered for each point of delivery.

Applicability

Applicable to all power usage at the load center not subject to the provisions of Section A, Section B, or Section C of this tariff.

Monthly Rate - Per Load Center

A cooperative association may select either Option 1 or Option 2 of this section of the tariff to apply to all load centers. The cooperative association must remain on a selected option for at least one (1) year and may change options, no more often than every twelve (12) months, after giving a minimum notice of two (2) months.

	<u>Option 1</u>	<u>Option 2</u>
Demand Charge per kW of Billing Demand	\$6.92	\$5.22
Energy Charge per kWh		
On-Peak kWh	\$0.022970	\$0.030034
Off-Peak kWh	\$0.022468	\$0.022468

On-peak and off-peak hours are provided below:

<u>Months</u>	<u>On-Peak Hours - EST</u>	<u>Off-Peak Hours - EST</u>
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.	12:00 noon to 5:00 p.m. 10:00 p.m. to 7:00 a.m.
May through September	10:00 a.m. to 10:00 p.m.	10:00 p.m. to 10:00 a.m.

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ISSUED BY _____ TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in
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EAST KENTUCKY POWER COOPERATIVE, INC.

Section E (con't.)

Billing Demand

The billing demand (kilowatt demand) is based on EKPC's system peak demand (coincident peak) which is the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor as provided herein:

<u>Months</u>	<u>Hours Applicable for Demand Billing - EST</u>
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.
May through September	10:00 a.m. to 10:00 p.m.

Billing demand applicable to this section is equal to the load center's contribution to EKPC's system peak demand minus the actual demands of Section A, Section B, and Section C participants coincident with EKPC's system peak demand.

Billing Energy

Billing energy applicable to this section is equal to the total energy provided at the load center minus the actual energy provided to Section A, Section B, and Section C participants.

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EAST KENTUCKY POWER COOPERATIVE, INC.

Section F

Voluntary Interruptible Service

Standard Rider

This Voluntary Interruptible Service is a rider to Rate Sections A, B, C, E, G and special contracts.

Applicable

In all territory served by EKPC.

No interruptible demand which is already under contract under any other Interruptible Rider is eligible for this service.

Availability of Service

This schedule shall be made available at any load center, to any member cooperative where an ultimate "Customer" is capable of interrupting at least 1,000 kW upon request and has contracted with the Member System to do so under a retail contract rider.

Conditions of Service

1. Any request for interruption under this Rider shall be made by EKPC through its Member Cooperative.
2. Each interruption will be strictly voluntary. The Member Cooperative may accept or decline the terms of the interruption offered by EKPC.
3. No responsibility of any kind shall attach to EKPC for, or on account of, any loss or damage caused by, or resulting from, any interruption or curtailment of this service.
4. The Customer shall agree by contract to own, operate, and maintain all necessary equipment for receiving electric energy and all telemetering and communications equipment, within the Customer's premises, required for interruptible service.
5. It is the Member Cooperative's responsibility to notify the Customer and execute an

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EAST KENTUCKY POWER COOPERATIVE, INC.

interruption request from EKPC. Therefore, EKPC and the Member Cooperative shall mutually agree upon the manner by which EKPC shall notify the Customer of a request for interruption. Such an agreement shall include the means by which EKPC shall communicate the interruption request (e.g. email, phone, pager, etc.) and the Customer's point of contact to receive such a request.

6. EKPC will attempt to provide as much advance notice as possible for requests for interruption. However, upon the Customer's acceptance of the Terms of Interruption the Customer's load shall be interrupted with as little as one (1) hour of advance notification.
7. EKPC reserves the right to require verification of a Customer's ability to interrupt its load.
8. The Member Cooperative is not eligible for the Interruption Credits for any interruption when the Customer's interruptible load is down for other reasons during the period of the requested interruption. Such down time would include any event outside of the Customer's normal operating circumstances such as planned or unplanned outages due to renovation, repair, vacation, refurbishment, renovation, strike, or force majeure.

Interruptible Customer Data Report

The Member Cooperative shall furnish to EKPC an Interruptible Customer Data Report for each of its eligible Customers. Such a report shall include such information as:

1. The maximum number of hours per day and the time of day that the Customer has the ability to interrupt.
2. The maximum number of days and the maximum number of consecutive days that the Customer has the ability to interrupt.
3. The maximum interruptible demand and the minimum interruptible demand by the Customer upon request.
4. The minimum price at which each Customer is willing to interrupt.

Demand and Energy Interruption

The Customer will agree by contract, within an agreed time after receiving notice, to comply to the extent possible with EKPC's request to interrupt load. EKPC is the sole judge of the need for

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interruption of load. EKPC is the sole judge of the amount of interruptible demand provided by the Customer, based on the following calculation:

The average of the integrated fifteen-minute demand for the two hours prior to the hour immediately preceding the call for interruption will be used as the basis for establishing the existing demand level. The hourly interruptible demands for each customer will be the difference between the existing demand level and the actual demand measured during each hour of the interruption period. The interrupted energy of each interruption period shall be the sum of the hourly interrupted demands. These types of interruptions will cover a period of no more than six hours.

For interruptions longer than six hours in duration, the Customer's average load usage for the same hours as the interruption hours in the two preceding business days prior to the day of notice will be used as the basis for determining the demand level for interruption. The average hourly usage for these business days, based on the average integrated fifteen minute demand intervals, minus the actual load during the interruption period will equal the amount of interruptible load. The interrupted energy of each interruption period shall be the sum of the hourly interrupted demands.

Terms of Interruption

For each interruption request, EKPC shall identify the Customer to be interrupted. EKPC shall inform the Member Cooperative or each Customer of an interruption request in accordance with the agreed upon method of notification. The Terms of Interruption shall include the following:

1. The time at which each interruption shall begin is to be established by EKPC. At least one (1) hour of advance notice of each request for interruption shall be provided by EKPC.
2. The duration in clock hours of the interruption request is to be established by EKPC.
3. The current price and the potential savings. This price will be determined by EKPC on a case by case basis and will be based on a percentage of the market price of power at the time of interruption.
4. The Member Cooperative shall specify or arrange for the Customer to specify:
 - a. The maximum demand in kW that will be interrupted.

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- b. The maximum firm demand that the Customer will purchase through the Member Cooperative during the interruption.

Interruption Credits

The interruption credit for each interruption period shall be equal to the interrupted energy MWh times an amount equal to 110% by which the quoted price for each interruption exceeds the Customer's regular tariff rate. The sum of the interruption credits for the billing month will be allocated as follows:

1. The Member Cooperative's account with EKPC will be credited in the amount of 10% of the credit to the Customer.
2. The interruption credit to the Customer shall be equal to the product of the interrupted energy multiplied by the interruption price for each interruption. This amount will be credited to the Member Cooperative's account with EKPC and passed along to the Customer.

Failure to Interrupt

For those Customers failing to interrupt a minimum of 80% of their agreed amount of interruptible load of 5,000 kW or greater, an excess energy charge will be applicable. This excess energy is equal to the difference of 80% of the interruptible load minus the interrupted load. Excess energy shall be charged to the Customer at a price equal to 125% of the interruption price plus the standard rate applicable to this load.

Term

The minimum original contract period shall be one (1) year and shall remain in effect thereafter until either party provides to the other at least thirty (30) days previous written notice.

Interruption Implementation Procedure

Voluntary interruptions will be implemented based on data developed from the Interruptible Customer Data Report. EKPC personnel will match the interruption scenario with the interruptible customers' profiles to determine interruption priority and sequence.

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ISSUED BY _____ TITLE President & Chief Executive Officer

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EAST KENTUCKY POWER COOPERATIVE, INC.

Section G

SPECIAL ELECTRIC CONTRACT RATE
Applicable to Inland Container Corporation

Character of Service

Three-phase 60 Hertz alternating current as specified in the Agreement for Purchased Power.

Monthly Rate

Demand Charge per Billing kW	\$5.39
Energy Charge per ALL kWh	\$0.020910

Determination of Billing Demand

The kilowatt demand shall be the greater of (a) or (b) listed below:

- (a) The contract demand
- (b) The ultimate consumer's highest demand during the current month or preceding eleven months coincident with EKPC's system peak demand. EKPC's system peak demand is the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor as provided herein:

<u>Months</u>	<u>Hours Applicable for Demand Billing - EST</u>
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.
May through September	10:00 a.m. to 10:00 p.m.

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EAST KENTUCKY POWER COOPERATIVE, INC.

Section G (con't.)

Minimum Monthly Charge

The minimum monthly charge shall not be less than the sum of (a), (b), and (c) below:

- (a) The metering and substation charge, plus
- (b) The product of the billing demand multiplied by the demand charge, plus
- (c) The product of \$0.007 multiplied by the product of the billing demand multiplied by 400 hours.

Power Factor Adjustment

Refer to EKPC General Wholesale Power Tariffs Power Factor Adjustment, Original Sheet 4.

Fuel Adjustment Clause

Refer to EKPC General Wholesale Power Tariffs Fuel Adjustment, Original Sheets 2-4.

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EAST KENTUCKY POWER COOPERATIVE, INC.

Section G (con't.)

Economic Development Rider

An Economic Development Rate (EDR) shall apply to the Agreement consisting of a demand credit determined as follows:

For sixty consecutive months, beginning with the first month that a customer's increased metered demand exceeds 1,000 kW, or at a date specified in the contract, whichever shall first occur, a Demand Credit will be applicable to customer's power usage, and will be equal to the product of the increased metered demand times the Demand Charge, and as it may be modified from time to time, multiplied by the following applicable percentage:

- (1) 50% for the first twelve consecutive months of the credit period,
- (2) 40% for the second twelve consecutive months of the credit period,
- (3) 30% for the third twelve consecutive months of the credit period,
- (4) 20% for the fourth twelve consecutive months of the credit period,
- (5) 10% for the fifth twelve consecutive months of the credit period, and none thereafter

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EAST KENTUCKY POWER COOPERATIVE, INC.

Section H

Wholesale Renewable Resource Power Service

Standard Rider

This Renewable Resource Power Service is a rider to Rate Sections A, B, C, and E. The purpose of this service is to provide Member Systems with a source of renewable resource generated power for resale to their Customers.

Applicable

In all territory served by EKPC.

Availability of Service

This service is contingent upon the available supply of energy generated from renewable resources which EKPC owns or controls, or such energy which EKPC has purchased from other wholesale suppliers.

This schedule shall be made available at any load center to any member cooperative where a retail "Customer" contracts for renewable resource power service in the following block amounts:

100 kWh

AND where retail "Customer" has contracted with the Member Cooperative Association to do so under a retail contract rider.

Eligibility

Any EKPC Member Cooperative Association that has completed and returned a "Pledge to Purchase Renewable Resource Power Service" application to EKPC will be eligible for this rider. This form will indicate the number of blocks that the Member Cooperative Association intends to purchase monthly as a firm purchase power commitment for a period of one year. All such Member Cooperative Associations will have executed an Agreement for the sale of renewable resource power with a retail consumer.

DATE OF ISSUE May 8, 2003 DATE EFFECTIVE: Service rendered on and after May 1, 2003

ISSUED BY _____ TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in
Case No. 2002-00432 Dated April 23, 2003

EAST KENTUCKY POWER COOPERATIVE, INC.

Section H (con't.)

Monthly Rate

The monthly rate for this service will be a renewable power premium, i.e. added charge, for all renewable power purchased by the participating Member Cooperative Association. The renewable rate premium per block is as follows:

100 kWh block \$2.375 per block (\$0.02375 per kWh)

This power can be purchased only in the blocks and amounts listed above. These rates are in addition to the regular wholesale rate applicable to the Member Cooperative Association.

Billing and Minimum Charge:

Blocks of power sold under this tariff shall constitute the minimum amount of energy in kWh that the Member Cooperative Association may be billed for during a normal billing period.

Terms of Service and Payment:

This schedule shall be subject to all other terms of service and payment of the wholesale power tariff.

Fuel Adjustment Clause:

The fuel adjustment clause is not applicable to renewable resource power.

Special Terms:

When Member Cooperative Associations' contract for this type of power service, said Member Cooperative Associations will pay for all such power at the rates prescribed in this tariff for the complete contract period.

DATE OF ISSUE May 8, 2003 DATE EFFECTIVE: Service rendered on and after May 1, 2003

ISSUED BY _____ TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in
Case No. 2002-00432 Dated April 23, 2003

EAST KENTUCKY POWER COOPERATIVE, INC.

Section DSM - 1

Touchstone Energy Manufactured Home Program

Purpose

The Touchstone Energy Manufactured Home Program is a conservation program that encourages the sale of more energy-efficient manufactured homes. It is based on the *Energy Star* standards for manufactured homes, a nationally recognized symbol of energy efficiency and quality developed and operated jointly by the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy (DOE).

Availability

This program is available in all service territory served by EKPC.

Eligibility

To qualify as a Touchstone Energy Manufactured Home under EKPC's program, the participating manufactured home must be located in the service territory of a participating Member System and meet the *Energy Star* standards by including additional floor, wall and ceiling insulation, double pane windows and an electric heat pump.

Rebate

EKPC will provide an incentive for retail customers of our Member Systems to participate in this program by offering a one-time rebate. EKPC will rebate \$250 per certified manufactured home to the participating Member System. Rebates will be paid to the participating Member Systems upon written certification that the retail participant has met the *Energy Star* standards for newly constructed manufactured homes.

Annual Reports

EKPC will submit annual reports on the Program that contain the number of participants from each Member System, the annual costs, including the costs of the rebates, and the status of the rebate provision. EKPC will file the first report by March 31, 2004, and annually thereafter.

Term

The Touchstone Energy Manufactured Home Program will remain in effect through 2007. If EKPC should decide to continue the rebate provision of the Program beyond 2004 or the entire program beyond 2007, an application for approval from the Kentucky Public Service Commission will be filed 6 months prior to the date of continuation.

DATE OF ISSUE May 8, 2003 DATE EFFECTIVE: Service rendered on and after May 1, 2003

ISSUED BY _____ TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in
Case No. 2002-00432 Dated April 23, 2003

Section DSM - 2

Touchstone Energy Home Program

Purpose

The Touchstone Energy Home Program is a conservation program that encourages the sale of more energy-efficient homes. It is based on *Energy Star* standards for homes, a nationally recognized symbol of energy efficiency and quality developed and operated jointly by the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy (DOE).

Availability

This program is available in all service territory served by EKPC.

Eligibility

To qualify as a Touchstone Energy Home under EKPC's program, the participating home must be located in the service territory of a participating Member System and meet the *Energy Star* standards by including additional floor, wall and ceiling insulation, double pane windows and an electric heat pump.

Rebate

EKPC and its Member Systems will provide an incentive to retail customers to build or purchase a Touchstone Energy home. Member System Cooperatives may elect to offer a rebate of up to \$500 for each participant. EKPC will match the rebate offered by the member system cooperative up to a maximum of \$500, resulting in a maximum rebate of \$1,000 for each participant. Rebates will be paid to each participant upon written certification that the newly constructed home has met the *Energy Star* standards.

Annual Reports

EKPC will submit annual reports on the Program that contain the number of participants from each Member System, the annual costs, including the costs of the rebates, and the status of the rebate provision. EKPC will file the first report by June 30, 2005, and annually thereafter.

Term

The Touchstone Energy Home Program will remain in effect through 2009. If EKPC should decide to continue the rebate provision of the Program beyond 2006 or the entire program beyond 2009, an application for approval from the Kentucky Public Service Commission will be filed 6 months prior to the date of continuation.

DATE OF ISSUE May 8, 2003 DATE EFFECTIVE:

January 14, 2004

ISSUED BY _____ TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in
Case No. 2003-00481 Dated April 23, 2003



**AMENDMENT NO. 1 TO WHOLESALE POWER CONTRACT
BETWEEN EAST KENTUCKY POWER COOPERATIVE, INC. AND
WARREN RURAL ELECTRIC COOPERATIVE CORPORATION**

This Agreement dated the 27th day of May, 2004, amends the Wholesale Power Contract dated May 27, 2004, between East Kentucky Power Cooperative, Inc. (hereinafter "Seller") and Warren Rural Electric Cooperative Corporation (hereinafter "Member") as follows:

I. Numerical Section 1 of the Wholesale Power Contract shall be amended and restated to read in its entirety as follows:

1. General - The Seller shall sell and deliver to the Member and the Member shall purchase and receive from the Seller all electric power and energy which shall be required to serve the Member's load, including all electric power and energy required for the operation of the Member's system. Notwithstanding the foregoing, the Member shall have the option, from time to time, with notice to the Seller, to receive electric power and energy, from persons other than the Seller, or from facilities owned or leased by the Member, provided that the aggregate amount of all members' elections (measured in megawatts in 15-minute intervals) so obtained under this paragraph shall not exceed five percent (5%) of the rolling average of Seller's coincident peak demand for the single calendar month with the highest peak demand occurring during each of the 3 twelve month periods immediately preceding any election by the Member from time to time, as provided herein and further provided that no Member shall receive more than fifteen percent (15%) of the rolling average of its coincident peak demand for the single calendar month with the highest average peak demand occurring during each of the 3 twelve month periods immediately preceding any election by the Member from time to time, as provided herein.

For any election made or cancelled under this Section, the following provisions shall apply:

a. During any calendar year, the Member may make or cancel any such election or elections by giving at least 90 days' notice to the Seller with respect to any load or loads with an average coincident peak demand (calculated in the same manner as provided in the preceding paragraph) of 5.0 Megawatts or less, in the annual aggregate.

b. During any calendar year, the Member may make or cancel any such election or elections by giving at least 18 months or greater notice to the Seller with respect to any load or loads with an average coincident peak demand (calculated in the same manner as provided in the preceding paragraph) of 5.0 Megawatts or more, in the annual aggregate

Upon the effective date of the Member's cancellation of any such election under this Agreement, the load or loads shall be governed by the all requirements obligations of the Seller and the Member in this Section, and notice of same shall be provided to the Rural Utilities Service ("RUS") by the member. Such loads which are transferred to Seller's all-requirements obligations shall not thereafter be switched by Member to a different power supplier.

c. Should any such election by Member involve the acquisition of new service territory currently served by another power supplier or municipal utility, Member shall provide evidence to Seller and RUS in the new Load Purchase Agreement that the acquired territory must be served by the current power supplier as a condition of the acquisition of the new load.

Seller will provide transmission, substation, and ancillary services without discrimination or adverse distinction with regard to rates, terms of service or availability of such service as between power supplies under paragraphs above and Member will pay charges

therefore to Seller. Seller also agrees to allow, at Member's sole cost and expense, such additional interconnection as may be reasonably required to provide such capacity and energy as contemplated in the above paragraphs.

Member will be solely responsible for all additional cost associated with the exercise of elections under the above paragraphs including but not limited to administrative, scheduling, transmission tariff and any penalties, charges and costs, imposed by the Midwest Independent System Operator ("MISO") or other authorities.

II. Section 10 of the Wholesale Power Contract shall be restated as Section 11 and new Section 10 and Section 11 shall read in their entirety as follows:

10. Retail Competition - Seller and its subsidiaries, shall not, during the term of this contract, without the consent of the Member, (i) sell or offer to sell electric power or energy at retail within the Member's assigned or expanded geographic area, if any, established by applicable laws or regulations or (ii) provide or offer to provide retail electric service to any person which is a customer of the Member.

11. Term - This Agreement shall become effective only upon approval in writing by the Administrator and shall remain in effect until January 1, 2041, and thereafter until terminated by either party's giving to the other not less than six months' written notice of its intention to terminate. Subject to the provisions of Section 1 hereof, service hereunder and the obligation of the Member to pay therefore shall commence upon completion of the facilities necessary to provide service.

Executed the day and year first above mentioned.

EAST KENTUCKY POWER
COOPERATIVE, INC.

By: Duane Tice

Chairman of the Board

Sam Keen
ATTEST, SECRETARY

WARREN RURAL ELECTRIC
COOPERATIVE CORPORATION

By: Ray A. Gannon

Chairman of the Board

Kenneth Robbins
ATTEST, SECRETARY

(H:Legal/forms/amend-3-wpc)



SUPPLEMENTAL AGREEMENT 1

AGREEMENT made as of May 27, 2004, between EAST KENTUCY POWER COOPERATIVE, INC. (hereinafter called the "Seller"), WARREN RURAL ELECTRIC COOPERATIVE CORPORATION (hereinafter called the "Member"), and the United States of America, acting through the Administrator of the Rural Utilities Service (hereinafter called the "Administrator").

WHEREAS, the Seller and the Member have entered into a contract for the purchase and sale of electric power and energy, which contract is attached hereto and is hereinafter called the "Power Contract"; and

WHEREAS, the execution of the Power Contract between the Member and the Seller is subject to the approval of the Administrator under the terms of the loan contracts entered into with the Administrator by the Seller and the Member respectively;

NOW, THEREFORE, in consideration of the mutual undertakings herein contained, and the approval by the Administrator of the Power Contract, the parties hereto agree as follows:

1. The Seller, the Member and the Administrator agree that if the Member, upon being requested to do so by the Seller with the approval or at the direction of the Administrator, shall fail to terminate any contract with a power supplier other than the Seller, as provided by Section 1 of the Power Contract, the Seller, or the Administrator if he shall so elect, shall have the right to enforce the obligations of the Member under the provisions of said Section 1 of the Contract by instituting all necessary actions at law or suits in equity, including, without limitations, suits for specific performance.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the day and year first above mentioned.

EAST KENTUCKY POWER COOPERATIVE, INC.
Seller

By: Dino Tolson

Chairman of the Board

ATTEST:
Sam Linn
Secretary

WARREN RURAL ELECTRIC COOPERATIVE CORPORATION

Member
By: Jeff A. Damm

Chairman of the Board

ATTEST:
Kenneth Robbins
Secretary

UNITED STATES OF AMERICA

By: _____
Administrator of Rural Utilities Service

(H:\legal/forms/supp-agmt-RUS)



SUPPLEMENTAL AGREEMENT 2

THIS SUPPLEMENTAL AGREEMENT is made as of the 27th day of May, 2004, between **EAST KENTUCKY POWER COOPERATIVE, INC.** (hereinafter called the “Seller”), and **WARREN RURAL ELECTRIC COOPERATIVE CORPORATION** (hereinafter called the “Member”), its successors and assigns, and the United States of America (hereinafter called the “Government”), acting through the Administrator of the Rural Utilities Service (hereinafter called the “Administrator”).

WHEREAS, the Seller and the Member have entered into a contract for the purchase and sale of electric power and energy dated May 27, 2004, which contract, as it may heretofore have been amended and supplemented, is hereinafter called the “Power Contract”; and,

WHEREAS, the Seller is seeking a new loan which is subject to the approval of the Administrator; and,

WHEREAS, the Government is relying on the Power Contract, as supplemented by this Supplemental Agreement, and similar contracts between Seller and other borrowers from the Rural Utilities Service to assure that the “Notes” referred to in the Power Contract are repaid and the purposes of the Rural Electrification Act of 1936, as amended, are carried out and the Seller and Member, by executing this Supplemental Agreement, acknowledge this reliance.

NOW, THEREFORE, for and in consideration of the mutual undertaking herein contained and the approval by the Administrator of the pending loan, the parties hereto agree as follows:

SECTION 1. Limitations on Transfers of the Member’s Assets.

(a) The member agrees that, for so long as any of the Seller Notes are outstanding, the Member will not, without the approval in writing of the Seller and the Administrator, take or suffer to be taken any steps for reorganization or dissolution, or to consolidate with or merge into any corporation, or to sell, lease or transfer (or make any agreement therefore) all or a substantial portion of its assets, whether now owned or hereafter acquired. The Seller will not unreasonably withhold or condition its consent to any such reorganization, dissolution, consolidation, or merger, or to any such sale, lease or transfer (or any agreement therefor) of assets. The Seller will not withhold or condition its consent except in cases where to do otherwise would result in rate increases for the other members of the Seller, or impair the ability of the Seller to repay its secured loans in accordance with their terms, or adversely affect system performance in any material way.

(b) Notwithstanding paragraph (a) of this section, the Member may take or suffer to be taken any steps for reorganization or dissolution, or to consolidate with or merge into any corporation or to sell, lease or transfer (or make any agreement therefor) all or a substantial portion of its assets, whether now owned or hereafter acquired without the Seller's consent, so long as the Member shall pay such portion of the outstanding indebtedness on the Seller's Notes or other obligations as shall be determined by the Seller with the prior written consent of the Administrator and shall otherwise comply with such reasonable terms and conditions as the Administrator and Seller may require either:

- (1) to eliminate any adverse effect that such action seems likely to have on the rates of the other members of the Seller, or

(2) to assure that the Seller's ability to repay the Seller Notes and other obligations of the Seller in accordance with their terms is not impaired.

(c) The Administrator may require, among other things, that any payment owed under (b)(2) of this section that represents a portion of the Seller's indebtedness on the Seller Notes shall be paid by the Member in the manner necessary to accomplish a defeasance of those obligations in accordance with the loan documents relating thereto, or be paid directly to the holders of the Seller Notes for application by them as prepayments in accordance with the provisions of such documents, or be paid to the Seller and held and invested in a manner satisfactory to the Administrator.

SECTION 2. Permitted Transactions.

Notwithstanding the provisions of Section 1 of the Supplemental Agreement, the Member may merge into or consolidate with:

(i) another member of the Seller, provided that the Member shall have provided evidence, in form and substance satisfactory to the Seller and the Administrator, that the obligations of the Member under the Power Contract and this Supplemental Agreement have been assumed by, and are binding on, the successor; or

(ii) a third party that is not a business competitor of the Seller or another Member System, or is not owned by or affiliated with such a business competitor of the Seller or another Member System, provided that the Member and such third party shall have provided assurances, in form and substance satisfactory to the Seller and the Administrator, that

the obligations of the Member under the Power Contract and this Supplemental Agreement have been assumed by and are binding on such third party, the third party shall have the ability to perform its payment and other obligations under the Power Contract and this Supplemental Agreement, electric service will continue to be provided to those customers served by such Member, and such merger or consolidation will not otherwise materially adversely affect the Seller or the Government. For the purposes of this paragraph, a business competitor is defined as an organization whose primary business is in direct competition with the primary business of the Seller or another Member System.

SECTION 3. Specific Performance Available.

The Seller, the Member and the Administrator agree that (i) if the Member shall fail to comply with any provision of the Power Contract, the Seller, or the Administrator, if the Administrator so elects, shall have the right to enforce the obligations of the Member under the provisions of the Power Contract and (ii) if the Seller shall fail to comply with any provision of the Power Contract, the member, or the Administrator, if the Administrator so elects, shall have the right to enforce the obligations of the Seller under the provisions of the Power Contract. Such enforcement may be by instituting all necessary actions at law or suits in equity, including, without limitation, suits for specific performance. Such rights of the Administrator to enforce the provisions of the Power Contract are in addition to and shall not limit the rights which the Administrator shall otherwise have as third party beneficiary of the Power Contract or pursuant to the

assignment and pledge of the Power Contract and the payments required to be made thereunder as provided in the "Mortgage" referred to in the Power Contract. The government shall not, under any circumstances, assume or be bound by the obligations of the Seller or Member under the Power Contract except to the extent the Government shall agree in writing to accept and be bound by any such obligations in whole or in part.

SECTION 4. This Agreement may be simultaneously executed and delivered in two or more counterparts, each of which so executed and delivered shall be deemed to be an original, and all shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above mentioned.

EAST KENTUCKY POWER COOPERATIVE, INC.

Seller

By: *Dino Taccari*

Chairman of the Board

ATTEST:

Sam Linn

Secretary

WARREN RURAL ELECTRIC COOPERATIVE CORPORATION

Member

By: *J. A. Gamm*

Chairman of the Board

ATTEST:

Kenneth Robbins

Secretary

UNITED STATES OF AMERICA

By: _____
Administrator, Rural Utilities Service



MEMORANDUM OF AGREEMENT

This Memorandum of Agreement, dated May 27, 2004, by and between Warren Rural Electric Cooperative Corporation, a Kentucky corporation with its principal office at 951 Fairview Avenue, Post Office Box 1118, Bowling Green, Kentucky 42102 (hereinafter called "Member"); and East Kentucky Power Cooperative, Inc., a Kentucky corporation with its principal offices at 4775 Lexington Road, P. O. Box 707, Winchester, Kentucky 40392-0707 (hereinafter referred to as "Seller").

WITNESSETH

Whereas, Seller and Member are parties to a Wholesale Power Contract (the "Power Contract") along with the United States of America, acting through the Administrator of the Rural Utilities Service (the "Administrator") dated May 27, 2004, and a Supplemental Agreement to said Power Contract (the "Agreement") dated May 27, 2004; and

Whereas, The Parties hereto desire to establish certain additional understandings relating to said Agreement;

Now, Therefore, in consideration of the mutual covenants made herein, the parties hereto agree as follows:

1. Settlement Efforts

In the event that Member shall determine to enter any transaction requiring approval under paragraph 1(a) of the Agreement or to exercise its rights under paragraph 1(b) of the Agreement, Seller and Member are to make a good faith effort to reach an agreement as to the settlement amount due to and from each party and/or the portion of outstanding indebtedness due by Member on Seller's Notes and other obligations, which portion shall be determined as provided in paragraph 1(b) (1) and (2) of the Agreement.

In the event that the parties cannot reach an agreement in these matters, they agree to utilize alternative dispute resolution measures in order to arrive at the amounts contemplated above or the portions of indebtedness required to accomplish the subject

transaction(s): Provided however, that nothing herein shall limit the rights of the Administrator to determine the acceptability of such settlement with Seller or such portion of Seller's indebtedness that must be paid by the Member, taking into account the recommendation of the Member and Seller and/or any dispute resolution findings

2. Fundamental Rights.

The parties hereto agree that the terms of the Supplemental Agreement are not intended to and do not change the fundamental rights of the parties under the Power Contract.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above mentioned.

EAST KENTUCKY POWER
COOPERATIVE, INC.

By: Dale Talleur

Chairman of the Board

ATTEST:

Fann Lunn

Secretary

WARREN RURAL ELECTRIC
COOPERATIVE CORPORATION

By: W. J. Gannon

Chairman of the Board

ATTEST:

Kenneth L. Brown

Secretary

(H/legal/forms-moa-rus)