

EAST KENTUCKY POWER COOPERATIVE

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PUBLIC SERVICE
COMMISSION

January 23, 2006

Ms. Elizabeth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Case No. 2006-00033

Dear Ms. O'Donnell:

Please find enclosed for filing with the Commission an original and five copies of the Application of East Kentucky Power Cooperative, Inc. for an Order Declaring the Pendleton County Landfill Gas to Energy Project to be an Ordinary Extension of Existing Systems in the Usual Course of Business.

If there are any questions concerning this information, please contact me or Ralph Tyree at EKPC headquarters.

Very truly yours,

Charles A. Lile
Senior Corporate Counsel

Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF EAST KENTUCKY POWER)
COOPERATIVE, INC. FOR AN ORDER DECLARING THE)
PENDLETON COUNTY LANDFILL GAS TO ENERGY)
PROJECT TO BE AN ORDINARY EXTENSION OF)
EXISTING SYSTEMS IN THE USUAL COURSE)
OF BUSINESS)

CASE NO. 2006-00033

APPLICATION

1. Applicant, East Kentucky Power Cooperative, Inc., hereinafter referred to as "EKPC", Post Office Box 707, 4775 Lexington Road, Winchester, Kentucky 40392-0707, hereby files this Application for an order declaring the Pendleton County Landfill Gas To Energy ("LFGTE") project (the "Project"), as described in the exhibits attached hereto, to be an ordinary extension of existing electric systems in the usual course of business.

2. This Application is made pursuant to KRS §278.020 and related statutes, and 807 KAR 5:001 Section 8 and related sections.

3. A copy of Applicant's restated Articles of Incorporation and all amendments thereto were filed with the Public Service Commission (the "Commission") in PSC Case No. 90-197, the Application of East Kentucky Power Cooperative, Inc. for a Certificate of Public Convenience and Necessity to Construct Certain Steam Service Facilities in Mason County, Kentucky.

4. Applicant states that the Project represents an ordinary extension of existing systems in the usual course of business and does not require the issuance of a Certificate of Public Convenience and Necessity, pursuant to KRS 278.020 (1) and 807 KAR 5:001 Section 9 (3).

5. As grounds for this Application and its request for a declaratory order, Applicant states as follows:

(a) KRS §278.020 (1) provides an exemption from the requirement of a Certificate of Public Convenience and Necessity for the construction of new facilities for furnishing regulated utility services to the public if such new facilities are ordinary extensions of existing systems in the usual course of business. As defined by 807 KAR 5:001 Section 9 (3), such ordinary extensions must not “create wasteful duplication of...facilities,” must not “conflict with the existing certificates or service of other utilities operating in the area...,” and must “not involve sufficient capital outlay to materially affect the existing financial condition of the utility involved, or will not result in increased charges to its customers.”

(b) The Project proposed by EKPC involves generation output of 10 MW or less and will represent an individual investment of approximately \$5 million. No site compatibility certificate is required for this Project, pursuant to the provisions of KRS §278.216(1). This facility will provide small, but reliable and economic, quantities of electric energy to EKPC's member systems utilizing renewable resources, and will not require investments sufficient to materially affect the financial condition of EKPC, or require an increase in EKPC's wholesale power rates.

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


6. Attached hereto is Exhibit I, which includes detailed information concerning the Pendleton County LFGTE project. As indicated in the Table of Contents to the exhibit, this information includes descriptions of the Project, capital and operating cost estimates, financing information, feasibility studies, gas supply agreement and site lease, a map and EKPC board resolution relevant to the Project. This project is very similar to the Bavarian LFGTE project, which was approved by the Commission in PSC Case No. 2002-00352 on December 18, 2002, the Green Valley and Laurel Ridge Projects, which were approved by the commission in PSC Case No. 2002-00474 on March 3, 2003 and the Hardin County LFGTE project, which was approved by the Commission in PSC Case No.2005-00164 on July 8, 2005, and EKPC hereby incorporates by reference the information filed in those cases, which provides general background on the development of LFGTE projects by EKPC, which is relevant to this application.

7. Applicant states that the Project is needed to provide economical electric energy, through the use of renewable resources, to the EKPC member systems for service to their member consumers, and that prompt approval of this Application is critical to EKPC's efforts to purchase long lead equipment items while adhering to the project schedule to begin generating electricity from this facility by mid- January 2007.

WHEREFORE, EKPC respectfully requests the Commission to expedite its review of this Application and to issue a declaratory order to the effect that the Project constitutes an ordinary extension of existing facilities in the usual course of business and does not require a Certificate of Public Convenience and Necessity, pursuant to KRS 278.020 (1) and 807 KAR 5:001 Section 9 (3).

Respectfully submitted,


DALE W. HENLEY


CHARLES A. LILE
P. O. BOX 707
WINCHESTER, KY 40392-0707
(859) 744-4812

ATTORNEYS FOR EAST KENTUCKY
POWER COOPERATIVE, INC.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST KENTUCKY POWER)	
COOPERATIVE, INC. FOR AN ORDER DECLARING)	
THE PENDLETON COUNTY LANDFILL GAS)	
TO ELECTRIC PROJECT TO BE AN ORDINARY)	CASE NO.
EXTENSION OF EXISTING SYSTEMS IN THE USUAL)	
COURSE OF BUSINESS)	

EXHIBIT I
PROJECT INFORMATION
PENDLETON COUNTY LANDFILL GAS TO ELECTRIC PROJECT

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- 13.0 Exhibit “C” EKPC Board Resolution**
- 14.0 Exhibit “D” Vicinity Map**

**East Kentucky Power Cooperative, Inc.
Pendleton County Landfill Gas to Electric (“LFGTE”) Generation Project**

1.0 Project Description

The Pendleton County Landfill is owned and operated by Rumpke of Kentucky, Inc. The site primarily accepts municipal solid waste (MSW) from northern and central Kentucky, including the greater Cincinnati area at this time. The site also accepts a small amount of construction and demolition debris (CDD) waste. The landfill is located off of KY Route 17 in north central Pendleton County, west of U.S. Route 27. The currently permitted site has a proposed waste footprint of about 54 acres, which includes a 13-acre area where Phase II, the Contained Landfill, overlaps onto Phase I, the Residential Landfill. The site has future plans to expand the landfill and construct a Phase III.

A landfill gas (LFG) collection system has been partially constructed as of the date of the SCS Engineers Gas Modeling Report prepared for EKPC, dated November 21, 2001. Twenty-three LFG extraction wells are in place in the closed portion of Phase I. The site is currently passive venting the gas at each wellhead. On July 21, 2005 SCS Engineers provided EKPC an updated gas study for the site.

Development of a Landfill Gas to Electric (“LFGTE”) generating facility at this site will result in an earlier and more aggressive gas collection system than required under Title V of the Clean Air Act.

East Kentucky Power Cooperative, Inc. ("EKPC") submitted a proposal with an initial 20 year term to Rumpke on June 3, 2004 for development of an initial 2.4 MW Landfill Gas to Electric (LFGTE) generating facility to be located on the landfill site, near Butler, Kentucky. Based upon the revised gas curve of July 21, 2005 the project is now estimated to be 3.2 MW's of initial capacity.

EKPC's project scope includes a masonry building of approximately 5000 square feet, designed to accommodate four (4) Caterpillar model 3516 low emission reciprocating engine/generator sets plus one future engine/genset, each rated at about 800 kW, switchgear, controls, fuel treatment equipment, and all transformers, transmission lines

and equipment. Rumpke will install a more aggressive gas collection system and earlier than required by NSPS as a result of EKPC's development efforts. EKPC will lease a plant site of approximately one (1) acre in size on a previously disturbed area from Rumpke.

Plant construction is anticipated to last approximately 6 months, commencing upon receipt of all necessary permits and approvals including the Kentucky Public Service Commission and an Air Permit from the Kentucky Division of Air Quality. Transmission from the facility will provided by either utilizing an existing 12.47 kV distribution line to the Griffin substation or the construction of a 12.47 kV express feeder to the Griffin Substation, located in Owen Electric Cooperative's service territory and includes equipment upgrades and communication equipment.

2.0 Feasibility Study

As provided in Exhibit “A”, EKPC enlisted the services of SCS Engineers to perform methane gas recovery projections for the Pendleton County Landfill. As you will note on page 6 of the November 26, 2001 study, SCS estimates that that with only 70% coverage of the landfill by the gas collection system, the site could be collecting 970 scfm at 50% methane by 2005 and about 1122 scfm by 2008.

Upon review of the revised July 21, 2005 gas projection curve developed by SCS Engineers, EKPC believes that with an active gas collection system designed for 75% coverage, this site is now capable of harvesting enough methane gas to operate a four-engine plant. Based upon the similarities between this and other EKPC LFGTE projects, EKPC now uses its own model for performing Feasibility Studies at landfills.

3.0 Cost of Generation

The Pendleton County LFGTE project electrical energy is projected to cost less than \$ 35 MWh (net present value over the next 20 years).

4.0 Capital Cost Breakdown

As of May 10, 2005 the Pendleton County LFGTE Facility is estimated to cost \$ 5,076,000 and is further detailed as follows:

Cat Model 3516 SITA Recip/gensets(4)	\$1,500,000 *
Gas Compressor (1)	260,000 *
Switchgear	350,000 *
480 Volt Motor Control Center	40,000 *
General Construction Contract	1,200,000 *
Development costs	30,000
A/E contract	100,000 *
Transmission	600,000
Tools/ Spare Parts	50,000
Gas Chromatograph	40,000 *
4160/480V transformer	6,000 *
Contingency	200,000
Interest Free Loan to Rumpke to install the Gas Collection System	700,000
	<hr/>
Total	\$ 5,076,000

* Used bids rec'd from recently constructed LFGTE projects

5.0 Expected Hours of Generation

The Caterpillar 3516 engine has a rating of 815 kW at 100% load. Taking into consideration station service requirements, net output is anticipated to be about 800 kW.

As previously discussed, an availability factor of 95% has been assumed. Therefore, annual kilowatt-hours of generation may be calculated as follows:

$800\text{kW/hr} \times 8760 \text{ hrs/year} \times 95\% \text{ availability} = 6,657,600 \text{ kWh annually per engine}$

6.0 Annual Operation, Maintenance and Fuel Cost

East Kentucky estimates that the average annual cost for operations/maintenance personnel, maintenance equipment & supplies and fuel is \$81,000, \$420,000 and \$76,000, respectively for the Pendleton County LFGTE project. The total average cost for the twenty(20) year period from 2006 – 2025 is \$577,000. These figures assume one operator/maintenance person per site with backup provided from other locations.

Maintenance includes routine parts and supplies and a recommended overall schedule. East Kentucky proposes to model its operations & maintenance program after that of Waste Management Services (“WM”), who is a leader in the landfill gas to electric generation industry. WM has been developing and operating LFGTE projects for nearly twenty years, beginning in Wisconsin in 1985. Today, WM has landfill gas to electric and medium Btu plants operating in twenty-one (21) states.

EKPC’s following estimated annual maintenance cost per 800 kW unit is based upon shared information from WM’s successful program and the operating history from our own plants:

Oil	\$7,500
Spark Plugs	\$1,500 to \$2,000
Air Filters	\$ 720
Turbo-Charger	\$3,000 to \$4,000
Water Pump	\$ 300
Top End Overhaul	\$15,000
Switchgear	\$ 6,000
Subtotal	\$34,470 - \$ 35,970
Misc. Contingency	<u>\$ 15,530 - \$14,030</u>
Total Est. Annual Maintenance Cost / Unit	\$50,000

As noted, the annual estimated cost per engine includes lubricating oil, spark plugs, air filters, oil filters, replacement turbo-charger, water pump, top-end

overhaul and switchgear inspections is approximately \$40,000 per year. EKPC has added a misc. contingency amount and rounded to a more conservative figure of \$50,000 per year in its calculations.

Approximately every 5 years, each unit will require a complete overhaul estimated to cost \$85,000 to \$90,000. EKPC rounded upward to \$110,000 in its cost estimates for each unit.

Based upon the fact that these plants are very similar in design and equipment utilized, it is anticipated that the plant on-line times, operations and maintenance costs will also be very similar to that of the WM program.

Fuel cost is based upon the anticipated delivery and usage at a cost of \$0.25/MMBtu and as further specified in the Gas Purchase Contract with Rumpke.

As of December, 2004, coal costs at EKPC's existing coal fired plants ranged from \$1.091 / MMBtu to \$2.78 / MMBtu. Fuel Oil cost is \$10.50 / MMBtu and Natural Gas is \$ 8.25 / MMBtu.

7.0 Financing

EKPC is considering two financing options for the Pendleton County project and will elect the most cost effective approach for financing this project:

Option 1: The Rural Utilities Service (“RUS”) will provide funding for this project. The rate for a 30 loan as of January 31, 2005 is 4.50%.

Option 2: EKPC is working with the Cooperative Finance Corporation (“CFC”) to explore the potential of using Clean Renewable Energy Bonds as recently provided by the Energy Policy Act of 2005. These bonds provide interest free financing for qualified projects for a 15-yr period. Landfill Gas to Electric projects met the criteria of qualified projects.

8.0 Landfill Gas Analysis

The minimum heating value of the landfill gas will fluctuate based upon how efficiently the landfill owner operates the gas collection system. As you will note in Article 2.1 of the Gas Purchase Agreement, the minimum heating value of Conforming Landfill Gas to be made available for purchase is 50% (approximately 500 Btu's per cubic foot). Any landfill gas delivered below 50 %, as noted in Article 2.3, shall be deemed Non-Conforming Gas, resulting in a reduced purchase price or East Kentucky electing to decline delivery, thus encouraging a more efficient gas collection system operation by the landfill owner.

In Section 16 of EKPC's PSC Informational Data Request for the Bavarian Landfill LFGTE Project, dated November 22, 2002, an analysis taken at the Green Valley Landfill was provided for informational purposes.

9.0 Board Resolution

On May 10, 2005 the EKPC Board of Directors approved the use of general funds for the operation, and construction of the Pendleton County LFGTE facility at an estimated capital cost of \$ 5,076,000 for a 4.0 MW (initial 3.2 MW) plant capacity (see Exhibit “C”).

10.0 Environmental Approvals

EKPC has submitted information to RUS for review and approval that the Pendleton County LFGTE project meets the criteria for categorical exclusions from the requirements for an environmental assessment or environmental impact statement, in accordance with RUS procedures for implementing the National Environmental Policy Act (“NEPA”), 7 CFR Section 1974-Environmental Policies and Procedures. This information will be forwarded to the Kentucky Department of Natural Resources for review.

Currently, East Kentucky Power is in the process of conducting an environmental analysis of the proposed transmission route to meet NEPA requirements. Once that analysis is complete the information will be forwarded to the appropriate state and federal regulatory agencies for review. If the agencies concur with our findings, EKPC will draft an Environmental Report and submit that to RUS for approval.

Ralph Tyree

From: Gary L. Saylor [gsaylor@scsengineers.com]
Sent: Thursday, July 21, 2005 4:38 PM
To: Ralph Tyree
Subject: Pendleton Revised Gas Model



Attachment
information.



Prelim Revised
Model.Ver2.pdf



ATT70777.txt

Ralph,

As requested, attached is the revised gas model for the Pendleton County Landfill. The changes are:

1. The annual waste volume has increased to 170,000 tons per year (260,000 tons minus 90,000 tons of excess inert material).
2. The model assumes increased capacity by landfill expansion. Waste receipts are extended to year 2025.
3. I increased the system coverage to 75% assuming a more aggressive collection system.

As you can see, the model predicts a slow increase in gas recovery at the level waste receipt of 170,000 tpy. To get up to 5 engines (1,500 scfm) , I would estimate that Rumpke would need to have a MSW disposal rate of about 250,000 tpy for at least 5 to 10 years in the future.

GLS

Gary L. Saylor, P.E., L.S. gsaylor@scsengineers.com
Project Manager
SCS Engineers
2060 Reading Road Suite #200 Voice (513) 421-5353
Cincinnati, Ohio 45202-1497 Fax (513) 421-2847
SCS Internet Site: www.scsengineers.com

**EXHIBIT 1. LFG RECOVERY PROJECTION - PRELIMINARY w/EXPANSION
PENDLETON COUNTY LANDFILL - BUTLER, KENTUCKY**

Year	Disposal Rate (tons/yr)	Refuse In-Place (tons)	LFG Recovery Potential			LFG System Coverage (%)	LFG Recovery from Existing and Planned System		
			(scfm)	(mmcf/day)	(mmBtu/yr)		(scfm)	(mmcf/day)	(mmBtu/yr)
1972	29,579	29,579	0	0.00	0	0%	0	0.00	0
1973	29,568	59,147	25	0.04	6,621	0%	0	0.00	0
1974	29,579	88,726	48	0.07	12,737	0%	0	0.00	0
1975	29,524	118,250	69	0.10	18,391	0%	0	0.00	0
1976	29,590	147,840	89	0.13	23,603	0%	0	0.00	0
1977	29,590	177,430	107	0.15	28,434	0%	0	0.00	0
1978	29,590	207,020	124	0.18	32,898	0%	0	0.00	0
1979	29,590	236,610	139	0.20	37,023	0%	0	0.00	0
1980	29,590	266,200	154	0.22	40,835	0%	0	0.00	0
1981	29,590	295,790	167	0.24	44,357	0%	0	0.00	0
1982	29,590	325,380	179	0.26	47,611	0%	0	0.00	0
1983	29,480	354,860	190	0.27	50,619	0%	0	0.00	0
1984	29,590	384,450	201	0.29	53,373	0%	0	0.00	0
1985	29,590	414,040	210	0.30	55,942	0%	0	0.00	0
1986	29,590	443,630	219	0.32	58,317	0%	0	0.00	0
1987	29,590	473,220	228	0.33	60,511	0%	0	0.00	0
1988	29,590	502,810	235	0.34	62,538	0%	0	0.00	0
1989	29,590	532,400	242	0.35	64,412	0%	0	0.00	0
1990	34,650	567,050	249	0.36	66,143	0%	0	0.00	0
1991	34,650	601,700	259	0.37	68,875	0%	0	0.00	0
1992	99,550	701,250	268	0.39	71,400	0%	0	0.00	0
1993	99,550	800,800	332	0.48	88,261	0%	0	0.00	0
1994	99,440	900,240	390	0.56	103,842	0%	0	0.00	0
1995	99,550	999,790	444	0.64	118,214	0%	0	0.00	0
1996	202,510	1,202,300	495	0.71	131,519	0%	0	0.00	0
1997	205,486	1,407,786	627	0.90	166,862	0%	0	0.00	0
1998	163,715	1,571,501	753	1.08	200,186	0%	0	0.00	0
1999	166,039	1,737,540	833	1.20	221,628	0%	0	0.00	0
2000	164,928	1,902,468	910	1.31	241,962	0%	0	0.00	0
2001	171,773	2,074,241	980	1.41	260,502	0%	0	0.00	0
2002	204,545	2,278,786	1,050	1.51	279,166	0%	0	0.00	0
2003	246,726	2,525,512	1,142	1.64	303,749	0%	0	0.00	0
2004	259,138	2,784,650	1,263	1.82	335,907	0%	0	0.00	0
2005	170,000	2,954,650	1,385	1.99	368,401	75%	1,039	1.50	276,301
2006	170,000	3,124,650	1,423	2.05	378,472	75%	1,067	1.54	283,854
2007	170,000	3,294,650	1,458	2.10	387,779	75%	1,094	1.57	290,834
2008	170,000	3,464,650	1,490	2.15	396,378	75%	1,118	1.61	297,284
2009	170,000	3,634,650	1,520	2.19	404,325	75%	1,140	1.64	303,243
2010	170,000	3,804,650	1,548	2.23	411,667	75%	1,161	1.67	308,750
2011	170,000	3,974,650	1,573	2.27	418,452	75%	1,180	1.70	313,839
2012	170,000	4,144,650	1,597	2.30	424,722	75%	1,198	1.72	318,541
2013	170,000	4,314,650	1,619	2.33	430,515	75%	1,214	1.75	322,886
2014	170,000	4,484,650	1,639	2.36	435,868	75%	1,229	1.77	326,901
2015	170,000	4,654,650	1,657	2.39	440,815	75%	1,243	1.79	330,611
2016	170,000	4,824,650	1,675	2.41	445,386	75%	1,256	1.81	334,040
2017	170,000	4,994,650	1,691	2.43	449,610	75%	1,268	1.83	337,207
2018	170,000	5,164,650	1,705	2.46	453,513	75%	1,279	1.84	340,134
2019	170,000	5,334,650	1,719	2.48	457,119	75%	1,289	1.86	342,839
2020	170,000	5,504,650	1,731	2.49	460,451	75%	1,298	1.87	345,339
2021	170,000	5,674,650	1,743	2.51	463,531	75%	1,307	1.88	347,648
2022	170,000	5,844,650	1,754	2.53	466,376	75%	1,315	1.89	349,782
2023	170,000	6,014,650	1,763	2.54	469,005	75%	1,323	1.90	351,754
2024	170,000	6,184,650	1,773	2.55	471,435	75%	1,329	1.91	353,576
2025	170,000	6,354,650	1,781	2.56	473,680	75%	1,336	1.92	355,260
2026	0	6,354,650	1,789	2.58	475,755	80%	1,431	2.06	380,604
2027	0	6,354,650	1,653	2.38	439,616	90%	1,488	2.14	395,655
2028	0	6,354,650	1,527	2.20	406,223	90%	1,375	1.98	365,601
2029	0	6,354,650	1,411	2.03	375,366	90%	1,270	1.83	337,830
2030	0	6,354,650	1,304	1.88	346,853	90%	1,174	1.69	312,168

Methane Content of LFG Adjusted to: 50%
 Selected Decay Rate Constant (k): 0.0790
 Selected Ultimate Methane Recovery Rate (Lo): 2,800 cu ft/ton

LANDFILL GAS PURCHASE AGREEMENT

BETWEEN

RUMPKE OF KENTUCKY, INC

AND

EAST KENTUCKY POWER COOPERATIVE, INC.

FOR THE

PENDLETON COUNTY LANDFILL

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LANDFILL GAS SALES AGREEMENT
PENDLETON COUNTY LANDFILL

This LANDFILL GAS PURCHASE AGREEMENT (the "Agreement") is made this 9th day of Jan. ²⁰⁰⁶ ~~2005~~, by and between Rumpke of Kentucky, Inc. whose address is 10795 Hughes Road, Cincinnati, Ohio 45251 ("Seller") and East Kentucky Power Cooperative, Inc., a Kentucky corporation, whose address is 4775 Lexington Road, Winchester, Kentucky 40391 ("Purchaser").

RECITALS

- A. Seller owns the Pendleton County Landfill ("Landfill"), located near Butler, Kentucky; and
- B. Landfill Gas, consisting primarily of methane and carbon dioxide, is produced from decomposing refuse within the Landfill; and
- C. Seller intends to construct facilities to collect Landfill Gas from the Landfill; and
- D. Seller desires to produce, deliver, and sell Landfill Gas collected in the Landfill to Purchaser; and
- E. Purchaser intends to construct a Landfill Gas to Electric ("LFGTE") facility and desires to purchase such Landfill Gas during the term of the Agreement and in accordance with its terms and conditions for purposes of generating electrical energy.
- F. Pursuant to the terms of a Site Lease Agreement executed of even date, Purchaser is leasing certain real estate from Seller at the Landfill ("Leased Premises") in order to install necessary equipment, including transmission lines, to generate electric energy and sell such energy;

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

ARTICLE I

PURCHASE OF LANDFILL GAS

1.1 **Purchase and Sale.** Subject to the terms and conditions of the Agreement, including, without limitation, the termination provision of ARTICLE IX, Seller agrees to sell to Purchaser, all existing or future Landfill Gas produced at the Landfill and Purchaser agrees to purchase from Seller, all Landfill Gas produced and delivered to Purchaser's LFGTE Facility, up to the amount needed to fully operate the LFGTE facility, which may initially include four (4) Caterpillar 3516-800 kW engine/generator sets. Purchaser plans to construct a five (5) engine plant at the site, to allow for future expansion.. In the event, that the site recovers more landfill gas than the Purchaser can use at the five (5) engine plant, Purchaser, at its' option, shall be allowed to expand it's facilities and shall have first right of refusal for any additional gas at pricing to be negotiated by Purchaser and Seller at that time. The Seller will make routine expansions to the gas collection system as required by governing regulations. If it is determined by both parties that a future expansion of the gas collection system utilizing a more aggressive gas collection than required for compliance will be of benefit to the Purchaser, the Purchaser and Seller may negotiate any incentive payments for the expansion at that time.

ARTICLE II

GAS QUALITY

- 2.1 **Conforming Gas.** Seller shall deliver Landfill Gas to Purchaser at a minimum heating value of 500 Btu's per cubic foot ("Conforming Gas"). The heating value of the components found in Landfill Gas shall have the values as defined by the American Gas Association Report No. 3, printed as ANSI/API 2530. Calibration tests shall be performed by the Seller at least once each year and the result of each test shall continue to be used until the results of a subsequent test are known. For purposes of calculating payments due hereunder, the heating value of the Landfill Gas shall be the calculated corrected saturated Btu content per cubic foot of the total Landfill Gas sample at a base temperature of sixty (60) degrees Fahrenheit and a base pressure equivalent of 14.73 psia based on the measured uncorrected dry Btu content per cubic foot of the total Landfill Gas sample.
- 2.2 **Delivery Pressure.** Seller will deliver Landfill Gas to Purchaser hereunder at a positive pressure.
- 2.3 **Non-Conforming Gas.** Any Landfill Gas that does not meet the heating value specifications set forth in Section 2.1, or the delivery pressure set forth in Section 2.2 shall be deemed Non-Conforming Gas. Purchaser may elect to: (i) accept the Non-Conforming Gas, in which case the purchase price shall be \$.04/MMbtu, or (ii) reject such Non-Conforming Gas, in which event Purchaser shall not be obligated to provide payments for such Non-Conforming Gas. In addition, in the event Seller delivers Non-Conforming Gas for a continuous period of three (3) months, for any reason or cause, Purchaser shall have the option to terminate this Agreement and the Site Lease Agreement in accordance with the terms of Section 9.3.f

2.4 **Seller's Reserved Rights.** Seller expressly excludes from this Agreement and reserves unto itself, its successors and assigns, the right to operate the Landfill and Landfill Gas extraction facilities free from any control by Purchaser in such manner as Seller, deems advisable, including without limitation, the right, to drill new wells, to rework and repair old wells, to abandon any well, to build, test, modify, extend, repair, dispose of or discontinue the use of any or all facilities owned or installed by Seller, provided that the Seller shall comply in all material respects with New Source Performance Standards for Municipal Solid Waste Landfills. Provided however, nothing herein shall relieve Seller from its obligations under Section 13.1 herein.

2.5 **Purchaser's Reserved Rights.** Purchaser reserves the right, at any time and in its reasonable discretion, to add or remove engines/gensets as Landfill Gas volumes would increase or decrease. By way of example, if Purchaser removes an engine/genset due to a drop-off in available volumes of Landfill Gas, Purchaser shall not be responsible for payment for the associated Landfill Gas, which might have otherwise been purchased by Purchaser, had the engine/genset not been removed. Purchaser will use its best efforts to use all Landfill Gas delivered by the Seller.

ARTICLE III

UNITS OF VOLUME – MEASUREMENT

3.1 **Unit of Volume.** Except for the determination of heating value, the unit of volume for measurement of Landfill Gas delivered hereunder will be one (1) cubic foot of Landfill Gas at a base temperature of sixty (60) degrees Fahrenheit and at an absolute pressure of 14.73 pounds per square inch. All fundamental constants shall be in accordance with the

standards prescribed in the National Standard ANSI-API 2530, Second Edition, as reprinted in September 1986, with any subsequent amendments which may be mutually acceptable to Purchaser and Seller.

3.2 **Landfill Gas Metering.**

- a. Metering Equipment. Purchaser shall install, operate, and maintain in accurate working order, metering devices for the measurement of the Btu value of the Landfill Gas delivered hereunder at Purchaser's sole cost and expense. Such metering devices shall include a Daniel Process Gas Chromatograph Model 500, Carrier Gas System, Calibration Gas Cylinder, 10" Free Standing Rack and Sample Conditioning System. Purchaser shall provide a designated space inside the LFGTE facility and installation by its' general contractor. The Landfill Gas shall be sampled and measured at a point on the main gas header between the LFGTE gas compressor room and engine room.
- b. Meter Tests. Purchaser, at its sole cost and expense, shall keep the metering equipment accurate and in repair, making such periodic tests as Purchaser deems necessary, but at least once each year. Purchaser shall give Seller reasonable advance notice of any such test so that Seller may have its representative present. Seller may request a special test of the metering equipment at any time. The results of each test shall continue to be used until the results of a subsequent test are known and the expense of any such special test shall be borne by Seller if the equipment is found to be inaccurate by less than two (2) percent. If, upon any test, requested by Seller, the equipment is found to be inaccurate by more than two (2) percent, meter readings shall be corrected for a period extending back to the time such inaccuracy first occurred, if that time can be ascertained. If that time is not ascertainable, corrections shall be made for one half of

the elapsed time since the previous meter calibration. The result of each test shall continue to be used until the results of a subsequent test are known. For purposes of calculating payments due hereunder, the heating value of the Landfill Gas shall be the calculated corrected saturated Btu content per cubic foot of the total Landfill Gas sample at a base temperature of sixty (60) degrees Fahrenheit and a base pressure equivalent of 14.73 psia based on the measured uncorrected dry Btu content per cubic foot of the total Landfill Gas sample.

- c. Meter Out of Service. If, for any reason Purchaser's metering equipment is out of service or out of repair so that the amount of Landfill Gas delivered cannot be ascertained or corrected pursuant to Section 3.2.b, Seller shall estimate the amount of Landfill Gas delivered during the period when the metering equipment is out of service or out of repair based upon a 12,000 Btu/kWh net heat rate for the engine/gensets. By way of example:

$(\text{Net kWh for period})(12,000 \text{ Btu/kWh}) (\text{Purchase Price of Gas}) / 1,000,000 = \'s for
Landfill Gas used during the period.

ARTICLE IV

PRICE, BILLING, PAYMENT AND INCENTIVE

- 4.1 **Purchase Price**. Effective upon the commercial operation date of the LFGTE Facility ("Operational Date"), the initial purchase price for Conforming Landfill Gas delivered to Purchaser pursuant to the terms of the Agreement shall be \$0.25 per MMBtu, subject to the annual adjustment of Section 4.2 and incentive pricing provisions of Section 4.5.1. By way of example:

Qty (MMBtu)	Description	Unit price	Total
25,006.2	January 2007 monthly usage	\$0.625	\$15,628.88

4.2 Annual Rate Adjustment. The purchase price for Conforming Landfill Gas shall be adjusted annually, on each anniversary date of the completion of the Purchaser's Facilities as defined in Section 7.2, in a percentage amount equal to one hundred (100) percent of the increase or decrease in the Consumers Price Index, All Urban Consumers (or any successor index) over the most recently reported twelve (12) month period.

4.3 Rounding. The price for Landfill Gas determined pursuant to this ARTICLE IV shall be rounded to the nearest one tenth of one cent (\$0.001).

4.4 Billing and Payment.

a. **Billing.** On or before the tenth (10th) day of each calendar month, Seller shall send a statement to Purchaser of all Conforming Gas delivered and any Non-Conforming Gas delivered and accepted by Purchaser for the preceding calendar month ("Billing Statement"). Such Billing Statement shall set forth the quantity of Conforming Landfill Gas and Non-Conforming Gas, on a MMBtu basis, delivered to Purchaser during the preceding calendar month and the amount due Seller for such Landfill Gas. Pursuant to Section 4.5, Seller shall, beginning with the first statement issued hereunder, credit any incentive payments received by Seller against amounts due monthly for Landfill gas delivered to Purchaser, and no payments shall be due from Purchaser for Landfill Gas delivered by Seller until the total amount of said incentive payments have been so credited. No interest shall accrue on the incentive payment. Purchaser shall provide to

Seller payment for the amounts due and owing under the terms of this Agreement on a monthly basis, on or before the thirtieth (30th) day of the succeeding month. If Purchaser, in good faith, disputes any part of the Billing Statement, Purchaser shall pay the portion of such Billing Statement conceded to be correct. The amount of such disputed billing determined by the Parties to be correct shall be paid within ten (10) days of such determination, along with interest as specified in Paragraph 4.4.c.

- b. Errors in Billing. If either Party hereto shall find any time within one (1) year after the date of any payment hereunder that there has been an overcharge or undercharge, the Party finding the error shall promptly notify the other Party in writing. In the event of an undercharge, Purchaser shall pay any undisputed amount due, plus interest, within thirty (30) days of the date of the notice of error. In the event of an overcharge, Seller shall refund any undisputed overpayment to Purchaser, plus interest, within thirty (30) days of the date of the notice of error. In the event of disputes about the validity or amounts of such payment errors, the parties agree to attempt to mutually resolve such disputes, and the appropriate party will make payment to the other party of any amounts so determined, plus interest, within thirty (30) days of such resolution.
- c. Interest. Interest shall accrue on any amount over paid or not paid on or before the due date therefore at a rate equal to one (1) percent plus the prime rate of Citibank, N.A., New York, New York, or its successor.

4.5 Incentive Payment. Purchaser desires to commence commercial operation of its LFGTE Facility by January 15, 2007. Purchaser acknowledges that Seller needs to complete installation of a Landfill Gas Collection System earlier than may be required to

meet New Source Performance Standards (“NSPS”), in order to supply such gas.

Purchaser hereby agrees to provide an incentive package to assist with the cost of an aggressive construction schedule for Seller's Facilities, as defined in Section 7.1, hereinbelow, provided that the Landfill Gas Collection System is designed and constructed to be capable of delivering 1100 scfm of 50% methane gas, the construction schedule included in Exhibit “A” is met, and Seller's Facilities are completed on or before November 15, 2006. The incentive package shall be payable as follows:

- a. \$100,000 payable on May 1, 2006 if all of the following events have occurred: (i) approval of the gas collection system design by Purchaser, (ii) submission by Seller of a construction schedule for Seller's Facilities which will support the incentive payment dates provided hereinbelow, and (iii) proper notification by both Parties, pursuant to Section 8.1, hereinbelow, that all necessary approvals for facilities, including approval of the LFGTE Project by the Kentucky Public Service Commission, have been obtained.
- b. \$100,000 payable upon the start of the construction of the gas collection system prior to May 15, 2006.
- c. \$200,000 payable upon 50% completion of the gas collection system prior to September 15, 2006.
- d. \$200,000 payable upon 100% completion of the gas collection system prior to November 15, 2006.
- e. \$150,000 payable upon completion of Purchaser’s facilities as defined in Section 7.2.

Individual incentive payments shall be made to Seller only if the relevant milestone dates referenced above for each payment are met. Seller's qualification for, or failure to qualify for, an individual incentive payment shall not affect the requirements for subsequent

payments, except that Seller must complete its facilities by November 15, 2006 to be entitled to payments pursuant to Section 4.5 (d) and (e). Purchaser shall be entitled to a credit on all gas purchases hereunder for the amount of any incentive payments made to Seller. Such credits shall be applied to the first billing for purchases by Purchaser after commercial operation of the LFGTE Facility, and shall continue until the total amount of incentive payments has been credited against landfill gas purchases.

- f. Seller agrees to provide security to Purchaser for the incentive payments made pursuant to this Section 4.5. Such security shall be provided at or before the time of the first incentive payment, shall be in a form and from a surety or guarantor, which is acceptable to Purchaser, in its sole discretion. The amount of said security shall be sufficient to cover all potential incentive payments provided hereinabove, and shall remain in effect until all such incentive payments have been credited against Purchaser's purchases of gas, pursuant to Sec. 4.5(e). The cost of said security shall be payable by the Purchaser

4.5.1 Gas Price Incentive. As additional consideration for installing a Gas Collection System prior to the NSPS requirement, Purchaser agrees to add a multiplier to the Gas Purchase price in Section 4.1, for Complying Landfill Gas delivered to Purchaser during the later of the period of January 1, 2007 through December 31, 2011 or the five year period following the Commercial Operation date of the Purchaser's facilities, to assist the Seller with a portion of the collection system cost, and the operation and maintenance cost of the system for the period. The multiplier shall be as follows unless otherwise specified herein:

January 1, 2007 through December 31, 2007	2.50 times the rate in Section 4.1
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January 1, 2008 through December 31, 2008	2.50 times the rate in Section 4.1
January 1, 2009 through December 31, 2009	2.25 times the rate in Section 4.1
January 1, 2010 through December 31, 2010	2.0 times the rate in Section 4.1
January 1, 2011 through December 31, 2011	2.0 times the rate in Section 4.1

Effective January 1, 2012, the purchase price shall return to the price quoted in Section 4.1, plus any annual adjustments as specified in Section 4.2, and no further incentive pricing will be in effect unless otherwise specified herein.

ARTICLE V

TAX CREDITS

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

5.2 **Emissions Credits**. All air emission credits arising from Seller's production and sale of Landfill Gas from the Landfill prior to the delivery point shall be the property of Seller. All air emission credits arising from the Purchaser's production of electricity and purchase of the Landfill Gas after reaching the delivery point shall be the property of the Purchaser.

ARTICLE VI

POINT OF DELIVERY

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

ARTICLE VII

FACILITIES

7.1 **Seller's Facilities**. Seller shall bear the expense of and duty to construct (if applicable), maintain, and operate Seller's Facilities. Seller's Facilities shall include, without limitation:

- a. All equipment required to produce and process the Landfill Gas and to deliver such Landfill Gas to the Point of Delivery, including a Landfill Gas Collection System meeting the specifications of Section 4.5, condensate piping and electrical conduit;
- b. All equipment required to be owned by Seller in order to claim entitlement to the Credits;

- c. All equipment required to flare the Landfill Gas, including a manual bypass line to allow delivery of Landfill Gas to the LFGTE facility in the event that the Seller's blower/flare skid is temporarily out of service due to maintenance. Seller's blower/flare skid shall be electrically interlocked with the Purchaser's facilities to allow flaring of any excess Landfill Gas or in the event of an outage at the Purchaser's facilities.
- d. At all times during the term hereof, Seller's Facilities shall be designed, constructed, and operated in compliance with all applicable laws and regulations.

Seller will notify Purchaser of its construction schedule for Seller's Facilities, including its Landfill Gas Collection System, at least 15 days in advance of the scheduled start of construction of such Facilities, and no later than April 30, 2006, and shall diligently pursue the completion of the Facilities consistent with the construction schedule and shall complete its Facilities no later than the milestones set forth in Exhibit A, attached hereto, and in compliance with the construction schedule provided to Purchaser.

Completion of such Facilities shall mean that the Facilities are capable of sustained normal operation in compliance with all relevant specifications provided herein. Seller shall notify Purchaser at least 15 days in advance of the completion of such facilities.

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

- a. All piping suitable to transport Landfill Gas from the Point of Delivery to the Purchaser's electrical generating equipment;

- b. Any piping necessary to convey condensate from Purchaser's Facilities to Seller's leachate/condensate collection system;
- c. One or more engine/gensets for the generation of electricity, the exact number of which Purchaser may determine and change at any time, in its reasonable discretion; and
- d. All transmission lines and equipment from the Purchaser's Facilities to the interconnection point at the transmission or distribution system.

Purchaser shall be responsible for all costs and expenses to permit, construct, maintain, and operate Purchaser's Facilities. At all times during the term hereof, Purchaser's Facilities shall be designed, constructed, and operated in compliance with all applicable laws and regulations including, without limitation, environmental laws and regulations. Upon expiration or termination of this Agreement for any reason, Purchaser, at Purchaser's sole expense, shall have the right to remove all above-ground Purchaser's Facilities located on Seller's property, unless the Seller has expressed an interest in acquiring the facilities and a purchase price can be agreed upon. In the event that Purchaser elects to remove such facilities, Purchaser shall, at its sole cost, cap the pipeline and take all steps required by applicable law and regulation in connection with the abandonment of the pipeline and other underground facilities and structures.

Purchaser shall be under no obligation to begin the construction of its Facilities until the Seller begins construction of its gas collection system. Purchaser shall strive to construct and install Purchaser's Facilities in accordance with the schedule for the completion of Seller's Facilities, and shall complete Purchaser's Facilities within 60 days of the actual completion of Seller's Facilities. Completion of Purchaser's Facilities shall mean that such facilities are capable of sustained normal operation for the generation of electricity.

ARTICLE VIII

AUTHORITY AND PERMITS

- 8.1 **Permits; Authorizations.** Seller and Purchaser each, at their own respective expense, shall obtain and maintain all permits, authorizations, easements, and rights-of-way required for the performance of its obligation hereunder, using reasonable efforts to obtain and maintain the permits and authorizations necessary for the operation of the Landfill Gas collection system and operation of those other facilities required in order to fulfill their respective obligations hereunder. Each Party shall provide the other Party, prior to the payment of any incentive payments pursuant to Section 4.5 hereinabove, and prior to the start of construction of the Purchaser's Facilities, written notification that all required permits and authorizations have been received as well as a copy of such permits and authorizations. Purchaser's permits, authorizations, easements, right-of-way, including those for transmission or distribution lines, shall include approvals of the Project by the EKPC Board of Directors ("Board"), Public Service Commission ("PSC"), Rural Utilities Service ("RUS"), and the issuance of an air permit by the Kentucky Department of Air Quality. The Seller's permits, authorizations, easements, and right-of-way shall include a minor modification of the Landfill's Solid Waste Permit. This Agreement is expressly contingent upon the Parties securing all such necessary permits and authorizations, pursuant to the provisions of Section 13.5.
- 8.2 **Public Utility Status.** Seller does not intend to hold itself out as a public utility or to submit to the public utility jurisdiction of the PSC, or any other state or federal regulatory agency by reason of the production, delivery, or sale of Landfill Gas hereunder or by

reason of the generation of electric energy and capacity using Landfill Gas; provided however, that both Parties agree to submit to the jurisdiction of any agency that administers laws or regulations concerning pipeline safety or other matters relating to the safe handling of Landfill Gas. To that end, each Party may, in its sole discretion, seek a ruling from any such agency or other assurance satisfactory to such Party that the extrication, delivery, or sale of Landfill Gas will not subject such Party to the jurisdiction of such agency.

- 8.3 Mutual Assistance.** Upon request, the Parties hereto shall use reasonable efforts to support and assist one another in the acquisition of any required permit or authorization. Such support shall include, without limitation, participation in regulatory proceedings and provision of information concerning each Party's operations. This obligation of assistance shall not require either Party to take actions, or assert positions in regulatory proceedings, which would result in adverse impacts on the Party's other business interests.

ARTICLE IX

TERM AND RIGHT TO TERMINATE

- 9.1 Term.** The Term of this Agreement shall commence on the date first written above and shall continue for an initial term of twenty (20) years. In the event Purchaser is not in breach of the terms of this Agreement, Purchaser shall have the option to extend the term of this Agreement for up to two (2) additional terms of five (5) years, upon provision of written notice to Seller no later than one hundred eighty (180) days prior to the expiration of the existing term.

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

- a. At any time during the term of this Agreement, the PSC, or any other regulatory or legislative body, asserts jurisdiction over Seller as a public utility and requires that Purchaser pay Seller a lower price for Landfill Gas purchased hereunder than that price otherwise provided under this Agreement; or
- b. Purchaser fails to perform its obligations under this Agreement due to an event of Force Majeure which lasts longer than three (3) months; or
- c. The initiation of an involuntary proceeding against Purchaser under the bankruptcy or insolvency laws, which involuntary proceeding remains undismissed for one hundred twenty (120) consecutive days, or the initiation by the Purchaser of a voluntary proceeding under the bankruptcy or insolvency laws, in which case Purchaser shall provide written notice to the Seller; or
- d. Termination of the Site Lease Agreement, pursuant to the terms of such Site Lease Agreement, for reasons other than a default by Purchaser.
- e. Purchaser fails to perform any material obligation hereunder, and fails to cure such failure to perform within sixty (60) days after receipt of Seller's notice of such failure of performance, or if such cure cannot reasonably be completed in sixty (60) days, Purchaser fails to promptly initiate and implement such cure in a prompt fashion and cure such failure in a reasonable time; or
- f. Termination of the Site Lease Agreement, pursuant to the terms of such Site Lease Agreement, due to a default by Purchaser.

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

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

- a. At any time during the term of this Agreement, the PSC, or any other regulatory or legislative body, takes any actions which: (i) prohibit Purchaser's use of Landfill Gas for generation of electricity, (ii) significantly adversely affect the economics of such generation of electricity, or (iii) requires that Purchaser pay Seller a higher price for Landfill Gas purchased hereunder than the price otherwise allowed under this Agreement; or
- b. Seller fails to perform its obligations under this Agreement due to an event of Force Majeure which lasts longer than three (3) months; or
- c. Seller fails to provide Purchaser with a schedule for the construction of Seller's Facilities, pursuant to Section 7.1, hereinabove, by April 30, 2006.
- d. The initiation of an involuntary proceeding against Seller under the bankruptcy or insolvency laws, which involuntary proceeding remains undismissed for one hundred twenty (120) consecutive days, or the initiation by the Seller of a voluntary proceeding

- under the bankruptcy of insolvency laws, in which case Seller shall provide written notice to Purchaser; or
- e. Termination of the Site Lease Agreement, pursuant to the terms of such Site Lease Agreement, for reasons other than a default by Seller; or
 - f. Seller fails to perform any material obligation hereunder, and fails to cure such failure to perform within ninety (90) days after receipt of Purchaser's notice of such failure of performance, or if such cure cannot reasonably be completed in ninety (90) days, Seller fails to promptly initiate and implement such cure in a prompt fashion and cure such failure in a reasonable time; or
 - g. Seller fails to provide Purchaser with 850 SCFM Conforming Landfill Gas as defined in Section 2.1 to operate three (3) LFGTE units for thirty (30) cumulative days in any three hundred sixty-five (365) day period; or
 - h. Termination of the Site Lease Agreement, pursuant to the terms of such Site Lease Agreement, due to a default by Seller.

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

ARTICLE X

TAXES

10.1 Liability for Taxes. Seller shall pay or cause to be paid all taxes and assessments imposed on Seller with respect to the sale of Landfill Gas, the ownership of the Landfill, Seller's Facilities, and associated equipment. Purchaser shall pay or cause to be paid all taxes and assessments imposed upon Purchaser with respect to the purchase of Landfill Gas and the ownership of Purchaser's Facilities and associated equipment. Neither Party shall be responsible or liable for any taxes nor any other statutory charges levied or assessed against any of the facilities of the other Party used for the purpose of carrying out the provisions of this Agreement.

ARTICLE XI

FORCE MAJEURE

- 11.1 Suspension of Obligations.** If either Party is rendered unable, wholly or in part, by Force Majeure to carry out its obligations under this Agreement, it is agreed that upon such Party giving notice, including details concerning such Force Majeure, in writing or by facsimile to the other Party as soon as possible after the occurrence of the cause relied on, then the obligations of the Party giving such notice, including the obligation to make payments due hereunder, so far as they are affected by Force Majeure, shall be suspended during the continuance of any such inability so caused, but for no longer period, and such cause shall, as far as possible, be remedied with all reasonable dispatch.
- 11.2 Definition of Force Majeure.** The term "*Force Majeure*" as used herein shall include, but not be limited to, acts of God, fires, storms, lighting, floods, earthquakes, explosions,

war, public disorder, accidents, casualty, changes in laws or regulations or other governmental acts, revocation or the inability to obtain permits & licenses after making reasonable efforts, labor disturbances, or any other event of similar cause not reasonably within the control of the affected Party and which, by the exercise of reasonable diligence, such Party is unable to prevent or overcome. Force Majeure shall not include the unavailability of or delays in delivery of any product, labor, fuel, service, or materials unless caused by an event that would otherwise be defined herein as an event of Force Majeure.

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

ARTICLE XII

INDEMNITY

12.1 Indemnification. Each Party shall defend, indemnify, and hold the other Party, its directors, officers, partners, shareholders, employees, agents, representatives, co-ventures, tenants, contractors, or servants harmless from and against any and all claims, penalties, demands, actions, proceedings, settlements, liability, or losses of whatsoever nature, including reasonable attorneys fees, for injury or death to person(s) or for damage or loss to or of property to the extent arising out of or caused by: (i) a breach of this Agreement by the indemnifying Party, or (ii) the indemnifying Party's intentional or negligent operations or

activities hereunder. In no event shall either Party be liable to the other for loss of anticipated profits or consequential, special, or punitive damages.

ARTICLE XIII

SELLER'S AND PURCHASER'S OBLIGATIONS

13.1 Seller's Obligations. Seller's primary obligation and business purpose is the safe, efficient, and economical management of its Landfill and Landfill Gas production system in accordance with any and all federal, state, and local laws, rules, regulations, ordinances, and orders. Seller shall operate and manage its Landfill in such manner, as Seller deems advisable. Seller agrees not to unreasonably interfere with the operation and maintenance of Purchaser's Facilities or, consistent with the provisions set forth above, to cause an intentional, material disruption of delivery of Landfill Gas to Purchaser's Facilities. Seller shall inform Purchaser of operational changes or decisions which might reasonably and materially affect Landfill Gas production within a reasonable period before such changes are made, and shall use reasonable efforts to minimize any adverse impact of such changes on operations on the supply of Landfill Gas to Purchaser. Seller shall provide to Purchaser in a timely manner, copies of all gas collection system inspection reports.

13.2 Purchaser's Condensate. Purchaser's Condensate may be tested by both Seller and Purchaser, at each testing Party's sole expense, to determine if, when combined with that leachate and condensate extracted from the Landfill by Seller, Purchaser's Condensate will be acceptable either for recirculation or for disposal at the local Publicly Owned Treatment Works ("POTW"). If Purchaser's Condensate, when combined with Seller's leachate and condensate, is acceptable either for recirculation or disposal, Seller shall accept and bear

the cost of lawfully disposing of Purchaser's Condensate combined with Seller's leachate and condensate. If Purchaser's Condensate, when combined with Seller's leachate and condensate is not acceptable for recirculation or disposal, Purchaser shall bear any costs of disposal of Purchaser's Condensate. Purchaser shall take appropriate action to ensure there is no spillage or unintentional discharge of Purchaser's Condensate into the environment. Purchaser shall notify Seller of any known changes in the chemical composition of Purchaser's Condensate, or in the event Purchaser undertakes any changes in its process, which might result in such chemical composition changes.

13.3 Purchaser's Obligations. Purchaser shall be solely responsible for the processing of Landfill Gas for the generation of electricity. Purchaser shall operate Purchaser's Facilities in a reasonably prudent manner and in accordance with the terms of this Agreement. Purchaser shall conduct its activities under this Agreement in such a manner as not to unreasonably interfere with Seller's use of the Landfill, unless Seller otherwise consents in writing. The noise levels produced by Purchaser's Facilities shall not cause a nuisance to the surrounding community, nor shall such noise exceed, at the boundaries of the Landfill, applicable state or local standards for noise. Noise from Purchaser's Facilities resulting in complaints and/or legal actions shall be the sole responsibility of Purchaser, and Purchaser shall indemnify and hold Seller harmless from such liability.

13.4 Environmental Matters.

- a. Should New Source Performance Standards or other similar air standards be deemed applicable to the Purchaser's Facilities which combust Landfill Gas, such facilities shall meet all applicable NMOC (non-methane organic compounds) destruction standards, at Purchaser's sole cost and expense.

- b. Purchaser shall construct, operate, and maintain Purchaser's Facilities and its Generating Equipment, and shall otherwise conduct its activities hereunder, in full conformance with all applicable environmental laws, regulations, and ordinances.
- c. Seller and Purchaser, respectively, shall be responsible for any stack testing required for Seller's Facilities and Purchaser's Facilities, respectively.

13.5 Contingencies. This Agreement is expressly contingent upon each of the respective Parties securing all necessary permits and authorizations, as set forth in ARTICLE VIII. In the event the above contingency is not satisfied or waived within one hundred eighty (180) days from the execution of this Agreement, this Agreement may be terminated by either Party upon written notice, and the Parties shall have no liabilities or further obligations to each other. This right of either Party to terminate this Agreement shall end if, prior to the issuance of any valid notice of termination hereunder, the required permits or authorizations are obtained by the other Party.

ARTICLE XIV

WARRANTIES, REPRESENTATIONS, AND RESERVED RIGHTS

14.1 Purchaser's Representations and Warranties. Purchaser represents and warrants to Seller as follows:

- a. Purchaser is an Electric Cooperative Corporation duly organized and validly existing under the laws of the Commonwealth of Kentucky, with full legal right, power, and authority to enter into and to fully and timely perform its obligations hereunder;

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

14.2 Seller's Representations, Warranties, and Reserved Rights. Seller represents and

warrants to Purchaser as follows:

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

an unfavorable decision, ruling, or finding would materially adversely affect the performance by Seller of its obligations hereunder, or that, in any way, would materially adversely affect the validity or enforceability of this Agreement.

ARTICLE XV

INSURANCE

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

- a. Workers Compensation Insurance, covering liability under applicable Workers Compensation law, at the statutory coverage levels, including employer's liability insurance in an amount not less than \$100,000 for each accident; and
- b. Comprehensive general liability and property damage insurance in a combined single limit of not less than \$5,000,000 for death or injury to any person(s) or for property damage as a result of or in connection with the operation of its facilities required for the performance of its obligations hereunder.

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

ARTICLE XVI

DISPUTE RESOLUTION

16.1 Dispute Resolution. In the event of disputes, each Party will select a representative of its senior management to meet in person and attempt to resolve such disputes before either Party exercises any judicial rights, which may be available. The Parties may elect, upon mutual agreement, to submit any such dispute to arbitration or mediation. Pending the resolution of any dispute, Purchaser shall continue to operate Purchaser's Facilities in a manner consistent with this Agreement and Seller shall continue to provide Landfill Gas in accordance with the applicable provisions of this Agreement.

ARTICLE XVII

MISCELLANEOUS

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

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

Purchaser: East Kentucky Power Cooperative, Inc.
4775 Lexington Road
Winchester, Kentucky 40391
Attention: Mr. Ralph Tyree

Seller: Rumpke of Kentucky, Inc
10795 Hughes Road
Cincinnati, OH 45251
Attention: William Rumpke, Jr.

With copy to: _____

Attention: _____

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

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

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

17.5 Choice of Law. This Agreement and any provisions contained herein shall be interpreted under the laws of the Commonwealth of Kentucky.

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

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

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

Attest: Della E. Dawson, Francon
behalf of the Corporate Secretary

**EAST KENTUCKY POWER
COOPERATIVE, INC.**

By: Roy M. Palk
Printed Name: Roy M. Palk
Title: Pres. + CEO

Attest: H. J. Colbert

RUMPKE OF KENTUCKY, INC.

By: William Rumpke Jr.
Printed Name: William Rumpke Jr.
Title: COO

EXHIBIT "A"

PENDLETON COUNTY GAS PURCHASE AGREEMENT

MILESTONE SCHEDULE

Activity	Milestones
Gas Collection System Design to Purchaser for Review	March 30, 2006
Submission of Construction Schedule by Seller	April 30, 2006
Notification that all necessary approvals have been obtained	May 1, 2006
Start of Construction of the Gas Collection System	May 15, 2006
Start of Construction of the LFGTE Facility	June 15, 2006
50% Completion of the Gas Collection System	September 15, 2006
Completion of the Gas Collection System	November 15, 2006
Completion of the Purchaser's LFGTE Facilities	January 15, 2007

SITE LEASE AGREEMENT

This Site Lease Agreement ("Lease") is made this 9th day of June, ²⁰⁰⁶ 2005 by and between Rumpke of Kentucky, Inc., whose address is 10795 Hughes Road, Cincinnati, Ohio 45251 ("Lessor") and East Kentucky Power Cooperative, Inc. a Kentucky corporation whose address is 4775 Lexington Road, Winchester, Kentucky 40391 ("Lessee") and singularly or collectively referred to as the Party or Parties.

WITNESSETH:

1. Property Description. Lessor, in consideration of the rents and obligations to be paid and performed by Lessee, does hereby lease to Lessee the premises described as the "Leasehold Area" in Attachment "1" ("Leased Premises"). In addition, Lessor hereby grants to Lessee, its agents, employees and contractors, the right of ingress and egress to and from the Leased Premises, as may be reasonably necessary to allow Lessee to perform its obligations under this Lease.

2. Term. The term of this Lease shall be concurrent with the term of the Landfill Gas Purchase Agreement ("Gas Agreement") executed of even date between the Parties, subject to Lessee's right of access to the Leased Premises, as set forth in Paragraph 6d below.

3. Quiet Enjoyment. Lessor covenants that Lessee, by paying the rents and observing its obligations under this Lease, shall lawfully and peaceably hold, occupy and enjoy the Leased Premises during the term herein created, or any extension thereof. Lessor agrees that any mortgage or other lien instrument, which Lessor may place upon the Leased Premises shall be expressly subject to the terms of this Lease.

4. Easements. Lessor agrees to grant to Lessee, together with its agents and contractors retained in connection with the Landfill Gas to Electric ("LFGTE") facility, nonexclusive easements appurtenant to this Lease as are reasonably necessary for the interconnection of the LFGTE facility to electric, sewage system, water, phone and other utilities.

5. Rent. Commencing on the effective date of this Agreement, Lessee shall pay annual rent in the amount of \$100.00.

6. Construction and Purchase of Improvements and Equipment

a. Lessee shall be permitted to install and maintain on the Leased Premises any and all equipment reasonably necessary for the processing of Landfill Gas and conversion of same to electrical energy, including without limitation, Purchaser's Facilities, as such term is defined in the Gas Agreement, (hereinafter referred to as "Improvements"), at Lessee's sole cost and expense.

b. Lessee may, at its option and at its own cost and expense, at any time and from time to time, make such alterations, changes, replacements, improvements, and additions in and to the Improvements as Lessee may deem desirable. Lessee will not permit the Leased Premises to become subject to any lien on account of labor or material furnished to the Lessee or its agents in connection with work of any character performed or claimed to have been performed on the Leased Premises by or at the direction of the Lessee, provided, however, the Lessee shall have the right to contest in good faith and with reasonable diligence the validity of such lien or claimed lien.

c. Until the expiration or earlier termination of this Lease, title to any Improvements situated on or erected on the Leased Premises, as allowed under the terms of this Lease and any equipment or other property installed thereon and any alteration, change or addition thereto shall remain solely with Lessee, or, subject to Lessor's prior approval, which approval shall not be unreasonably withheld: i) in a third party purchaser of the electricity generated by Lessee; or ii) in a third party who holds title for reasons related to Lessee's financing of the Improvements. Nothing herein shall preclude Lessee from operating such Improvements in the event of Lessor's default and failure to cure.

d. Upon expiration or earlier termination of this Lease, unless the Lessor has expressed an interest in acquiring the facilities and a price can be agreed upon, Lessor and Lessee agree that Lessee shall have a one-year period thereafter in which to remove from the Leased Premises all Improvements. In the event that Lessee elects to remove such facilities, Lessee shall, at its own cost, cap the pipeline and take all steps required by applicable law and regulation with the abandonment of the pipeline and other underground facilities and structures. All Improvements which have not been removed prior to the expiration of such period shall, at Lessor's option, be deemed to have been abandoned, whereupon title to such Improvements, shall vest in Lessor on such date, without any payment or other consideration given by Lessor. Alternatively, Lessor may require Lessee to remove all or any part of such Improvements at Lessee's expense. If Lessee fails to remove such Improvements pursuant to Lessor's request, Lessor may remove said Improvements at Lessee's expense.

e. Lessor's consent to Lessee's construction and/or installation of Improvements pursuant to this Paragraph 5 shall not create any warranties in favor of Lessee or any third party as to the design, suitability, regulatory compliance or other attributes of such Improvements.

f. Lessor shall have the right to review and accept all plans for design and construction of the Improvements before Lessee commences construction and/or installation, and to monitor Lessee's operations on the Leased Premises. Such review and approval shall be limited to the extent necessary to enable Lessor to determine that the Improvements and the operation thereof, do and will:

- (i) comply with the terms of this Lease;
- (ii) not adversely affect, in any material respect, Lessor, its agents, employees, officers and directors or post-closure activities at the Pendleton County Landfill ("Landfill");
- (iii) not emit noxious odors or excessive noise as defined by applicable regulations.

g. Lessee shall comply with all applicable laws, regulations and orders of governmental bodies at all times in the conduct of its activities on the Leased Premises.

7. Destruction of Improvements. In the event the Improvements are partially or totally destroyed such that they cannot, in Lessee's reasonable opinion, be used for their intended purposes, Lessee shall have the right to terminate this Lease on thirty (30) days' written notice to Lessor. Lessee, upon the effective date of such termination, shall have no further obligations or liabilities hereunder except as to those covenants and obligations which expressly survive the termination hereof, including but not limited to the removal of the Improvements as set forth in Paragraph 6.

8. Use of Leased Premises. Lessee shall use the Leased Premises solely in accordance with the terms of this Agreement. Lessee's use of the Leased Premises shall be on an exclusive basis, and the Parties agree to conduct their respective activities on the Leased Premises in such a manner so as not to unreasonably disturb each other's business operations.

9. Responsibility of Claims. Lessor shall not be liable for loss of or damage to any property by theft or otherwise, or for any injury or damage to persons or property resulting from fire, explosion, steam, gas, electricity, water or rain which may leak from any part of any building or from the pipes, appliances or plumbing works therein, or from the roof, street or subsurface, or

from any other place resulting from dampness or any other cause whatsoever, except for damage caused by the negligence, gross negligence or intentional misconduct of the Lessor. Lessee shall give immediate notice to Lessor of any fire, accident or defect discovered with the Leased Premises.

10. Default.

a. If the rental payments set forth in this Lease, shall remain unpaid for a period of twenty (20) days after they become due, or if Lessee shall be in default with respect to any of its covenants herein contained, Lessor may notify Lessee in writing, giving a reasonably detailed description of the default. Lessor may declare this Lease terminated and shall be relieved from further performance of any obligations hereunder if Lessee fails to cure, or commence the cure of, any default within the sixty (60) day period immediately following receipt of Lessor's notice of default and, after said period, fails to diligently pursue the cure to completion.

b. If Lessee fails to cure or commence the cure of said default within sixty (60) days following receipt of Lessor's notice of default, Lessor may at its election, in addition to its rights under sub-paragraph a. above, and not in lieu thereof, cure such default and charge the cost of effecting such cure from rentals accruing hereunder.

c. In the event either party waives a default by the other party, such waiver shall not be construed or deemed to be a continuing waiver of any subsequent breach or default on the part of either party.

d. Lessor shall pay or cause to be paid all taxes and assessments imposed on Lessor with respect to the sale of Landfill Gas, the ownership of the Landfill, Lessor's Facilities, and associated equipment. Lessee shall pay or cause to be paid all taxes and assessments imposed upon the Lessee with respect to the purchase of the Landfill Gas and the ownership of Lessee's Facilities and associated equipment. Neither Party shall be responsible or liable for any taxes or any other statutory charges levied or assessed against any of the facilities of the other party used for the purpose of carrying out the provisions of this Agreement.

11. Warranty. Lessor represents and warrants the following to Lessee:

a. Lessor possesses fee simple title to the Leased Premises;

b. Lessor has the power and authority to execute and deliver this Lease and carry out and perform all covenants to be performed by it hereunder.

c. The Leased Premises are free from all mortgages, encumbrances, liens,

defects in title, violations of law or environmental regulations, leases, tenancies, easements, restrictions and agreements of any kind whatsoever affecting the Premises which would substantially interfere with or obstruct Lessee's use of the Leased Premises for the purposes described herein; and

d. At the time of the commencement of the term hereof, exclusive physical possession of the Leased Premises will be delivered to Lessee.

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

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

Lessee: East Kentucky Power Cooperative, Inc.
4775 Lexington Road 40391
P. O. Box 707 40392-0707
Winchester, Kentucky
Attention: Mr. Ralph Tyree

Lessor: Rumpke of Kentucky, Inc.
10766 Hughes Road (Fed Ex)
10795 Hughes Road (Mail)
Cincinnati, Ohio 45251
Attention: William Rumpke, Jr.

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

14. Force Majeure. If either Party is rendered unable, wholly or in part, by Force Majeure to carry out its obligations under this Agreement, it is agreed that upon such Party giving notice and reasonably full particulars of such Force Majeure in writing or by facsimile to the other Party as soon as possible after the occurrence of the cause relied on, then the obligations of the Party giving such notice, excluding the obligation to make payments due hereunder, are suspended to the extent necessary.

The term Force Majeure as used herein shall mean acts of God, fires, storms, lightning, floods, earthquakes, war, public disorder, accidents, casualty, changes in laws or regulations or other governmental acts, labor disturbances, or any other event of similar cause not reasonably within the control of the affected Party and which, by the exercise of reasonable diligence, such Party is unable to prevent or overcome. Force Majeure shall not include the unavailability of or delays in delivery of any product, labor, fuel, service or materials unless caused by an event that would otherwise be defined herein as an event of Force Majeure.

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

15. Governing Law. This Lease shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

16. Definition. Wherever the words "Lessor" and "Lessee" appear in the Lease, they shall include the respective Parties hereto and their respective successors and assigns.

17. Complete Agreement. This Lease is intended to constitute a final, complete and exclusive expression of their agreement on the subject matter hereof, and shall not be changed, modified, discharged, or extended, except by subsequent amendment in writing signed by both Parties.

18. Waiver. The waiver by either Lessor or Lessee or any failure on the part of the other party to perform any of its obligations under this Lease shall not be construed as a waiver or any future or continuing failure or failures, whether similar or dissimilar thereto.

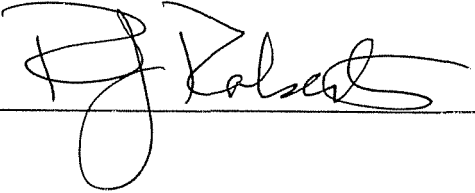
19. Counterparts. This Lease may be executed in any number of counterparts, each of which shall be deemed an original.

20. Partial Invalidity. If any term or provision of this Lease, or the application thereof to any person or circumstance, becomes invalid or is found to be unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

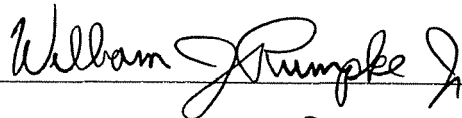
21. Assignment. This Agreement may not be assigned by either Party without the prior approval of the other Party, which consent shall not be unreasonably withheld or delayed. Upon any assignment made in compliance with this paragraph 21, all covenants, terms, conditions, and provisions of this Agreement shall inure to and be binding upon the successors and assigns of the assigning Party and without relieving the assigning Party from liability hereunder. Nothing herein shall in any manner restrict the Parties from assigning rights hereunder to the Rural Utilities Service ("RUS"), the National Rural Utilities Cooperative Finance Cooperation ("CFC"), or any other third party lender for financing purposes.

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

WITNESSES:

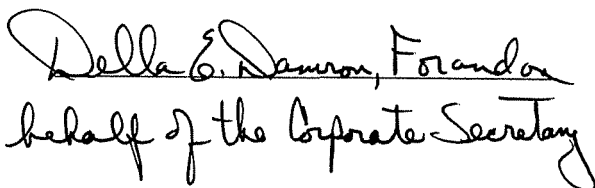


RUMPKE OF KENTUCKY, INC.

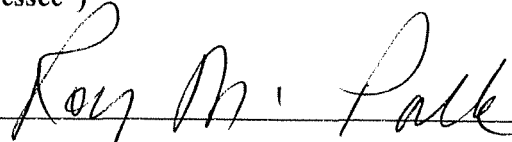
By: 

Printed Name: William Rumpke Jr.
Title: COO

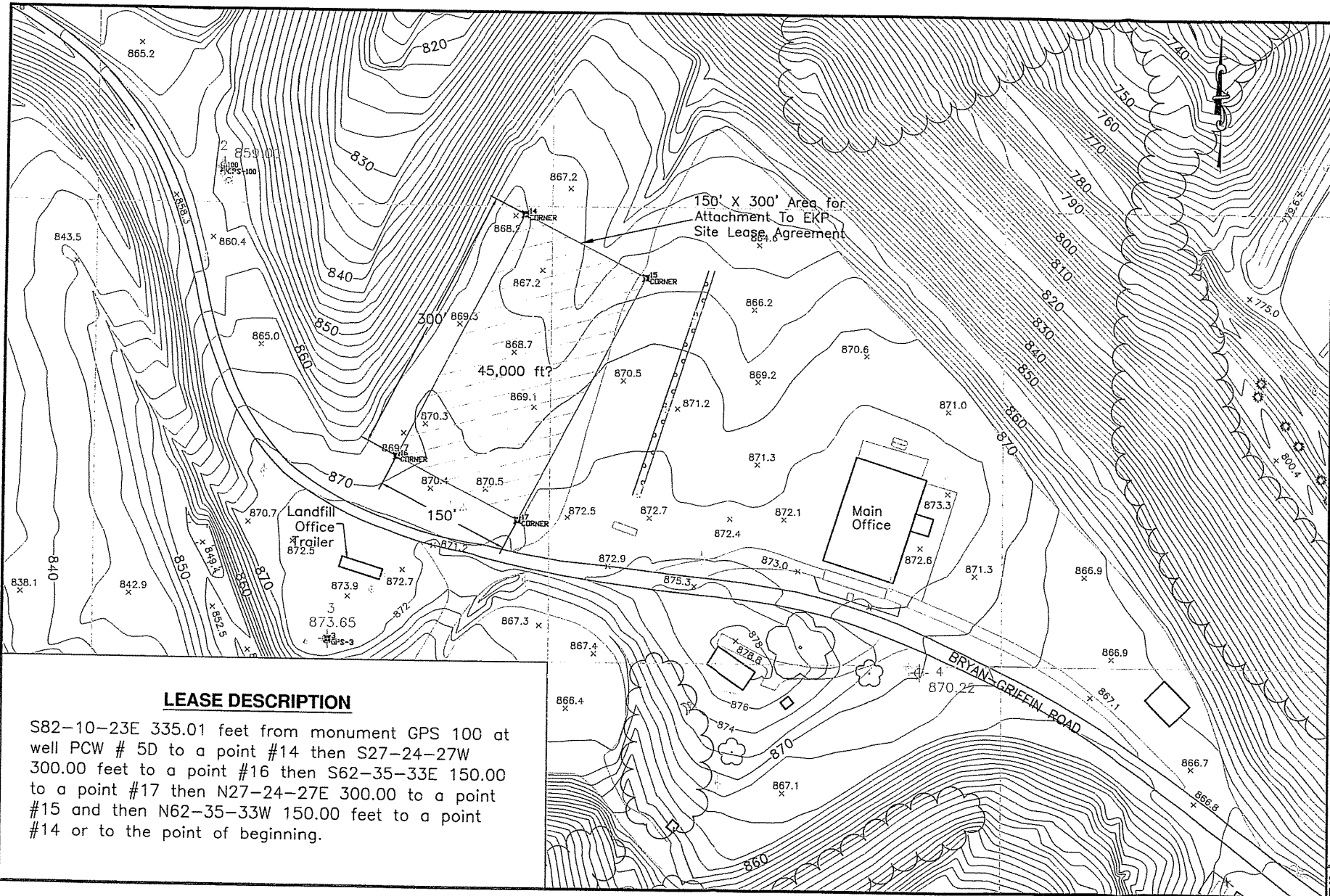
WITNESSES:



EAST KENTUCKY POWER COOPERATIVE, INC.
("Lessee")


By: 

Printed Name: Roy M. Palk
Title: President & CEO



Revisions	Date	By

Dates: 12-16-95
 Drawn By: JMR
 Scale: 1" = 100'
 Job No.: 0513000
 Drawing No.: 0513000
 Plot Date: 12-20-05


CONSOLIDATED COMPANIES, INC.
 ENGINEERING AND ENVIRONMENTAL AFFAIRS DEPT.
 10795 HUGHES ROAD
 CINCINNATI, OHIO 45251

LEASE DESCRIPTION

S82-10-23E 335.01 feet from monument GPS 100 at well PCW # 5D to a point #14 then S27-24-27W 300.00 feet to a point #16 then S62-35-33E 150.00 to a point #17 then N27-24-27E 300.00 to a point #15 and then N62-35-33W 150.00 feet to a point #14 or to the point of beginning.

Site Lease Attachment 1
Pendleton County Landfill
Pendleton County, Kentucky

SHEET NO. :

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

At a regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. held at the Headquarters Building, 4775 Lexington Road, located in Winchester, Kentucky, on Tuesday, May 10, 2005, at 12:40 p. m., EDT, the following business was transacted:

Pendleton County Landfill Gas-to-Energy Project

After review of the applicable information, a motion was made by A. L. Rosenberger, seconded by Danny Divine, and, there being no further discussion, passed to approve the following:

Whereas, East Kentucky Power Cooperative, Inc. ("EKPC") has submitted a proposal to Rumpke Services ("Rumpke") to construct, own, and operate ("develop") a Landfill Gas to Electric ("LFGTE") Project, near Butler, Kentucky;

Whereas, EKPC has reviewed the gas projections provided by SCS Consulting Engineers ("SCS") for determining plant capacity and future gas production;

Whereas, EKPC has completed the feasibility study for the project and expects the facility to produce energy competitive with other power supply options;

Whereas, EKPC desires to develop the Pendleton County LFGTE Project at a site owned by Rumpke;

Whereas, EKPC will provide Rumpke with an interest free loan for \$700,000 as an incentive to install the initial phase of the gas collection system several years earlier than it otherwise would be required to install such a system, repayable to EKPC from the gas sales to the LFGTE facility;

Whereas, EKPC will need to negotiate an acceptable site lease and fuel supply contract with Rumpke to provide renewable energy from the project, at a 20-year levelized cost estimated at \$0.032/kWh;

Whereas, EKPC Management and the Fuel and Power Supply Committee recommend the development of the Pendleton County LFGTE Project; and


Whereas, This recommendation supports EKPC's corporate objectives by planning for the member cooperatives' load needs and investigating new ventures in generation outside the traditional supply of power for native load; now, therefore, be it

Resolved, That the Board of Directors hereby approves the use of general funds, subject to reimbursement from Rural Utilities Service's ("RUS") construction loan funds when and if such funds become available, to allow EKPC to develop a LFGTE facility at the Pendleton County Landfill, at an estimated capital cost of \$5,076,000, including any transmission requirements, subject to negotiating an acceptable site lease and fuel supply contract with Rumpke to generate electrical energy at a 20 year levelized cost estimated at approximately \$0.032/kWh, and subject to obtaining all necessary regulatory approvals; and

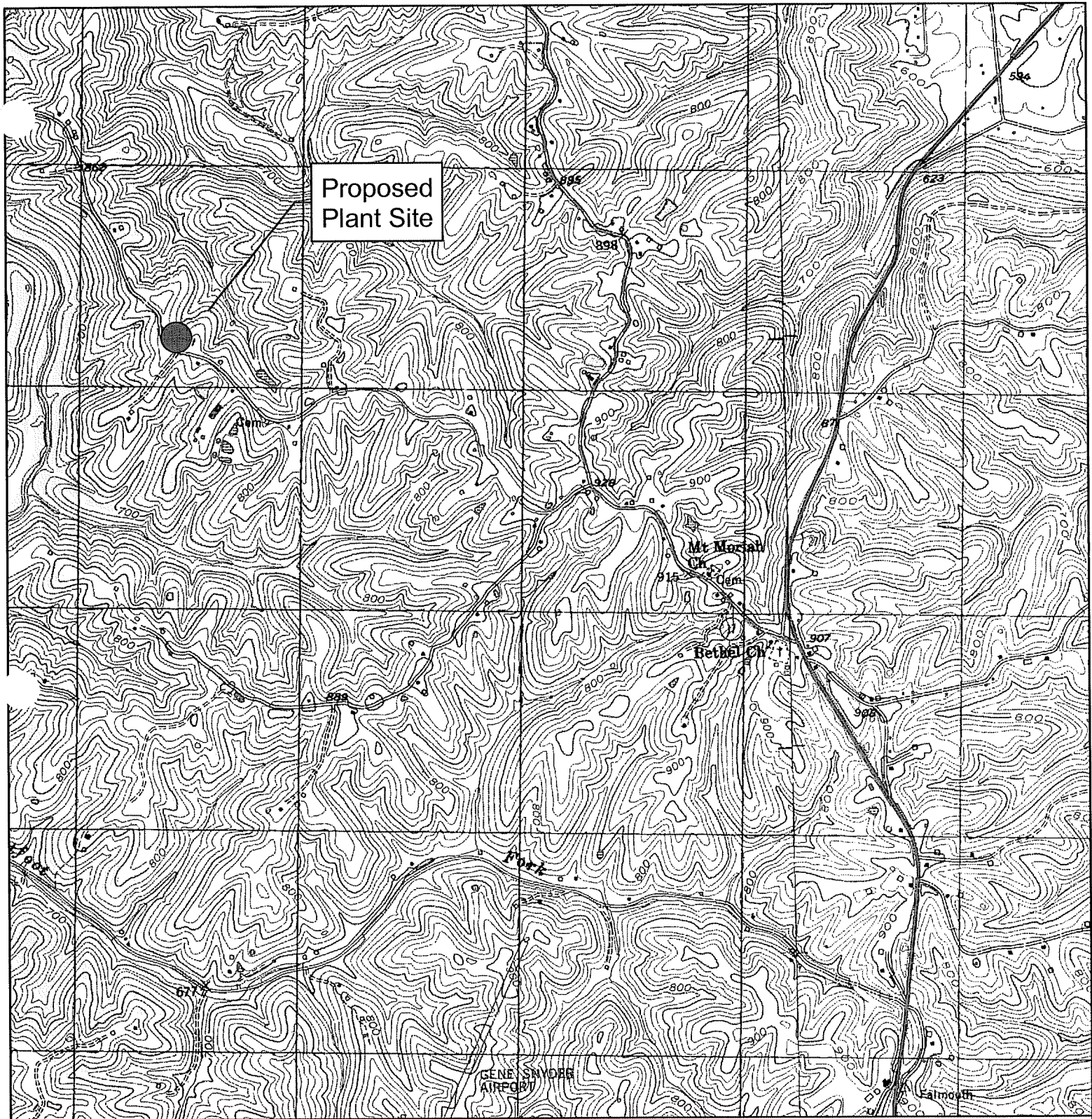
Resolved, That the Board hereby authorizes the President and Chief Executive Officer, or his designee, to execute all necessary documents for such project on behalf of EKPC, and to seek all necessary regulatory approvals.

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

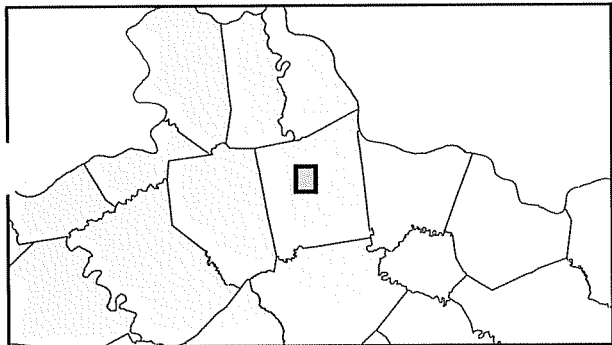
Witness my hand and seal this 10th day of May 2005.


Sam Penn, Secretary

Corporate Seal



2,000 Feet



Pendleton County Landfill Generation Plant

Vicinity Map



East Kentucky Power Cooperative
 4775 Lexington Road, PO Box 707
 Winchester, Kentucky 40391
 Phone (859)744-4812 www.ekpc.coop Fax (859)744-6008