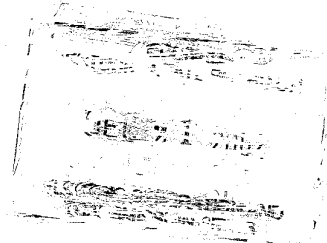


January 21, 2003

HAND DELIVERED

Mr. Thomas M. Dorman
Executive Director
Kentucky State Board on Electric
Generation and Transmission Siting
211 Sower Boulevard
Frankfort, KY 40602



Re: Case No. 2002-00312

Dear Mr. Dorman:

Please find enclosed for filing with the Board in the above-referenced case an original and ten copies of the Motion of East Kentucky Power Cooperative, Inc., to Intervene, and a Petition for Confidential Treatment of Information relating to the response of Kentucky Pioneer Energy, L.L.C. to Request No. 11 in the Staff's Data Request dated January 13, 2003.

Very truly yours,

A handwritten signature in cursive script, appearing to read 'Charles A. Lile'.

Charles A. Lile
Senior Corporate Counsel

Enclosures

Cc: Parties of Record

4775 Lexington Road 40391
P.O. Box 707, Winchester,
Kentucky 40392-0707

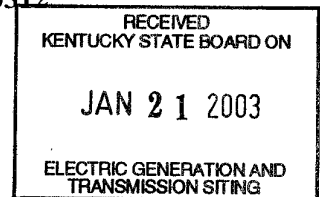
Tel. (859) 744-4812
Fax: (859) 744-6008
<http://www.ekpc.com>

A Touchstone Energy Cooperative The logo for Touchstone Energy Cooperative, featuring a stylized 'T' and 'E' intertwined within a circular emblem.

COMMONWEALTH OF KENTUCKY
BEFORE THE KENTUCKY STATE BOARD ON
ELECTRIC GENERATION AND TRANSMISSION SITING

In the Matter of:

THE APPLICATION OF KENTUCKY)
PIONEER ENERGY, LLC FOR A)
CONSTRUCTION CERTIFICATE) CASE NO. 2002-00312
PURSUANT TO KRS 278.704(1) TO)
CONSTRUCT A MERCHANT)
ELECTRIC GENERATING FACILITY)



MOTION OF EAST KENTUCKY POWER
COOPERATIVE, INC. TO INTERVENE

East Kentucky Power Cooperative, Inc. ("EKPC") hereby moves the Kentucky State Board on Electric Generation and Transmission Siting (the "Board"), pursuant to 807 KAR 5:110 Section 4, and in response to requests from Kentucky Pioneer Energy, L.L.C. ("KPE") and the Board staff, for permission to intervene in the above-referenced case. As grounds for this motion, EKPC states as follows:

1. EKPC is a party to the Power Purchase Agreement ("PPA") with KPE, pursuant to which the electric generating facility that is the subject of this case would be constructed. EKPC is responsible, under the terms of the PPA, for the construction of any electric transmission facilities needed to transmit electric energy generated by said facility to the EKPC system. KPE and the Board staff have requested that EKPC intervene in this case to provide information needed for the Board's review.

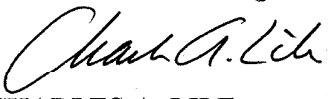
2. EKPC states that it has a special interest in this case, due to its contractual relationship with KPE, which cannot be adequately represented by any current parties to the case.

3. EKPC states that its participation in this case will assist the Board in reaching its decision and would not unduly interrupt the proceedings.

WHEREFORE, EKPC respectfully requests the Board to grant it full intervenor status in this case.

Respectfully submitted,



DALE W. HENLEY


CHARLES A. LILE
P. O. BOX 707
WINCHESTER, KY 40392-0707
(606) 744-4812

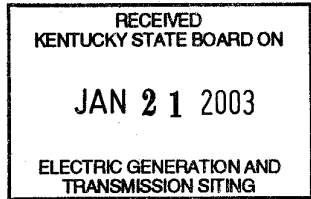
ATTORNEYS FOR EAST KENTUCKY
POWER COOPERATIVE, INC.

CERTIFICATE OF SERVICE

This is to certify that an original and ten copies of this Motion of East Kentucky Power Cooperative, Inc. To Intervene in the above-styled case were hand delivered to the Kentucky State Board on Electric Generation and Transmission Siting, 211 Sower Boulevard, Frankfort, Kentucky 40602; one copy was mailed to Kendrick R. Riggs, Ogden, Newell and Welch, 1700 Citizens Plaza, 500 West Jefferson Street, Louisville, KY 40202-2874; and one copy was mailed to Dwight N. Lockwood, Kentucky Pioneer Energy, LLC, 312 Walnut Street, Suite 2000, Cincinnati, OH 45202, this 21st day of January, 2003.



CHARLES A. LILE



COMMONWEALTH OF KENTUCKY

**BEFORE THE KENTUCKY STATE BOARD ON
ELECTRIC GENERATION AND TRANSMISSION SITING**

In the Matter of:

**THE APPLICATION OF KENTUCKY)
PIONEER ENERGY, LLC FOR A)
CONSTRUCTION CERTIFICATE) CASE NO. 2002-00312
PURSUANT TO KRS 278.704(1) TO)
CONSTRUCT A MERCHANT)
ELECTRIC GENERATING FACILITY)**

**PETITION FOR CONFIDENTIAL
TREATMENT OF INFORMATION**

Comes now the Petitioner, East Kentucky Power Cooperative, Inc. ("EKPC") and requests confidential treatment of the enclosed information, as designated, pursuant to 807 KAR 5:110 Section 5 and KRS §§61.870-61.884. As grounds for this petition, EKPC states as follows:

1. The information designated as confidential has been filed in this case by Kentucky Pioneer Energy, L.L.C. ("KPE") in response to Request No. 11 contained in the Data Request of the Kentucky State Board on Electric Generation and Transmission Siting (the "Board") dated January 13, 2003. This information, contained in the Power Purchase Agreement ("PPA") between EKPC and KPE dated January 14, 1999, and Amendment No. 1 dated September 28, 1999, was filed by EKPC with the Public Service Commission (the "Commission") on February 21, 2000, on a confidential basis, in PSC Case No. 2000-00079. Attached hereto, and hereby incorporated as a part hereof, are the Petition for Confidential Treatment of Information submitted by EKPC in said case in regard to this information (Exhibit I), and the Commission's

notice to EKPC granting confidential treatment to the information, dated March 6, 2000 (Exhibit II).

2. EKPC hereby incorporates by reference the grounds for confidential treatment of the designated information contained in Exhibit I, and states that those grounds remain valid and relevant to the confidential information contained in the PPA. EKPC urges the Board to recognize the prior determination by the Commission, utilizing identical standards for granting confidential treatment to the designated information, and to extend this confidential treatment to the files of the Board.


3. EKPC has protected the confidentiality of the designated information, and has restricted access to this information within EKPC to only employees with a need to use it for the purposes of this case or other EKPC business purposes. One unredacted copy of a set of relevant pages from the PPA, with confidential information indicated by shading, is attached hereto. KPE has filed 10 redacted copies of the PPA in this case on this date, as its response to Request 11 in the Board's Data Request.

4. The subject information is entitled to confidential treatment pursuant to 807 KAR 5:110 Section 5 and KRS §61.878(1)(c)(1) as information generally recognized as confidential and proprietary which would permit an unfair commercial advantage to competitors of EKPC in the surplus power market if disclosed. The information is also entitled to confidential treatment pursuant to KRS §61.878(1)(c)2(c) as confidential information maintained in conjunction with the regulation of a commercial enterprise and disclosed to an agency on a confidential basis.

WHEREFORE, EKPC respectfully requests the Board to grant confidential treatment to the subject information and deny public disclosure of said information.

Respectfully submitted,


DALE W. HENLEY


CHARLES A. LILE
P. O. BOX 707
WINCHESTER, KY 40392-0707
(606) 744-4812

ATTORNEYS FOR EAST KENTUCKY
POWER COOPERATIVE, INC.

CERTIFICATE OF SERVICE

This is to certify that an original and ten copies of this Petition for Confidential Treatment of Information in the above-styled case were hand delivered to the Kentucky State Board on Electric Generation and Transmission Siting, 211 Sower Boulevard, Frankfort, Kentucky 40602; one copy was mailed to Kendrick R. Riggs, Ogden, Newell and Welch, 1700 Citizens Plaza, 500 West Jefferson Street, Louisville, KY 40202-2874; and one copy was mailed to Dwight N. Lockwood, Kentucky Pioneer Energy, LLC, 312 Walnut Street, Suite 2000, Cincinnati, OH 45202, this 21st day of January, 2003.



CHARLES A. LILE

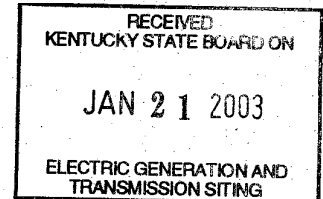
(KPEconfidtrat)

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR)
APPROVAL OF A POWER PURCHASE)
AGREEMENT WITH KENTUCKY)
PIONEER ENERGY, L.L.C.)

CASE NO. _____



**PETITION FOR CONFIDENTIAL
TREATMENT OF INFORMATION**

Comes the Applicant, East Kentucky Power Cooperative, Inc., hereinafter referred to as "EKPC", and petitions the Public Service Commission, hereinafter referred to as the "Commission", pursuant to 807 KAR 5:001 Section 7 and KRS §61.878 and related statutes, for confidential treatment of certain designated information contained in its Power Purchase Agreement (the "Agreement") with Kentucky Pioneer Energy, L.L.C., hereinafter referred to as "KPE", Amendment No. 1 to the Agreement, and in the Definition of Need and Economic Justification for the KPE power purchase, which are Applicant's Exhibits IV, V and VI to its Application for approval of the Agreement. As grounds for this Petition, EKPC states as follows:

1. 807 KAR 5:001 Section 7 authorizes confidential treatment of information submitted to the Commission based on grounds provided in KRS §61.870 et seq. EKPC asserts that the information identified in the abovementioned Exhibits are records generally recognized as proprietary and confidential which, if made public, would permit an unfair commercial advantage to competitors of EKPC, as more fully explained

hereinbelow. As such, this information should be granted confidential treatment pursuant to 801 KAR 5:001 Section 7 and KRS §61.878 (1)(c)(1).

2. The information designated as confidential in the Agreement and Amendment No. 1, and a portion of the information designated as confidential in Exhibit VI, relates to the price of electric power and energy to be sold by KPE to EKPC, and the minimum guaranteed energy under the terms of the transaction. As explained in Exhibit V to the Application, the Prepared Testimony of Ronald D. Brown, it is the intent of EKPC to market a portion of the KPE power and energy during the initial years of operation to maximize the benefits of the Agreement to EKPC system needs. If competitors of EKPC in the bulk power market obtain this pricing and energy guarantee information, they will know EKPC's cost of this power and could use his information to underbid EKPC in its attempts to market the surplus power. Knowledge of such information would also give potential purchasers of this power an unfair advantage in any negotiations on the price for the resale of the surplus power. EKPC competitors would thereby gain an unfair advantage which would have the detrimental effect on EKPC and its member systems of diminishing the potential revenues from the resale of this surplus power.

3. EKPC's system cost forecasts, which are designated as confidential in Exhibit VI, if made public, would provide an unfair commercial advantage to power marketers, electric generating utilities and other entities that compete with EKPC's sales of surplus electric power in the bulk power markets. Such information could allow such competitors to underbid EKPC in such sales of surplus power, providing an unfair commercial advantage. Additionally, such information would be valuable to entities that would become competitors of EKPC in any future deregulated electricity market. The

information would allow utilities and other potential EKPC competitors in such a market to form competitive strategies and manipulate prices based on unfair access to proprietary information developed by EKPC.

4. Disclosure of the project capital cost estimates, or the project operating cost estimates, designated as confidential in Exhibit VI, would give EKPC bulk power market competitors valuable information for projecting EKPC power costs from proposed future units which could allow such competitors to unfairly underbid EKPC in future bulk power transactions.

5. EKPC also believes that all of the identified confidential information is protected from public disclosure pursuant to KRS §61.878 (1)(c)(2)(c) as confidential and proprietary records disclosed to the Commission in conjunction with its regulation of commercial enterprise, apart from any unfair commercial advantage public disclosure would provide to EKPC competitors.

6. All of the identified confidential information is treated as confidential and proprietary by EKPC. This information is not known outside EKPC, except for consultants using or producing the information on a confidential basis, and it is distributed within EKPC only to those with a need to know or use it for EKPC business purposes.

7. The original copy of the Application in this case includes a set of exhibits with confidential information highlighted or otherwise indicated. A set of those pages from the exhibits containing confidential information is attached hereto. Ten copies of the Application, with confidential information redacted in the exhibits, are also enclosed.

WHEREFORE, Applicant respectfully requests the Commission to grant confidential treatment to the identified information and deny public disclosure of the information pursuant to 807 KAR 5:001 Section 7.

Respectfully submitted,


DALE W. HENLEY


CHARLES A. LILE

ATTORNEYS FOR EAST KENTUCKY
POWER COOPERATIVE, INC.

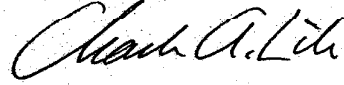
P. O. BOX 707

WINCHESTER, KY 40392-0707

(606) 744-4812

CERTIFICATE OF SERVICE

This is to certify that one copy of the foregoing Petition For Confidential Treatment of Information in the above-referenced case was delivered to Martin J. Huelsmann, Jr., Executive Director, Public Service Commission, 211 Sowa Boulevard, Frankfort, Kentucky 40601 on February 21, 2000.



CHARLES A. LILE

(kpe-pet-confid)

RECEIVED MAR 8 2000



Paul E. Patton, Governor

**Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet**

**Martin J. Huelsmann
Executive Director
Public Service Commission**

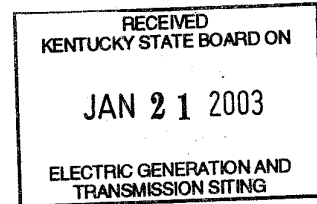
**COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION**
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602-0615
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-3460

Copies: Ron Brown
Julie Tucker
Dale Henley
B. J. Helton
Chairman Dave Drake

Edward J. Holmes
Vice Chairman

Gary W. Gillis
Commissioner

March 6, 2000



Charles A. Lile, Esq.
East Kentucky Power Cooperative, Inc.
P. O. Box 707
Winchester, Kentucky 40392-0707

RE: Petition for Confidential Protection
Case No. 2000-079

Dear Mr. Lile:

The Commission has received your petition filed February 21, 2000, to protect as confidential certain information in its Purchase Power Agreement with Kentucky Pioneer Energy, LLC. A review of the information has determined that it is entitled to the protection requested on the grounds relied upon therein, and it shall be withheld from public inspection.

If the information becomes publicly available or no longer warrants confidential treatment, you are required by 807 KAR 5:001, Section 7(9)(a) to inform the Commission so that the information may be placed in the public record.

Sincerely,

Martin J. Huelsmann
Executive Director



POWER PURCHASE AGREEMENT

BY AND BETWEEN

KENTUCKY PIONEER ENERGY L.L.C.

AND

EAST KENTUCKY POWER COOPERATIVE, INC.

governmental agency, body, instrumentality or authority that are applicable to either or both of the Parties, the Facility or the terms of this Agreement.

"Capacity Rate" shall mean [REDACTED] per kilowatt hour.

"CFC" shall mean the National Utilities Cooperative Finance Corporation, and its successors or assigns.

"Change in Law" means (a) the order and/or judgment of any federal, state or local court, administrative agency or other governmental officer or body, (b) the failure to obtain, or suspension or termination, interruption or failure of renewal, or addition of any material conditions or requirements to, any permit, license, consent, authorization or approval essential to the acquisition, design, construction, equipping, start-up, operation, ownership or possession of the Facility or (c) the adoption, promulgation, issuance, material modification or change in interpretation of any federal, state or local law, regulation, code, requirement or ordinance.

"Commercial Operation" shall mean the period commencing at 12:01 a.m. on the day specified by the Company in a written notice to the Utility as the day following the Trial Operation Period on which the Company shall begin commercial operation of the Facility, which notice shall be no less than five (5) days prior to such first day of commercial operation.

"Communications and Telemetry Equipment" shall mean one remote terminal unit (RTU) on a separate communication circuit from the Facility control room to the Utility computer with instantaneous MW and megavolt-ampere reactive (MVAR), hourly megawatt-hour (MWh) readings, bus voltage, and switchyard and generator breaker positions.

"Company" shall have the meaning given such term in the introductory paragraph of this Agreement.

"Company's Substation" shall mean the electric substation on the Company's side of the Point of Delivery, including all necessary switches, breakers, meters, generation step-up transformer, and other facilities and equipment owned by the Company and excluding the Communications and Telemetry Equipment

"Contract Capacity" shall mean the output of the Facility, initially set at 400MW, and modified in accordance with the tests periodically performed by the Company; provided, however, that the Contract Capacity as so modified shall not be greater than 440MW and shall not be less than 360MW.

"Contract Energy Price" shall mean the amount, expressed in cents per kilowatt hour, applicable from time to time based upon the following calculation: (i) during the first Contract Year, the Contract Energy Price shall be that number which is derived by (A) multiplying [REDACTED] by the percentage increase or decrease (rounded to the nearest one-hundredth of one percent), as the case may be, if any, in the DRI Supervision and Engineering Index during the

period between the Financial Closing Date and the shorter of (x) 36 months or (y) the date on which Commercial Operation occurs, and (B) adding the amount of such increase or decrease, as the case may be, to [REDACTED] and (ii) for each subsequent Contract Year, the Contract Energy Price shall be the number which is derived by (A) multiplying [REDACTED] the Contract Energy Price in effect as of the last day of the immediately preceding Contract Year by the percentage increase or decrease (rounded to the nearest one-hundredth of one percent), as the case may be, if any, in the DRI Total Operation and Maintenance Index during such immediately preceding Contract Year and (B) adding the amount of such increase or decrease, as the case may be, to the Contract Energy Price in effect as of the last day of the immediately preceding Contract Year. The DRI Supervision and Engineering Index and the DRI Total Operation and Maintenance Index, as the case may be, most recently published prior to the applicable measurement date shall be used to calculate change in such indices.

For purposes of this definition (i) "DRI Supervision and Engineering Index" means the historical data from DRI Utility Cost and Price Review Publication, listed as Supervision and Engineering in Steam Production Plants under Electric Utility Operation and Maintenance Costs: Combined Materials and Services, as published by Standard and Poors Corporation, or a mutually agreeable similar index if it is no longer published or the method of computation thereof is substantially modified; (ii) "DRI Total Operation and Maintenance Index" means the historical data from DRI Utility Cost and Price Review Publication, listed as Total Operation and Maintenance in Steam Production Plants under Electric Utility Operation and Maintenance Costs: Combined Materials and Services, as published by Standard and Poors Corporation, or a mutually agreeable similar index if it is no longer published or the method of computation thereof is substantially modified; and (iii) "Contract Year" means the period beginning on the date on which Commercial Operation occurs and ending on the day immediately preceding the first anniversary of the date on which Commercial Operation occurs, and each period thereafter beginning on the anniversary of the date on which Commercial Operation occurs and ending on the day immediately preceding the next anniversary of the day on which Commercial Operation occurs.

"Credit Documents" shall mean the Company's credit (or other) agreements with the Financial Institutions and related agreements.

"Date of Commercial Operation" shall mean the first day of Commercial Operation as specified by the Company to the Utility in a written notice no less than five (5) days prior to such first day of Commercial Operation.

"Emergency" shall mean a condition that is imminently likely to endanger life or material property.

"EPC" shall mean engineering, procurement and construction.

"FERC" shall mean the Federal Energy Regulatory Commission or any successor agency.

"Facility" shall mean an advanced fuel technology-integrated gasification combined cycle power station located in Trapp, Kentucky and more particularly described in Exhibit 2.1(a), together with other buildings, equipment and facilities (including without limitation facilities interconnecting the generating facility with the Company's Substation).

"Financial Closing Date" shall mean the date of the consummation of financing satisfactory to the Company for its capital requirements relating to this Agreement.

"Financial Institutions" shall mean the persons, entities or institutions providing financing or refinancing to the Company for the development, design, construction and operation of the Facility and for the purchase of all equipment and supplies in connection with the Facility.

"Force Majeure" shall mean any cause beyond the control of the Party affected, including, but not restricted to, failure or threat of failure of facilities or fuel supply, flood, earthquake, storm, fire, lightning, epidemic, war, acts of the public enemy, riot, civil disturbance or disobedience, strike, lockout, work stoppages, other industrial disturbance or dispute, whether determined to have arisen out of an unfair labor practice of any Party, labor or material shortage, sabotage, restraint by court order or other public authority, action or nonaction by, or failure to obtain the necessary authorizations or approvals from, any governmental agency or authority, or any other Change in Law, and failure to receive utilities necessary for operation of the Facility (including, but not limited to, water and electricity), which by the exercise of due diligence such Party could not reasonably have been expected to avoid, and, with respect to the Company, breach of this Agreement by the Utility or any negligent act or omission of the Utility or any of its employees, agents, representatives, invitees or subcontractors. Nothing contained herein shall be construed so as to require a Party to settle any strike, lockout, work stoppage, or other industrial disturbance or dispute in which it may be involved. Any Party rendered unable to fulfill any of its obligations under this Agreement by reason of Force Majeure shall exercise due diligence to remove such inability with all reasonable dispatch.

"Fuel Adjustment Charge" shall mean either (A) the amount paid by the Company (x) prior to the time that the Company makes available to the Utility the Annual Minimum Guaranteed Energy, for natural gas in an amount sufficient for the Facility to produce electrical energy equal to the number obtained by multiplying [REDACTED] times the product of Contract Capacity multiplied by 8760 hours, and (y) following the time that the Company makes available to the Utility the Annual Minimum Guaranteed Energy, for natural gas in an amount sufficient for the Facility to produce electrical energy in connection with a request by the Utility for electrical energy pursuant to Section 6.9(b), or (B) during the initial six-month period specified in Section 6.12 (e)(i), the amount paid by the Company for natural gas in an amount sufficient for the Facility to produce electrical energy equal to the number obtained by multiplying [REDACTED] times the product of Contract Capacity multiplied by 8760 hours. The Fuel Adjustment Charge shall be calculated in accordance with a procedure established by the Company and reasonably acceptable to the Utility for the determination of (i) the British Thermal Unit (BTU) content of a given volume of natural gas, (ii) the actual heat rate, tested periodically, in BTU's per kwh of the combined cycle

metering shall be inspected and calibrated annually by the Company unless otherwise agreed to by the Parties. The system of fuel meters installed by the Company to measure Syngas shall be of the quality and type and possess the accuracy of the metering equipment installed and operated by the pipeline transporting natural gas to the Facility.

2.7. Exclusion of Liability.

Neither Party, by review, comment, failure to comment, or approval of any plans and specifications for construction, operation or maintenance of any of the other Party's facilities under this Agreement, shall be responsible for strength of materials, design, adequacy, or compatibility of the said facilities nor assume any responsibility or liability for damages or physical injury to: (i) such other Party's real or personal property or electrical equipment, (ii) the real or personal property of third persons, corporations or other entities not a party to this Agreement, (iii) any persons who may come in contact with or upon either Party's facilities, and (iv) any other persons or property, real or personal; and such review, comment, failure to comment, or approval shall not be deemed an endorsement or warranty of the said facilities.

ARTICLE III. - TRIAL ENERGY

3.1. Trial Energy.

Provided that the Interconnection Facilities, the Communications and Telemetry Equipment and the Metering Equipment are complete, and subject to establishment of a mutually satisfactory schedule therefor, the Utility will, at the Company's request and upon receipt of advance written notice, accept delivery of and purchase all Trial Energy net of that used for operation of the Facility at a price equal to ~~10%~~ of the Contract Energy Price for the Trial Operation Period. The first date of the Trial Operation Period shall be the date that electrical energy is first generated by the Facility.

ARTICLE IV. - EFFECTIVENESS AND TERMINATION

4.1. Effectiveness.

This Agreement shall become effective upon execution and delivery hereof by both Parties.

4.2. Termination of Agreement.

This Agreement shall continue in effect until the earliest of the following dates: (a) the date the Agreement is terminated by mutual agreement of the Parties, (b) the date the Agreement

generating facilities of others interconnected with the Utility's system and of the Interconnection Facilities, and the Utility's transmission facilities involved in receipt of power and energy from the Facility. Each Party will, if an Emergency exists, endeavor to reschedule planned outages of any facility to accommodate the needs of the other Party.

6.9. Delivery of Power.

(a) Subject to the other terms and provisions of this Agreement, all energy (i) generated by the Facility, net of that required for operation of the Facility, shall be delivered to and purchased by the Utility, and (ii) which the Facility has the capacity to generate as provided in Section 7.1, shall be purchased by the Utility, in each case whether or not the Utility is able to accept such energy or has need for such energy for any reason; provided that at any time when the Utility is in default of its payments obligations under this Agreement or for any other reason is unable or unwilling to accept energy, the Company may enter into (and then perform) agreements with terms of up to thirty days to sell energy to other parties, and with net revenue from such sales (being the Company's gross revenues from such sales less the cost of delivering such energy, such as transmission and any other local area service charges) credited against amounts payable by the Utility to the Company under this Agreement, provided that the Utility shall use reasonable best efforts to facilitate the transmission of energy to such third parties. The Company shall not be required to generate power in violation of Applicable Law. Notwithstanding the foregoing, the Utility shall not in any Contract Year be obligated to purchase energy subject to the Fuel Adjustment Charge if such energy for such Contract Year is in excess of ~~10%~~ of Contract Capacity multiplied by 8760 hours, unless the Utility has requested production of energy in excess of the Annual Minimum Guaranteed Energy pursuant to paragraph (b) of this Section.

(b) On the business day preceding the first day of each month following the time when the Company has furnished the Utility the Annual Minimum Guaranteed Energy, the Company shall notify the Utility of its plans to furnish energy produced from Syngas to the Utility during the next succeeding month. If the Utility requests the Company to furnish energy in excess of such amount of energy produced from Syngas, the Company shall be compensated in accordance with the Fuel Adjustment Charge for such energy.

6.10. Service Emergency.

The Company shall, during a Service Emergency and if requested by the Utility, make a reasonable effort to supply as much capacity and energy as the Facility is able to generate safely and reliably and the Utility is able to receive. If the Company has previously scheduled an outage, and such outage occurs or would occur coincident with a Service Emergency, the Company shall, if requested by the Utility, make a reasonable effort to reschedule the outage or, if the outage has occurred, to expedite the completion thereof. Prior to rescheduling the outage and supplying capacity and energy to the Utility in a Service Emergency, the Company shall

notify the Utility of any Service Emergency Costs which the Company may reasonably be expected to incur as a result of rescheduling such outage or of expediting the completion thereof. If the Utility desires to cause the Company to incur such costs and supply capacity and energy to the Utility during the Service Emergency, the Utility shall inform the Company of such desire. Service Emergency Costs shall be reimbursed by the Utility to the Company as an additional payment at the time the Utility makes its required monthly payment to the Company. Energy delivered during a Service Emergency relating to which the Company has rescheduled an outage or, if the outage has occurred, has expedited the completion thereof, up to Contract Capacity, shall be billed at 125% of the applicable rate in effect at the time. Energy delivered during a Service Emergency relating to which the Company has rescheduled an outage or, if the outage has occurred, has expedited the completion thereof, in excess of the Contract Capacity, will be billed at 150% of the rate in effect at the time.

6.11. Requests for Generation in Excess of Annual Minimum Guaranteed Energy.

Should the Utility request generation at a level in excess of the Annual Minimum Guaranteed Energy, the Company shall make all reasonable efforts to generate at that level, but failure to generate at a level in excess of the Annual Minimum Guaranteed Energy shall not constitute a breach of any of the Company's obligations hereunder.

6.12. Minimum Guaranteed Energy.

(a) During each Contract Year the Company shall make available to the Utility the Annual Minimum Guaranteed Energy. "Annual Minimum Guaranteed Energy" means [REDACTED] of the number derived by multiplying the Contract Capacity by 8760 hours.

(b) During the three month period consisting of December, January and February (the "Winter Peak") and the three month period consisting of June, July and August (the "Summer Peak"), the Company shall make available to the Utility the Quarterly Minimum Guaranteed Energy. "Quarterly Minimum Guaranteed Energy" means [REDACTED] of the number of derived by multiplying the Contract Capacity by 2190 hours.

(c) In the event that the Company does not during any Contract Year make available to the Utility the Annual Minimum Guaranteed Energy, then, during each of the first three months of the immediately succeeding Contract Year, the Company shall provide a credit to the Utility against amounts otherwise payable by the Utility during each of such months of an amount equal to one-third of the amount of the shortfall of the Company in making available the Annual Minimum Guaranteed Energy multiplied by the amount, if any, by which the Contract Energy Price for such Contract Year is exceeded by a mutually agreed upon energy price index for such Contract Year, which index shall represent an average wholesale price for the purchase of energy within areas contiguous to the Utility's service area. There shall be credited against the amount, if any, payable by the Company for not making available the Annual Minimum

Guaranteed Energy, the amount, if any, paid or owed by the Company for not making available the Quarterly Minimum Guaranteed Energy during the Winter Peak or the Summer Peak, or both, of the same Contract Year.

(d) In the event that the Company does not during either the Winter Peak or the Summer Peak of any Contract Year make available to the Utility the Quarterly Minimum Guaranteed Energy, then, during each of the three months immediately following the end of the Winter Peak or the Summer Peak, as the case may be, the Company shall provide a credit to the Utility against amounts otherwise payable by the Utility during each of such months of an amount equal to one-third of the amount of the shortfall of the Company in making available the Quarterly Minimum Guaranteed Energy for the applicable Winter Peak or the Summer Peak, as the case may be, multiplied by the amount, if any, by which the Contract Energy Price for such Contract Year is exceeded by a mutually agreed upon energy price index for such Winter Peak or Summer Peak, as the case may be, which index shall represent an average wholesale price for the purchase of energy within areas contiguous to the Utility's service area.

(e) Notwithstanding any of the foregoing, (i) for the six month period immediately following the Date of Commercial Operation the Company shall not be required to provide the Annual Minimum Guaranteed Energy or Quarterly Minimum Guaranteed Energy, as the case may be, and during such period, the Contract Energy Price shall be adjusted as follows: (x) for energy delivered to the Utility Monday through Friday between the hours of 6 a.m. to 10 p.m. the Utility shall pay [REDACTED] of the Contract Energy Price and (y) for energy delivered at all other times during such six month period the Utility shall pay [REDACTED] of the Contract Energy Price and (ii) for the first Contract Year commencing immediately after the six month period immediately following the Date of Commercial Operation, the Annual Minimum Guaranteed Energy and Quarterly Minimum Guaranteed Energy, as the case may be, shall mean [REDACTED] of the number derived by multiplying Contract Capacity by 8760 hours and 2190 hours, respectively.

ARTICLE VII. - PAYMENTS

7.1. Monthly Payments.

The Utility shall pay to the Company (i) with respect to energy (actually generated or which the Facility has the capacity to generate) that the Utility is not able to accept as a result of the occurrence of an event of Force Majeure, the Capacity Rate multiplied by the product of the Contract Capacity and the number hours during which the Utility is not able to accept energy as a result of the occurrence of an event of Force Majeure (the "Facility Charge"), (ii) with respect to energy (actually generated or which the Facility has the capacity to generate) that the Utility is not able to accept as a result of the occurrence of an event other than an event of Force Majeure, the Contract Energy Price multiplied by the product of the Contract Capacity and the number of

15.2. Adjustment of Dates.

In the event a Party is unable to meet a date established under this Agreement due to an event of Force Majeure, such date and other affected dates shall be adjusted to the extent required by such event of Force Majeure.

15.3 Adjustment of Contract Energy Price.

(a) If, as a result of any Change in Law constituting an event of Force Majeure, the Company incurs any Cost, the Contract Energy Price shall be increased by an amount which, when multiplied by [REDACTED] of the product of Contract Capacity and 8760 hours, shall in each year of the Initial Term equal such Cost in each such year; provided, however, that the Contract Energy Price of such Change in Law applicable to any billing statement provided in Article VIII shall not as a result of one or more of such Change in Law events of Force Majeure, in the aggregate, be more than [REDACTED] greater than the Contract Energy Price which would have obtained if such event or events of Force Majeure had not occurred; provided further, that for any single such Change in Law constituting an event of Force Majeure, such change in Contract Energy Price shall not remain in effect for a period of longer than twenty-four (24) consecutive months; and, provided, further, that any increase in the Contract Energy Price in effect from time to time as a result of any Change in Law constituting an event of Force Majeure shall be reduced by any reduction in Cost resulting from a Change in Law constituting an event of Force Majeure, but any such reduction in the Contract Energy Price shall not be greater than the increase in the Contract Energy Price in effect from time to time as a result of a Change in Law constituting an event of Force Majeure. The adjustment as a result of any such Change in Law shall commence on the first day of the third month following the date by which it is necessary for the company to comply with such Change of Law. For example, if such increase in the Contract Energy Price of \$0.0005 is in effect, there may be a reduction of up to \$0.0005; but if no such increase in the Contract Energy Price is in effect when a Cost reduction occurs resulting from a Change in Law, then there shall be no reduction in the Contract Energy Price. A reduction in the Contract Energy Price shall be calculated in the same manner set forth above as an increase in the Contract Energy Price. The term "Cost" shall mean any cost or expense relating to the Facility or the obligations of the Company under this Agreement that is incurred or borne by the Company and not otherwise paid to the Company by insurance. Cost shall include, without limitation, (i) the cost of equipment, materials, work performed and equipment, materials or services supplied by subcontractors or suppliers, direct labor costs of the Company (including, by way of example and not limitation, actual salary or wages of the Company's personnel plus all fringe benefits, workmen's compensation and unemployment taxes on account of such personnel), engineering design work, a reasonable allowance for Company overhead and profit, capitalized interest, and other capital costs (the "Capital Cost"), (ii) principal, interest and any redemption or prepayment premium with respect to indebtedness, return on equity, letter of credit fees, underwriter fees, attorneys', accountants' and other professionals' fees, printing, rating agencies, and other

financing costs, (iii) any costs of operation or maintenance and (iv) any costs of taxes, duties or levies imposed on or payable by the Company.

(b) Upon the occurrence of any Change in Law event of Force Majeure which results or is reasonably expected by the Company to result in the Company incurring any Cost or in the reduction of any Cost, the Company shall submit a statement to the Utility containing an estimate in reasonable detail of the amount of such Cost. The Utility may, within 15 days of receipt of such statement, request review of the reasonableness of such Cost estimate by an independent third party selected by the Company and approved by the Utility, which approval shall not be unreasonably delayed or withheld (the "Independent Third Party"). Unless the Independent Third Party shall deliver to the Company, no later than 30 days after receipt of such statement, its reasonable written opinion to the effect that such estimated Cost is not reasonable, the estimate of the Company shall be final. If the Company shall not agree with such opinion of the Independent Third Party, it may refer the matter to arbitration under Section 18.3

(c) The Company may finance any Capital Cost in such manner as it may determine, but in arranging financing shall take into account, as a fundamental consideration, the cost of such financing. The Company shall use its reasonable efforts to finance any Capital Cost over the remaining term of this Agreement and in such a manner that results in approximately constant payments of principal and interest each such year of such remaining term. It is understood that any Capital Cost shall be funded by equity funds only after the Company has made a reasonable effort to borrow the maximum amount of such Capital Cost. In the event that the indebtedness so incurred to finance any Capital Cost required as a result of a Change in Law event of Force Majeure shall be refinanced, the Contract Energy Price shall be reduced in each year following such refinancing by an amount which, when multiplied by [REDACTED] of the product of Contract Capacity and 8760 hours, shall equal the aggregate reduction of principal and interest payments in each such year.

ARTICLE XVI - CONFIDENTIALITY

(a) Any confidential information or materials furnished to the Utility or the Company by the other, shall, consistent with Applicable Law, be treated as confidential and all reasonable precautions shall be taken to prevent disclosure by the Utility or the Company, as the case may be, to third parties to the extent permitted by Applicable Law, except to the extent such information satisfies one or more of the exceptions set forth below.

(b) To the extent permitted by Applicable Law, the Utility and the Company, and all employees and agents thereof shall use all reasonable efforts to maintain in strict secrecy all confidential information supplied hereunder and which is furnished by the Company or the Utility, as the case may be, under or pursuant to this Agreement, and shall use all reasonable efforts to neither use for itself nor publish nor disclose the same to any other Person without the prior written consent of the Company or the Utility, as the case may be, in each case, except that

AMENDMENT NO. 1 TO POWER PURCHASE AGREEMENT

This AMENDMENT NO. 1 (this "Amendment"), dated the 28th day of September, 1999, by and between KENTUCKY PIONEER ENERGY L.L.C., a Delaware limited liability company ("Kentucky") and EAST KENTUCKY POWER COOPERATIVE, INC., ("East Kentucky"), a Kentucky corporation.

WHEREAS, Kentucky and East Kentucky are parties to that certain Power Purchase Agreement, dated as of January 14, 1999 (the "Agreement"); and

WHEREAS, the Parties wish to amend certain definitions and terms in the Agreement.

NOW THEREFORE in consideration of the mutual covenants and promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

1. All capitalized terms used but not defined herein have the meanings given thereto in the Agreement.
2. The definition of "Contract Capacity" in Section 1.2 "Other Definitions" of the Agreement is hereby amended by deleting it in its entirety and replacing it with the following:

"Contract Capacity" shall mean the output of the Facility, defined in monthly periods to coincide with Section 6.12(b), initially set at 570 MW for the Winter Peak, 500 MW for the Summer Peak, and 540 MW for the months not identified as part of the Winter Peak or Summer Peak ("Off Peak"), and modified in accordance with tests periodically performed by the Company; provided, however, that the Contract Capacity as so modified shall not be less than the capacity values initially set nor more than 10 percent greater. The term Contract Capacity refers to the Winter Peak, Summer Peak, or Off Peak capacity or the annual weighted average, as appropriate.

3. The definition of "Contract Energy Price" in Section 1.2 "Other Definitions" of the Agreement is hereby amended by deleting it in its entirety and replacing it with the following:

"Contract Energy Price" shall mean the amount, expressed in cents per kilowatt hour, applicable from time to time based upon the following calculation: (i) during the first Contract Year, the Contract Energy Price shall be that number which is derived by (A) multiplying ~~_____~~ by the percentage increase or decrease (rounded to the nearest one-hundredth of one percent), as the case may be, if any, in the DRI Supervision and Engineering Index during the period between the Financial Closing Date and the shorter of (x) 36 months or (y) the date on which Commercial Operation occurs, and (B) adding the amount of such increase

or decrease, as the case may be, to [REDACTED], and (ii) for each subsequent Contract Year, the Contract Energy Price shall be the number which is derived by (A) multiplying [REDACTED] of the Contract Energy Price in effect as of the last day of the immediately preceding Contract Year by the percentage increase or decrease (rounded to the nearest one-hundredth of one percent), as the case may be, if any, in the DRI Total Operation and Maintenance Index during such immediately preceding Contract Year and (B) adding the amount of such increase or decrease, as the case may be, to the Contract Energy Price in effect as of the last day of the immediately preceding Contract Year. The DRI Supervision and Engineering Index and the DRI Total Operation and Maintenance Index, as the case may be, most recently published prior to the applicable measurement date shall be used to calculate change in such indices.

For purposes of this definition (i) "DRI Supervision and Engineering Index" means the historical data from DRI Utility Cost and Price Review Publication, listed as Supervision and Engineering in Steam Production Plants under Electric Utility Operation and Maintenance Costs: Combined Materials and Services, as published by Standard and Poors Corporation, or a mutually agreeable similar index if it is no longer published or the method of computation thereof is substantially modified; (ii) "DRI Total Operation and Maintenance Index" means the historical data from DRI Utility Cost and Price Review Publication, listed as Total Operation and Maintenance in Steam Production Plants under Electric Utility Operation and Maintenance Costs: Combined Materials and Services, as published by Standard and Poors Corporation, or a mutually agreeable similar index if it is no longer published or the method of computation thereof is substantially modified; and (iii) "Contract Year" means the period beginning on the date on which Commercial Operation occurs and ending on the day immediately preceding the first anniversary of the date on which Commercial Operation occurs, and each period thereafter beginning on the anniversary of the date on which Commercial Operation occurs and ending on the day immediately preceding the next anniversary of the day on which Commercial Operation occurs.

4. Section 6.2 of the Agreement "Energy characteristics" is hereby amended by deleting it in its entirety and replacing it with the following:

6.2 Energy Characteristics.

All electric power and energy generated at the Facility and delivered to the Utility at the high voltage side of the company's step up transformer shall have a nominal voltage in the range of 138 kV to 345 kV, and a nominal frequency of 60 Hz. The Company's step up transformer, as determined by the Utility on or before June 30, 2000, may have a single voltage high voltage winding for operation at a nominal voltage of 138 kV, 161 kV or 345 kV, or a dual voltage high voltage winding for operation at either of the nominal voltages of 138 kV or 345 kV, or a dual voltage high voltage winding for operation at either of the nominal voltages of 161kV or 345 kV. The frequency, voltage and other properties and characteristics shall be (within the design limitations of the Facility) established by the Utility for operation of its electric system.

5. Section 9.2 of the Agreement "Termination Option -- Governmental Approval" is hereby amended by deleting it in its entirety and replacing it with the following: