

From: Grayson RECC

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W H O L E S A L E P O W E R C O N T R A C T

Between

EAST KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION

and

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

Made as of **October 1, 1964**

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U. S. DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION

REA BORROWER DESIGNATION Kentucky 61 Carter

THE WITHIN Wholesale Power Contract with the East Kentucky
Rural Electric Cooperative Corporation

SUBMITTED BY THE ABOVE DESIGNATED BORROWER PURSUANT TO THE
TERMS OF THE LOAN CONTRACT, IS HEREBY APPROVED SOLELY FOR THE
PURPOSES OF SUCH CONTRACT.

DATED

DEC 24 1964

Richard H. Wood
FOR THE ADMINISTRATOR

EAST KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION

WHOLESALE POWER CONTRACT
(Superseding Previous Contract)

AGREEMENT made as of **October 1, 1964** between EAST KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION (hereinafter called the "Seller"), a corporation organized and existing under the laws of the State of Kentucky and ~~GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION~~ (hereinafter called the "Member"), a corporation organized and existing under the laws of the State of Kentucky.

WHEREAS, the Seller owns and operates electric generating plants, transmission system and other facilities, and may purchase or otherwise obtain electric power and energy for the purpose, among others, of supplying electric power and energy to borrowers from the Rural Electrification Administration which are or may become members of the Seller; and

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

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

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

1. General. The Seller shall sell and deliver to the Member and the Member shall purchase and receive from the Seller all electric power and energy which the Member shall require for the operation of the Member's system to the extent that the Seller shall have such power and energy and facilities available; provided, however, that the Member shall have the right to continue to purchase electric power and energy under any existing contract or contracts with a supplier other

than the Seller during the remainder of the term thereof. The Member shall terminate, if the Seller shall, with the approval or at the direction of the Administrator of the Rural Electrification Administration (hereinafter called the "Administrator"), so request, any such existing contract or contracts with a supplier other than the Seller at such times as it may legally do so, provided the Seller shall have sufficient electric power and energy and facilities available for the Member.

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

The points of delivery will be:

<u>Argentina</u>	_____	_____
<u>Leon</u>	_____	_____
<u>Mexico</u>	_____	_____
<u>Newfoundland</u>	_____	_____
_____	_____	_____

and such other points as may be required by Member to adequately serve their respective members.

3. Substations. The Seller shall install, own, and maintain the necessary substation equipment at the point(s) of connection. The Seller shall own and maintain switching and protective equipment which may be reasonably necessary to enable the Member to take and use the electric power and energy hereunder and to protect the system of the Seller. Meters and metering equipment shall be furnished and maintained by the Seller and shall be located at the point of delivery on the low voltage side of such transforming equipment. Member will be responsible for reading meters and making reading information available to Seller.

4. Rate.(a) The Member shall pay the Seller for all electric power and energy furnished hereunder at the rates and on the terms and conditions set forth

in Rate Schedule A, (Effective January 1, 1963), attached hereto and made a part hereof.

(b) The Board of Directors of the Seller at such intervals as it shall deem appropriate, but in any event not less frequently than once in each calendar year, shall review the rate for electric power and energy furnished hereunder and under similar agreements with other Members and, if necessary, shall revise such rate so that it shall produce revenues which shall be sufficient, but only sufficient, with the revenues of the Seller from all other sources, to meet the cost of the operation and maintenance (including without limitation, replacements, insurance, taxes and administrative and general overhead expenses) of the generating plant, transmission system and related facilities of the Seller, the cost of any power and energy purchased for resale hereunder by the Seller, the cost of transmission service, make payments on account of principal of and interest on all indebtedness of the Seller, and to provide for the establishment and maintenance of reasonable reserves. The Seller shall cause a notice in writing to be given to the Member and other members of the Seller and the Administrator which shall set out all the proposed revisions of the rate with the effective date thereof, which shall be not less than thirty (30) nor more than forty-five (45) days after the date of the notice, and shall set forth the basis upon which the rate is proposed to be adjusted and established. The Member agrees that the rate from time to time established by the Board of Directors of the Seller shall be deemed to be substituted for the rate herein provided and agrees to pay for electric power and energy furnished by the Seller to it hereunder after the effective date of any such revisions at such revised rates; provided, however, that no such revision shall be effective unless approved in writing by the Administrator.

5. Meter Readings and Payment of Bills. The Member shall read meters monthly. Electric power and energy furnished hereunder shall be paid for at the office of the Seller in Seller's designated office monthly within fifteen(15)

days after the bill therefor is mailed to the Member. If the Member shall fail to pay any such bill within such fifteen-day period, the Seller may discontinue delivery of electric power and energy hereunder upon fifteen (15) days' written notice to the Member of its intention so to do.

6. Meter Testing and Billing Adjustment. The Seller shall test and calibrate meters by comparison with accurate standards at intervals of twelve (12) months. The Seller shall also make special meter tests at any time at the Member's request. The costs of all tests shall be borne by the Seller; provided, however, that if any special meter test made at the Member's request shall disclose that the meters are recording accurately, the Member shall reimburse the Seller for the cost of such test. Meters registering not more than two per cent (2%) above or below normal shall be deemed to be accurate. The readings of any meter which shall have been disclosed by test to be inaccurate shall be corrected for the ninety (90) days previous to such test in accordance with the percentage of inaccuracy found by such test. If any meter shall fail to register for any period, the Member and the Seller shall agree as to the amount of power and energy furnished during such period and the Seller shall render a bill therefor.

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

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

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

10. Term. This Agreement shall become effective only upon approval in writing by the Administrator and shall remain in effect until January 1, 2010, and thereafter until terminated by either party's giving to the other not less than six months' written notice of its intention to terminate. Subject to the provisions of Article 1 hereof, service hereunder and the obligation of the Member to pay therefor shall commence upon completion of the facilities necessary to provide service.

When this contract and agreement is fully approved and executed, it completely replaces and supersedes Wholesale Power Contract dated August 1, 1951, and all amendments related thereto, between Seller and Member.

EXECUTED THE day and year first above mentioned.

EAST KENTUCKY RURAL ELECTRIC COOP. CORP.
Seller

By: Alex B. Woods
President

ATTEST:

James S. Patterson
Secretary

GRAYSON RURAL ELECTRIC COOP. CORP.
Member

By: L. C. White
President

ATTEST:

J. E. Delaney
Secretary

SUPPLEMENTAL AGREEMENT

AGREEMENT made as of **October 1, 1964**, between EAST KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION (hereinafter called the "Seller"), **GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION** (hereinafter called the "Member"), and the United States of America, acting through the Administrator of the Rural Electrification Administration (hereinafter called the "Administrator").

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

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

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

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

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

Supplemental Agreement
(Contd.) - Page 2

EAST KENTUCKY RURAL ELECTRIC COOP. CORP.
Seller

By: *Alvin B. Duda*
President

ATTEST:

James S. Patterson
Secretary

GRAYSON RURAL ELECTRIC COOP. CORP.
Member

By: *L. C. White*
President

ATTEST:

J. E. O'Leary
Secretary

UNITED STATES OF AMERICA

By: _____
Administrator
of
Rural Electrification Administration

EAST KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION
Wholesale Power Rate Structure
Schedule A (Revised - Effective January 1, 1963)

AVAILABILITY

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

MONTHLY RATE - PER SUBSTATION OR METERING POINT

Substation Charge

\$100 per month for each energized substation. In the event of joint utilization, this charge shall be divided equally.

Demand Charge

\$1.10 per kw of billing demand.

Energy Charge

First 300,000 Kwh @ 5.0 mills per Kwh
Next 400,000 Kwh @ 4.4 mills per Kwh
Excess of 700,000 Kwh @ 3.9 mills per Kwh

Minimum Monthly Charge

The minimum monthly charge under the above rate shall not be less than \$100 to each member for each energized substation (metering point).

BILLING DEMAND

The billing demand is the arithmetical sum of the maximum kilowatt demands measured (and adjusted for power factor as provided below) at all points of delivery. The maximum kilowatt demand at each point of delivery shall be the highest average rate at which energy is used during any fifteen consecutive minute period of the month.

FUEL ADJUSTMENT

The above energy charges will be increased or decreased 0.001323¢ per Kwh for each .1¢ by which the average delivered cost of fuel at the Dale and Cooper stations during the immediately preceding six months exceeds 21¢ or is less than 18¢ per million BTU.

POWER FACTOR ADJUSTMENT

The member cooperative agrees to maintain unity power factor as nearly as practicable at each point of delivery. If the power factor measured at a point of delivery at the time of monthly maximum demand is determined to be less than 80%, the monthly maximum demand measured at that point of delivery shall be adjusted by multiplying the monthly maximum demand by 80% and dividing the product thus obtained by the actual per cent power factor measured at the time of such maximum demand.

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