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September 28, 2009

RECEIVED

SEP 28 2009

**PUBLIC SERVICE
COMMISSION**

VIA HAND DELIVERY

Jeff DeRouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

RE: Louisville Gas and Electric Company and Kentucky Utilities Company 2009 Application for Approval of Purchased Power Agreements and Recovery of Associated Costs
Case No. 2009-00353

Dear Mr. DeRouen:

Enclosed please find and accept for filing the original and ten copies of Louisville Gas and Electric Company's and Kentucky Utilities Company's Application for Approval to Enter Into Power Purchase Agreement and to Recover Associated Costs, Statutory Notices and Certificates of Notice for each Company and a Petition for Confidential Protection in the above-referenced matter. Please confirm your receipt of this filing by placing the stamp of your Office with the date received on the enclosed additional copies and return them to me in the enclosed self-addressed stamped envelope.

Should you have any questions, please do not hesitate to contact me.

Yours very truly,

Kendrick R. Riggs

KRR:ec
Enclosures
cc: Parties of Record

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

SEP 28 2009

PUBLIC SERVICE
COMMISSION

In the Matter of:

LOUISVILLE GAS AND ELECTRIC)
COMPANY AND KENTUCKY UTILITIES)
COMPANY 2009 APPLICATION FOR)
APPROVAL OF PURCHASED POWER)
AGREEMENTS AND RECOVERY OF)
ASSOCIATED COSTS)

CASE NO. 2009-00353

**APPLICATION FOR APPROVAL TO ENTER INTO POWER PURCHASE
AGREEMENT AND TO RECOVER ASSOCIATED COSTS**

Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities Company (“KU”) (collectively, the “Companies”) petition the Kentucky Public Service Commission (“Commission”), pursuant to KRS 278.300 and 807 KAR 5:001, to approve two purchased power agreements for wind energy (“Wind Power Contracts”). The first contract is between the Companies and Grand Ridge Energy LLC for the output of a 99 MW wind farm (“Grand Ridge I”). The second contract is between the Companies and Grand Ridge Energy IV LLC for the output of a 10.5 MW wind farm (“Grand Ridge IV”). The Companies also seek authorization pursuant to 807 KAR 5:001, KRS 278.030, and KRS 278.180 to recover the costs incurred under the Wind Power Contracts and other related costs through a rate recovery mechanism.

In support of this petition, the Companies state as follows:

I. APPLICANTS

1. The full name and mailing address of LG&E is: Louisville Gas and Electric Company, Post Office Box 32010, 220 West Main Street, Louisville, Kentucky 40232. The full name and mailing address of KU is: Kentucky Utilities Company c/o Louisville Gas and Electric Company, Post Office Box 32010, 220 West Main Street, Louisville, Kentucky 40232.

Both LG&E and KU are Kentucky corporations authorized to do business in the Commonwealth of Kentucky.

LG&E is a utility engaged in the electric and gas business. LG&E generates and purchases electricity, and distributes and sells electricity at retail in Jefferson County and portions of Bullitt, Hardin, Henry, Meade, Oldham, Shelby, Spencer and Trimble Counties. LG&E also purchases, stores and transports natural gas and distributes and sells natural gas at retail in Jefferson County and portions of Barren, Bullitt, Green, Hardin, Hart, Henry, Larue, Marion, Meade, Metcalfe, Nelson, Oldham, Shelby, Spencer, Trimble and Washington Counties.

KU is a utility engaged in the electric business. KU generates and purchases electricity, and distributes and sells electricity at retail in the following counties in Central, Northern, Southeastern and Western Kentucky:

Adair	Edmonson	Jessamine	Ohio
Anderson	Estill	Knox	Oldham
Ballard	Fayette	Larue	Owen
Barren	Fleming	Laurel	Pendleton
Bath	Franklin	Lee	Pulaski
Bell	Fulton	Lincoln	Robertson
Bourbon	Gallatin	Livingston	Rockcastle
Boyle	Garrard	Lyon	Rowan
Bracken	Grant	Madison	Russell
Bullitt	Grayson	Marion	Scott
Caldwell	Green	Mason	Shelby
Campbell	Hardin	McCracken	Spencer
Carlisle	Harlan	McCreary	Taylor
Carroll	Harrison	McLean	Trimble
Casey	Hart	Mercer	Union
Christian	Henderson	Montgomery	Washington
Clark	Henry	Muhlenberg	Webster
Clay	Hickman	Nelson	Whitley
Crittenden	Hopkins	Nicholas	Woodford
Daviess			

2. A certified copy of LG&E's and KU's Articles of Incorporation are on file with the Commission in Case No. 2005-00471, *In the Matter of: Application of Louisville Gas and*

Electric Company and Kentucky Utilities Company for Authority to Transfer Functional Control of their Transmission System, filed on November 18, 2005, and is incorporated by reference herein pursuant to 807 KAR 5:001, Section 8(3).

3. The Companies' application for approval of the Wind Power Contracts and associated cost recovery is supported by verified testimony and exhibits of Lonnie E. Bellar, Vice President, State Regulation and Rates attached as Exhibit 1.

4. The Companies' financial exhibits, required by 807 KAR 5:001, Sections 6 and 11 are attached as Exhibit 2.

5. The Companies do not currently have any trust deeds or mortgages.

6. A map showing the location of the Grand Ridge Project in Illinois, as well as other potential wind developments in the state, as required by 807 KAR 5:001, Section 11(2)(c) is attached as Exhibit 3.

7. The proposed Renewable Resource Clause tariff sheets for LG&E and KU are attached to this Application as Exhibit 4. The Companies propose to place these rates into effect in 30 days. The monthly filing that will be made with the Commission ten days before the factor takes effect is attached as Exhibit 5.

8. Copies of all orders, pleadings and other communications related to this proceeding should be directed to:

Lonnie E. Bellar
Vice President, State Regulation and Rates
E.ON U.S. LLC
220 West Main Street
Louisville, Kentucky 40202

Allyson K. Sturgeon
Senior Corporate Attorney
E.ON U.S. LLC
220 West Main Street
Louisville, Kentucky 40202

Kendrick R. Riggs
W. Duncan Crosby III
Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202-2828

II. BACKGROUND

9. Throughout the last few years, there has been an ever-increasing focus by policy makers and the public generally on CO₂ emissions and a growing consensus that such emissions should be controlled by governmental mandate. Several years ago, Victor A. Staffieri, as Chairman and Chief Executive Officer of E.ON U.S. LLC, said what few in this industry had said publicly at that time: “There is credible science suggesting that greenhouse gases resulting from human activities are influencing changes in the earth’s climate.” The federal government is currently debating a series of laws and regulations which will limit CO₂ emissions and require the inclusion of renewable energy in the utilities’ supply mix.¹ The most developed piece of legislation with a Renewable Portfolio Standard (“RPS”), Waxman-Markey, HR 2454, was passed by the U.S. House of Representatives on June 26, 2009. The bill calls for 20% renewable energy and efficiency by 2020. Of the 20%, 15% would come from renewable energy and 5% would come from energy efficiency. Because the Companies generate over 95% of their energy

¹ However, Governors can “swing” the 5% efficiency to 8% and move the renewable standard down to 12% if their state cannot meet the 15% renewable energy requirement.

The Senate has released two pieces of legislation with a RPS. Senator Tom Udall (D-NM) proposed legislation calling for Renewable Electricity Standards on February 12, 2009. The proposed legislation requires 25% of utilities’ electricity generation come from renewable resources by 2025. Additionally, Chairman of the Senate Energy and Natural Resources Committee, Senator Jeff Bingaman (D-NM), proposed draft federal RPS legislation on May 20, 2009 that would require utilities to procure 15% of their electricity from renewable sources of energy by 2021.

from coal fueled plants, the enactment of a 15% RPS would require quick action to solicit and evaluate offers, negotiate contracts, arrange transmission and gain Commission approval for cost recovery of 100 to 300 MW of additional renewable capacity *each year* through 2020 or be required to make Alternative Compliance Payments (“ACP”). The current cost of ACPs in Waxman-Markey is \$25/MWh.²

A. Kentucky Perspective

10. In November 2008, Governor Steven L. Beshear, with the advice and assistance of the Energy and Environment Cabinet, released a report entitled *Intelligent Energy Choices for Kentucky's Future: Kentucky's 7-Point Strategy for Energy Independence*. This plan incorporates recommendations to improve energy efficiency for Kentucky’s homes, businesses and transportation fleet and establishes a framework to promote the increased use of renewable energy resources. Specifically, the plan proposed a Renewable and Efficiency Portfolio Standard (“REPS”) whereby 25 percent of Kentucky’s energy needs in 2025 will be met by reductions through energy efficiency and conservation and through use of renewable resources.

Strategies 1, 2 and 3 support the Renewable and Efficiency Portfolio Standard (REPS) for Kentucky that states that “by 2025, Kentucky will derive at least 25 percent of its projected energy demand from energy efficiency, renewable energy and biofuels while continuing to produce safe, affordable and abundant food, feed and fiber.

During the 2009 legislative session, a bill was proposed which would have codified this standard.

AN ACT relating to implementation of the state's comprehensive energy strategy. Be it enacted by the General Assembly of the Commonwealth of Kentucky: Section 1. A Kentucky Renewable and Efficiency Portfolio Standard (REPS) is established whereby twenty-five percent (25%) of Kentucky's projected energy demand for the year 2025 shall be derived from energy efficiency

² \$25/MWh is the 2009 price. The price is set to escalate at the cost of inflation.

measures, conservation, renewable energy, and biofuels. The goals of the REPS include the following: ... (3) By 2025, Kentucky's renewable energy generation capacity shall triple to provide the equivalent of one thousand (1,000) megawatts of clean energy.³

Though this particular bill was not passed, it is clear that an RPS is actively being contemplated in Kentucky.

The issue of the incorporation of renewable resources into the Companies' generation portfolio was also raised in the Companies' most recent Integrated Resource Plan proceeding. In that proceeding, the Commission inquired about the Companies' research into, and ability to procure, renewable generation:

If the Warner Lieberman Climate Change Bill (S.2191) or a similar bill had become law, these other sources of generation capacity and energy [cogeneration, self-generation or technologies relying on renewable resources] may have become important new resources...Are the Companies actively researching potential sources of low carbon emitting generation?⁴

C. Other Jurisdictions

11. Throughout the country, many states are implementing RPS regulations and providing guidelines and incentives for rate recovery. Currently, 29 states and the District of Columbia have mandatory renewable portfolio standards and another five have non-binding goals.⁵ Of the states near Kentucky, Ohio, Illinois, Missouri, Virginia, North Carolina, and Pennsylvania all have RPSes.⁶

For example, the Virginia General Assembly has declared that it is in the public interest for utilities to achieve RPS goals. Virginia Code § 56-585.2 governs the sale of electricity from renewable sources through a renewable energy portfolio standard program. This statutory

³ Kentucky General Assembly, 09 RS HB 537/GA.

⁴ *In the Matter of; The 2008 Joint Integrated Resource Plan of Louisville Gas and Electric Company and Kentucky Utilities Company*, Case No. 2008-000148.

⁵ Interstate Renewable Energy Council, www.dsireusa.org, June 2009.

⁶ *Kentucky Needs a Renewable Portfolio Standard*, October 1, 2008, Tom Kimmerer.

scheme allows for the recovery of incremental RPS program costs, and provides performance incentives.⁷ For example, the VSCC must increase the “fair combined rate of return on common equity for each utility participating in such program by a single Performance Incentive ... of 50 basis points whenever the utility attains an RPS Goal.”⁸ The scheme goes on to establish the RPS Goals through 2021 which utilities must meet to qualify for the performance incentive.⁹ Utilities are permitted to recover the costs of the program through a rate adjustment clause.¹⁰ The statutory scheme established by the Virginia legislature makes it clear that the state is making a long-term investment in a significant renewable portfolio. The scheme also recognizes that traditional ratemaking principles (i.e. least cost generation) currently work against utilities’ procurement of renewable energy because of its significantly higher cost. The legislature has corrected this disincentive by providing an alternative method of cost recovery and actually providing a performance incentive for its use.

III. FACTS

12. In response to the expectation of a national RPS, in July 2007 E.ON U.S. issued a Request for Proposals for Renewable Energy Resources seeking up to a 30-year supply of energy

⁷ Pursuant to Va. Code Ann. § 56-580(G), KU/ODP is generally exempt from the provisions of the Virginia Electric Utilities Regulation Act (Va. Code Ann. § 56-576 et seq.)

⁸ 56-585.2 (c).

⁹ “To qualify for the Performance Incentive... total electric energy sold by a utility to meet the RPS Goals shall be composed of the following amounts of electric energy from renewable energy sources.

RPS Goal I: In calendar year 2010, 4 percent of total electric energy sold in the base year.

RPS Goal II: For calendar years 2011 through 2015, inclusive, an average of 4 percent of total electric energy sold in the base year, and in calendar year 2016, 7 percent of total electric energy sold in the base year.

RPS Goal III: For calendar years 2017 through 2021, inclusive, an average of 7 percent of total electric energy sold in the base year, and in calendar year 2022, 12 percent of total electric energy sold in the base year.” 56-585.2 (d)

¹⁰ “A utility participating in such program shall have the right to recover all incremental costs incurred for the purpose of such participation in such program, as accrued against income, through rate adjustment clauses...including...administrative costs, ancillary costs, capacity costs, costs of energy represented by certificates...allowance for funds used during construction until such time as an enhanced rate of return, as determined pursuant to subdivision A 6 of § 56-585.1, on construction work in progress is included in rates, projected construction work in progress, planning, development and construction costs, life-cycle costs, and costs of infrastructure associated therewith, plus an enhanced rate of return, as determined pursuant to subdivision A 6 of § 56-585.1.” 56-585.2 (e)

from renewable resources (capacity 2-750 MW). Fifteen responses were received. Six responses were short listed based on their cost, proven experience and maturity of commercial technology.

13. After unsuccessful negotiations with two of the bidders, negotiations began with two additional sellers. Ultimately, one of those contracts became viable. Those negotiations resulted in a contract for Grand Ridge I in which the Companies agreed to purchase the output of a 99 MW wind farm located in LaSalle County, Illinois for a term of 20 years. Under this contract, the energy price in the first contract year (2010) was to be \$[REDACTED]/MWh escalating at [REDACTED]% annually.

14. The Companies continued to negotiate through mid-2009 in an effort to reduce the price. Ultimately, the parent of Grand Ridge I, Invenergy LLC, proposed an alternate contractual arrangement whereby the Companies would also purchase the energy output of Phase IV of Invenergy LLC's Grand Ridge project (a 10.5 MW wind farm). Under this arrangement, the price for energy is \$[REDACTED] per MWh escalating at [REDACTED]% annually. The Companies believe that further negotiations are not likely to result in additional concessions at this time. Because two separate phases of Invenergy LLC's Grand Ridge project are involved, the Companies are seeking approval of two wind power contracts, Grand Ridge I and Grand Ridge IV. Copies of the wind power contracts with the commercially sensitive information redacted are attached as Exhibit 6.

15. Firm point-to-point transmission service from PJM will be used to deliver the energy to the Companies' transmission system. Therefore, in addition to the price per MWh for energy purchased, PJM transmission service will cost approximately \$20/kW-Yr or about

\$7.40/MWh at the anticipated capacity factor. The Companies hold all transmission risk and are required to pay for all energy that would have been produced but for a transmission constraint.¹¹

16. The following cost comparison demonstrates the relative value of wind power when compared to other renewable energy benchmarks:

	LG&E/KU Green Energy Rider (SGE)	Waxman-Markey, HR 2454, Alternative Compliance Payment	Estimated Incremental Cost of combined Grand Ridge I and Grand Ridge IV Wind Power Contracts
Residential Customer Cost	\$0.017/kWh	\$0.025/kWh	\$0.049-0.057/kWh

17. If the Grand Ridge I and Grand Ridge IV wind power contracts are approved, the average energy cost of the contracts will be approximately \$0.049-0.057/kWh higher than the Companies' 12-month system average energy costs. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The anticipated monthly impact to a residential customer using 1,000 kWh is \$0.92 for KU and \$0.71 for LG&E.¹²

18. The wind power contracts are contingent upon the Companies having obtained acceptable regulatory approvals, including associated cost recovery, and having executed a transmission agreement with PJM that does not include an obligation to pay system upgrade

¹¹ The first year expense, assuming delivery of 295,000 MWh (31% Capacity Factor) and no delivery disruptions, would exceed \$[REDACTED]. Further, expenses incurred due to Locational Marginal Pricing differences between the injection and withdrawal points in PJM are an unknown cost.

¹² This bill impact could be significantly higher due to LMP impacts. An LMP impact of \$0.66/MWh is included in the bill impact shown, but the LMP impact could be \$200/MWh or more.

costs which are unacceptable to the Companies. These conditions must be satisfied or waived by the Companies within 210 days of the signing of the contracts, or by March 23, 2010.

Also, the Grand Ridge IV wind power contract has a condition precedent for commencement of commercial operation, which is expected to occur prior to the time the Companies' conditions precedent are satisfied; and the [REDACTED]

[REDACTED]

19. In the event of default, damages will be calculated based on the cost of cover. Grand Ridge I's and Grand Ridge IV's obligations are secured by two letters of credit ("LOC") totaling \$ [REDACTED]. Since the Grand Ridge I and Grand Ridge IV are special purpose entities, the ability to collect damages beyond the LOCs is limited. The amount of each LOC is consistent with other wind energy purchased power agreements the Companies have studied.

IV. THE WIND POWER CONTRACTS SHOULD BE APPROVED

20. The Commission should approve the wind power contracts because they will allow the Companies to increase their portfolio of renewable resources which is consistent with, and appropriate for, the Companies' service to the public. Because the Wind Power Contracts require the Companies to take and pay for all energy produced, the Companies seek approval of the contracts pursuant to KRS 278.300, "Issuance or assumption of securities by utilities," which requires a utility company to seek approval from the Commission before assuming any indebtedness:

...recognizing the significant risk created by a subsequent rate disallowance, utilities are encouraged to file such contracts [purchased power contracts, such as the Wind Power Contracts] for

prior approval. In addition, these contracts may well require prior approval under KRS 278.300 if they constitute evidences of indebtedness. In particular, the inclusion in such contracts of minimum payment obligations or take/pay provisions may necessitate prior approval.¹³

In order to approve the assumption of an obligation or liability, the Commission must make a determination that such assumption is for a lawful purpose, that it is “necessary, appropriate for or consistent with” the Companies’ service to the public, that it will not impair this service, and that it is “reasonably necessary and appropriate for such service.” The Companies seek to enter into the wind power contracts in an effort to both achieve renewable energy objectives that the federal government and the Commonwealth of Kentucky have indicated are in the public interest and to hedge the significant financial risk of having to make ACPs should an RPS become law.

21. The Companies further seek pre-approval of the wind power contracts because of the significant risk created by subsequent rate disallowance when compared to traditional existing resources using the standard least-cost analysis; and because the wind power contracts require the Companies to take or pay for all energy produced by the wind farm and pay additional compensation if the energy is curtailed due to transmission constraints. The all-in unit cost of the least-expensive renewable energy resources the Companies evaluated under the Request for Proposals for Renewable Energy Resources exceeds that of the Companies’ conventional thermal generation. This cost comparison is exacerbated, in the case of wind and solar projects, by lack of firm capacity. Indeed, compared to the base case of the Companies’ existing planned traditional resources as evaluated in the Companies’ planning models (“Base

¹³ In *The Consideration and Determination of the Appropriateness of Implementing a Ratemaking Standard pertaining to The Purchase of Long-Term Wholesale Power by Electric Utilities as Required in Section 712 of the Energy Policy Act of 1992, Admin Case No. 350*, Order Issued October 25, 1993, pp. 8-9. Also, the Commission indicated that although a rate case “is the most appropriate forum to review a utility’s revenue needs, [i]f a utility’s annual payments for purchased power fluctuate significantly, the Commission will consider, on a case specific basis, the need for a purchased power clause.”

Case”), the Grand Ridge I and Grand Ridge IV wind energy contracts will cost an additional \$108.3 million over the life of the contracts.

Net Present Value (\$M)	Base Case	Wind Proposal	Delta
Production	\$17,278	\$17,396	\$118.3
SO ₂	\$373	\$370	(\$2.9)
NO _x	\$473	\$470	(\$2.8)
CO ₂	\$9,478	\$9,444	(\$34.0)
Transmission		\$23	\$23.4
LMP Risk		\$6	\$6.3
Total	\$27,601	\$27,709	\$108.3

Clearly, renewable energy is not a least-cost resource under traditional net present value revenue requirement analyses;¹⁴ however, such principles do not evenly square with the policy objective for utilities to increase their renewable portfolios.

V. RECOVERY OF COSTS ASSOCIATED WITH THE WIND POWER CONTRACTS VIA A TRACKING MECHANISM SHOULD BE APPROVED

22. Given the volatile nature of wind energy generally, and of the wind power contracts specifically, the Companies propose recovery via a tracking mechanism.

23. KRS 278.030(1) provides the Commission with broad authority to adopt rates that are “fair, just, and reasonable.” The methods used to establish those “just and reasonable rates” are a matter of Commission discretion.

24. In *National-Southwire Aluminum Co. v. Big Rivers Electric Corp.*,¹⁵ the Court upheld separate variable rates for smelters based on the fluctuating price of world aluminum, an extraordinary basis for setting a utility rate, explaining at length why the Commission is, and

¹⁴ See 807 KAR 5:058, Integrated Resource Planning by Electric Utilities, “This administrative regulation prescribes rules for regular reporting and Commission review of load forecast and resource plans of the state’s electric utilities to meet future demand with an adequate and reliable supply of electricity at the lowest possible cost for all customers within their service areas...” (emphasis added). See also, *In the Matter of: The 2008 Joint Integrated Resource Plan of Louisville Gas and Electric Company and Kentucky Utilities Company*, Case No. 2008-00148 which did not recommend renewable energy as a least cost resource.

¹⁵ 785 S.W.2d 503 (Ky. App. 1990) (“National-Southwire”).

must be, accorded discretion in finding ways to meet the “just and reasonable” statutory standard stating that the “ultimate resulting rate should be a more important consideration than some specific, mandated method for determining it,”¹⁶ and that “the real goal for the PSC is to establish fair, just and reasonable rates. There is no litmus test for this and there is no single prescribed method to accomplish the goal.”¹⁷ Moreover, the Court explicitly rejected the argument that the Commission is not permitted to establish a variable rate, and held that the variable rate the Commission had established was not to be disturbed, as it was “fairly debatable as being sound and reasonable for all concerned.”¹⁸

25. Further, in *Kentucky Public Service Commission and Duke Energy Kentucky Inc., f/k/a The Union Light, Heat and Power Company, v. Commonwealth of Kentucky, ex rel., Greg Stumbo*, Case No. 2007-CA-001635-MR, November 7, 2008 (“*Stumbo*”),¹⁹ the Court of Appeals observed that to set a “just, fair and reasonable’ rate as required by statute” the Commission may approve surcharges outside a general rate case procedure if the cost, such as the cost of the Wind Power Contracts, is “unanticipated” and fluctuating:²⁰

[When] the subject of the rate increase [is] not amenable to review via a general rate increase,... to set a “fair, just, and reasonable” rate required by statute, the courts have held the authority to approve such rates outside of the general rate procedure to be within the regulatory commission’s implied authority.²¹

26. Even if *Stumbo* blocked the consideration of the Wind Power Contracts in this case (and it does not), in its order issued August 28, 2007, *In the Matter of: The Purchased Gas*

¹⁶ *Id.* at 511.

¹⁷ *Id.* at 513.

¹⁸ *Id.* at 515.

¹⁹ The Supreme Court of Kentucky has granted the Commission’s motion for discretionary review of this decision pursuant to CR 76.20. Although the decision by the Kentucky Court of Appeals was rendered as an opinion “to be published,” the Court of Appeals opinion cannot be published unless otherwise ordered the Supreme Court. CR 76.28(4). Unpublished Kentucky appellate opinions, rendered after January 1, 2003 may be cited for consideration if there is no other published opinion that would adequately address the issue before the court. CR 76.28(5).

²⁰ *Id.* at 9.

²¹ *Id.* at 5.

Cost Adjustment Filing of Duke Energy Kentucky, Case No. 2007-000362, the Commission indicated that while the *Stumbo* decision remains on appeal,

...the Commission must continue to receive, consider, and adjudicate cases involving rate adjustments outside of a general rate proceeding. After considering the Opinion and Order [*Stumbo*], other legal authorities, the comments of all stakeholders, and the unique facts of this situation affecting all stakeholders, we are convinced that the Commission has authority to approve the relief sought herein under the plenary grant of authority set forth by the General Assembly in Chapter 278 of the Kentucky Revised Statutes.²²

27. The unique nature of renewable generation make such resources “unanticipated,” fluctuating and outside of the Companies’ control for two primary reasons. First, renewable energy resources generally, and wind power specifically, cannot be started with the flip of a switch. Second, the Companies will bear Locational Marginal Pricing (“LMP”) risk between the two ends of the point to point transmission service procured from PJM. This risk renders the ultimate cost of the energy procured under the Wind Power Contracts very unpredictable. Though this risk is partially hedged by firm transmission rights, the intermittent nature of wind energy makes those rights an imperfect hedge for the LMP risk. The data available to analyze LMP risk suggests that if the wind flowed at a 100% capacity factor, the LMP differences would result in a net cost to the Companies of \$0.66/MWh. The maximum hourly LMP difference during the period studied was over \$200/MWh. Times of high wind energy production will likely drive the LMP differences higher, thus the actual cost of LMP differences is likely to be

²² Due to the extraordinary public interest and timing concerns implicated by the proposed wind power contracts, together with the volatile nature of the costs to be passed through the proposed cost recovery tracker, the Companies do not believe that the rationale in *The Application of Louisville Gas and Electric Company for Approval of New Rate Tariffs Containing a Mechanism for The Pass-Through of MISO-Related Revenues and Costs Not Already Included in Existing Base Rates*, Case No. 2004-00459 (Order of December 22, 2004) applies. See *Stumbo*, Slip op at 10-11(citing *National-Southwire Aluminum Co.* 785 S.W.2d 503 [Ky. App. 1990]), and agreeing that the Commission has authority to approve separate rate mechanisms that are “fluctuating” and/or are not amenable to review via a general rate increase or to approve a non-traditional rate mechanism due to “unique” facts),.

higher than the 100% capacity factor.²³ Because of this volatility, the Companies respectfully request that the Commission utilize its broad authority to adopt “fair, just and reasonable” rate surcharges and approve the recovery of costs associated with the Wind Power Contracts through a tracking mechanism pursuant to *Stumbo, supra*.

VI. CONCLUSION

For the reasons stated, the Companies respectfully request that the Commission issue an order that:

(1) approves pursuant to KRS 278.300 the Grand Ridge I and Grand Ridge IV wind power contracts,

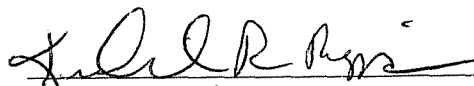
(2) makes a determination that the costs associated with the Grand Ridge I and Grand Ridge IV contracts are reasonable and prudent over the full 20-year term of the contracts, and

(3) authorizes the recovery of the complete costs associated with the Grand Ridge I and Grand Ridge IV wind power contracts by a surcharge on the bills of customers by approving the Renewable Resource Clause mechanism for LG&E and KU for service rendered on and after the approved effective date and through the 20-year term of the contracts.

²³ For example, in west Texas there is a market area which is dominated by wind generation. Indeed, the capacity of these wind generators is so great that it occasionally overwhelms the transmission lines connecting the market area with the rest of ERCOT. Until recently, ERCOT’s solution to this problem was to actually tell generators in this market area to dump wind; however the current approach allows generators to bid for access to the transmission lines connecting the West market area to the rest of ERCOT. Consequently, the cost of transmission is increased.

Dated: September 28, 2009

Respectfully submitted,



Kendrick R. Riggs
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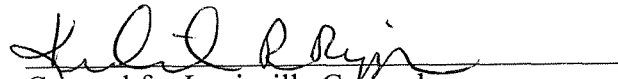
Counsel for Louisville Gas and
Electric Company and Kentucky Utilities
Company

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing Application for Approval was served via U.S. mail, first-class, postage prepaid, this 28th day of September 2009 upon the following persons:

Dennis G. Howard II
Assistant Attorney General
Office of the Attorney General
Office of Rate Intervention
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204

Michael L. Kurtz
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OH 45202


Counsel for Louisville Gas and
Electric Company and Kentucky Utilities
Company

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**LOUISVILLE GAS AND ELECTRIC)
COMPANY AND KENTUCKY UTILITIES)
COMPANY 2009 APPLICATION FOR)
APPROVAL OF PURCHASED POWER)
AGREEMENT AND RECOVERY OF)
ASSOCIATED COSTS)**

CASE NO. 2009-00353

**TESTIMONY OF
LONNIE E. BELLAR
VICE PRESIDENT, STATE REGULATION AND RATES
E.ON U.S. SERVICES, INC.**

Filed: September 28, 2009

1 **Q. Please state your name, position and business address.**

2 A. My name is Lonnie E. Bellar. I am the Vice President, State Regulation and Rates for
3 Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities Company
4 (“KU”) (collectively, “the Companies”), and am an employee of E.ON U.S. Services
5 Inc., which provides services to the Companies. My business address is 220 West Main
6 Street, Louisville, Kentucky. A statement of my professional history and education is
7 attached to this testimony as Appendix A.

8 **Q. What is the purpose of your testimony?**

9 A. The purpose of my testimony is to briefly summarize the events that preceded the
10 development of the Purchased Power Agreements (“PPAs”) between the Companies and
11 Grand Ridge Energy LLC (“Grand Ridge I”), and between the Companies and Grand
12 Ridge Energy IV LLC (“Grand Ridge IV”) (collectively, the “Wind Power Contracts.”)
13 In addition, I will describe the principal provisions of the Wind Power Contracts and the
14 Companies’ proposed Renewable Resource Clause mechanism for recovering the costs of
15 the Wind Power Contracts.

16 **Q. Have you previously testified before the Kentucky Public Service Commission?**

17 A. Yes. I have testified before the Kentucky Public Service Commission (“PSC” or
18 “Commission”) multiple times, most recently in Case Nos. 2009-00197 (KU) and 2009-
19 00198 (LG&E) concerning the Companies’ environmental compliance plans and cost
20 recovery through their environmental surcharge mechanisms, and in Case No. 2009-
21 00325 concerning temporary transmission line facilities in Hardin County, Kentucky.

22 **Q. Can you please describe the events that led to the development of the Wind Power**
23 **Contracts?**

1 A. The Companies made the decision to issue a Request for Proposals (“RFP”) for
2 renewable energy resources in 2007 due to the increasing legislative interest at the federal
3 and state levels in creating renewable portfolio standards, and because of growing
4 concern surrounding the environmental impacts of conventional generation.

5 The Companies’ decision to pursue a renewable energy RFP in 2007 appears to
6 have been wise. Congress recently debated a series of laws and regulations, most notably
7 the “Waxman-Markey bill,” which would limit CO₂ emissions and require the inclusion
8 of renewable energy in the Companies’ supply mix.¹ In addition, in November 2008,
9 Governor Steven L. Beshear released a report entitled *Intelligent Energy Choices for*
10 *Kentucky’s Future: Kentucky’s 7-Point Strategy for Energy Independence*. This plan
11 proposed a Renewable and Efficiency Portfolio Standard whereby 25 percent of
12 Kentucky’s energy needs in 2025 will be met by reductions through energy efficiency
13 and conservation and through use of renewable resources.² Though it did not pass in the
14 2009 legislative session, the General Assembly has taken steps in attempt to codify such
15 a standard in Kentucky.

16 **Q. What was the Companies’ strategic rationale in issuing the RFP?**

¹ The Waxman-Markey bill (H.R. 2454) calls for 20% renewable energy and efficiency by 2020. As such, 15% would come from renewable energy and 5% would come from energy efficiency. However, Governors can “swing” the 5% efficiency to 8% and move the renewable standard down to 12% if their state cannot meet the 15% renewable energy requirement.

The Senate has released two pieces of legislation with a RPS. Senator Tom Udall (D-NM) proposed legislation calling for Renewable Electricity Standards on February 12, 2009. The proposed legislation requires 25% of utilities’ electricity generation come from renewable resources by 2025. Additionally, Chairman of the Senate Energy and Natural Resources Committee, Senator Jeff Bingaman (D-NM), proposed draft federal RPS legislation on May 20, 2009 that would require utilities to procure 15% of their electricity from renewable sources of energy by 2021.

² “Strategies 1, 2 and 3 support the Renewable and Efficiency Portfolio Standard (REPS) for Kentucky that states that “by 2025, Kentucky will derive at least 25 percent of its projected energy demand from energy efficiency, renewable energy and biofuels while continuing to produce safe, affordable and abundant food, feed and fiber.”

1 A. As mentioned in the Application, the Companies generate over 95% of their energy from
2 coal-fired plants. Therefore, if a Renewable Portfolio Standard (“RPS”) such as the one
3 contained in Waxman-Markey bill became law, the Companies would likely need to
4 procure quickly an additional 100-300 MW of renewable generation *each year* or expect
5 to make Alternative Compliance Payments (a defined term in the Waxman-Markey bill).

6 The Companies’ first renewable energy procurement effort, which has resulted in
7 this Application, has provided the Companies with market knowledge of contractual
8 terms and transmission issues that will prove to be valuable as RPS standards and other
9 renewable energy laws and regulations develop. Also, the instant proceeding will
10 provide the Companies with significant regulatory certainty, specifically with regard to
11 how the Commission and others will evaluate such resources and address cost recovery
12 issues. All of the knowledge gained through this process will enhance renewable energy
13 procurement efforts that might be necessary to meet a future RPS.

14 **Q. Are the Wind Power Contracts cost-effective and reasonable long-term, fixed**
15 **obligations of the Companies?**

16 A. Yes, as discussed in greater detail below, the Wind Power Contracts are cost-effective as
17 compared to the other responses the Companies received following their 2007 renewable
18 energy RFP, which makes the contracts reasonable. Also, as I discuss further below, they
19 are fixed obligations of the Companies to purchase or take and pay for the energy output
20 of two wind farms for a term of 20 years.

21 The Wind Power Contracts may also prove to be a cost-effective means of
22 complying with federal or state RPS regulations in the event they are imposed, though
23 several factors will influence the cost of compliance with an RPS. The legislative

1 structure of an RPS will determine those factors, such as whether physical compliance is
2 required (in which case the Wind Power Contracts will contribute to the Companies'
3 compliance), or whether alternative compliance payments of some kind are enacted, and
4 if so, how much they would be. Also, if Waxman-Markey-style carbon-control
5 legislation becomes law, the Wind Power Contracts may prove to be a cost-effective
6 means of compliance (depending upon the cost of alternative compliance payments).

7 Because the Wind Power Contracts are cost-effective, and therefore reasonable,
8 fixed obligations of the Companies for a 20-year term, I recommend that the Commission
9 approve the Companies' request that the Commission approve the agreements under KRS
10 278.300, as set out more fully in the Application.

11 **Q. Can you please describe the RFP process?**

12 A. In July 2007, E.ON U.S. issued a Request for Proposals for Renewable Energy Resources
13 seeking up to a 30-year supply of energy from renewable resources with capacity from
14 two to 750 MW. Fifteen responses to the RFP were received: one hydroelectric project,
15 four wind projects, four solar projects, and six biomass projects. The Invenergy proposal,
16 for wind energy from its Grand Ridge I subsidiary, was received later in the evaluation
17 process in January 2009. After clarifying discussions with each bidder, the best projects
18 were identified for each renewable source on the basis of the technical rating of the
19 project, including maturity of the technology and the stage of development of the specific
20 project, and the experience and credit worthiness of the project developer. Based on
21 these factors, six of the fifteen responses were short-listed. Follow up meetings were
22 held in the spring of 2008 with those short listed in an effort to develop clear and, ideally,
23 firm terms for each offer. Negotiations were commenced with one bidder for wind

1 energy and another bidder for landfill gas. The wind energy bidder withdrew its offer in
2 January 2009 and the Companies have failed to make substantial progress on a definitive
3 agreement with the landfill gas bidder. Therefore, negotiations began with Invenergy for
4 its Grand Ridge I subsidiary.

5 **Q. Have the Companies successfully negotiated a firm wholesale purchased power**
6 **agreement with Invenergy?**

7 A. Yes. Negotiations with Invenergy resulted in two contracts. In the first contract, which
8 was with Grand Ridge Energy LLC, the Companies agreed to purchase the energy output
9 of a 99 MW (nameplate capacity) wind farm located in LaSalle County, Illinois, for a
10 term of 20 years. In the initial negotiations, the energy price in the first contract year
11 (2010) was to be ██████ per MWh escalating at ██████ per year; however, in light of
12 declining wholesale market prices, the Companies continued to negotiate with Invenergy
13 in an effort to reduce the price. Ultimately, Invenergy proposed an alternate contractual
14 arrangement whereby the Companies would enter into a second contract to purchase the
15 energy generated by Phase IV of the same Grand Ridge Project (10.5 MW nameplate
16 capacity). The second contract is between the Companies and Grand Ridge Energy IV
17 LLC, also for a term of 20 years. Under both contracts, the price for energy is ██████ per
18 MWh escalating at ██████ annually. This price is contingent, however, upon
19 simultaneous approval of both Wind Power Contracts. Redacted copies of the contracts
20 are attached to the Companies' Application as Exhibit 6.

21 **Q. How much capacity and energy do the Companies plan to purchase under the Wind**
22 **Power Contracts?**

1 A. The Wind Power Contracts are purchased power agreements for energy only, not fixed
2 capacity, and do not provide for demand or other capacity charges. The energy Phases I
3 and IV are expected to provide, approximately 295 GWh annually, is less than 1% of the
4 Companies' retail sales.

5 Even if the Wind Power Contracts could be treated as a capacity and energy
6 purchase arrangement, the dependable combined summer peak capacity of Phases I and
7 IV is only 13.1 MW, a de minimis amount compared to the Companies' combined
8 generating capacity of over 8,000 MW in 2010. For this reason, and because the Wind
9 Power Contracts provide only for energy payments, these agreements are most
10 appropriately treated as energy purchases.

11 **Q. Can you briefly summarize the principal provisions of the Wind Power Contracts?**

12 A. Except for the amount of energy projected to be purchased and the security amount set
13 out in each contract, the two PPAs are essentially identical in all material respects. Grand
14 Ridge I and Grand Ridge IV are PPAs for the energy output of 99 MW and 10.5 MW
15 (nameplate capacity) wind farms, respectively. Each contract has a 20-year term. The
16 Companies are required to take and pay for all energy produced by the wind farms. Firm
17 point-to-point transmission service from PJM will be used to deliver the energy to the
18 Companies' transmission system. The Companies hold all transmission risk and are
19 required to pay for all energy that would have been produced but for transmission
20 constraints, plus compensation for any production tax credits ("PTCs") Invenergy would
21 have received if the energy had been produced. In addition, each of the Wind Power
22 Contracts has a condition precedent that is specific to that project, as explained below.

23 **Q. What is the projected purchased power expense under the PPA?**

1 A. The energy purchase price in the first contract year (2010) is █████ per MWh and will
2 escalate by █████ per year thereafter. The first-year expense, assuming delivery of
3 295,000 MWh (31% Capacity Factor) and no delivery disruptions, would exceed █████
4 █████, though expenses incurred due to Locational Marginal Pricing differences
5 between the injection and withdrawal points in PJM could significantly increase the
6 overall cost.

7 **Q. Does the purchase price include the cost to deliver energy to the Companies'**
8 **system?**

9 A. No. In addition to the energy price, PJM transmission service will cost approximately
10 \$20/kW-Yr or about \$7.40/MWh at the anticipated capacity factor. On January 30, 2009,
11 the Companies submitted a transmission request to PJM for Firm Point-to-Point
12 Transmission Service to bring the energy produced under Grand Ridge I to the
13 interconnection between LG&E and PJM with an in-service date of January 1, 2010.³
14 The Companies executed and returned to PJM a System Impact Study Agreement and a
15 required \$50,000 deposit on April 16, 2009. The Companies expect PJM to complete the
16 System Impact Study by October 1, 2009. The Companies filed a new service request
17 with PJM for the Grand Ridge IV energy on July 31, 2009.

18 **Q. Does consummation of the Wind Power Contracts depend on any conditions**
19 **precedent?**

20 A. Yes. First, the Wind Power Contracts are contingent upon the Companies having
21 obtained acceptable regulatory approvals, including associated cost recovery. Each
22 contract contains a provision conditioning the Companies' obligations on receiving
23 Commission approval within 210 days of the contract's effective date.

³ OASIS #1092401.

1 The PPAs are also contingent upon the Companies having executed a
2 transmission agreement with PJM that does not include an obligation to pay system
3 upgrade costs that are unacceptable to the Companies.

4 These two conditions must be satisfied or waived by the Companies within 210
5 days of the signing of the contract, or by March 23, 2010.

6 Also, [REDACTED]

7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED] The Grand Ridge IV contract has a
11 condition precedent for commencement of commercial operation, which condition is
12 expected to be met prior to the time the Companies' conditions precedent are satisfied.

13 **Q. How will the costs be booked for accounting purposes?**

14 A. The costs under the Wind Power Contracts will be booked as purchased power in FERC
15 Account No. 555, Purchased Power, using a distinct subaccount for this power. Pursuant
16 to the terms of the Wind Power Contracts, 66% of the power will be purchased by KU
17 and 34% of the power will be purchased by LG&E. Transmission expense associated
18 with the purchased power under these contracts will be recorded to FERC Account No.
19 565, Transmission of Electricity by Others, using a distinct subaccount for the
20 transmission of this power. The use of these distinct subaccounts will allow the
21 Companies to track and record separately the costs associated with the Wind Power
22 Contracts as they are incurred.

23 **Q. Are there risks associated with the Wind Power Contracts?**

1 A. Yes, there are several risks associated with the Wind Power Contracts. The first is the
2 risk of a default by the seller. The Wind Power Contracts do not require the Companies
3 to make capacity payments to Grand Ridge; payment is only required after energy is
4 made available. Because at this time the cost of this wind energy is higher than the
5 Companies' average avoided cost,⁴ a default by Grand Ridge would not create any cost-
6 of-cover damages; however, if an RPS becomes law, or if replacement energy costs
7 exceed the contract price in the PPAs, then cost-of-cover damages for a Seller default
8 could result.

9 Transmission congestion is the second risk. As previously mentioned, the
10 Companies will buy firm point-to-point transmission service from PJM to deliver the
11 Grand Ridge I and IV energy to their transmission system. The Companies will bear
12 Locational Marginal Pricing ("LMP") risk between the two ends of the point-to-point
13 transmission service (e.g., if the LMP at the generator node is \$1.00/MWh higher than the
14 LMP at the load node, the Companies would bear the \$1.00/MWh cost, unless the cost
15 risk was hedged). This risk is partially hedged by firm transmission rights that will be
16 allocated to the Companies. The intermittent nature of wind energy, however, makes the
17 firm transmission rights an imperfect hedge for the LMP risk. There is limited data
18 available to analyze the LMP risk, but the data available suggest that if the wind flowed
19 at a 100% capacity factor, the LMP differences would result in a net cost to the
20 Companies of \$0.66/MWh. The maximum hourly LMP difference during the period
21 studied was over \$200/MWh. Periods of high wind energy production will likely drive

⁴ LG&E's and KU's Small Qualifying Facility Tariffs' Non-Time-Differentiated Rate is \$42.62/MWh. See LG&E P.S.C. Electric No. 7, Original Sheet No. 55; KU P.S.C. No. 14, Original Sheet No. 55.

1 the LMP differences higher, thus the actual cost of LMP differences will most certainly
2 be higher than the 100% capacity factor.

3 The third risk is transmission curtailment. The Companies expect to contract for
4 firm point-to-point transmission service for the full nameplate capacity of the wind farms,
5 which will place the transmission service on equal priority with native load. Generally,
6 firm point-to-point transmission service should only be curtailed at a TLR5, meaning that
7 service would only be curtailed pro-rata with native load and other firm point-to-point
8 transmission customers. But the emergency operations authority given to a Reliability
9 Coordinator allows PJM to do whatever is necessary to maintain the integrity of the bulk
10 electric system under emergency conditions. If transmission service is curtailed, the
11 Companies must pay Grand Ridge for any energy that would have been generated but for
12 the curtailment plus the value of PTCs not generated, grossed up for taxes. The after-tax
13 value of a PTC will be about \$30/MWh in 2010.

14 The fourth risk involves Revenue Sufficiency Guarantee (“RSG”) charges. PJM
15 does not currently allocate RSG charges to wind energy impacting the system; however,
16 it may do so in the future as this energy begins to create a more significant impact on its
17 market.

18 **Q. What happens in the event of default?**

19 A. Termination of the Wind Power Contracts for default would result in damages calculated
20 based on the cost of cover. The obligations of Grand Ridge I and Grand Ridge IV are
21 secured by two letters of credit (“LOC”) totaling [REDACTED] is associated
22 with Grand Ridge I and [REDACTED] is associated with Grand Ridge IV). Because the
23 Grand Ridge entities are special purpose entities, it may be difficult to collect damages

1 beyond the LOCs. The amount of the LOCs is consistent with other wind PPAs the
2 Companies have studied.

3 **Q. Has the Commission indicated a willingness to approve tracking mechanisms for**
4 **fluctuating costs such as those in the Wind Power Contracts?**

5 A. Yes, the Commission has indicated that it endorses the concept of tracking mechanisms
6 for fluctuating costs. Specifically, in Administrative Case No. 350, the Commission
7 indicated that although a rate case “is the most appropriate forum to review a utility’s
8 revenue needs, [i]f a utility’s annual payments for purchased power fluctuate
9 significantly, the Commission will consider, on a case specific basis, the need for a
10 purchased power clause.”⁵ Moreover, the Commission stated in a 2007 order, “[T]he
11 substantial reliance upon rate adjustment mechanisms and the steady passage of time
12 since their inception over 70 years ago leaves us loathe to unnecessarily disrupt their
13 continued benefit for utilities and customers alike,” showing that such mechanisms are
14 still viable and beneficial to customers and utilities.⁶

15 **Q. Is recovery of the costs associated with the Wind Power Contracts appropriate for a**
16 **tracking mechanism?**

17 A. Yes. The unique nature of renewable generation makes such resources significant,
18 volatile and outside of the Companies’ control and therefore appropriate for a rate
19 tracking mechanism. First, renewable energy resources generally, and wind power
20 specifically, cannot be started with the flip of a switch. Second, as discussed above, the
21 Companies will bear LMP risk between the two ends of the point-to-point transmission

⁵ *In The Consideration and Determination of the Appropriateness of Implementing a Ratemaking Standard pertaining to The Purchase of Long-Term Wholesale Power by Electric Utilities as Required in Section 712 of the Energy Policy Act of 1992*, Admin Case No. 350, Order Issued October 25, 1993, pp. 8-9.

⁶ *In the Matter of: The Purchased Gas Cost Adjustment Filing of Duke Energy Kentucky*, Case No. 2007-00362, Order at 9 (Aug. 28, 2007).

1 service procured from PJM. This risk renders the ultimate cost of the energy procured
2 under the PPAs volatile. Over the course of the 20-year PPAs, these costs could be
3 significant. Therefore, recovery of these costs through a tracker is consistent with sound
4 regulatory principals.

5 **Q. Please describe the Companies' proposed tariff Sheet No. 93, Renewable Resource**
6 **Clause, RRC.**

7 A. The proposed tariff sheets for LG&E and KU are attached to the Companies' Application
8 as Exhibit 4. The proposed Renewable Resource Clause is an adjustment clause
9 applicable to all electric rate schedules. The adjustment factor will be the sum total of the
10 actual monthly cost of: (1) Each Company's purchases of Eligible Renewable Energy and
11 all other costs imposed on each Company under the Wind Power Contracts, less any
12 revenues received for reselling Eligible Renewable Energy, (2) transmission service, (3)
13 LMP adjustments, (4) other transmission charges, (5) renewable resources that could
14 have been generated and delivered but for a transmission constraint, and (6) the amount
15 by which the renewable resource costs were under- or over collected in the period. This
16 sum will be divided by the kWh sales to the Companies' retail customers during the
17 period. The recovery will be based on a two-month lag. Exhibit 5 to the Application
18 shows the monthly filing that will be made with the Commission ten days before the
19 factor takes effect.

20 **Q. Will any of the cost of the Wind Power Contracts be reflected in the calculation of**
21 **the fuel adjustment clause?**

22 A. No. If the Commission approves the contract, the energy associated with the Wind
23 Power Contracts will be placed at the bottom of the stacking process in the after-the-fact

1 billing process. This will ensure that the energy serves only native load customers and is
2 not recovered through the operation of the fuel adjustment clause.

3 **Q. Will profits from off-system sales offset costs in the proposed Renewable Resource**
4 **Clause?**

5 A. No. As mentioned above, the Wind Power Contracts were negotiated on behalf of
6 ratepayers partially to hedge the significant financial risks associated with a future RPS.
7 Placing the Wind Power Contracts at the bottom of the stacking process will ensure that
8 this power only serves native load customers. The margins from off-system sales will
9 continue to be reflected in the calculation of the revenue requirements for electric base
10 rates.

11 Though off-system sales revenues will not impact the RRC, as can be seen in the
12 proposed RRC tariff sheets, any revenue associated with reselling any energy the
13 Companies purchase under the Wind Power Contracts will be reflected as a credit in
14 calculating the RRC charge each month.

15 **Q. What is the anticipated monthly impact to a typical residential customer?**

16 A. The anticipated monthly impact to a typical residential customer using 1,000 kWh is
17 \$0.92 for KU and \$0.71 for LG&E.⁷

18 **Q. What oversight will the Commission have over the Wind Power Contracts and**
19 **associated cost recovery?**

20 A. Because of the risks associated with such a contract and its unfavorable economics when
21 compared to more traditional alternatives, the Companies are asking the Commission to
22 approve the complete costs of the Wind Power Contracts as reasonable over the entire

⁷ This bill impact could be significantly higher due to LMP impacts. An LMP impact of \$0.66/MWh is included in the bill impact shown, but the LMP impact could be \$200/MWh or more.

1 contractual term. The Companies propose that the Commission review the application of
2 the rate recovery mechanism annually to confirm the accuracy of the calculations. Any
3 future contracts for renewable power will be filed with the Commission along with a
4 request for approval of the agreement and the authority to recover the cost through the
5 Renewable Resource Clause.

6 **Q. Based on your testimony in this proceeding, what is your recommendation to the**
7 **Commission with regard to the Wind Power Contracts?**

8 A. I recommend that the Commission approve Grand Ridge I and Grand Ridge IV, as well
9 as associated costs, as reasonable and authorize the Companies to enter into the contracts
10 and recover such costs via the proposed Renewable Resource Clause throughout the full
11 term of the 20-year contracts. The Wind Power Contracts will allow the Companies to
12 begin building a renewable energy portfolio to comply with a future RPS.

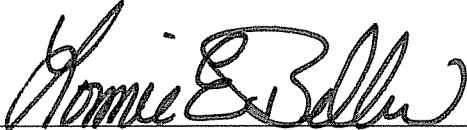
13 **Q. Does this conclude your testimony?**

14 A. Yes.

VERIFICATION

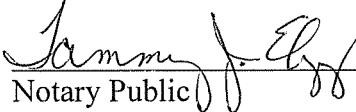
COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Lonnie E. Bellar**, being duly sworn, deposes and says that he is Vice President, State Regulation and Rates for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of E.ON U.S. Services, Inc., and that he has personal knowledge of the matters set forth in the foregoing testimony, and that the answers contained therein are true and correct to the best of his information, knowledge and belief.



Lonnie E. Bellar

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 28th day of September 2009.



Notary Public (SEAL)

My Commission Expires:

November 9, 2010

APPENDIX A

Lonnie E. Bellar

E.ON U.S. Services Inc.
220 West Main Street
Louisville, Kentucky 40202

Education

Bachelors in Electrical Engineering;
University of Kentucky, May 1987
Bachelors in Engineering Arts;
Georgetown College, May 1987
E.ON Academy, Intercultural Effectiveness Program: 2002-2003
E.ON Finance, Harvard Business School: 2003
E.ON Executive Pool: 2003-2007
E.ON Executive Program, Harvard Business School: 2006
E.ON Academy, Personal Awareness and Impact: 2006

Professional Experience

E.ON U.S.

Vice President, State Regulation and Rates	Aug. 2007 – Present
Director, Transmission	Sept. 2006 – Aug. 2007
Director, Financial Planning and Controlling	April 2005 – Sept. 2006
General Manager, Cane Run, Ohio Falls and Combustion Turbines	Feb. 2003 – April 2005
Director, Generation Services	Feb. 2000 – Feb. 2003
Manager, Generation Systems Planning	Sept. 1998 – Feb. 2000
Group Leader, Generation Planning and Sales Support	May 1998 – Sept. 1998

Kentucky Utilities Company

Manager, Generation Planning	Sept. 1995 – May 1998
Supervisor, Generation Planning	Jan. 1993 – Sept. 1995
Technical Engineer I, II and Senior, Generation System Planning	May 1987 – Jan. 1993

Professional Memberships

IEEE

Civic Activities

E.ON U.S. Power of One Co-Chair – 2007
Louisville Science Center – Board of Directors – 2008
Metro United Way Campaign – 2008
UK College of Engineering Advisory Board -- 2009

LOUISVILLE GAS AND ELECTRIC COMPANY
(807 KAR 5:001, Section 11, Item 1 (a))

A DESCRIPTION OF APPLICANT'S PROPERTY, INCLUDING A
STATEMENT OF THE NET ORIGINAL COST OF THE PROPERTY
AND THE COST THEREOF TO APPLICANT

June 30, 2009

The applicant's generating, transmission and distribution systems described herein are calculated annually. As of December 31, 2008, the applicant owned and operated thermal-electric generating units with an aggregate station rating totaling 3,083 MW. This total consisted of 2,418 MW of steam generation capacity and 665 MW of combustion turbine peaking units. The applicant also owned a 52 MW hydroelectric generating station, the operation of which is affected by the water level and flow of the Ohio River.

The applicant's electric transmission system included 42 substations (30 of which are shared with the distribution system) with a total capacity of approximately 11,820 MVA and approximately 894 miles of lines. The applicant's electric distribution system included 93 substations (30 of which are shared with the transmission system) with a total capacity of approximately 5,060 MVA, approximately 3,926 miles of overhead lines and approximately 2,327 miles of underground conduit.

The applicant operated underground gas storage facilities with a current working gas capacity of approximately 15 million Mcf used for seasonal and peak-day augmentation of winter pipe line supply.

The applicant's gas transmission system included 256 miles of transmission mains, and the gas distribution system includes 4,235 miles of distribution mains.

Other properties include an office building, service centers, warehouses, garages and other structures and equipment, the use of which is common to both the electric and gas departments.

The net original cost of the property and cost thereof to the applicant at June 30, 2009, was:

	<u>Electric</u>	<u>Gas</u>	<u>Common</u>	<u>Total</u>
Original Cost	\$ 3,668,537,953	\$ 658,209,941	\$ 241,406,972	\$ 4,568,154,866
Less Reserve for				
Depreciation	1,652,660,699	224,296,088	103,010,200	1,979,966,987
Net Original Cost	2,015,877,254	433,913,853	138,396,772	2,588,187,879
Allocation of Common				
To Electric and Gas	102,413,611	35,983,161	(138,396,772)	-
Total	<u>\$ 2,118,290,865</u>	<u>\$ 469,897,014</u>	<u>\$ -</u>	<u>\$ 2,588,187,879</u>

LOUISVILLE GAS AND ELECTRIC COMPANY

FINANCIAL EXHIBIT
(807 KAR 5:001 SEC. 6)

June 30, 2009

- (1) Amount and kinds of stock authorized.

75,000,000 shares of Common Stock, without par value.

- (2) Amount and kinds of stock issued and outstanding.

21,294,223 shares of Common Stock, without par value, recorded at \$425,170,424.

- (3) Terms of preference of preferred stock whether cumulative or participating, or on dividends or assets or otherwise.

None

- (4) Brief description of each mortgage on property of applicant, giving date of execution, name of mortgagor, name of mortgagee, or trustee, amount of indebtedness authorized to be secured thereby, and the amount of indebtedness actually secured, together with any sinking fund provisions.

None

- (5) Amount of bonds authorized, and amount issued, giving the name of the public utility which issued the same, describing each class separately, and giving date of issue, face value, rate of interest, date of maturity and how secured, together which amount of interest paid thereon during the last 12-month period.

Unsecured

Louisville Gas and Electric Company

<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate of Interest</u>	<u>Principal Amount Authorized</u>	<u>Principal Amount Outstanding at 30-Jun-09</u>	<u>Interest Expense Year Ended 30-Jun-09</u>
Pollution Control Bonds					
05/19/00	05/01/27	5.375%	25,000,000	25,000,000	\$ 806,252
08/09/00	08/01/30	Variable	83,335,000	83,335,000	1,299,489
09/11/01	09/01/27	Variable	10,104,000	10,104,000	145,229
03/06/02	09/01/26	Variable	22,500,000	22,500,000	348,428
03/06/02	09/01/26	Variable	27,500,000	27,500,000	425,856
03/22/02	11/01/27	Variable	35,000,000	35,000,000	504,706
03/22/02	11/01/27	Variable	35,000,000	35,000,000	504,706
10/23/02	10/01/32	Variable	41,665,000	41,665,000	731,638
11/20/03	10/01/33	Variable	128,000,000	128,000,000 *	(557,353) **
04/13/05	02/01/35	5.750%	40,000,000	40,000,000	1,380,000
04/26/07	06/01/33	5.625%	31,000,000	31,000,000	1,046,250
04/26/07	06/01/33	Variable	35,200,000	35,200,000 *	-
04/26/07	06/01/33	4.600%	60,000,000	60,000,000	2,760,000
Interest Rate Swaps					6,161,350
					<u>\$ 15,556,551</u>

* LG&E issued notices to bondholders of its intention to convert these bonds from the auction rate mode to a weekly interest rate mode, as permitted under the loan documents. In connection with the conversions, LG&E purchased the bonds from the remarketing agent. The bonds are expected to be remarketed to the public at a later time.

** This amount includes a \$650,499 credit for the write-off of the gain recorded in other comprehensive income for the termination of a swap related to this bond.

- (6) Each note outstanding, giving date of issue, amount, date of maturity, rate of interest, in whose favor, together with amount of interest paid thereon during the last 12-month period.

<u>Payee</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate of Interest</u>	<u>Amount</u>	<u>Interest Expense Year Ended June 30, 2009</u>
Fidelia Corp.	01/15/04	01/16/12	4.33%	25,000,000	\$1,082,500
Fidelia Corp.	04/30/03	04/30/13	4.55%	100,000,000	4,550,000
Fidelia Corp.	08/15/03	08/15/13	5.31%	100,000,000	5,310,000
Fidelia Corp.	11/21/08	11/23/15	6.48%	50,000,000	1,971,000
Fidelia Corp.	07/25/08	07/25/18	6.21%	25,000,000	1,449,000
Fidelia Corp.	11/26/07	11/26/22	5.72%	47,000,000	2,688,400
Fidelia Corp.	04/13/07	04/13/31	5.93%	68,000,000	4,032,400
Fidelia Corp.	04/13/07	04/13/37	5.98%	70,000,000	4,186,000
					<u>\$25,269,300</u>

- (7) Other indebtedness, giving same by classes and describing security, if any, with a brief statement of the devolution or assumption of any portion of such indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid thereon during the last fiscal year.

None, other than current and accrued liabilities.

- (8) Rate and amount of dividends paid during the five previous fiscal years, and the amount of capital stock on which dividends were paid each year. (1)

Dividends on Common Stock, without par value

2004	\$57,000,000
2005	39,000,000
2006	95,000,000
2007	65,000,000
2008	40,000,000

(1) As of May 1998, the 21,294,223 shares are all owned by E.ON U.S. LLC (formerly LG&E Energy LLC) and all dividends declared by LG&E's Board of Directors are paid to E.ON U.S. LLC.

Dividends on 5% Cumulative Preferred Stock, \$25 par value

For each of the quarters in the years 2004 – 2006, the Company declared and paid dividends of \$.3125 per share on the 860,287 shares of 5% Cumulative Preferred Stock, \$25 par value, outstanding for a total of \$268,841 each quarter. The annual amount of dividends for each fiscal year 2004 - 2006 was \$1,075,365. All shares were redeemed on April 16, 2007. The amount of dividends declared and paid through April 16, 2007 was \$316,636.

Dividends on \$5.875 Cumulative Preferred Stock, without par value

For each of the quarters in the years 2004 – 2006, the Company declared and paid dividends of \$1.46875 per share on the \$5.875 series preferred stock outstanding. The preferred stock had a sinking fund requirement sufficient to retire a minimum of 12,500 shares on July 15 of each year commencing with July 15, 2003, and the remaining 187,500 shares on July 15, 2008 at \$100 per share. The Company redeemed 12,500 shares in accordance with these provisions annually on July 15, 2003 through July 15, 2006. The 200,000 remaining shares were redeemed April 16, 2007.

Annual dividends and interest on preferred stock, without par value for the previous five fiscal years were:

2004	\$1,358,594
2005	1,285,156
2006	1,211,719
2007	345,972
2008	0

Dividends on Auction Rate Cumulative Preferred Stock, without par value

<u>Month Declared</u>		<u>Payment Date</u>	<u>Rate Per Share</u>	<u>Amount</u>
March	2004	4/15/2004	0.37500	\$187,500
June	2004	7/15/2004	0.43750	218,750
September	2004	10/15/2004	0.48750	243,750
December	2004	1/18/2005	0.62500	312,500
				<u>\$962,500</u>
March	2005	4/15/2005	0.75000	\$375,000
June	2005	7/15/2005	0.97500	487,500
September	2005	10/17/2005	0.97500	487,500
December	2005	1/17/2006	1.10000	550,000
				<u>\$1,900,000</u>
March	2006	4/15/2006	1.20000	\$600,000
June	2006	7/15/2006	1.33750	668,750
September	2006	10/15/2006	1.44750	723,750
December	2006	1/15/2007	1.27500	637,500
				<u>\$2,630,000</u>
March	2007	4/13/2007	1.25000	\$625,000
				<u>\$625,000</u>

Dividend is based on 500,000 shares for all periods. All shares were redeemed on April 16, 2007.

(9) Detailed Income Statement, Balance Sheet and Statement of Retained Earnings

Monthly Financial and Operating Reports are filed each month with the Kentucky Public Service Commission. Our most recent mailing covered financial statements for periods through June 30, 2009. Attached are detailed Statements of Income, Balance Sheets and Retained Earnings for the Company for the period ending June 30, 2009.

Louisville Gas and Electric Company
Balance Sheet as of June 30, 2009

Assets and Other Debits		Liabilities and Other Credits	
Utility Plant		Capitalization	
Utility Plant at Original Cost.....	4,568,154,866.00	Common Stock.....	425,170,424.09
Less Reserves for Depreciation and Amortization....	<u>1,979,966,987.30</u>	Common Stock Expense.....	(835,888.64)
		Paid-in Capital.....	83,530,392.00
Total.....	<u>2,588,187,878.70</u>	Other Comprehensive Income.....	(9,919,801.50)
		Retained Earnings.....	<u>686,162,111.03</u>
		Total Common Equity.....	<u>1,184,107,236.98</u>
Investments		Pollution Control Bonds - Net of Reacquired Bonds	411,104,000.00
Ohio Valley Electric Corporation.....	594,286.00	LT Notes Payable to Associated Companies.....	<u>485,000,000.00</u>
Nonutility Property-Less Reserve.....	11,879.20		
Special Funds.....	14,691,070.39	Total Long-term Debt.....	896,104,000.00
Other.....	<u>-</u>		
Total.....	<u>15,297,235.59</u>	Total Capitalization.....	<u>2,080,211,236.98</u>
Current and Accrued Assets		Current and Accrued Liabilities	
Cash.....	3,488,154.02	ST Notes Payable to Associated Companies.....	152,601,400.00
Special Deposits.....	1,084,460.57	Accounts Payable.....	68,555,847.47
Temporary Cash Investments.....	119.71	Accounts Payable to Associated Companies.....	25,035,271.14
Accounts Receivable-Less Reserve.....	132,671,907.49	Customer Deposits.....	22,178,266.53
Accounts Receivable from Associated Companies....	136,159.57	Taxes Accrued.....	10,939,096.47
Materials and Supplies-At Average Cost		Interest Accrued.....	9,307,219.00
Fuel.....	55,161,389.37	ST Obligations Under Capital Leases.....	-
Plant Materials and Operating Supplies.....	28,902,591.29	Miscellaneous Current and Accrued Liabilities.....	<u>22,095,606.46</u>
Stores Expense.....	4,079,147.73		
Gas Stored Underground.....	28,695,709.37	Total.....	<u>310,712,707.07</u>
Allowance Inventory.....	5,126.82		
Prepayments.....	3,321,882.39	Deferred Credits and Other	
Miscellaneous Current and Accrued Assets.....	<u>3,167,867.78</u>	Accumulated Deferred Income Taxes.....	413,944,625.65
Total.....	<u>260,714,516.11</u>	Investment Tax Credit.....	50,645,343.67
Deferred Debits and Other		Regulatory Liabilities.....	94,928,567.44
Unamortized Debt Expense.....	3,947,101.90	Customer Advances for Construction.....	9,925,766.43
Unamortized Loss on Bonds.....	23,747,761.18	Asset Retirement Obligations.....	33,146,283.03
Accumulated Deferred Income Taxes.....	57,912,439.12	Other Deferred Credits.....	28,624,531.55
Deferred Regulatory Assets.....	325,399,546.57	Miscellaneous Long-term Liabilities.....	37,144,950.84
Other Deferred Debits.....	<u>1,367,006.95</u>	Accum Provision for Postretirement Benefits.....	<u>217,289,473.46</u>
Total.....	<u>412,373,855.72</u>	Total.....	<u>885,649,542.07</u>
Total Assets and Other Debits.....	<u>3,276,573,486.12</u>	Total Liabilities and Other Credits.....	<u>3,276,573,486.12</u>

Louisville Gas and Electric Company
Statement of Income
June 30, 2009

	<u>Year Ended</u> <u>6/30/2009</u>
Electric Operating Revenues.....	1,011,571,747.51
Gas Operating Revenues.....	<u>454,879,929.49</u>
 Total Operating Revenues.....	 <u>1,466,451,677.00</u>
 Fuel for Electric Generation.....	 357,315,111.10
Power Purchased.....	104,583,588.94
Gas Supply Expenses.....	342,904,731.41
Other Operation Expenses.....	203,919,292.96
Maintenance.....	130,181,119.37
Depreciation.....	125,327,378.97
Amortization Expense.....	6,819,338.82
Regulatory Credits.....	(2,165,360.24)
Taxes	
Federal Income.....	27,415,807.32
State Income.....	2,599,690.46
Deferred Federal Income - Net.....	(2,489,411.63)
Deferred State Income - Net.....	(3,610,283.81)
Property and Other.....	25,173,757.66
Investment Tax Credit.....	6,370,700.98
Amortization of Investment Tax Credit.....	(3,436,493.19)
Loss (Gain) from Disposition of Allowances.....	(66,274.06)
Accretion Expense.....	<u>1,941,239.48</u>
 Total Operating Expenses.....	 <u>1,322,783,934.54</u>
 Net Operating Income.....	 143,667,742.46
Other Income Less Deductions.....	<u>(18,030,624.94)</u>
 Income Before Interest Charges.....	 <u>125,637,117.52</u>
 Interest on Long-term Debt.....	 40,880,318.81
Amortization of Debt Expense - Net.....	1,603,626.25
Other Interest Expenses.....	<u>7,561,029.40</u>
 Total Interest Charges.....	 <u>50,044,974.46</u>
 Net Income.....	 <u><u>75,592,143.06</u></u>

Louisville Gas and Electric Company
Analysis of Retained Earnings
June 30, 2009

	<u>Year Ended 6/30/09</u>
Balance at Beginning of Period.....	690,569,967.97
Add:	
Net Income for Period.....	75,592,143.06
Deduct:	
Common Dividends	
Common Stock Without Par Value.....	<u>80,000,000.00</u>
Balance at End of Period.....	<u><u>686,162,111.03</u></u>

KENTUCKY UTILITIES COMPANY
(807 KAR 5:001, Section 11, Item 1 (a))

A DESCRIPTION OF APPLICANT'S PROPERTY, INCLUDING A
STATEMENT OF THE NET ORIGINAL COST OF THE PROPERTY
AND THE COST THEREOF TO APPLICANT

June 30, 2009

The applicant's generating, transmission and distribution systems described herein are calculated annually. As of December 31, 2008, the applicant owned and operated four coal fired steam electric generating stations having an estimated total effective capacity, with all equipment in service, of about 2,849 MW; a hydroelectric generating station having an estimated total effective capability of about 24 MW; and seventeen gas/oil peaking units having an estimated total effective capability of about 1,499 MW.

The applicant's owned electric transmission system included 113 substations (39 of which are shared with the distribution system) with a total capacity of approximately 17,700 MVA and approximately 4,040 miles of lines. The electric distribution system included 483 substations (39 of which are shared with the transmission system) with a total capacity of approximately 6,865 MVA, 14,133 miles of overhead lines, and 2,151 miles of underground conduit.

Other properties include office buildings, service centers, warehouses, garages and other structures and equipment.

The net original cost of the property and cost thereof to the applicant at June 30, 2009, was:

	<u>Utility Plant</u>
Original Cost	
Production Plant	\$ 2,782,157,973
Distribution Plant	1,258,934,430
Transmission Plant	523,660,908
General Plant	108,899,572
Intangible Plant	51,297,221
Construction Work in Progress	1,127,606,340
Total Plant at Original Cost	<u>\$ 5,852,556,444</u>
Less Reserve for Depreciation	<u>2,077,571,983</u>
Net Original Cost	<u>\$ 3,774,984,461</u>

KENTUCKY UTILITIES COMPANY

FINANCIAL EXHIBIT
(807 KAR 5:001 SEC. 6)

June 30, 2009

- (1) Amount and kinds of stock authorized.

80,000,000 shares of Common Stock, without par value.

- (2) Amount and kinds of stock issued and outstanding.

Common Stock:

37,817,878 shares issued and outstanding, without par value, recorded at \$308,139,978.

- (3) Terms of preference of preferred stock whether cumulative or participating, or on dividends or assets otherwise.

None

- (4) Brief description of each mortgage on property of applicant, giving date of execution name of mortgagor, name of mortgagee, or trustee, amount of indebtedness authorized to be secured thereby, and the amount of the indebtedness actually secured, together with any sinking fund provisions.

None

(5) Amount of bonds authorized, and amount issued giving the name of the public utility which issued the same, describing each class separately, and giving date of issue, face value, rate of interest, date of maturity and how secured, together with an amount of interest paid thereon during the last 12-month period.

Unsecured

Kentucky Utilities Company

Date of Issue	Date of Maturity	Rate of Interest	Principal Amount		Interest Expense Year Ended June 30, 2009
			Authorized	Outstanding at June 30, 2009	
Pollution Control Bonds					
05/01/00	05/01/23	Variable	12,900,000	12,900,000	\$ 42,808
02/01/02	02/01/32	Variable	20,930,000	20,930,000	296,807
02/01/02	02/01/32	Variable	2,400,000	2,400,000	34,034
02/01/02	02/01/32	Variable	7,200,000	2,400,000	34,034
02/01/02	02/01/32	Variable	7,400,000	7,400,000	104,939
07/01/02	10/01/32	Variable	96,000,000	96,000,000	1,886,429
10/01/04	10/01/34	Variable	50,000,000	50,000,000	283,213
07/07/05	06/01/35	Variable	13,266,950	-	* 181,561
11/17/05	06/01/35	Variable	13,266,950	-	* 181,909
07/20/06	06/01/36	Variable	16,693,620	-	* 452,235
12/07/06	06/01/36	Variable	16,693,620	-	* (54)
02/23/07	10/01/34	Variable	54,000,000	54,000,000	1,855,735
05/24/07	02/01/26	5.75%	17,875,000	17,875,000	1,027,813
05/24/07	03/01/37	6.00%	8,927,000	8,927,000	535,620
10/17/08	02/01/32	Variable	77,947,405	77,947,405	592,256
Total					<u>\$ 7,509,339</u>

* KU defeased four bonds during the fourth quarter of 2008.

(6) Each note outstanding, giving date of issue, amount, date of maturity, rate of interest in whose favor, together with amount of interest during the last 12-month period.

Payee	Date of Issue	Date of Maturity	Rate of Interest	Amount	Interest Expense
					Year Ended June 30, 2009
Fidelity Corp.	11/24/03	11/24/10	4.240%	\$ 33,000,000	\$ 1,399,200
Fidelity Corp.	01/15/04	01/16/12	4.390%	50,000,000	2,195,000
Fidelity Corp.	04/30/03	04/30/13	4.550%	100,000,000	4,550,000
Fidelity Corp.	08/15/03	08/15/13	5.310%	75,000,000	3,982,500
Fidelity Corp.	12/20/07	12/19/14	5.450%	100,000,000	5,450,000
Fidelity Corp.	07/08/05	07/08/15	4.735%	50,000,000	2,367,500
Fidelity Corp.	12/19/05	12/21/15	5.360%	75,000,000	4,020,000
Fidelity Corp.	10/25/06	10/25/16	5.675%	50,000,000	2,837,500
Fidelity Corp.	04/24/09	04/24/17	5.280%	50,000,000	484,000
Fidelity Corp.	06/20/07	06/20/17	5.980%	50,000,000	2,990,000
Fidelity Corp.	07/25/08	07/25/18	6.160%	50,000,000	2,874,667
Fidelity Corp.	08/26/08	08/27/18	5.645%	50,000,000	2,391,285
Fidelity Corp.	12/15/08	12/17/18	7.035%	75,000,000	2,857,969
Fidelity Corp.	10/25/07	10/25/19	5.710%	70,000,000	3,997,000
Fidelity Corp.	02/07/07	02/07/22	5.690%	53,000,000	3,015,700
Fidelity Corp.	05/20/08	05/22/23	5.850%	75,000,000	4,387,500
Fidelity Corp.	09/14/07	09/14/28	5.960%	100,000,000	5,960,000
Fidelity Corp.	06/23/06	06/23/36	6.330%	50,000,000	3,165,000
Fidelity Corp.	03/30/07	03/30/37	5.860%	75,000,000	4,395,000
					\$63,319,821

(7) Other indebtedness, giving same by classes and describing security, if any with a brief statement of the devolution or assumption of any portion of such indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid thereon during the last fiscal year.

None, other than current and accrued liabilities.

(8) Rate and amount of dividends paid during the five previous fiscal years, and amount of capital stock on which dividends were paid. (1)

Dividends on Common Stock, without par value

2004	\$	63,000,000
2005		50,000,000
2006		-
2007		-
2008		-

(1) As of May 1998, the 37,817,878 shares are all owned by E.ON U.S. LLC (formerly LG&E Energy LLC) and all dividends declared by KU's Board of Directors are paid to E.ON U.S. LLC.

Dividends on 4 3/4% Cumulative Preferred Stock

For each of the quarters in fiscal year 2004, the Company declared and paid dividends of \$1.1875 per share on the 200,000 outstanding shares of 4 3/4% Cumulative Preferred Stock, \$100 stated value, for a total of \$237,500 per quarter. On an annual basis, the dividend amounted to \$4.75 per share, or \$950,000. This series of preferred stock was redeemed on October 24, 2005. The amount of dividends declared and paid through October 24, 2005 was \$773,196.

Dividends on 6.53% Cumulative Preferred Stock

For each of the quarters in fiscal year 2004, the Company declared and paid dividends of \$1.6325 per share on the 200,000 outstanding shares of 6.53% Cumulative Preferred Stock, \$100 stated value, for a total of \$326,500 per quarter. On an annual basis, the dividend amounted to \$6.53 per share, or \$1,306,000. This series of preferred stock was redeemed on October 24, 2005. The amount of dividends declared and paid through October 24, 2005 was \$1,062,942.

(9) Detailed Income Statement, Balance Sheet and Statement of Retained Earnings

Monthly Financial and Operating Reports are filed each month with the Kentucky Public Service Commission. Our most recent mailing covered financial statements for periods through June 30, 2009. Attached are detailed Statements of Income, Balance Sheets and Retained Earnings for the Company for the period ending June 30, 2009.

Kentucky Utilities Company
Balance Sheet as of June 30 2009

Assets and Other Debits		Liabilities and Other Credits	
Utility Plant		Capitalization	
Utility Plant at Original Cost.....	5,852,556,444.10	Common Stock.....	308,139,977.56
Less Reserves for Depreciation and Amortization.....	<u>2,077,571,983.20</u>	Common Stock Expense.....	(321,288.87)
		Paid-In Capital.....	315,711,597.00
Total.....	<u>3,774,984,460.90</u>	Retained Earnings.....	1,216,199,359.13
		Unappropriated Undistributed Subsidiary Earnings.....	<u>11,334,844.35</u>
		Total Common Equity.....	<u>1,851,064,489.17</u>
Investments			
Ohio Valley Electric Corporation.....	250,000.00	Pollution Control Bonds.....	350,779,405.00
Nonutility Property-Less Reserve.....	179,120.94	LT Notes Payable to Associated Companies.....	<u>1,231,000,000.00</u>
Investments in Subsidiary Companies.....	12,630,644.35		
Special Funds.....	-	Total Long-term Debt.....	<u>1,581,779,405.00</u>
Other.....	<u>411,140.00</u>		
Total.....	<u>13,470,905.29</u>	Total Capitalization.....	<u>3,432,843,894.17</u>
Current and Accrued Assets		Current and Accrued Liabilities	
Cash.....	3,216,640.34	ST Notes Payable to Associated Companies.....	60,555,954.00
Special Deposits.....	-	Accounts Payable.....	144,813,434.11
Temporary Cash Investments.....	269.25	Accounts Payable to Associated Companies.....	16,673,861.42
Accounts Receivable-Less Reserve.....	165,129,544.91	Customer Deposits.....	21,813,261.32
Accounts Receivable from Associated Companies.....	844,526.78	Taxes Accrued.....	9,088,935.23
Materials and Supplies-At Average Cost		Interest Accrued.....	14,840,846.40
Fuel.....	98,117,467.48	Miscellaneous Current and Accrued Liabilities.....	<u>19,875,383.92</u>
Plant Materials and Operating Supplies.....	30,153,890.88		
Stores Expense.....	6,597,946.45	Total.....	<u>287,661,676.40</u>
Allowance Inventory.....	1,819,611.44		
Prepayments.....	2,353,098.70	Deferred Credits and Other	
Miscellaneous Current and Accrued Assets.....	<u>3,167,867.77</u>	Accumulated Deferred Income Taxes.....	336,071,159.62
Total.....	<u>311,400,864.00</u>	Investment Tax Credit.....	90,600,852.28
		Regulatory Liabilities.....	43,578,072.45
Deferred Debits and Other		Customer Advances for Construction.....	2,424,841.42
Unamortized Debt Expense.....	4,931,662.39	Asset Retirement Obligations.....	33,604,803.66
Unamortized Loss on Bonds.....	13,281,560.85	Other Deferred Credits.....	29,926,675.36
Accumulated Deferred Income Taxes.....	50,525,590.17	Miscellaneous Long-term Liabilities.....	2,670,860.19
Deferred Regulatory Assets.....	225,140,247.31	Accum Provision for Postretirement Benefits.....	<u>176,697,900.40</u>
Other Deferred Debits.....	<u>42,345,445.04</u>		
Total.....	<u>336,224,505.76</u>	Total.....	<u>715,575,165.38</u>
		Total Liabilities and Other Credits.....	<u>4,436,080,735.95</u>
Total Assets and Other Debits.....	<u>4,436,080,735.95</u>		

Kentucky Utilities Company
Statement of Income
June 30, 2009

	Year Ended 6/30/2009
Electric Operating Revenues.....	<u>1,401,841,087.04</u>
Total Operating Revenues.....	<u>1,401,841,087.04</u>
Fuel for Electric Generation.....	494,213,798.19
Power Purchased.....	218,289,149.33
Other Operation Expenses.....	175,622,873.90
Maintenance.....	144,648,320.23
Depreciation.....	134,091,600.07
Amortization Expense.....	5,497,291.23
Regulatory Credits.....	(2,342,206.71)
Taxes	
Federal Income.....	13,320,855.39
State Income.....	5,225,334.61
Deferred Federal Income - Net.....	5,341,168.47
Deferred State Income - Net.....	(1,069,235.10)
Property and Other.....	22,259,721.90
Investment Tax Credit.....	23,050,125.49
Loss (Gain) from Disposition of Allowances.....	(84,707.76)
Accretion Expense.....	<u>2,045,223.91</u>
Total Operating Expenses.....	<u>1,240,109,313.15</u>
Net Operating Income.....	161,731,773.89
Other Income Less Deductions	
Other Income Less Deductions.....	23,189,633.41
AFUDC - Equity.....	<u>5,672,612.02</u>
Total Other Income Less Deductions.....	<u>28,862,245.43</u>
Income Before Interest Charges.....	<u>190,594,019.32</u>
Interest on Long-term Debt.....	70,829,159.82
Amortization of Debt Expense - Net.....	782,993.28
Other Interest Expenses.....	4,934,507.35
AFUDC - Borrowed Funds.....	<u>(1,861,529.44)</u>
Total Interest Charges.....	<u>74,685,131.01</u>
Net Income.....	<u><u>115,908,888.31</u></u>

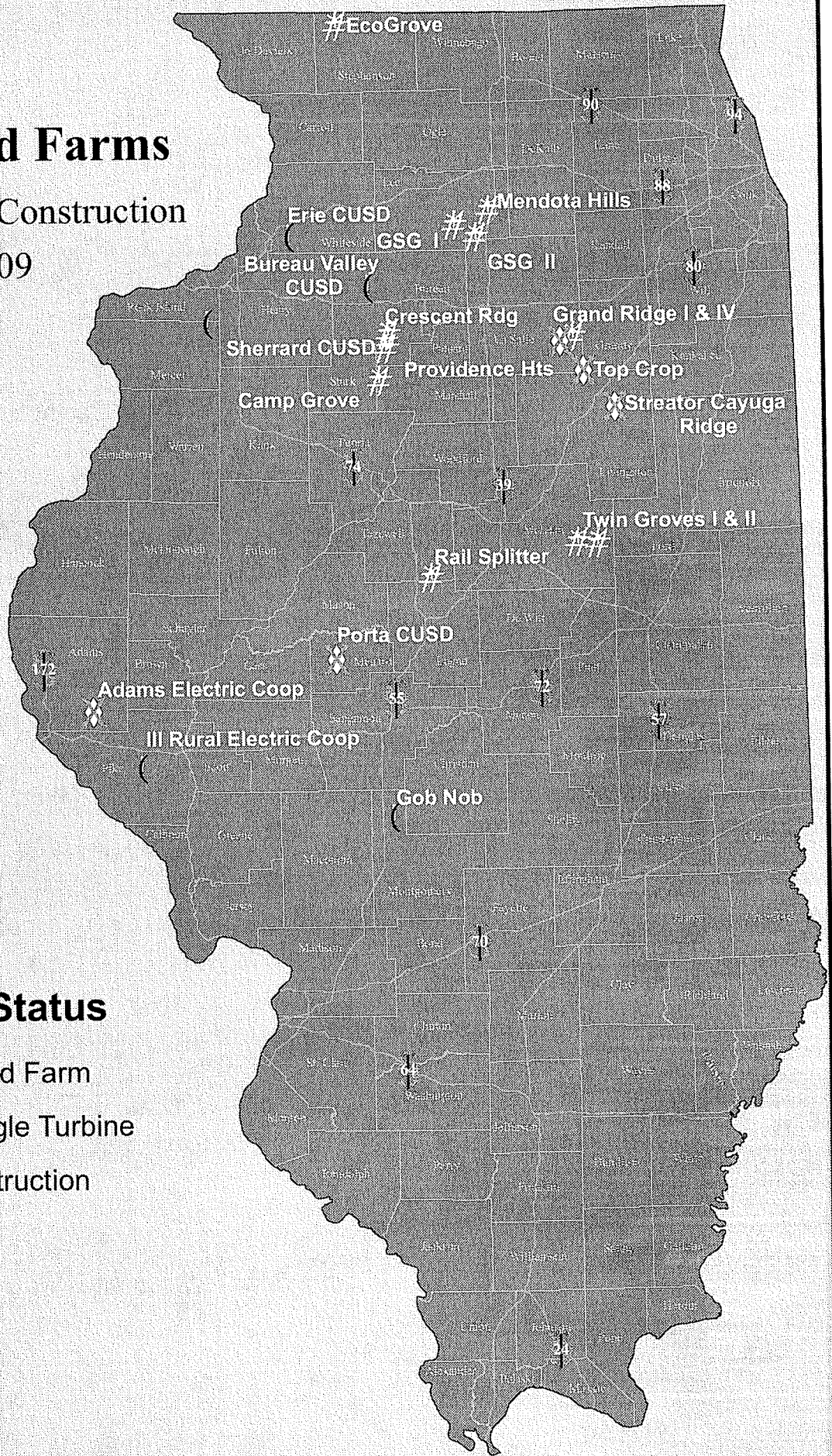
Kentucky Utilities Company
Analysis of Retained Earnings
June 30, 2009

	Year Ended 6/30/09
Retained Earnings Balance at Beginning of Period.....	1,089,791,757.17
Add:	
Net Income for Period.....	115,908,888.31
Deduct:	
Adjust for Equity in Subsidiary	
Earnings for Year	
-EE Inc.....	(15,351,286.35)
Dividends Received Current Year	
-EE Inc.....	25,850,000.00
Retained Earnings Balance at End of Period.....	1,216,199,359.13
Unappropriated Undistributed Subsidiary Earnings.....	11,334,844.35
Retained Earnings and Undistributed Subsidiary Earnings at End of Period...	1,227,534,203.48




Illinois Wind Farms

Current & Under Construction

July 2009



Wind Farm Status

-  Existing Wind Farm
-  Existing Single Turbine
-  Under Construction



Louisville Gas and Electric Company

P.S.C. Electric No. 7, Original Sheet No. 93

Adjustment Clause	RRC
Renewable Resource Clause	
APPLICABLE	
In all territory served.	
AVAILABILITY OF SERVICE	
The Renewable Resource Clause (RRC) is mandatory to all electric rate schedules.	
(1) The charge per kWh delivered under the rate schedules to which the RRC applies shall be increased or decreased during each month according to the following formula:	
$\text{Adjustment Factor} = \frac{RP}{S}$	
(2) Renewable Purchases (RP) are the sum of the most recent actual monthly costs of:	
(a) The Company's purchases of Eligible Renewable Energy and all other costs imposed on the Company under the Company's contract(s) for Eligible Renewable Energy, less any revenues the Company receives for reselling Eligible Renewable Energy;	
(b) The cost of firm transmission service to deliver Eligible Renewable Energy to the Company's control area;	
(c) The cost of Locational Marginal Pricing adjustments to transmission service to reflect congestion in the control area of a Regional Transmission Organization (RTO);	
(d) Other transmission charges or adjustments imposed by an RTO; and	
(e) The amount by which items (a), (b), (c), and (d) were under- or over-collected in the Current Period.	
(3) Sales (S) are all kWh sold to the Company's retail customers.	
(4) Eligible Renewable Energy is all energy generated using renewable resources and purchased by the Company under contracts or other purchasing arrangements approved by order(s) of the Kentucky Public Service Commission.	
(5) The Current Period is the second month preceding the month in which the RRC is billed (e.g., if the RRC is billed in August, the Current Period is June).	

Date of Issue:

Date Effective:

Issued By: Lonnie E. Bellar, Vice President, State Regulation and Rates, Louisville, Kentucky

Issued by Authority of an Order of the KPSC in Case No. 2009-00353

N



<u>Adjustment Clause</u>	<u>RRC</u>
<u>Renewable Resource Clause</u>	
<p>APPLICABLE In all territory served.</p>	
<p>AVAILABILITY OF SERVICE The Renewable Resource Clause (RRC) is mandatory to all electric rate schedules.</p> <p>(1) The charge per kWh delivered under the rate schedules to which the RRC applies shall be increased or decreased during each month according to the following formula:</p> $\text{Adjustment Factor} = \frac{\text{RP}}{\text{S}}$ <p>(2) Renewable Purchases (RP) are the sum of the most recent actual monthly costs of:</p> <ul style="list-style-type: none"> (a) The Company's purchases of Eligible Renewable Energy and all other costs imposed on the Company under the Company's contract(s) for Eligible Renewable Energy, less any revenues the Company receives for reselling Eligible Renewable Energy; (b) The cost of firm transmission service to deliver Eligible Renewable Energy to the Company's control area; (c) The cost of Locational Marginal Pricing adjustments to transmission service to reflect congestion in the control area of a Regional Transmission Organization (RTO); (d) Other transmission charges or adjustments imposed by an RTO; and (e) The amount by which items (a), (b), (c), and (d) were under- or over-collected in the Current Period. <p>(3) Sales (S) are all kWh sold to the Company's retail customers.</p> <p>(4) Eligible Renewable Energy is all energy generated using renewable resources and purchased by the Company under contracts or other purchasing arrangements approved by order(s) of the Kentucky Public Service Commission.</p> <p>(5) The Current Period is the second month preceding the month in which the RRC is billed (e.g., if the RRC is billed in August, the Current Period is June).</p>	

Date of Issue:
Date Effective:
Issued By: Lonnie E. Bellar, Vice President, State Regulation and Rates, Louisville, Kentucky

LOUISVILLE GAS AND ELECTRIC COMPANY
Renewable Resource Clause

Expense Month : <Month Year>

Current Month Delivered Renewable Energy, kWh	1		
Current price per mega-watt hour			
Delivered Energy	2	\$	-
Firm PTP transmission	3		
LMP	4		
	5	\$	- L.2 + L.3 + L.4
Monthly Cost of Renewable Resource	6	\$	- L.1 x L.5
Other RTO charges	7		
Other Renewable Resource charges	8		
Total RRC Charges	9	\$	- L.6 + L.7 + L.8
(Over) or Under recovery of RRC costs	10	\$	- Page 2, L.6
Total RRC cost recovery, current expense month	11		- L.9 + L.10
Retail energy sales, current expense month, Kentucky only	12		-
RRC Factor to retail customers, \$/kwh (1)	13		- L.11 ÷ L.12

Note: (1) Five decimal places in dollars for normal rounding.

Effective Date for Billing:

Submitted by _____

Title: Director, Rates

KENTUCKY UTILITIES COMPANY
Renewable Resource Clause

Expense Month : <Month Year>

Current Month Delivered Renewable Energy, kWh	1		
Current price per mega-watt hour			
Delivered Energy	2	\$	-
Firm PTP transmission	3		
LMP	4		
	5	\$	- L.2 + L.3 + L.4
Monthly Cost of Renewable Resource	6	\$	- L.1 x L.5
Other RTO charges	7		
Other Renewable Resource charges	8		
Total RRC Charges	9	\$	- L.6 + L.7 + L.8
(Over) or Under recovery of RRC costs	10	\$	- Page 2, L.6
Total RRC cost recovery, current expense month	11		- L.9 + L.10
Retail energy sales, current expense month, Kentucky only	12		-
RRC Factor to retail customers, \$/kwh (1)	13		- L.11 ÷ L.12

Note: (1) Five decimal places in dollars for normal rounding.

Effective Date for Billing:

Submitted by _____

Title: Director, Rates

EXECUTION COPY

POWER PURCHASE AGREEMENT

BETWEEN

**LOUISVILLE GAS AND ELECTRIC COMPANY
AND
KENTUCKY UTILITIES COMPANY**

AND

GRAND RIDGE ENERGY LLC

DATED AS OF AUGUST 25, 2009

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POWER PURCHASE AGREEMENT

THIS POWER PURCHASE AGREEMENT is made and entered into as of this ____ Day of August, 2009 (“Effective Date”), between Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities Company (“KU”) (individually a “Buyer” and together the “Buyers”), each a corporation organized and existing under the Laws of the Commonwealth of Kentucky; and Grand Ridge Energy LLC (“Seller”), a limited liability company organized and existing under the Laws of the State of Delaware.

WITNESSETH

WHEREAS, Seller owns and/or leases a 99 MW wind electric generating facility in LaSalle County, Illinois; and

WHEREAS, Buyers desire to purchase electric energy produced by the Facility from Seller, and Seller desires to sell such electric energy to Buyers; and

WHEREAS, the Parties desire to set forth in writing their respective rights and obligations with respect to the purchase and sale of such electric energy;

NOW, THEREFORE, in consideration of the mutual obligations and undertakings herein contained, and intending to be legally bound hereby, the Parties hereto agree as follows:

**ARTICLE I.
DEFINITIONS**

1.01 Defined Terms.

“AAA” shall have the meaning given in Section 10.06(c).

“Acceptable Transmission Arrangements” shall mean firm transmission arrangements acceptable to Buyer, in its sole discretion, for the transmission of Electric Products at and from the Delivery Point to Buyers’ Balancing Area.

“Affiliate” shall mean, as to any Party, any Person (other than a natural person) that directly, or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with such Party, or (ii) is the beneficial owner of ten percent (10%) or more of any class of equity securities of, or other ownership interests in, such Party or of which such Party is directly or indirectly the owner of ten percent (10%) or more of any class of equity securities or other ownership interests.

“Agreement” shall mean this Power Purchase Agreement, including all exhibits hereto, and any written amendments hereto that may be made from time to time in accordance herewith.

“Associated Party” shall mean, with respect to any Party, any Affiliate of such Party and any officer, director, trustee, fiduciary, employee, agent, representative, contractor or subcontractor of such Party. With respect to Article IX, (i) any Person that visits the Facility Site

pursuant to Section 6.01 (e) or (f) shall be considered a Buyers' Associated Party, and (ii) a Buyer's Associated Parties shall not include the other Buyer.

"Authorization" shall mean any license, permit, approval, filing, waiver, exemption, variance, clearance, entitlement, allowance, franchise, or other authorization from or by a Governmental Authority.

"Bankruptcy Law" shall mean any Law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts.

"Buyer" and "Buyers" shall have the meaning given in the Preamble.

"Buyers' Agent" shall have the meaning given in Section 6.02(b).

"Buyers' Balancing Area" shall mean the system of electrical generation, distribution and transmission facilities owned by or on behalf of Buyers within which generation is regulated in order to maintain interchange schedules with other such systems.

"Capacity" shall mean, with respect to the Committed Capacity, all capacity credit or other similar right or benefit allocated by Transmission Provider or other Governmental Authority with respect to such Committed Capacity.

"Cash Collateral" shall have the meaning given in Section 10.08(d).

"Claim" shall have the meaning given in Section 9.02(a).

"Code" shall mean the United States Internal Revenue Code of 1986, as amended from time to time, and any successor statute.

"Collateral Assignee" shall have the meaning given in Section 7.02.

"Committed Capacity" shall mean 99 MW.

"Condition Precedent Date" shall have the meaning given in Section 3.02(a).

"Condition Precedent Notice" shall have the meaning given in Section 3.02(a).

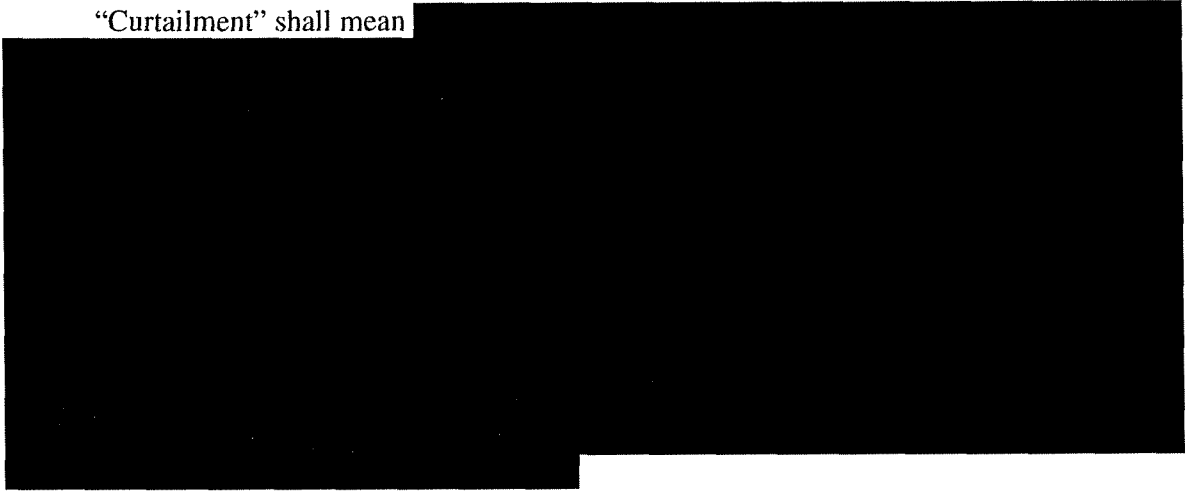
"Contract Term" shall have the meaning given in Section 3.01(a).

"Contract Year" shall mean a 365 or 366 Day period of time commencing on the Initial Delivery Date or any anniversary thereof and ending on the Day immediately prior to the first anniversary of the Initial Delivery Date or any anniversary thereof. The first Contract Year shall be designated Contract Year 1 and each Contract Year thereafter shall be designated accordingly.

"Coordinating Committee" shall have the meaning given in Section 5.10(a).

"Costs" shall mean, with respect to the Non-Defaulting Party, brokerage fees, commissions and other similar third party transaction costs and expenses reasonably incurred by such Party in entering into a new arrangement or arrangements which replace this Agreement;

and all reasonable attorneys' fees and expenses incurred by the Non-Defaulting Party in connection with the termination of this Agreement.

"Curtailment" shall mean 

"Delivery Meter" shall have the meaning given in Section 5.03(a).

"Delivery Point" shall have the meaning given in Section 5.01(b).

"Defaulting Party" shall have the meaning set forth in Section 10.03(a)(i).

"Designated Representatives" shall mean the representatives of Seller and Buyers designated pursuant to Sections 6.01(g) and 6.02(a), respectively.

"Dispute" shall have the meaning given in Section 10.06(a)(i).

"Due Date" shall have the meaning given in Section 4.03(a)(i).

"Early Termination Date" shall have the meaning set forth in Section 10.03(a)(i)(A).

"Effective Date" shall have the meaning set forth in the Preamble.

"Electric Products" shall mean the Energy, Capacity and Environmental Attributes produced by the Facility.

"Energy" shall mean three-phase, 60 hertz, alternating current energy generated at the Facility.

"Energy Price" shall have the meaning given in Section 4.01(c).

"Environmental Attributes" shall mean the aggregate amount of credits, set-offs, payments, rights, attributes, or other benefits of all kinds associated with or arising out of or otherwise corresponding to the Committed Capacity and associated Energy, or otherwise arising due to the production of Energy from any Wind Turbine, and the sale, transmission and distribution of such Energy by Seller, Buyers and others, other than payments under this

Agreement, PTCs and other tax deductions, credits and incentives, and grants or other payments in lieu of any of the foregoing. Environmental Attributes shall include (i) environmental air quality credits, off-sets, emission reductions, allowances or other benefits related to the generation of Energy from any Wind Turbine in a manner which reduces, displaces or off-sets emissions resulting from fuel combustion at another location pursuant to any Law, and (ii) credits, including renewable energy credits, off-sets, environmental and other certificates, green pricing programs, renewable energy credit trading programs, or any similar program or benefits derived from the use, purchase or distribution of renewable energy from the generation of Energy from any Wind Turbine pursuant to any Law.

“Event of Default” shall have the meaning given in Sections 10.01 and 10.02.

“Facility” shall mean Seller’s 99 MW wind generation facility at the Facility Site, as described in Exhibit 1.01A, including the equipment and facilities used to deliver Electric Products to the Delivery Point; provided, however, that the Facility shall not include any wind turbines installed on the Facility Site in excess of the Committed Capacity, or any ancillary equipment or other facilities that are installed in connection with such additional wind turbines.

“Facility Site” shall mean the real property in LaSalle County, Illinois on which the Facility is located.

“FERC” shall mean the Federal Energy Regulatory Commission or its successor.

“Financing Party” shall mean any Person providing debt or equity financing (including lease financing or equity contributions or commitments), refinancing of any such financing, or any guarantee, insurance, credit enhancement, swap, cap, floor, collar, hedging agreement, working capital financing, or credit support for or in connection with such financing or refinancing, in connection with the ownership or leasing, operation or maintenance of the Facility, or any part thereof, including any trustee or agent acting on any such Person’s behalf.

“Force Majeure” shall have the meaning given in Section 8.01.

“Good Utility Practice” shall mean any of the practices, methods and acts employed by owners and/or lessees, operators or maintainers of wind generating facilities similar in size and operational characteristics to the Facility which, in the exercise of reasonable judgement in the light of the facts known or that reasonably should have been known at the time that a decision was made, could reasonably have been expected to accomplish the desired result at the lowest reasonable cost, consistent with licensing and regulatory considerations, environmental considerations, reliability, safety, protection of lives and property, expedition, the technical specifications and manufacturer’s maintenance requirements for the Facility, and the applicable

requirements of any Governmental Authority. Good Utility Practice is not intended to be limited to the optimum practice, method or act, to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts employed by owners and/or lessees, operators and/or maintainers of wind generating facilities similar in size and operational characteristics to the Facility.

“Governmental Authority” shall mean the federal government of the United States, and any state, county or local government, and any regulatory department, body, political subdivision, commission, including FERC, agency, instrumentality, ministry, court, judicial or administrative body, taxing authority, or other authority of any of the foregoing (including any corporation or other entity owned or controlled by any of the foregoing), any regional transmission organization or independent system operator, any national or regional reliability organization or council, including NERC and RFC, or any reliability coordinator, in each case, having jurisdiction or authority over this Agreement, either Party, the Facility, the Facility Site, Transmission Provider’s Interconnection Facilities, or any Transmission Provider and its Transmission System, whether acting under actual or assumed authority.

“Grand Ridge IV Agreement” shall mean that certain Power Purchase Agreement dated as of August __, 2009, between Buyers and Grand Ridge Energy IV LLC for the purchase of energy (and associated capacity and environmental attributes) from Grand Ridge Energy IV LLC’s 10.5 MW wind generation facility.

“Grand Ridge IV PSC Approval” shall mean one or more orders from the Kentucky Public Service Commission acceptable to the Buyers, in their sole discretion, with respect to the Grand Ridge IV Agreement and the treatment of the Grand Ridge IV Agreement for ratemaking purposes and which do not require material modifications or conditions to the Grand Ridge IV Agreement, excepting such modifications or conditions as may be satisfactory to the Buyers and Grand Ridge Energy IV LLC.

“Imputed Energy” shall mean, for any hour, the amount by which the Maximum Facility Output is reduced due to Curtailment, a Force Majeure affecting either Buyer or Transmission Provider (provided that, in the case of a Force Majeure affecting Transmission Provider, such reduction is due to a Force Majeure affecting the Transmission Provider from and after the Delivery Point and not before the Delivery Point), or a breach of the Agreement by either Buyer (including Seller’s exercise of any remedies for such breach, but subject to Seller’s obligations pursuant to Section 10.05(c)).

“Indemnifiable Cost” shall mean any cost, expense, damage, fine, penalty, liability or other loss, including reasonable legal, accounting, consulting, engineering, investigatory, expert witness and other fees and expenses.

“Indemnified Party” shall have the meaning given in Section 9.02(e)(i).

“Indemnifying Party” shall have the meaning given in Section 9.02(e)(i).

“Independent Party” shall have the meaning given in Section 5.03(c).

“Initial Delivery Date” shall mean the date designated by Seller and occurring at any time during the ninety (90) Days immediately following Seller’s receipt of the Condition Precedent Notice (or such later date as may be designated as the Initial Delivery Date pursuant to Section 3.03(c)); provided, however, that in no event shall the Initial Delivery Date occur before (i) Buyers’ conditions precedent are satisfied or waived in accordance with Section 3.02, and (ii) Seller’s conditions precedent are satisfied or waived in accordance with Section 3.03.

“Interconnection Agreement” shall mean an agreement entered into between Seller and Transmission Provider providing for the interconnection of the Facility to Transmission Provider’s Transmission System.

“KU” shall mean Kentucky Utilities Company.

“Late Payment Rate” shall mean, for any period, the lesser of (i) the Prime Rate plus two percent (2%), or (ii) the maximum rate permitted by applicable Law.

“Law” shall mean (i) any law, legislation, statute, act, rule, ordinance, decree, treaty, regulation, order, judgement, or other similar legal requirement, or (ii) any legally binding announcement, directive or published practice or interpretation thereof, enacted, issued or promulgated by any Governmental Authority.

“Lender” shall mean any Financing Party providing debt financing, refinancing of any such financing, or any guarantee, insurance, credit enhancement, swap, cap, floor, collar, hedging agreement, working capital financing, or credit support for or in connection with such financing or refinancing of any such financing, in connection with the Facility.

“Letter of Credit” shall mean an irrevocable, transferable standby letter of credit issued by a major U.S. commercial bank or a foreign bank with a U.S. branch office with a rating assigned to such bank’s unsecured, senior long-term debt obligations (not supported by third party credit enhancements) of at least A- from Standard & Poor’s or A3 from Moody’s, (i) in the form attached hereto as Exhibit 1.01C or (ii) in the form the issuing bank may require, provided, however, that such form is reasonably acceptable to Buyers’ Agent; and provided, further, that the form of Letter of Credit must meet Buyers’ Agent’s reasonable requirements to ensure that claims or draw-downs can be made unilaterally by Buyers’ Agent in accordance with the terms of this Agreement. Costs of a Letter of Credit shall be borne by the applicant for such Letter of Credit.

“Letter of Credit Default” shall mean with respect to a Letter of Credit, the occurrence of any of the following events: (i) [REDACTED]

(ii) the issuer of the Letter of Credit shall fail to comply with or perform its obligations under such Letter of Credit; (iii) the issuer of such Letter of Credit shall disaffirm, disclaim, repudiate or reject, in whole or in part, or challenge the validity of, such Letter of Credit; (iv) the filing of a case in bankruptcy or any proceeding under any other Bankruptcy Law against the issuer of a Letter of Credit as debtor; or (v) such Letter of Credit shall expire or terminate, or shall fail or cease to be in full force and effect at any time during the Contract Term, in any such case

without replacement in accordance with the terms of this Agreement; provided, however, that no Letter of Credit Default shall occur or be continuing in any event with respect to a Letter of Credit after the time such Letter of Credit is required to be canceled or returned to a Party in accordance with the terms of this Agreement.

“LG&E” shall mean Louisville Gas and Electric Company.

“Maximum Facility Output” shall mean, with respect to any period during which one or more Wind Turbines is available and capable of producing and delivering Energy to the Delivery Point, which Energy would have been produced and delivered but for Curtailment, a Force Majeure affecting either Buyer or Transmission Provider (provided that, in the case of a Force Majeure affecting Transmission Provider, such reduction is due to a Force Majeure affecting the Transmission Provider from and after the Delivery Point and not before the Delivery Point), or a breach of the Agreement by either Buyer (including Seller’s exercise of any remedies for such breach, but subject to Seller’s obligations pursuant to Section 10.05(c)), the sum of the amount for each hour during the period that such Wind Turbine(s) should have been able to produce, based on the average wind speed and direction for such hour, and the number of Wind Turbines that are so available, determined in accordance with methodology set forth in Exhibit 1.01B.

“MW” shall mean one megawatt of electric capacity.

“MWh” shall mean one megawatt-hour of energy.

“Moody’s” shall mean Moody’s Investors Service or its successor.

“NERC” shall mean the North American Electric Reliability Council, or any successor thereto.

“Non-Defaulting Party” shall mean: (i) both Buyers, in the case where Seller is the Defaulting Party; and (ii) Seller, in the case where one or both of the Buyers is the Defaulting Party.

“Other Buyer” means any Person (other than Buyers) purchasing some of the total output of any wind turbines (other than the Wind Turbines) whose output is delivered through the Delivery Point.

“Partial Termination” shall mean the termination of this Agreement with respect to one Buyer, but not both Buyers, pursuant to Section 10.03(a)(i) or (ii).

“Parties” shall mean Buyers and Seller.

“Party” shall mean a Buyer or Seller, as applicable.

“Person” shall mean any legal or natural person, including any individual, corporation, partnership, limited liability company, joint stock company, association, joint venture, trust, governmental or international body or agency, or other entity.

“Potential Event of Default” shall mean an event or circumstance with respect to which a notice has been delivered pursuant to Section 10.01 and for which a cure period is provided, but for which the cure period has not yet expired.

“Prime Rate” shall mean, for any period, the “Prime Rate” per annum, determined as of the date the obligation to pay interest arises, and adjusted from time to time thereafter, as reported by the Wall Street Journal as the base rate on corporate loans posted by at least seventy-five percent (75%) of the nation’s thirty (30) largest banks for such Day, as such “Prime Rate” may change from time to time. In the event that the Wall Street Journal ceases to publish the “Prime Rate,” then Buyers’ Agent and Seller shall agree as to a substitute reference that represents the base rate on corporate loans posted by major banks having one or more lending offices in New York, New York.

“Proprietary Information” shall have the meaning given in Section 12.07(f)(i).

“PSC Approval” shall mean one or more orders from the Kentucky Public Service Commission acceptable to the Buyers, in their sole discretion, with respect to this Agreement and the treatment of this Agreement for ratemaking purposes and which do not require material modifications or conditions to this Agreement, excepting such modifications or conditions as may be satisfactory to the Buyers and Seller.

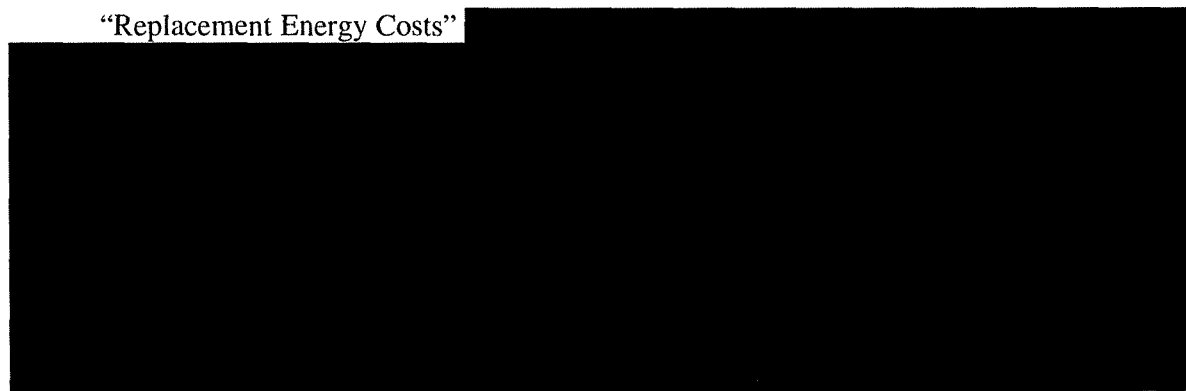
“PTCs” shall mean production tax credits applicable to electricity produced from certain renewable resources pursuant to 26 U.S.C. §45, or any successor thereto or equivalent thereof.

“Qualified Institution” shall mean a commercial bank or trust company organized under the laws of the United States or a political subdivision thereof, (i) with a credit rating then assigned to such entity’s unsecured, senior long-term debt obligations (not supported by third party credit enhancements) of at least (a) “A-” by Standard & Poor’s and “A3” by Moody’s, if such entity is rated by both Standard & Poor’s and Moody’s or (b) “A-” by Standard & Poor’s or “A3” by Moody’s, if such entity is rated by either Standard & Poor’s or Moody’s but not both, and (ii) having a capital surplus of at least \$1,000,000,000.

“REC Agreement” shall have the meaning given in Section 4.01(e).

“RFC” shall mean the Reliability First Corporation, one of the eight regional reliability councils approved by NERC, or its successor.

“Replacement Energy Costs”



[REDACTED]

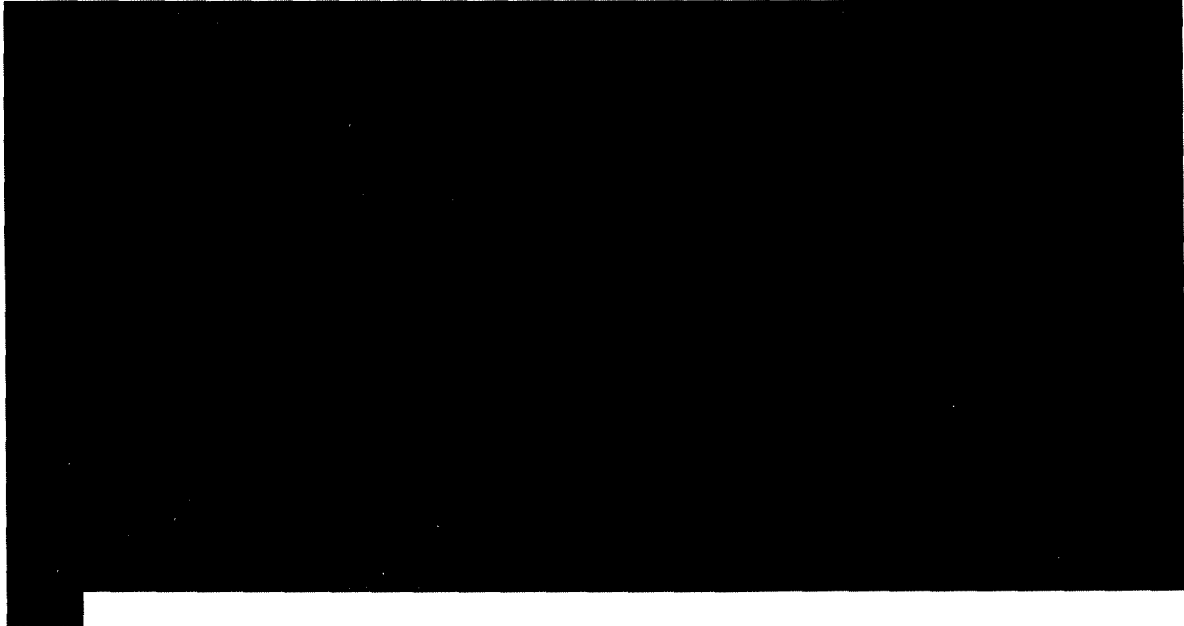
[REDACTED]

“Replacement Power Purchase Agreement” shall mean

[REDACTED]
of
Standard & Poor's and Moody's, respectively, then assigned to
debt obligations (not supported by third party credit
enhancement)

“Resale Costs” shall mean,

[REDACTED]



“Seller” shall have the meaning given in the Preamble.

“Standard & Poor’s” shall mean the Standard & Poor’s Rating Group (a division of The McGraw-Hill Companies) or its successor.

“Tax” shall mean any tax (including franchise tax), charge, fee, levy or other assessment imposed by any Governmental Authority and based on or measured with respect to net income or profits, including any interest, penalties or additions attributable or imposed with respect thereto, and any tax, charge, levy, fee or other assessment, including any transfer, gross receipts, sales, use, service, occupation, ad valorem, property, payroll, personal property, excise, severance, premium, stamp, documentary, license, registration, social security, employment, unemployment, disability, environmental (including taxes under Section 59A of the Code), add-on, value-added, withholding (whether payable directly or by withholding and whether or not requiring the filing of a tax return therefor), commercial rent and occupancy tax, and any estimated tax, deficiency assessment, interest, penalties and additions to tax or additional amounts in connection therewith, imposed by any Governmental Authority.

“Termination Payment” shall have the meaning set forth in Section 10.03(b).

“Transferee” shall have the meaning given in Section 12.07(a).

“Transferor” shall have the meaning given in Section 12.07(a).

“Transmission Provider” shall mean PJM Interconnection, LLC, or any successor thereto, and any Person that owns or controls all or any portion of the Transmission System.

“Transmission Provider’s Interconnection Facilities” shall mean all equipment and facilities on Transmission Provider’s side of the Delivery Point for the purpose of interconnecting the Facility to Transmission Provider’s Transmission System.

“Transmission System” shall mean the transmission system used to deliver Electric Products at and from the Delivery Point to Buyers’ Balancing Area.

“Wind Turbine” shall mean any wind turbine generator included in the Facility.

1.02 Rules of Interpretation.

(a) Unless otherwise required by the context in which any term appears:

(i) Capitalized terms used in this Agreement shall have the meanings given in this Agreement.

(ii) The singular shall include the plural and the masculine shall include the feminine and neuter.

(iii) References to “Articles,” “Sections,” or “Exhibits” shall be to articles, sections, or exhibits of this Agreement, and references to “Paragraphs” or “Clauses” shall be to separate paragraphs or clauses of the section or subsection in which the reference occurs.

(iv) The words “herein,” “hereof” and “hereunder” shall refer to this Agreement as a whole and not to any particular section or subsection of this Agreement unless the context indicates otherwise; the words “include,” “includes” or “including” shall mean “including, but not limited to”.

(v) The term “Day” shall mean calendar day, and the term “Business Day” shall mean any day except a Saturday, Sunday, Federal Reserve Bank holiday, or NERC holidays. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time for the relevant Party’s principal place of business. The relevant Party, in each instance unless otherwise specified, shall be the Party from whom the notice, payment or delivery is being sent and by whom the notice or payment or delivery is to be received. The term “week” shall mean a calendar week, and the term “month” shall mean a calendar month; provided that when a period measured in months commences on a date other than the first Day of a month, the period shall run from the date on which it starts to the corresponding date in the next month and, as appropriate, to succeeding months thereafter. The term “quarter” shall mean a calendar quarter, and the term “year” shall mean a calendar year. Whenever an event is to be performed, a period commences or ends, or a payment is to be made on or by a particular date and the date in question falls on a Day which is not a Business Day, the event shall be performed, or the payment shall be made, on the next succeeding Business Day, provided, however, that all calculations shall be made regardless of whether any given Day is a Business Day and whether or not any given period ends on a Business Day.

(vi) The term “negligence” shall mean negligence of a Person, including negligence arising from or as a result of the negligence of an officer, director, manager, foreman, or other employee or agent of the Person, in each case acting within the scope of their authority in the course of their employment; and the term “willful misconduct” shall mean action taken or not taken by a Person, including action taken or not taken by an officer, director, manager, foreman, or other employee of the Person, in each case acting in the course of their

employment, which action is knowingly or intentionally taken or not taken: (A) with intent that injury or damage would result therefrom; (B) with conscious indifference to the consequences thereof; or (C) in knowing violation of any Law or the terms of this Agreement. Without limiting the foregoing definition in any way, willful misconduct does not include any act or failure to act which is involuntary, accidental, unintentional, or negligent, based on any theory of negligence.

(vii) All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles in the United States of America, as sanctioned by the Financial Accounting Standards Board, consistently applied.

(viii) All references to a particular entity shall include such entity's successors and permitted assigns.

(ix) All references herein to any Law or to any contract or other agreement shall be to such Law, contract or other agreement as amended and supplemented or modified from time-to-time.

(x) Reference to Force Majeure as an excuse of non-performance in any provision shall not be interpreted to mean that Force Majeure is not an excuse with respect to other provisions where it is not specifically mentioned.

(b) The titles of the articles and sections herein have been inserted as a matter of convenience of reference only, and shall not control or affect the meaning or construction of any of the terms or provisions hereof.

(c) This Agreement was negotiated and prepared by both Parties with advice of counsel to the extent deemed necessary by each Party; the Parties have agreed to the wording of this Agreement; and none of the provisions hereof shall be construed against one Party on the ground that such Party is the author of this Agreement or any part thereof.

(d) The exhibits, schedule and annexes hereto are incorporated in and are intended to be a part of this Agreement; provided, however, that in the event of a conflict between the terms of any exhibit, schedule or annex and the terms of this Agreement, the terms of this Agreement shall take precedence.

(e) The Parties shall act reasonably and in accordance with the principles of good faith and fair dealing in the performance of this Agreement. Unless expressly provided otherwise in this Agreement, (i) where this Agreement requires the consent, approval, or similar action by a Party, such consent, approval or similar action shall not be unreasonably withheld, conditioned or delayed, and (ii) wherever this Agreement gives a Party a right to determine, require, specify or take similar action with respect to a matter, such determination, requirement, specification or similar action shall be reasonable.

ARTICLE II.
REPRESENTATIONS AND WARRANTIES

2.01 Representations and Warranties of Buyers. Each Buyer makes the following representations and warranties to Seller, each of which is true and correct on the Effective Date:

(a) Such Buyer is a corporation duly organized and in good standing under the Laws of the Commonwealth of Kentucky, and is duly qualified to conduct business in any jurisdiction in which it is required to be so qualified.

(b) Such Buyer possesses all requisite legal power and authority to enter into and perform its obligations under this Agreement and to carry out the transactions contemplated herein. Such Buyer has all legal power and authority to transact the business in which it engages or proposes to engage, and holds or expects to obtain all Authorizations necessary and required therefor.

(c) Such Buyer's execution, delivery and performance of this Agreement have been duly authorized by, and are in accordance with, its articles of incorporation or other organization documents; this Agreement has been duly executed and delivered for it by the signatories so authorized; and this Agreement constitutes its legal, valid, and binding obligation, enforceable against it in accordance with the terms hereof, except as such enforceability may be limited by applicable Bankruptcy Laws, or by general principles of equity (regardless of whether such enforcement is considered in equity or at law).

(d) Such Buyer's execution and delivery of this Agreement (i) will not result in a material breach or violation of, or constitute a material default under, any applicable Law or Authorization, or any contract, lease or other agreement or instrument to which it is a party, or by which it or its properties may be bound or affected; and (ii) does not require any Authorization, or the consent, authorization or notification of any other Person, or any other action by or with respect to any other Person (except for PSC Approval, and except for Authorizations and consents or other authorizations of other Persons already obtained, notifications already determined or other actions already taken).

(e) Such Buyer's performance of this Agreement (i) will not result in a material breach or violation of, or constitute a material default under, any applicable Law or Authorization, or any contract, lease or other agreement or instrument to which it is a party, or by which it or its properties may be bound or affected; and (ii) does not require any Authorization, or the consent, authorization or notification of any other Person, or any other action by or with respect to any other Person, other than (A) PSC Approval, (B) such Authorizations, consents, authorizations, notifications, and other actions as have already been obtained, made, or taken, as applicable, and (C) such Authorizations, consents, authorizations, notifications, or other actions which are not required to have been obtained, made, or taken, as applicable, prior to the date on which this representation and warranty is made, and which are reasonably expected to be obtained, made, or taken on a timely basis and in due course.

(f) No suit, action or arbitration, or legal, administrative or other proceeding is pending or, to such Buyer's knowledge, has been threatened against such Buyer that would affect the validity or enforceability of this Agreement or the ability of such Buyer to perform its obligations hereunder in any material respect, or that would, if adversely determined, have a material adverse effect on the business or financial condition of such Buyer. There are no bankruptcy, insolvency, reorganization, receivership or other arrangement proceedings pending against or being contemplated by such Buyer, or, to such Buyer's knowledge, threatened against it.

(g) Such Buyer is not in breach of, in default under, or in violation of, any applicable Law, or the provisions of any Authorization, or in breach of, in default under, or in violation of, any provision of any promissory note, indenture or any evidence of indebtedness or security therefor, lease, contract, or other agreement by which it is bound, except for any such breaches, defaults or violations which, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the business or financial condition of such Buyer or its ability to perform its obligations hereunder.

2.02 Representations and Warranties of Seller. Seller makes the following representations and warranties to Buyers, each of which is true and correct on the Effective Date:

(a) Seller is a limited liability company duly organized and in good standing under the Laws of the State of Delaware, and is duly qualified to conduct business in Illinois and in any other jurisdiction in which it is required to be so qualified.

(b) Seller possesses all requisite legal power and authority to enter into and perform its obligations under this Agreement and to carry out the transactions contemplated herein. Seller has all legal power and authority to own and/or lease and use its properties and to transact the business in which it engages or proposes to engage, and holds or expects to obtain all Authorizations necessary and required therefor.

(c) Seller's execution, delivery and performance of this Agreement have been duly authorized by, and are in accordance with, its certificate of formation and its limited liability company agreement; this Agreement has been duly executed and delivered for it by the signatories so authorized; and this Agreement constitutes its legal, valid, and binding obligation, enforceable against it in accordance with the terms hereof, except as such enforceability may be limited by applicable Bankruptcy Laws, or by general principles of equity (regardless of whether such enforcement is considered in equity or at law).

(d) Seller's execution and delivery of this Agreement (i) will not result in a material breach or violation of, or constitute a material default under, any applicable Law or Authorization, or any contract, lease or other agreement or instrument to which it is a party, or by which it or its properties may be bound or affected; and (ii) does not require any Authorization, or the consent, authorization or notification of any other Person, or any other action by or with respect to any other Person (except for the consent of Seller's counterparty to the termination of the Existing Hedge, and except for Authorizations and consents or other authorizations of other Persons already obtained, notifications already determined or other actions already taken).

(e) Seller's performance of this Agreement (i) will not result in a material breach or violation of, or constitute a material default under, any applicable Law or Authorization, or any contract, lease or other agreement or instrument to which it is a party, or by which it or its properties may be bound or affected; and (ii) does not require any Authorization, or the consent, authorization or notification of any other Person, or any other action by or with respect to any other Person, other than (A) the consent of Seller's counterparty to the termination of the Existing Hedge, (B) such Authorizations, consents, authorizations, notifications, and other actions as have already been obtained, made, or taken, as applicable, and (C) such Authorizations, consents, authorizations, notifications, or other actions which are not required to have been obtained, made, or taken, as applicable, prior to the date on which this representation and warranty is made, and which are reasonably expected to be obtained, made, or taken on a timely basis and in due course.

(f) No suit, action or arbitration, or legal, administrative or other proceeding is pending or, to Seller's knowledge, has been threatened against Seller that would affect the validity or enforceability of this Agreement or the ability of Seller to perform its obligations hereunder in any material respect, or that would, if adversely determined, have a material adverse effect on the business or financial condition of Seller. There are no bankruptcy, insolvency, reorganization, receivership or other arrangement proceedings pending against or being contemplated by Seller, or, to Seller's knowledge, threatened against it.

(g) Seller is not in breach of, in default under, or in violation of, any applicable Law, or the provisions of any Authorization, or in breach of, in default under, or in violation of, any provision of any promissory note, indenture or any evidence of indebtedness or security therefor, lease, contract, or other agreement by which it is bound, except for any such breaches, defaults or violations which, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the business or financial condition of Seller or its ability to perform its obligations hereunder.

ARTICLE III.

CONTRACT TERM; CONDITIONS PRECEDENT

3.01 General. The term of this Agreement (the "Contract Term") shall commence on the Effective Date, and shall continue in effect until 12:59:59 p.m. on the date which is twenty (20) years from the Initial Delivery Date, or such earlier date when this Agreement may be terminated in accordance with the terms hereof; provided, however that except as expressly provided herein, Seller's obligation to deliver and sell Electric Products and Buyers' obligation to accept and purchase Electric Products shall begin on the Initial Delivery Date. The termination of this Agreement shall be without prejudice to any rights or obligations of the Parties arising under this Agreement prior to such termination.

(b) Except as otherwise provided in Section 3.03(c)(iv), Seller shall designate the Initial Delivery Date by five (5) Business Days advance notice to Buyers' Agent. Subject to Seller's right to terminate this Agreement pursuant to Section 3.03(c), the Initial Delivery Date shall be no later than ninety (90) Days after the date of receipt by Seller of the Condition Precedent Notice (or such later date as may be designated as the Initial Delivery Date pursuant to Section 3.03(c)(iv)).

3.02 Condition Precedent to Buyers' Obligations.

(a) Buyers' obligation to purchase and pay for the Electric Products hereunder is conditioned upon the receipt by Buyers of (i) PSC Approval and (ii) Acceptable Transmission Arrangements no later than two hundred and ten (210) Days after the Effective Date ("Condition Precedent Date"). Buyers shall use reasonable and diligent efforts to cause the conditions set forth in the preceding sentence to be satisfied. If, despite Buyers' reasonable and diligent efforts, Buyers are unable to obtain Acceptable Transmission Arrangements by the Condition Precedent Date, and if by the Condition Precedent Date Buyers have received a system impact study that indicates that Acceptable Transmission Arrangements are likely to be available without requiring unacceptable transmission system upgrades, then the Condition Precedent Date shall be extended for a reasonable period of time, not to exceed forty-five (45) Days, to allow Buyers to complete Acceptable Transmission Arrangements. Buyers' Agent shall provide Seller prompt written notice (the "Condition Precedent Notice") after both conditions in this Section 3.02(a) have been satisfied by Buyers. Buyers' Agent shall also notify Seller of any extension of the Condition Precedent Date pursuant to this Paragraph, which notice shall include a copy of the system impact study supporting such extension.

(b) If the forgoing conditions have not been satisfied or waived by Buyers in writing on or before the Condition Precedent Date (as such Condition Precedent Date may have been extended pursuant to Paragraph (a)), then either Buyer shall have the right to terminate this Agreement in its entirety with respect to both Buyers by written notice to Seller no later than [REDACTED] after the Condition Precedent Date (which termination shall be effective [REDACTED] after the date of receipt by Seller of such termination notice) without any further financial or other obligation to Seller as a result of such termination except for obligations accruing prior to such date. In the event that neither Buyer terminates this Agreement on or before the date which is [REDACTED] after the Condition Precedent Date, the foregoing conditions shall be deemed to have been waived, and this Agreement shall remain in full force and effect. In the event that only one of the Buyers wants to terminate this Agreement, the other Buyer may, by notice delivered to Seller on or before the date which is [REDACTED] after the Condition Precedent Date, elect to continue this Agreement and purchase all of the Electric Products produced by the Facility, in which case this Agreement shall be deemed to have been amended to eliminate any reference to the terminating Buyer, and Seller and the remaining Buyer shall meet promptly to agree on any necessary technical or conforming changes to this Agreement.

3.03 Condition Precedent to Seller's Obligations.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



ARTICLE IV.
PURCHASE AND SALE OF ENERGY, COMMITTED CAPACITY AND
ENVIRONMENTAL ATTRIBUTES

4.01 Purchase and Sale.

(a) Purchase and Sale. Following the Initial Delivery Date and continuing throughout the Contract Term, Seller shall sell and deliver to Buyers, and Buyers shall, subject to Section 5.01(c) and consistent with the payment allocation in Section 4.01(f), purchase and accept from Seller, all (or, following a Partial Termination, the remaining Buyer's allocable share) of the Energy produced by the Facility at the Energy Price. As purchasers of the Energy produced by the Facility, Buyers shall be entitled, at no additional cost, to any Capacity and Environmental Attributes produced by the Facility and attributable to Energy purchased by Buyers hereunder. Notwithstanding any provision to the contrary contained in this Agreement, in no event shall Seller sell, assign, transfer or otherwise divert to a third party all or any portion of the Electric Products from the Facility other than as provided for in Section 4.01(e) or Section 10.03(a)(iii), except for Electric Products sold in mitigation of damages pursuant to Section 10.05(c), Electric Products sold during a Curtailment, and Electric Products used to supply station service, inadvertent energy flows, and imbalance energy.



[REDACTED]

(c) Energy Price. The price for Energy produced by the Facility and for Imputed Energy shall be \$ [REDACTED] MWh (the "Energy Price"). The Energy Price shall be escalated on the date which is twelve (12) months after the first Day of the month in which the Initial Delivery Date occurs, and on each anniversary thereof during the Contract Term, by [REDACTED]%. The Energy Price shall be payable by Buyers monthly in arrears. If, for any reason, Seller does not receive PTCs for any period with respect to Electric Products purchased by Buyers during such period, the cost of such Electric Products shall not be affected.

(d) Sole Compensation. The Energy Price shall be Seller's sole and exclusive compensation for the Electric Products delivered to Buyers hereunder, and accordingly Buyers shall not be liable for any additional charges for the Capacity and/or associated Environmental Attributes produced by the Facility. The Parties acknowledge that future and or existing legislation or regulation may create value in the ownership, use or allocation of the Environmental Attributes of the Facility. Except as provided in Section 4.01(e), Buyers shall own or be entitled to claim all Environmental Attributes associated with the Facility, to the extent such value may exist during the Contract Term. No elimination, reduction, or change in the nature or legal characteristics (including with respect to tradability or transferability) of the Environmental Attributes shall relieve Buyers of their obligations to purchase Energy at the Energy Price in accordance with the terms of this Agreement. No addition, expansion or change in the nature or legal characteristics (including with respect to tradability or transferability) of the Environmental Attributes shall entitle Seller to any additional payment or compensation from Buyers.

(e) Environmental Attributes During Certain Years. [REDACTED]

[REDACTED]

(f) Allocation. KU shall be responsible for sixty-six percent (66%) of the payments for Energy and Imputed Energy pursuant to this Section 4.01, and LG&E shall be responsible for thirty-four percent (34%) of such payments.

(i) At any time when (A) there is more than one Buyer, and (B) there is not then any uncured Event of Default or Potential Event of Default on the part of either

Buyer, KU and LG&E may, by joint written notice delivered at least thirty (30) Days in advance, change the foregoing percentages as of the beginning of any month, provided that the Buyer whose percentage of the Energy and Imputed Energy is increased has a credit rating assigned to its unsecured, senior long-term debt obligations (not supported by third party credit enhancements) that is equal to or higher than the credit rating assigned to the unsecured, senior long-term debt obligations (not supported by third party credit enhancements) of the Buyer whose percentage of the Energy and Imputed Energy is decreased, and provided further that the total of the percentages for KU and LG&E shall at all times equal one hundred percent (100%).

(ii) The obligations of Buyers hereunder shall be several, and not joint and neither Buyer shall be responsible or liable for the obligations of the other Buyer; provided, however, that any and all payments made by one Buyer to Seller shall be presumed to be made on behalf of both Buyers in the then-applicable allocation amount.

4.02 Billing.

(a) Seller shall read the Delivery Meters or obtain Delivery Meter readings from the Transmission Provider promptly following the end of each month. The amount of Energy delivered to Buyers during the preceding month shall be determined from such readings, as such readings are adjusted pursuant to Section 5.05. If allowed by the Transmission Provider, Buyers' Agent shall have the right to have a representative present at any time that any Delivery Meter is to be read, provided, however, that Buyers' Agent's failure to have a representative present at the reading shall not affect the validity of the reading.

(b) Bills for amounts due hereunder shall be rendered by Seller to Buyers' Agent as soon as practicable following the meter reading, and shall incorporate such information as may reasonably be necessary or desirable to determine the payments for Energy delivered to the Delivery Point and any Imputed Energy (including reasonable information on the calculation of the Maximum Facility Output) during the preceding month, and other amounts due hereunder, including indemnification payments.

(c) In the event of the termination or expiration of this Agreement, Seller shall, within five (5) Days of the date of termination or expiration, or as soon thereafter as practicable, provide a final billing statement to Buyers' Agent.

(d) In the event that Seller owes any amount to either Buyer pursuant to this Agreement, Buyers' Agent shall send Seller a statement of the amount then due and shall incorporate such information as may be reasonably necessary or desirable to determine the payments and other amounts due hereunder, including indemnification payments, or the Termination Payment as determined in accordance with the procedures set forth in Section 10.03.

4.03 Payment and Interest.

(a) Payment.

(i) All payments shown to be due on a bill shall be due and payable not later than twenty (20) Days after receipt (the "Due Date").

(ii) If the paying Party, in good faith, disputes a portion of any bill, the paying Party shall render payment for the undisputed portion of such bill to the billing Party. Upon resolution of the Dispute, any amount found to be due and payable to the billing Party shall be paid to the billing Party in accordance with Section 4.03(b)(ii).

(iii) All payments on account of errors of any kind, including overpayments and errors in billing or in metering, shall include interest at the Prime Rate accruing daily from the date of such erroneous payment to but excluding the date of payment. If, in the case of a Delivery Meter error, the date of the error cannot be determined, then interest shall accrue on the adjusted amount from the date set in accordance with Section 5.05.

(iv) The paying Party shall render payment by wire transfer, or such other payment method as the Parties mutually agree upon.

(b) Interest.

(i) If the paying Party fails to pay all or a portion of the undisputed amounts billed within the time stated in Paragraph (a) hereof, the paying Party shall owe interest on the unpaid portion of the bill, which interest shall accrue daily at the Late Payment Rate, from and including the Due Date to but excluding the date the delinquent amount is paid.

(ii) If any portion of a disputed amount is ultimately determined to be due to the billing Party, such amount shall be due and payable not later than ten (10) Days after resolution of the Dispute, and the paying Party shall owe interest on such portion of such disputed amount to the extent that such portion is determined to be due and owing to the billing Party, which interest shall accrue daily at the Late Payment Rate, from and including the original Due Date of such amount, but excluding the date the disputed amount is paid.

(c) Set-off. Each Party at any time may offset against any and all amounts that may be due and owed to the other Party under this Agreement any amounts that are owed by the other Party to such Party pursuant to this Agreement, including damages and other payments.

ARTICLE V.
DELIVERY OF ENERGY

5.01 Delivery of Energy.

(a) Characteristics. Energy to be furnished hereunder shall be in the form of three-phase, sixty (60) Hertz alternating current and at a nominal voltage determined by mutual agreement of Seller and Transmission Provider.

(b) Delivery Point. All Energy sold by Seller to Buyers under this Agreement shall be delivered by Seller to the Transmission Provider's side of point of interconnection of the Facility with Transmission Provider's Transmission System (the "Delivery Point"). Energy shall be delivered by Seller to the Delivery Point free and clear of all liens, claims and encumbrances.

(c) Curtailement. Seller shall curtail deliveries of Energy at any time, in whole or in part, and for any duration specified by the Buyers' Agent with no less than thirty (30)

minute's prior notice from Buyers' Agent to Seller. Such notice by Buyers' Agent may be given by telephone, followed by written notice to Seller. Notwithstanding any other provision to the contrary in this Agreement, during any such period of curtailment pursuant to this Section 5.01(c), Seller shall not generate Energy from the Facility for delivery to Buyers to the extent curtailed by the Buyers' Agent, and Buyers shall not be required to purchase or accept the curtailed Energy. Any Energy curtailed pursuant to this Section 5.01(c) shall be treated as Imputed Energy and Buyers shall compensate Seller for the same pursuant to Section 4.01(b).

5.02 Communications and Data Logging Systems. Seller shall provide Buyers' Agent with one rack of space of reasonably sufficient dimensions within the centralized control house or similar structure at the Facility to accommodate a single remote terminal, to be shared by Buyers. Seller shall also provide Buyers' Agent with access to the Facility, upon reasonable advance notice and during normal business hours, as may be necessary and appropriate to enable Buyers' Agent to install and maintain such remote terminal in a manner consistent with Good Utility Practice, provided that such access shall not unreasonably interfere with Seller's normal business operations. While at the Facility, Buyers' Agent shall observe such safety precautions as may be reasonably required by Seller and communicated to Buyers' Agent in writing.

5.03 Delivery Metering.

(a) Energy delivered by Seller to Buyers hereunder shall be measured by a meter located at the Delivery Point (the "Delivery Meter"), and shall have the metering instrument transformer, which measures the output of the Facility, located on the transmission side of the step-up transformer for the Facility.

(b) In the event that Buyers are not purchasing the total output of all of the wind turbines whose output is delivered through the Delivery Point, Seller agrees (and shall take commercially reasonable efforts to ensure) that all of the Energy to be delivered to Buyers under this Agreement is delivered through the Delivery Point, on a priority at least equal to that afforded to energy delivered to any Other Buyer or Other Buyers through the Delivery Point. Notwithstanding any provision in this Agreement to the contrary, any Energy not delivered to Buyers at the Delivery Point because of insufficient capacity of the electrical interconnection or other facilities and equipment at or before the Delivery Point shall not be considered Imputed Energy for purposes of this Agreement.

(c) Seller shall install, own and/or lease, operate and maintain, or shall cause Transmission Provider to install, own, operate and maintain the Delivery Meter at no cost to Buyers. The Delivery Meter shall be used for measuring the amount of Energy delivered to the Delivery Point under this Agreement. The Delivery Meter used to determine the billing hereunder shall be sealed, and such seals shall be broken only when tested by an independent expert not an Affiliate of either Party (the "Independent Party"), and only when the Delivery Meter is to be inspected, tested or adjusted as described in Section 5.04 and Section 5.05. Seller shall provide access for the Independent Party to the Delivery Meter at all reasonable times for the purposes of inspecting, testing, adjusting and calibrating the same, provided that such access shall not unreasonably interfere with Seller's normal business operations. In the event that the Delivery Meter fails to register during any period of time, Buyers' Agent and Seller shall jointly

estimate the amount of Energy delivered during such period using such methodology as may be mutually agreed upon by Buyers' Agent and Seller.

5.04 Testing.

(a) The accuracy of the Delivery Meter shall be tested and verified, at Seller's expense, prior to the Initial Delivery Date by the Independent Party.

(b) The Delivery Meter shall be tested by the Independent Party, at Seller's expense, on an annual basis following the Initial Delivery Date, and each test shall be no less than ten (10) months, and no more than fourteen (14) months, after the previous test. In addition to the annual tests on the Delivery Meter, upon at least ten (10) Days' written notice from either Party, the Independent Party shall conduct additional tests on the Delivery Meter at the requesting Party's expense. Such additional tests shall be coordinated to minimize the impact on Facility operations.

5.05 Corrections. If, upon testing, the Delivery Meter is found to be inaccurate, the Delivery Meter shall be promptly adjusted by the Independent Party to record correctly. If the Delivery Meter is found to be inaccurate by more than one percent (1%) retroactive billing adjustments for such errors shall be made for (i) the actual period during which inaccurate measurements were made, if that period can be reasonably determined, or (ii) if the period during which inaccurate measurements were made cannot be reasonably determined, one-half of the period from the date of the last previous test of the Delivery Meter, but not to exceed six (6) months. If the difference of the payments actually made by Buyers minus the adjusted payment is a positive number, Seller shall pay the difference to Buyers; if the difference is a negative number, Buyers shall pay the difference to Seller. In either case, the Party paying such difference shall also pay interest at the Prime Rate from the date the original bill was due through but excluding the date of payment and such payment (including such interest) shall be made within thirty (30) Days of receipt of a corrected billing statement.

5.06 Meter Maintenance and Records.

(a) Maintenance. Seller and Buyers' Agent shall have the right to have a representative present whenever the other Party or the Independent Party, as applicable, reads, cleans, changes, repairs, inspects, tests, calibrates, or adjusts the Delivery Meter. Seller and Buyers' Agent shall each give timely notice to the other in advance of taking any such actions. A Party's failure to have a representative present whenever the other Party or the Independent Party, as applicable, reads, cleans, changes, repairs, inspects, tests, calibrates, or adjusts the Delivery Meter shall not affect the validity of such action, provided that the notice required under the preceding sentence has been given.

(b) Records. Commencing on the Initial Delivery Date, Seller shall provide Buyers' Agent, on a monthly basis, within ten (10) Days after the completion of the month, reports indicating Seller's daily delivery of Energy to the Delivery Point. The records from the test of the Delivery Meter shall remain the property of the Party at whose expense the testing occurred, but, upon request, each Party shall submit to the other the pertinent portions of its

records and charts (or, at its option, copies thereof), together with calculations therefrom, for inspection, verification and copying, at the requesting Party's expense, subject to return within ten (10) Days after receipt thereof.

5.07 Transmission Provider. The provisions of Sections 5.03 (other than Section 5.03(b)) through 5.06 are subject to the applicable requirements of the Interconnection Agreement, Transmission Provider and any Governmental Authority with jurisdiction over the Delivery Meter. If any of the provisions of Sections 5.03 (other than Section 5.03(b)) through 5.06 are inconsistent with such requirements, the requirements of such agreement, organization, or Governmental Authority shall take precedence. Except as provided for in this Section 5.07, nothing in the Interconnection Agreement shall alter or modify Seller's or Buyers' rights and obligations under this Agreement.

5.08 Interconnection and Transmission Facilities.

(a) Seller shall be solely responsible for the Interconnection Agreement and for all costs associated with the interconnection of the Facility with the Transmission System and the delivery of Electric Products to the Delivery Point, including all related capital costs and system upgrade costs, as well as ongoing maintenance costs, and losses between the Facility and the Delivery Point. Seller shall maintain an interconnection with the Transmission Provider during the Contract Term and shall operate and maintain the interconnection facilities required to interconnect the Facility to the Transmission System in accordance with Good Utility Practice and the Interconnection Agreement and so as to ensure that Seller is capable of delivering: (i) the Committed Capacity and the Electric Products associated therewith to Buyers at the Delivery Point, and (ii) the capacity and energy associated therewith of any wind turbines (other than the Wind Turbines) whose output is delivered through the Delivery Point to the Other Buyers and whose transmission arrangements are as firm or more firm than Buyers' transmission arrangements; provided, however, that if such interconnection facilities are not capable of meeting the requirements of clause (ii), such failure shall not be a breach of this Agreement unless it has a material adverse affect on Buyers.

(b) Buyers shall be responsible for arranging for the transmission of Electric Products at and beyond the Delivery Point, including scheduling of such transmission and any ancillary services required for such transmission. Buyers shall also be responsible for any and all fees or other charges associated with the delivery, receipt or transmission of Electric Products, including congestion losses, scheduling services, balancing, cash out of imbalances, integration charges, and any other charges resulting from the scheduling of an intermittent resource, provided that Seller shall be responsible for and shall indemnify Buyers against any and all such charges and any other transmission or interconnection costs and expenses or penalties incurred by or on behalf of Buyers as a result of Seller's acts or omissions that occur on Seller's side of the Delivery Point and that are (i) contrary to Good Utility Practice or (ii) represent a breach of this Agreement by Seller, including the failure of Seller to curtail deliveries of Energy in accordance with Section 5.01(c).

(c) Upon prior written request of Buyers' Agent, Seller shall cooperate with Buyers in seeking designation of the Facility as a designated network resource and with any

other reasonable requests that Buyers' Agent may have in connection with obtaining and maintaining transmission service with a Transmission Provider for the delivery of Electric Products at and after the Delivery Point to Buyers' Balancing Area; provided, however, that Seller shall not be required to incur any expense pursuant to this provision unless Buyers' Agent agrees to reimburse Seller for such expense.

5.09 Forecasting. Commencing five (5) Days prior to the anticipated Initial Delivery Date, and throughout the Contract Term, Seller shall prepare and deliver to Buyers' Agent, in a form reasonably acceptable to Buyers' Agent, (a) on a monthly basis, a non-binding, twelve (12) month rolling forecast of monthly Energy production by the Facility, and (b) on a daily basis, a non-binding, day ahead schedule forecast of Energy production by the Facility, broken down on an hourly basis, which forecasts shall be prepared in good faith and in accordance with Good Utility Practice based on available wind data, historical performance, planned maintenance, Seller's generation projections and other relevant data and considerations.

5.10 Coordinating Committee Membership and Duties.

(a) Within thirty (30) Days after the Initial Delivery Date, a committee (the "Coordinating Committee") shall be established by the Parties. The Coordinating Committee shall be comprised of Seller's and Buyers' Designated Representatives. The powers and duties of the Coordinating Committee shall consist of:

(i) Recommendation of steps to be taken upon the occurrence of a system emergency, an event of Force Majeure or any other outage.

(ii) Any other mutually agreed matter affecting the operation or maintenance of the Facility.

(b) The Coordinating Committee may agree upon procedures for the holding of meetings, the taking of minutes of meetings, and the appointment of subcommittees; provided that a quorum for any meeting of the Coordinating Committee shall consist of the Seller Designated Representative and the Buyers Designated Representative.

(c) Seller shall have a single vote on the Coordinating Committee and Buyers shall have a single vote on the Coordinating Committee, and any Designated Representative of a Party or Parties may cast that Party's or Parties' vote. Decisions of the Coordinating Committee shall require the unanimous vote of the Designated Representatives of Seller and Buyers.

(d) Decisions of the Coordinating Committee shall be binding upon the Parties; provided, however, that the Coordinating Committee shall not have the authority to vary the terms of this Agreement, and any such variation shall require a formal amendment of this Agreement in accordance with Section 12.03.

ARTICLE VI.
RIGHTS AND OBLIGATIONS

6.01 Rights and Obligations of Seller.

(a) Operation and Maintenance. Seller shall operate and maintain the Facility, or cause the Facility to be operated and maintained, in accordance with Good Utility Practice, and in compliance with applicable Laws (including all national and regional reliability standards applicable to wind generation facilities located in LaSalle County, Illinois, including standards set by the Transmission Provider, RFC, NERC and the FERC or any successor agencies setting reliability standards for the operation of generation facilities, to the extent that such agency has authority over the Facility and such standard is applicable to the Facility) and the terms of the Interconnection Agreement, except where non-compliance will not have a material adverse effect on Buyers or their rights under this Agreement or a material adverse effect on Seller's ability to perform its obligations under this Agreement.

(b) Environmental Attributes. Seller shall take all actions reasonably necessary to enable Buyers to receive the full benefits of any Environmental Attributes associated with the Committed Capacity and related Energy (or, following a Partial Termination, the remaining Buyer's allocable share thereof) during the Contract Term; provided, however, that Seller shall not be required to incur any expense pursuant to this provision unless Buyers agree to reimburse Seller for such expense. Nothing in this Section 6.01(b) shall limit Seller's responsibility for the costs associated with providing Environmental Attributes to Buyers pursuant to Section 4.01(e), and otherwise complying with its obligations pursuant to Section 4.01(e).

(c) Laws and Authorizations. Seller shall comply with all applicable Laws and Authorizations applicable to its performance of its obligations under this Agreement, except where non-compliance will not have an adverse effect on Buyers or their rights under this Agreement or an adverse effect on Seller's ability to perform its obligations under this Agreement.

(d) Notice of Change in Delivery. Seller shall use its commercially reasonable efforts to give advance notice to Buyers' Agent in the event of (i) forced outage affecting 10 MW or more of Committed Capacity, (ii) a complete interruption in the delivery of Energy from the Facility (other than an interruption due to changes in wind speed), or (iii) a variation by more than 10 MW in the quantity of Energy delivered (other than a variation due to changes in wind speed), whether or not caused by Force Majeure.

(e) Scheduled Maintenance. No later than sixty (60) Days prior to the end of each year (commencing in the year in which the Initial Delivery Date occurs, unless the Initial Delivery Date occurs after November 1 of any year, in which case, commencing in the year following the year in which the Initial Delivery Date occurs), Seller shall submit to Buyers' Agent a maintenance plan for the Facility for the following year, including the expected commencement and completion dates for any planned maintenance affecting more than 10 MW of Committed Capacity, as well as the affected portion of the Facility. No later than thirty (30) Days after receipt of Seller's schedule, Buyers' Agent shall notify Seller of any planned

maintenance in the following year that Buyers reasonably would like rescheduled, including the reasonable grounds on which Buyers' are requesting the planned maintenance to be rescheduled. No later than fifteen (15) Days after receipt of Buyers' Agent notice, Seller shall prepare and deliver to Buyers a final schedule of planned maintenance for the following year, provided that Seller shall use commercially reasonable efforts to accommodate any of Buyers' reasonable requests to reschedule planned maintenance during the following year consistent with the requirements of Good Utility Practice and the Interconnection Agreement. No less than ten (10) Days prior to any planned maintenance that impacts 10 MW or more of Committed Capacity, Seller shall notify Buyers of the expected commencement date and completion date of such planned maintenance, and the affected portion of the Facility.

(f) Access to Facility. Seller shall allow properly accredited representatives of Buyers' Agent to have access to the Facility, upon advance notice and during normal business hours, to observe operation and maintenance of the Facility, and to make inspections and obtain information required in connection with this Agreement. While at the Facility, such representatives shall observe such safety precautions as may be required by Seller and communicated to Buyers and shall conduct themselves in a manner that will not interfere with the operation or maintenance of the Facility.

(g) Designated Representative. Seller shall designate a representative (the "Seller Designated Representative") to maintain communications with Buyers' Agent and the Buyers Designated Representative, and to facilitate coordination between Buyers and Seller during the Contract Term. Seller may designate one or more alternative representatives to act in the absence of the Designated Representative; provided, however, that there shall be no more than one person functioning as the Seller Designated Representative at any time.

(h) Information and Data. Subject to Section 12.07, Seller shall supply any information or data required by Buyers to comply with the requirements of any applicable Law or Authorization, or the requirements of any Governmental Authority or Transmission Provider, and any other information or data related to the operation or maintenance of the Facility reasonably requested by Buyers in order to verify amounts due hereunder and verify compliance with the terms and conditions of this Agreement, provided, however, that Seller shall not be required to incur any expense pursuant to this provision unless Buyers agree to reimburse Seller for such expense.

6.02 Rights and Obligations of Buyer.

(a) Designated Representative. Buyers' Agent shall designate a representative (the "Buyers Designated Representative") to maintain communications with Seller and Seller's Designated Representative, and to facilitate coordination between Buyers and Seller during the Contract Term. Buyers' Agent may designate one or more alternative representatives to act in the absence of the Designated Representative; provided, however, that there shall be no more than one person functioning as the Buyers Designated Representative at any time.

(b) Buyers' Agent. KU shall act as the agent (the "Buyers' Agent") for both Buyers for all purposes under this Agreement, including for issuing or granting any approval, consent or notice to be issued or granted by Buyers hereunder, for requesting and receiving

information from Seller, for receiving invoices and notices from Seller, for exercising any option or other right granted to Buyers hereunder, and for enforcing any remedies of Buyers hereunder. Without limiting the generality of the foregoing:

(i) Any bill rendered by Seller to Buyers' Agent shall be deemed to have been rendered to both Buyers, and to have been received by each Buyer on the Day on which it is received by Buyers' Agent.

(ii) Any approval, consent or notice issued by Buyers' Agent shall be deemed to have been issued by, and shall be binding upon, both Buyers.

(iii) No notice issued to Seller pursuant to this Agreement shall be deemed to have been validly issued unless it was issued by Buyers' Agent.

(iv) Any notice provided by Seller to Buyers' Agent shall be deemed to have been issued to, and to have been received by, both Buyers.

(v) Any election made or option exercised by Buyers' Agent shall be deemed to have been made or exercised, as the case may be, by, and shall be binding upon, both Buyers.

Notwithstanding the foregoing, at any time when there is only one Buyer under this Agreement, such remaining Buyer shall be the Buyers' Agent for all purposes under this Agreement.

(c) Cooperation with Seller. Each Buyer shall cooperate with Seller in obtaining, any Authorizations, leases, easements, or rights-of-way necessary for the ownership and/or leasing, operation and maintenance of the Facility; provided that a Buyer shall not be required to incur any expense pursuant to this provision unless Seller agrees to reimburse such Buyer for such expense.

(d) Laws and Authorizations. Each Buyer shall comply with all applicable Laws and Authorizations applicable to its performance of its obligations hereunder, except where non-compliance will not have an adverse effect on Seller or its rights under this Agreement or an adverse effect on such Buyer's ability to perform its obligations under this Agreement.

(e) Information and Data. Subject to Section 12.07, each Buyer shall supply any information or data required by Seller to comply with the requirements of any applicable Law or Authorization, or the requirements of any Governmental Authority or Transmission Provider, provided, however, that a Buyer shall not be required to incur any expense pursuant to this provision unless Seller agrees to reimburse such Buyer for such expense. Each Buyer shall provide Seller with any other information or data reasonably requested by Seller in order to verify amounts due hereunder and verify compliance with the terms and conditions of this Agreement; provided that no Buyer shall be required to incur any expense pursuant to this provision unless Seller agrees to reimburse such Buyer for such expense.

(f) PTCs. At Seller's request, each Buyer shall take any actions reasonably necessary to enable Seller to receive the full benefits of any PTCs associated with the Facility.

Seller shall promptly reimburse such Buyer upon demand for any costs or expenses reasonably incurred by such Buyer in connection with this Section 6.02(f).

ARTICLE VII.
SALE, TRANSFER OR ASSIGNMENT

7.01 Generally.

(a) Except as provided in Section 7.02, this Agreement may not be assigned, in whole or in part, by any Party without the prior written consent of the Buyers' Agent, in the case of an assignment by Seller, and Seller, in the case of an assignment by either Buyer. Such consent may require that (i) the assignee agrees in writing, in form and substance satisfactory to the Buyers' Agent, in the case of an assignment by Seller, and to Seller, in the case of an assignment by either Buyer, to assume and to perform each and every obligation of the assignor under this Agreement, (ii) the assignment does not impair any security given by the assigning Party hereunder unless the assignee posts replacement security which meets the requirements of this Agreement, and (iii) the assignee has obtained, prior to the assignment, such Authorizations as may be required by applicable Law. Any assignment in violation hereof shall be null and void and shall constitute an Event of Default by the assigning Party.

(b) Notwithstanding Paragraph (a), (i) any Party may assign this Agreement to an Affiliate of such Party without the consent of the other Parties, provided, however, that the assigning Party shall remain liable for all of its obligations under this Agreement unless and until the consent of Buyers' Agent, in the case of an assignment by Seller, and Seller, in the case of an assignment by either Buyer, is secured in accordance with Paragraph (a); (ii) Seller may assign this Agreement to any purchaser or transferee of all or a substantial portion of its assets without the consent of the other Party, provided that (A) the assignee expressly assumes and agrees to perform each and every obligation of Seller under this Agreement pursuant to a written agreement, in form and substance satisfactory to Buyers' Agent, (B) such assignee's creditworthiness is equal to or higher than that of Seller's in Buyers' Agent's reasonable opinion, and (C) the purchaser or transferee delivers to Buyers' Agent a Letter of Credit in accordance with Section 10.08; and (iii) either Buyer may assign this Agreement to any purchaser or transferee of all or a substantial portion of its assets without the consent of the Seller, provided that (A) the assignee expressly assumes and agrees to perform each and every obligation of such Buyer under this Agreement pursuant to a written agreement, in form and substance satisfactory to Seller, (B) the assignee is an electric utility with a service territory whose customer base is as large or larger than that of such Buyer, and (C) the credit rating assigned to the unsecured, senior long-term debt obligations (not supported by third party credit enhancements) of the assignee is no lower than the credit rating assigned to the unsecured, senior long-term debt obligations (not supported by third party credit enhancements) of such Buyer at the time of assignment. The assigning Party shall notify the other Parties of the occurrence of any event described in this Paragraph.

(c) Notwithstanding Paragraph (a), each Buyer may assign, without the consent of Seller, to the other Buyer all or a portion of the assigning Buyer's rights to Electric Products provided by Seller pursuant to this Agreement, provided, however, that the assigning Buyer shall remain liable for all of its obligations under this Agreement.

7.02 Finance Assignments. Seller shall have the right to collaterally assign this Agreement to any Lender or any Lender's agent, without the consent of Buyers, in connection with the financing of the Facility, regardless of whether such financing is provided to Seller by such Lender directly or indirectly through one or more intermediaries (each such assignee being referred to herein as a "Collateral Assignee"); provided, however, that no such assignment shall be effective for purposes of this Section until Seller shall have notified Buyers' Agent of such assignment, which notice shall include the name and address of the Collateral Assignee. So long as any assignment of which Buyers' Agent has been notified, or any consolidation, modification or extension of any such assignment, shall remain outstanding, the following provisions shall apply:

(a) Buyers' Agent shall, upon serving upon Seller any notice pursuant to this Agreement, also serve a copy of such notice upon each Collateral Assignee at the address provided by the Collateral Assignee in the notice referred to above. No notice issued by Buyers' Agent pursuant to this Agreement shall be deemed to have been duly given unless and until a copy thereof shall have been so served.

(b) The making of an assignment pursuant to this Section in and of itself shall not be deemed to constitute an assignment or transfer of this Agreement, nor shall any Collateral Assignee, as such, be deemed to be an assignee or transferee of this Agreement so as to require such Collateral Assignee, as such, to assume the performance of any of the terms or conditions on the part of Seller to be performed hereunder.

(c) In the event of any casualty or condemnation with respect to the Facility or the Facility Site, the provisions of the collateral assignment most senior in priority shall control with respect to the use of Seller's share of any proceeds of any such casualty or condemnation.

ARTICLE VIII. **FORCE MAJEURE**

8.01 Force Majeure Defined.

"Force Majeure" shall mean an event or circumstance beyond the reasonable control of and without the fault or negligence of the Party claiming Force Majeure, which, despite the exercise of reasonable diligence, cannot be or be caused to be prevented, avoided or removed by such Party. Force Majeure shall include, to the extent consistent with the preceding sentence: an act of God; war (declared or undeclared); sabotage; riot; insurrection; civil unrest or disturbance; military or guerilla action; banditry; terrorist activity or a threat of terrorist activity which, under the circumstances, would be considered a precursor to actual terrorist activity; economic sanction or embargo; civil strike, work stoppage, slow-down, or lock-out that are of an industry or sector-wide nature and that are not directed solely or specifically at the affected Party; explosion; fire; earthquake or seaquake; abnormal weather condition; hurricane; flood; lightning; high winds of sufficient strength or duration to materially damage the Facility or significantly impair its operation and which are of greater strength or longer duration than normally encountered by similar wind energy facilities under comparable circumstances; drought; peril of the sea; the binding order of any Governmental Authority (provided that the affected Party has in good faith

considered reasonably contesting such order); the failure to act on the part of any Governmental Authority (provided that such action has been timely requested and diligently pursued); unavailability of equipment, supplies or products, but only to the extent caused by an event of circumstance of Force Majeure; and failure of equipment. With respect to the Seller, Force Majeure shall also include (to the extent beyond the reasonable control of and without the fault or negligence of Seller) any interruption in transmission service on Buyers' side of the Delivery Point. No Party shall be deemed to have suffered an event of Force Majeure due to the failure of equipment which that Party, or an Associated Party of that Party, is responsible for operating or maintaining unless the equipment has been operated and maintained in accordance with Good Utility Practice. Neither the lack of money nor changes in market conditions shall constitute an event of Force Majeure.

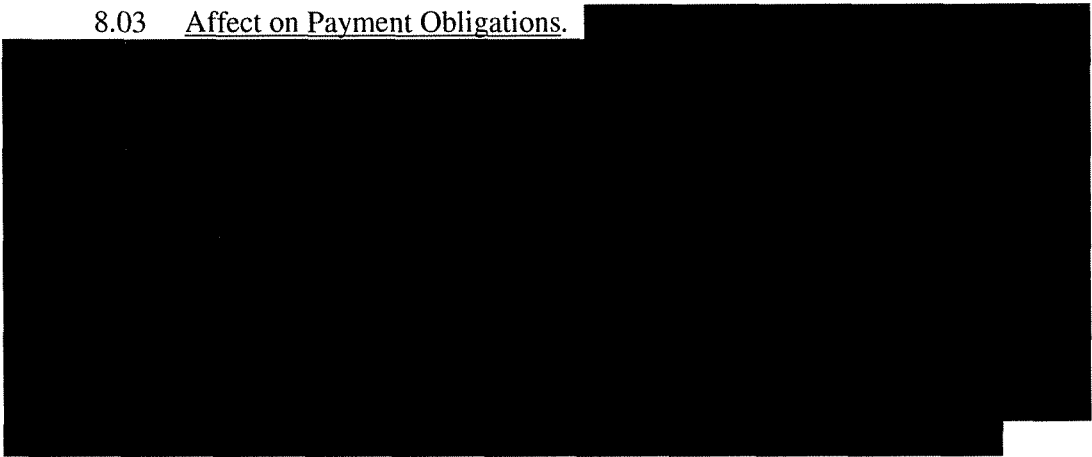
8.02 Effect of Force Majeure. If either Party is rendered wholly or partly unable to perform its obligations under this Agreement or its performance is delayed because of Force Majeure, that Party shall be excused from whatever performance it is unable to perform or delayed in performing due to the Force Majeure to the extent so affected, provided that:

(a) The Party affected by such Force Majeure, as soon as reasonably practical after the commencement of such affect, gives the other Party prompt oral notice, followed by a written notice within forty-eight (48) hours after such oral notice, fully describing the particulars of the occurrence;

(b) The suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure event; and

(c) The Party whose performance is affected by such Force Majeure uses its commercially reasonable efforts to overcome and remedy its inability to perform as soon as possible.

8.03 Affect on Payment Obligations.



8.04 Deadlines Extended; Termination.

(a) Whenever either Party is required to commence or complete any action within a specified period and is prevented or delayed by Force Majeure from commencing or

completing such action within the specified period, such period shall be extended by an amount equal to the duration of such event of Force Majeure occurring or continuing during such period except as otherwise specifically provided in this Agreement; provided, however, that in no event shall a Force Majeure extend the Contract Term.

(b) If any Force Majeure prevents all or substantially all of the Wind Turbines from delivering Energy to the Delivery Point for more than [REDACTED] consecutive Days, then Buyers' Agent may terminate this Agreement upon written notice to Seller and no Party shall have any liability arising out of such termination.

ARTICLE IX.
RISK OF LOSS AND INDEMNIFICATION

9.01 Risk of Loss.

(a) Seller. As between Buyers and Seller, Seller shall be responsible for and shall bear the full risk of loss (i) with respect to any loss of or damage to any property located on Seller's side of the Delivery Point; and (ii) with respect to any personal injury or death, or loss of or damage to any other property arising out of the ownership or leasing, operation or maintenance of any property of Seller or Seller's Associated Parties on Seller's side of the Delivery Point; provided, however, that Seller shall not be responsible for any loss, damage, or injury to the extent that such loss, damage, or injury arises out of the negligence or willful misconduct of either Buyer or either Buyer's Associated Parties.

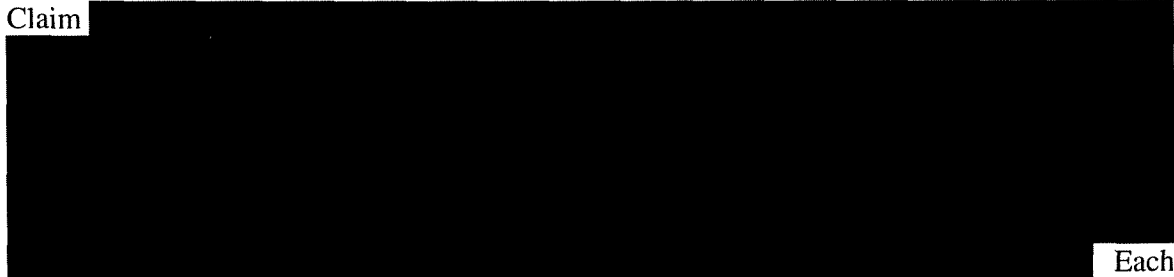
(b) Buyers. As between Buyers and Seller, Buyers shall be responsible for and shall bear the full risk of loss (i) with respect to any loss of or damage to any property located on Buyers' side of the Delivery Point, and (ii) with respect to any personal injury or death, or loss of or damage to any other property arising out of the ownership, operation or maintenance of any property of either Buyer or either Buyer's Associated Parties on Buyers' side of the Delivery Point, provided, however, that Buyers shall not be responsible for any loss, damage, or injury to the extent that such loss, damage, or injury arises out of the negligence or willful misconduct of Seller or Seller's Associated Parties.

9.02 Indemnification.

(a) By Seller. Seller shall defend, indemnify and hold harmless Buyers and Buyers' Associated Parties against and from any Indemnifiable Cost arising out of any injury, bodily or otherwise, to, or death of, persons, or for damage to, or destruction of, property belonging to or leased by Buyers, Seller, or others (each a "Claim"), [REDACTED]

[REDACTED]

(b) By Buyers. Each Buyer shall defend, indemnify and hold harmless Seller and Seller's Associated Parties against and from any Indemnifiable Cost arising out of any Claim



Each Buyer shall protect, indemnify and hold harmless Seller from any claims of such Buyer's creditors to any right, title or interest in the Facility.

(c) By Buyers and Seller. If, due to the joint, concurring, comparative or contributory negligence or willful misconduct of the Parties or their Associated Parties, either Party incurs any Indemnifiable Cost arising out of any Claim, such Indemnifiable Cost shall be allocated between Seller and each Buyer in proportion to their respective degrees of negligence or willful misconduct contributing to such Claim. For the avoidance of doubt, in no event shall Seller or Seller's Associates Parties be entitled to recover the same Indemnifiable Cost against both Buyers.

(d) Employees. Neither Party nor such Party's Associated Parties shall be deemed an employee of the other Party. Neither Party shall bring any claim against the other Party or any of such Party's Associated Parties with respect to any liability for compensation under any applicable state or federal Worker's Compensation Act, including Worker's Compensation and/or employer's liability claims of employees. Each Party shall be liable for all claims of the Party's own employees arising out of any provision of any Workers' Compensation Law.

(e) Notice and Participation.

(i) If any Party entitled to indemnification hereunder (the "Indemnified Party") intends to seek indemnification under this Article from the other Party (the "Indemnifying Party") with respect to any Claim, the Indemnified Party shall give the Indemnifying Party notice of such Claim upon the receipt of actual knowledge or information by the Indemnified Party of any possible Claim or of the commencement of such Claim, which notice shall in no event be later than the later of (i) fifteen (15) Business Days prior to the last Day for responding to such Claim or (ii) one-half of the period allowed for responding to such Claim. The Indemnifying Party shall have no liability under this Article for any Claim for which such notice is not provided, but only to the extent that the failure to give such notice materially impairs the ability of the Indemnifying Party to respond to or to defend the Claim.

(ii) The Indemnifying Party shall have the right to assume the defense of any Claim, at its sole cost and expense, with counsel designated by the Indemnifying Party and reasonably satisfactory to the Indemnified Party; provided, however, that if the defendants in any such proceeding include both the Indemnified Party and the Indemnifying Party, and the Indemnified Party shall have reasonably concluded that there may be legal defenses available to

it which are different from or additional to those available to the Indemnifying Party, the Indemnified Party shall have the right to select separate counsel, at the Indemnifying Party's expense, to assert such legal defenses and to otherwise participate in the defense of such Claim on behalf of such Indemnified Party, and the Indemnifying Party shall be responsible for the reasonable fees and expenses of such separate counsel.

(iii) Should any Indemnified Party be entitled to indemnification under this Section as a result of a Claim by a third party, and should the Indemnifying Party fail to assume the defense of such Claim within a reasonable period of time, the Indemnified Party may, at the expense of the Indemnifying Party, contest (or, with or without the prior consent of the Indemnifying Party), settle such Claim.

(iv) Except to the extent expressly provided herein, no Indemnified Party shall settle any Claim with respect to which it has sought or is entitled to seek indemnification pursuant to this Section unless (i) it has obtained the prior written consent of the Indemnifying Party, or (ii) the Indemnifying Party has failed to provide, within a reasonable period of time, security, in a form reasonably satisfactory to the Indemnified Party, securing the payment of any Indemnifiable Cost, up to the amount of the proposed settlement.

(v) Except to the extent expressly provided otherwise herein, no Indemnifying Party shall settle any Claim with respect to which it may be liable to provide indemnification pursuant to this Section without the prior written consent of the Indemnified Party, provided, however, that if the Indemnifying Party has reached a bona fide settlement agreement with the plaintiff(s) in any such proceeding, which settlement includes a full release of the Indemnified Party for any and all liability with respect to such Claim, and the Indemnified Party does not consent to such settlement agreement, then the dollar amount specified in the settlement agreement, plus the Indemnified Party's reasonable legal fees and other costs related to the defense of the Claim paid or incurred prior to the date of such settlement agreement, shall act as an absolute maximum limit on the indemnification obligation of the Indemnifying Party with respect to the Claim, or portion thereof, that is the subject of such settlement agreement.

(f) Net Amount. In the event that an Indemnifying Party is obligated to indemnify and hold any Indemnified Party harmless under this Article, the amount owing to the Indemnified Party shall be the amount of such Indemnified Party's actual Indemnifiable Cost, net of any insurance or other recovery actually received by the Indemnified Party.

(g) Assertion of Claims. No Claim of any kind shall be asserted against either Party or such Party's Associated Parties, whether arising out of contract, tort (including negligence), strict liability, or any other cause of or form of action, unless it is filed in a court of competent jurisdiction, or a demand for arbitration is made, within the applicable statute of limitations period for such Claim.

(h) No Release of Insurers. The provisions of this Article shall not be deemed or construed to release any insurer from its obligation to pay any insurance proceeds in accordance with the terms and conditions of valid and collectible insurance policies.

(i) Survival of Obligation. The duty to indemnify under this Article shall continue in full force and effect notwithstanding the expiration or termination of this Agreement, with respect to any Indemnifiable Cost arising out of an event or condition which occurred or existed prior to such expiration or termination.

9.03 Limitation of Liability. For breach of any provision of this Agreement for which an express remedy or measure of damages is provided, such express remedy or measure of damages shall be the sole and exclusive remedy. Unless expressly herein provided, no Party shall be liable for consequential, incidental, punitive exemplary or indirect damages, lost profits or other business interruption damages, by statute (to the extent permitted by law), in tort or contract or otherwise (except to the extent that an Indemnifying Party is obligated under Section 9.02 to indemnify against third party claims for consequential, incidental, punitive, exemplary or indirect damages or lost profits or business interruption damages). For avoidance of doubt, Seller's direct actual damages shall be deemed to include lost PTCs. The limitations herein imposed on remedies and the measure of damages is without regard to the cause or causes related thereto, including the negligence of any Party, whether such negligence be sole, joint or concurrent, or active or passive. To the extent any damages required to be paid hereunder for a breach are liquidated, the Parties acknowledge that the liquidated damages are reasonable in light of the anticipated harm that would be caused by the breach, the difficulties of proof of loss, and the inconvenience or nonfeasibility of otherwise obtaining an adequate remedy. EXCEPT AS SET FORTH IN THIS AGREEMENT, THERE ARE NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE SUBJECT MATTER OF THIS AGREEMENT.

ARTICLE X.

EVENTS OF DEFAULT AND REMEDIES

10.01 Events of Default by Buyers. A Buyer shall be in default under this Agreement upon the happening or occurrence of any of the following events or conditions, each of which shall be an "Event of Default" for purposes of this Agreement:

(a) Such Buyer breaches or fails to observe or perform any of such Buyer's material obligations under this Agreement, other than the obligations described in Section 10.01(c) and (g), unless within thirty (30) Days after written notice from Seller specifying the nature of such breach or failure, such Buyer either cures such breach or failure or, if such cure cannot reasonably be effected by the payment of money and cannot reasonably be completed within thirty (30) Days, commences such cure during the initial thirty (30) Day period and thereafter diligently pursues such cure during such additional period of time as is reasonably necessary to cure such breach or failure.

(b) Such Buyer is dissolved, or such Buyer's existence is terminated or its business is discontinued, unless (i) this Agreement is assigned to a successor pursuant to Article VII, or (ii) such Buyer is merged into a successor corporation which continues substantially all of such Buyer's business activities, and which has a credit rating assigned to its unsecured, senior

long-term debt obligations (not supported by third party credit enhancements) no lower than the credit rating assigned to the unsecured, senior long-term debt obligations (not supported by third party credit enhancements) of such Buyer immediately prior to such dissolution, termination or discontinuation.

(c) Such Buyer fails to pay, when due, any amount due hereunder, and such failure continues for a period of seven (7) Business Days following the receipt by such Buyer of a written notice of such failure from Seller.

(d) Any representation or warranty of such Buyer set forth in this Agreement was false or misleading in any material respect when made, unless (i) the fact, circumstance or condition that is the subject of such representation or warranty is made true within thirty (30) Days after Seller has given notice thereof to such Buyer; provided, however, that if the fact, circumstance or condition that is the subject of such representation or warranty cannot be corrected within such thirty (30) Day period and if such Buyer commences to correct the fact, circumstance or condition that is the subject of such representation during the initial thirty (30) Day period, and thereafter proceeds with all due diligence, to correct the fact, circumstance or condition that is the subject of such representation or warranty, such period shall be extended for such further period as shall be reasonably necessary for such Buyer to correct the same with all due diligence, and (ii) such cure removes any adverse effect on Seller of such fact, circumstance or condition being otherwise than as first represented, or such fact, circumstance or condition being otherwise than as first represented does not materially adversely affect Seller.

(e) Such Buyer shall (i) file a voluntary petition in bankruptcy or file a voluntary petition or otherwise commence any action or proceeding seeking reorganization, liquidation, arrangement or readjustment of its debts or for any other relief under the any Bankruptcy Law, or consent to, approve of, or acquiesce in, any such petition, action or proceeding; (ii) apply for or acquiesce in the appointment of a receiver, liquidator, sequestrator, custodian, trustee or similar officer for it or for all or any part of its property; (iii) make an assignment for the benefit of creditors; or (iv) be insolvent or be unable generally to pay its debts as they become due.

(f) A proceeding or case is commenced, without the application or consent of such Buyer, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution, winding-up, or composition or adjustment of debts of such Buyer, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like, of such Buyer or of all or any substantial part of its assets, or (iii) similar relief in respect of such Buyer under any Bankruptcy Law, and such proceeding or case shall continue undismissed, or an order, judgement or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of sixty (60) Days from commencement of such proceeding or case or the date of such order, judgement or decree.

(g) Such Buyer makes an assignment of this Agreement in violation of Article VII.

10.02 Events of Default By Seller. Seller shall be in default under this Agreement upon the happening or occurrence of any of the following events or conditions, each of which shall be an “Event of Default” for purposes of this Agreement:

(a) Seller breaches or fails to observe or perform any of Seller’s material obligations under this Agreement, other than the obligations described in Section 10.02(c), (g), (h), (i), (j) and (k) and unless within thirty (30) Days after written notice from Buyers’ Agent specifying the nature of such breach or failure, Seller either cures such breach or failure or, if such cure cannot reasonably be effected by the payment of money and cannot reasonably be completed within thirty (30) Days, commences such cure during the initial thirty (30) Day period and thereafter diligently pursues such cure during such additional period of time as is reasonably necessary to cure such breach or failure.

(b) Seller is dissolved, or Seller’s existence is terminated or its business is discontinued, unless this Agreement is assigned to a successor pursuant to Article VII, or unless a majority of the owners of Seller elect to continue the business of Seller under a successor company, and such company notifies Buyers’ Agent of its intention to assume Seller’s obligations under this Agreement within thirty (30) Days of such dissolution, termination or discontinuation.

(c) Seller fails to pay, when due, any amount due hereunder, and such failure continues for a period of seven (7) Business Days following the receipt by Seller of a written notice of such failure from Buyers’ Agent.

(d) Any representation or warranty of Seller set forth in this Agreement was false or misleading in any material respect when made, unless (i) the fact, circumstance or condition that is the subject of such representation or warranty is made true within thirty (30) Days after Buyers’ Agent has given notice thereof to Seller; provided, however, that if the fact, circumstance or condition that is the subject of such representation or warranty cannot be corrected within such thirty (30) Day period and if Seller commences to correct the fact, circumstance or condition that is the subject of such representation during the initial thirty (30) Day period, and thereafter proceeds with all due diligence, to correct the fact, circumstance or condition that is the subject of such representation or warranty, such period shall be extended for such further period as shall be reasonably necessary for Seller to correct the same with all due diligence, and (ii) such cure removes any adverse effect on Buyers of such fact, circumstance or condition being otherwise than as first represented, or such fact, circumstance or condition being otherwise than as first represented does not materially adversely affect Buyers.

(e) Seller shall (i) file a voluntary petition in bankruptcy or file a voluntary petition or otherwise commence any action or proceeding seeking reorganization, liquidation, arrangement or readjustment of its debts or for any other relief under any Bankruptcy Law, or consent to, approve of, or acquiesce in, any such petition, action or proceeding; (ii) apply for or acquiesce in the appointment of a receiver, liquidator, sequestrator, custodian, trustee or similar officer for it or for all or any part of its property; (iii) make an assignment for the benefit of creditors; or (iv) be insolvent or be unable generally to pay its debts as they become due.

(f) A proceeding or case is commenced, without the application or consent of Seller in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution, winding-up, or composition or adjustment of debts of Seller, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like, of Seller or of all or any substantial part of its assets, or (iii) similar relief in respect of Seller under any Bankruptcy Law, and such proceeding or case shall continue undismissed, or an order, judgement or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of sixty (60) Days from commencement of such proceeding or case or the date of such order, judgement or decree.

(g) Seller fails to establish and maintain a Letter of Credit in accordance with Section 10.08.

(h) a Letter of Credit Default by Seller's issuer occurs and is not timely cured in accordance with Section 10.08(c).

(i) Seller shall sell, assign, transfer or otherwise divert to a third party all or any portion of the Electric Products from the Facility, other than as provided for in Section 4.01(e) or Section 10.03(a)(iii), except for Electric Products sold in mitigation of damages pursuant to Section 10.05(c), Electric Products sold during a Curtailment, and Electric Products used to supply station service, inadvertent energy flows, and imbalance energy.

(j) Seller shall relinquish all possession and control of the Facility, other than as permitted pursuant to Article VII (including, in the case of an assignment to a Collateral Assignee, a further transfer of the Facility following a foreclosure by such Collateral Assignee), and other than relinquishment to a contractor of Seller, if such relinquishment of possession and control is not cured within thirty (30) Days following the receipt by Seller of a written notice thereof from Buyers' Agent.

(k) Seller makes an assignment of this Agreement in violation of Article VII.

10.03 Remedies

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

10.04 Suspension of Performance.

Notwithstanding any other provision of this Agreement, if an Event of Default shall have occurred and be continuing, the Non-Defaulting Party, upon notice to the Defaulting Party, shall have the right (i) to suspend performance under this Agreement with respect to such Defaulting Party pending the exercise of other remedies provided hereunder (provided, however, that Seller may suspend performance immediately upon the delivery of a notice to Buyers' Agent pursuant to Section 10.01(e)), which suspension may continue for a period not to exceed sixty (60) Days; and (ii) to exercise any remedy available at law or in equity; provided, however, that the collection of the Termination Payment shall be the Non-Defaulting Party's sole and exclusive remedy for any damages due to the fact that Electric Products from the Facility will not be provided by Seller or purchased by the Defaulting Party following any Early Termination Date.

10.05 Election of Remedies.

(a) Except as specifically limited in this Agreement, each and every right, power and remedy of a Party, whether specifically stated in this Agreement, or otherwise existing, may be exercised concurrently or separately, from time to time, and so often and in such order as may be deemed expedient by the exercising Party, and the exercise or the beginning of the exercise of any such right, power or remedy shall not be deemed a waiver of the right to exercise, at the same time or thereafter, any other right, power or remedy. No delay or omission of a Party in the exercise of any right, power or remedy shall impair or operate as a waiver thereof or of any other right, power or remedy then or thereafter existing.

(b) Notwithstanding any other provision of this Article, neither Party shall terminate this Agreement following the occurrence of an Event of Default by the other Party if, prior to the Defaulting Party's receipt of a notice of such termination, and notwithstanding the expiration or unavailability of any cure period provided under this Agreement, the Defaulting Party shall have cured the Event of Default.

(c) Each Party agrees that it has a duty to mitigate damages and covenants that it will use commercially reasonable efforts to minimize damages it may incur as a result of the other Party's performance or non-performance of this Agreement, including, in the case of Seller, in situations other than where Buyers' Agent has requested curtailment pursuant to Section 5.01(c), using commercially reasonable efforts to sell any Electric Products that would have been generated by the Facility and delivered to the Delivery Point but for Buyers' performance or non-performance of this Agreement. For avoidance of doubt, Seller shall have no duty pursuant to this Paragraph (c) during periods when Buyers' Agent has requested curtailment pursuant to Section 5.01(c).

10.06 Dispute Resolution.

(a) General Provisions.

(i) Every dispute of any kind or nature between the Parties arising out of or in connection with this Agreement (each a "Dispute") shall be resolved in accordance with this Section, to the extent permitted by Law.

(ii) Referral to Senior Management.

- a) Upon the occurrence of a Dispute, either Seller or Buyers' Agent may deliver a notice to the other Party requesting that the Dispute be referred to the senior management of Seller and Buyers' Agent. Any such notice shall include the names of the senior management of the Party nominated to attempt to resolve the Dispute, and a schedule of their availability during the thirty (30) Day period following the date of the notice. Any such notice shall be delivered within a reasonable time after the Dispute arises, but in no event shall it be delivered less than thirty (30) Days before the institution of legal or equitable proceedings based on such Dispute would be barred by any applicable statute of limitations.
- b) Within seven (7) Days after receipt of a notice pursuant to Paragraph (i), the other Party shall provide a notice to the requesting Party indicating the names of the senior management of the Party nominated to attempt to resolve the Dispute, and a schedule of their availability during the remainder of the thirty (30) Day period following the date of the notice.
- c) During the remainder of the thirty (30) Day period following delivery of the notice, the nominated members of the senior management of the Parties shall meet as frequently as possible, and shall attempt in good faith to resolve the Dispute. Unless the Parties agree otherwise in writing prior to the commencement of such thirty Day period, neither Party shall be entitled to invoke or rely on any admissions, settlement offers or other statements made during the course of such discussions in any subsequent arbitration or legal proceedings.

(b) Litigation or Arbitration. Any Dispute that has not been resolved within thirty (30) Days of the delivery of a notice in accordance with Section 10.06(a) shall be resolved by (i) binding arbitration, if Seller and Buyers' Agent mutually agree, in accordance with the provisions of Section 10.06(c), or (ii) if the Parties do not mutually agree to binding arbitration, litigation in the Federal District Court for the Southern District of New York.

(c) Arbitration Procedures. Any Dispute that the Parties mutually agree shall be settled by arbitration pursuant to Section 10.06(b)(i) shall be settled by binding arbitration between the Parties conducted in Chicago, Illinois, and in accordance with the Commercial Arbitration Rules of the American Arbitration Association (the "AAA") in effect at the time the Parties mutually agree to arbitration. Seller or Buyers' Agent shall submit such Dispute to arbitration by providing a written demand for arbitration to the other Party, and the Parties shall select a single neutral arbitrator with significant contract resolution experience and experience in the wind power industry and an understanding of wind power electric generating facilities. If the Parties cannot agree on a single neutral arbitrator within fifteen (15) Business Days after the written demand for arbitration is provided, then the arbitrator shall be selected by the AAA. Following selection of the arbitrator, the Parties may then commence with and engage in discovery in connection with the arbitration as provided by New York law and shall be entitled to submit expert testimony or written documentation in such arbitration proceeding. The decision of the arbitrator shall be final and binding upon the Parties absent fraud or manifest error and shall be set forth in a reasoned opinion, and award may be enforced thereon by either

Party in a court of competent jurisdiction. Any award of the arbitrator shall include interest from the date of any damages incurred for breach or other violation of this Agreement and from the date of the award until but excluding the date paid in full at the Prime Rate. The Parties shall each bear the cost of preparing and presenting its own case; provided, however, that the cost of the arbitration, including the fees and expenses of the arbitrator, shall initially be shared equally by the Parties, subject to reimbursement of such arbitration costs and attorneys' fees and costs to the prevailing Party. The arbitrator shall be instructed to establish procedures such that a decision can be rendered within sixty (60) Days of the appointment of the arbitrator. In no event shall the arbitrator have the power to award any damages limited by Section 9.03, which Section shall be binding upon the arbitrator.

(d) Continued Performance. During the conduct of dispute resolution procedures pursuant to this Section, (i) the Parties shall continue to perform their respective obligations under this Agreement, and (ii) no Party shall exercise any other remedies hereunder arising by virtue of the matters in dispute; provided, however, that nothing in this Section shall be construed (x) to prevent Seller from suspending performance in the event that either Buyer has not paid undisputed amounts due and owing to Seller under this Agreement, or (y) to prevent Buyers from suspending performance hereunder (other than payments for Electric Products previously provided to Buyer) in the event that Seller ceases providing Electric Products hereunder.

10.07 Effect of Termination. No termination of this Agreement following an Event of Default shall relieve the Defaulting Party of its liability and obligations hereunder, and the Non-Defaulting Party may take whatever action at law or in equity may appear necessary or desirable to enforce performance and observance of any obligations under this Agreement, and the rights given hereunder shall be in addition to all other remedies available to the Parties, either, at law, in equity, or otherwise, for the breach of this Agreement, provided, however, that any damages for the termination of this Agreement shall be as provided in Section 10.03.

10.08 Seller's Credit Support.

(a) Prior to the Initial Delivery Date, Seller shall deliver to Buyers' Agent a Letter of Credit in the amount of [REDACTED] to secure Seller's payment obligations hereunder. The Letter of Credit shall remain in place for at least one year, and any outstanding Letter of Credit shall be renewed or replaced prior to its expiration by a replacement Letter of Credit in the same amount and a term of at least one year (provided, however, that the last such Letter of Credit shall have an expiration date that is no earlier than ninety (90) Days following the last Day of the Contract Term), which Letter of Credit shall be delivered to Buyers' Agent no later than twenty (20) Days before the expiration of the replaced Letter of Credit, and which process shall be repeated each year throughout the Contract Term. The Letter of Credit shall include a provision for at least thirty (30) Days advance notice to Buyers' Agent of any expiration or early termination of the Letter of Credit so as to allow Buyers' Agent sufficient time to exercise its rights under the Letter of Credit if Seller fails to renew or replace the Letter of Credit prior to such expiration or early termination.

[REDACTED]

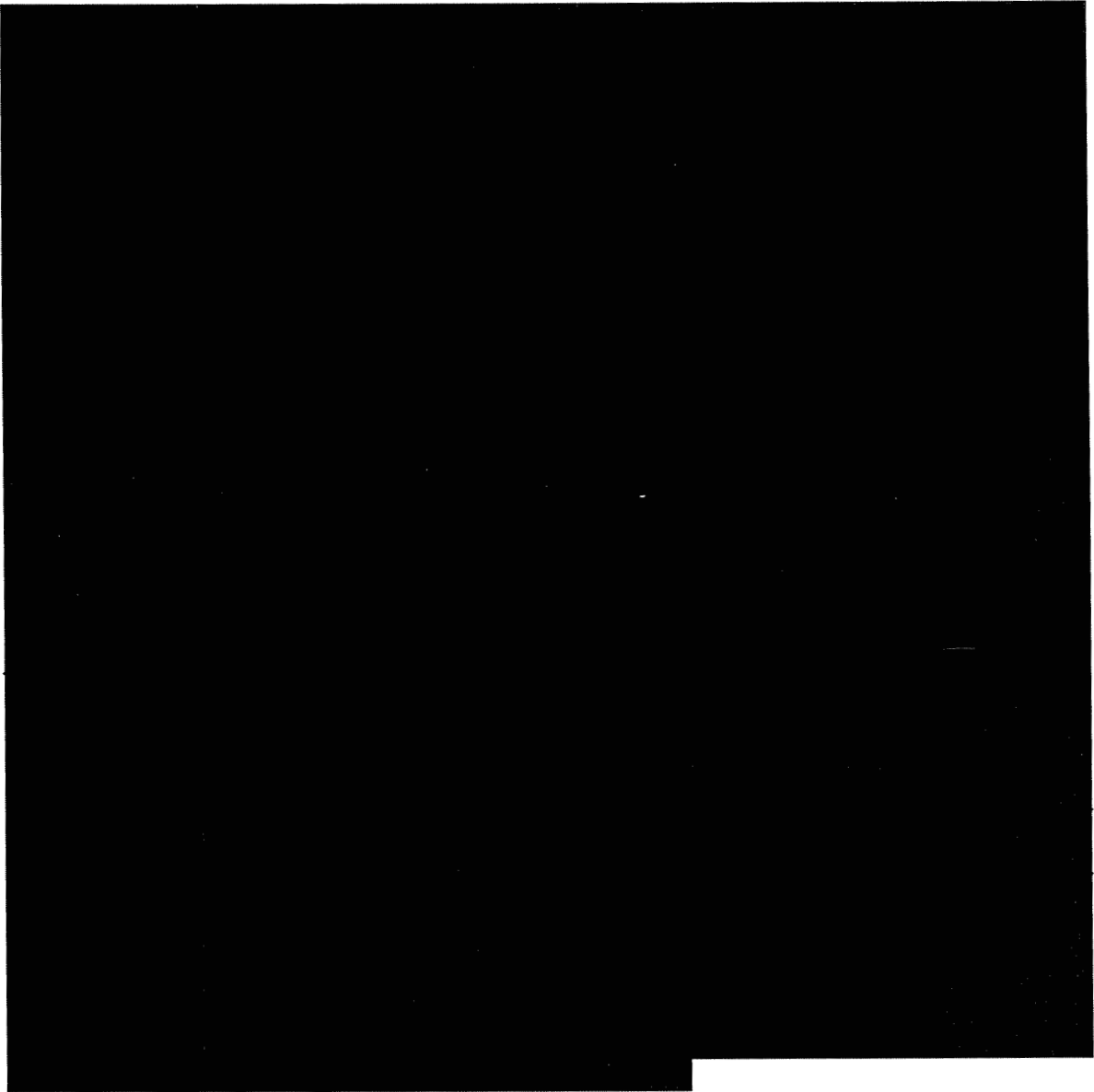
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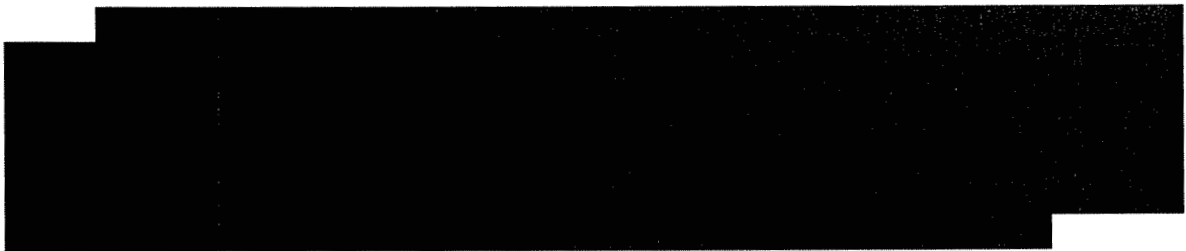
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[REDACTED]

[REDACTED]



10.09 Grant of Security Interest in Cash Collateral.



ARTICLE XI.
INSURANCE

11.01 Coverage and Amounts. Seller, and all contractors and subcontractors performing any services in connection with the operation or maintenance of the Facility, shall obtain and maintain in force commercial general liability and umbrella or excess liability insurance, public liability coverage and property insurance for injury to persons and property, automobile liability insurance and workman's compensation insurance, all in amounts and under terms which are generally carried by owners or lessees, operators or maintainers of projects similar to the Facility, but in any event in accordance with the requirements of Article XI and Exhibit 11.01. Seller's liability under this Agreement is not limited to the amount of insurance coverage required herein.

11.02 Evidence of Insurance. Upon request made on or after the Initial Delivery Date, Seller shall provide Buyers' Agent with insurance certificates reasonably acceptable to Buyers' Agent evidencing that insurance coverages for the Facility are in compliance with the specifications for insurance coverage set forth in this Article XI and Exhibit 11.01. Such insurance and certificates shall (a) include Buyers as additional insureds under the commercial general liability and umbrella liability policies; (b) provide a waiver of any rights of subrogation against Buyers, their Affiliates and other Associated Parties; and (c) indicate that the commercial general liability and umbrella liability policies have been extended as described above. All policies shall be written with insurers with A.M. Best Company ratings of at least A-. All policies shall be written on an occurrence basis, except as provided in Section 11.04. The commercial general liability and umbrella liability policies shall: (i) provide that Seller's policy shall be primary in all instances regardless of like coverages, if any, carried by Buyers and (ii) provide for claims by one insured against another such that, except for the limits of insurance, the insurance shall apply separately to each insured against whom a claim is made or suit is brought.

11.03 Modification of Insurance. If any insurance required to be maintained by Seller hereunder ceases to be available on commercially reasonable terms in the commercial insurance market, Seller shall provide written notice to Buyers' Agent, accompanied by a certificate from an independent insurance advisor of recognized national standing, certifying that such insurance is not available on commercially reasonable terms in the commercial insurance market for electric generating plants of similar type, geographic location and design. Upon delivery of such notice, Seller shall be relieved of the affected obligation, and Seller shall use commercially reasonable efforts to obtain other insurance that would provide comparable protection against the risk to be insured.

11.04 Term Insurance. All insurance required under this Agreement shall cover occurrences during the Contract Term. In the event that any insurance as required herein is commercially available only on a "claims-made" basis, such insurance shall provide for a retroactive date not later than the Effective Date and such insurance shall be maintained by Seller, with a retroactive date not later than the retroactive date required above, for a minimum of three (3) years after the Contract Term.

ARTICLE XII.
MISCELLANEOUS

12.01 Applicable Law. This Agreement is executed in accordance with and is intended to be construed under the internal Laws of the State of New York, excluding any Law related to conflict or choice of Law which would result in the application of any Law to this Agreement other than the internal Laws of the State of New York.

12.02 Notice and Service. Any notice, demand, request, consent, approval, confirmation, communication, or statement which is required or permitted under this Agreement (other than scheduling requests, real-time or routine communications concerning Facility operations), shall be in writing, except as otherwise provided, and may be delivered by hand delivery, overnight U.S. mail or courier service or facsimile, addressed to the Party to be notified at the address set forth below. Notice by facsimile or hand delivery shall be effective at the close of business on the Day actually received, if received during business hours on a Business Day, and otherwise shall be effective at the close of business on the next Business Day. Notice by overnight U.S. mail or courier shall be effective on the next Business Day after it was sent.

If to Louisville Gas and Electric Company:

Louisville Gas and Electric Company
220 West Main Street, 7th Floor
Louisville, KY 40202

Attn: Contract Administration
Phone: (502) 627-4197 or 4253
Facsimile: (502) 627-4222

With additional notices of an Event of Default or Potential Event of Default to:

Attn: Credit Manager
Attn: General Counsel
Phone: (502) 627-3665
Facsimile: (502) 627-3950

If to Kentucky Utilities Company:

Kentucky Utilities Company
220 West Main Street, 7th Floor
Louisville, KY 40202

Attn: Contract Administration
Phone: (502) 627-4197 or 4253
Facsimile: (502) 627-4222

With additional notices of an Event of Default or Potential Event of Default to:

Attn: Credit Manager
Attn: General Counsel
Phone: (502) 627-3665
Facsimile: (502) 627-3950

If to Seller:

Grand Ridge Energy LLC
c/o Invenergy Wind LLC
One South Wacker Drive
Suite 2020
Chicago, IL 60606
Attn: Grand Ridge Facility Manager
Facsimile Number: 312-707-9045

Notices of changes of address by either Party shall be made in writing no later than ten (10) Days prior to the effective date of such change.

12.03 Amendment. No amendment or modification of the terms of this Agreement shall be binding on either Buyers or Seller unless such amendment is reduced to writing and signed by Seller and Each Buyer.

12.04 Expenses. Except as specifically set forth in this Agreement, each Party shall be responsible for such Party's expenses incurred in connection with this Agreement.

12.05 Taxes and Other Charges.

(a) Seller's Taxes. Seller shall be solely responsible for any and all present or future Taxes relating to the construction, equipment procurement, ownership or leasing, operation or maintenance of the Facility or its components or appurtenances and all real estate, personal property, ad valorem and other Taxes attributable to the Facility, land, land rights or interests in land for the Facility (including Taxes on Seller's net income).

(b) Buyers' Taxes. Buyers shall be solely responsible for any transfer, sales, use or other Taxes (other than Taxes on Seller's net income) incurred by reason of the sale and delivery of Electric Products to Buyers and incurred at and after the Delivery Point.

(c) Cooperation. The Parties shall cooperate to minimize tax exposure; however, neither Party shall be obligated to incur any financial burden to reduce taxes for which the other Party is responsible hereunder. All Electric Products delivered by Seller to Buyers hereunder shall be sales for resale, with Buyers reselling such Electric Products. Buyers shall obtain and provide Seller with any certificates required by Governmental Authority, or otherwise reasonably requested by Seller to evidence that the deliveries of Electric Products hereunder are sales for resale.

12.06 Maintenance of Records. Seller and Buyers shall keep a record of all invoices, receipts, charts, computer printouts, punchcards or magnetic tapes related to the volume or price of sales of Electric Products made under this Agreement. Such records shall be made available for inspection by either Party from time to time upon reasonable notice at the principal place of business of the non-requesting Party during regular business hours. All such materials shall be deemed to be Proprietary Information, and shall be kept on record for a minimum of five (5) years from the date of their preparation.

12.07 Confidentiality.

(a) Any Proprietary Information of a Party (the "Transferor") which is disclosed to or otherwise received or obtained by the other Party (the "Transferee") incident to this Agreement is disclosed, and shall be held, in confidence, and the Transferee shall not (subject to Paragraphs (b) and (c)) publish or otherwise disclose any Proprietary Information of the Transferor to any Person for any reason or purpose whatsoever, or use any Proprietary Information for any purpose other than performance under this Agreement, without the prior written approval of the Transferor, which approval may be granted or withheld by the Transferor in its sole discretion. Without limiting the generality of the foregoing, each Party shall observe at a minimum the same safeguards and precautions with regard to the other Party's Proprietary Information which such Party observes with respect to its own information of the same or similar kind.

(b) Each Party agrees that it will make available Proprietary Information received from the other Party to its own Associated Parties only on a need-to-know basis, and that all Persons to whom such Proprietary Information is made available will be made aware of the confidential nature of such Proprietary Information, and will be required to agree to hold such Proprietary Information in confidence under terms substantially identical to the terms hereof.

(c) Notwithstanding the foregoing:

(i) A Transferee may provide any Proprietary Information to any Governmental Authority having jurisdiction over or asserting a right to obtain such information, or to Transmission Provider, provided that (i) such Governmental Authority or Transmission Provider orders that such Proprietary Information be provided, and (ii) unless prohibited from so doing by applicable Law, the Transferee promptly advises the Transferor of any request for such information by such Governmental Authority or Transmission Provider and cooperates in giving the Transferor an opportunity to present objections, requests for limitation, and/or requests for confidentiality or other restrictions on disclosure or access, to such Governmental Authority or Transmission Provider.

(ii) Each Party may, to the extent required, disclose Proprietary Information to any Governmental Authority in connection with the application for any required Authorization, provided that, unless prohibited from so doing by applicable Law, the Transferee shall advise the Transferor of any Proprietary Information that Transferee will disclose to the Governmental Authority prior thereto and shall cooperate in giving the Transferor an opportunity

to present objections, requests for limitation, and/or requests for confidentiality or other restrictions on disclosure or access, to such Governmental Authority.

(iii) Seller may disclose Proprietary Information to any Financing Party or prospective Financing Party for purposes of such Financing Party or prospective Financing Party's evaluation in connection with the provision of debt or equity financing (including equity contributions or commitments), refinancing of any such financing, or any guarantee, insurance or credit support for or in connection with such financing or refinancing, in connection with the ownership or leasing, operation or maintenance of the Facility, or any part thereof; provided that the recipient of any such Proprietary Information agrees to maintain such information in confidence under terms similar to those contained in this Agreement. Following a Partial Termination, Seller may, subject to the remaining Buyer's consent, such consent not to be unreasonably withheld, disclose Proprietary Information described in Paragraph (f)(i)(B) that relates to the terms of this Agreement, other than the price for Electric Products, to the extent necessary to sell the Electric Products not being purchased by the remaining Buyer to any prospective purchaser of Electric Products from the Facility in accordance with Section 10.03(a)(iii).

(iv) Either Party may disclose such Proprietary Information regarding the terms of this Agreement as such Party deems necessary to enable it to comply with the Securities Exchange Act of 1934, or the rules, regulations and forms of the Securities and Exchange Commission, issued thereunder or the applicable rules of any stock exchange.

(d) In the event of a breach or threatened breach of the provisions of Paragraph (a) by any Transferee, the Transferor shall be entitled to an injunction restraining such Party from such breach. Nothing contained herein shall be construed as prohibiting the Transferor from pursuing any other remedies available at Law or equity for such breach or threatened breach of this Agreement.

(e) The obligation to retain information in confidence shall continue in full force and effect during the Contract Term and for a period of two (2) years thereafter, notwithstanding the expiration or termination of this Agreement, with respect to any information obtained by any Party prior to such expiration or termination.

(f) Definition of Proprietary Information:

(i) The term "Proprietary Information" means all information, written or oral, which has been or is disclosed by the Transferor, or by any Associated Party of the Transferor, or which otherwise becomes known to the Transferee, or to any Associated Party of such Transferee, or any other party in a confidential relationship with, the Transferee, and which (A) relates to matters such as patents, trade secrets, research and development activities, draft or final contracts or other business arrangements, books and records, wind data and analysis, generation data and analysis, budgets, cost estimates, pro forma calculations, engineering work product, environmental compliance, vendor lists, suppliers, manufacturing processes, energy consumption, pricing information, private processes, and other similar information, as they may exist from time to time, (B) relates to the existence or the terms, including pricing, of this Agreement, or (C) the Transferor expressly designates in writing to be confidential. Proprietary

Information shall also include information regarding the terms of this Agreement, including the pricing and other commercial terms hereof.

(ii) Notwithstanding anything to the contrary in Clause (i), Proprietary Information shall exclude information falling into any of the following categories:

a) Information that, at the time of disclosure hereunder, is in the public domain, other than information that entered the public domain by breach of this Agreement by Transferee;

b) Information that, after disclosure hereunder, enters the public domain, other than information that enters the public domain by breach of this Agreement by Transferee;

c) Information, other than that obtained from third parties, that prior to disclosure hereunder, was already in Transferee's possession, either without limitation on disclosure to others or subsequently becoming free of such limitation;

d) Information obtained by Transferee from a third party having an independent right to disclose the information; or

e) Information that is available through independent research without use of or access to the Proprietary Information.

12.08 No Partnership. Notwithstanding any provision of this Agreement to the contrary, Seller and Buyers do not intend to create hereby any lease, joint venture, partnership, association taxable as a corporation, or other entity for the conduct of any business for profit. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party. Seller and Buyers agree to take, on a timely basis, all voluntary action as may be necessary to be excluded from treatment as a partnership under the Code, and, if it should appear that one or more changes to this Agreement would be required in order to prevent the creation of such a business entity, Seller and Buyers agree to negotiate promptly in good faith with respect to such changes.

12.09 No Duty To hird Parties. Except as provided in Articles VII and IX, this Agreement is for the sole benefit of the Parties hereto, and nothing in this Agreement nor any action taken hereunder shall be construed to create any duty, liability or standard of care to any Person not a party to this Agreement. Except as specifically provided herein, no Person shall have any rights or interest, direct or indirect, in this Agreement or the services to be provided hereunder, or both, except Buyers and Seller. Except as provided in Articles VII and IX, the Parties specifically disclaim any intent to create any rights in any Person as a third-party beneficiary to this Agreement or the services to be provided hereunder, or both.

12.10 Dedication. No undertaking by one Party to the other under this Agreement shall constitute the dedication of that Party's system or any portion thereof to

the other Party or to the public or affect the status of Seller as an independent entity and not a public utility or public service company.

12.11 Information. Subject to Section 12.07, each Party shall make available to the other such other information relative to the Facility as may be reasonably required to carry out the terms of this Agreement.

12.12 Counterparts. This Agreement may be executed simultaneously in two (2) or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

12.13 Severability. If any provision of this Agreement shall be determined to be unenforceable, void or otherwise contrary to Law, or in the event that any of the provisions, or portions or applications thereof, of this Agreement are held unenforceable or invalid by any court of competent jurisdiction, such condition shall in no manner operate to render any other provision of this Agreement unenforceable, invalid, void or contrary to Law, and this Agreement shall continue in force in accordance with the remaining terms and provisions hereof; provided, however, that Seller and Buyers' Agent shall negotiate in good faith to attempt to implement an equitable adjustment in the provisions of this Agreement with a view toward effecting the purposes of this Agreement by replacing the provision that is unenforceable, invalid, void, or contrary to Law with a valid provision the economic effect of which comes as close as possible to that of the provision that has been found to be unenforceable, invalid, void, or contrary to Law.

12.14 Audit Rights. Subject to Section 12.07, the Parties shall have the right from time to time throughout the Contract Term, upon reasonable prior notice, to audit the other Party's books and records to the limited extent necessary to verify the basis for any claim by either of the Parties for payments hereunder or to determine the other Party's compliance with the terms of this Agreement. The audited Party shall make such records available at its office during normal business hours and the auditing Party shall reimburse the other Party for reasonable costs incurred by the audited Party by the audit, as supported by appropriate documentation. Any information learned during the course of any such audit shall be deemed to be Proprietary Information.

12.15 Further Assurances.

(a) Buyers acknowledge that the Facility has been financed, and may in the future be refinanced, with funds provided, in whole or in part, by Financing Parties, some or all of which are yet to be identified. As reasonably necessary to accommodate such financing or refinancing, Buyers shall (i) execute, acknowledge and deliver further documents and instruments, (ii) provide additional information, and (iii) agree to modifications of this Agreement, provided however, that Buyers shall not be required to execute, acknowledge or deliver any documents or agree to any modification that materially impairs or diminishes any of their rights under this Agreement, that materially diminishes any of Seller's obligations under this Agreement, or that requires Buyers to incur any expense unless Seller reimburses Buyers for such expense.

(b) Each Buyer shall provide such information and documentation as may be requested by any Financing Party or prospective Financing Party, including (i) financial statements, evidence of corporate existence, and evidence of incumbency of persons executing this Agreement; (ii) an opinion of its counsel confirming the enforceability of this Agreement against such Buyer and the accuracy of the representations set forth in Section 2.01(a), (b) and (c), and addressing such other matters as may be reasonably requested by any such Lender or prospective Lender, (iii) subject to Article VII, a consent to the collateral assignment of this Agreement to any such Lender containing such terms and provisions as may be reasonably requested by such Lender, including a right to cure Seller defaults, and (iv) any other consents, estoppel certificates or other documents reasonably required in connection with the financing of the Facility. Seller shall reimburse Each Buyer for its legal fees resulting from compliance with this Paragraph (b).

12.16 Successors and Assigns. Except to the extent otherwise indicated herein, all the rights, benefits, duties, liabilities and obligations of the Parties hereto shall inure to the benefit of and be binding upon their respective successors and permitted assigns.

12.17 Integration. There are no understandings between the Parties as to the subject matter of this Agreement other than as set forth herein, and this Agreement represents the entire understanding between the Parties in relation to the subject matter hereof. This Agreement supersedes any and all previous agreements, arrangements or discussions between the Parties (whether written or oral) in respect of the subject matter hereof, all of which are hereby abrogated and withdrawn.

12.18 Survival. The applicable provisions of this Agreement shall continue in effect after the expiration of the Contract Term, to the extent necessary to provide for final billing and adjustment, including three years for audit rights under Section 12.14, and to make other appropriate settlements hereunder.

12.19 Forward Contract. The Parties acknowledge and agree that this Agreement constitutes a “forward contract” and that Seller and each Buyer is a Forward contract merchant” within the meaning of the United States Bankruptcy Code.

12.20 Standard of Review. Absent agreement of both Parties to the proposed change, the standard of review for changes to this Agreement proposed by a Party, a non party or the Federal Energy Regulatory Commission acting sua sponte shall be the “public interest” standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956) (aka the “Mobile Sierra doctrine”). This Agreement shall not be subject to change by application of either Party pursuant to §205 or §206 of the Federal Power Act.

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IN WITNESS WHEREOF, the Parties have caused the signatures of their authorized officers and their seals to be affixed as of the Day and year first above written.

LOUISVILLE GAS AND ELECTRIC COMPANY

By: John N. Voyles Jr.
Name: John N. Voyles Jr.
Title: Vice President

KENTUCKY UTILITIES COMPANY

By: John N. Voyles Jr.
Name: John N. Voyles Jr.
Title: Vice President

GRAND RIDGE ENERGY LLC

By: _____
Name:
Title:

IN WITNESS WHEREOF, the Parties have caused the signatures of their authorized officers and their seals to be affixed as of the Day and year first above written.

LOUISVILLE GAS AND ELECTRIC COMPANY

By: _____
Name:
Title:

KENTUCKY UTILITIES COMPANY

By: _____
Name:
Title:

GRAND RIDGE ENERGY LLC

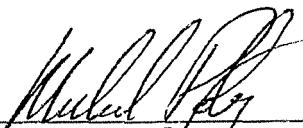
By:  _____
Name: Michael Polshy
Title: President

EXHIBIT 1.01A

DESCRIPTION OF THE FACILITY

- Location:** The Facility is located in LaSalle County, Illinois.
- Scope:** The Facility consists of Wind Turbines, access roads, electrical collection system, control/maintenance building and electrical substation, including an undivided ownership interest in a 1.6-mile 138 kV transmission line running from the Facility substation to the Commonwealth Edison 138 kV Kickapoo Creek substation in LaSalle County, Illinois, which undivided ownership interest affords the Facility use of transmission capacity on the 138 kV transmission line of no less than the Committed Capacity.
- Generating Equipment:** The 99 MW Facility consists of sixty-six (66) General Electric 1.5 MW Wind Turbines designed to produce electrical power at 60 Hz.
- Electrical System:** The Facility includes an electric transformer with related protection devices for each Wind Turbine to step-up power generated by the Wind Turbine to 34.5 kV. The 34.5 kV collection system feeds power from Wind Turbines to the Facility substation where the power is stepped up to 138 kV and delivered to the PJM Interconnection through a 1.6-mile 138 kV transmission line running from the Facility substation to the Commonwealth Edison 138 kV Kickapoo Creek substation in LaSalle County, Illinois.

EXHIBIT 1.0B

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

EXHIBIT 1.01C

FORM OF LETTER OF CREDIT

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¹ Appearance of this text subject to system entry.

EXHIBIT I

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EXHIBIT 11.01

INSURANCE COVERAGE

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EXECUTION COPY

POWER PURCHASE AGREEMENT

BETWEEN

**LOUISVILLE GAS AND ELECTRIC COMPANY
AND
KENTUCKY UTILITIES COMPANY**

AND

GRAND RIDGE ENERGY IV LLC

DATED AS OF AUGUST 25, 2009

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- Exhibit 1.01A: Description of the Facility
- Exhibit 1.01B: Calculation of Maximum Facility Output
- Exhibit 1.01C: Form of Letter of Credit
- Exhibit 11.01: Insurance Coverage

POWER PURCHASE AGREEMENT

THIS POWER PURCHASE AGREEMENT is made and entered into as of this _____ Day of August, 2009 (“Effective Date”), between Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities Company (“KU”) (individually a “Buyer” and together the “Buyers”), each a corporation organized and existing under the Laws of the Commonwealth of Kentucky; and Grand Ridge Energy IV LLC (“Seller”), a limited liability company organized and existing under the Laws of the State of Delaware.

WITNESSETH

WHEREAS, Seller owns and/or leases a 10.5 MW wind electric generating facility under construction in LaSalle County, Illinois; and

WHEREAS, Buyers desire to purchase electric energy produced by the Facility from Seller, and Seller desires to sell such electric energy to Buyers; and

WHEREAS, the Parties desire to set forth in writing their respective rights and obligations with respect to the purchase and sale of such electric energy;

NOW, THEREFORE, in consideration of the mutual obligations and undertakings herein contained, and intending to be legally bound hereby, the Parties hereto agree as follows:

ARTICLE I
DEFINITIONS

1.01 Defined Terms.

“AAA” shall have the meaning given in Section 10.06(c).

“Acceptable Transmission Arrangements” shall mean firm transmission arrangements acceptable to Buyer, in its sole discretion, for the transmission of Electric Products at and from the Delivery Point to Buyers’ Balancing Area.

“Affiliate” shall mean, as to any Party, any Person (other than a natural person) that directly, or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with such Party, or (ii) is the beneficial owner of ten percent (10%) or more of any class of equity securities of, or other ownership interests in, such Party or of which such Party is directly or indirectly the owner of ten percent (10%) or more of any class of equity securities or other ownership interests.

“Agreement” shall mean this Power Purchase Agreement, including all exhibits hereto, and any written amendments hereto that may be made from time to time in accordance herewith.

“Associated Party” shall mean, with respect to any Party, any Affiliate of such Party and any officer, director, trustee, fiduciary, employee, agent, representative, contractor or subcontractor of such Party. With respect to Article IX, (i) any Person that visits the Facility Site

pursuant to Section 6.01 (e) or (f) shall be considered a Buyers' Associated Party, and (ii) a Buyer's Associated Parties shall not include the other Buyer.

"Authorization" shall mean any license, permit, approval, filing, waiver, exemption, variance, clearance, entitlement, allowance, franchise, or other authorization from or by a Governmental Authority.

"Bankruptcy Law" shall mean any Law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts.

"Buyer" and "Buyers" shall have the meaning given in the Preamble.

"Buyers' Agent" shall have the meaning given in Section 6.02(b).

"Buyers' Balancing Area" shall mean the system of electrical generation, distribution and transmission facilities owned by or on behalf of Buyers within which generation is regulated in order to maintain interchange schedules with other such systems.

"Capacity" shall mean, with respect to the Committed Capacity, all capacity credit or other similar right or benefit allocated by Transmission Provider or other Governmental Authority with respect to such Committed Capacity.

"Cash Collateral" shall have the meaning given in Section 10.08(d).

"Claim" shall have the meaning given in Section 9.02(a).

"Code" shall mean the United States Internal Revenue Code of 1986, as amended from time to time, and any successor statute.

"Collateral Assignee" shall have the meaning given in Section 7.02.

"Commercial Operation" shall mean that the following conditions have been satisfied:

(i) the Wind Turbines comprising the Facility with an aggregate nameplate capacity equal to or greater than 10.5 MW shall have been installed on the Facility Site and been commissioned in accordance with Good Utility Practice, any Lender financing documents, the Facility's Authorizations, the Interconnection Agreement and manufacturers' warranties for the commencement of commercial operations of the Facility;

(ii) the Facility systems (other than the Wind Turbines) shall have been completed in all material respects and be capable of delivering to the Delivery Point the Electric Products that are expected to be produced by the Wind Turbines comprising the Facility;

(iii) the Facility has achieved initial synchronization with the Transmission System;

(iv) Seller has provided to Buyers' Agent credit support in accordance with Section 10.08;

(v) Seller is in compliance with the Interconnection Agreement, and the interconnection of the Facility to the Transmission System has been completed in accordance with the Interconnection Agreement; and

(vi) Seller has delivered to Buyers' Agent a certificate of an officer of Seller stating that all Authorizations required to be obtained by Seller from any Governmental Authority to construct and/or commence operation of the Facility in compliance with applicable Law and this Agreement have been obtained and are in full force and effect, and that Seller is in compliance with the terms and conditions of this Agreement in all material respects.

"Committed Capacity" shall mean 10.5 MW.

"Condition Precedent Date" shall mean the date two hundred and ten (210) Days after the Effective Date.

"Condition Precedent Notice" shall have the meaning given in Section 3.02(a).

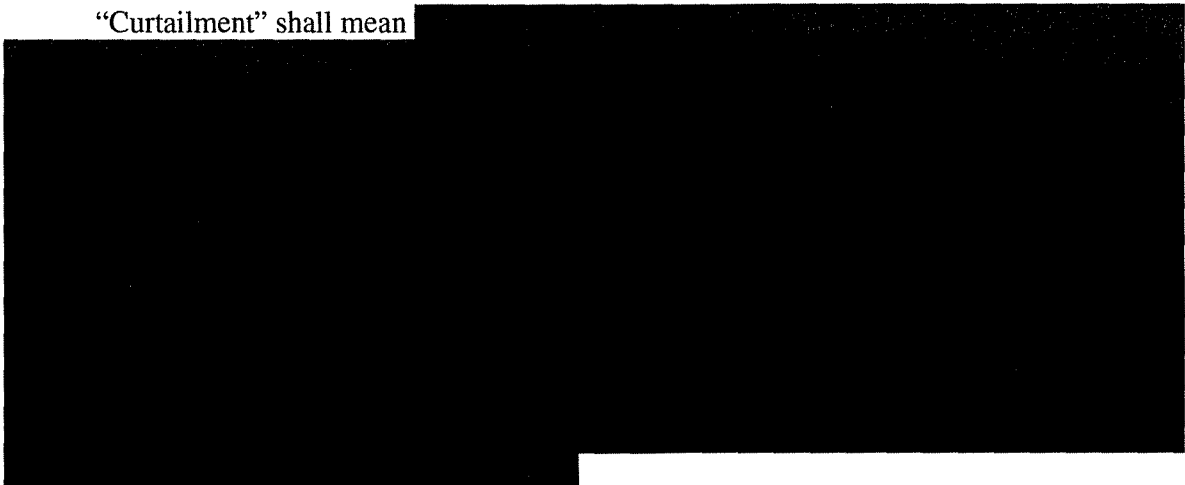
"Contract Term" shall have the meaning given in Section 3.01(a).

"Contract Year" shall mean a 365 or 366 Day period of time commencing on the Initial Delivery Date or any anniversary thereof and ending on the Day immediately prior to the first anniversary of the Initial Delivery Date or any anniversary thereof. The first Contract Year shall be designated Contract Year 1 and each Contract Year thereafter shall be designated accordingly.

"Coordinating Committee" shall have the meaning given in Section 5.10(a).

"Costs" shall mean, with respect to the Non-Defaulting Party, brokerage fees, commissions and other similar third party transaction costs and expenses reasonably incurred by such Party in entering into a new arrangement or arrangements which replace this Agreement; and all reasonable attorneys' fees and expenses incurred by the Non-Defaulting Party in connection with the termination of this Agreement.

"Curtailement" shall mean



"Delivery Meter" shall have the meaning given in Section 5.03(a).

“Delivery Point” shall have the meaning given in Section 5.01(b).

“Defaulting Party” shall have the meaning set forth in Section 10.03(a)(i).

“Designated Representatives” shall mean the representatives of Seller and Buyers designated pursuant to Sections 6.01(g) and 6.02(a), respectively.

“Dispute” shall have the meaning given in Section 10.06(a)(i).

“Due Date” shall have the meaning given in Section 4.03(a)(i).

“Early Termination Date” shall have the meaning set forth in Section 10.03(a)(i)(A).

“Effective Date” shall have the meaning set forth in the Preamble.

“Electric Products” shall mean the Energy, Capacity and Environmental Attributes produced by the Facility.

“Energy” shall mean three-phase, 60 hertz, alternating current energy generated at the Facility.

“Energy Price” shall have the meaning given in Section 4.01(c).

“Environmental Attributes” shall mean the aggregate amount of credits, set-offs, payments, rights, attributes, or other benefits of all kinds associated with or arising out of or otherwise corresponding to the Committed Capacity and associated Energy, or otherwise arising due to the production of Energy from any Wind Turbine, and the sale, transmission and distribution of such Energy by Seller, Buyers and others, other than payments under this Agreement, PTCs and other tax deductions, credits and incentives, and grants or other payments in lieu of any of the foregoing. Environmental Attributes shall include (i) environmental air quality credits, off-sets, emission reductions, allowances or other benefits related to the generation of Energy from any Wind Turbine in a manner which reduces, displaces or off-sets emissions resulting from fuel combustion at another location pursuant to any Law, and (ii) credits, including renewable energy credits, off-sets, environmental and other certificates, green pricing programs, renewable energy credit trading programs, or any similar program or benefits derived from the use, purchase or distribution of renewable energy from the generation of Energy from any Wind Turbine pursuant to any Law.

“Event of Default” shall have the meaning given in Sections 10.01 and 10.02.

“Facility” shall mean Seller’s 10.5 MW wind generation facility at the Facility Site, as described in Exhibit 1.01A, including the equipment and facilities used to deliver Electric Products to the Delivery Point; provided, however, that the Facility shall not include any wind turbines installed on the Facility Site in excess of the Committed Capacity, or any ancillary equipment or other facilities that are installed in connection with such additional wind turbines.

“Facility Site” shall mean the real property in LaSalle County, Illinois on which the Facility is located.

“FERC” shall mean the Federal Energy Regulatory Commission or its successor.

“Financing Party” shall mean any Person providing debt or equity financing (including lease financing or equity contributions or commitments), refinancing of any such financing, or any guarantee, insurance, credit enhancement, swap, cap, floor, collar, hedging agreement, working capital financing, or credit support for or in connection with such financing or refinancing, in connection with the ownership or leasing, operation or maintenance of the Facility, or any part thereof, including any trustee or agent acting on any such Person’s behalf.

“Force Majeure” shall have the meaning given in Section 8.01.

“Good Utility Practice” shall mean any of the practices, methods and acts employed by owners and/or lessees, operators or maintainers of wind generating facilities similar in size and operational characteristics to the Facility which, in the exercise of reasonable judgement in the light of the facts known or that reasonably should have been known at the time that a decision was made, could reasonably have been expected to accomplish the desired result at the lowest reasonable cost, consistent with licensing and regulatory considerations, environmental considerations, reliability, safety, protection of lives and property, expedition, the technical specifications and manufacturer’s maintenance requirements for the Facility, and the applicable requirements of any Governmental Authority. Good Utility Practice is not intended to be limited to the optimum practice, method or act, to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts employed by owners and/or lessees, operators and/or maintainers of wind generating facilities similar in size and operational characteristics to the Facility.

“Governmental Authority” shall mean the federal government of the United States, and any state, county or local government, and any regulatory department, body, political subdivision, commission, including FERC, agency, instrumentality, ministry, court, judicial or administrative body, taxing authority, or other authority of any of the foregoing (including any corporation or other entity owned or controlled by any of the foregoing), any regional transmission organization or independent system operator, any national or regional reliability organization or council, including NERC and RFC, or any reliability coordinator, in each case, having jurisdiction or authority over this Agreement, either Party, the Facility, the Facility Site, Transmission Provider’s Interconnection Facilities, or any Transmission Provider and its Transmission System, whether acting under actual or assumed authority.

“Grand Ridge I Agreement” shall mean that certain Power Purchase Agreement dated as of August __, 2009, between Buyers and Grand Ridge Energy LLC for the purchase of energy (and associated capacity and environmental attributes) from Grand Ridge Energy LLC’s 99 MW wind generation facility.

“Grand Ridge I PSC Approval” shall mean one or more orders from the Kentucky Public Service Commission acceptable to the Buyers, in their sole discretion, with respect to the Grand Ridge I Agreement and the treatment of the Grand Ridge I Agreement for ratemaking purposes and which do not require material modifications or conditions to the Grand Ridge I Agreement, excepting such modifications or conditions as may be satisfactory to the Buyers and Grand Ridge Energy LLC.

“Imputed Energy” shall mean, for any hour, the amount by which the Maximum Facility Output is reduced due to Curtailment, a Force Majeure affecting either Buyer or Transmission Provider (provided that, in the case of a Force Majeure affecting Transmission Provider, such reduction is due to a Force Majeure affecting the Transmission Provider from and after the Delivery Point and not before the Delivery Point), or a breach of the Agreement by either Buyer (including Seller’s exercise of any remedies for such breach, but subject to Seller’s obligations pursuant to Section 10.05(c)).

“Indemnifiable Cost” shall mean any cost, expense, damage, fine, penalty, liability or other loss, including reasonable legal, accounting, consulting, engineering, investigatory, expert witness and other fees and expenses.

“Indemnified Party” shall have the meaning given in Section 9.02(e)(i).

“Indemnifying Party” shall have the meaning given in Section 9.02(e)(i).

“Independent Party” shall have the meaning given in Section 5.03(c).

“Initial Delivery Date” shall mean the date designated by Seller and occurring at any time during the ninety (90) Days immediately following Seller’s receipt of the Condition Precedent Notice; provided, however, that in no event shall the Initial Delivery Date occur before (i) Buyers’ conditions precedent are satisfied or waived in accordance with Section 3.02, and (ii) Seller’s conditions precedent are satisfied or waived in accordance with Section 3.03.

“Interconnection Agreement” shall mean an agreement entered into between Seller and Transmission Provider providing for the interconnection of the Facility to Transmission Provider’s Transmission System.

“KU” shall mean Kentucky Utilities Company.

“Late Payment Rate” shall mean, for any period, the lesser of (i) the Prime Rate plus two percent (2%), or (ii) the maximum rate permitted by applicable Law.

“Law” shall mean (i) any law, legislation, statute, act, rule, ordinance, decree, treaty, regulation, order, judgement, or other similar legal requirement, or (ii) any legally binding announcement, directive or published practice or interpretation thereof, enacted, issued or promulgated by any Governmental Authority.

“Lender” shall mean any Financing Party providing debt financing, refinancing of any such financing, or any guarantee, insurance, credit enhancement, swap, cap, floor, collar, hedging agreement, working capital financing, or credit support for or in connection with such financing or refinancing of any such financing, in connection with the Facility.

“Letter of Credit” shall mean an irrevocable, transferable standby letter of credit issued by a major U.S. commercial bank or a foreign bank with a U.S. branch office with a rating assigned to such bank’s unsecured, senior long-term debt obligations (not supported by third party credit enhancements) of at least A- from Standard & Poor’s or A3 from Moody’s, (i) in the form attached hereto as Exhibit 1.01C or (ii) in the form the issuing bank may require, provided,

however, that such form is reasonably acceptable to Buyers' Agent; and provided, further, that the form of Letter of Credit must meet Buyers' Agent's reasonable requirements to ensure that claims or draw-downs can be made unilaterally by Buyers' Agent in accordance with the terms of this Agreement. Costs of a Letter of Credit shall be borne by the applicant for such Letter of Credit.

"Letter of Credit Default" shall mean with respect to a Letter of Credit, the occurrence of any of the following events: (i) [REDACTED]

[REDACTED] (ii) the issuer of the Letter of Credit shall fail to comply with or perform its obligations under such Letter of Credit; (iii) the issuer of such Letter of Credit shall disaffirm, disclaim, repudiate or reject, in whole or in part, or challenge the validity of, such Letter of Credit; (iv) the filing of a case in bankruptcy or any proceeding under any other Bankruptcy Law against the issuer of a Letter of Credit as debtor; or (v) such Letter of Credit shall expire or terminate, or shall fail or cease to be in full force and effect at any time during the Contract Term, in any such case without replacement in accordance with the terms of this Agreement; provided, however, that no Letter of Credit Default shall occur or be continuing in any event with respect to a Letter of Credit after the time such Letter of Credit is required to be canceled or returned to a Party in accordance with the terms of this Agreement.

"LG&E" shall mean Louisville Gas and Electric Company.

"Maximum Facility Output" shall mean, with respect to any period during which one or more Wind Turbines is available and capable of producing and delivering Energy to the Delivery Point, which Energy would have been produced and delivered but for Curtailment, a Force Majeure affecting either Buyer or Transmission Provider (provided that, in the case of a Force Majeure affecting Transmission Provider, such reduction is due to a Force Majeure affecting the Transmission Provider from and after the Delivery Point and not before the Delivery Point), or a breach of the Agreement by either Buyer (including Seller's exercise of any remedies for such breach, but subject to Seller's obligations pursuant to Section 10.05(c)), the sum of the amount for each hour during the period that such Wind Turbine(s) should have been able to produce, based on the average wind speed and direction for such hour, and the number of Wind Turbines that are so available, determined in accordance with methodology set forth in Exhibit 1.01B.

"MW" shall mean one megawatt of electric capacity.

"MWh" shall mean one megawatt-hour of energy.

"Moody's" shall mean Moody's Investors Service or its successor.

"NERC" shall mean the North American Electric Reliability Council, or any successor thereto.

"Non-Defaulting Party" shall mean: (i) both Buyers, in the case where Seller is the Defaulting Party; and (ii) Seller, in the case where one or both of the Buyers is the Defaulting Party.

“Other Buyer” means any Person (other than Buyers) purchasing some of the total output of any wind turbines (other than the Wind Turbines) whose output is delivered through the Delivery Point.

“Partial Termination” shall mean the termination of this Agreement with respect to one Buyer, but not both Buyers, pursuant to Section 10.03(a)(i) or (ii).

“Parties” shall mean Buyers and Seller.

“Party” shall mean a Buyer or Seller, as applicable.

“Person” shall mean any legal or natural person, including any individual, corporation, partnership, limited liability company, joint stock company, association, joint venture, trust, governmental or international body or agency, or other entity.

“Potential Event of Default” shall mean an event or circumstance with respect to which a notice has been delivered pursuant to Section 10.01 and for which a cure period is provided, but for which the cure period has not yet expired.

“Prime Rate” shall mean, for any period, the “Prime Rate” per annum, determined as of the date the obligation to pay interest arises, and adjusted from time to time thereafter, as reported by the Wall Street Journal as the base rate on corporate loans posted by at least seventy-five percent (75%) of the nation’s thirty (30) largest banks for such Day, as such “Prime Rate” may change from time to time. In the event that the Wall Street Journal ceases to publish the “Prime Rate,” then Buyers’ Agent and Seller shall agree as to a substitute reference that represents the base rate on corporate loans posted by major banks having one or more lending offices in New York, New York.

“Proprietary Information” shall have the meaning given in Section 12.07(f)(i).

“PSC Approval” shall mean one or more orders from the Kentucky Public Service Commission acceptable to the Buyers, in their sole discretion, with respect to this Agreement and the treatment of this Agreement for ratemaking purposes and which do not require material modifications or conditions to this Agreement, excepting such modifications or conditions as may be satisfactory to the Buyers and Seller.

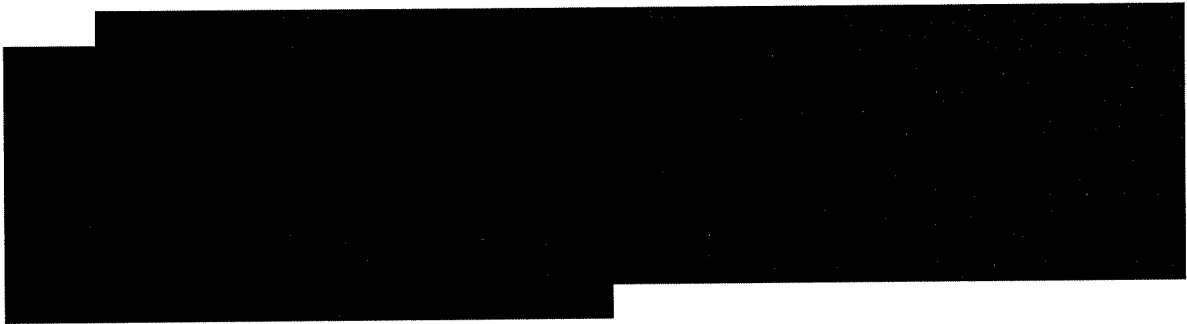
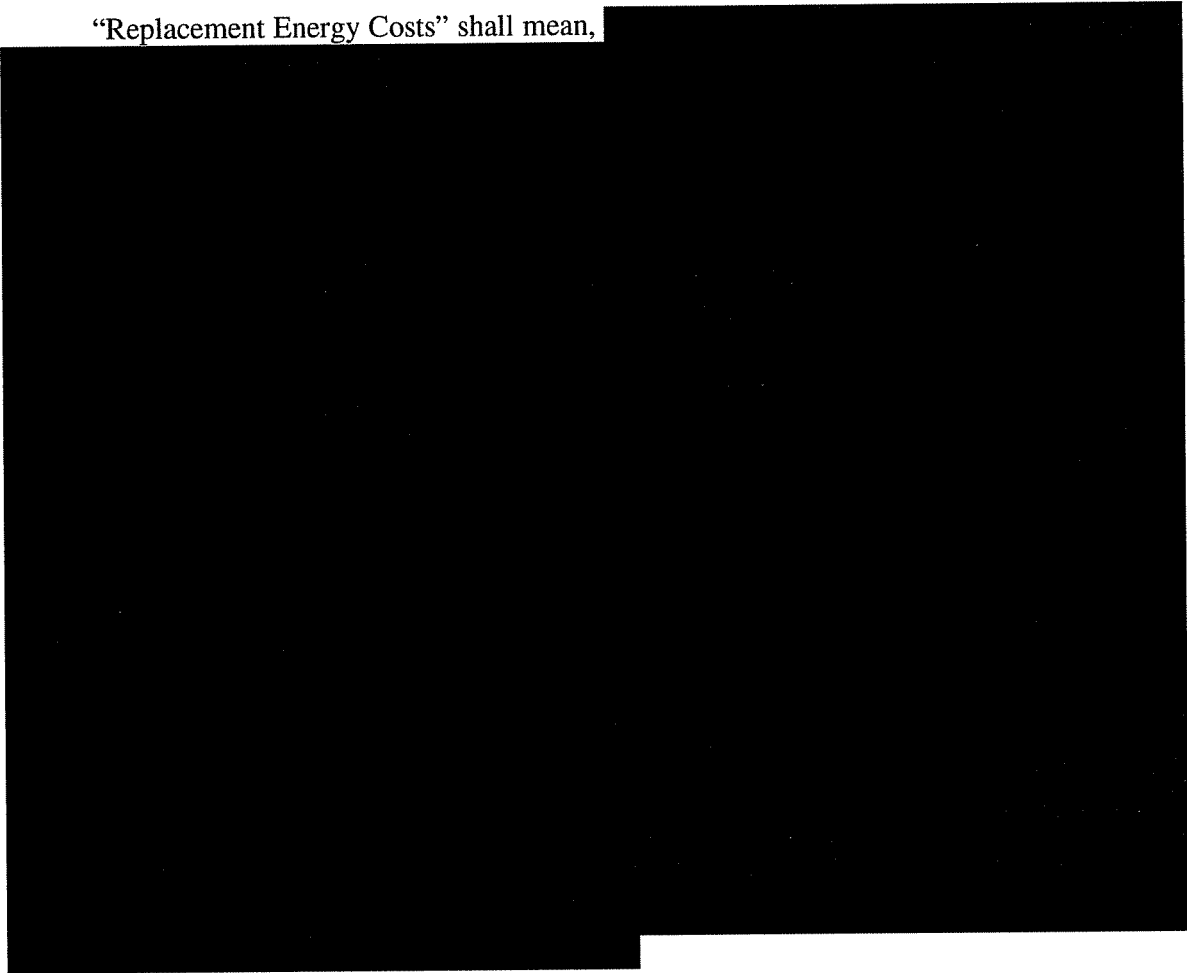
“PTCs” shall mean production tax credits applicable to electricity produced from certain renewable resources pursuant to 26 U.S.C. §45, or any successor thereto or equivalent thereof but excluding any amount claimed or to be claimed in lieu of such PTC as an investment tax credit pursuant to 26 U.S.C. §48(a)(5) or as payment or entitlement to payment from the U.S. Department of the Treasury pursuant to Section 1603 of the American Recovery and Reinvestment Tax Act of 2009 and guidance issued by the U.S. Department of the Treasury pursuant thereto.

“Qualified Institution” shall mean a commercial bank or trust company organized under the laws of the United States or a political subdivision thereof, (i) with a credit rating then assigned to such entity’s unsecured, senior long-term debt obligations (not supported by third party credit enhancements) of at least (a) “A-” by Standard & Poor’s and “A3” by Moody’s, if

such entity is rated by both Standard & Poor's and Moody's or (b) "A-" by Standard & Poor's or "A3" by Moody's, if such entity is rated by either Standard & Poor's or Moody's but not both, and (ii) having a capital surplus of at least \$1,000,000,000.

"RFC" shall mean the Reliability First Corporation, one of the eight regional reliability councils approved by NERC, or its successor.

"Replacement Energy Costs" shall mean,



“Replacement Power Purchase Agreement” shall mean

of
AAA and Bond or higher from Standard & Poor's and Moody's, respectively, then assigned to
such entity's unsecured, senior long-term debt obligations (not supported by third party credit
enhancements)

“Resale Costs” shall mean,

“Seller” shall have the meaning given in the Preamble.

“Standard & Poor's” shall mean the Standard & Poor's Rating Group (a division of The McGraw-Hill Companies) or its successor.

“Tax” shall mean any tax (including franchise tax), charge, fee, levy or other assessment imposed by any Governmental Authority and based on or measured with respect to net income or profits, including any interest, penalties or additions attributable or imposed with respect thereto, and any tax, charge, levy, fee or other assessment, including any transfer, gross receipts, sales, use, service, occupation, ad valorem, property, payroll, personal property, excise, severance, premium, stamp, documentary, license, registration, social security, employment,

unemployment, disability, environmental (including taxes under Section 59A of the Code), add-on, value-added, withholding (whether payable directly or by withholding and whether or not requiring the filing of a tax return therefor), commercial rent and occupancy tax, and any estimated tax, deficiency assessment, interest, penalties and additions to tax or additional amounts in connection therewith, imposed by any Governmental Authority.

“Termination Payment” shall have the meaning set forth in Section 10.03(b).

“Transferee” shall have the meaning given in Section 12.07(a).

“Transferor” shall have the meaning given in Section 12.07(a).

“Transmission Provider” shall mean PJM Interconnection, LLC, or any successor thereto, and any Person that owns or controls all or any portion of the Transmission System.

“Transmission Provider’s Interconnection Facilities” shall mean all equipment and facilities on Transmission Provider’s side of the Delivery Point for the purpose of interconnecting the Facility to Transmission Provider’s Transmission System.

“Transmission System” shall mean the transmission system used to deliver Electric Products at and from the Delivery Point to Buyers’ Balancing Area.

“Wind Turbine” shall mean any wind turbine generator included in the Facility.

1.02 Rules of Interpretation.

(a) Unless otherwise required by the context in which any term appears:

(i) Capitalized terms used in this Agreement shall have the meanings given in this Agreement.

(ii) The singular shall include the plural and the masculine shall include the feminine and neuter.

(iii) References to “Articles,” “Sections,” or “Exhibits” shall be to articles, sections, or exhibits of this Agreement, and references to “Paragraphs” or “Clauses” shall be to separate paragraphs or clauses of the section or subsection in which the reference occurs.

(iv) The words “herein,” “hereof” and “hereunder” shall refer to this Agreement as a whole and not to any particular section or subsection of this Agreement unless the context indicates otherwise; the words “include,” “includes” or “including” shall mean “including, but not limited to”.

(v) The term “Day” shall mean calendar day, and the term “Business Day” shall mean any day except a Saturday, Sunday, Federal Reserve Bank holiday, or NERC holidays. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time for the relevant Party’s principal place of business. The relevant Party, in each instance unless

otherwise specified, shall be the Party from whom the notice, payment or delivery is being sent and by whom the notice or payment or delivery is to be received. The term “week” shall mean a calendar week, and the term “month” shall mean a calendar month; provided that when a period measured in months commences on a date other than the first Day of a month, the period shall run from the date on which it starts to the corresponding date in the next month and, as appropriate, to succeeding months thereafter. The term “quarter” shall mean a calendar quarter, and the term “year” shall mean a calendar year. Whenever an event is to be performed, a period commences or ends, or a payment is to be made on or by a particular date and the date in question falls on a Day which is not a Business Day, the event shall be performed, or the payment shall be made, on the next succeeding Business Day, provided, however, that all calculations shall be made regardless of whether any given Day is a Business Day and whether or not any given period ends on a Business Day.

(vi) The term “negligence” shall mean negligence of a Person, including negligence arising from or as a result of the negligence of an officer, director, manager, foreman, or other employee or agent of the Person, in each case acting within the scope of their authority in the course of their employment; and the term “willful misconduct” shall mean action taken or not taken by a Person, including action taken or not taken by an officer, director, manager, foreman, or other employee of the Person, in each case acting in the course of their employment, which action is knowingly or intentionally taken or not taken: (A) with intent that injury or damage would result therefrom; (B) with conscious indifference to the consequences thereof; or (C) in knowing violation of any Law or the terms of this Agreement. Without limiting the foregoing definition in any way, willful misconduct does not include any act or failure to act which is involuntary, accidental, unintentional, or negligent, based on any theory of negligence.

(vii) All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles in the United States of America, as sanctioned by the Financial Accounting Standards Board, consistently applied.

(viii) All references to a particular entity shall include such entity’s successors and permitted assigns.

(ix) All references herein to any Law or to any contract or other agreement shall be to such Law, contract or other agreement as amended and supplemented or modified from time-to-time.

(x) Reference to Force Majeure as an excuse of non-performance in any provision shall not be interpreted to mean that Force Majeure is not an excuse with respect to other provisions where it is not specifically mentioned.

(b) The titles of the articles and sections herein have been inserted as a matter of convenience of reference only, and shall not control or affect the meaning or construction of any of the terms or provisions hereof.

(c) This Agreement was negotiated and prepared by both Parties with advice of counsel to the extent deemed necessary by each Party; the Parties have agreed to the wording

of this Agreement; and none of the provisions hereof shall be construed against one Party on the ground that such Party is the author of this Agreement or any part thereof.

(d) The exhibits, schedule and annexes hereto are incorporated in and are intended to be a part of this Agreement; provided, however, that in the event of a conflict between the terms of any exhibit, schedule or annex and the terms of this Agreement, the terms of this Agreement shall take precedence.

(e) The Parties shall act reasonably and in accordance with the principles of good faith and fair dealing in the performance of this Agreement. Unless expressly provided otherwise in this Agreement, (i) where this Agreement requires the consent, approval, or similar action by a Party, such consent, approval or similar action shall not be unreasonably withheld, conditioned or delayed, and (ii) wherever this Agreement gives a Party a right to determine, require, specify or take similar action with respect to a matter, such determination, requirement, specification or similar action shall be reasonable.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

2.01 Representations and Warranties of Buyers. Each Buyer makes the following representations and warranties to Seller, each of which is true and correct on the Effective Date:

(a) Such Buyer is a corporation duly organized and in good standing under the Laws of the Commonwealth of Kentucky, and is duly qualified to conduct business in any jurisdiction in which it is required to be so qualified.

(b) Such Buyer possesses all requisite legal power and authority to enter into and perform its obligations under this Agreement and to carry out the transactions contemplated herein. Such Buyer has all legal power and authority to transact the business in which it engages or proposes to engage, and holds or expects to obtain all Authorizations necessary and required therefor.

(c) Such Buyer's execution, delivery and performance of this Agreement have been duly authorized by, and are in accordance with, its articles of incorporation or other organization documents; this Agreement has been duly executed and delivered for it by the signatories so authorized; and this Agreement constitutes its legal, valid, and binding obligation, enforceable against it in accordance with the terms hereof, except as such enforceability may be limited by applicable Bankruptcy Laws, or by general principles of equity (regardless of whether such enforcement is considered in equity or at law).

(d) Such Buyer's execution and delivery of this Agreement (i) will not result in a material breach or violation of, or constitute a material default under, any applicable Law or Authorization, or any contract, lease or other agreement or instrument to which it is a party, or by which it or its properties may be bound or affected; and (ii) does not require any Authorization, or the consent, authorization or notification of any other Person, or any other action by or with respect to any other Person (except for PSC Approval, and except for Authorizations and consents or other authorizations of other Persons already obtained, notifications already determined or other actions already taken).

(e) Such Buyer's performance of this Agreement (i) will not result in a material breach or violation of, or constitute a material default under, any applicable Law or Authorization, or any contract, lease or other agreement or instrument to which it is a party, or by which it or its properties may be bound or affected; and (ii) does not require any Authorization, or the consent, authorization or notification of any other Person, or any other action by or with respect to any other Person, other than (A) PSC Approval, (B) such Authorizations, consents, authorizations, notifications, and other actions as have already been obtained, made, or taken, as applicable, and (C) such Authorizations, consents, authorizations, notifications, or other actions which are not required to have been obtained, made, or taken, as applicable, prior to the date on which this representation and warranty is made, and which are reasonably expected to be obtained, made, or taken on a timely basis and in due course.

(f) No suit, action or arbitration, or legal, administrative or other proceeding is pending or, to such Buyer's knowledge, has been threatened against such Buyer that would affect the validity or enforceability of this Agreement or the ability of such Buyer to perform its obligations hereunder in any material respect, or that would, if adversely determined, have a material adverse effect on the business or financial condition of such Buyer. There are no bankruptcy, insolvency, reorganization, receivership or other arrangement proceedings pending against or being contemplated by such Buyer, or, to such Buyer's knowledge, threatened against it.

(g) Such Buyer is not in breach of, in default under, or in violation of, any applicable Law, or the provisions of any Authorization, or in breach of, in default under, or in violation of, any provision of any promissory note, indenture or any evidence of indebtedness or security therefor, lease, contract, or other agreement by which it is bound, except for any such breaches, defaults or violations which, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the business or financial condition of such Buyer or its ability to perform its obligations hereunder.

2.02 Representations and Warranties of Seller. Seller makes the following representations and warranties to Buyers, each of which is true and correct on the Effective Date:

(a) Seller is a limited liability company duly organized and in good standing under the Laws of the State of Delaware, and is duly qualified to conduct business in Illinois and in any other jurisdiction in which it is required to be so qualified.

(b) Seller possesses all requisite legal power and authority to enter into and perform its obligations under this Agreement and to carry out the transactions contemplated herein. Seller has all legal power and authority to own and/or lease and use its properties and to transact the business in which it engages or proposes to engage, and holds or expects to obtain all Authorizations necessary and required therefor.

(c) Seller's execution, delivery and performance of this Agreement have been duly authorized by, and are in accordance with, its certificate of formation and its limited liability company agreement; this Agreement has been duly executed and delivered for it by the signatories so authorized; and this Agreement constitutes its legal, valid, and binding obligation, enforceable against it in accordance with the terms hereof, except as such enforceability may be

limited by applicable Bankruptcy Laws, or by general principles of equity (regardless of whether such enforcement is considered in equity or at law).

(d) Seller's execution and delivery of this Agreement (i) will not result in a material breach or violation of, or constitute a material default under, any applicable Law or Authorization, or any contract, lease or other agreement or instrument to which it is a party, or by which it or its properties may be bound or affected; and (ii) does not require any Authorization, or the consent, authorization or notification of any other Person, or any other action by or with respect to any other Person (except for Authorizations and consents or other authorizations of other Persons already obtained, notifications already determined or other actions already taken).

(e) Seller's performance of this Agreement (i) will not result in a material breach or violation of, or constitute a material default under, any applicable Law or Authorization, or any contract, lease or other agreement or instrument to which it is a party, or by which it or its properties may be bound or affected; and (ii) does not require any Authorization, or the consent, authorization or notification of any other Person, or any other action by or with respect to any other Person, other than (A) such Authorizations, consents, authorizations, notifications, and other actions as have already been obtained, made, or taken, as applicable, and (B) such Authorizations, consents, authorizations, notifications, or other actions which are not required to have been obtained, made, or taken, as applicable, prior to the date on which this representation and warranty is made, and which are reasonably expected to be obtained, made, or taken on a timely basis and in due course.

(f) No suit, action or arbitration, or legal, administrative or other proceeding is pending or, to Seller's knowledge, has been threatened against Seller that would affect the validity or enforceability of this Agreement or the ability of Seller to perform its obligations hereunder in any material respect, or that would, if adversely determined, have a material adverse effect on the business or financial condition of Seller. There are no bankruptcy, insolvency, reorganization, receivership or other arrangement proceedings pending against or being contemplated by Seller, or, to Seller's knowledge, threatened against it.

(g) Seller is not in breach of, in default under, or in violation of, any applicable Law, or the provisions of any Authorization, or in breach of, in default under, or in violation of, any provision of any promissory note, indenture or any evidence of indebtedness or security therefor, lease, contract, or other agreement by which it is bound, except for any such breaches, defaults or violations which, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the business or financial condition of Seller or its ability to perform its obligations hereunder.

ARTICLE III
CONTRACT TERM; CONDITIONS PRECEDENT

3.01 General.

(a) The term of this Agreement (the "Contract Term") shall commence on the Effective Date, and shall continue in effect until 12:59:59 p.m. on the date which is twenty (20) years from the Initial Delivery Date, or such earlier date when this Agreement may be terminated

in accordance with the terms hereof; provided, however that except as expressly provided herein, Seller's obligation to deliver and sell Electric Products and Buyers' obligation to accept and purchase Electric Products shall begin on the Initial Delivery Date. The termination of this Agreement shall be without prejudice to any rights or obligations of the Parties arising under this Agreement prior to such termination.

(b) Seller shall designate the Initial Delivery Date by five (5) Business Days advance notice to Buyers' Agent. Subject to Seller's right to terminate this Agreement pursuant to Section 3.03(b), the Initial Delivery Date shall be no later than ninety (90) Days after the date of receipt by Seller of the Condition Precedent Notice.

3.02 Condition Precedent to Buyers' Obligations.

(a) Buyers' obligation to purchase and pay for the Electric Products hereunder is conditioned upon the occurrence, on or before the Condition Precedent Date, of: (i) receipt by Buyers of PSC Approval; (ii) receipt by Buyers of Acceptable Transmission Arrangements; and (iii) receipt by Buyers' Agent of written notice from Seller that Commercial Operation of the Facility has occurred. Buyers shall use reasonable and diligent efforts to cause the conditions set forth in clauses (i) and (ii) of the preceding sentence to be satisfied. If, despite Buyers' reasonable and diligent efforts, Buyers are unable to obtain Acceptable Transmission Arrangements by the Condition Precedent Date, and if by the Condition Precedent Date Buyers have received a system impact study that indicates that Acceptable Transmission Arrangements are likely to be available without requiring unacceptable transmission system upgrades, then the Condition Precedent Date shall be extended for a reasonable period of time, not to exceed forty-five (45) Days, to allow Buyers to complete Acceptable Transmission Arrangements. Buyers' Agent shall provide Seller prompt written notice (the "Condition Precedent Notice") after the conditions in clauses (i) and (ii) of this Section 3.02(a) have been satisfied by Buyers. Buyers' Agent shall also notify Seller of any extension of the Condition Precedent Date pursuant to this Paragraph, which notice shall include a copy of the system impact study supporting such extension.

(b) If the forgoing conditions in clauses (i), (ii) and (iii) of Section 3.02(a) have not been satisfied or waived by Buyers in writing on or before the Condition Precedent Date (as such Condition Precedent Date may have been extended pursuant to Paragraph (a)), then either Buyer shall have the right to terminate this Agreement in its entirety with respect to both Buyers by written notice to Seller no later than [REDACTED] after the Condition Precedent Date (which termination shall be effective [REDACTED] after the date of receipt by Seller of such termination notice) without any further financial or other obligation to Seller as a result of such termination except for obligations accruing prior to such date. In the event that neither Buyer terminates this Agreement on or before the date which is [REDACTED] after the Condition Precedent Date, the foregoing conditions shall be deemed to have been waived, and this Agreement shall remain in full force and effect. In the event that only one of the Buyers wants to terminate this Agreement, the other Buyer may, by notice delivered to Seller on or before the date which is [REDACTED] after the Condition Precedent Date, elect to continue this Agreement and purchase all of the Electric Products produced by the Facility, in which case this Agreement shall be deemed to have been amended to eliminate any reference to

the terminating Buyer, and Seller and the remaining Buyer shall meet promptly to agree on any necessary technical or conforming changes to this Agreement.

3.03 Condition Precedent to Seller's Obligations.

(a) Seller's obligation to sell and deliver the Electric Products hereunder is conditioned upon (i) Commercial Operation of the Facility having occurred, notice of which shall be given in writing by Seller to Buyers' Agent; and (ii) receipt by Buyers of Grand Ridge I PSC Approval. Following the later of (i) Commercial Operation of the Facility (which, in no event, may be later than [REDACTED] after receipt of the Condition Precedent Notice) and (ii) Seller's receipt of the Condition Precedent Notice, Seller shall deliver written Notice to Buyers' Agent specifying the Initial Delivery Date, which date shall not be later than [REDACTED] after receipt of the Condition Precedent Notice.

(b) If the Commercial Operation of the Facility has not occurred or such condition precedent has not been waived by Seller in writing on or before the date that is [REDACTED] after receipt of the Condition Precedent Notice, or if the Grand Ridge I PSC Approval has not been received on or before the later of the Condition Precedent Date (as defined in this Agreement) and the Condition Precedent Date (as defined in the Grand Ridge I Agreement), then Seller shall have the right, subject to the other provisions in this Paragraph (b) and Paragraph (c), to terminate this Agreement by written notice to Buyers' Agent (which termination shall, subject to the provisions in Paragraph (c), be effective [REDACTED] after the date of receipt by Buyers' Agent of such termination notice) without any further financial or other obligation to Buyers as a result of such termination except for obligations accruing prior to such date.

(c) Notwithstanding Paragraph (b), after delivery of the termination notice to Buyers' Agent, Seller shall, if requested by Buyers' Agent, meet during the [REDACTED] period following Buyers' Agent's receipt of Seller's termination notice to discuss with Buyers' Agent possible alternatives to terminating this Agreement, including one or more amendments to this Agreement in form and substance satisfactory to all Parties.

(d) In the event that Seller does not deliver a termination notice pursuant to Paragraph (b) on or before (i) the date that is [REDACTED] after Seller's receipt of the Condition Precedent Notice, in the case of the failure of the condition set forth in clause (i) of Section 3.03(a) or (ii) the date that is [REDACTED] after the later of the Condition Precedent Date (as defined in this Agreement) and the Condition Precedent Date (as defined in the Grand Ridge I Agreement) in the case of the failure of the condition set forth in clause (ii) of Section 3.03(a), the foregoing conditions shall be deemed to have been waived, and this Agreement shall remain in full force and effect.

ARTICLE IV
PURCHASE AND SALE OF ENERGY, COMMITTED CAPACITY AND
ENVIRONMENTAL ATTRIBUTES

4.01 Purchase and Sale.

(a) Purchase and Sale. Following the Initial Delivery Date and continuing throughout the Contract Term, Seller shall sell and deliver to Buyers, and Buyers shall, subject to

Section 5.01(c) and consistent with the payment allocation in Section 4.01(e), purchase and accept from Seller, all (or, following a Partial Termination, the remaining Buyer's allocable share) of the Energy produced by the Facility at the Energy Price. As purchasers of the Energy produced by the Facility, Buyers shall be entitled, at no additional cost, to any Capacity and Environmental Attributes produced by the Facility and attributable to Energy purchased by Buyers hereunder. Notwithstanding any provision to the contrary contained in this Agreement, in no event shall Seller sell, assign, transfer or otherwise divert to a third party all or any portion of the Electric Products from the Facility following the Initial Delivery Date other than as provided for in Section 10.03(a)(iii), except for Electric Products sold in mitigation of damages pursuant to Section 10.05(c), Electric Products sold during a Curtailment, and Electric Products used to supply station service, inadvertent energy flows, and imbalance energy.



(c) Energy Price. The price for Energy produced by the Facility and for Imputed Energy shall be \$[REDACTED]/MWh (the "Energy Price"). The Energy Price shall be escalated on the date which is twelve (12) months after the first Day of the month in which the Initial Delivery Date occurs, and on each anniversary thereof during the Contract Term, by [REDACTED]%. The Energy Price shall be payable by Buyers monthly in arrears. If, for any reason, Seller does not receive PTCs for any period with respect to Electric Products purchased by Buyers during such period, the cost of such Electric Products shall not be affected.

(d) Sole Compensation. The Energy Price shall be Seller's sole and exclusive compensation for the Electric Products delivered to Buyers hereunder, and accordingly Buyers shall not be liable for any additional charges for the Capacity and/or associated Environmental Attributes produced by the Facility. The Parties acknowledge that future and or existing legislation or regulation may create value in the ownership, use or allocation of the Environmental Attributes of the Facility. Buyers shall own or be entitled to claim all Environmental Attributes associated with the Facility, to the extent such value may exist during the Contract Term. No elimination, reduction, or change in the nature or legal characteristics (including with respect to tradability or transferability) of the Environmental Attributes shall relieve Buyers of their obligations to purchase Energy at the Energy Price in accordance with the terms of this Agreement. No addition, expansion or change in the nature or legal characteristics (including with respect to tradability or transferability) of the Environmental Attributes shall entitle Seller to any additional payment or compensation from Buyers.

(e) Allocation. KU shall be responsible for sixty-six percent (66%) of the payments for Energy and Imputed Energy pursuant to this Section 4.01, and LG&E shall be responsible for thirty-four percent (34%) of such payments.

(i) At any time when (A) there is more than one Buyer, and (B) there is not then any uncured Event of Default or Potential Event of Default on the part of either Buyer, KU and LG&E may, by joint written notice delivered at least thirty (30) Days in advance, change the foregoing percentages as of the beginning of any month, provided that the Buyer whose percentage of the Energy and Imputed Energy is increased has a credit rating assigned to its unsecured, senior long-term debt obligations (not supported by third party credit enhancements) that is equal to or higher than the credit rating assigned to the unsecured, senior long-term debt obligations (not supported by third party credit enhancements) of the Buyer whose percentage of the Energy and Imputed Energy is decreased, and provided further that the total of the percentages for KU and LG&E shall at all times equal one hundred percent (100%).

(ii) The obligations of Buyers hereunder shall be several, and not joint and neither Buyer shall be responsible or liable for the obligations of the other Buyer; provided, however, that any and all payments made by one Buyer to Seller shall be presumed to be made on behalf of both Buyers in the then-applicable allocation amount.

4.02 Billing.

(a) Seller shall read the Delivery Meters or obtain Delivery Meter readings from the Transmission Provider promptly following the end of each month. The amount of Energy delivered to Buyers during the preceding month shall be determined from such readings, as such readings are adjusted pursuant to Section 5.05. If allowed by the Transmission Provider, Buyers' Agent shall have the right to have a representative present at any time that any Delivery Meter is to be read, provided, however, that Buyers' Agent's failure to have a representative present at the reading shall not affect the validity of the reading.

(b) Bills for amounts due hereunder shall be rendered by Seller to Buyers' Agent as soon as practicable following the meter reading, and shall incorporate such information as may reasonably be necessary or desirable to determine the payments for Energy delivered to the Delivery Point and any Imputed Energy (including reasonable information on the calculation of the Maximum Facility Output) during the preceding month, and other amounts due hereunder, including indemnification payments.

(c) In the event of the termination or expiration of this Agreement, Seller shall, within five (5) Days of the date of termination or expiration, or as soon thereafter as practicable, provide a final billing statement to Buyers' Agent.

(d) In the event that Seller owes any amount to either Buyer pursuant to this Agreement, Buyers' Agent shall send Seller a statement of the amount then due and shall incorporate such information as may be reasonably necessary or desirable to determine the payments and other amounts due hereunder, including indemnification payments, or the Termination Payment as determined in accordance with the procedures set forth in Section 10.03.

4.03 Payment and Interest.

(a) Payment.

(i) All payments shown to be due on a bill shall be due and payable not later than twenty (20) Days after receipt (the "Due Date").

(ii) If the paying Party, in good faith, disputes a portion of any bill, the paying Party shall render payment for the undisputed portion of such bill to the billing Party. Upon resolution of the Dispute, any amount found to be due and payable to the billing Party shall be paid to the billing Party in accordance with Section 4.03(b)(ii).

(iii) All payments on account of errors of any kind, including overpayments and errors in billing or in metering, shall include interest at the Prime Rate accruing daily from the date of such erroneous payment to but excluding the date of payment. If, in the case of a Delivery Meter error, the date of the error cannot be determined, then interest shall accrue on the adjusted amount from the date set in accordance with Section 5.05.

(iv) The paying Party shall render payment by wire transfer, or such other payment method as the Parties mutually agree upon.

(b) Interest.

(i) If the paying Party fails to pay all or a portion of the undisputed amounts billed within the time stated in Paragraph (a) hereof, the paying Party shall owe interest on the unpaid portion of the bill, which interest shall accrue daily at the Late Payment Rate, from and including the Due Date to but excluding the date the delinquent amount is paid.

(ii) If any portion of a disputed amount is ultimately determined to be due to the billing Party, such amount shall be due and payable not later than ten (10) Days after resolution of the Dispute, and the paying Party shall owe interest on such portion of such disputed amount to the extent that such portion is determined to be due and owing to the billing Party, which interest shall accrue daily at the Late Payment Rate, from and including the original Due Date of such amount, but excluding the date the disputed amount is paid.

(c) Set-off. Each Party at any time may offset against any and all amounts that may be due and owed to the other Party under this Agreement any amounts that are owed by the other Party to such Party pursuant to this Agreement, including damages and other payments.

ARTICLE V
DELIVERY OF ENERGY

5.01 Delivery of Energy.

(a) Characteristics. Energy to be furnished hereunder shall be in the form of three-phase, sixty (60) Hertz alternating current and at a nominal voltage determined by mutual agreement of Seller and Transmission Provider.

(b) Delivery Point. All Energy sold by Seller to Buyers under this Agreement shall be delivered by Seller to the Transmission Provider's side of point of interconnection of the Facility with Transmission Provider's Transmission System (the "Delivery Point"). Energy shall be delivered by Seller to the Delivery Point free and clear of all liens, claims and encumbrances.

(c) Curtailement. Seller shall curtail deliveries of Energy at any time, in whole or in part, and for any duration specified by the Buyers' Agent with no less than thirty (30) minute's prior notice from Buyers' Agent to Seller. Such notice by Buyers' Agent may be given by telephone, followed by written notice to Seller. Notwithstanding any other provision to the contrary in this Agreement, during any such period of curtailment pursuant to this Section 5.01(c), Seller shall not generate Energy from the Facility for delivery to Buyers to the extent curtailed by the Buyers' Agent, and Buyers shall not be required to purchase or accept the curtailed Energy. Any Energy curtailed pursuant to this Section 5.01(c) shall be treated as Imputed Energy and Buyers shall compensate Seller for the same pursuant to Section 4.01(b).

5.02 Communications and Data Logging Systems. Seller shall provide Buyers' Agent with one rack of space of reasonably sufficient dimensions within the centralized control house or similar structure at the Facility to accommodate a single remote terminal, to be shared by Buyers. Seller shall also provide Buyers' Agent with access to the Facility, upon reasonable advance notice and during normal business hours, as may be necessary and appropriate to enable Buyers' Agent to install and maintain such remote terminal in a manner consistent with Good Utility Practice, provided that such access shall not unreasonably interfere with Seller's normal business operations. While at the Facility, Buyers' Agent shall observe such safety precautions as may be reasonably required by Seller and communicated to Buyers' Agent in writing.

5.03 Delivery Metering.

(a) Energy delivered by Seller to Buyers hereunder shall be measured by a meter located at the Delivery Point (the "Delivery Meter"), and shall have the metering instrument transformer, which measures the output of the Facility, located on the transmission side of the step-up transformer for the Facility.

(b) In the event that Buyers are not purchasing the total output of all of the wind turbines whose output is delivered through the Delivery Point, Seller agrees (and shall take commercially reasonable efforts to ensure) that all of the Energy to be delivered to Buyers under this Agreement is delivered through the Delivery Point, on a priority at least equal to that afforded to energy delivered to any Other Buyer or Other Buyers through the Delivery Point. Notwithstanding any provision in this Agreement to the contrary, any Energy not delivered to Buyers at the Delivery Point because of insufficient capacity of the electrical interconnection or other facilities and equipment at or before the Delivery Point shall not be considered Imputed Energy for purposes of this Agreement.

(c) Seller shall install, own and/or lease, operate and maintain, or shall cause Transmission Provider to install, own, operate and maintain the Delivery Meter at no cost to Buyers. The Delivery Meter shall be used for measuring the amount of Energy delivered to the Delivery Point under this Agreement. The Delivery Meter used to determine the billing hereunder shall be sealed, and such seals shall be broken only when tested by an independent expert not an Affiliate of either Party (the "Independent Party"), and only when the Delivery

Meter is to be inspected, tested or adjusted as described in Section 5.04 and Section 5.05. Seller shall provide access for the Independent Party to the Delivery Meter at all reasonable times for the purposes of inspecting, testing, adjusting and calibrating the same, provided that such access shall not unreasonably interfere with Seller's normal business operations. In the event that the Delivery Meter fails to register during any period of time, Buyers' Agent and Seller shall jointly estimate the amount of Energy delivered during such period using such methodology as may be mutually agreed upon by Buyers' Agent and Seller.

5.04 Testing.

(a) The accuracy of the Delivery Meter shall be tested and verified, at Seller's expense, prior to the Initial Delivery Date by the Independent Party.

(b) The Delivery Meter shall be tested by the Independent Party, at Seller's expense, on an annual basis following the Initial Delivery Date, and each test shall be no less than ten (10) months, and no more than fourteen (14) months, after the previous test. In addition to the annual tests on the Delivery Meter, upon at least ten (10) Days' written notice from either Party, the Independent Party shall conduct additional tests on the Delivery Meter at the requesting Party's expense. Such additional tests shall be coordinated to minimize the impact on Facility operations.

5.05 Corrections. If, upon testing, the Delivery Meter is found to be inaccurate, the Delivery Meter shall be promptly adjusted by the Independent Party to record correctly. If the Delivery Meter is found to be inaccurate by more than one percent (1%) retroactive billing adjustments for such errors shall be made for (i) the actual period during which inaccurate measurements were made, if that period can be reasonably determined, or (ii) if the period during which inaccurate measurements were made cannot be reasonably determined, one-half of the period from the date of the last previous test of the Delivery Meter, but not to exceed six (6) months. If the difference of the payments actually made by Buyers minus the adjusted payment is a positive number, Seller shall pay the difference to Buyers; if the difference is a negative number, Buyers shall pay the difference to Seller. In either case, the Party paying such difference shall also pay interest at the Prime Rate from the date the original bill was due through but excluding the date of payment and such payment (including such interest) shall be made within thirty (30) Days of receipt of a corrected billing statement.

5.06 Meter Maintenance and Records.

(a) Maintenance. Seller and Buyers' Agent shall have the right to have a representative present whenever the other Party or the Independent Party, as applicable, reads, cleans, changes, repairs, inspects, tests, calibrates, or adjusts the Delivery Meter. Seller and Buyers' Agent shall each give timely notice to the other in advance of taking any such actions. A Party's failure to have a representative present whenever the other Party or the Independent Party, as applicable, reads, cleans, changes, repairs, inspects, tests, calibrates, or adjusts the Delivery Meter shall not affect the validity of such action, provided that the notice required under the preceding sentence has been given.

(b) Records. Commencing on the Initial Delivery Date, Seller shall provide Buyers' Agent, on a monthly basis, within ten (10) Days after the completion of the month, reports indicating Seller's daily delivery of Energy to the Delivery Point. The records from the test of the Delivery Meter shall remain the property of the Party at whose expense the testing occurred, but, upon request, each Party shall submit to the other the pertinent portions of its records and charts (or, at its option, copies thereof), together with calculations therefrom, for inspection, verification and copying, at the requesting Party's expense, subject to return within ten (10) Days after receipt thereof.

5.07 Transmission Provider. The provisions of Sections 5.03 (other than Section 5.03(b)) through 5.06 are subject to the applicable requirements of the Interconnection Agreement, Transmission Provider and any Governmental Authority with jurisdiction over the Delivery Meter. If any of the provisions of Sections 5.03 (other than Section 5.03(b)) through 5.06 are inconsistent with such requirements, the requirements of such agreement, organization, or Governmental Authority shall take precedence. Except as provided for in this Section 5.07, nothing in the Interconnection Agreement shall alter or modify Seller's or Buyers' rights and obligations under this Agreement.

5.08 Interconnection and Transmission Facilities.

(a) Seller shall be solely responsible for the Interconnection Agreement and for all costs associated with the interconnection of the Facility with the Transmission System and the delivery of Electric Products to the Delivery Point, including all related capital costs and system upgrade costs, as well as ongoing maintenance costs, and losses between the Facility and the Delivery Point. Seller shall maintain an interconnection with the Transmission Provider during the Contract Term and shall operate and maintain the interconnection facilities required to interconnect the Facility to the Transmission System in accordance with Good Utility Practice and the Interconnection Agreement and so as to ensure that Seller is capable of delivering: (i) the Committed Capacity and the Electric Products associated therewith to Buyers at the Delivery Point, and (ii) the capacity and energy associated therewith of any wind turbines (other than the Wind Turbines) whose output is delivered through the Delivery Point to the Other Buyers and whose transmission arrangements are as firm or more firm than Buyers' transmission arrangements; provided, however, that if such interconnection facilities are not capable of meeting the requirements of clause (ii), such failure shall not be a breach of this Agreement unless it has a material adverse affect on Buyers.

(b) Buyers shall be responsible for arranging for the transmission of Electric Products at and beyond the Delivery Point, including scheduling of such transmission and any ancillary services required for such transmission. Buyers shall also be responsible for any and all fees or other charges associated with the delivery, receipt or transmission of Electric Products, including congestion losses, scheduling services, balancing, cash out of imbalances, integration charges, and any other charges resulting from the scheduling of an intermittent resource, provided that Seller shall be responsible for and shall indemnify Buyers against any and all such charges and any other transmission or interconnection costs and expenses or penalties incurred by or on behalf of Buyers as a result of Seller's acts or omissions that occur on Seller's side of the Delivery Point and that are (i) contrary to Good Utility Practice or (ii) represent a breach of

this Agreement by Seller, including the failure of Seller to curtail deliveries of Energy in accordance with Section 5.01(c).

(c) Upon prior written request of Buyers' Agent, Seller shall cooperate with Buyers in seeking designation of the Facility as a designated network resource and with any other reasonable requests that Buyers' Agent may have in connection with obtaining and maintaining transmission service with a Transmission Provider for the delivery of Electric Products at and after the Delivery Point to Buyers' Balancing Area; provided, however, that Seller shall not be required to incur any expense pursuant to this provision unless Buyers' Agent agrees to reimburse Seller for such expense.

5.09 Forecasting. Commencing five (5) Days prior to the anticipated Initial Delivery Date, and throughout the Contract Term, Seller shall prepare and deliver to Buyers' Agent, in a form reasonably acceptable to Buyers' Agent, (a) on a monthly basis, a non-binding, twelve (12) month rolling forecast of monthly Energy production by the Facility, and (b) on a daily basis, a non-binding, day ahead schedule forecast of Energy production by the Facility, broken down on an hourly basis, which forecasts shall be prepared in good faith and in accordance with Good Utility Practice based on available wind data, historical performance, planned maintenance, Seller's generation projections and other relevant data and considerations.

5.10 Coordinating Committee Membership and Duties.

(a) Within thirty (30) Days after the Initial Delivery Date, a committee (the "Coordinating Committee") shall be established by the Parties. The Coordinating Committee shall be comprised of Seller's and Buyers' Designated Representatives. The powers and duties of the Coordinating Committee shall consist of:

(i) Recommendation of steps to be taken upon the occurrence of a system emergency, an event of Force Majeure or any other outage.

(ii) Any other mutually agreed matter affecting the operation or maintenance of the Facility.

(b) The Coordinating Committee may agree upon procedures for the holding of meetings, the taking of minutes of meetings, and the appointment of subcommittees; provided that a quorum for any meeting of the Coordinating Committee shall consist of the Seller Designated Representative and the Buyers Designated Representative.

(c) Seller shall have a single vote on the Coordinating Committee and Buyers shall have a single vote on the Coordinating Committee, and any Designated Representative of a Party or Parties may cast that Party's or Parties' vote. Decisions of the Coordinating Committee shall require the unanimous vote of the Designated Representatives of Seller and Buyers.

(d) Decisions of the Coordinating Committee shall be binding upon the Parties; provided, however, that the Coordinating Committee shall not have the authority to vary the terms of this Agreement, and any such variation shall require a formal amendment of this Agreement in accordance with Section 12.03.

ARTICLE VI
RIGHTS AND OBLIGATIONS

6.01 Rights and Obligations of Seller.

(a) Operation and Maintenance. Seller shall operate and maintain the Facility, or cause the Facility to be operated and maintained, in accordance with Good Utility Practice, and in compliance with applicable Laws (including all national and regional reliability standards applicable to wind generation facilities located in LaSalle County, Illinois, including standards set by the Transmission Provider, RFC, NERC and the FERC or any successor agencies setting reliability standards for the operation of generation facilities, to the extent that such agency has authority over the Facility and such standard is applicable to the Facility) and the terms of the Interconnection Agreement, except where non-compliance will not have a material adverse effect on Buyers or their rights under this Agreement or a material adverse effect on Seller's ability to perform its obligations under this Agreement.

(b) Environmental Attributes. Seller shall take all actions reasonably necessary to enable Buyers to receive the full benefits of any Environmental Attributes associated with the Committed Capacity and related Energy (or, following a Partial Termination, the remaining Buyer's allocable share thereof) during the Contract Term; provided, however, that Seller shall not be required to incur any expense pursuant to this provision unless Buyers agree to reimburse Seller for such expense.

(c) Laws and Authorizations. Seller shall comply with all applicable Laws and Authorizations applicable to its performance of its obligations under this Agreement, except where non-compliance will not have an adverse effect on Buyers or their rights under this Agreement or an adverse effect on Seller's ability to perform its obligations under this Agreement.

(d) Notice of Change in Delivery. Seller shall use its commercially reasonable efforts to give advance notice to Buyers' Agent in the event of (i) forced outage affecting 10 MW or more of Committed Capacity, (ii) a complete interruption in the delivery of Energy from the Facility (other than an interruption due to changes in wind speed), or (iii) a variation by more than 10 MW in the quantity of Energy delivered (other than a variation due to changes in wind speed), whether or not caused by Force Majeure.

(e) Scheduled Maintenance. No later than sixty (60) Days prior to the end of each year (commencing in the year in which the Initial Delivery Date occurs, unless the Initial Delivery Date occurs after November 1 of any year, in which case, commencing in the year following the year in which the Initial Delivery Date occurs), Seller shall submit to Buyers' Agent a maintenance plan for the Facility for the following year, including the expected commencement and completion dates for any planned maintenance affecting more than 10 MW of Committed Capacity, as well as the affected portion of the Facility. No later than thirty (30) Days after receipt of Seller's schedule, Buyers' Agent shall notify Seller of any planned maintenance in the following year that Buyers reasonably would like rescheduled, including the reasonable grounds on which Buyers' are requesting the planned maintenance to be rescheduled. No later than fifteen (15) Days after receipt of Buyers' Agent notice, Seller shall prepare and

deliver to Buyers a final schedule of planned maintenance for the following year, provided that Seller shall use commercially reasonable efforts to accommodate any of Buyers' reasonable requests to reschedule planned maintenance during the following year consistent with the requirements of Good Utility Practice and the Interconnection Agreement. No less than ten (10) Days prior to any planned maintenance that impacts 10 MW or more of Committed Capacity, Seller shall notify Buyers of the expected commencement date and completion date of such planned maintenance, and the affected portion of the Facility.

(f) Access to Facility. Seller shall allow properly accredited representatives of Buyers' Agent to have access to the Facility, upon advance notice and during normal business hours, to observe operation and maintenance of the Facility, and to make inspections and obtain information required in connection with this Agreement. While at the Facility, such representatives shall observe such safety precautions as may be required by Seller and communicated to Buyers and shall conduct themselves in a manner that will not interfere with the operation or maintenance of the Facility.

(g) Designated Representative. Seller shall designate a representative (the "Seller Designated Representative") to maintain communications with Buyers' Agent and the Buyers Designated Representative, and to facilitate coordination between Buyers and Seller during the Contract Term. Seller may designate one or more alternative representatives to act in the absence of the Designated Representative; provided, however, that there shall be no more than one person functioning as the Seller Designated Representative at any time.

(h) Information and Data. Subject to Section 12.07, Seller shall supply any information or data required by Buyers to comply with the requirements of any applicable Law or Authorization, or the requirements of any Governmental Authority or Transmission Provider, and any other information or data related to the operation or maintenance of the Facility reasonably requested by Buyers in order to verify amounts due hereunder and verify compliance with the terms and conditions of this Agreement, provided, however, that Seller shall not be required to incur any expense pursuant to this provision unless Buyers agree to reimburse Seller for such expense.

6.02 Rights and Obligations of Buyer.

(a) Designated Representative. Buyers' Agent shall designate a representative (the "Buyers Designated Representative") to maintain communications with Seller and Seller's Designated Representative, and to facilitate coordination between Buyers and Seller during the Contract Term. Buyers' Agent may designate one or more alternative representatives to act in the absence of the Designated Representative; provided, however, that there shall be no more than one person functioning as the Buyers Designated Representative at any time.

(b) Buyers' Agent. KU shall act as the agent (the "Buyers' Agent") for both Buyers for all purposes under this Agreement, including for issuing or granting any approval, consent or notice to be issued or granted by Buyers hereunder, for requesting and receiving information from Seller, for receiving invoices and notices from Seller, for exercising any option or other right granted to Buyers hereunder, and for enforcing any remedies of Buyers hereunder. Without limiting the generality of the foregoing:

(i) Any bill rendered by Seller to Buyers' Agent shall be deemed to have been rendered to both Buyers, and to have been received by each Buyer on the Day on which it is received by Buyers' Agent.

(ii) Any approval, consent or notice issued by Buyers' Agent shall be deemed to have been issued by, and shall be binding upon, both Buyers.

(iii) No notice issued to Seller pursuant to this Agreement shall be deemed to have been validly issued unless it was issued by Buyers' Agent.

(iv) Any notice provided by Seller to Buyers' Agent shall be deemed to have been issued to, and to have been received by, both Buyers.

(v) Any election made or option exercised by Buyers' Agent shall be deemed to have been made or exercised, as the case may be, by, and shall be binding upon, both Buyers.

Notwithstanding the foregoing, at any time when there is only one Buyer under this Agreement, such remaining Buyer shall be the Buyers' Agent for all purposes under this Agreement.

(c) Cooperation with Seller. Each Buyer shall cooperate with Seller in obtaining, any Authorizations, leases, easements, or rights-of-way necessary for the ownership and/or leasing, operation and maintenance of the Facility; provided that a Buyer shall not be required to incur any expense pursuant to this provision unless Seller agrees to reimburse such Buyer for such expense.

(d) Laws and Authorizations. Each Buyer shall comply with all applicable Laws and Authorizations applicable to its performance of its obligations hereunder, except where non-compliance will not have an adverse effect on Seller or its rights under this Agreement or an adverse effect on such Buyer's ability to perform its obligations under this Agreement.

(e) Information and Data. Subject to Section 12.07, each Buyer shall supply any information or data required by Seller to comply with the requirements of any applicable Law or Authorization, or the requirements of any Governmental Authority or Transmission Provider, provided, however, that a Buyer shall not be required to incur any expense pursuant to this provision unless Seller agrees to reimburse such Buyer for such expense. Each Buyer shall provide Seller with any other information or data reasonably requested by Seller in order to verify amounts due hereunder and verify compliance with the terms and conditions of this Agreement; provided that no Buyer shall be required to incur any expense pursuant to this provision unless Seller agrees to reimburse such Buyer for such expense.

(f) PTCs. At Seller's request, each Buyer shall take any actions reasonably necessary to enable Seller to receive the full benefits of any PTCs associated with the Facility. Seller shall promptly reimburse such Buyer upon demand for any costs or expenses reasonably incurred by such Buyer in connection with this Section 6.02(f).

ARTICLE VII
SALE, TRANSFER OR ASSIGNMENT

7.01 Generally.

(a) Except as provided in Section 7.02, this Agreement may not be assigned, in whole or in part, by any Party without the prior written consent of the Buyers' Agent, in the case of an assignment by Seller, and Seller, in the case of an assignment by either Buyer. Such consent may require that (i) the assignee agrees in writing, in form and substance satisfactory to the Buyers' Agent, in the case of an assignment by Seller, and to Seller, in the case of an assignment by either Buyer, to assume and to perform each and every obligation of the assignor under this Agreement, (ii) the assignment does not impair any security given by the assigning Party hereunder unless the assignee posts replacement security which meets the requirements of this Agreement, and (iii) the assignee has obtained, prior to the assignment, such Authorizations as may be required by applicable Law. Any assignment in violation hereof shall be null and void and shall constitute an Event of Default by the assigning Party.

(b) Notwithstanding Paragraph (a), (i) any Party may assign this Agreement to an Affiliate of such Party without the consent of the other Parties, provided, however, that the assigning Party shall remain liable for all of its obligations under this Agreement unless and until the consent of Buyers' Agent, in the case of an assignment by Seller, and Seller, in the case of an assignment by either Buyer, is secured in accordance with Paragraph (a); (ii) Seller may assign this Agreement to any purchaser or transferee of all or a substantial portion of its assets without the consent of the other Party, provided that (A) the assignee expressly assumes and agrees to perform each and every obligation of Seller under this Agreement pursuant to a written agreement, in form and substance satisfactory to Buyers' Agent, (B) such assignee's creditworthiness is equal to or higher than that of Seller's in Buyers' Agent's reasonable opinion, and (C) the purchaser or transferee delivers to Buyers' Agent a Letter of Credit in accordance with Section 10.08; and (iii) either Buyer may assign this Agreement to any purchaser or transferee of all or a substantial portion of its assets without the consent of the Seller, provided that (A) the assignee expressly assumes and agrees to perform each and every obligation of such Buyer under this Agreement pursuant to a written agreement, in form and substance satisfactory to Seller, (B) the assignee is an electric utility with a service territory whose customer base is as large or larger than that of such Buyer, and (C) the credit rating assigned to the unsecured, senior long-term debt obligations (not supported by third party credit enhancements) of the assignee is no lower than the credit rating assigned to the unsecured, senior long-term debt obligations (not supported by third party credit enhancements) of such Buyer at the time of assignment. The assigning Party shall notify the other Parties of the occurrence of any event described in this Paragraph.

(c) Notwithstanding Paragraph (a), each Buyer may assign, without the consent of Seller, to the other Buyer all or a portion of the assigning Buyer's rights to Electric Products provided by Seller pursuant to this Agreement, provided, however, that the assigning Buyer shall remain liable for all of its obligations under this Agreement.

7.02 Finance Assignments. Seller shall have the right to collaterally assign this Agreement to any Lender or any Lender's agent, without the consent of Buyers, in connection

with the financing of the Facility, regardless of whether such financing is provided to Seller by such Lender directly or indirectly through one or more intermediaries (each such assignee being referred to herein as a "Collateral Assignee"); provided, however, that no such assignment shall be effective for purposes of this Section until Seller shall have notified Buyers' Agent of such assignment, which notice shall include the name and address of the Collateral Assignee. So long as any assignment of which Buyers' Agent has been notified, or any consolidation, modification or extension of any such assignment, shall remain outstanding, the following provisions shall apply:

(a) Buyers' Agent shall, upon serving upon Seller any notice pursuant to this Agreement, also serve a copy of such notice upon each Collateral Assignee at the address provided by the Collateral Assignee in the notice referred to above. No notice issued by Buyers' Agent pursuant to this Agreement shall be deemed to have been duly given unless and until a copy thereof shall have been so served.

(b) The making of an assignment pursuant to this Section in and of itself shall not be deemed to constitute an assignment or transfer of this Agreement, nor shall any Collateral Assignee, as such, be deemed to be an assignee or transferee of this Agreement so as to require such Collateral Assignee, as such, to assume the performance of any of the terms or conditions on the part of Seller to be performed hereunder.

(c) In the event of any casualty or condemnation with respect to the Facility or the Facility Site, the provisions of the collateral assignment most senior in priority shall control with respect to the use of Seller's share of any proceeds of any such casualty or condemnation.

ARTICLE VIII **FORCE MAJEURE**

8.01 Force Majeure Defined. "Force Majeure" shall mean an event or circumstance beyond the reasonable control of and without the fault or negligence of the Party claiming Force Majeure, which, despite the exercise of reasonable diligence, cannot be or be caused to be prevented, avoided or removed by such Party. Force Majeure shall include, to the extent consistent with the preceding sentence: an act of God; war (declared or undeclared); sabotage; riot; insurrection; civil unrest or disturbance; military or guerilla action; banditry; terrorist activity or a threat of terrorist activity which, under the circumstances, would be considered a precursor to actual terrorist activity; economic sanction or embargo; civil strike, work stoppage, slow-down, or lock-out that are of an industry or sector-wide nature and that are not directed solely or specifically at the affected Party; explosion; fire; earthquake or seaquake; abnormal weather condition; hurricane; flood; lightning; high winds of sufficient strength or duration to materially damage the Facility or significantly impair its operation and which are of greater strength or longer duration than normally encountered by similar wind energy facilities under comparable circumstances; drought; peril of the sea; the binding order of any Governmental Authority (provided that the affected Party has in good faith considered reasonably contesting such order); the failure to act on the part of any Governmental Authority (provided that such action has been timely requested and diligently pursued); unavailability of equipment, supplies or products, but only to the extent caused by an event of circumstance of Force Majeure; and

failure of equipment. With respect to the Seller, Force Majeure shall also include (to the extent beyond the reasonable control of and without the fault or negligence of Seller) any interruption in transmission service on Buyers' side of the Delivery Point. No Party shall be deemed to have suffered an event of Force Majeure due to the failure of equipment which that Party, or an Associated Party of that Party, is responsible for operating or maintaining unless the equipment has been operated and maintained in accordance with Good Utility Practice. Neither the lack of money nor changes in market conditions shall constitute an event of Force Majeure.

8.02 Effect of Force Majeure. If either Party is rendered wholly or partly unable to perform its obligations under this Agreement or its performance is delayed because of Force Majeure, that Party shall be excused from whatever performance it is unable to perform or delayed in performing due to the Force Majeure to the extent so affected, provided that:

(a) The Party affected by such Force Majeure, as soon as reasonably practical after the commencement of such affect, gives the other Party prompt oral notice, followed by a written notice within forty-eight (48) hours after such oral notice, fully describing the particulars of the occurrence;

(b) The suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure event; and

(c) The Party whose performance is affected by such Force Majeure uses its commercially reasonable efforts to overcome and remedy its inability to perform as soon as possible.

8.03 Affect on Payment Obligations.



8.04 Deadlines Extended; Termination.

(a) Whenever either Party is required to commence or complete any action within a specified period and is prevented or delayed by Force Majeure from commencing or completing such action within the specified period, such period shall be extended by an amount equal to the duration of such event of Force Majeure occurring or continuing during such period except as otherwise specifically provided in this Agreement; provided, however, that in no event shall a Force Majeure extend the Contract Term.

(b) If any Force Majeure prevents all or substantially all of the Wind Turbines from delivering Energy to the Delivery Point for more than [REDACTED] consecutive Days, then Buyers' Agent may terminate this Agreement upon written notice to Seller and no Party shall have any liability arising out of such termination.

ARTICLE IX
RISK OF LOSS AND INDEMNIFICATION

9.01 Risk of Loss.

(a) Seller. As between Buyers and Seller, Seller shall be responsible for and shall bear the full risk of loss (i) with respect to any loss of or damage to any property located on Seller's side of the Delivery Point; and (ii) with respect to any personal injury or death, or loss of or damage to any other property arising out of the ownership or leasing, operation or maintenance of any property of Seller or Seller's Associated Parties on Seller's side of the Delivery Point; provided, however, that Seller shall not be responsible for any loss, damage, or injury to the extent that such loss, damage, or injury arises out of the negligence or willful misconduct of either Buyer or either Buyer's Associated Parties.

(b) Buyers. As between Buyers and Seller, Buyers shall be responsible for and shall bear the full risk of loss (i) with respect to any loss of or damage to any property located on Buyers' side of the Delivery Point, and (ii) with respect to any personal injury or death, or loss of or damage to any other property arising out of the ownership, operation or maintenance of any property of either Buyer or either Buyer's Associated Parties on Buyers' side of the Delivery Point, provided, however, that Buyers shall not be responsible for any loss, damage, or injury to the extent that such loss, damage, or injury arises out of the negligence or willful misconduct of Seller or Seller's Associated Parties.

9.02 Indemnification.

(a) By Seller. Seller shall defend, indemnify and hold harmless Buyers and Buyers' Associated Parties against and from any Indemnifiable Cost arising out of any injury, bodily or otherwise, to, or death of, persons, or for damage to, or destruction of, property belonging to or leased by Buyers, Seller, or others (each a "Claim"), [REDACTED]

(b) By Buyers. Each Buyer shall defend, indemnify and hold harmless Seller and Seller's Associated Parties against and from any Indemnifiable Cost arising out of any Claim [REDACTED]

[REDACTED] Each Buyer shall protect, indemnify and hold harmless Seller from any claims of such Buyer's creditors to any right, title or interest in the Facility.

(c) By Buyers and Seller. If, due to the joint, concurring, comparative or contributory negligence or willful misconduct of the Parties or their Associated Parties, either Party incurs any Indemnifiable Cost arising out of any Claim, such Indemnifiable Cost shall be allocated between Seller and each Buyer in proportion to their respective degrees of negligence or willful misconduct contributing to such Claim. For the avoidance of doubt, in no event shall Seller or Seller's Associates Parties be entitled to recover the same Indemnifiable Cost against both Buyers.

(d) Employees. Neither Party nor such Party's Associated Parties shall be deemed an employee of the other Party. Neither Party shall bring any claim against the other Party or any of such Party's Associated Parties with respect to any liability for compensation under any applicable state or federal Worker's Compensation Act, including Worker's Compensation and/or employer's liability claims of employees. Each Party shall be liable for all claims of the Party's own employees arising out of any provision of any Workers' Compensation Law.

(e) Notice and Participation.

(i) If any Party entitled to indemnification hereunder (the "Indemnified Party") intends to seek indemnification under this Article from the other Party (the "Indemnifying Party") with respect to any Claim, the Indemnified Party shall give the Indemnifying Party notice of such Claim upon the receipt of actual knowledge or information by the Indemnified Party of any possible Claim or of the commencement of such Claim, which notice shall in no event be later than the later of (i) fifteen (15) Business Days prior to the last Day for responding to such Claim or (ii) one-half of the period allowed for responding to such Claim. The Indemnifying Party shall have no liability under this Article for any Claim for which such notice is not provided, but only to the extent that the failure to give such notice materially impairs the ability of the Indemnifying Party to respond to or to defend the Claim.

(ii) The Indemnifying Party shall have the right to assume the defense of any Claim, at its sole cost and expense, with counsel designated by the Indemnifying Party and reasonably satisfactory to the Indemnified Party; provided, however, that if the defendants in any such proceeding include both the Indemnified Party and the Indemnifying Party, and the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it which are different from or additional to those available to the Indemnifying Party, the Indemnified Party shall have the right to select separate counsel, at the Indemnifying Party's expense, to assert such legal defenses and to otherwise participate in the defense of such Claim on behalf of such Indemnified Party, and the Indemnifying Party shall be responsible for the reasonable fees and expenses of such separate counsel.

(iii) Should any Indemnified Party be entitled to indemnification under this Section as a result of a Claim by a third party, and should the Indemnifying Party fail to assume the defense of such Claim within a reasonable period of time, the Indemnified Party may, at the expense of the Indemnifying Party, contest (or, with or without the prior consent of the Indemnifying Party), settle such Claim.

(iv) Except to the extent expressly provided herein, no Indemnified Party shall settle any Claim with respect to which it has sought or is entitled to seek indemnification pursuant to this Section unless (i) it has obtained the prior written consent of the Indemnifying Party, or (ii) the Indemnifying Party has failed to provide, within a reasonable period of time, security, in a form reasonably satisfactory to the Indemnified Party, securing the payment of any Indemnifiable Cost, up to the amount of the proposed settlement.

(v) Except to the extent expressly provided otherwise herein, no Indemnifying Party shall settle any Claim with respect to which it may be liable to provide indemnification pursuant to this Section without the prior written consent of the Indemnified Party, provided, however, that if the Indemnifying Party has reached a bona fide settlement agreement with the plaintiff(s) in any such proceeding, which settlement includes a full release of the Indemnified Party for any and all liability with respect to such Claim, and the Indemnified Party does not consent to such settlement agreement, then the dollar amount specified in the settlement agreement, plus the Indemnified Party's reasonable legal fees and other costs related to the defense of the Claim paid or incurred prior to the date of such settlement agreement, shall act as an absolute maximum limit on the indemnification obligation of the Indemnifying Party with respect to the Claim, or portion thereof, that is the subject of such settlement agreement.

(f) Net Amount. In the event that an Indemnifying Party is obligated to indemnify and hold any Indemnified Party harmless under this Article, the amount owing to the Indemnified Party shall be the amount of such Indemnified Party's actual Indemnifiable Cost, net of any insurance or other recovery actually received by the Indemnified Party.

(g) Assertion of Claims. No Claim of any kind shall be asserted against either Party or such Party's Associated Parties, whether arising out of contract, tort (including negligence), strict liability, or any other cause of or form of action, unless it is filed in a court of competent jurisdiction, or a demand for arbitration is made, within the applicable statute of limitations period for such Claim.

(h) No Release of Insurers. The provisions of this Article shall not be deemed or construed to release any insurer from its obligation to pay any insurance proceeds in accordance with the terms and conditions of valid and collectible insurance policies.

(i) Survival of Obligation. The duty to indemnify under this Article shall continue in full force and effect notwithstanding the expiration or termination of this Agreement, with respect to any Indemnifiable Cost arising out of an event or condition which occurred or existed prior to such expiration or termination.

9.03 Limitation of Liability. For breach of any provision of this Agreement for which an express remedy or measure of damages is provided, such express remedy or measure of

damages shall be the sole and exclusive remedy. Unless expressly herein provided, no Party shall be liable for consequential, incidental, punitive exemplary or indirect damages, lost profits or other business interruption damages, by statute (to the extent permitted by law), in tort or contract or otherwise (except to the extent that an Indemnifying Party is obligated under Section 9.02 to indemnify against third party claims for consequential, incidental, punitive, exemplary or indirect damages or lost profits or business interruption damages). For avoidance of doubt, Seller's direct actual damages shall be deemed to include lost PTCs. The limitations herein imposed on remedies and the measure of damages is without regard to the cause or causes related thereto, including the negligence of any Party, whether such negligence be sole, joint or concurrent, or active or passive. To the extent any damages required to be paid hereunder for a breach are liquidated, the Parties acknowledge that the liquidated damages are reasonable in light of the anticipated harm that would be caused by the breach, the difficulties of proof of loss, and the inconvenience or nonfeasibility of otherwise obtaining an adequate remedy. EXCEPT AS SET FORTH IN THIS AGREEMENT, THERE ARE NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE SUBJECT MATTER OF THIS AGREEMENT.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

10.01 Events of Default by Buyers. A Buyer shall be in default under this Agreement upon the happening or occurrence of any of the following events or conditions, each of which shall be an "Event of Default" for purposes of this Agreement:

(a) Such Buyer breaches or fails to observe or perform any of such Buyer's material obligations under this Agreement, other than the obligations described in Section 10.01(c) and (g), unless within thirty (30) Days after written notice from Seller specifying the nature of such breach or failure, such Buyer either cures such breach or failure or, if such cure cannot reasonably be effected by the payment of money and cannot reasonably be completed within thirty (30) Days, commences such cure during the initial thirty (30) Day period and thereafter diligently pursues such cure during such additional period of time as is reasonably necessary to cure such breach or failure.

(b) Such Buyer is dissolved, or such Buyer's existence is terminated or its business is discontinued, unless (i) this Agreement is assigned to a successor pursuant to Article VII, or (ii) such Buyer is merged into a successor corporation which continues substantially all of such Buyer's business activities, and which has a credit rating assigned to its unsecured, senior long-term debt obligations (not supported by third party credit enhancements) no lower than the credit rating assigned to the unsecured, senior long-term debt obligations (not supported by third party credit enhancements) of such Buyer immediately prior to such dissolution, termination or discontinuation.

(c) Such Buyer fails to pay, when due, any amount due hereunder, and such failure continues for a period of seven (7) Business Days following the receipt by such Buyer of a written notice of such failure from Seller.

(d) Any representation or warranty of such Buyer set forth in this Agreement was false or misleading in any material respect when made, unless (i) the fact, circumstance or condition that is the subject of such representation or warranty is made true within thirty (30) Days after Seller has given notice thereof to such Buyer; provided, however, that if the fact, circumstance or condition that is the subject of such representation or warranty cannot be corrected within such thirty (30) Day period and if such Buyer commences to correct the fact, circumstance or condition that is the subject of such representation during the initial thirty (30) Day period, and thereafter proceeds with all due diligence, to correct the fact, circumstance or condition that is the subject of such representation or warranty, such period shall be extended for such further period as shall be reasonably necessary for such Buyer to correct the same with all due diligence, and (ii) such cure removes any adverse effect on Seller of such fact, circumstance or condition being otherwise than as first represented, or such fact, circumstance or condition being otherwise than as first represented does not materially adversely affect Seller.

(e) Such Buyer shall (i) file a voluntary petition in bankruptcy or file a voluntary petition or otherwise commence any action or proceeding seeking reorganization, liquidation, arrangement or readjustment of its debts or for any other relief under the any Bankruptcy Law, or consent to, approve of, or acquiesce in, any such petition, action or proceeding; (ii) apply for or acquiesce in the appointment of a receiver, liquidator, sequestrator, custodian, trustee or similar officer for it or for all or any part of its property; (iii) make an assignment for the benefit of creditors; or (iv) be insolvent or be unable generally to pay its debts as they become due.

(f) A proceeding or case is commenced, without the application or consent of such Buyer, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution, winding-up, or composition or adjustment of debts of such Buyer, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like, of such Buyer or of all or any substantial part of its assets, or (iii) similar relief in respect of such Buyer under any Bankruptcy Law, and such proceeding or case shall continue undismissed, or an order, judgement or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of sixty (60) Days from commencement of such proceeding or case or the date of such order, judgement or decree.

(g) Such Buyer makes an assignment of this Agreement in violation of Article VII.

10.02 Events of Default By Seller. Seller shall be in default under this Agreement upon the happening or occurrence of any of the following events or conditions, each of which shall be an “Event of Default” for purposes of this Agreement:

(a) Seller breaches or fails to observe or perform any of Seller’s material obligations under this Agreement, other than the obligations described in Section 10.02(c), (g), (h), (i), (j) and (k) and unless within thirty (30) Days after written notice from Buyers’ Agent specifying the nature of such breach or failure, Seller either cures such breach or failure or, if such cure cannot reasonably be effected by the payment of money and cannot reasonably be completed within thirty (30) Days, commences such cure during the initial thirty (30) Day

period and thereafter diligently pursues such cure during such additional period of time as is reasonably necessary to cure such breach or failure.

(b) Seller is dissolved, or Seller's existence is terminated or its business is discontinued, unless this Agreement is assigned to a successor pursuant to Article VII, or unless a majority of the owners of Seller elect to continue the business of Seller under a successor company, and such company notifies Buyers' Agent of its intention to assume Seller's obligations under this Agreement within thirty (30) Days of such dissolution, termination or discontinuation.

(c) Seller fails to pay, when due, any amount due hereunder, and such failure continues for a period of seven (7) Business Days following the receipt by Seller of a written notice of such failure from Buyers' Agent.

(d) Any representation or warranty of Seller set forth in this Agreement was false or misleading in any material respect when made, unless (i) the fact, circumstance or condition that is the subject of such representation or warranty is made true within thirty (30) Days after Buyers' Agent has given notice thereof to Seller; provided, however, that if the fact, circumstance or condition that is the subject of such representation or warranty cannot be corrected within such thirty (30) Day period and if Seller commences to correct the fact, circumstance or condition that is the subject of such representation during the initial thirty (30) Day period, and thereafter proceeds with all due diligence, to correct the fact, circumstance or condition that is the subject of such representation or warranty, such period shall be extended for such further period as shall be reasonably necessary for Seller to correct the same with all due diligence, and (ii) such cure removes any adverse effect on Buyers of such fact, circumstance or condition being otherwise than as first represented, or such fact, circumstance or condition being otherwise than as first represented does not materially adversely affect Buyers.

(e) Seller shall (i) file a voluntary petition in bankruptcy or file a voluntary petition or otherwise commence any action or proceeding seeking reorganization, liquidation, arrangement or readjustment of its debts or for any other relief under any Bankruptcy Law, or consent to, approve of, or acquiesce in, any such petition, action or proceeding; (ii) apply for or acquiesce in the appointment of a receiver, liquidator, sequestrator, custodian, trustee or similar officer for it or for all or any part of its property; (iii) make an assignment for the benefit of creditors; or (iv) be insolvent or be unable generally to pay its debts as they become due.

(f) A proceeding or case is commenced, without the application or consent of Seller in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution, winding-up, or composition or adjustment of debts of Seller, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like, of Seller or of all or any substantial part of its assets, or (iii) similar relief in respect of Seller under any Bankruptcy Law, and such proceeding or case shall continue undismissed, or an order, judgement or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of sixty (60) Days from commencement of such proceeding or case or the date of such order, judgement or decree.

(g) Seller fails to establish and maintain a Letter of Credit in accordance with Section 10.08.

(h) a Letter of Credit Default by Seller's issuer occurs and is not timely cured in accordance with Section 10.08(c).

(i) Seller shall sell, assign, transfer or otherwise divert to a third party all or any portion of the Electric Products from the Facility following the Initial Delivery Date, other than as provided for in Section 10.03(a)(iii), except for Electric Products sold in mitigation of damages pursuant to Section 10.05(c), Electric Products sold during a Curtailment, and Electric Products used to supply station service, inadvertent energy flows, and imbalance energy.

(j) Seller shall relinquish all possession and control of the Facility, other than as permitted pursuant to Article VII (including, in the case of an assignment to a Collateral Assignee, a further transfer of the Facility following a foreclosure by such Collateral Assignee), and other than relinquishment to a contractor of Seller, if such relinquishment of possession and control is not cured within thirty (30) Days following the receipt by Seller of a written notice thereof from Buyers' Agent.

(k) Seller makes an assignment of this Agreement in violation of Article VII.

10.03 Remedies

[REDACTED]

[REDACTED]

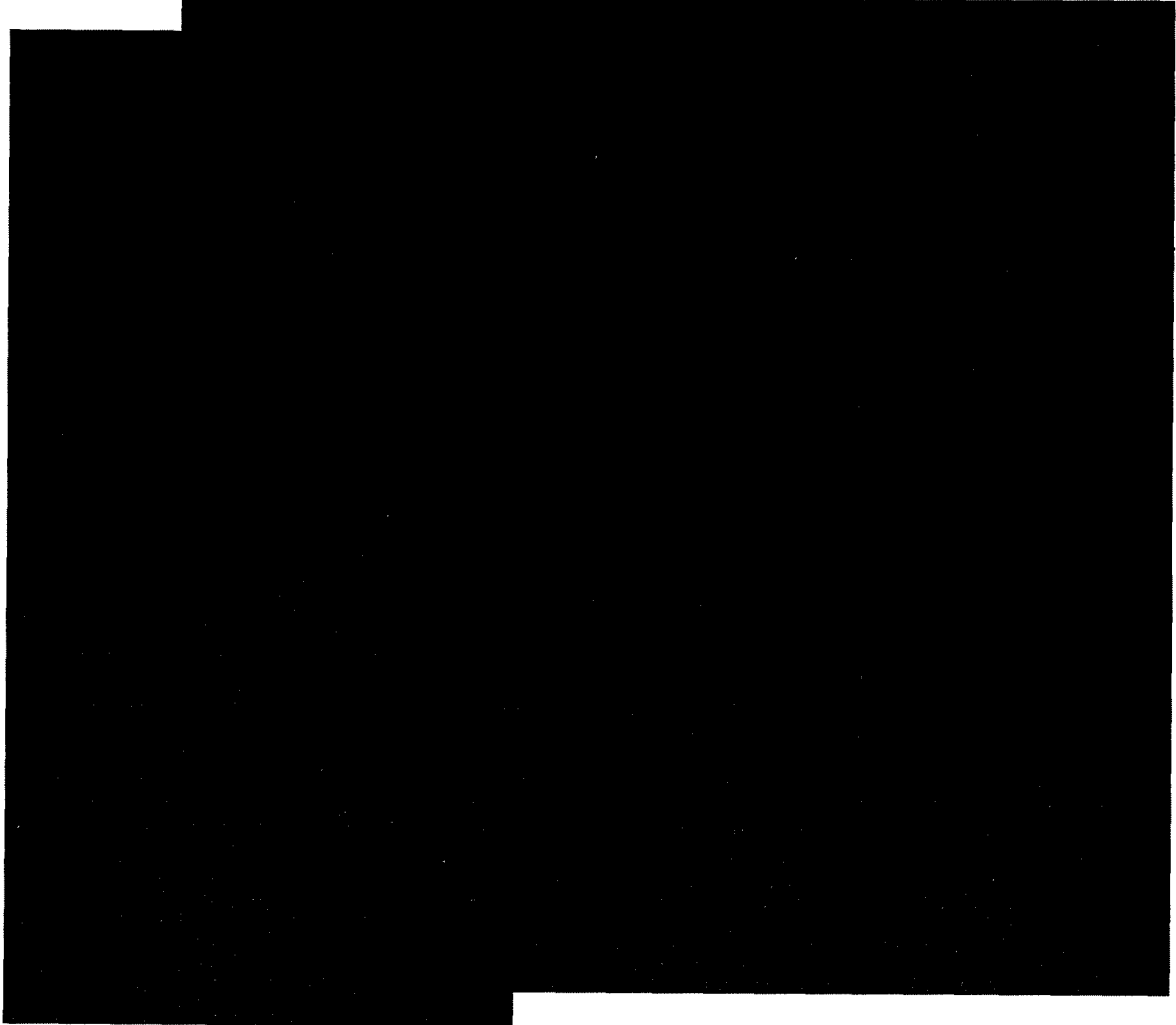
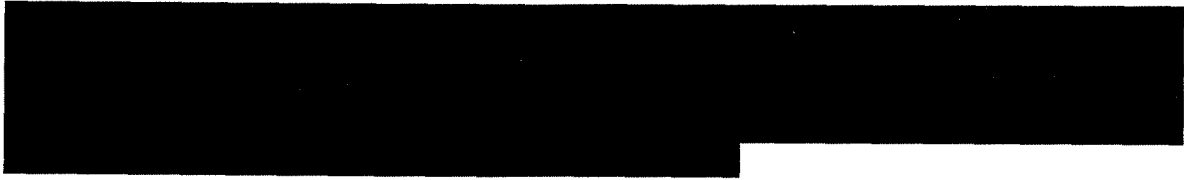
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10.04 Suspension of Performance. Notwithstanding any other provision of this Agreement, if an Event of Default shall have occurred and be continuing, the Non-Defaulting Party, upon notice to the Defaulting Party, shall have the right (i) to suspend performance under this Agreement with respect to such Defaulting Party pending the exercise of other remedies provided hereunder (provided, however, that Seller may suspend performance immediately upon the delivery of a notice to Buyers' Agent pursuant to Section 10.01(e)), which suspension may continue for a period not to exceed sixty (60) Days; and (ii) to exercise any remedy available at law or in equity; provided, however, that the collection of the Termination Payment shall be the Non-Defaulting Party's sole and exclusive remedy for any damages due to the fact that Electric

Products from the Facility will not be provided by Seller or purchased by the Defaulting Party following any Early Termination Date.

10.05 Election of Remedies.

(a) Except as specifically limited in this Agreement, each and every right, power and remedy of a Party, whether specifically stated in this Agreement, or otherwise existing, may be exercised concurrently or separately, from time to time, and so often and in such order as may be deemed expedient by the exercising Party, and the exercise or the beginning of the exercise of any such right, power or remedy shall not be deemed a waiver of the right to exercise, at the same time or thereafter, any other right, power or remedy. No delay or omission of a Party in the exercise of any right, power or remedy shall impair or operate as a waiver thereof or of any other right, power or remedy then or thereafter existing.

(b) Notwithstanding any other provision of this Article, neither Party shall terminate this Agreement following the occurrence of an Event of Default by the other Party if, prior to the Defaulting Party's receipt of a notice of such termination, and notwithstanding the expiration or unavailability of any cure period provided under this Agreement, the Defaulting Party shall have cured the Event of Default.

(c) Each Party agrees that it has a duty to mitigate damages and covenants that it will use commercially reasonable efforts to minimize damages it may incur as a result of the other Party's performance or non-performance of this Agreement, including, in the case of Seller, in situations other than where Buyers' Agent has requested curtailment pursuant to Section 5.01(c), using commercially reasonable efforts to sell any Electric Products that would have been generated by the Facility and delivered to the Delivery Point but for Buyers' performance or non-performance of this Agreement. For avoidance of doubt, Seller shall have no duty pursuant to this Paragraph (c) during periods when Buyers' Agent has requested curtailment pursuant to Section 5.01(c).

10.06 Dispute Resolution.

(a) General Provisions.

(i) Every dispute of any kind or nature between the Parties arising out of or in connection with this Agreement (each a "Dispute") shall be resolved in accordance with this Section, to the extent permitted by Law.

(ii) Referral to Senior Management.

(A) Upon the occurrence of a Dispute, either Seller or Buyers' Agent may deliver a notice to the other Party requesting that the Dispute be referred to the senior management of Seller and Buyers' Agent. Any such notice shall include the names of the senior management of the Party nominated to attempt to resolve the Dispute, and a schedule of their availability during the thirty (30) Day period following the date of the notice. Any such notice shall be delivered within a reasonable time after the Dispute arises, but in no event shall it be delivered less than thirty (30) Days before the institution of legal or equitable proceedings based on such Dispute would be barred by any applicable statute of limitations.

(B) Within seven (7) Days after receipt of a notice pursuant to Paragraph (i), the other Party shall provide a notice to the requesting Party indicating the names of the senior management of the Party nominated to attempt to resolve the Dispute, and a schedule of their availability during the remainder of the thirty (30) Day period following the date of the notice.

(C) During the remainder of the thirty (30) Day period following delivery of the notice, the nominated members of the senior management of the Parties shall meet as frequently as possible, and shall attempt in good faith to resolve the Dispute. Unless the Parties agree otherwise in writing prior to the commencement of such thirty Day period, neither Party shall be entitled to invoke or rely on any admissions, settlement offers or other statements made during the course of such discussions in any subsequent arbitration or legal proceedings.

(b) Litigation or Arbitration. Any Dispute that has not been resolved within thirty (30) Days of the delivery of a notice in accordance with Section 10.06(a) shall be resolved by (i) binding arbitration, if Seller and Buyers' Agent mutually agree, in accordance with the provisions of Section 10.06(c), or (ii) if the Parties do not mutually agree to binding arbitration, litigation in the Federal District Court for the Southern District of New York.

(c) Arbitration Procedures. Any Dispute that the Parties mutually agree shall be settled by arbitration pursuant to Section 10.06(b)(i) shall be settled by binding arbitration between the Parties conducted in Chicago, Illinois, and in accordance with the Commercial Arbitration Rules of the American Arbitration Association (the "AAA") in effect at the time the Parties mutually agree to arbitration. Seller or Buyers' Agent shall submit such Dispute to arbitration by providing a written demand for arbitration to the other Party, and the Parties shall select a single neutral arbitrator with significant contract resolution experience and experience in the wind power industry and an understanding of wind power electric generating facilities. If the Parties cannot agree on a single neutral arbitrator within fifteen (15) Business Days after the written demand for arbitration is provided, then the arbitrator shall be selected by the AAA. Following selection of the arbitrator, the Parties may then commence with and engage in discovery in connection with the arbitration as provided by New York law and shall be entitled to submit expert testimony or written documentation in such arbitration proceeding. The decision of the arbitrator shall be final and binding upon the Parties absent fraud or manifest error and shall be set forth in a reasoned opinion, and award may be enforced thereon by either Party in a court of competent jurisdiction. Any award of the arbitrator shall include interest from the date of any damages incurred for breach or other violation of this Agreement and from the date of the award until but excluding the date paid in full at the Prime Rate. The Parties shall each bear the cost of preparing and presenting its own case; provided, however, that the cost of the arbitration, including the fees and expenses of the arbitrator, shall initially be shared equally by the Parties, subject to reimbursement of such arbitration costs and attorneys' fees and costs to the prevailing Party. The arbitrator shall be instructed to establish procedures such that a decision can be rendered within sixty (60) Days of the appointment of the arbitrator. In no event shall the arbitrator have the power to award any damages limited by Section 9.03, which Section shall be binding upon the arbitrator.

(d) Continued Performance. During the conduct of dispute resolution procedures pursuant to this Section, (i) the Parties shall continue to perform their respective obligations under this Agreement, and (ii) no Party shall exercise any other remedies hereunder arising by virtue of the matters in dispute; provided, however, that nothing in this Section shall be construed (x) to prevent Seller from suspending performance in the event that either Buyer has not paid undisputed amounts due and owing to Seller under this Agreement, or (y) to prevent Buyers from suspending performance hereunder (other than payments for Electric Products previously provided to Buyer) in the event that Seller ceases providing Electric Products hereunder.

10.07 Effect of Termination. No termination of this Agreement following an Event of Default shall relieve the Defaulting Party of its liability and obligations hereunder, and the Non-Defaulting Party may take whatever action at law or in equity may appear necessary or desirable to enforce performance and observance of any obligations under this Agreement, and the rights given hereunder shall be in addition to all other remedies available to the Parties, either, at law, in equity, or otherwise, for the breach of this Agreement, provided, however, that any damages for the termination of this Agreement shall be as provided in Section 10.03.

10.08 Seller's Credit Support.

(a) Prior to the Initial Delivery Date, Seller shall deliver to Buyers' Agent a Letter of Credit in the amount of [REDACTED] to secure Seller's payment obligations hereunder. The Letter of Credit shall remain in place for at least one year, and any outstanding Letter of Credit shall be renewed or replaced prior to its expiration by a replacement Letter of Credit in the same amount and a term of at least one year (provided, however, that the last such Letter of Credit shall have an expiration date that is no earlier than ninety (90) Days following the last Day of the Contract Term), which Letter of Credit shall be delivered to Buyers' Agent no later than twenty (20) Days before the expiration of the replaced Letter of Credit, and which process shall be repeated each year throughout the Contract Term. The Letter of Credit shall include a provision for at least thirty (30) Days advance notice to Buyers' Agent of any expiration or early termination of the Letter of Credit so as to allow Buyers' Agent sufficient time to exercise its rights under the Letter of Credit if Seller fails to renew or replace the Letter of Credit prior to such expiration or early termination.



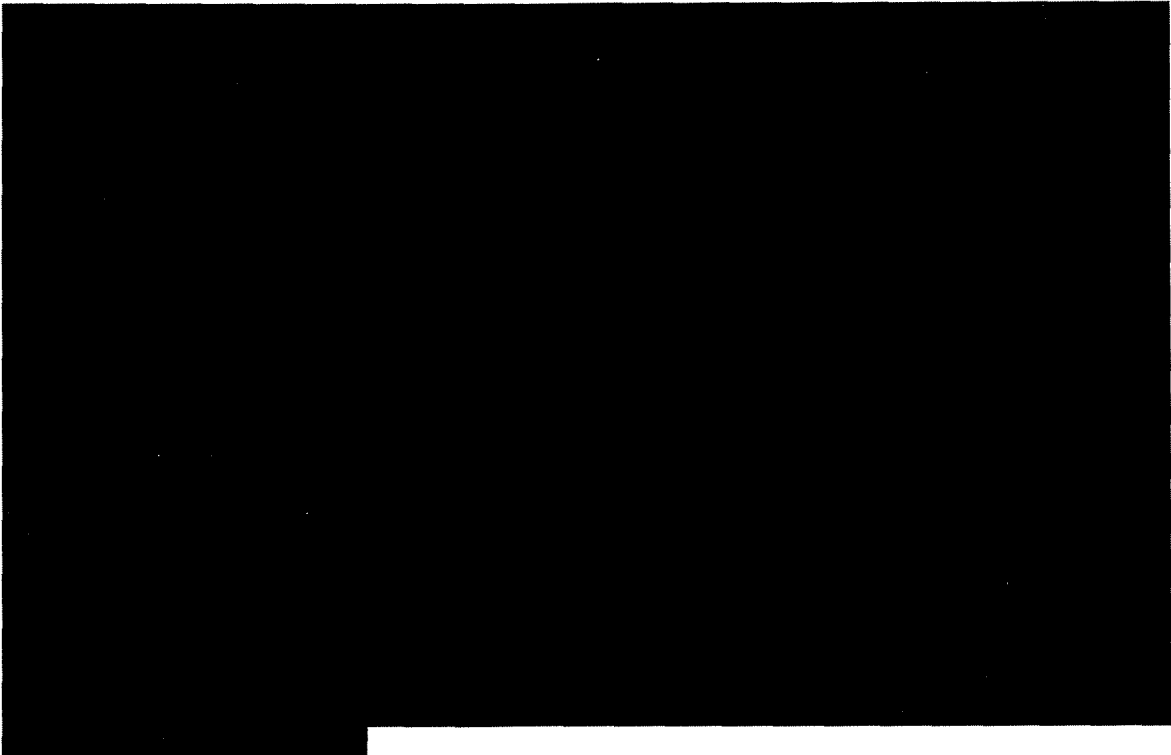
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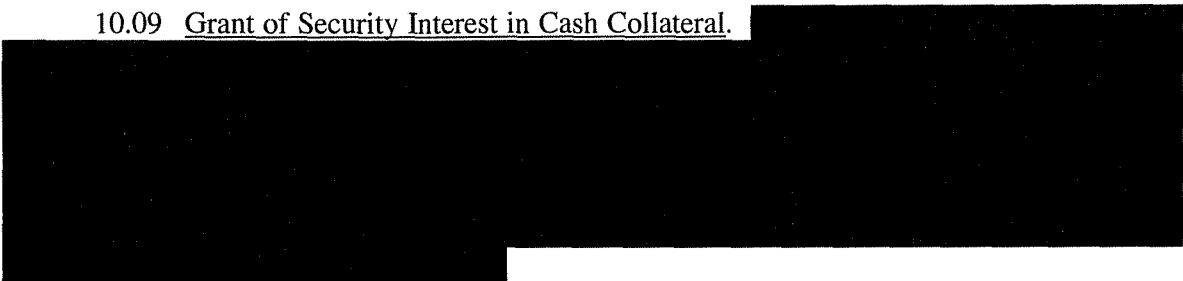
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10.09 Grant of Security Interest in Cash Collateral.



ARTICLE XI
INSURANCE

11.01 Coverage and Amounts. Seller, and all contractors and subcontractors performing any services in connection with the operation or maintenance of the Facility, shall obtain and maintain in force commercial general liability and umbrella or excess liability insurance, public liability coverage and property insurance for injury to persons and property, automobile liability insurance and workman's compensation insurance, all in amounts and under terms which are generally carried by owners or lessees, operators or maintainers of projects similar to the Facility, but in any event in accordance with the requirements of Article XI and Exhibit 11.01. Seller's liability under this Agreement is not limited to the amount of insurance coverage required herein.

11.02 Evidence of Insurance. Upon request made on or after the Initial Delivery Date, Seller shall provide Buyers' Agent with insurance certificates reasonably acceptable to Buyers'

Agent evidencing that insurance coverages for the Facility are in compliance with the specifications for insurance coverage set forth in this Article XI and Exhibit 11.01. Such insurance and certificates shall (a) include Buyers as additional insureds under the commercial general liability and umbrella liability policies; (b) provide a waiver of any rights of subrogation against Buyers, their Affiliates and other Associated Parties; and (c) indicate that the commercial general liability and umbrella liability policies have been extended as described above. All policies shall be written with insurers with A.M. Best Company ratings of at least A-. All policies shall be written on an occurrence basis, except as provided in Section 11.04. The commercial general liability and umbrella liability policies shall: (i) provide that Seller's policy shall be primary in all instances regardless of like coverages, if any, carried by Buyers and (ii) provide for claims by one insured against another such that, except for the limits of insurance, the insurance shall apply separately to each insured against whom a claim is made or suit is brought.

11.03 Modification of Insurance. If any insurance required to be maintained by Seller hereunder ceases to be available on commercially reasonable terms in the commercial insurance market, Seller shall provide written notice to Buyers' Agent, accompanied by a certificate from an independent insurance advisor of recognized national standing, certifying that such insurance is not available on commercially reasonable terms in the commercial insurance market for electric generating plants of similar type, geographic location and design. Upon delivery of such notice, Seller shall be relieved of the affected obligation, and Seller shall use commercially reasonable efforts to obtain other insurance that would provide comparable protection against the risk to be insured.

11.04 Term Insurance. All insurance required under this Agreement shall cover occurrences during the Contract Term. In the event that any insurance as required herein is commercially available only on a "claims-made" basis, such insurance shall provide for a retroactive date not later than the Effective Date and such insurance shall be maintained by Seller, with a retroactive date not later than the retroactive date required above, for a minimum of three (3) years after the Contract Term.

ARTICLE XII **MISCELLANEOUS**

12.01 Applicable Law. This Agreement is executed in accordance with and is intended to be construed under the internal Laws of the State of New York, excluding any Law related to conflict or choice of Law which would result in the application of any Law to this Agreement other than the internal Laws of the State of New York.

12.02 Notice and Service. Any notice, demand, request, consent, approval, confirmation, communication, or statement which is required or permitted under this Agreement (other than scheduling requests, real-time or routine communications concerning Facility operations), shall be in writing, except as otherwise provided, and may be delivered by hand delivery, overnight U.S. mail or courier service or facsimile, addressed to the Party to be notified at the address set forth below. Notice by facsimile or hand delivery shall be effective at the close of business on the Day actually received, if received during business hours on a Business Day, and otherwise shall be effective at the close of business on the next Business Day. Notice by overnight U.S. mail or courier shall be effective on the next Business Day after it was sent.

If to Louisville Gas and Electric Company:

Louisville Gas and Electric Company
220 West Main Street, 7th Floor
Louisville, KY 40202

Attn: Contract Administration
Phone: (502) 627-4197 or 4253
Facsimile: (502) 627-4222

With additional notices of an Event of Default or Potential Event of Default to:

Attn: Credit Manager
Attn: General Counsel
Phone: (502) 627-3665
Facsimile: (502) 627-3950

If to Kentucky Utilities Company:

Kentucky Utilities Company
220 West Main Street, 7th Floor
Louisville, KY 40202

Attn: Contract Administration
Phone: (502) 627-4197 or 4253
Facsimile: (502) 627-4222

With additional notices of an Event of Default or Potential Event of Default to:

Attn: Credit Manager
Attn: General Counsel
Phone: (502) 627-3665
Facsimile: (502) 627-3950

If to Seller:

Grand Ridge Energy IV LLC
c/o Invenergy Wind LLC
One South Wacker Drive
Suite 2020
Chicago, IL 60606
Attn: Grand Ridge Facility Manager
Facsimile Number: 312-707-9045

Notices of changes of address by either Party shall be made in writing no later than ten (10) Days prior to the effective date of such change.

12.03 Amendment. No amendment or modification of the terms of this Agreement shall be binding on either Buyers or Seller unless such amendment is reduced to writing and signed by Seller and Each Buyer.

12.04 Expenses. Except as specifically set forth in this Agreement, each Party shall be responsible for such Party's expenses incurred in connection with this Agreement.

12.05 Taxes and Other Charges.

(a) Seller's Taxes. Seller shall be solely responsible for any and all present or future Taxes relating to the construction, equipment procurement, ownership or leasing, operation or maintenance of the Facility or its components or appurtenances and all real estate, personal property, ad valorem and other Taxes attributable to the Facility, land, land rights or interests in land for the Facility (including Taxes on Seller's net income).

(b) Buyer's Taxes. Buyers shall be solely responsible for any transfer, sales, use or other Taxes (other than Taxes on Seller's net income) incurred by reason of the sale and delivery of Electric Products to Buyers and incurred at and after the Delivery Point.

(c) Cooperation. The Parties shall cooperate to minimize tax exposure; however, neither Party shall be obligated to incur any financial burden to reduce taxes for which the other Party is responsible hereunder. All Electric Products delivered by Seller to Buyers hereunder shall be sales for resale, with Buyers reselling such Electric Products. Buyers shall obtain and provide Seller with any certificates required by Governmental Authority, or otherwise reasonably requested by Seller to evidence that the deliveries of Electric Products hereunder are sales for resale.

12.06 Maintenance of Records. Seller and Buyers shall keep a record of all invoices, receipts, charts, computer printouts, punchcards or magnetic tapes related to the volume or price of sales of Electric Products made under this Agreement. Such records shall be made available for inspection by either Party from time to time upon reasonable notice at the principal place of business of the non-requesting Party during regular business hours. All such materials shall be deemed to be Proprietary Information, and shall be kept on record for a minimum of five (5) years from the date of their preparation.

12.07 Confidentiality.

(a) Any Proprietary Information of a Party (the "Transferor") which is disclosed to or otherwise received or obtained by the other Party (the "Transferee") incident to this Agreement is disclosed, and shall be held, in confidence, and the Transferee shall not (subject to Paragraphs (b) and (c)) publish or otherwise disclose any Proprietary Information of the Transferor to any Person for any reason or purpose whatsoever, or use any Proprietary Information for any purpose other than performance under this Agreement, without the prior written approval of the Transferor, which approval may be granted or withheld by the Transferor in its sole discretion. Without limiting the generality of the foregoing, each Party shall observe at a minimum the same safeguards and precautions with regard to the other Party's Proprietary Information which such Party observes with respect to its own information of the same or similar kind.

(b) Each Party agrees that it will make available Proprietary Information received from the other Party to its own Associated Parties only on a need-to-know basis, and that all Persons to whom such Proprietary Information is made available will be made aware of the confidential nature of such Proprietary Information, and will be required to agree to hold such Proprietary Information in confidence under terms substantially identical to the terms hereof.

(c) Notwithstanding the foregoing:

(i) A Transferee may provide any Proprietary Information to any Governmental Authority having jurisdiction over or asserting a right to obtain such information, or to Transmission Provider, provided that (i) such Governmental Authority or Transmission Provider orders that such Proprietary Information be provided, and (ii) unless prohibited from so doing by applicable Law, the Transferee promptly advises the Transferor of any request for such information by such Governmental Authority or Transmission Provider and cooperates in giving the Transferor an opportunity to present objections, requests for limitation, and/or requests for confidentiality or other restrictions on disclosure or access, to such Governmental Authority or Transmission Provider.

(ii) Each Party may, to the extent required, disclose Proprietary Information to any Governmental Authority in connection with the application for any required Authorization, provided that, unless prohibited from so doing by applicable Law, the Transferee shall advise the Transferor of any Proprietary Information that Transferee will disclose to the Governmental Authority prior thereto and shall cooperate in giving the Transferor an opportunity to present objections, requests for limitation, and/or requests for confidentiality or other restrictions on disclosure or access, to such Governmental Authority.

(iii) Seller may disclose Proprietary Information to any Financing Party or prospective Financing Party for purposes of such Financing Party or prospective Financing Party's evaluation in connection with the provision of debt or equity financing (including equity contributions or commitments), refinancing of any such financing, or any guarantee, insurance or credit support for or in connection with such financing or refinancing, in connection with the ownership or leasing, operation or maintenance of the Facility, or any part thereof; provided that the recipient of any such Proprietary Information agrees to maintain such information in confidence under terms similar to those contained in this Agreement. Following a Partial Termination, Seller may, subject to the remaining Buyer's consent, such consent not to be unreasonably withheld, disclose Proprietary Information described in Paragraph (f)(i)(B) that relates to the terms of this Agreement, other than the price for Electric Products, to the extent necessary to sell the Electric Products not being purchased by the remaining Buyer to any prospective purchaser of Electric Products from the Facility in accordance with Section 10.03(a)(iii).

(iv) Either Party may disclose such Proprietary Information regarding the terms of this Agreement as such Party deems necessary to enable it to comply with the Securities Exchange Act of 1934, or the rules, regulations and forms of the Securities and Exchange Commission, issued thereunder or the applicable rules of any stock exchange.

(d) In the event of a breach or threatened breach of the provisions of Paragraph (a) by any Transferee, the Transferor shall be entitled to an injunction restraining such Party from such breach. Nothing contained herein shall be construed as prohibiting the Transferor from pursuing any other remedies available at Law or equity for such breach or threatened breach of this Agreement.

(e) The obligation to retain information in confidence shall continue in full force and effect during the Contract Term and for a period of two (2) years thereafter, notwithstanding the expiration or termination of this Agreement, with respect to any information obtained by any Party prior to such expiration or termination.

(f) Definition of Proprietary Information:

(i) The term "Proprietary Information" means all information, written or oral, which has been or is disclosed by the Transferor, or by any Associated Party of the Transferor, or which otherwise becomes known to the Transferee, or to any Associated Party of such Transferee, or any other party in a confidential relationship with, the Transferee, and which (A) relates to matters such as patents, trade secrets, research and development activities, draft or final contracts or other business arrangements, books and records, wind data and analysis, generation data and analysis, budgets, cost estimates, pro forma calculations, engineering work product, environmental compliance, vendor lists, suppliers, manufacturing processes, energy consumption, pricing information, private processes, and other similar information, as they may exist from time to time, (B) relates to the existence or the terms, including pricing, of this Agreement, or (C) the Transferor expressly designates in writing to be confidential. Proprietary Information shall also include information regarding the terms of this Agreement, including the pricing and other commercial terms hereof.

(ii) Notwithstanding anything to the contrary in Clause (i), Proprietary Information shall exclude information falling into any of the following categories:

(A) Information that, at the time of disclosure hereunder, is in the public domain, other than information that entered the public domain by breach of this Agreement by Transferee;

(B) Information that, after disclosure hereunder, enters the public domain, other than information that enters the public domain by breach of this Agreement by Transferee;

(C) Information, other than that obtained from third parties, that prior to disclosure hereunder, was already in Transferee's possession, either without limitation on disclosure to others or subsequently becoming free of such limitation;

(D) Information obtained by Transferee from a third party having an independent right to disclose the information; or

(E) Information that is available through independent research without use of or access to the Proprietary Information.

12.08 No Partnership. Notwithstanding any provision of this Agreement to the contrary, Seller and Buyers do not intend to create hereby any lease, joint venture, partnership, association taxable as a corporation, or other entity for the conduct of any business for profit. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party. Seller and Buyers agree to take, on a timely basis, all voluntary action as may be necessary to be excluded from treatment as a partnership under the Code, and, if it should appear that one or more changes to this Agreement would be required in order to prevent the creation of such a business entity, Seller and Buyers agree to negotiate promptly in good faith with respect to such changes.

12.09 No Duty To Third Parties. Except as provided in Articles VII and IX, this Agreement is for the sole benefit of the Parties hereto, and nothing in this Agreement nor any action taken hereunder shall be construed to create any duty, liability or standard of care to any Person not a party to this Agreement. Except as specifically provided herein, no Person shall have any rights or interest, direct or indirect, in this Agreement or the services to be provided hereunder, or both, except Buyers and Seller. Except as provided in Articles VII and IX, the Parties specifically disclaim any intent to create any rights in any Person as a third-party beneficiary to this Agreement or the services to be provided hereunder, or both.

12.10 Dedication. No undertaking by one Party to the other under this Agreement shall constitute the dedication of that Party's system or any portion thereof to the other Party or to the public or affect the status of Seller as an independent entity and not a public utility or public service company.

12.11 Information. Subject to Section 12.07, each Party shall make available to the other such other information relative to the Facility as may be reasonably required to carry out the terms of this Agreement.

12.12 Counterparts. This Agreement may be executed simultaneously in two (2) or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

12.13 Severability. If any provision of this Agreement shall be determined to be unenforceable, void or otherwise contrary to Law, or in the event that any of the provisions, or portions or applications thereof, of this Agreement are held unenforceable or invalid by any court of competent jurisdiction, such condition shall in no manner operate to render any other provision of this Agreement unenforceable, invalid, void or contrary to Law, and this Agreement shall continue in force in accordance with the remaining terms and provisions hereof; provided, however, that Seller and Buyers' Agent shall negotiate in good faith to attempt to implement an equitable adjustment in the provisions of this Agreement with a view toward effecting the purposes of this Agreement by replacing the provision that is unenforceable, invalid, void, or contrary to Law with a valid provision the economic effect of which comes as close as possible to that of the provision that has been found to be unenforceable, invalid, void, or contrary to Law.

12.14 Audit Rights. Subject to Section 12.07, the Parties shall have the right from time to time throughout the Contract Term, upon reasonable prior notice, to audit the other Party's books and records to the limited extent necessary to verify the basis for any claim by either of the Parties for payments hereunder or to determine the other Party's compliance with the terms of this Agreement. The audited Party shall make such records available at its office during normal business hours and the auditing Party shall reimburse the other Party for reasonable costs incurred by the audited Party by the audit, as supported by appropriate documentation. Any information learned during the course of any such audit shall be deemed to be Proprietary Information.

12.15 Further Assurances.

(a) Buyers acknowledge that the Facility has been financed, and may in the future be refinanced, with funds provided, in whole or in part, by Financing Parties, some or all of which are yet to be identified. As reasonably necessary to accommodate such financing or refinancing, Buyers shall (i) execute, acknowledge and deliver further documents and instruments, (ii) provide additional information, and (iii) agree to modifications of this Agreement, provided however, that Buyers shall not be required to execute, acknowledge or deliver any documents or agree to any modification that materially impairs or diminishes any of their rights under this Agreement, that materially diminishes any of Seller's obligations under this Agreement, or that requires Buyers to incur any expense unless Seller reimburses Buyers for such expense.

(b) Each Buyer shall provide such information and documentation as may be requested by any Financing Party or prospective Financing Party, including (i) financial statements, evidence of corporate existence, and evidence of incumbency of persons executing this Agreement; (ii) an opinion of its counsel confirming the enforceability of this Agreement against such Buyer and the accuracy of the representations set forth in Section 2.01(a), (b) and (c), and addressing such other matters as may be reasonably requested by any such Lender or prospective Lender, (iii) subject to Article VII, a consent to the collateral assignment of this Agreement to any such Lender containing such terms and provisions as may be reasonably requested by such Lender, including a right to cure Seller defaults, and (iv) any other consents, estoppel certificates or other documents reasonably required in connection with the financing of the Facility. Seller shall reimburse Each Buyer for its legal fees resulting from compliance with this Paragraph (b).

12.16 Successors and Assigns. Except to the extent otherwise indicated herein, all the rights, benefits, duties, liabilities and obligations of the Parties hereto shall inure to the benefit of and be binding upon their respective successors and permitted assigns.

12.17 Integration. There are no understandings between the Parties as to the subject matter of this Agreement other than as set forth herein, and this Agreement represents the entire understanding between the Parties in relation to the subject matter hereof. This Agreement supersedes any and all previous agreements, arrangements or discussions between the Parties (whether written or oral) in respect of the subject matter hereof, all of which are hereby abrogated and withdrawn.

12.18 Survival. The applicable provisions of this Agreement shall continue in effect after the expiration of the Contract Term, to the extent necessary to provide for final billing and adjustment, including three years for audit rights under Section 12.14, and to make other appropriate settlements hereunder.

12.19 Forward Contract. The Parties acknowledge and agree that this Agreement constitutes a “forward contract” and that Seller and each Buyer is a Forward contract merchant” within the meaning of the United States Bankruptcy Code.

12.20 Standard of Review. Absent agreement of both Parties to the proposed change, the standard of review for changes to this Agreement proposed by a Party, a non party or the Federal Energy Regulatory Commission acting sua sponte shall be the “public interest” standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956) (aka the “Mobile Sierra doctrine”). This Agreement shall not be subject to change by application of either Party pursuant to §205 or §206 of the Federal Power Act.

[The Remainder of This Page Intentionally Blank]

IN WITNESS WHEREOF, the Parties have caused the signatures of their authorized officers and their seals to be affixed as of the Day and year first above written.

LOUISVILLE GAS AND ELECTRIC COMPANY

By: John M. Voyles Jr.
Name: John M. Voyles Jr.
Title: Vice President

KENTUCKY UTILITIES COMPANY

By: John M. Voyles Jr.
Name: John M. Voyles Jr.
Title: Vice President

GRAND RIDGE ENERGY IV LLC

By: _____
Name:
Title:

IN WITNESS WHEREOF, the Parties have caused the signatures of their authorized officers and their seals to be affixed as of the Day and year first above written.

LOUISVILLE GAS AND ELECTRIC COMPANY

By: _____
Name:
Title:

KENTUCKY UTILITIES COMPANY

By: _____
Name:
Title:

GRAND RIDGE ENERGY IV LLC

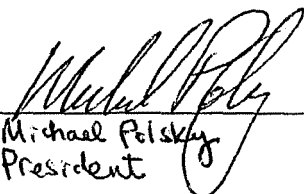
By:  _____
Name: Michael Folsky
Title: President

EXHIBIT 1.01A

DESCRIPTION OF THE FACILITY

- Location:** The Facility is located in LaSalle County, Illinois.
- Scope:** The Facility consists of Wind Turbines, access roads, electrical collection system, control/maintenance building and electrical substation, including an undivided ownership interest in a 1.6-mile 138 kV transmission line running from the Facility substation to the Commonwealth Edison 138 kV Kickapoo Creek substation in LaSalle County, Illinois, which undivided ownership interest affords the Facility use of transmission capacity on the 138 kV transmission line of no less than the Committed Capacity.
- Generating Equipment:** The 10.5 MW Facility consists of seven (7) General Electric 1.5 MW Wind Turbines designed to produce electrical power at 60 Hz.
- Electrical System:** The Facility includes an electric transformer with related protection devices for each Wind Turbine to step-up power generated by the Wind Turbine to 34.5 kV. The 34.5 kV collection system feeds power from Wind Turbines to the Facility substation where the power is stepped up to 138 kV and delivered to the PJM Interconnection through a 1.6-mile 138 kV transmission line running from the Facility substation to the Commonwealth Edison 138 kV Kickapoo Creek substation in LaSalle County, Illinois.

EXHIBIT 1.0B

[REDACTED]

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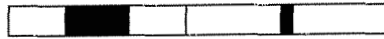


EXHIBIT 1.01C

FORM OF LETTER OF CREDIT

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¹ Appearance of this text subject to system entry.

EXHIBIT I

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

EXHIBIT 11.01

INSURANCE COVERAGE

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[REDACTED]

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In re the Matter of:

LOUISVILLE GAS AND ELECTRIC)	
COMPANY AND KENTUCKY UTILITIES)	
COMPANY 2009 APPLICATION FOR)	
APPROVAL OF PURCHASED POWER)	CASE NO. 2009-00353
AGREEMENTS AND RECOVERY OF)	
ASSOCIATED COSTS)	

LOUISVILLE GAS AND ELECTRIC COMPANY'S
STATUTORY NOTICE

Louisville Gas and Electric Company ("LG&E"), by counsel, informs the Kentucky Public Service Commission ("Commission") that it is engaged in business as an operating public utility, principally furnishing retail electric and gas service within the Commonwealth of Kentucky.

Pursuant to KRS 278.180, LG&E hereby gives notice to the Commission that, on this 28th day of September, it files herewith its Application for its Renewable Resource Clause ("RRC") attached hereto and incorporated by reference.

Notice is further given that the stated effective date for the Renewable Resource Clause is October 30, 2009. The proposed ratemaking mechanism, if approved, will allow LG&E to recover the cost of the contract price of generated energy pursuant to two proposed wind contracts plus the invoice price of transmission service including adjustments.

Notice to the public of the proposed ratemaking mechanism is being given as prescribed in the Commission's regulations (807 KAR 5:051, 807 KAR 5:001, Section 10 (3) and (4), and 807 KAR 5:011, Section 8), by publication in accordance with the Commission's regulations (807 KAR 5:001, Section 10(4) and 807 KAR 5:011, Section 8(2)(c)) and by exhibiting the notice to the public for inspection at the offices of LG&E, 820 West Broadway Street, Louisville,

Kentucky. A Certificate of Completed Notice will be filed with the Commission in the form recommended by 807 KAR 5:011, Section 15(5).

Submitted to the Commission this 28th day of September 2009.

Respectfully submitted,



Kendrick R. Riggs
W. Duncan Crosby III
Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202
Telephone: (502) 333-6000

Allyson K. Sturgeon
Senior Corporate Attorney
E.ON U.S. LLC
220 West Main Street
Louisville, Kentucky 40202
Telephone: (502) 627-2088

Counsel for Louisville Gas and Electric Company

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In re the Matter of:

LOUISVILLE GAS AND ELECTRIC)	
COMPANY AND KENTUCKY UTILITIES)	
COMPANY 2009 APPLICATION FOR)	
APPROVAL OF PURCHASED POWER)	CASE NO. 2009-00353
AGREEMENTS AND RECOVERY OF)	
ASSOCIATED COSTS)	

KENTUCKY UTILITIES COMPANY'S
STATUTORY NOTICE

Kentucky Utilities Company (“KU”), by counsel, informs the Kentucky Public Service Commission (“Commission”) that it is engaged in business as an operating public utility, principally furnishing retail electric service within the Commonwealth of Kentucky.

Pursuant to KRS 278.180, KU hereby gives notice to the Commission that, on this 28th day of September, it files herewith its Application for its Renewable Resource Clause (“RRC”) attached hereto and incorporated by reference.

Notice is further given that the stated effective date for the Renewable Resource Clause is October 30, 2009. The proposed ratemaking mechanism, if approved, will allow KU to recover the cost of the contract price of generated energy pursuant to two proposed wind contracts plus the invoice price of transmission service including adjustments.

Notice to the public of the proposed ratemaking mechanism is being given as prescribed in the Commission’s regulations (807 KAR 5:051, 807 KAR 5:001, Section 10 (3) and (4), and 807 KAR 5:011, Section 8), by publication in accordance with the Commission’s regulations (807 KAR 5:001, Section 10 (4) and 807 KAR 5:011, Section 8(2)(c)) and by exhibiting the notice to the public for public inspection at the offices and places of business of KU, including its main office, in the territory affected thereby, to wit, at the following places:

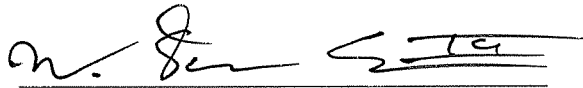
Barlow
Campbellsville
Carrollton
Danville
Earlington
Eddyville
Elizabethtown
Georgetown
Greenville
Harlan
Lexington
Lexington North

London
Maysville
Middlesboro
Morehead
Morganfield
Mt. Sterling
Paris
Richmond
Shelbyville
Somerset
Versailles
Winchester

A Certificate of Completed Notice will be filed with the Commission in the form recommended by 807 KAR 5:011, Section 15(5).

Submitted to the Commission this 28th day of September 2009.

Respectfully submitted,



Kendrick R. Riggs
W. Duncan Crosby III
Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202
Telephone: (502) 333-6000

Allyson K. Sturgeon
Senior Corporate Attorney
E.ON U.S. LLC
220 West Main Street
Louisville, Kentucky 40202
Telephone: (502) 627-2088

Counsel for Kentucky Utilities Company

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In re the Matter of:

**LOUISVILLE GAS AND ELECTRIC)
COMPANY AND KENTUCKY UTILITIES)
COMPANY 2009 APPLICATION FOR)
APPROVAL OF PURCHASED POWER)
AGREEMENTS AND RECOVERY OF)
ASSOCIATED COSTS)** **CASE NO. 2009-00353**

**LOUISVILLE GAS AND ELECTRIC COMPANY'S
CERTIFICATE OF NOTICE**

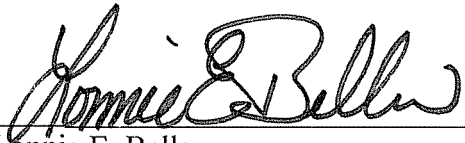
Pursuant to the Kentucky Public Service Commission's Rules Governing Tariffs effective August 4, 1984, I hereby certify that I am Lonnie E. Bellar, Vice President, State Regulation and Rates, for Louisville Gas and Electric Company ("LG&E" or "Company"), a utility furnishing retail electric service within the Commonwealth of Kentucky, which, on the 28th day of September, 2009, issued P.S.C. Electric No. 7, Original Sheet No. 93, Renewable Resource Clause to be effective October 30, 2009; and that notice to the public of the issuing of the same is being given in all respects as required by 807 KAR 5:011, Section 8(2), as follows:

On the 28th day of September, 2009, the notice to the public was delivered for exhibition and public inspection at 820 West Broadway Street, Louisville, KY 40202 and that the same will be kept open to public inspection at said office in conformity with the requirements of 807 KAR 5:011, Section 8(2).

That more than twenty (20) customers will be affected by said change by way of an increase in their bills, and that on the 8th day of September 2009, there was delivered to the Kentucky Press Association, an agency that acts on behalf of newspapers of general circulation throughout the Commonwealth of Kentucky in which customers affected reside, for publication therein once a week for three consecutive weeks beginning the week of September 14, 2009, a


notice of the filing of LG&E's P.S.C. Electric No. 7, Original Sheet No. 93, Renewable Resource Clause, a copy of said notice being attached hereto. A certificate of publication of said notice will be furnished to the Kentucky Public Service Commission upon completion of the same.

Given under my hand this 28th day of September 2009.



Lonnie E. Bellar
Vice President, State Regulation and Rates
Louisville Gas and Electric Company
220 West Main Street
Louisville, Kentucky 40202

Subscribed and sworn to before me, a Notary Public in and before said County and State,
this 28th day of September 2009.

 (SEAL)

Notary Public

My Commission Expires:

November 9, 2010

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In re the Matter of:

LOUISVILLE GAS AND ELECTRIC)	
COMPANY AND KENTUCKY UTILITIES)	
COMPANY 2009 APPLICATION FOR)	
APPROVAL OF PURCHASED POWER)	CASE NO. 2009-00353
AGREEMENTS AND RECOVERY OF)	
ASSOCIATED COSTS)	

KENTUCKY UTILITIES COMPANY'S
CERTIFICATE OF NOTICE

Pursuant to the Kentucky Public Service Commission's Rules Governing Tariffs effective August 4, 1984, I hereby certify that I am Lonnie E. Bellar, Vice President, State Regulation and Rates, for Kentucky Utilities Company ("KU" or "Company"), a utility furnishing retail electric service within the Commonwealth of Kentucky, which, on the 28th day of September, 2009, issued P.S.C. Electric No. 14, Original Sheet No. 93, Renewable Resource Clause to be effective October 30, 2009; and that notice to the public of the issuing of the same is being given in all respects as required by 807 KAR 5:011, Section 8(2), as follows:

On the 28th day of September, 2009, the notice to the public was delivered for exhibition and public inspection at the offices and places of business of the Company in the territory affected thereby, to wit, at the following places:

Barlow	London
Campbellsville	Maysville
Carrollton	Middlesboro
Danville	Morehead
Earlington	Morganfield
Eddyville	Mt. Sterling
Elizabethtown	Paris
Georgetown	Richmond
Greenville	Shelbyville
Harlan	Somerset
Lexington	Versailles

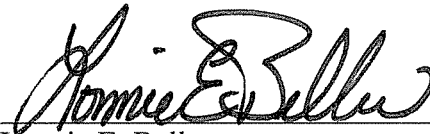
Lexington North

Winchester

and that the same will be kept open to public inspection at said offices and places of business in conformity with the requirements of 807 KAR 5:011, Section 8(2).

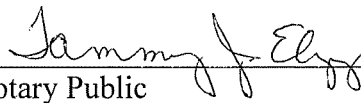
That more than twenty (20) customers will be affected by said change by way of an increase in their bills, and that on the 8th day of September 2009, there was delivered to the Kentucky Press Association, an agency that acts on behalf of newspapers of general circulation throughout the Commonwealth of Kentucky in which customers affected reside, for publication therein once a week for three consecutive weeks beginning the week of September 14, 2009, a notice of the filing of KU's P.S.C. Electric No. 14, Original Sheet No. 93, Renewable Resource Clause, a copy of said notice being attached hereto. A certificate of publication of said notice will be furnished to the Kentucky Public Service Commission upon completion of the same.

Given under my hand this 28th day of September 2009.



Lonnie E. Bellar
Vice President, State Regulation and Rates
Kentucky Utilities Company
220 West Main Street
Louisville, Kentucky 40202

Subscribed and sworn to before me, a Notary Public in and before said County and State,
this 28th day of September 2009.



(SEAL)
Notary Public

My Commission Expires:

November 9, 2010

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In re the Matter of:

LOUISVILLE GAS AND ELECTRIC)	
COMPANY AND KENTUCKY UTILITIES)	
COMPANY 2009 APPLICATION FOR)	
APPROVAL OF PURCHASED POWER)	CASE NO. 2009-00353
AGREEMENTS AND RECOVERY OF)	
ASSOCIATED COSTS)	

**PETITION OF LOUISVILLE GAS AND ELECTRIC COMPANY
AND KENTUCKY UTILITIES COMPANY
FOR CONFIDENTIAL PROTECTION**

Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities Company (“KU”) (collectively, the “Companies”) hereby petition the Kentucky Public Service Commission (“Commission”) pursuant to 807 KAR 5:001, Section 7, and KRS 61.878(1)(c) to grant confidential protection to confidential and proprietary information contained in the Companies’ Application for Approval to Enter into Purchased Power Agreements and to Recover Associated Costs (“Application”). The Application has exhibits thereto, including the testimony of Lonnie E. Bellar and two Purchased Power Agreements (“Wind Power Contracts”). The information for which the Companies seek confidential protection is contained in the Application, Bellar testimony, and the Wind Power Contracts. In support of this Petition, the Companies state as follows:

1. KRS 61.878(1)(c) protects commercial information, generally recognized as confidential or proprietary, if its public disclosure would cause competitive injury to the disclosing entity. Competitive injury occurs when disclosure of the information would give competitors an unfair business advantage. The Commission has taken the position that the statute and the regulation require the party requesting confidentiality to demonstrate actual

competition and the likelihood of competitive injury if the information is disclosed. Here, there is actual competition, as the information in question concerns confidential and proprietary information related to the procurement of renewable energy resources. Because 29 States and the District of Columbia have mandatory Renewable Portfolio Standards (“RPS”) and another five have non-binding goals, the market for renewable energy has become quite competitive. The confidential information in question (contained in the Application, Bellar testimony, and Wind Power Contracts) relates to the pricing and bidding strategies the Companies use to procure this type of generation. This is confidential business information the public disclosure of which would enable the Companies’ competitors to discover, and make use of, the Companies’ business strategies, to the unfair competitive disadvantage of the Companies.

2. The Companies have contractually committed to Invenergy LLC (the counterparty to the Wind Power Contracts) to keep confidential the information at issue in this Petition; Invenergy has likewise agreed to keep confidential commercially sensitive information the Companies provided Invenergy in the course of negotiating the Wind Power Contracts (*see* Section 12.07, “Confidentiality,” of each contract). If the information sought to be kept confidential herein is not afforded confidential protection, it could harm the Companies’ ability to negotiate similar contracts in the future.

3. Public disclosure of the information for which the Companies are seeking confidential protection would also cause competitive harm to Invenergy and its subsidiaries with respect to other purchased power buyers from Invenergy’s wind power projects, putting Invenergy at a competitive disadvantage in future transactions. The commercially sensitive information at issue derives actual or potential economic value from not being generally known to other persons who can obtain economic value from its disclosure or use because such

information is not readily ascertainable or obtainable on a non-confidential basis by third parties using proper means.

4. The information for which confidential treatment is sought is maintained internally by the Companies and by other parties to this case who have a business need to know this information and is limited in distribution to those employees who have a business reason to have access to such information. This information is not on file with the Federal Energy Regulatory Commission, Securities and Exchange Commission, or other public agency. It is not available from any commercial or other source outside of the Companies.

5. Disclosure of the information sought to be protected in this matter would make available to the Companies' competitors information concerning their business strategies that such competitors could use to the Companies' competitive disadvantage. The Companies' competitors are not required to file, or to make public, similar proprietary information.

6. The information contained in the aforementioned Application, Bellar testimony, and Wind Power Contracts is commercially sensitive and confidential cost information that, if disclosed publicly, would significantly diminish the Companies' ability to negotiate renewable energy contracts favorable to LG&E and KU, and to their customers. The Companies therefore request confidential treatment for the information described above pursuant to 807 KAR 5:001, Section 7, and KRS 61.878(1)(c).

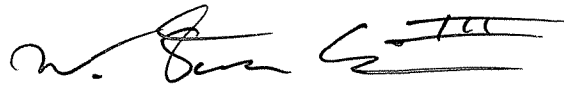
7. If the Commission disagrees with this request for confidential protection, it must hold an evidentiary hearing (a) to protect the Companies' due process rights and (b) to supply the Commission with a complete record to enable it to reach a decision with regard to this matter. Utility Regulatory Commission v. Kentucky Water Service Company, Inc., Ky. App., 642 S.W.2d 591, 592-94 (1982).

8. The Companies will disclose the confidential information, pursuant to a protective agreement, to intervenors and others with a legitimate interest in this information and as required by the Commission. In accordance with the provisions of 807 KAR 5:001 Section 7, the Companies herewith file with the Commission one copy of the above-discussed Application, Bellar testimony, and Wind Power Contracts with the confidential information highlighted and ten (10) copies of the same without the confidential information.

WHEREFORE, Louisville Gas and Electric Company and Kentucky Utilities Company respectfully request that the Commission grant confidential protection for the information at issue, or in the alternative, schedule an evidentiary hearing on all factual issues while maintaining the confidentiality of the information pending the outcome of the hearing.

Dated: September 28, 2009

Respectfully submitted,



Kendrick R. Riggs
W. Duncan Crosby III
Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202-2828
Telephone: (502) 333-6000

Allyson K. Sturgeon
Senior Corporate Attorney
E.ON U.S. LLC
220 West Main Street
Louisville, Kentucky 40202
Telephone: (502) 627-2088

Counsel for Louisville Gas and Electric
Company and Kentucky Utilities Company

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Petition of Louisville Gas and Electric Company and Kentucky Utilities Company for Confidential Protection was served on the following persons on the 28th day of September, 2009, United States mail, postage prepaid:

Michael L. Kurtz
Boehm Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OH 45202

Dennis Howard, II, Esq.
Office of the Attorney General
Office of Rate Intervention
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601



Counsel for Louisville Gas and Electric Company
and Kentucky Utilities Company