

**AMENDMENT NO. 2 TO
SPECIAL AGREEMENT FOR ELECTRIC SERVICE**

THIS CONTRACT AMENDMENT, dated February 24, 1995, by and among EAST KENTUCKY POWER COOPERATIVE, INC., hereinafter referred to as "EKPC", OWEN ELECTRIC COOPERATIVE, hereinafter referred to as "OEC" and GALLATIN STEEL COMPANY, hereinafter referred to as "Gallatin Steel",

WITNESSETH:

WHEREAS, The Parties have entered into the Special Agreement for Electric Service dated October 27, 1994, as previously amended on January 30, 1995 (the "Special Agreement"); and

WHEREAS, EKPC and Kentucky Utilities Company ("KU") have entered into a Transmission Agreement dated February 9, 1995 (the "Transmission Agreement"), providing terms for necessary transmission services in conjunction with the Special Agreement; and

WHEREAS, The Parties wish to amend the Special Agreement in order to incorporate changes consistent with the Transmission Agreement;

NOW, THEREFORE, the Parties hereto agree to amend the Special Agreement as follows:

1. Section 6.E. is amended to add the following new item to the list of components of the minimum bill:

- 5) Plus any KU transmission service charges incurred by EKPC pursuant to the terms of Section 6.I. and 8.

2. Section 6.H is hereby amended by deleting from the end of the second paragraph the following text:

and/or as contained in the EKPC-KU Interconnection Contract.

3. Section 6.I. is hereby amended by adding the following to the end of the second sentence of paragraph 1:

, pursuant to the Transmission Agreement between EKPC and KU (the "Transmission Agreement"), which is attached hereto and made a part hereof as Appendix IV.

4. Section 6.I. is further amended by deleting paragraphs 5 and 6 in their entirety, and adding a new paragraph 4 between the existing paragraphs 3 and 4, to read as follows:

If the power delivered to Gallatin Steel over the EKPC 345 kV line is less than the "demand reservation amount" referred to in the Transmission Agreement paragraphs 11. and 13, Gallatin Steel shall also pay wheeling charges applicable to such difference between actual billing demand measured by Meter M1 and the demand reservation amount.

5. Section 8, sentence 3, is hereby amended and replaced by the following new sentence 3:

The rate for this power and energy will include a demand charge of 15 cents per kW-day for Phase I, plus KU wheeling charges as provided in paragraph 12 of the

Transmission Agreement between EKPC and KU, plus EKPC "out-of-pocket" energy cost to serve the load, plus 0.3 cents per kilowatt-hour, plus 0.25 cents per kW-day and 0.075 cents per kilowatt-hour for distribution.

6. Section 9 is hereby amended by adding the following new paragraph 3:

In the event that Gallatin Steel discontinues service hereunder, either before or after the completion of the term hereof, Gallatin Steel shall promptly reimburse EKPC for any costs EKPC incurs for KU facilities pursuant to the Transmission Agreement between EKPC and KU.

7. Section 25.C., paragraph 2, sentence 1, is hereby amended and replaced by the following new sentence 1:

Gallatin Steel agrees to pay to EKPC, for reimbursement to KU, for any pertinent engineering studies required by KU relating to service hereunder and for any equipment required by KU for protection of KU's Ghent Power Plant as determined by such studies. Gallatin Steel will make such payment promptly after billing by EKPC.

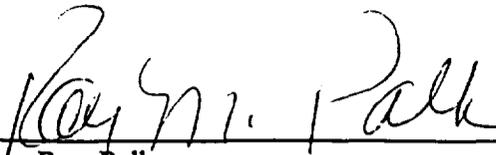
8. This Amendment shall be effective as of February 10, 1995.

9. This Amendment is subject to any necessary approvals of the Kentucky Public Service Commission, the Rural Utilities Service and any other agencies having jurisdiction.

All other terms and conditions of the Special Agreement, as previously amended, which are not affected by this Amendment, shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed by their duly authorized representatives on the day and year first above written.

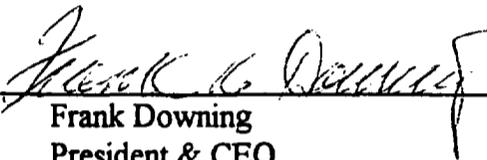
EAST KENTUCKY POWER COOPERATIVE, INC.

By 
Roy Palk
President & CEO

GALLATIN STEEL COMPANY

By 
Milan Kosanovich
President

OWEN ELECTRIC COOPERATIVE

By 
Frank Downing
President & CEO