

**AMENDMENT NO. 5 TO
SPECIAL AGREEMENT FOR ELECTRIC SERVICE**

This Amendment No. 5, dated November 14, 2001, to the Special Agreement for Electric Service, by and among **EAST KENTUCKY POWER COOPERATIVE, INC. ("EKPC")**, **OWEN ELECTRIC COOPERATIVE ("OEC")** and **GALLATIN STEEL COMPANY ("Gallatin Steel")**.

WHEREAS, EKPC, OEC and Gallatin Steel are parties to a Special Agreement for Electric Service dated October 27, 1994, as previously amended (the "Service Agreement"), pursuant to which Gallatin Steel purchases all of its retail electric power and energy needs for its Gallatin County facility from OEC, which purchases all of its wholesale electric power and energy requirements from EKPC; and

WHEREAS, Due to energy market conditions, Gallatin Steel's rates under the Service Agreement have fluctuated substantially; and

WHEREAS, The Parties hereto wish to provide a mechanism whereby EKPC may be able to obtain and provide to OEC for Gallatin Steel a short term source of market energy with a predictable price;

WHEREAS, Gallatin Steel is willing to assume certain risks inherent with such arrangements, in order to protect other customers of OEC and EKPC;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, the Parties agree as follows:

1. This Agreement shall become effective at 12:00 a.m. EST December 4, 2001 and shall remain in effect for the remainder of the term of the Service Agreement, subject to the approval of the Kentucky Public Service Commission.

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2. At times requested by Gallatin Steel, EKPC agrees to attempt to contract for forward electric energy options in amounts and on other terms as specified by Gallatin Steel, except that the amount of such options shall not exceed Gallatin Steel's normal or expected interruptible load at its Carrollton Plant under the Service Agreement. If EKPC obtains such options, and energy is delivered to EKPC thereunder ("contracted energy"), Gallatin Steel agrees to purchase from OEC all contracted energy delivered to EKPC under such options for its retail electric service needs at said Plant, at a price equal to EKPC's out of pocket costs, including marketing costs. Any energy used by Gallatin Steel will be subject to the energy adder of \$3.00/MWh payable to EKPC and an additional energy adder of \$.57/MWh payable to OEC. Such purchases hereunder shall be considered retail purchases of EKPC-supplied energy by Gallatin Steel under the Service Agreement. Deliveries of such contracted energy shall not be scheduled to commence prior to 12:00 a.m. EST December 4, 2001.
3. EKPC and OEC do not guarantee the delivery of energy by third party providers under such options. In the event that the full amount of contracted energy is not delivered to EKPC for any reason, or should Gallatin Steel's usage exceed the contracted amount, any additional service to Gallatin Steel shall be provided at the rates in the Service Agreement.
4. In the event that Gallatin Steel gives reasonable advance notice to OEC and EKPC that its energy usage will be less than the amount of contracted energy, EKPC shall use good faith efforts to market such surplus contracted energy. In the event that EKPC markets such surplus, Gallatin Steel's purchase obligation hereunder shall be credited for any amounts, net of marketing costs, received by EKPC in the event that

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such surplus contracted energy. Instead of marketing the surplus off system, EKPC may, at its option, if agreeable to Gallatin Steel, buy the surplus for EKPC's own use and credit Gallatin Steel for an agreed upon price.

5. In the event that Gallatin Steel's energy usage in any hour is less than the amount of contracted energy received by EKPC and EKPC did not buy the surplus for its own use nor market the surplus power in that hour, OEC and EKPC will credit Gallatin Steel for the shortfall at a rate equal to ninety percent (90%) of the annual average incremental (variable) cost of EKPC's lowest cost generating unit.

All terms of the Service Agreement not affected by this Amendment shall continue in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment No. 5 to be executed by their duly authorized representatives on the day and year first above written.

**EAST KENTUCKY POWER
COOPERATIVE, INC.**

By Paul C. Anderson

OWEN ELECTRIC COOPERATIVE

By James C. Jones

GALLATIN STEEL COMPANY

By Al Ray

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