

**AGREEMENT FOR EXTENSION OF SERVICE**

This Agreement for Extension of Service (“Agreement”) is made and entered into this 30<sup>th</sup> day of March, 2016, by Kentucky Power Company (“Company”) and the City of Pikeville, Kentucky (“City”) in connection with the extension of the Company’s electrical service facilities to the Marion Branch Industrial Park located in Pikeville, Kentucky.

*WHEREAS* the City wishes to provide water and sewerage services to the Marion Branch Industrial Park as part of the City’s economic development efforts;

*WHEREAS*, the Marion Branch Industrial Park water and sewerage facilities will require the construction of approximately 6,300 feet of 12.47 kV primary, three phase power line and approximately 1,500 feet of 7.2 kV primary, single phase power line electrical service facilities by the Company (the “Extension”);

*WHEREAS*, construction of the water and sewerage facilities to be served by the Extension is required for the development and operation of the Marion Branch Industrial Park;

*WHEREAS*, the installed cost of the Extension (\$220,000) is anticipated to exceed the annual revenue for one year from the City’s water and sewerage facilities (\$500);

*WHEREAS*, Section 9 of the Company’s Terms and Conditions of Service (Sheet 2-6 and Sheet 2-7) requires the City to pay “a contribution in aid of construction” equal to the difference between the installed cost of the Extension and the annual electrical service revenue to be produced by the City’s Marion Branch Industrial Park water and sewerage facilities to be served by the Extension;

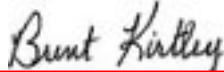
*WHEREAS*, it is anticipated by the City and the Company that the Extension also will be used to provide electrical service to tenants of Marion Branch Industrial Park;

*WHEREAS*, the City and the Company anticipate the annual electrical service revenue to be produced by the City’s Marion Branch Industrial Park water and sewerage facilities and those tenants of the Marion Branch Industrial Park receiving electrical service from the Extension beginning no later than December 2017 will exceed the installed cost of the Extension;

*WHEREAS*, it is in the mutual interest of the City, the Company, and the Company’s other customers to encourage the development of the Marion Branch Industrial Park while protecting the Company and its customers in the event such development is delayed or does not occur;

In consideration of the above premises, and other good and valuable consideration, the receipt of which is hereby acknowledged, the Company and the City agree as follows:

1. The City shall execute the Company’s standard agreement and Terms and Conditions of Service, except as expressly modified herein, together with the applicable tariff (“Power Contract.”)

KENTUCKY PUBLIC SERVICE COMMISSION
Aron D. Greaves, III ACTING EXECUTIVE DIRECTOR TARIFF BRANCH

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2. The City agrees that the title to the Extension shall vest exclusively in the Company, and that the Company may serve other customers from the Extension at any time.

3. Upon execution of this agreement and the Power Contract by the Company and the City, the Company shall take the necessary steps, and use reasonable efforts, to construct and install the Extension and related facilities to render electrical service to the point of delivery identified in the Power Contract.

4. The City agrees to pay to the Company on or before January 15, 2017 an advance as a contribution in aid of construction for the Extension (the "Advance") in an amount, if any, calculated as described in subparagraph (a) of this paragraph:

(a) the installed cost of the Extension less the sum of:

(i) the annualized revenues paid by the City to the Company for electrical service to the City's Marion Branch Industrial Park water and sewerage facilities for the period beginning with the date the Extension is placed in service until December 31, 2016; and

(ii) the annualized revenues paid by each tenant (other than the City) of Marion Branch Industrial Park receiving service from the Extension to the Company for the period beginning with the date the Extension is placed in service until December 31, 2016.

(b) In no event shall the credit provided for in subparagraphs 4(a)(i) and 4(a)(ii) exceed the installed cost of the Extension; the Company shall not be required to make any payments to the City or any tenant of the Marion Branch Industrial Park under paragraph 4 of this agreement.

(c) The Advance to be paid by the City to the Company, if any, shall not bear interest.

5. In the event the City is required under Paragraph 4(a) to pay to the Company an Advance the Company agrees to refund the Advance upon the following terms and conditions:

(a) On January 15, 2018 Kentucky Power shall refund to the City that portion of the Advance equal to the annualized electrical service revenues paid to the Company by each tenant of Marion Branch Industrial Park, who was not receiving electrical service from the Company from the Extension prior to January 1, 2017, initiating electrical service from the Extension during calendar year 2017.

(b) On January 15, 2019 Kentucky Power shall refund to the City that portion of the Advance equal to the annualized electrical service revenues paid to the Company by each tenant of Marion Branch Industrial Park, who was not receiving electrical service from the Company from the Extension prior to January 1, 2018, initiating electrical service from the Extension during calendar year 2018.

(c) On January 15, 2020 Kentucky Power shall refund to the City that portion of the Advance equal to the annualized electrical service revenues paid to the Company by each

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<i>Brent Kirtley</i>
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tenant of Marion Branch Industrial Park, who was not receiving electrical service from the Company from the Extension prior to January 1, 2019, initiating electrical service from the Extension during calendar year 2019.

(d) Any portion of the Advance not refunded on or before the refund required by subparagraph 5(c) of this agreement shall remain the property of Kentucky Power and shall not be refunded to the City or any tenant of Marion Branch Industrial Park.

6. The amounts, if any, refunded pursuant to paragraph 5 of this agreement shall not bear interest. The total amount refunded under paragraph 5 shall not exceed the amount of the Advance.

7. The provisions of this Agreement, and specifically paragraphs 4 and 5 of this Agreement, shall be in lieu of the provisions of Section 9 of the Company's Terms and Conditions of Service (Sheet 2-6 and Sheet 2-7).

8. This Agreement shall not be modified except by a writing signed by both the Company and the City. This Agreement shall not be assigned by the City.

9. This agreement shall not inure to the benefit of any third party. The contribution in aid of construction, if any, required by Section 9 of the Company's Terms and Conditions of Service (Sheet 2-6 and Sheet 2-7) in connection with the provision of electrical service to any customer receiving service from the Extension shall be computed in accordance with the Company's Terms and Conditions of Service, or any agreement between the Company and such customer.

10. The Company agrees to submit this Agreement promptly to the Public Service Commission of Kentucky for approval. This Agreement and accompanying Power Contract shall not become effective absent the Public Service Commission of Kentucky's approval of this Agreement without modification or addition. In the event the Public Service Commission of Kentucky fails to approve this Agreement, or modifies or adds to this Agreement, this Agreement and the Power Contract shall be void. In such event, the Company shall not be required to construct the Extension and the City shall not be required to pay any amounts to the Company as a contribution in aid of construction for the Extension.

**KENTUCKY POWER COMPANY**

By: [Signature]  
Title: Director, Regulatory Services

**CITY OF PIKEVILLE, KENTUCKY**

By: [Signature]  
Title: [Signature]

<b>KENTUCKY</b>
<b>PUBLIC SERVICE COMMISSION</b>
<b>Aaron D. Greenwell</b> ACTING EXECUTIVE DIRECTOR
TARIFF BRANCH
<u>[Signature]</u>
EFFECTIVE
<b>5/4/2016</b>
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)