

CONTRACT

THIS CONTRACT made and entered into this 28th day of December, 1954, by and between Kentucky Power Company, a corporation organized and existing under the laws of the Commonwealth of Kentucky with its principal office in the City of Ashland, Boyd County, Kentucky, party of the first part, hereinafter referred to as Kentucky Power, and Big Sandy Rural Electric Cooperative Corporation, a corporation organized and existing under the laws of the Commonwealth of Kentucky with its principal office in the City of Prestonsburg, Floyd County, Kentucky, party of the second part, hereinafter referred to as Big Sandy,

WITNESSETH THAT: -

WHEREAS, Kentucky Power has sold and delivered to Big Sandy all of the latter's electric power requirements from the time Big Sandy was organized and commenced distributing electricity, and

WHEREAS, Kentucky Power and Big Sandy have entered into a written contract under the terms of which Kentucky Power will sell and deliver to Big Sandy and Big Sandy will purchase from Kentucky Power all of Big Sandy's electric power requirements for a period of ten (10) years from the date of said written agreement, and thereafter until such written agreement is terminated either by notice or by mutual agreement, and

WHEREAS, Kentucky Power obtained from the Public Service Commission of Kentucky in Case No. 2726, a certificate of convenience

and necessity which authorized Kentucky Power to construct a regulated 12 Kv, 3-phase distribution line from a point in the vicinity of Falcon to a point in the vicinity of Keaton together with other facilities and installations necessary and convenient in connection with the use of said line, and

WHEREAS, during the construction of said line and facilities, negotiations have been proceeding between Kentucky Power and Big Sandy with respect to the details of said power contract and the question of who might be the ultimate owner of said line and facilities, and

WHEREAS, the construction of said line and facilities by Kentucky Power has proceeded on the basis that the question of ultimate ownership would be decided at the conclusion of such negotiations, and

WHEREAS, it has now been decided by Kentucky Power and Big Sandy that it is desirable that said line and facilities should be owned by Big Sandy, and

WHEREAS, the construction of said line and said facilities now has been substantially completed, said line being approximately 13.2 miles in length, and, Kentucky Power has constructed metering installations which are now being used to serve Ashland Oil Company from said line, and

WHEREAS, Big Sandy now desires to take possession of the aforesaid line and metering installation and other facilities which are necessary and useful in connection with the operation of said line, including the rights of way easements acquired by Kentucky Power for the construction, operation, and maintenance of said line and facilities,

NOW, THEREFORE, in consideration of all of the foregoing and in consideration of the payment to be made by Big Sandy to Kentucky Power,

by way of reimbursement for Kentucky Power's construction costs, and costs of acquisition of said rights of way easements, as hereinafter set forth and the further consideration of the mutual terms, covenants, and conditions hereinafter set forth, it has been agreed and hereby is agreed by and between Kentucky Power and Big Sandy as follows, to-wit:

1. Subject to the approval of the Public Service Commission of Kentucky, Kentucky Power has agreed to convey to Big Sandy and Big Sandy has agreed to take possession from Kentucky Power of the 12 Kv, 3-phase distribution line of approximately 13.2 miles in length between Falcon and Keaton, including the metering installation now serving Ashland Oil Company, all of the right of way easements acquired by Kentucky Power for the construction, maintenance, and operation of said line, metering installation, and all related facilities, including poles, cross-arms, and all other facilities and installations constructed by Kentucky Power in connection with and as a part of said 12 Kv, 3-phase distribution line.

2. Kentucky Power has agreed to and hereby does convey the line, meter installation, and facilities next hereinabove described to Big Sandy, and will assign or convey to Big Sandy all of the aforesaid rights of way easements, releases for which Kentucky Power agrees to obtain from the Trustees under its mortgage indenture dated as of May 1, 1949.

3. Within ninety (90) days from the date of the execution of this contract, Big Sandy agrees to reimburse Kentucky Power in cash for its construction and acquisition costs in connection with the aforesaid line, metering installation facilities, and rights of way easements.

Said reimbursement shall be in the total amount of all construction costs, including costs of rights of way easements, clearing, engineering, inspection, and direct supervision, Within sixty (60) days after the date of the execution of this agreement, Kentucky Power will submit to Big Sandy a statement of the said reimbursement charges computed as in this paragraph provided and Big Sandy shall have the privilege of examining the books and records of Kentucky Power with respect to said costs.

4. Subject to the approval of the Public Service Commission of Kentucky, Kentucky Power hereby assigns to Big Sandy all of its rights and privileges with respect to that part, but only that part, of the certificate of convenience and necessity granted to the Kentucky Power Company by the Public Service Commission of Kentucky in Case No. 2726 which authorized Kentucky Power to construct and install "a regulated 12 Kv distribution line of approximately fifteen (15) miles in length from the vicinity of Falcon, Kentucky to the vicinity of Keaton, Kentucky"; and, as an incident thereto Kentucky Power assigns to Big Sandy the right or privilege of serving Ashland Oil Company through the metering installation now serving Ashland Oil Company. It is agreed between Kentucky Power and Big Sandy that all of the remainder of the rights, powers, and privileges granted to Kentucky Power by the Public Service Commission of Kentucky in the certificate of convenience and necessity issued and entered in Case No. 2726, shall remain in full force and effect and Kentucky Power may construct, maintain, and operate all other lines and facilities authorized in said order and certificate of convenience and necessity.

5. Kentucky Power retains a lien on all of the aforesaid property and facilities to secure the payment of the full reimbursement charges to be paid by Big Sandy as hereinabove set forth.

6. This contract and all of its terms and provisions shall become effective immediately after the happening of the following conditions, namely:

(1) The execution by Big Sandy and the approval of both the Public Service Commission of Kentucky and the Administrator of the Federal Rural Electrification Administration of the written agreement or contract between Kentucky Power and Big Sandy providing for the sale by Kentucky Power and the purchase from Kentucky Power by Big Sandy of all of the latter's power requirements for a period of ten (10) years from the date of said agreement or contract and thereafter until terminated by mutual agreement or by written notice as provided in said agreement.

(2) The execution by Grayson Rural Electric Cooperative Corporation and the approval of both the Public Service Commission of Kentucky and the Administrator of the Federal Rural Electrification Administration of the written agreement or contract between Kentucky Power and Grayson Rural Electric Cooperative Corporation providing for the sale by Kentucky Power and the purchase from Kentucky Power by Grayson Rural Electric Cooperative Corporation of all of the latter's power requirements for a period of ten (10) years from the date of said agreement or contract and thereafter until terminated by mutual agreement or by written notice as provided in said agreement.

(3) The execution of this contract by Big Sandy and Kentucky Power and its approval by both the Public Service Commission of Kentucky and the Administrator of the Federal Rural Electrification Administration.

IN WITNESS WHEREOF the Kentucky Power Company has caused its corporate name to be hereunto subscribed by _____ vice-
R. E. Doyle, Jr. _____, its /president, and attested and its corporate seal hereunto affixed by _____ assistant
W. B. Garnett _____, its /secretary, and the Big Sandy Rural Electric Cooperative Corporation has caused its corporate name to be hereunto subscribed by _____ George Jones _____, its president, and attested and its corporate seal hereunto affixed by _____ Oran Hinkle _____, its secretary, all duly authorized and all as of the day and date first hereinabove written.

KENTUCKY POWER COMPANY

By *J. H. [Signature]*
vice President

ATTEST:

W. B. Garnett
Asst. Secretary

BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION

By *George Jones*

ATTEST:

Oran Hinkle
Secretary