

**EMERGENCY BACKUP SERVICE AGREEMENT
RIDER TO INDUSTRIAL POWER AGREEMENT**

THIS AGREEMENT, made and entered into this 24th day of January 2003, by and among SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION, a Kentucky Corporation with its principal offices at 925-929 North Main Street, P.O. Box 910 Somerset, Kentucky 42502, hereinafter referred to as "Cooperative", and CAGLE'S – KEYSTONE FOODS, LLC, a limited liability company, with its principal offices at Route 4, P.O. Box 416 Albany, Kentucky 42602, hereinafter referred to as "Customer".

W I T N E S S E T H

WHEREAS, Cooperative is providing retail electric service to Customer under an Industrial Power Agreement (the "IPA"), dated January 24, 2003 for Customer's Clinton County, facility, hereinafter referred to as its "Plant", and

WHEREAS, The Customer desires to supplement the retail electric service provided by Cooperative pursuant to said IPA, by purchasing emergency backup electric service (hereinafter referred to as "Backup Service") for such periods when normal electric service is interrupted; and

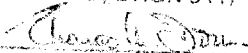
WHEREAS, Cooperative can provide such Backup Service, through its wholesale power supplier East Kentucky Power Cooperative, Inc. ("EKPC"), through the use of diesel electric generators which will be located at Customer's Plant Site; and

WHEREAS, The Parties wish to agree to the terms under which such Backup Service will be provided and payment will be made;

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SECTION 9 (1)

BY: 
EXECUTIVE DIRECTOR

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions contained herein, the Parties hereby agree as follows:

1. **Term** – This Agreement shall become effective as of March 1, 2002 subject to the provisions of Section 9, and shall continue in effect for a minimum term of 5 years and thereafter unless and until terminated by either party providing written notice of such termination at least one (1) year prior to the desired termination date. This Agreement shall be a Rider to the IPA, and provisions of the IPA as specified hereinbelow shall be incorporated by reference herein.

2. **Availability of Backup Service** – EKPC shall provide two 1750 kW diesel electric generators (the “Backup Generators”) to be located on Customer’s plant site and which will be available to provide Backup Service, through Cooperative, exclusively for Customer’s use only during periods when normal electric service is interrupted for any reason. EKPC shall own, operate, maintain and dispatch the Backup Generators. EKPC may utilize the Backup Generators at any time that they are not needed by Cooperative to provide Backup Service for Customer.

The power and energy made available to Customer hereunder shall be delivered, taken and paid for in accordance with the terms hereof and Cooperative’s IPA, as approved by the Kentucky Public Service Commission (“PSC”).

3. **Conditions of Delivery** – All Provisions of Cooperative’s IPA, regarding conditions of delivery, responsibility for protective equipment, and the prevention of electric disturbances (Sections 3 and 4 of the IPA) shall apply to power and energy produced by the Backup Generator and delivered to the point of delivery specified in the IPA. None of the electric power and energy so produced or delivered shall be resold to by Customer to third parties.

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BY Charles L. Dyer
EXECUTIVE DIRECTOR

4. **Right of Access** - Customer has conveyed to the Owner all necessary property or property rights for the siting, operation and maintenance of the Backup Generators, and for the connection of the Backup Generators to EKPC's or Cooperative's facilities. Customer shall also grant EKPC and Cooperative rights of ingress and egress needed for the operation and maintenance of the Backup Generators, and rights to enter other areas of Customer's premises at all reasonable times in order to carry out the provisions hereof. Rights of removal provided in the IPA (Section 6) shall apply to the Backup Generators and any related equipment and facilities.

5. **Rates and Charges** - Customer shall pay Cooperative a monthly charge of \$9,512 for the availability of Backup Service.

Customer shall also furnish the fuel or pay to Cooperative the actual fuel costs incurred by EKPC for any operation of the Backup Generator to serve Customer. Cooperative's fuel costs shall be added to Customer's bill for the month such operation of the Backup Generator occurs. The provisions of Section 8 of the IPA, Payment of Bills, shall apply to all charges hereunder, which shall be separately listed on such monthly bill.

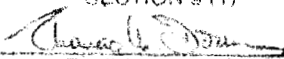
6. **Miscellaneous** - The provisions of Sections 9 and 11, of the IPA, when effective, shall apply to the service provided hereunder. Any notice to EKPC, consistent with the requirements of Section 10 of the IPA shall be deemed properly given if sent by registered or certified mail and addressed to:

President and CEO
East Kentucky Power Cooperative, Inc.
4775 Lexington Road, P O Box 707
Winchester, KY 40392-0707

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SECTION 9 (1)

BY 
EXECUTIVE DIRECTOR

7. **Force Majeure** - The obligations of either party to this Agreement shall be suspended during the continuance of any occurrence, beyond the affected party's control (a "force majeure"), which wholly or partially prevents the affected party from fulfilling such obligations, provided that the affected party gives notice to the other party of the reasons for its inability to perform within a reasonable time from such occurrence, is diligently seeking to cure said force majeure, and gives notice to the other party within a reasonable time after said cure. As used in this section, the term force majeure shall include, but is not limited to: acts of God; strikes; wars; acts of public enemy; riots; storms; floods; civil disturbances; explosions; failures of machinery or equipment; interruptions in power deliveries from Cooperative's power supplier due to reasons beyond its control; or actions of federal, state, or local government authorities, which are not reasonably within the control of the party claiming relief. Notwithstanding the above provisions, no event of force majeure, except as provided hereinbelow, shall relieve Customer of the obligation to pay the monthly charge for backup service availability provided herein.

In the event that Cooperative shall declare an event of force majeure which results in an interruption of Backup Service to Customer for a continuous period exceeding 24 hours, hereinafter called an "extended interruption", the monthly charge, as provided in Section 5, shall be reduced on a pro rata basis for the total number of hours of the extended interruption as compared to the total number of hours in the month the extended interruption occurs. Should such an extended interruption continue into a subsequent month, the minimum monthly energy charge for that month shall be adjusted as provided above only if the extended interruption continues for more than 24 hours into the subsequent month. Events of force majeure declared by Cooperative which do not exceed

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BY Charles L. Dyer
EXECUTIVE DIRECTOR

24 continuous hours in duration during a given month shall not be a basis for any adjustment of the minimum monthly charge for that month. Events of force majeure which result in a reduction of the monthly charge shall extend the term of this Agreement by a corresponding period.

8. **Third Party Beneficiary** - The parties hereto recognize that EKPC has agreed to provide the Backup Generators and associated equipment and facilities to provide service for this Agreement, with current value of \$608,000. The parties further recognize that the monthly charge, specified in Section 5 hereinabove, is designed to compensate EKPC over the minimum term of the Agreement for its investment and operating and maintenance costs for the Backup Generators. Cooperative and Customer agree that EKPC shall be a third party beneficiary of this Agreement and shall have the right to bring a cause of action directly to recover any costs relating to the Backup Generators and facilities resulting from any default of this Agreement by Customer, including any removal and relocation costs, carrying costs for the Backup Generators and facilities until a replacement customer can be found, and any other out-of-pocket costs and expenses.

9. **Approvals** - This Agreement is subject to the approval of EKPC and any necessary approvals of Rural Utilities Service ("RUS"), any other lenders to Cooperative, and the PSC.

10. **Modifications** - Any future revisions or modifications of this Agreement shall require the advance approval of EKPC, and any necessary approvals by RUS, any other lenders to Cooperative, and the PSC.

11. **Assignment** - This Agreement may not be assigned or transferred in any manner by either party without the advance approval of the other party and EKPC, except

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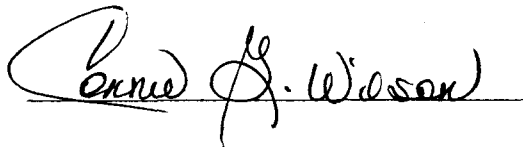
BY 
EXECUTIVE DIRECTOR

that Cooperative may assign the Agreement to the RUS or other lenders to the Cooperative.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed, in six original counterparts, by their respective officers, thereunto duly authorized, as of the day and year first above written.

ATTEST:


SOUTH KENTUCKY RURAL ELECTRIC
COOPERATIVE CORPORATION




BY: 
Chief Executive Officer

ATTEST:

CAGLE'S-KEYSTONE FOODS, LLC



BY: 

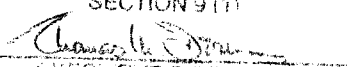
Operations Manager
Cagle's Keystone Foods
Albany, KY 42602

General Manager
Cagle's Keystone Foods
Albany, KY 42602

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BY: 
EXECUTIVE DIRECTOR

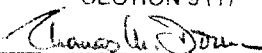
Enclosure 3

Cost Support for the Facilities Charge Embodied in the Agreements

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SECTION 9 (1)

BY 
EXECUTIVE DIRECTOR

Cost Justification
Facility Charge Cagles Generators

The facility charge for the diesel generators at Cagle's Keystone Foods, LLC was developed on the following methodology.

- The net book investment with all associated carrying costs, including O&M, are recovered over a ten year period using a levelized annual cost, collected over twelve equal monthly payments.
- The cost elements of interest, depreciation, taxes-insurance, return on equity, and O&M are calculated annually and a present value stream is determined at the cost of capital for both the wholesale and retail (distributor) customer.
- The difference in wholesale and retail charges is simply a result of the different capital structure and allowable tier requirement of 1.15 vs.2.0. The assumption is that the investment is financed at the current capital structure levels and at the incremental cost of borrowing.

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BY Charalé D. Dorn
EXECUTIVE DIRECTOR

CAGLE'S (Wholesale)

Investment	608,295
Years	10
Rate	0.065
Pmt	74,025
Esc =	0.03

Cap Str	87.48%	Cost	0.065	Wtd Cost	0.0568638306
Debt	12.52%	0.06814292	0.00852957459		
Equity			0.06539340519		
Tier =	1.15		6.54%		

	Int	Depr	10.00%	0.26%	Tax-Ins	0.85%	Return	O&M	Total	PV	6.54%	Book	Princ
0	1	2	3	4	5	6	7	8	9	10			
	34,590	32,027	29,297	26,389	23,293	19,996	16,484	12,743	8,760	4,518	113,610	608,295	532,154
	5,188	5,188	5,188	5,188	5,188	5,188	5,188	5,188	5,188	5,188	104,877	547,466	492,719
	1,582	1,582	1,582	1,582	1,582	1,582	1,582	1,582	1,582	1,582	96,663	486,636	450,720
	18,850	19,415	19,998	20,598	21,215	21,852	22,508	23,183	23,878	24,595	88,939	425,807	405,992
	74,842	74,842	74,842	74,842	74,842	74,842	74,842	74,842	74,842	74,842	81,675	364,977	358,356
	109,447	106,591	103,526	100,238	96,712						81,675	304,148	307,624
	106,591	103,526	100,238	96,712							74,842	243,318	253,595
	68,415	62,369	56,682	51,331							68,415	182,489	196,054
	56,682	51,331									62,369	121,659	134,772
	51,331										56,682	60,830	69,507
	0										51,331	0	0
Total	208,097	608,295	15,816	51,885	216,091	1,100,183	799,402	109,386	9,116				

Levelized = 109,386
 Month = 9,116

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BY [Signature]
 EXECUTIVE DIRECTOR

FEB-25-03 04:47PM FROM-South Ky RECC-Somerset
FEB-24-03 09:50AM FROM-South Ky RECC-Somerset

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T-736 P.002/002 F-482

Allen Anderson
Head Coach and CEO
Phone (606) 678-4121



925-292 North Main St
P. O. Box 910
Somerset KY 42501-0110

February 24, 2003

Mr. Spence Jamagin
General Manager
Cagle's-Keystone Foods, LLC
P.O. Box 418
Albany, Kentucky 42602

Dear Mr. Jamagin:

This letter is intended to formally correct the effective date of the South Kentucky Rural Electric Cooperative Corporation-Cagle's-Keystone Foods, LLC Agreement. The date should be changed from March 1, 2002 to March 1, 2003 (page 2 of the Emergency Backup Service Agreement Rider to Industrial Power Agreement).

Please acknowledge this change in effective date by signing below.

Sincerely,

Dennis Holt
Economic Development/Business Accounts Manager

ATTEST.

Ladonna Reed
my Commission expires 10/29/06

ATTEST:

William J. Coats
Operations Manager
Cagle's Keystone Foods
Albany, KY 42602

SOUTH KENTUCKY RURAL ELECTRIC
COOPERATIVE CORPORATION

BY: *Allen Anderson*
Chief Executive Officer

CAGLE'S KEYSTONE FOODS, LLC

BY: *Spence Jamagin 2-24-03*
General Manager
Cagle's Keystone Foods
Albany, KY 42602

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PURSUANT TO 801 KAR 5.011
SECTION 5 (1)

BY: *Charles H. Spivey*
EXECUTIVE DIRECTOR