

AGREEMENT

AMONG

THE CINCINNATI GAS & ELECTRIC COMPANY

THE UNION LIGHT, HEAT AND POWER COMPANY

AND

EAST KENTUCKY POWER COOPERATIVE, INC.

0.01 THIS AGREEMENT, dated as of this first day of March, 1984, between THE CINCINNATI GAS & ELECTRIC COMPANY (hereinafter called "Cincinnati"), an Ohio corporation, THE UNION LIGHT, HEAT AND POWER COMPANY, a Kentucky corporation and subsidiary of Cincinnati (hereinafter called "Union"), and EAST KENTUCKY POWER COOPERATIVE, INC. (hereinafter called "East Kentucky"), a Kentucky corporation,

W I T N E S S E T H

0.02 WHEREAS, the parties agree this Agreement shall become effective at such time as it is approved by the Rural Electrification Administration and approved or accepted for filing by the Federal Energy Regulatory Commission and the rate schedule attached hereto as an exhibit is permitted to become effective, and the systems of Cincinnati and East Kentucky become interconnected at 138 kV.

0.03 WHEREAS, Cincinnati owns electric facilities and is engaged in the generation, transmission and wholesale sale of electric power and energy within the Commonwealth of Kentucky; and

0.04 WHEREAS, Cincinnati and Union have previously entered into a full-requirement agreement wherein Cincinnati provides Union all of its electric energy requirements at wholesale for resale by Union.

0.05 WHEREAS, Union owns electric transmission and distribution facilities and is engaged in furnishing electric power and energy at retail and wholesale to various municipalities and unincorporated areas and their inhabitants in Kenton, Campbell, Boone, Grant and Pendleton Counties, in the Commonwealth of Kentucky.

0.06 WHEREAS, East Kentucky owns electric facilities and is engaged in the generation, transmission and wholesale sale of electric power and energy to member cooperatives within the Commonwealth of Kentucky; and

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0.07 WHEREAS, Cincinnati and East Kentucky have concurrently entered into an Interconnection Agreement, and

0.08 WHEREAS, Cincinnati, Union and East Kentucky have studied and desire to achieve the mutual benefits and advantages that may be realized through the further utilization of the parties' respective 69 kV transmission systems.

0.09 NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein set forth, the parties hereto agree as follows:

ARTICLE 1

PROVISIONS FOR, AND CONTINUITY OF INTERCONNECTED OPERATION

Interconnection Points

1.01 The respective 138 kV transmission systems of Cincinnati and East Kentucky are presently projected to become interconnected on June 1, 1985, at the following point:

1.01.1 The 138 kV transmission systems of the two companies are to be interconnected at a point near Devon, Kentucky, by means of a 138 kV transmission line extending from Boone Substation of East Kentucky to Buffington Substation of Cincinnati, herein called the Boone-Buffington Interconnection Point.

1.02 The services provided for by this Agreement are to be rendered through the above referenced Boone-Buffington Interconnection Point and may also be rendered through such other points of interconnection as the parties may later agree upon.

Delivery Points

1.03 The 69 kV transmission facilities of Cincinnati, Union and East Kentucky are or may be connected continuously or from time-to-time through delivery points serving load centers of the parties hereto. Such delivery points must be mutually agreed to by all parties to this Agreement prior to connection. Such delivery points being for the sole purpose of providing Concurrent Exchange Service, Rate Schedule A, as defined therein.

Synchronous Operation

1.04 Cincinnati and East Kentucky agree that, through the Boone-Buffington Interconnection Point, their respective systems will be continuously operated in parallel (except in cases of interruption of such parallel operation due to mutually agreed upon maintenance or due to causes beyond the control of either party hereto, or due to the necessity of an interruption of parallel operation in order that the customers being directly

served by either party may continue to receive adequate service from such party.)

If synchronous operation of the systems through a particular line or lines becomes interrupted either manually or automatically because of reasons beyond the control of either party, or because of scheduled maintenance that has been agreed to by both parties, the parties shall cooperate so as to remove the cause of such interruption as soon as practicable and restore such line or lines to normal operating condition.

Maintenance of Equipment

1.05 The parties hereto shall each keep, or shall cause to be kept, the facilities described or referenced in Article 1 hereof in a suitable condition of repair at all times, each at its own expense, in order that said facilities will operate in a reliable and satisfactory manner and in order that reduction in the effective capacity of said facilities will be avoided to the extent practicable.

ARTICLE 2

SERVICE TO BE RENDERED

2.01 It is the purpose of the parties hereto to seek and realize, on an equitable basis, all benefits practicable to be effected through coordination in the operation and development of their respective systems. It is understood by the parties that a significant benefit may be realized by them by providing Concurrent Exchange Service over the parties' respective 69 kV transmission systems.

2.02 In furtherance of such purpose, the parties hereto shall create and continue the functioning of an Operating Committee as provided in Article 7 hereof.

2.03 The specific service rate, terms and conditions applicable to Concurrent Exchange Service is set forth in Exhibit I - Rate Schedule A - Concurrent Exchange Service attached to this Agreement and made a part hereof.

ARTICLE 3

SERVICE CONDITIONS

Control of System Disturbance

3.01 The parties hereto shall maintain and operate their respective systems so as to minimize, in accordance with sound operating practice, the likelihood of disturbance originating in

one of the party's system which might cause impairment to the service of the systems of either of the other parties.

Control of Kilovar Exchange

3.02 It is the intent that none of the parties hereto shall be obligated to deliver kilovars for the benefit of either of the other parties when to do so may introduce objectionable operating conditions on its system. The Operating Committee shall from time to time be responsible for the establishment of operating procedures, schedules and charges if any, as a result of one party carrying kilovar loads for the other. In discharging such duties, the Operating Committee shall recognize that in the transmission and delivery of power and energy hereunder the carrying of kilovar loads by any of the parties, in harmony with sound engineering principles of transmission operation with their systems connected, is subject to numerous variables contingent upon loading and operating conditions existing simultaneously on each of their systems. The operating procedures and schedules so set up by the Operating Committee shall be in accord with such principles and shall require each of the parties to carry kilovar loads at such times and in such amounts as will be equitable to all parties.

ARTICLE 4

METERING

4.01 Measurements of electric energy for the purpose of effecting settlements under this Agreement shall be made by standard types of electric meters installed and maintained, unless otherwise provided for in the agreement, by the owner at the metering points as provided in Section 4 of Rate Schedule A - Concurrent Exchange Service. The timing devices of all meters having such devices shall be maintained in time synchronism as closely as practicable. The meters shall be sealed and the seals shall be broken only upon occasions when the meters are to be tested or adjusted. For the purpose of checking the records of the metering equipment installed by one of the parties hereto as hereinabove provided, the other party hereto shall have the right to install check metering equipment at the aforesaid metering points. Metering equipment so installed by one party on the premises of another party, unless otherwise provided for in this Agreement, shall be owned and maintained by the party installing such equipment. Upon termination of this Agreement, the party owning such metering equipment shall remove it from the premises of the other party. Authorized representatives of all parties shall have access at all reasonable hours to the premises where the meters are located and to the records made by the meters.

4.02 The aforesaid metering equipment shall be tested by the owner at suitable intervals and its accuracy of registration maintained in accordance with good practice. On request of any

party hereto, a special test may be made at the expense of the party requesting such special test. Representatives of all parties shall be afforded opportunity to be present at all routine or special tests and upon occasions when any readings, for purposes of settlements hereunder, are taken from meters not bearing an automatic record.

4.03 If at any test of metering equipment an inaccuracy shall be disclosed exceeding two percent, the account among the parties hereto for service theretofore delivered shall be adjusted to correct for the inaccuracy disclosed over the shorter of the following two periods: (1) for the thirty-day period immediately preceding the day of the test, or (2) for the period that such inaccuracy may be determined to have existed. Should the metering equipment as provided in Section 4.01 hereof at any time fail to register, the electric power and energy delivered shall be determined from the check meters, if installed, or otherwise shall be determined from the best available data.

ARTICLE 5

RECORDS AND STATEMENTS

Records

5.01 In addition to records of the metering provided for in Article 4 hereof, the parties hereto shall keep in duplicate such other records as may be needed to afford a clear history of the various deliveries of electric energy made by one party to the other and of the clock-hour integrated demands in kilowatt-hours delivered by one party to the other. The originals of all such records shall be retained by the party keeping the records, and the duplicates shall be delivered monthly to the other party except as the parties may agree upon a different time interval for such delivery.

Statements

5.02 As promptly as practicable after the end of each calendar month, the parties hereto shall cause to be prepared a statement setting forth the electric power and energy transactions between the parties during such month in such detail and with such segregations as may be needed for operating records or settlements under the provisions of this Agreement.

ARTICLE 6

BILLINGS AND PAYMENTS

6.01 All billing shall be based on deliveries as provided for in Section 2 of Rate Schedule A - Concurrent Exchange or unless otherwise determined as provided in Section 7.01.2 hereof.

6.02 All bills for amounts owed by one party hereto to the other shall be due and payable on the fifteenth day of the month next following the monthly or other period to which such bills are applicable, or on the tenth day following receipt of bill, whichever date be later. Interest on unpaid amounts shall accrue at the rate of nine percent (9%) per annum from the date due until the date upon which payment is made. Unless otherwise agreed upon, a calendar month shall be the standard monthly period for the purpose of settlements under this Agreement.

ARTICLE 7

OPERATING COMMITTEE

7.01 To coordinate the operation of their respective 69 kV facilities, in order that the advantages to be derived hereunder may be realized by the parties hereto to the fullest practicable extent, the parties shall establish a committee of authorized representatives to be known as the Operating Committee. Each of the parties shall designate in writing delivered to the other party, the person who is to act as its representative on said committee (and the person or persons who may serve as alternate whenever such representative is unable to act). Such representative and alternate or alternates shall each be persons familiar with the operation of the system of the party by which he has been so designated, and each shall be fully authorized (1) to cooperate with the other representative (or alternate) and (2) from time to time as the need arises, subject to the declared intentions of the parties herein set forth and to the terms hereof and the terms of any other agreements then in effect between the parties, to determine and agree upon the following:

7.01.1 All matters pertaining to the coordination of maintenance of the facilities of the parties.

7.01.2 All matters pertaining to the scheduling and accounting of energy flow, kilovar exchange, power factor, voltage, and other similar matters bearing upon the satisfactory operation of the systems in accordance with providing the services defined in Section 2 of Rate Schedule A - Concurrent Exchange Service.

7.01.3 Such other matters not specifically provided for herein upon which cooperation, coordination, and agreement as to quantity, time, method, terms and conditions are necessary in order that the operation of the facilities of the parties may be coordinated to the end that the potential savings will be realized to the fullest practicable extent that is agreed upon by the parties.

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7.02 For the purpose of inspection and reading of meters, checking of records, and all other pertinent matters, said representatives and their alternates shall have the right of entry to all property of the parties hereto used in connection with the performance of this Agreement.

ARTICLE 8

CONTINUITY OF SERVICE

8.01 Each party hereto shall exercise due diligence and reasonable care and foresight to maintain continuity of service in the delivery and receipt of energy as provided under this Agreement, but neither party shall be considered to be in default in respect of any obligation hereunder if prevented from fulfilling such obligation by reason of uncontrollable forces. The term uncontrollable forces shall be deemed for the purpose of this Agreement to mean earthquake, storm, lightning, flood, backwater caused by flood, fire, epidemic, accident, failure of facilities, war, riot, civil disturbances, strike, labor disturbances, restraint by court or public authority, or other similar or dissimilar causes beyond the control of the party affected which causes such party could not have avoided by exercise of due diligence and reasonable care. Any party unable to fulfill any obligation by reason of uncontrollable forces shall exercise due diligence to remove such disability with reasonable dispatch.

ARTICLE 9

DURATION OF AGREEMENT

9.01 This Agreement shall become effective as of the date hereof, contingent upon the receipt of appropriate approvals referenced in paragraph 0.02, and shall continue in effect until December 31, 1992, and thereafter unless or until terminated on such date or on any subsequent December 31st by either party giving to the other at least four (4) years notice of termination prior to the intended termination date.

ARTICLE 10

ARBITRATION

10.01 Any controversy, claim, counter claim, defense, dispute, difference or misunderstanding arising out of or relating to this Agreement or breach thereof, shall be settled by arbitration before three arbitrators one of whom shall be named by Cincinnati or Union, one by East Kentucky, and a third of whom shall be named by the two arbitrators appointed by Cincinnati or Union and East Kentucky respectively. The appointment of the

third arbitrator, if not agreed upon, and the arbitration proceedings shall be subject to and in accordance with the Commercial Arbitration Rules of The American Arbitration Association then in effect, and judgment upon any award rendered by the arbitrators may be entered in any court having jurisdiction thereof. Each party shall pay for the services and expenses of the arbitrator appointed by it, and all other costs incurred in connection with the arbitration shall be paid in equal parts by the parties hereto, unless the award shall specify a different division of the costs.

ARTICLE 11

LIABILITY

11.01 Each party hereto shall save and hold the other party hereto free and harmless from and against liability, loss, damage, and expense arising from or incident to injury or damage to persons or property occasioned by or in connection with its own facilities or the production or flow of electric energy by or through such facilities except when such injury or damage is due to the negligence of such other party.

ARTICLE 12

TAXES

12.01 If at any time during the term hereof there should be levied or assessed against either of the parties hereto any direct tax by any taxing authority on the services as provided for in Exhibit I, Rate Schedule A - Concurrent Exchange, which tax is in addition to or different from the forms of such direct taxes as are now being levied or assessed, and such direct tax results in increasing the cost of either or both the parties hereto in carrying out the provisions of this Agreement, then such increase shall be made in the charges furnished by one party to the other hereunder as is necessary in order to make adequate and equitable allowances for such tax.

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ARTICLE 13

NOTICES

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13.01 Except as herein otherwise provided, any notice which may be given to or made upon either party hereto by the other party hereto under any of the provisions of this Agreement, shall be in writing unless it is otherwise specifically provided herein, and shall be treated as duly delivered when the same is either (a) personally delivered to the President or Transmission Division Director of East Kentucky, in the case of a notice to be given East Kentucky or personally delivered to the Vice President

of Electric Operations of Cincinnati, in the case of a notice to be given Cincinnati, or (b) deposited in the United States mail, postage prepaid and properly addressed to the above parties.

13.02 Any notice, request or demand pertaining to matters of an operating nature may be delivered by ordinary mail, messenger, telephone, telegraph, or verbally as may be appropriate and shall be confirmed in writing as soon as practicable thereafter, if either party hereto so requests in any particular instance.

ARTICLE 14

REGULATORY AUTHORITIES

14.01 This Agreement is made subject to the jurisdiction of any governmental authority or authorities having jurisdiction in the premises and if any of the terms and conditions hereof are altered or made impossible of performance by the adjudication of any such governmental authority, and the parties hereto are unable to agree upon a modification of such terms and conditions, then in such event neither party shall be liable to the other for failure thereafter to comply with such terms and conditions. If the regulatory changes significantly alter the agreement to the point where the parties initial intent cannot be achieved or where the agreement becomes inequitable to either party, the agreement may be terminated with 90 days notice given within 90 days of the action of the governmental authority which alters the agreement.

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ARTICLE 15

WAIVERS

B. Jones

15.01 Any waiver at any time by either party hereto of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement shall not be deemed a waiver with respect to any subsequent default or matter. Any delay, short of the statutory period of limitation, in asserting or enforcing any right under this Agreement, shall not be deemed a waiver of such right.

ARTICLE 16

ASSIGNMENT

16.01 This Agreement shall inure to and bind the respective successors and assigns of the parties hereto, but the assignment thereof by either party shall not relieve such party, without the written consent of the other party, of any obligation to supply,

or to take and pay for, as the case may be, the services herein contracted for.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first above mentioned.

EAST KENTUCKY POWER COOPERATIVE, INC.

ATTEST:

By Donald R. Norris

Maudie H. Embury

THE CINCINNATI GAS & ELECTRIC COMPANY

ATTEST:

By R. H. [Signature]
VICE PRESIDENT

Joyce D. Hall

THE UNION LIGHT, HEAT AND POWER COMPANY

ATTEST:

By Robert H. Randolph
VICE PRESIDENT

Eileen C. Woven

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[Signature]

RATE SCHEDULE A

CONCURRENT EXCHANGE SERVICE

DATED AS OF: MARCH 1, 1984

SECTION 1 - AVAILABILITY

1.1 For Concurrent Exchange Service provided on a scheduled, as needed basis, through the Boone-Buffington Interconnection Point and delivered to those points provided for in Article 1, Subsection 1.03 and applicable to this rate schedule, subject to amendment or supplement from time to time.

1.2 This service is provided mutually among the parties exclusively as a means of achieving a desired level of service to their respective customers while minimizing or avoiding the cost of constructing additional or possibly duplicate transmission facilities to serve their respective customers.

SECTION 2 - SERVICES TO BE RENDERED

2.1 For the purposes of this Concurrent Exchange Service, all power and energy to be supplied to the respective load centers of Union and East Kentucky shall be scheduled between Cincinnati and East Kentucky for delivery at the Boone-Buffington Interconnection Point as defined in Article 1, Subsection 1.01.1, under the following terms and conditions:

2.11 East Kentucky shall supply to Cincinnati at the Interconnection Point, power and energy, including losses, necessary to supply concurrently the East Kentucky load centers connected to Cincinnati's or Union's transmission lines. For the transmission of such energy to such load centers, East Kentucky shall compensate Union and/or Cincinnati at the rate set forth in Section 3 of this Rate Schedule. Said payments by East Kentucky shall be based upon the registration of the kilowatt-hour meters located at East Kentucky load centers, without adjustment for transmission losses.

2.12 Cincinnati, for Union's account, shall supply to East Kentucky at the Interconnection Point, power and energy, including losses, necessary to supply concurrently the Union load centers connected to East Kentucky's transmission lines. For the transmission of such energy to such load centers, Union shall compensate East Kentucky at the rate set forth in Section 3 of this Rate Schedule. Said payments by Union shall be based upon the registration of kilowatt-hour meters

located at Union load centers, without adjustment for transmission losses.

2.13 All schedules for Concurrent Exchange Service between Cincinnati and East Kentucky shall specify hourly amounts, be made on a calendar month basis and delivered to the party supplying such service two weeks in advance of the scheduled month when practicable or as may be agreed to by the Operating Committee from time to time.

2.14 Differences between scheduled and metered deliveries on a monthly basis shall be reconciled in the calendar month immediately succeeding the month in which such delivery occurred and in accordance with procedures established by the Operating Committee.

SECTION 3 - COMPENSATION

3.1 For services provided under Section 2.11 of this Rate Schedule, East Kentucky shall compensate Cincinnati at the rate of 2.53 mills per kilowatt-hour for all energy delivered.

3.11 Wherein such services are provided through the direct connection of Union's transmission to East Kentucky's load centers, Cincinnati will in turn compensate Union at the rate of .36 mills per kilowatt-hour for all energy delivered directly by Union.

3.2 For services provided under Section 2.12 of this Rate Schedule, Union shall compensate East Kentucky at the rate of 2.53 mills per kilowatt-hour.

SECTION 4 - ADDITIONAL METERING EQUIPMENT

4.1 In addition to the metering equipment described in Article 4 of this agreement, suitable metering equipment shall be provided by East Kentucky at its load centers, and by Union at its load centers.

4.2 The metering provisions set forth in Sections 4.01, 4.02, and 4.03 of Article 4 of this agreement shall in principle be generally applicable to the metering equipment described in subsection 4.1 next above.

SECTION 5 - CONCURRENT EXCHANGE SERVICE MODIFICATION

5.1 If one party requests Concurrent Exchange Service from another party at a new load center or requests that steps be taken so as to increase the connection capacity at any existing

load center, within ninety days following such request such other party shall advise the requesting party whether or not it will comply with the request within a period of fifteen months following the date of the request. The party making such request will provide additional metering equipment in accordance with Section 4.1 herein above. If a party is unable to comply with any request so made, the requesting party shall proceed with facilities it requires to serve such new load center or such existing load center.

SECTION 6 - POWER AND ENERGY ACCOUNTING

6.1 Power and energy deliveries associated with services to be rendered under this Rate Schedule, including electrical losses associated therewith, shall be accounted for each clock hour as provided for under Article 6 of this agreement. Proper consideration of such electrical losses will be in accordance with the manner agreed upon by the Operating Committee.

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THE CINCINNATI GAS & ELECTRIC COMPANY



March 6, 1984

ROBERT P. WIWI
VICE PRESIDENT

Mr. David C. Hopper
Director, Transmission Division
East Kentucky Power, Inc.
P. O. Box 707
Winchester, Kentucky 40391

RECEIVED MAR 10 1984

Dear Dave:

In accordance with Article 1 Subsection 1.03 of the Agreement among The Cincinnati Gas & Electric Company, The Union Light, Heat and Power Company, and East Kentucky Power Cooperative, Inc., the following list of concurrent exchange service delivery points is submitted for your review and agreement:

<u>DELIVERY POINT (SUBSTATION SERVING LOAD CENTER)</u>	<u>COMPANY SERVED</u>	<u>DELIVERY VOLTAGE (kV)</u>	<u>EXPECTED kVA LOAD CENTER</u>	<u>IN-SERVICE DATE</u>
<u>Continuous Connections</u>				
W. M. Smith	EKYP	69	10,000	December 1984 (expected)
<u>Non-Continuous Connections (Scheduled work or emergency basis)</u>				
Devon	EKYP or ULH&P	69	Indeterminate	Existing
Williamstown (EKYP)	EKYP or ULH&P	69	Indeterminate	Existing
Clarysville	ULH&P	69	Indeterminate	Future

As we have previously discussed, certain emergency conditions may arise on one of the Company's systems which would require a yet unnamed non-continuous connection. It is agreed that such connections may be granted based upon a verbal agreement of the Company's Operating Representatives.

If you concur in this letter agreement, please sign and date the attached copy and return it to this office.

Very truly yours,
R. P. Wiwi
R. P. Wiwi

MAR 10 1984

Agreed to:
EAST KENTUCKY POWER, INC.

B. Jones

By: *Donald R. Harris*

Date: *April 17, 1984*



April 17, 1984

Mr. R. P. Wiwi, Vice President
The Cincinnati Gas & Electric Company
P. O. Box 960
Cincinnati, Ohio 45201

Dear Bob,


Re: Interconnection Agreements between EKP and CG&E/ULH&P

Attached are two executed copies each of the interconnection agreement between East Kentucky Power and The Cincinnati Gas & Electric Company and the agreement among The Cincinnati Gas & Electric Company, The Union Light, Heat and Power Company and East Kentucky Power. We did deliver one copy of each agreement to the Kentucky Public Service Commission. We will split the FERC filing fee with you as discussed in your letter.

One copy of the letter agreement specifying the load centers and delivery points is attached and has been executed as requested.

Sincerely yours,

EAST KENTUCKY POWER


David C. Hopper, Director
TRANSMISSION DIVISION

DCH/jkr

Attachments