

**Amendment No. 1 to the
November 12, 1990 Steam Service Agreement between
East Kentucky Power Cooperative, Inc., Fleming-Mason Energy
Cooperative, and International Paper Company**

This amendment is entered into this 22nd of August, 2013, between East Kentucky Power Cooperative, Inc. (“EKPC”), Fleming-Mason Energy Cooperative (formerly known as Fleming-Mason Rural Electric Cooperative Corporation, “Fleming-Mason”), and International Paper Company, successor in interest to Inland Container Corporation, (“Customer”), a New York corporation with its principal offices at 6400 Poplar Avenue, Memphis Tennessee 38197, hereinafter collectively referred to as “Parties”.

Whereas, Customer acquired the assets of Temple-Inland Inc., the parent company of Inland Container Corporation, in February 2012; and

Whereas, EKPC, Fleming-Mason, and Customer have been engaged in extensive discussions concerning the terms and conditions of providing steam service to the former Inland Container Corporation facilities adjacent to EKPC’s H. L. Spurlock Power Station in Mason County, Kentucky (“Facility”); and

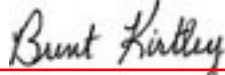
Whereas, EKPC, Fleming-Mason, and Customer have agreed to revise, modify, and amend the November 12, 1990 Steam Service Agreement (“Agreement”) as follows:

1. International Paper Company is hereby substituted for Inland Container Corporation as a Party to the Agreement and is hereinafter bound by all terms and conditions set forth in the Agreement except as amended hereby.

2. Section V – Monthly Charges, part (f), page 9 is renumbered as part (h) and new parts (f) and (g) are inserted and shall read as follows:

(f) Environmental Surcharge

Pursuant to KRS 278.183 and the provisions of EKPC’s Rate ES – Environmental Surcharge and Fleming-Mason’s Rate Schedule ES – Environmental Surcharge or any successor or replacement rates or tariffs as approved by the Kentucky Public Service Commission (“KPSC”), Customer shall be subject to a monthly environmental surcharge in conjunction with the provision of steam service.

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH

EFFECTIVE 9/22/2013
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

(g) Bill Credit

EKPC shall provide to Fleming-Mason and Fleming-Mason shall pass through to Customer a monthly steam service bill credit that will equal an annual amount of \$250,000. Customer shall receive the entire annual steam service bill credit for 2013, and the monthly amount will be determined by dividing \$250,000 by the number of months remaining in the calendar year after the approval of this Amendment by the KPSC. In all subsequent calendar years, the monthly bill credit will be \$20,833. The monthly steam service bill credit shall remain in effect until the end of the Initial Term of the Agreement as amended hereby or the effective date of any KPSC-approved change to EKPC's and Fleming-Mason's base rates for steam service, whichever event occurs first.

3. Section VII – Term of Agreement, page 11, is deleted in its present form and hereafter shall read:

Section VII. Term of Agreement

This Amendment shall become effective upon the date of the Order of the KPSC approving this Amendment. Steam service under the Agreement as amended hereby shall be for an initial period of five (5) years from the effective date of approval by the KPSC ("Initial Term"). The Agreement as amended hereby shall automatically renew on a year to year basis thereafter ("Renewal Term") and may be terminated as hereinafter provided.

After the expiration of the Initial Term or during any Renewal Term, any Party may terminate this Agreement by giving three (3) years prior written notice to the other Parties. PROVIDED, HOWEVER, that said terminating Party must give said notice of termination on or before February 1st of any given calendar year in order for such termination to become effective in the third following calendar year. Any notice of termination given after February 1st of a given calendar year shall become effective on February 1st of the fourth following calendar year.

In the event that Customer ceases operations at the Facility or otherwise stops taking steam at the Facility ("Cessation") within the Initial Term, it shall reimburse EKPC and Fleming-Mason for the accumulated bill credits it has then received pursuant to Section V, part (g) hereof in accordance with the following schedule:

- If Cessation occurs during the first calendar year, the reimbursement payment shall be \$250,000;



- If Cessation occurs during the second calendar year, the reimbursement payment shall be \$500,000;
- If Cessation occurs during the third calendar year, the reimbursement payment shall be \$750,000;
- If Cessation occurs during the fourth calendar year, the reimbursement payment shall be \$1,000,000;
- If Cessation occurs during the fifth calendar year but prior to the end of the Initial Term, the reimbursement payment shall be \$1,250,000.

4. Section X – Notices. The contact information for Customer shall be deleted and replaced with the following:

International Paper Company:

Notices related to contract administration:

Scott Engstrom – Director Global Energy Sourcing
 6400 Poplar Avenue
 Memphis, TN 38197

Notices related to mill operations and finance

Marc Cates – Maysville Mill Manager
 1241 West 2nd St
 Maysville, KY 41056

5. A new section, Section XV – Employment Commitments, is added and shall read:

Section XV. Employment Commitment

(a) During the Initial Term of the Agreement as amended, Customer shall maintain an average annual employment of permanent, full-time jobs (“Jobs Benchmark”) of 120 at the Facility.

(b) During the Initial Term of the Agreement as amended, Customer shall maintain its level of employee wages at the annual average of the total hourly compensation as of the effective date of the amended Agreement (“Wage Benchmark”). The Wage Benchmark shall be based solely on the compensation paid to permanent, full-time employees at the Facility and will be initially determined as of the effective date of this Amendment.

KENTUCKY
PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN
 EXECUTIVE DIRECTOR
 TARIFF BRANCH
Brent Kirtley
 EFFECTIVE
9/22/2013
 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

(c) Twelve (12) months after the effective date of this Amendment, and every twelve (12) months thereafter, Customer shall provide, as of that date, the average annual employment level of permanent, full-time jobs and the annual average of the total hourly compensation for the Facility. If at the end of any reporting year the employment level is below the Jobs Benchmark and/or the hourly compensation level is below the Wage Benchmark, then the monthly steam service bill credit, as described in Section V, part (g) will be suspended. The monthly steam service bill credit shall remain suspended until Customer demonstrates to EKPC's and Fleming-Mason's satisfaction that the employment level and/or the hourly compensation level have been restored to match or exceed the applicable Jobs Benchmark and/or Wage Benchmark.

6. Exhibit III – Steam Service-Retail Rate Schedule. Reference to Inland Container on page 1 of Exhibit III is deleted and replaced with Customer. Reference to EST (Eastern Standard Time) on page 2 of Exhibit III is deleted and replaced with EPT (Eastern Prevailing Time).

7. All terms, conditions, and provisions of the Agreement that are not specifically amended or otherwise changed by this Amendment No. 1 are hereby adopted, restated, and reiterated by the Parties and remain in full force and effect.

8. Entire Agreement. This Amendment, the Steam Service Agreement, between EKPC, Fleming-Mason, and Customer dated November 12, 1990, the Wholesale Steam Agreement, between Fleming-Mason and EKPC dated November 12, 1990, and the Project Agreement among Customer, Fleming-Mason, and EKPC, dated November 12, 1990, shall constitute the entire agreement of the Parties in regard to steam service to Customer's papermill. Electric service to such facility shall be governed by the Special Industrial Power Agreement between Fleming-Mason and Customer, dated November 12, 1990, the Wholesale Power Contract between Fleming-Mason and EKPC, dated October 1, 1964, and the wholesale electric tariffs of EKPC, and said Project Agreement.

In Witness Whereof, EKPC, Fleming-Mason and Customer have caused this Amendment to be executed as of the day, month, and year first above written.

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH

EFFECTIVE 9/22/2013
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

EAST KENTUCKY POWER COOPERATIVE, INC.

Attest:

Levi K. Conks

By: Anthony S. Campbell
Title: Pres/CEO

FLEMING-MASON ENERGY COOPERATIVE

Attest:

Joni K. Hagebrigg

By: Charles S. Ray
Title: COO

INTERNATIONAL PAPER COMPANY

Attest:

Phillip W. [Signature]

By: Scott S. [Signature]
Title: Director - Global Energy Sourcing

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Kirtley</i>
EFFECTIVE 9/22/2013 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)