

Modification No. 1

to

AGREEMENT

Dated January 1, 1955

between

EAST KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION

and

KENTUCKY UTILITIES COMPANY

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APPROVED  
MAY 10 1957  
PUBLIC SERVICE COMMISSION  
ENGINEERING DIVISION

OK  
R.R.N.

THIS MODIFICATION, made and entered into as of the            day of  
1955, by and between EAST KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION (East  
Kentucky) and KENTUCKY UTILITIES COMPANY (Kentucky Utilities),

W I T N E S S E T H :

WHEREAS, the parties hereto entered into an agreement dated January 1,  
1955, (the Agreement) relating to the purchase of power and energy for Licking Valley  
Rural Electric Cooperative Corporation (Licking Valley), a Member Cooperative of  
East Kentucky; and

WHEREAS, East Kentucky desires to convert the connection at Helechewa,  
Kentucky, from a continuous delivery point to an intermittent delivery point,

NOW, THEREFORE, it is mutually agreed as follows:

1. For paragraphs (1) through (4), inclusive, of the Agreement shall  
be substituted the following:

1. Kentucky Utilities will obtain power and energy in amounts  
adequate to supply the existing, and the normally increasing requirements of Licking  
Valley, and cause such power and energy to be delivered over its own facilities and  
facilities of others, to points of delivery to Licking Valley at the following  
locations:

- (a) A connection at a point located at or near Falcon,  
Kentucky, at a nominal voltage of 12,500 volts.
- (b) A connection at a point located at or near  
Salyersville, Kentucky, at a nominal voltage of  
12,500 volts.
- (c) A connection at a point located at or near  
West Liberty, Kentucky, at a nominal voltage  
of 66,000 volts.
- (d) A connection at a point located at or near  
Helechewa, Kentucky, at a nominal voltage of  
66,000 volts.

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East Kentucky will cause Licking Valley to accept and, pursuant to the terms of this agreement, East Kentucky will pay for all such power and energy. Throughout the duration of this agreement the system of Licking Valley RECC shall be operated so as to permit the delivery of electric power and energy continuously through the Falcon, Salyersville, and West Liberty delivery points, except as noted in Section 5, and intermittently through the Helechewa Interconnection Point, provided, however, if such delivery of electric power and energy through a particular line or lines becomes interrupted because of reasons beyond the control of either party, the parties shall cooperate so as to remove the cause of such interruption as soon as practicable and restore the affected line or lines to normal operating conditions.

2. (a) At each of the aforesaid delivery points, except Helechewa, Kentucky Utilities will, and, at Helechewa, East Kentucky will, cause to be installed, maintained and operated, in accordance with good engineering practice, the necessary metering equipment for measuring power and energy delivered hereunder. At said delivery points East Kentucky will cause suitable space to be provided for the above metering equipment and will cause to be installed, and operated, in accordance with good engineering practice, such substation equipment, including transformers, as may be required to complete the above connections. If the voltage of any existing distribution or transmission line over which power is delivered to any one or more of the foregoing delivery points is changed, East Kentucky will cause the substation and other facilities at such delivery point, or points, to be so provided and/or changed as to permit power to be delivered at the changed voltage.

(b) East Kentucky shall provide, or cause to be provided, the necessary 66-kv switching facilities at the Helechewa Interconnection Point. The switching facilities shall include the installation of key interlocks, which will avoid any possibility of parallel operation with East Kentucky's system. The switching facilities to be provided at the Helechewa Interconnection Point for the purpose of operating the systems interconnected at such Interconnection Point shall be kept in an open position at all times other than periods as specified below in this Section 2 (b). In event the normal supply of electric power and energy at the substation where such switching facilities are to be installed becomes interrupted



either because of the failure of line and/or substation equipment or because of scheduled maintenance of such equipment, in such event and upon request of East Kentucky, Kentucky Utilities shall cause such switching facilities to be closed. East Kentucky and Kentucky Utilities shall work out a suitable procedure for recording the time of each operation of the switches referred to hereinbefore, and the associated kilowatt-hour readings at Helechewa at the time of each switching operation. Copies of these recordings shall be supplied to the Kentucky Power Company, East Kentucky, and Kentucky Utilities as soon as practicable, after each switching operation. During periods, however, that such switching facilities are so closed, the portion of the Licking Valley system to be supplied through the Helechewa Interconnection Point shall be operated, disconnected from any source of supply other than said Interconnection Point.

3. The metering equipment to be installed at each point of delivery shall be such as to measure power and energy delivered to Licking Valley at 12.5-kv, and shall register kilowatt-hours and record fifteen (15) minute integrated demand. The timing devices of all meters, having such devices, shall be maintained in time synchronism so far as practicable. Authorized representatives of the parties hereto and of Kentucky Power Company shall have access, at all reasonable hours, to the premises where the meters are located, and to the records made by said meters. Representatives of Kentucky Power Company shall be afforded an opportunity to be present at all routine or special tests of metering equipment and upon occasion when any readings are taken from meters not bearing an automatic record. The record of kilowatt demands recorded by meters of each party shall be made available to the other party upon request. The metering equipment shall be tested at regular intervals in the presence of the representatives of each party. Such tests and any adjustments for errors in registration shall be made in accordance with the Rules and Regulations of the Public Service Commission of Kentucky. When delivery of power and energy is begun pursuant to this agreement, Kentucky Utilities will advise East Kentucky of the hour and dates in each calendar month on which the meters located at the above delivery points will be read, and representatives of East Kentucky shall have an opportunity to be present at the reading of the meters.



4. (a) The amount of power and energy delivered at the delivery points, heretofore referred to other than Helechewa, shall be determined and paid for as follows:

- A. The "Maximum Demand", referred to in this agreement, will be the average kilowatt demand established during the fifteen (15) minute period of maximum power delivery during each month. "Diversified Demand" of the delivery points as used herein, shall be computed by applying to the aggregate of the maximum demands established at the individual delivery points, an appropriate diversity factor computed from the records of the recording demand meters to be maintained or cause to be maintained by Kentucky Utilities.
- B. For billing purposes the energy losses shall equal 10% of the delivered kilowatt-hours, and the power losses shall be computed by multiplying the Diversified Maximum Demand at the aforesaid delivery points by 10% and by a constant, which constant shall be 1.45 until July 1, 1957, and after said date said constant shall be redetermined periodically according to the General Electric Distribution Data Book, unless some other method is agreed upon by the parties.
- C. East Kentucky will pay for power and energy delivered, including losses as herein defined, pursuant to this agreement, in accordance with the rate schedule attached hereto as Exhibit A.

(b) The amount of power and energy delivered at Helechewa shall be determined and paid for in accordance with the rate schedule attached hereto as Exhibit B.

II. In the event that East Kentucky shall establish one or more connections to its transmission lines through which it shall undertake to supply all or any portion of the requirements of Licking Valley at West Liberty,

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MAY 10 1957

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Kentucky Utilities will work out with East Kentucky a contract mutually satisfactory covering the cost of emergency power to be delivered and will cause such emergency service to be delivered.

III. Except as herein amended, all the terms and conditions of the Agreement shall remain in full force and effect.

IV. This Modification and the binding effect thereof are subject to the approval of the Public Service Commission of Kentucky and the Administrator of the Rural Electrification Administration.

IN TESTIMONY WHEREOF, the names of the parties have been hereunto subscribed by their officers duly authorized thereto as of the day and year first above written.

EAST KENTUCKY RURAL ELECTRIC  
COOPERATIVE CORPORATION

By Alex B. Heed

Attest:

James S. Patterson

KENTUCKY UTILITIES COMPANY

By W. H. Skinner  
W. H. Skinner  
Vice President

Attest:

E. L. Williams  
Asst. Secretary

Approved:

PUBLIC SERVICE COMMISSION OF KENTUCKY

By James D. Foster

Approved:

RURAL ELECTRIFICATION ADMINISTRATION

By \_\_\_\_\_

Date: \_\_\_\_\_

**APPROVED**  
MAY 10 1957  
PUBLIC SERVICE COMMISSION  
ENGINEERING DIVISION

Date: 5/10/57

EXHIBIT B TO MODIFICATION NO. 1

ELECTRIC RATE SCHEDULE FOR EMERGENCY SERVICE TO THE  
HELECHEWA DELIVERY POINT

- (A) The maximum demand for billing purposes for the emergency service to the Helechewa delivery shall be the average kilowatt demand established during the fifteen (15) minute period of maximum power delivery during each month, adjusted for losses as outlined in Paragraph 4 (a) (B) of the agreement to which this is an exhibit, but without adjustment for diversity with reference to other delivery points.
- (B) The maximum demand charge will be \$ .10 per kilowatt of maximum demand times the number of days during which emergency service is supplied during the month, except that, should the emergency service be taken for a period longer than nineteen (19) days in any calendar month (whether consecutive or not), the total maximum demand charge for said month shall not exceed that provided for in the rate schedule attached hereto as Exhibit A. The demand charge provided for herein shall be adjusted for taxes as outlined in Exhibit A of said agreement.
- (C) The energy charge shall be the charge set out in Exhibit A of this agreement, including the adjustments applicable thereto.



THIS AGREEMENT, dated January 1, 1955, between EAST KENTUCKY RURAL  
ELECTRIC COOPERATIVE CORPORATION (East Kentucky), and KENTUCKY UTILITIES  
COMPANY (Kentucky Utilities)

W I T N E S S E T H :

EAST KENTUCKY desires to purchase a supply of power and energy for  
its Member Cooperative, Licking Valley Rural Electric Cooperative Corporation  
(Licking Valley), and Kentucky Utilities has available by means of its own  
facilities and those of others, such supply of power and energy, and is  
willing to sell such supply to East Kentucky upon the terms and provisions  
herein set forth.

NOW, THEREFORE, it is agreed between the parties as follows:

1. Kentucky Utilities will obtain power and energy in amounts adequate  
to supply the existing, and the normally increasing requirements of Licking  
Valley, and cause such power and energy to be delivered over its own facilities  
and facilities of others, to points of delivery to Licking Valley at the  
following locations:

- (a) A connection at a point located at or near Falcon, Kentucky,  
at a nominal voltage of 12,500 volts.
- (b) A connection at a point located at or near Salyersville, Kentucky,  
at a nominal voltage of 12,500 volts.
- (c) A connection at a point located at or near West Liberty, Kentucky,  
at a nominal voltage of 66,000 volts.
- (d) A connection at a point located at or near Healechewa, Kentucky,  
at a nominal voltage of 33,000 volts.

East Kentucky will cause Licking Valley to accept and, pursuant  
to the terms of this agreement, East Kentucky will pay for all such power  
and energy.

2. At each of the aforesaid delivery points Kentucky Utilities will cause  
to be installed, owned, maintained and operated, in accordance with good  
engineering practice, the necessary metering equipment for measuring power  
and energy delivered hereunder. At said delivery points East Kentucky will  
cause suitable space to be provided for the above metering equipment and will  
cause to be installed, owned and operated, in accordance with good engineering  
practice, such substation equipment, including transformers, as may be required  
to complete the above connections. If the voltage of any existing distribution  
or transmission line over which power is delivered to any one or more of the  
foregoing delivery points is changed, East Kentucky will cause



the substation and other facilities at such delivery point, or points, to be so provided and/or changed as to permit power to be delivered at the changed voltage.

3. The metering equipment to be installed at each point of delivery shall be such as to measure power and energy delivered to Licking Valley at 12.5-kv, and shall provide: (1) a continuous automatic printed numerical record of kilowatt demand established during each fifteen (15) minute period; (2) an indication of maximum demand; and (3) a continuous integrated record of the kilowatt-hours delivered. The timing devices of all meters, having such devices, shall be maintained in time synchronism so far as practicable. Authorized representatives of the parties hereto shall have access, at all reasonable hours, to the premises where the meters are located, and to the records made by said meters. A copy of the printed numerical record of kilowatt demands shall be provided to East Kentucky upon request. The metering equipment shall be tested at regular intervals in the presence of the representatives of East Kentucky. Such tests and any adjustments for errors in registration shall be made in accordance with the Rules and Regulations of the Public Service Commission of Kentucky. When delivery of power and energy is begun pursuant to this agreement, Kentucky Utilities will advise East Kentucky of the hour and dates in each calendar month on which the meters located at the above delivery points will be read, and representatives of East Kentucky shall have an opportunity to be present at the reading of the meters.

4. The amount of power and energy delivered at the delivery points, heretofore referred to, shall be determined and paid for as follows:

A. The "Maximum Demand", referred to in this agreement, will be the average kilowatt demand established during the fifteen (15) minute period of maximum power delivery during each month.

"Diversified Demand" of the delivery points as used herein, shall be computed by applying to the aggregate of the maximum demands established at the individual delivery points, an appropriate diversity factor computed from the records of the recording demand meters to be maintained or cause to be maintained by Kentucky Utilities.

B. For billing purposes the energy losses shall equal 10% of the delivered kilowatt-hours, and the power losses shall be computed by multiplying the Diversified Maximum Demand at the aforesaid delivery points by 10% and by a constant, which constant shall be 1.15 until July 1, 1955, and after said date said constant shall be redetermined periodically according to the General Electric Distribution Data Book, unless some other method is agreed upon by the parties.

C. East Kentucky will pay for power and energy delivered, including losses as herein defined, pursuant to this agreement, at the rate attached hereto, marked Exhibit A.

5. The electric utility systems of the parties hereto are not constructed and are not to be operated in competition with each other. Kentucky Utilities is organized to serve all types and sizes of electric consumers. East Kentucky and Licking Valley are organized to serve customers in rural areas not receiving central station service. It is therefore the intent of this section of this Agreement to define, insofar as the load centers listed herein and insofar as is logical, practicable and feasible, the types of service for which their respective systems shall be available irrespective of size of service capacity. Therefore, the parties hereto agree:

- (a) East Kentucky will not furnish or deliver electric service directly or through its members to any incorporated municipality not now receiving RFA service which would be logical, practicable and feasible for Kentucky Utilities to serve, and will so limit the use of power and energy it supplies to Licking Valley hereunder, except as may be agreed to by the parties hereto.
- (b) East Kentucky will not sell or supply or deliver power and energy purchased hereunder to any other consumer than Licking Valley.
- (c) Kentucky Utilities will not sell or offer to sell or deliver its electric service to a customer at any given premises, who is taking service from Licking Valley or has terminated service from it and acts to follow that termination by acceptance of service from Kentucky Utilities, without mutual agreement with Licking Valley.
- (d) Kentucky Utilities will not serve any new customer of the type herein designated to be served by Licking Valley, located nearest the service lines of Licking Valley and which would be logical, practicable and feasible for Licking Valley to serve from its lines, and if Kentucky Utilities extends its lines into areas now served by Licking Valley to serve commercial or industrial needs, as herein outlined, Kentucky Utilities will not serve along such lines farm houses or other users of electric energy of the type herein designated to be served by Licking Valley, except by mutual agreement with Licking Valley.
- (e) Kentucky Utilities will not sell or offer to sell or deliver

electric energy to any load center of Licking Valley except pursuant to a written and duly executed contract with Licking Valley, which shall contain the following provisions:

"Energy supplied under this agreement -

- (I) Shall not be sold nor offered to a customer at any premises who is taking service from Kentucky Utilities Company or has terminated service from Kentucky Utilities Company and acts to follow that termination by acceptance of service from Licking Valley.
- (II) Shall not be used to serve any new customer located nearest the service lines of Kentucky Utilities Company, and which would be logical, practical and feasible for Kentucky Utilities Company to serve from its lines.
- (III) Shall not be sold to any incorporated municipality, commercial or industrial customer, not now being served by Licking Valley, which would be logical, practicable and feasible for Kentucky Utilities to serve, except ordinary and normal rural merchandising establishments, repair shops, garage and gasoline service stations, rural schools and rural motels, irrigation projects, sawmills, rock quarries, gravel pits, small coal mines, local and temporary service for road construction projects, rural recreational projects, and other similar electric energy usage considered to be allied with the agricultural industry, all or any of which shall be located on or within close reach of the service lines of Licking Valley, and which would be logical, practical and feasible for Licking Valley to serve from its distribution system.

In the event of a disagreement with Kentucky Utilities Company over the interpretation and/or application of the provisions heretofore enumerated above as (I), (II) and (III), then the questions presented by such disagreement shall be resolved by the Public Service Commission of Kentucky in procedure prescribed by the Kentucky Statutes."

A copy of the form of such contract between East Kentucky and Licking Valley, containing these provisions, is attached hereto as Exhibit B.

The provisions of this Section 5 shall apply only to the territory generally considered to be the service area of Kentucky Utilities Company.

6. Kentucky Utilities shall be under no liability for failure to supply power and energy or for failure to adequately supply power and energy pursuant to this agreement if such failure shall result from fire, windstorm, Acts of God, strikes or any labor disturbances or any other casualty beyond its reasonable control, or if such failure shall be caused by defects in transmission lines or other facilities not owned and maintained by Kentucky Utilities, but which facilities are made use of in supplying power and energy pursuant to this agreement:

7.(a) In the event that East Kentucky shall establish one or more connections to its transmission lines through which it shall undertake to supply all or any portion of the requirements of Licking Valley at Helechewa and/or West Liberty, the provisions of Section (1) of this agreement which provide for Kentucky Utilities to supply the same requirement shall cease and terminate.

(b) At least 30 days prior to the date that East Kentucky shall undertake to supply, from its transmission facilities, the requirements of Licking Valley to an extent that deliveries of power and energy through Helechewa and/or West Liberty shall not normally be required, East Kentucky shall so advise Kentucky Utilities and shall concurrently request Kentucky Utilities to supply such emergency service as may be required thereafter at said delivery point or points. To the extent that such service is so requested, Kentucky Utilities shall thereafter cause only emergency service to be delivered to Licking Valley at said point or points. In the event that such service is not so requested, no further deliveries to Licking Valley shall take place at said point or point except by East Kentucky.

(c) Kentucky Utilities will cause emergency service to be delivered to Licking Valley only upon request by, and at the specific direction of, East Kentucky.

(d) In the event an emergency connection is requested by East Kentucky at Helechewa and/or West Liberty, as provided for herein, Kentucky Utilities will work out with East Kentucky a contract mutually satisfactory covering the cost of emergency power to be delivered, and will cause such emergency service to be delivered.

(e) As used herein "emergency service" shall mean power and energy in such quantities as Kentucky Utilities can reasonably deliver, or cause to be delivered, during periods when East Kentucky is unable to supply requirements of Licking Valley because of a discontinuity in the transmission lines of East Kentucky which shall have been prearranged by the parties hereto or which shall have resulted from events or conditions beyond the reasonable control of said parties.

8. This agreement is contingent upon Kentucky Utilities providing East

Kentucky with satisfactory assurance of suitable contractual arrangements to permit the fulfillment of the conditions of this agreement.

9. This agreement and the binding effect thereof are subject to the approval of the Public Service Commission of Kentucky and the Administrator of the Rural Electrification Administration.

10. The agreement shall remain in effect until January 31, 1964, except that the service to West Liberty or Helechewa, or both, delivery points may be canceled by East Kentucky at any time on six (6) months' written notice.

IN TESTIMONY WHEREOF, the names of the parties hereunto have been subscribed by their representatives thereunto duly authorized as of the day and year first written above.

EAST KENTUCKY RURAL ELECTRIC  
COOPERATIVE CORPORATION

ATTEST:

S/ James S. Patterson  
James S. Patterson, Secretary

By S/ Alex B. Veech  
Alex B. Veech, President

KENTUCKY UTILITIES COMPANY

By S/ W. H. Skinner  
W.H. Skinner, Vice President

ATTEST:

S/ G. M. Kilgus  
G.M. Kilgus, Asst. Secretary

Approved: By James E. Banahan, Secretary  
PUBLIC SERVICE COMMISSION OF KENTUCKY

Date: February 10, 1955

Approved: \_\_\_\_\_  
ADMINISTRATOR FOR REA

Date: \_\_\_\_\_

RATE

## A. Maximum Demand Charge.

\$1.92 per month per kilowatt of the billing demand which shall be the maximum Diversified Demand of the delivery points of Licking Valley, plus prescribed adjustment for power losses.

## B. Energy Charge.

3.50 mills per kilowatt-hour for the total of the kilowatt-hours used each month as measured at Licking Valley delivery points, plus 10% adjustment for energy losses.

## C. Subject to adjustments for

## (1) Fuel

The energy charge is based upon the weighted average cost of fuel consumed by the company at the Green River, Tyrone and Pineville Generating Stations.

If, during any monthly period such average cost is in excess of 21 cents per 1,000,000 BTU, an additional charge will be made for the second month thereafter on the kilowatt-hours purchased by East Kentucky during said month at .001323 cents per kilowatt-hour for each .1 cent increase or interpolation of said amount for any fractional increase thereof in the cost of fuel over 21 cents per 1,000,000 BTU.

If, during any monthly period such average cost is less than 16 cents per 1,000,000 BTU, a credit will be given for the second succeeding month by an amount equal to the kilowatt-hours purchased by East Kentucky during said month at .001323 cents per kilowatt-hour for each .1 cent decrease or interpolation of said amount for any fractional decrease thereof, in the cost of fuel below 16 cents per 1,000,000 BTU.

Kentucky Utilities will supply East Kentucky with information used in determining the fuel adjustment.

## (2) Taxes

(a) There shall be added or subtracted the proportionate part of any increase or decrease in directly assignable taxes, assessments and other governmental charges (occurring subsequent to December 31, 1954) based on meters, customers, poles or other units of property, or on the price of or revenue from electric energy or service sold, or on the volume of energy generated, transmitted or purchased for sale or sold; and

(b) There shall be added or subtracted an amount computed by multiplying the total Demand Charge for the month by the percentage tabulated below (or interpolated from the tabulated values) opposite the composite of Federal and State of Kentucky Income Tax rates applicable to current

monthly revenues. Actual tax rates shall apply, if known, otherwise rates for income tax accrual purposes, as used currently by the Company, shall be applied until the appropriate tax rates have been fixed by law. The amount of this adjustment billed in any calendar year will be corrected to conform with the established legal tax rates.

<u>Tax Rate</u>	<u>Adjustment</u>
Composite percentage of Federal and State of Kentucky Income Taxes, exclusive of Excess Profit Taxes, applicable to all dollars of net taxable income that are subject to such taxes.	Percent to apply to Total Maximum Demand Charge.
38	- 10.32
39	- 9.49
40	- 8.58
41	- 7.67
42	- 6.75
43	- 5.79
44	- 4.79
45	- 3.75
46	- 2.66
47	- 1.48
48	- .35
48.29	0
49	.87
50	2.13
51	3.40
52	4.79
53	6.23
54	7.71
55	9.23
56	10.89
57	12.59
58	14.37

Should the composite rate be less than 38% or greater than 58% during the life of this contract, then additional percentage figures will be calculated in a similar manner for the higher or lower tax rate and used for adjustment on maximum demand charges.

### (3) Commodity Price.

If, for any calendar month, the average of the three most recently published current values of the "All Commodities" index of "Wholesale Prices", compiled by the United States Department of Labor, Bureau of Labor Statistics, is higher than 200 or less than 150, then the bill rendered to East Kentucky next following the expiration of such calendar month, shall be increased or decreased by .015 mills per KWH for each whole point increase above 200 or decrease below 150; provided, however, that regardless of any changes in base used by said Department in said index, the year 1926 as equal to 100 shall continue to be used as the base for purposes of this Agreement.

### CHARACTER OF SERVICE:

Power and energy to be delivered will be three phase, alternating current at sixty (60) cycles; the voltage to be that available at the delivery points as specified in paragraph 1 of the agreement to which this Exhibit is attached.

DETERMINATION OF MAXIMUM DEMAND:

The Maximum Demand for billing purposes, referred to herein, shall be the Diversified Maximum Demand, as defined in paragraph 4-A, adjusted for losses as outlined in paragraph 4-B of the agreement to which this Exhibit is attached.

DATE OF BILL:

Monthly bills will be due within 20 days from date of bill.

POWER FACTOR PROVISION:

Licking Valley shall at all times take and use power in such manner that the power factor at the time of maximum demand shall be as near 100% as is consistent with good engineering practice, but when the power factor at any delivery point at the time of monthly maximum demand is determined to be less than 80%, the Maximum Demand used for billing purposes shall be determined by multiplying the Maximum Demand by 80% and dividing the product thus obtained by the actual power factor at the time of such Maximum Demand.



EXHIBIT B

WHOLESALE POWER CONTRACT

AGREEMENT made as of \_\_\_\_\_ between  
\_\_\_\_\_  
(hereinafter called  
the "Seller"), a corporation organized and existing under the laws of the  
State of \_\_\_\_\_ and \_\_\_\_\_  
(hereinafter called the "Consumer"), a corporation organized and existing  
under the laws of the State of \_\_\_\_\_.

WHEREAS, the Seller proposes to construct an electric generating plant  
and transmission system and may purchase or otherwise obtain electric power  
and energy for the purpose, among others, of supplying electric power and energy  
to borrowers from the Rural Electrification Administration which are or may  
become members of the Seller; and

WHEREAS, the Seller has heretofore entered into or presently will enter  
into agreements for the sale of electric power and energy identical in form  
with this agreement with all said borrowers which are members of the Seller,  
and may enter into similar contracts with other such borrowers who may become  
members; and

WHEREAS, the Consumer desires to purchase electric power and energy from  
the Seller on the terms and conditions herein set forth;

NOW THEREFORE, in consideration of the mutual undertakings herein contained  
the parties hereto agree as follows:

1. General. The Seller shall sell and deliver to the Consumer and the  
Consumer shall purchase and receive from the Seller all electric power and  
energy which the Consumer shall require for that portion of the Consumer's system  
connected to the point (s) of delivery hereinafter specified to the extent  
that the Seller shall have such power and energy available, provided, however,  
that the Consumer shall have the right to continue to purchase electric power  
and energy under any existing contract or contracts with a supplier other than  
the Seller during the remainder of the term thereof. The Consumer shall terminate,  
if the Seller shall, with the approval or at the direction of the Administrator  
of the Rural Electrification Administration (hereinafter called the "Administrator"),  
so request, any such existing contract or contracts with a supplier other than  
the Seller at such times as it may legally do so, provided the Seller shall  
have sufficient electric power and energy available for the Consumer.

2. Electric Characteristics and Delivery Points (s). Electric power  
and energy to be furnished hereunder shall be alternating current, \_\_\_\_\_ phase,  
\_\_\_\_\_ wire, sixty cycle. The Seller shall make and pay for all final connections  
between the systems of the Seller and the Consumer at the point (s) of delivery.

The point (s) of delivery and delivery voltage shall be:

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and such other point or points as may be agreed upon by the Seller and the Consumer.

3. Substation. The Consumer shall install, own, and maintain the necessary substation equipment at the point(s) of connection. The Seller shall own and maintain switching and protective equipment which may be reasonably necessary to enable the Consumer to take and use the electric power and energy hereunder and to protect the system of the Seller. Meters and metering equipment shall be furnished, maintained and read by the Seller and shall be located at the point of delivery on the Consumer's side of such transforming equipment.

4. Rate. (a) The Consumer shall pay the Seller for all electric power and energy furnished hereunder at the rates and on the terms and conditions set forth in Rate Schedule A, attached hereto and made a part hereof.

(b) The Board of Directors of the Seller at such intervals as it shall deem appropriate, but in any event not less frequently than once in each calendar year, shall review the rate for electric power and energy furnished hereunder and under similar agreements with other member associations and, if necessary shall revise such rate so that it shall produce revenues which shall be sufficient, but only sufficient, with the revenues of the Seller from all other sources, to meet the cost of the operation and maintenance of the generating plant, transmission system and related facilities of the Seller, the cost of any power and energy purchased for resale hereunder by the Seller, pay taxes, make payments on account of principal of and interest on all indebtedness of the Seller, and to provide for the establishment and maintenance of reasonable reserves. The Seller shall cause a notice in writing to be given to the Consumer and other members of the Seller and the Administrator which shall set out all the proposed revisions of the rate with the effective date thereof, which shall be not less than thirty (30) nor more than forty-five (45) days after the date of the notice, and shall set forth the basis upon which the rate is proposed to be adjusted and established. The Consumer agrees that the rate from time to time established by the Board of Directors of the Seller shall be deemed to be substituted for the rate herein provided and agrees to pay for electric power and energy furnished by the Seller to it hereunder after the effective date of

shall be effective unless approved in writing by the Administrator.

5. Meter Readings and Payment of Bills. The Seller shall read meters monthly. Electric power and energy furnished hereunder shall be paid for at the office of the Seller in \_\_\_\_\_ monthly withing fifteen (15) days after the bill therefore is mailed to the Consumer. If the Consumer shall fail to pay any such bill within such fifteen-day period, the Seller may discontinue delivery of electric power and energy hereunder upon fifteen (15) days' written notice to the Consumer of its intantion so to do.

6. Meter Testing and Billing Adjustment. The Seller shall test and calibrate meters by comparision with accurate standards at intervals of twelve (12) months. The Seller shall also make special meter tests at any time at the Consumer's request. The costs of all tests shall be borne by the Seller, provided, however, that if any special meter test made at the Consumer's request shall disclose that the meters are recording accurately, the Consumer shall reimburse the Seller for the cost of such test. Meters registering not more than two percent (2%) above or below normal shall deemed to be accurats. The readings of any meter which shall have been disclosed by test to be inaccurate shall be corrected for the ninety (90) days previous to such test in accordance with the percentage of inaccuracy found by such test. If any meter shall fail to register for any period the Consumer and the Seller shall agree as to the amount of energy furnished during such period and the Seller shall render a bill therefor.

7. Notice of Meter Reading or Test. The Seller shall notify the Consumer in advance of the time of any meter reading or test so that the Consumer's representative may be present at such meter reading or test.

8. Right Access. Duly authorized representatives of either party hereto shall be permitted to enter the premises of the other party hereto at all reasonable times in order to carry out the provisions hereof.

9. Continuity of Service. The Seller shall use reasonable diligence to provide a constant and uninterrupted supply of electric power and energy hereunder. If the supply of electric power and energy shall fail or be interrupted, or become defective through act of God or of the public enemy, or because of accident, labor troubles, or any other cause beyond the control of the Seller, the Seller shall not be liable therefor or for damages caused thereby.

10. Term. This Agreement shall become effective only upon approval in writing by the Administrator and shall remain in effect until \_\_\_\_\_, and thereafter until terminated by either party's giving to the other not less than six months' written notice of its intention to terminate. Subject to the provisions of Article 1 hereof, service

hereunder and the obligation of the Consumer to pay therefor shall commence upon completion of the facilities necessary to provide service.

EXECUTED THE day and year first above mentioned.

\_\_\_\_\_  
(Seller)

By \_\_\_\_\_  
(President)

Attest:

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
(Consumer)

By \_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary

SUPPLEMENTAL AGREEMENT

AGREEMENT made as of \_\_\_\_\_, between \_\_\_\_\_ (hereinafter called the "Seller"), \_\_\_\_\_ (hereinafter called the "Consumer"), and the United States of America, acting through the Administrator of the Rural Electrification Administration (hereinafter called the "Administrator").

WHEREAS, the Seller and the Consumer have entered into a contract for the purchase and sale of electric power and energy, which contract is attached hereto and is hereinafter called the "Power Contract"; and

WHEREAS, the execution of the Power Contract between the Consumer and the Seller is subject to the approval of the Administrator under the terms of the loan contract entered into with the Administrator by the Seller and the Consumer respectively;

NOW THEREFORE, in consideration of the mutual undertakings herein contained, and the approval by the Administrator of the Power Contract, the parties hereto agree as follows:

1. The Seller, the Consumer and the Administrator agree that if the Consumer, upon being requested to do so by the Seller with the approval or at the direction of the Administrator, shall fail to terminate any contract with a power supplier other than the Seller, as provided by Section 1 of the Power Contract, the Seller, or the Administrator if he shall so elect, shall have the right to enforce the obligations of the Consumer under the provisions of said Section 1 of the Contract by instituting all necessary actions at law or suits in equity, including, without limitation, suits for specific performance.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above mentioned.

Attest: \_\_\_\_\_ (Seller)  
Secretary  
By \_\_\_\_\_  
President

Attest: \_\_\_\_\_ (Consumer)  
Secretary  
By \_\_\_\_\_  
President

UNITED STATES OF AMERICA

By \_\_\_\_\_  
Administrator  
of  
Rural Electrification Administration

## AMENDMENT OF WHOLESALE POWER CONTRACT

Agreement made as of February 8, 1955 between East Kentucky Rural Electric Cooperative and Licking Valley R. E. C. C. (hereinafter called the "Member Cooperative")

NOW THEREFORE, in consideration of the mutual undertakings herein contained, the parties agree as follows:

The power contract previously entered into between the Member Cooperative and the East Kentucky RECC providing for the furnishing to the Member Cooperative of power by the East Kentucky R. E. C. C. is hereby amended so as to incorporate the following provisions regarding the use of said power which the Member Cooperative may obtain through East Kentucky R. E. C. C. : The power shall not be sold nor offered to a customer at any premises who is taking service from Kentucky Utilities Company or has terminated service from Kentucky Utilities Company and acts to follow that termination by acceptance of service from Licking Valley; it shall not be used to serve any new customer located nearest the service lines of Kentucky Utilities Company, and which would be logical, practical and feasible for Kentucky Utilities Company to serve from its lines; it shall not be sold to any incorporated municipality, commercial or industrial customer, not now being served by Licking Valley, which would be logical, practicable and feasible for Kentucky Utilities to serve, except ordinary and normal rural merchandising establishments, repair shops, garage and gasoline service stations, rural schools and rural motels, irrigation projects, sawmills, rock quarries, gravel pits, small coal mines, local and temporary service for road construction projects, rural recreational projects, and other similar electric energy usage considered to be allied with the agricultural industry, all or any of which shall be located on or within close reach of the service lines of Licking Valley, and which would be logical, practical and feasible for Licking Valley to serve from its distribution system.

It is understood that in the event of a disagreement with Kentucky Utilities Company over the interpretation and/or application of the provisions heretofore enumerated above, then the questions presented by such disagreement shall be resolved by the Public Service Commission of Kentucky in procedure prescribed by the Kentucky Statutes.

It is also understood that the provisions of this amendment shall apply only to the territory generally considered to be the service area of Kentucky Utilities Company.

This agreement shall be effective only upon approval thereof by the Administrator of the Rural Electrification Administration.

Signed and delivered this 21st day of January, 1955.

Highing Valley Rural Electric Cooperative Corporation  
Member Cooperative

By S/ R. H. Nickell  
President

S/ Joe D. Stacy  
Acting Secretary

Went Kentucky R. E. C. Co.

By S/ Allen B. Veech  
President

S/ James S. Patterson  
Secretary