

SPECIAL WHOLESALE INDUSTRIAL POWER AGREEMENT

THIS AGREEMENT, dated this 28th day of September, 2000, by and between East Kentucky Power Cooperative, Inc., a Kentucky corporation with its principal offices at 4775 Lexington Road, P. O. Box 707, Winchester, Kentucky 40392 ("EKPC") and Fleming-Mason Energy Cooperative Corporation, a Kentucky corporation with its principal offices at Elizaville Road, P. O. Drawer 328, Flemingsburg, Kentucky 41041 ("FMEC"),

WITNESSETH:

Whereas, FMEC is a member of EKPC and purchases all of its wholesale power and energy requirements from EKPC pursuant to a Wholesale Power Contract dated October 1, 1964, as amended and supplemented; and

Whereas, FMEC is entering a Special Industrial Power Agreement ("SIPA") with Tennessee Gas Pipeline Company ("TGP"), under which FMEC will provide retail electric services for TGP's gas pipeline facilities in Rowan County, Kentucky; and

Whereas, EKPC and FMEC wish to agree to the rates and terms for wholesale electric energy transmission and other related services to be supplied for the TGP SIPA;

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

1. EKPC agrees to provide to FMEC wholesale electric energy, transmission services, and other related services pursuant to the terms of the SIPA between FMEC and TGP dated September 21, 2000.
2. FMEC shall pay to EKPC the following charges for such services supplied for the subject SIPA:

Pricing

- Energy Charge

Energy charges will be based upon two segments:

- a. For the 16 hour on-peak period from 0700 to 2300 Eastern ~~Standard Time~~ ^{Peaking Time} ("EPT") for all weekdays throughout the calendar year, except for NERC approved holidays, energy provided and within the Deviation Band, as defined in Schedule A, of the scheduled energy for that hour, will be priced

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on the basis of the "Into Cinergy" Daily Index published by Power Markets Week Daily Price Report, plus losses.

- b. For all other hours within the calendar year, which covers all weekdays from 2300 to 0700 EPT, all weekends, and all NERC approved holidays, energy provided and within the Deviation Band of the scheduled energy for that hour, will be priced on the basis of EKPC's Incremental Energy Cost, as defined in Schedule A, for supplying TGP's scheduled energy for that hour, plus losses, plus \$3.00 per MWh.

In a. and b. above, in no case shall the energy billed in any hour be less than the lower level of the Deviation Band as defined in Schedule A.

- **Transmission Charge**
A transmission charge of \$1.75 per kW/mo shall be applied to the Billing Demand defined as the highest hourly integrated demand measured at the delivery point adjusted for losses and power factor as described below. The minimum Billing Demand shall be 25,000 kW, except for the first three months of this contract's term during TGP's equipment testing phase for which there is no minimum Billing Demand.
- **Facilities Charge**
TGP will pay an up front charge to cover the actual total investment that EKPC will make to construct a radial 138 kV line from TGP's 138 kV distribution substation to EKPC's transmission system. Such investment is estimated for convenience only at \$3,042,000. FMEC will also pay a monthly fixed charge of \$4,583 to recover taxes and routine operations and maintenance costs.
- **Minimum Charge**
In no case shall the monthly bill be less than the sum of bills previously delineated in this section under the headings of Transmission Charge and Facilities Charge, plus charges for any energy actually provided.
- **Loss Adjustment**
Metered Energy and Demand will be increased for losses to determine Energy Charges and Billing Demand. The percent of increase shall be that listed in Schedule 9, Loss Compensation Service, of EKPC's approved Open Access Transmission Tariff ("OATT") as amended from time to time. Currently the loss percentages are 2½ percent for energy and 4 percent for demand.
- **Power Factor Adjustment**
Billing Demand will be the greater of the peak metered kW demand plus losses, or the peak metered kVA demand plus losses times 0.95.

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- **Energy Imbalance Services**
The rates listed above recover all FERC pro forma OATT ancillary services except for the Energy Imbalance Service. Charges for such service shall be in accordance with Schedule A.
3. Billing and payment for such services shall be in accordance with EKPC's normal wholesale power bill procedures.
 4. This Agreement is contingent upon, and subject to, any necessary approvals of the Kentucky Public Service Commission, the Rural Utilities Service and other lenders to EKPC.

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

Joni K. Hurst
Title: Dist. Supervisor

By Andy P. Dunby
Title: Pres. & CEO
Fleming-Mason Energy Cooperative

ATTEST

Charles G. Liti
Title: Senior Corporate Counsel

By Paul C. Atkinson
Title: Vice President, Power Delivery
East Kentucky Power Cooperative, Inc.

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9/28/00

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SCHEDULE A

Energy Imbalance Service

Energy Imbalance Service is provided when the difference between the scheduled and the actual delivery of energy to the load over a single hour is greater than the Deviation Band of the scheduled transaction. Energy imbalances will be subject to compensation and charges set forth below. All compensation and charges shall also reflect losses associated with such energy imbalance.

Definitions

For the purposes of this Schedule, the following definitions shall apply:

Deviation Band: The Deviation Band shall be considered as +/- the greater of
a) 1.5 percent of the scheduled transaction, or b) 2 MW.

Dump Energy: The amount by which the Receipt by FMEC is below the lower limit of the Deviation Band in any hour shall be accounted for as Dump Energy.

Dump Energy Billing: Monthly billing credits for Dump Energy, given by EKPC to FMEC, shall equal the product of ninety percent (90%) of the annual average incremental cost from the lowest cost EKPC unit, and the sum of the Dump Energy not taken by FMEC in the billing period, if any.

EKPC Incremental Energy Cost: EKPC's highest incremental cost to serve one (1) megawatt for each hour.

Excess Energy Imbalance: The amount of Unscheduled Receipt by FMEC in excess of the Deviation Band in any hour, shall be accounted for as Excess Energy Imbalance.

Excess Energy Imbalance Billing: FMEC shall pay a charge at the rate equal to the greater of \$100/MWh, or one hundred ten percent (110%) of EKPC's Incremental Energy Cost for all Excess Energy Imbalance taken.

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