

FIRST AMENDMENT TO
WHOLESALE POWER CONTRACT

THIS AMENDMENT made on November 18, 1976 by and between EAST KENTUCKY POWER COOPERATIVE, INC. (formerly named EAST KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION), a corporation organized and existing under the laws of the Commonwealth of Kentucky, hereinafter called "SELLER", and CUMBERLAND VALLEY RURAL ELECTRIC COOPERATIVE CORPORATION, a corporation organized and existing under the laws of the Commonwealth of Kentucky, hereinafter called "MEMBER".

WHEREAS, SELLER and MEMBER have entered into a contract dated October 1, 1964, for the purchase and sale of electric power and energy, with the approval of the Administrator of the Rural Electrification Administration, and said Wholesale Power Contract is now in full force and effect; and

WHEREAS, SELLER, MEMBER and the aforesaid Administrator have entered into a Supplemental Agreement dated October 1, 1964, that provides for certain rights and obligations to guarantee compliance with the aforesaid Wholesale Power Contract; and

WHEREAS, the aforesaid Administrator has entered into a contract of guarantee with SELLER, whereby SELLER shall obtain a guaranteed loan of \$379,268,000 to finance a project consisting of the construction and operation of a 500 MW generating unit at the Spurlock Power Station, with related substation and transmission line facilities; and

NOW, THEREFORE, in consideration of the mutual undertakings herein contained, and in order to consummate and finalize the aforesaid financial

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

IN WITNESS WHEREOF, the parties have caused this First Amendment to be duly executed as of the date first above written.

(SELLER) EAST KENTUCKY POWER COOPERATIVE, INC.

By: James S. Patterson
Chairman of the Board

ATTEST:

Howard Rayland
Secretary

(MEMBER) CUMBERLAND VALLEY RURAL ELECTRIC COOPERATIVE CORPORATION

By: Ray Baird
Ray Baird, President

ATTEST:

S. M. Campbell
S. M. Campbell, Secretary

EAST KENTUCKY POWER COOPERATIVE, INC.
Wholesale Power Rate Structure
Schedule A (Revised - Effective July 1, 1980)

AVAILABILITY

Available to all cooperative associations which are or shall be members of the Seller. The electric power and energy furnished hereunder shall be separately metered for each point of delivery.

MONTHLY RATE - PER SUBSTATION OR METERING POINTSubstation Charge:

\$483 per month for each energized substation. In the event of joint utilization, this charge shall be divided equally.

Demand Charge:

\$3.98 per KW of billing demand.

Energy Charge:

All KWH \$.01739 per KWH

Minimum Monthly Charge:

The minimum monthly charge under the above rate shall not be less than \$483 to each member of each energized substation (metering point).

BILLING DEMAND

The billing demand is the arithmetical sum of the maximum kilowatt demands measured (and adjusted for power factor as provided below) at all points of delivery. The maximum kilowatt demand at each point of delivery shall be the highest average rate at which energy is used during any fifteen consecutive minute period of the month.

FUEL ADJUSTMENT

- (1) The fuel clause shall provide for periodic adjustment per KWH of sales when the unit cost of fuel ($F(m) - S(m)$) is above or below the base unit cost of 1.305¢ per KWH ($F(b) - S(b)$). The current monthly charges shall be increased or decreased by the product of the KWH furnished during the current month and the Fuel Adjustment Rate for the preceding month where the Fuel Adjustment Rate is as defined below:

$$\text{Fuel Adjustment Rate} = \frac{F(m)}{S(m)} - \frac{F(b)}{S(b)}$$

Where F is the expense of fossil fuel in the base (b) and current (m) periods; and S is sales in the base (b) and current (m) periods, all defined below;

- (2) Fuel costs (F) shall be the most recent actual monthly cost of:
- (a) Fossil fuel consumed in the utility's own plants, and the utility's share of fossil and nuclear fuel consumed in jointly owned or leased plants, plus the cost of fuel which would have been used in plants suffering forced generation and/or transmission outages, but less the cost of fuel related to substitute generation, plus

- (b) The actual identifiable fossil and nuclear fuel costs associated with energy purchased for reasons other than identified in paragraph (c) below, but excluding the cost of fuel related to purchases to substitute the forced outages, plus
 - (c) The net energy cost of energy purchases, exclusive of capacity or demand charges (irrespective of the designation assigned to such transaction) when such energy is purchased on an economic dispatch basis. Included therein may be such costs as the charges for economy energy purchases and the charges as a result of scheduled outage, all such kinds of energy being purchased by the buyer to substitute for its own higher cost energy; and less
 - (d) The cost of fossil fuel recovered through inter-system sales including the fuel costs related to economy energy sales and other energy sold on an economic dispatch basis.
 - (e) All fuel costs shall be based on weighted average inventory costing.
- (3) Forced outages are all nonscheduled losses of generation or transmission which require (purchase of) substitute power for a continuous period in excess of six (6) hours. Where forced outages are not as a result of faulty equipment, faulty manufacture, faulty design, faulty installations, faulty operation, or faulty maintenance, but are Acts of God, riot, insurrection or acts of the public enemy, then the utility may, upon proper showing, with the approval of the Commission, include the fuel cost of substitute energy in the adjustment.
- (4) Sales (S) shall be all KWH's sold, excluding inter-system sales. Where, for any reason, billed system sales cannot be coordinated with fuel costs for the billing period, sales may be equated to the sum of (i) generation, (ii) purchases, (iii) interchange in, less (iv) energy associated with pumped storage operations, less (v) inter-system sales referred to in subsection (3) (d) above, less (vi) total system losses. Utility-used energy shall not be excluded in the determination of sales (S).
- (5) The cost of fossil fuel shall include no items other than the invoice price of fuel less any cash or other discounts. The invoice price of fuel includes the cost of the fuel itself and necessary charges for transportation of the fuel from the point of acquisition to the unloading point, as listed in Account 151 of FERC Uniform System of Accounts for Public Utilities and Licensees.

POWER FACTOR ADJUSTMENT

The member cooperative agrees to maintain unity power factor as nearly as practicable at a point of delivery at the time of monthly maximum demand is determined to be less than 80%, the monthly maximum demand measured at that point of delivery shall be adjusted by multiplying the monthly maximum demand by 80% and dividing the product thus obtained by the actual percent power factor measured at the time of such maximum demand.