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INTERCONNECTION AGREEMENT

BETWEEN

THE CINCINNATI GAS & ELECTRIC COMPANY

PUBLIC SERVICE  
COMMISSION

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, 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 schedules attached hereto as exhibits are permitted to become effective, and their systems 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, 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

0.05 WHEREAS, Cincinnati and East Kentucky have jointly studied the mutual benefits and advantages that may be realized by the interconnection of their respective 138 kV electric transmission systems, and

0.06 WHEREAS, Cincinnati and East Kentucky are constructing certain 138 kV transmission and substation facilities for the purpose of establishing such interconnection;

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

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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.

Synchronous Operation

1.03 The parties hereto mutually 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 consumers 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.

1.03.1 It is recognized that in interconnected system operation, power and reactive flow will exist on an interconnection due to scheduled power flow from either party to third parties or between parties not involved in the interconnection. This inadvertent power flow depends mainly on the design of the internal systems of the parties and the interconnected system, and the schedules of power flows on the interconnections. If, in the sole judgment of either party, the power or reactive flow over the interconnection facilities of either party is excessive, such that it jeopardizes the reliability of its service to its customers, the parties shall attempt to agree upon adequate corrective

measures to eliminate or control such excessive power or reactive flow; provided, however, that in the event of such a situation existing, the party so burdened shall have the right, with notice when possible to the other party, to open and leave open one or all of the interconnections between the respective systems of the parties hereto until corrective action has been taken.

#### Maintenance of Equipment

1.04 The parties hereto shall each keep, or shall cause to be kept, the transmission lines, together with all associated equipment and appurtenances, described in Article 1 hereof that are located on their respective sides of the Boone-Buffington Interconnection Point, in a suitable condition of repair at all times, each at its own expense, in order that said transmission lines will operate in a reliable and satisfactory manner and in order that reduction in the effective capacity of said transmission lines will be avoided to the extent practicable.

### ARTICLE 2

#### SERVICES 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 such benefits may be realized by them by carrying out under stated terms and conditions various interconnection services and transactions that may from time to time include among others:

- (i) The furnishing of mutual emergency and standby assistance,
- (ii) the interchange, sale, and purchase of energy to effect operating economies,
- (iii) the sale and purchase of short term electric power and energy available on the system of one party and needed on the system of the other on a daily or weekly basis,
- (iv) the sale and purchase of limited term power and associated energy on a monthly basis, and
- (v) the interchange of firm power on an equal diversity exchange basis.

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

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2.02 Inasmuch as the specific services to be rendered in furtherance of such purpose will vary from time to time during the duration of this Agreement, and the terms and conditions applicable to such services may require modification from time to time, it is intended that such specific services and the terms and conditions applicable thereto will be set forth in rate schedules from time to time mutually agreed upon between the parties. Such rate schedules, until and unless changed, terminated, or supplemented, shall be those provided by Section 2.03 hereof.

2.03 The respective rate schedules designated

Rate Schedule A - Emergency Service

Rate Schedule B - Interchange Power

Rate Schedule C - Short Term Power

Rate Schedule D - Limited Term Power

Rate Schedule E - Diversity Power

which have been agreed upon between the parties hereto, are identified as Exhibits I, II, III, IV, and V, respectively, to this Agreement, are attached hereto and are hereby made a part hereof the same as if incorporated herein. It is contemplated by the parties that rate schedules covering future agreements as to specific services will be similarly made a part of this Agreement upon presentation and acceptance thereof.

2.04 Whenever the term "out-of-pocket cost" is used in this Agreement, or in any of the rate schedules which are or may be made a part hereof, in connection with the furnishing of energy by either party hereto, it shall have the following meaning: Out-of-pocket cost of generating energy in the generating stations of the system of either party will be those costs which have been incurred by the supplying system directly by reason of its generation of such energy and which otherwise would not have been incurred by such system. Such costs, under usual circumstances, will include, but not limited to, the incremental production expenses associated with the stations or units used in the production of the energy so furnished, including incremental fuel, incremental maintenance, and incremental operating labor, and any tax expense in connection with the sale or production of such energy. Out-of-pocket cost of energy purchased from a source outside of the system of the supplying party will be the total amount paid therefore by the supplying party which otherwise would not have been paid by such party.

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## 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 either system which might cause impairment to the service of the system of the other party or of any system interconnected with the system of the other party.

#### Control of Kilovar Exchange

3.02 It is the intent that neither party hereto shall be obligated to deliver nor to receive kilovars for the benefit of the other party when to do so may introduce objectionable operating conditions on its system. The Operating Committee shall be responsible for the establishment from time to time of operating procedures and schedules, in respect of carrying kilovar loads by one system for the other in order to secure adequate service and economical use of the facilities of both systems and in respect of proper charges, if any, for the use of facilities carrying kilovar loads. 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 either of the parties, in harmony with sound engineering principles of transmission operation with their systems interconnected, is subject to numerous variables contingent upon loading and operating conditions existing simultaneously on both 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 both parties.

#### Control of Unscheduled Power Deliveries

3.03 The parties hereto shall exercise due diligence and foresight in carrying out all matters related to the providing and operating of their respective electric power resources so as to minimize to the extent practicable deviations between actual and scheduled deliveries of electric power and energy between their systems. The parties shall provide and install on their respective systems such communication and telemetering facilities as are essential to so minimizing such deviations; and, in developing and executing operating procedures that will enable the parties to avoid to the extent practicable deviations from scheduled deliveries, shall fully cooperate with each other and with third parties whose systems are either directly or indirectly interconnected with the systems of the parties, and who of necessity together with the parties must unify their efforts cooperatively to achieve effective and efficient

interconnected operation. The parties recognize, however, that, despite their best efforts to prevent the same, unscheduled deliveries of electric energy from one party to the other may occur. Electric energy delivered hereunder in such event shall be settled for by the return of equivalent energy. Equivalent energy shall be returned at times when the load conditions of the party receiving it are equivalent to the load conditions of such party at the time the energy for which it is returned was delivered or, if such party elects to have equivalent energy returned under different party conditions, it shall be returned in such amounts, to be agreed upon by the Operating Committee, as will compensate for the difference in conditions.

#### ARTICLE 4

##### DELIVERY POINTS, METERING POINTS, AND METERING

###### Delivery Points

4.01 All electric energy delivered at Boone-Buffington Interconnection Point, as defined in Article 1 hereof, shall be of a character commonly known as three-phase sixty-cycle energy, at a nominal voltage of 138 kV, and at such other points and voltages as may be agreed upon by the parties hereto.

4.02 As the Cincinnati and East Kentucky systems are interconnected with other systems forming a network, it is recognized that because of the physical and electrical characteristics of the facilities involved, a part or all of the energy being transferred from one party to the other may flow through such other systems rather than through the point or points of connection between the systems of the parties hereto. A part or all of the power being transferred between other systems in the network may flow through the point or points of connection between the systems of the parties hereto, and as a result be included in the demand and energy meter readings at the point or points of interconnection. Therefore, all billings shall be based on scheduled transactions or upon methods determined by the Operating Committee which may result from development of arrangements with other interconnected systems and which provide a basis for accounting for the power and energy transfer between the parties.

###### Metering Points

4.03 Electric power and energy supplied and delivered under this Agreement shall be measured by:

- (i) suitable 138 kV metering equipment installed, owned, and maintained by Cincinnati at its Buffington Substation.

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- (ii) suitable metering equipment of such voltage installed and maintained under such ownership at such other locations as may be agreed upon by the parties.

Metering

4.04 Suitable metering equipment at the metering points as provided in Section 4.03 hereof shall include electric meters, potential and current transformers, telemetering and line loss compensation equipment, and such other appurtenances as shall be necessary to provide at the interconnection point for each direction of flow appropriate recordings as determined by the Operating Committee, of kilowatts, kilovars, and kilowatt-hours.

4.05 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 4.03 above. 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 both parties shall have access at all reasonable hours to the premises where the meters are located and to the records made by the meters.

4.06 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 either party hereto, a special test may be made at the expense of the party requesting such special test. Representatives of both 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.

4.07 If at any test of metering equipment an inaccuracy shall be disclosed exceeding two percent, the account between 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, but not

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to exceed one year. Should the metering equipment as provided in Section 4.04 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.

4.08 To allow for dual monitoring of interconnection power flow data, each party shall supply its own remote terminal units (RTUs) for the terminating switching station. The owner of each RTU will install or cause to be installed such RTU and associated equipment at his expense. Each party shall retain ownership and be responsible for maintenance of its own RTUs, regardless of whether they are installed in the other's or its own switching stations. Each party's personnel shall be allowed reasonable access to the other's metering point stations in order to perform necessary maintenance on its own RTUs. Each party shall be responsible for providing and maintaining communication circuits to its own RTUs.

## 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. In maintaining such records, the parties shall effect such segregations and allocations of demands and electric energy delivered into classes representing the various services and conditions as may be needed in connection with settlements under this Agreement. 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.

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ARTICLE 6

BILLINGS AND PAYMENTS

6.01 All billing shall be based on scheduled transactions unless otherwise determined as provided in Section 4.02 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 generating, transmission, and substation 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 generating, transmission, and substation facilities 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 alternates) 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 generating and transmission facilities of the parties.

7.01.2 All matters pertaining to the control of time, frequency, energy flow, kilovar exchange, power factor, voltage, and other similar matters bearing upon the satisfactory synchronous operation of the systems of the parties.

7.01.3 Such other matters not specifically provided for herein upon which cooperation, coordination, and agreement as

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to quantity, time, method, terms and conditions are necessary in order that the operation of the systems 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.

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. In the event that any necessary governmental approvals cannot be obtained by either party, after reasonable efforts to obtain such approvals, this agreement shall terminate 90 days after the final denial of the subject approval, and each party shall bear its own portion of the costs incurred up to that time.

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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, one by East Kentucky, and a third of whom shall be named by the two arbitrators appointed by Cincinnati 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 capacity or energy (or both) generated, purchased, sold, transmitted, interchanged or exchanged by it, 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 for capacity or energy (or both) 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

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.

ARTICLE 15

WAIVERS

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, <sup>plus</sup> 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.

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PURSUANT TO THE AGREEMENT,  
CINCINNATI, OHIO  
BY:

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. Morris

Claudia H. Embry

THE CINCINNATI GAS & ELECTRIC COMPANY

ATTEST:

By [Signature]

VICE PRESIDENT

Joseph D. Hall

PUBLIC UTILITY COMMISSION

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IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Commission, this 10th day of May, 1984.

[Signature]

RATE SCHEDULE A  
EMERGENCY ENERGY

Under Agreement dated March 1, 1984

between

THE CINCINNATI GAS & ELECTRIC COMPANY

and

EAST KENTUCKY POWER COOPERATIVE, INC.

SECTION 1 - SERVICES TO BE RENDERED

1.1 In the event of breakdown or other emergency on the system of either party, involving either sources of power or transmission facilities, or both and which impairs or jeopardizes its ability to meet the loads of its system, the other party shall upon request deliver to such party during a period of not exceeding 48 consecutive hours electric power and associated energy ("Emergency Power" and "Emergency Energy") in amounts as in its sole judgment can be delivered without imposing any burden on its system's operations and without undue interference with service to its customers. A party may, upon request, deliver energy hereunder in the event of an emergency jeopardizing the ability of a system interconnected with the system of the requesting party to meet its loads. Every request hereunder shall identify the emergency that gave rise to it.

1.2 No party shall be obligated to deliver energy hereunder during the first 48 hours following a prior emergency during which it is delivering electric energy under another mutual emergency interchange agreement or at any time that delivery of such energy will impair its own system's ability to meet its loads.

SECTION 2 - COMPENSATION

2.1 When East Kentucky is the supplying party:

2.11 Electric energy delivered under Section 1 above that is generated by the supplying party's system shall be settled for, at the option of the party supplying it, either by the return of equivalent energy upon request of such party or by payment of the greater of 110% of the out-of-pocket cost (including, but not limited to, all operating, maintenance, tax, transmission losses and other expenses incurred that would not have been

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incurred if the energy had not been supplied) of supplying such energy or 3 cents per kilowatthour thereof; plus

2.12 Electric energy delivered under Section I above that is purchased by the supplying party's system from another interconnected system shall be settled for by a demand charge of 1.53 mills per kilowatthour of such purchased energy and an energy charge of 100% of the amount paid therefor by the supplying party plus one mill per kilowatthour of such purchased energy plus any transmission losses and taxes incurred.

2.2 When Cincinnati is the supplying party:

2.21 Electrical energy delivered under Section 1 above that is generated by the supplying party's system shall be settled for, at the option of the party supplying it, either by the return of equivalent energy upon request of such party or by payment of the greater of 110% of the out-of-pocket cost (including, but not limited to, all operating, maintenance, tax, transmission losses and other expenses incurred that would not have been incurred if the energy had not been supplied) of supplying such energy or 3 cents per kilowatthour hereof; plus

2.22 Electric energy delivered under Section 1 above that is purchased by the supplying party's system from another interconnected system shall be settled for by a demand charge of 1.53 mills per kilowatthour of such purchased energy and an energy charge of 100% of the amount paid therefor by the supplying party plus one mill per kilowatthour of such purchased energy plus any transmission losses and taxes incurred.

2.3 If the option under subsection 2.11 or 2.21 is exercised by returning electric energy then it shall be returned at times when the load conditions of the party receiving it are equivalent to the load conditions of such party at the time the energy for which it is returned was delivered or, if such party elects to have equivalent energy returned under different conditions, it shall be returned in such amounts, to be agreed upon by the Operating Committee, as will compensate for the difference in conditions.

RATE SCHEDULE B  
INTERCHANGE POWER

Under Agreement dated March 1, 1984

between

THE CINCINNATI GAS & ELECTRIC COMPANY

and

EAST KENTUCKY POWER COOPERATIVE, INC.

SECTION 1 - SERVICES TO BE RENDERED

Economy Energy

1.1 Either party may arrange to purchase from the other party, electric energy ("Economy Energy") whenever it is possible to effect a saving thereby and, in the sole judgment of the party requested to supply the same, such energy is available. Economy Energy may also be arranged to be obtained from or delivered to systems interconnected with the parties, but not a party to this Agreement. Prior to each delivery of Economy Energy, the amount and time of delivery and the charge therefor shall be determined by the parties.

Non-Displacement Energy

1.2 It is further recognized that from time to time, occasions will arise when the effecting of transactions as provided under subsection 1.1 next above will be impracticable but that at the same time one of the parties may have electric energy (herein called "Non-Displacement Energy") which it is willing to make available from surplus capacity either on its own system or from sources outside its own system or both, that can be utilized advantageously for short intervals by the other party. It shall be the responsibility of the party desiring Non-Displacement Energy to initiate the receipt and delivery of such energy. The party desiring receipt of Non-Displacement Energy shall notify the other party of the extent to which it desires to use such energy, and whenever in its sole judgment such other party determines that it has Non-Displacement Energy available, schedules providing the periods and extent of use shall be mutually agreed upon. Neither party shall be obligated to make any Non-Displacement Energy available to the other.

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SECTION 2 - COMPENSATIONEconomy Energy

2.1 The charge for Economy Energy purchased by either party from the other party shall be based on the principle that the party purchasing it shall pay the out-of-pocket cost (including, but not limited to, all operating, maintenance, tax, transmission losses and other expenses incurred that would not have been incurred if the energy had not been supplied) of the party supplying such energy and that the resulting savings to the receiving party shall be equally shared by the supplying and receiving parties.

2.2 When Economy Energy is obtained from or delivered to other systems interconnected with the parties, but not signatories to this Agreement, payments shall be based on the out-of-pocket cost of the supplying party or system providing the energy and an allocation of the gross savings which are defined as the difference between (1) what the out-of-pocket costs of the receiving party or system would have been to generate such energy, and (2) the out-of-pocket costs of the supplying party or system providing the energy. Such allocation shall be made as provided in subsections 2.21 and 2.22 hereinbelow:

2.21 Each party or system participating in the transactions other than the supplying and receiving parties or systems, shall be paid (a) its cost of purchasing the energy supplied, plus (b) its cost of additional transmission losses incurred, plus (c) fifteen percent of the gross savings remaining after deducting all such payments for transmission losses.

2.22 The supplying party or system shall be paid its out-of-pocket cost of providing the energy, plus one-half of the gross savings remaining after deducting all (b) and (c) payments made under subsection 2.21. The receiving party or system shall be entitled to the other one-half of the gross savings remaining after deducting all (b) and (c) payments made under subsection 2.21.

Non-Displacement Energy

2.31 Non-Displacement Energy delivered hereunder that is generated by the supplying party's system shall be settled for either by the return of equivalent energy or, at the option of the party that supplied such energy, by payment of the out-of-pocket cost (including, but not limited to, all operating, maintenance, tax, transmission losses and other

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expenses incurred that would not have been incurred if the energy had not been supplied) of the supplying party in generating such energy plus ten percent of such cost. If equivalent energy is returned, it shall be returned at times when the load conditions of the party receiving it are equivalent to the load conditions of such party at the time the energy for which it is returned as delivered or, if such party elects to have equivalent energy returned under different conditions, it shall be returned in such amounts, to be agreed upon by the Operating Committee, as will compensate for the difference in conditions.

2.32 Non-Displacement Energy delivered hereunder that is purchased by the supplying party's system from another interconnected system shall be settled for by 100% of the amount paid therefor by the supplying party, plus one mill per kilowatthour of such purchased energy, plus any transmission losses and taxes incurred by the supplying party.

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RATE SCHEDULE C  
SHORT TERM POWER

Under Agreement dated March 1, 1984

between

THE CINCINNATI GAS & ELECTRIC COMPANY

and

EAST KENTUCKY POWER COOPERATIVE, INC.

SECTION 1 - SERVICES TO BE RENDERED

1.1 Either party may arrange to reserve from the other party, (a) electric power ("Weekly Short Term Power") for periods of one or more weeks or (b) electric power ("Daily Short Term Power") for periods of one or more days whenever, the party requested to reserve the same, is willing to make such power available. As used herein the term "day" shall mean a twenty-four hour period commencing at 12 o'clock midnight and ending at the next following 12 o'clock midnight.

1.11 Prior to each reservation of Weekly or Daily Short Term Power, the number of kilowatts to be reserved, the period of the reservation, and the source of such power if the supplying party is in turn reserving such power from another interconnected system ("Third Party"), shall be determined by the parties. Such determination shall be confirmed in writing at the request of either party. If during such period conditions arise that could not have been reasonably foreseen at the time of the reservation and cause the reservation to be burdensome to the supplying party or its system, such party may by oral notice to the reserving party, such oral notice to be later confirmed in writing if requested by either party, reduce the number of kilowatts reserved by such amount and for such time as it shall specify in such notice, but kilowatts reserved hereunder that the supplying party is in turn reserving from another system may be reduced only to the extent they are reduced by such other system.

1.12 During each period that Weekly or Daily Short Term Power has been reserved, the party that has agreed to supply such power shall upon call by the reserving party deliver associated electric energy ("Weekly or Daily Short Term Energy") to the reserving party at a rate during each hour of up to and including the number of kilowatts reserved.

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SECTION 2 - COMPENSATION

2.1 The reserving party of Weekly or Daily Short Term Power shall pay the supplying party Demand Charges for such Short Term Power at the following rates:

2.11 Weekly Short Term Power

2.111 When East Kentucky is the supplying party: at the rate of \$1.05 per kilowatt reserved per such week.

2.112 When Cincinnati is the supplying party: at the rate of \$1.05 per kilowatt reserved per such week.

2.113 In the event the amount of Weekly Short Term Power taken is reduced upon request of the supplying party, the demand charge for each day (other than Sunday) during which any reduction is in effect shall be reduced by one-sixth (1/6) of the aforesaid supplying party's weekly demand rate per kilowatt of reduction.

2.12 Daily Short Term Power

2.121 For any day that Daily Short Term Power is reserved by either party, the daily demand rate shall be equal to the rate of one-fifth (1/5) of the supplying party's Weekly Short Term Power demand rate.

2.122 In the event the amount of Daily Short Term Power taken is reduced upon request of the supplying party, the demand charge for each day during which such reduction is made shall be reduced by one-fifth (1/5) of the above weekly demand rate per kilowatt of reduction.

2.13 Third Party Weekly Short Term Power

2.131 When East Kentucky is the supplying party: for any week that Weekly Short Term Power is reserved from a Third Party at the rate of \$0.22 per kilowatt reserved per week plus the demand charge paid therefor by the supplying party to the Third Party.

2.132 When Cincinnati is the supplying party: for any week that Weekly Short Term Power is reserved from a Third Party at the rate of \$0.22 per kilowatt

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reserved per week plus the demand charge paid therefor by the supplying party to the Third Party.

2.133 In the event the amount of Weekly Third Party Short Term Power taken is reduced upon the request of the Third Party, the demand charge for each day (other than Sunday) during which any reduction is in effect shall be reduced by one-sixth (1/6) of the total weekly charge in subsections 2.131 and 2.132 above per kilowatt of the reduction.

2.14 Third Party Daily Short Term Power

2.141 When East Kentucky is the supplying party: for any day that Short Term Power is reserved from a Third Party at the rate of \$0.044 per kilowatt reserved per day plus the demand charge paid therefor by the supplying party to the Third Party.

2.142 When Cincinnati is the supplying party: for any day that Short Term Power is reserved from a Third Party at the rate of \$0.044 per kilowatt reserved per day plus the demand charge paid therefor by the supplying party to the Third Party.

2.143 In the event the amount of Daily Third Party short term power taken is reduced upon the request of the third party, the demand charge for each day during which such reduction is made shall be reduced by one-fifth (1/5) of the total weekly charge in subsections 2.141 and 2.142 above per kilowatt of the reduction.

2.2 The reserving party shall pay the supplying party Energy Charges at the following rates:

2.21 For all Short Term Energy delivered pursuant to subsection 1.12 above:

- (a) for each kilowatthour that is generated by the supplying party's system 110% of the out-of-pocket costs (including, but not limited to, all operating, maintenance, tax, transmission losses and other expenses incurred that would not have been incurred if the energy had not been supplied) of supplying Short Term Energy called for during such period; plus

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- (b) for each kilowatthour purchased by the supplying party from a third party to supply the Short Term Energy called for during such period, 100% of the amount of the energy charge paid therefor by the supplying party plus 1 mill plus any transmission losses, taxes and other expenses incurred that would not have been incurred if such purchase had not been made.

1984  
1981,  
*[Signature]*

RATE SCHEDULE D  
LIMITED TERM POWER

Under Agreement dated March 1, 1984

between

THE CINCINNATI GAS & ELECTRIC COMPANY

and

EAST KENTUCKY POWER COOPERATIVE, INC.

SECTION 1 - SERVICES TO BE RENDERED

1.1 Either party may arrange to reserve from the other party, for periods of not less than one or more than 12 months, such electric power ("Limited Term Power") whenever, in the sole judgment of the party requested to reserve the same, such power is available.

1.11 Prior to each reservation of Limited Term Power, the number of kilowatts to be reserved, the period of the reservation, and the source of the power if the supplying party is in turn reserving them from another system shall be determined by the parties. Such determination shall be confirmed in writing.

1.12 During each period that Limited Term Power has been reserved, the party that has agreed to supply such power shall upon call deliver electric energy ("Limited Term Energy") up to and including the number of kilowatts then reserved to the reserving party, except when such deliveries would in the judgment of the supplying party have to be interrupted or reduced to preserve the integrity of, or to prevent or limit any instability on its system.

SECTION 2 - COMPENSATION

2.1 The reserving party shall pay the supplying party:

2.11 Demand Charge

2.111 When East Kentucky is the supplying party: for the billing demand for each month at the rate of \$5.50 per kilowatt for such month.

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THE CINCINNATI GAS & ELECTRIC COMPANY

2.112 When Cincinnati is the supplying party: for the billing demand for each month at the rate of \$5.50 per kilowatt for such month.

2.12 For each kilowatt of the reserved Limited Term Power that is purchased by the supplying party from another system, (a) the excess, if any, of the amount paid therefor under subsection 2.11 of this Schedule (or, if such amount is less than such charge, minus the deficiency) plus (b) for each month such Limited Term Power is reserved, \$1.00 per kilowatt; plus

2.13 110% of the out-of-pocket cost (including all operating, maintenance, tax, transmission losses and other expenses incurred that would not have been incurred if the energy had not been supplied) of supplying Limited Term Energy called for during such period that is generated by the supplying party's system; plus

2.14 For each kilowatthour purchased by the supplying party from another interconnected system to supply Limited Term Energy called for during such period, 100% of the amount paid therefor by the supplying party plus 1 mill plus transmission losses and taxes incurred.

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CINCINNATI, OHIO



RATE SCHEDULE E  
DIVERSITY POWER

Under Agreement dated March 1, 1984

between

THE CINCINNATI GAS & ELECTRIC COMPANY

and

EAST KENTUCKY POWER COOPERATIVE, INC.

SECTION 1 - DEFINITIONS

1.1 Diversity Power shall mean that amount of Firm Power which both companies agree to provide on an equal exchange basis.

1.2 Unit Year shall mean the period of twelve consecutive calendar months of April 1 through March 31.

SECTION 2 - SERVICES TO BE RENDERED

2.1 Diversity Power may be scheduled by mutual agreement. If Diversity Power is scheduled, each party agrees to provide firm capacity to the other party for a specified period in exchange for an equal amount of firm capacity being provided by the other party during an equivalent period of the Unit Year. Diversity Power may be scheduled several years in advance to provide an adequate capacity planning horizon.

2.2 Delivery Company shall be obligated to deliver Diversity Power when scheduled at least 18 hours in advance in amounts not to exceed the commitment of a Company to provide Diversity Power.

2.3 Diversity Power deliveries and receipts shall be Firm Power Sales and Firm Power Purchases and shall not be subject to revision except by specific agreement of both companies.

SECTION 3 - COMPENSATION

3.1 Demand Charges - There shall be no demand charge for Diversity Power.

3.2 Energy Charges - The receiving party shall pay the supplying party:

3.21 110% of the out-of-pocket cost (including all operating, maintenance, tax, transmission losses and other

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expenses incurred that would not have been incurred if the energy had not been supplied) of supplying Diversity Power energy called for during such period that is generated by the supplying party's system; plus

3.22 For each kilowatthour purchased by the supplying party from another interconnected system to supply Diversity Power energy called for during such period, 100% of the amount paid therefor by the supplying party plus 1 mill plus transmission losses and taxes incurred.

3.23 If other sales are being made coincidentally, Diversity Power shall be assigned the lowest Out-Of-Pocket Cost over and above the supplying Company's internal load plus any firm contractual obligations which have been entered into prior to contracting for Diversity Power.

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