

**CONSOLIDATED EMERGENCY BACKUP POWER SERVICE AGREEMENT
RIDER TO INDUSTRIAL POWER AGREEMENT**

This CONSOLIDATED EMERGENCY BACKUP POWER SERVICE AGREEMENT (“Agreement”), is made and entered into as of this 26th day of November, 2014, by and between SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION, a Kentucky Corporation with its principal offices at 925-929 North Main Street, P.O. Box 910, Somerset, Kentucky 42502 (“SKRECC”), and Equity Group/Kentucky Division, LLC, a Delaware Limited Liability Corporation, with its principal offices at 2294 Kentucky Highway 90 West, Albany, Kentucky 42602 (“Customer”) and EAST KENTUCKY POWER COOPERATIVE, INC., a Kentucky Corporation with its principal offices at 4775 Lexington Road, P. O. Box 707, Winchester, Kentucky 40392-0707 (“EKPC”).

WITNESSETH

WHEREAS, SKRECC is providing retail electric service to Customer under an Industrial Power Agreement, dated January 24, 2003 (the “IPA”), and emergency backup power service to Customer under an Emergency Backup Service Agreement, dated January 24, 2003 (the “2003 Retail EBS Agreement”), for Customer’s Clinton County, Kentucky facility (the “Plant”); and

WHEREAS, EKPC is providing emergency backup power service to SKRECC to support the 2003 Retail EBS Agreement under an Emergency Backup Service Agreement, dated January 31, 2003 (the “2003 Wholesale EBS Agreement”); and

WHEREAS, Customer, SKRECC and EKPC (collectively, the “Parties”) desire to amend, restate and consolidate the 2003 Retail EBS Agreement and the 2003 Wholesale EBS Agreement, as a single agreement, to provide for the continued provision and purchase of

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emergency backup electric service ("Backup Service") for such periods when normal electric service is interrupted to Customer; and

WHEREAS, the Parties wish to document the terms and conditions of their amended, restated and consolidated agreement under which such Backup Service will be provided and payment for same will be made;

NOW, THEREFORE, in consideration of the mutual covenants, representations, promises, terms and conditions contained herein, the Parties hereby agree as follows:

1. Term. This Agreement shall become effective as of the date set forth in Section 12 below, and shall continue in effect for an initial term of five (5) years and shall renew for additional one (1) year terms thereafter unless and until terminated by any Party providing written notice of such termination at least one (1) year prior to the next occurring termination date. This Agreement shall be a Rider to the IPA, and the provisions of the IPA as specified below shall be incorporated by reference herein.

2. Availability of Backup Service. EKPC shall provide two 1750 kW diesel electric generators (the "Backup Generators") to be located on Customer's Plant site, pursuant to a Site Lease Agreement between EKPC and Customer to be entered into contemporaneously herewith ("Site Lease"), which shall be available to provide Backup Service. EKPC shall own, operate, maintain and dispatch the Backup Generators. EKPC shall use the Backup Generators to provide Backup Service through SKRECC for Customer's exclusive benefit during any interruption of Customer's normal electrical service for any reason, unless Customer declines such service. EKPC may otherwise utilize the Backup Generators at any time they are not needed by SKRECC to provide Backup Service for Customer. The power and energy made available to Customer pursuant to this Agreement shall be delivered, taken and paid for by

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Customer from SKRECC in accordance with the terms hereof and the SKRECC's IPA, as approved by the Kentucky Public Service Commission ("PSC"). The power and energy made available to SKRECC pursuant to this Agreement shall be delivered, taken and paid for in accordance with the terms hereof, and the Wholesale Power Contract between EKPC and SKRECC dated October 1, 1964, as amended and supplemented. In the event of any conflict between the provisions of this Agreement and said Wholesale Power Contract, the latter shall control.

3. Conditions of Delivery. Power and energy from the Backup Generators shall be delivered by EKPC to SKRECC's facilities for service to Customer, at such times as normal electric service is interrupted for any reason, subject to Customer's right to decline such service. All provisions of the IPA regarding conditions of delivery, responsibility for protective equipment, and the prevention of the electric disturbances (Sections 3 and 4 of the IPA) shall apply to power and energy produced by the Backup Generators and delivered to the point of delivery specified in the IPA. None of the electric power and energy so produced or delivered shall be resold by Customer to third-parties.

4. Right of Access. Customer has conveyed, at no cost, to EKPC all necessary property or property rights for the siting, operation and maintenance of the Backup Generators, and for the connection of the Backup Generators to EKPC's or SKRECC's facilities, as part of the Site Lease, which is adopted and incorporated herein as if set forth in full. In addition to the terms of the Site Lease, Customer shall grant EKPC and SKRECC rights of ingress and egress to the Backup Generators and necessary for their operation and maintenance, and rights to enter other areas of Customer's Plant at all reasonable times in order to carry out the provisions of this Agreement. Rights of removal provided in the IPA (Section 6) and Site Lease (Paragraph

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6) shall apply to the Backup Generators and any related equipment and facilities. In the event of any conflict between the IPA, this Agreement, and the Site Lease, the terms of the Site Lease shall prevail.

5. Rates and Charges.

a. To Customer. Customer shall pay SKRECC a monthly charge of \$3,800 for the availability of Backup Service. Customer shall pay SKRECC the actual fuel costs incurred for any Backup Service operations of the Backup Generators to serve Customer and one-half (1/2) of the actual fuel costs incurred for the monthly tests of the Backup Generators. Fuel costs attributable to EKPC's operation of the Backup Generators at the direction of PJM Interconnection, LLC ("PJM") will be borne exclusively by EKPC. Fuel costs shall be added to Customer's bill for the month such operation of the Backup Generators occurs. For avoidance of doubt, all routine and major maintenance costs associated with the Backup Generators are included in the foregoing rate. The provisions of Section 9 of the IPA, Payment of Bills, shall apply to all charges hereunder, which shall be separately listed on such monthly bill.

b. To SKRECC. SKRECC shall pay EKPC a monthly charge of \$3,600 for the availability of the Backup Service. SKRECC shall also pay EKPC the actual fuel costs for any Backup Service operation of the Backup Generators incurred by EKPC to serve Customer and one-half (1/2) of the actual fuel costs incurred for the monthly tests of the Backup Generators. Fuel costs attributable to EKPC's operation of the Backup Generators at the direction of PJM will be borne exclusively by EKPC. Fuel costs will be added to SKRECC's bill for the month of said operation of the Backup Generators. For avoidance of doubt, all routine and major maintenance costs associated with the Backup Generators are included in the

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foregoing rate. All charges hereunder shall be separately listed on EKPC's monthly bill to SKRECC.

6. Scheduled Maintenance on Backup Units. EKPC will give SKRECC and Customer ten (10) days' advance notice of any scheduled maintenance of one or both of the Backup Generators if said maintenance is anticipated to last more than seven (7) days ("Major Maintenance"). In the event of Major Maintenance, Customer shall have the option, but not the obligation, to secure and operate a temporary electric power generator at its Plant at its own cost. EKPC shall use commercially reasonable efforts to coordinate all other maintenance on the Backup Generators with both SKRECC and Customer.

7. Miscellaneous. The Provisions of Section 8 and 10 of the IPA, when effective, shall apply to the service provided hereunder.

8. Notices. Any notice to a Party that is required hereunder, and consistent with the requirements of Section 11 of the IPA, shall be deemed properly given if sent by registered or certified mail and addressed as follows:

If to SKRECC:

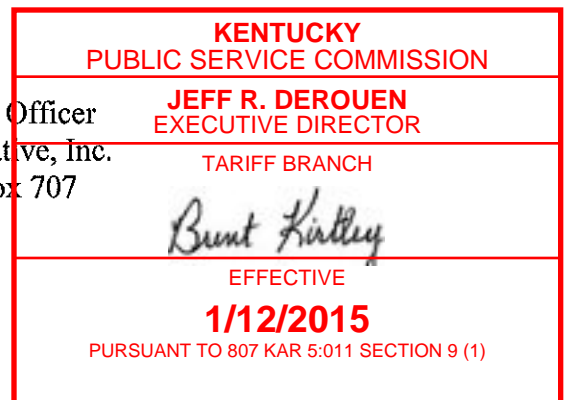
President and Chief Executive Officer
South Kentucky Rural Electric Cooperative Corporation
925-929 North Main Street
Somerset, KY 42502

If to Customer:

General Manager
Equity Group/Kentucky Division, LLC
2294 Kentucky Highway 90 West
Albany, KY 42602

If to EKPC:

President and Chief Executive Officer
East Kentucky Power Cooperative, Inc.
4775 Lexington Road, P.O. Box 707
Winchester, KY 40392-0707



9. Force Majeure. The obligations of any Party to this Agreement shall be suspended during the continuance of any occurrence, beyond the affected Party's reasonable control (a "force majeure"), which wholly or partially prevents the affected Party from fulfilling such obligations, provided that the affected Party gives notice to the other Parties of the reasons for its inability to perform within a reasonable time from such occurrence, is diligently seeking to cure said force majeure, and gives notice to the other Parties within a reasonable time after said cure. As used in this Section, the term "force majeure" shall include, but is not limited to: acts of God; strikes; wars; acts of public enemy; riots; terrorism; storms; flood; civil disturbances; explosions; failures of machinery or equipment; interruptions in power deliveries from SKRECC's power supplier (EKPC) due to reasons beyond its control; or actions of federal, state or local government authorities, which are not reasonably within the control of the Party claiming force majeure. Notwithstanding the above provisions, no event of force majeure, except as provided below, shall relieve Customer of the obligation to pay the monthly charge for backup service availability provided herein.

It is agreed that the settlement of strikes or lockouts shall be entirely within the sole discretion of the Party having the difficulty, and, that the foregoing requirement that any Force Majeure shall be remedied with all reasonable diligence and shall not require the settlement of strikes or lockouts by acceding to the demands of the opposing Party when such course is inadvisable in the discretion of the Party having the difficulty.

In the event that either SKRECC or EKPC shall declare an event of force majeure which results in an interruption of Backup Service to Customer for a continuous period exceeding twenty-four (24) hours (an "Extended Interruption"), the monthly charge, as provided in Section 5, shall be reduced on a pro-rata basis for the total number of

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Interruption as compared to the total number of hours in the month the Extended Interruption occurs. Should such an Extended Interruption continue into a subsequent month, the minimum monthly energy charge for that month shall be adjusted as provided above only if the Extended Interruption continues for more than twenty-four (24) hours into the subsequent month. Events of force majeure declared by SKRECC or EKPC which do not exceed twenty-four (24) continuous hours in duration during a given month shall not be a basis for any adjustment to the minimum monthly charge for that month.

10. Operation of Backup Units and Release of Claims. EKPC and SKRECC shall each maintain and operate their respective facilities in a reasonable manner in accordance with good utility practice and in compliance with applicable law(s). However, Customer acknowledges that neither EKPC nor SKRECC can guarantee the availability or reliability of the Backup Generators at any particular point in time. **EKPC AND SKRECC HEREBY DISCLAIM ANY AND ALL GENERAL OR SPECIAL WARRANTIES ARISING FROM OR RELATING TO THE BACKUP GENERATORS, SPECIFICALLY INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.** Moreover, Customer agrees and stipulates that neither EKPC nor SKRECC, including their respective directors, officers, employees, members, agents, representatives, insurers, attorneys, and assigns, shall be liable in any respect for any damage to property, loss of goods, inventory or products or other form of direct, indirect, incidental, punitive, consequential, or exemplary damage arising from or relating to the operation or maintenance of the Backup Generators or the inability of the Backup Generators to provide any or optimal Backup Service during such times as normal electric service is interrupted for any

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reason; **ANY AND ALL SUCH CLAIMS AGAINST EITHER EKPC OR SKRECC ARE HEREBY RELEASED BY CUSTOMER.**

11. Default; Waiver and Early Termination.

a. Default. It shall be a default for any Party to fail to perform any material obligation set forth in this Agreement or the Site Lease. Upon the occurrence of a default, the non-defaulting Parties shall have the option, but not the obligation, to declare an event of default by tendering, in writing, a notice of default to the defaulting Party. Upon receipt of such a notice of default, the defaulting Party shall use commercially reasonable efforts to cure said default, but in no case shall the commencement of such efforts occur more than three (3) Business Days after receipt of the notice of default. Should a default continue for more than thirty (30) consecutive days, or should a default occur on more than ninety (90) cumulative days in any twelve (12) month period, then the non-defaulting Parties shall have the option, but not the obligation, to terminate the Agreement prior to the expiration of the current term by delivering a notice of early termination to the defaulting Party. An early termination shall be effective upon receipt by the defaulting Party.

b. Destruction of Backup Generators. In the event the Backup Generators are partially or totally destroyed due to no fault of EKPC or SKRECC such that they cannot, in EKPC's sole opinion, be used for their intended purpose or rebuilt with insurance proceeds, EKPC shall have the right, in addition to all other remedies provided under the law, to terminate this Agreement on thirty (30) days' written notice to Customer.

c. Suspension of Operations at Equity Group/Kentucky Division, LLC at 2294 Kentucky Highway 90 West Albany, KY 42602. In the event Customer's facility or its manufacturing equipment in the facility is shut down or projected to be shut down for longer

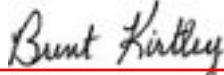
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than two (2) consecutive months, EKPC shall suspend billings for this Agreement until operations are restored. In the event Customer's facility or its manufacturing equipment in the facility is shut down or projected to be shut down indefinitely, Customer shall have the right to terminate this Agreement, which termination shall be effective upon delivery of a written notice regarding same to EKPC. In the event of a termination, EKPC shall have the right to continue to operate its generators at the site for one year.

d. Accrued Obligations. No Party shall be relieved of any obligation or liability accruing prior to the receipt of a notice of early termination.

e. Effect of Waiver. Any waiver at any time by any Party of its rights with respect to a default under this Agreement, or with respect to any other matters arising in connection with this Agreement, shall not be deemed a waiver with respect to any subsequent default or other matter.

12. Approvals. This Agreement is subject to any necessary approvals of the Rural Utilities Service ("RUS"), any other lenders to SKRECC or EKPC, and the PSC. SKRECC and EKPC shall use reasonable diligence to secure the approval of RUS, the PSC, and any other lenders. Should RUS, the PSC or any other lender fail to approve this Agreement within one hundred eighty (180) days from the Effective Date of this Agreement, the Agreement shall be void and neither EKPC nor SKRECC shall have any further obligation to provide Backup Service to Customer. This Agreement, and any amendments hereto, shall not be binding on EKPC or SKRECC until approved by the PSC and the RUS. The Agreement shall become effective upon the receipt of the last such required approval.

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13. Modifications. Any future revisions or modifications of this Agreement shall require the advance approval of the Parties, shall be set forth in writing, and shall be subject to any necessary approvals by RUS, any other lenders to EKPC or SKRECC, and the PSC.

14. Assignment. This Agreement, as it may be revised from time to time, shall be binding upon and inure to the benefit of the respective successors and assigns of the Parties; provided, however, that no Party may assign, subcontract, or otherwise transfer its rights or delegate its duties under this Agreement without the written consent of the other Parties, which consent shall not be unreasonably withheld. However, EKPC and SKRECC may assign the Agreement to either RUS or other of their respective lenders, without being required to obtain Customer's consent.

15. Merger. This Agreement contains the entire agreement among the Parties hereto with respect to the subject matter hereof and supersedes and replaces all prior agreements and understandings relating to such subject matter. Upon the Effective Date of this Agreement, the 2003 Retail EBS Agreement and the 2003 Wholesale EBS Agreement shall be terminated. Except for any modification which this Agreement expressly authorizes a Party to make unilaterally, no modification or waiver of any term or provision of this Agreement shall be effective unless it is in writing and signed by all of the Parties.

16. Principles of Interpretation. The headings of the Sections in this Agreement have been inserted for convenience only and shall in no way affect the interpretation of any of the terms or provisions hereof. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid, but if any provision of this Agreement or the application thereof shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provisions or the application of any other provision which can be given

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without the invalid provision or application, and to this end the provisions of this Agreement are declared to be severable. Each Party stipulates that this Agreement is the result of arms-length negotiation and that it is represented by counsel and it is therefore agreed and stipulated that any principles of interpretation to the effect that any ambiguities or unanswered issues within an agreement shall be construed against the party drafting the agreement shall not apply. This Agreement shall be construed and interpreted in accordance with the laws of the Commonwealth of Kentucky.

17. Dispute Resolution and Forum. Should any dispute involving this Agreement arise, the aggrieved Party shall first try to resolve said dispute by providing written notice of the dispute to the other Parties and, upon receipt of such notice, the Parties shall consult in good faith in an effort to resolve the dispute in a mutually acceptable manner. Should such discussions be unsuccessful, the aggrieved Party may, after thirty (30) days, take any and all necessary actions in a court of law or equity or other forum to preserve or enforce its rights. The thirty (30) day informal resolution period shall not apply to any dispute involving the likelihood of injury to persons or property of a Party. **THE PARTIES AGREE, AND EXPRESSLY WAIVE, ANY RIGHT TO A TRIAL BY JURY AND STIPULATE THAT ANY DISPUTE ARISING HEREUNDER SHALL BE RESOLVED BY A BENCH TRIAL, IF NECESSARY.** The Parties further agree and stipulate that they waive any objection to having a dispute involving this Agreement filed in the Judicial Circuit encompassing Clinton County, Kentucky.

18. Counterparts. This Agreement may be executed in any number of counterparts, with each such counterpart to be deemed an original.

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed, by their respective and duly authorized officers, as of the day and year first written above.

South Kentucky Rural Electric Cooperative Corporation

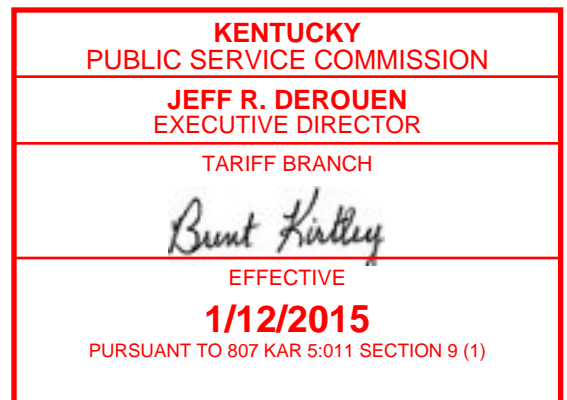
BY: Edward Allen Cenderson
ITS: President and Chief Executive Officer

Equity Group/Kentucky Division, LLC

BY: [Signature]
ITS: General Manager

East Kentucky Power Cooperative, Inc.

BY: Anthony S. Campbell
ITS: President and Chief Executive Officer



SITE LEASE AGREEMENT

This Site Lease Agreement ("Lease") is made this 26th day of November, 2014 by and between Equity Group/Kentucky Division, LLC, a Delaware limited liability company, whose address is 2294 Kentucky Highway 90 West, Albany, Kentucky 42602, ("Lessor") and East Kentucky Power Cooperative, Inc., a Kentucky corporation, whose address is 4775 Lexington Road, Winchester, Kentucky, 40391 ("Lessee"), and singularly or collectively referred to as the "Party" or "Parties".

WITNESSETH:

IN CONSIDERATION of the mutual covenants, representations, promises, terms and conditions contained herein, the Parties hereby agree as follows:

- 1. Property Description.** Lessor, in consideration of the rents and obligations to be paid and performed by Lessee, does hereby lease to Lessee the premises described as the Leasehold Area in Attachment 1 ("Leased Premises"). In addition, Lessor hereby grants to Lessee, its agents, employees and contractors, the right of ingress and egress to and from the Leased Premises, as may be reasonably necessary to allow Lessee to perform its obligations under the Consolidated Emergency Backup Power Service Agreement ("Backup Power Service Agreement"), being entered into contemporaneous with this Lease, and for the proper operation and maintenance of the two Backup Generators located at the Leased Premises.
- 2. Term and Termination.** The term of this Lease shall be the same as, and concurrent with, the term of the Backup Power Service Agreement, subject to Lessee's right of access to the Leased Premises, as set forth in Paragraph 6(d) below. The Lease shall renew for additional one (1) year terms thereafter unless and until terminated by any Party providing written notice of such termination one (1) year prior to the next occurring termination date. This Lease may also be terminated by either Party following a default, as defined below, of the other Party.
- 3. Quiet Enjoyment.** Lessor covenants that Lessee, by paying the rents and observing its obligations under this Lease, shall lawfully and peaceably hold, occupy and enjoy the Leased Premises during the term herein created, and any extension thereof. Lessor agrees that it shall not allow any mortgage or other lien instrument to be placed upon the Leased Premises without Lessee's consent and that any such mortgage or other lien instrument shall be subordinate to the terms of this Lease.
- 4. Easements.** Lessor agrees to grant to Lessee, together with its *Brent Kirtley* actors

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retained in connection with the Backup Generators to be operated and maintained by Lessee, nonexclusive easements appurtenant to this Lease as are reasonably necessary for the interconnection of the Backup Generators to electric, data, sewage system, water, phone and other utilities, as may be necessary.

5. Rent. No separate rental fee shall be required to be paid by Lessee. The value of the use of the Leased Premises is reflected in the rate charged for the provision of the Backup Service.

6. Construction and Purchase of Improvements and Equipment.

a. Lessee shall be permitted to install, operate and maintain on the Leased Premises any and all equipment reasonably necessary for provision of Backup Power Service, at Lessee's sole cost and expense.

b. Lessee may, at its option and at its own cost and expense, at any time and from time to time, make such alterations, changes, replacements, improvements, and additions in and to the Backup Generators located on the Leased Premises as Lessee may deem desirable. Lessee will not permit the Leased Premises to become subject to any lien on account of labor or material furnished to the Lessee or its agents in connection with work of any character performed or claimed to have been performed on the Leased Premises by or at the direction of the Lessee, provided, however, the Lessee shall have the right to contest in good faith and with reasonable diligence the validity of such lien or claimed lien.

c. Until the expiration or earlier termination of this Lease, title to the Backup Generators situated on or installed on the Leased Premises, as allowed under the terms of this Lease and any equipment or other property installed thereon and any alteration, change or addition thereto shall remain solely with Lessee or in a third party who holds title for reasons related to Lessee's financing of the Backup Generators or other assets. Nothing herein shall preclude Lessee from operating the Backup Generators in the event of Lessor's default and failure to cure.

d. Upon expiration or termination of this Lease, unless the Lessor has expressed an interest in acquiring the Backup Generators and a price can be agreed upon within ninety (90) days from the date of such expiration or termination, Lessor and Lessee agree that Lessee shall have twelve (12) months thereafter in which to remove the Backup Generators from the Leased Premises. Any portions of the Backup Generators which have not been removed prior to the expiration of such period shall, at Lessor's option, be deemed to have been abandoned, whereupon title to same, shall vest in Lessor on such date, without any payment or other consideration given by Lessor. Alternatively, Lessor may remove any remaining part of the Backup Generators at Lessee's expense.

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- e. Lessor's consent to Lessee's construction, operation or maintenance of the Backup Generators pursuant to this Paragraph 6 shall not create any warranties in favor of Lessee or any third party as to the design, suitability, regulatory compliance or other attributes of the Backup Generators. To the contrary, Lessor acknowledges that Lessee cannot guarantee the availability or reliability of the Backup Generators at any particular point in time and that **LESSEE DISCLAIMS ANY AND ALL GENERAL OR SPECIAL WARRANTIES ARISING FROM OR RELATING TO THE BACKUP GENERATORS, SPECIFICALLY INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.**
- f. Lessee shall comply with all applicable laws, rules, regulations, consent decrees and orders of governmental bodies at all times in the conduct of its activities on the Leased Premises.
- 7. Destruction of the Backup Generators. In the event the Backup Generators are partially or totally destroyed due to no fault of the Lessee such that they cannot, in Lessee's sole opinion, be used for their intended purpose or rebuilt with insurance proceeds, Lessee shall have the right to terminate this Lease on thirty (30) days' written notice to Lessor. Lessee, upon the effective date of such termination, shall have no further obligations or liabilities hereunder except as to those covenants and obligations which expressly survive the termination hereof, including, but not limited to, the removal of the Backup Generators as set forth in Paragraph 6
- 8. Use of Leased Premises. Lessee shall use the Leased Premises solely in accordance with the terms of this Lease. Lessee's use of the Leased Premises shall be on an exclusive basis, and the Parties agree to conduct their respective activities on the Leased Premises in such a manner so as not to disturb each other's business operations.
- 9. Responsibility of Claims. Lessor shall not be liable for loss of or damage to any of Lessee's property by theft or otherwise, or for any injury or damage to persons or property resulting from fire, explosion, steam, gas, electricity, water or rain which may leak from any part of any building or from the pipes, appliances or plumbing works therein, or from the roof, street or subsurface, or from any other place resulting from dampness or any other cause whatsoever, except for damage caused by the negligence, gross negligence or intentional misconduct of the Lessor. Lessee shall give immediate notice to Lessor of any fire accident or defect discovered with the Leased Premises.
- 10. Default.
 - a. If the rental payments set forth in this Lease shall remain *Brent Kirtley* void of

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twenty (20) days after they become due, or if Lessee shall be in default with respect to any of its covenants herein contained or set forth in the Backup Power Service Agreement, Lessor may notify Lessee in writing, giving a reasonably detailed description of the default. Lessor may declare this Lease terminated and shall be relieved from further performance of any obligations hereunder if Lessee fails to cure, or fails to commence the cure of, any default within the seven (7) day period immediately following receipt of Lessor's notice of default and, after said period, fails to diligently pursue the cure to completion if such cure could not reasonably have been accomplished within the seven (7) day period.

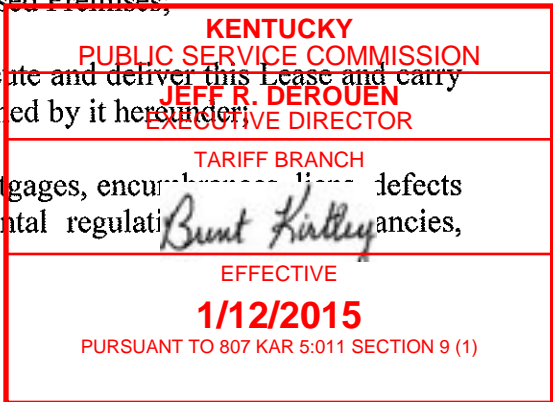
b. If either Party shall be in default with respect to any of its covenants or material obligations herein contained or set forth in the Backup Power Service Agreement, the non-defaulting Party shall notify the defaulting Party in writing, giving a reasonably detailed description of the default. The non-defaulting Party may declare this Lease terminated and shall be relieved from further performance of any obligations hereunder if the defaulting Party fails to cure, or fails to commence the cure of, any default within the seven (7) day period immediately following receipt of the non-defaulting Party's notice of default and, after said period, fails to diligently pursue the cure to completion if such cure could not reasonably have been accomplished within the seven (7) day period.

11. Taxes. Lessor shall pay, or cause to be paid, all taxes and assessments imposed on Lessor with respect to the ownership of the Leased Premises. Lessee shall pay or cause to be paid all taxes and assessments imposed upon the Lessee with respect to the ownership of the Backup Generators and associated equipment. Neither Party shall be responsible or liable for any taxes or any other statutory charges levied or assessed against any of the facilities of the other Party used for the purpose of carrying out the provisions of this Lease. If any Party is wrongfully assessed a tax that is applicable to the facilities of the other Party, the assessed Party shall promptly notify the other Party of the assessment. The Parties agree to cooperate in the resolution of any wrongful assessment of taxes.

12. Warranty.

a. Lessor represents and warrants the following to Lessee:

- (1) Lessor possesses fee simple title to the Leased Premises;
- (2) Lessor has the power and authority to execute and deliver this Lease and carry out and perform all covenants to be performed by it hereunder;
- (3) The Leased Premises are free from all mortgages, encumbrances, liens, defects in title, violations of law or environmental regulations, and other claims, suits, actions, judgments, or proceedings.



easements, restrictions and agreements of any kind whatsoever affecting the Premises which would interfere with or obstruct Lessee's use of the Leased Premises for the purposes described herein;

- (4) At the time of the commencement of the term hereof, exclusive physical possession and enjoyment of the Leased Premises will be delivered to Lessee;
- (5) Lessor is a limited liability company duly organized and validly existing under the law of the Commonwealth of Kentucky, with full legal right, power and authority to enter into and to fully and timely perform its obligations hereunder;
- (6) Lessor has duly authorized, executed, and delivered this Lease and this Lease constitutes a legal, valid and binding obligation, enforceable against Lessee in accordance with its terms;
- (7) Neither the execution or delivery by Lessor of this Lease, nor the performance by it of its obligations in connection with the transaction contemplated hereby or the fulfillment of the terms and conditions hereof conflicts with, violates, or results in a breach of any applicable law, or materially conflicts with, violates or results in a breach of any term or condition of any order, judgment, or decree or and other lease or instrument to which Lessor is a party, or by which Lessee or any of its properties or assets are bound, or constitutes a default thereunder;
- (8) To the Lessor's knowledge and belief, no approval, authorization, order consent, declaration, registration, or filing with any federal, state or local governmental authority or referendum of voters is required for the valid execution and delivery of this Lease by Lessor, except such as have been disclosed to the Lessee or have been duly obtained or made; and
- (9) Lessor has no knowledge of any action, suit or proceeding, at law or in equity, before or by any court or governmental authority, pending or threatened against Lessor, in which an unfavorable decision, ruling or finding would materially and adversely affect the performance by Lessor of its obligations hereunder, or that, in any way, would materially and adversely affect the validity or enforceability of this Lease.

b. Lessee represents and warrants to the Lessor as follows:

- (1) Lessee is an electric cooperative corporation duly organized and validly existing under the law of the Commonwealth of Kentucky, with full legal right, power and authority to enter into and to fully and timely perform its obligations hereunder;
- (2) Lessee has duly authorized, executed, and delivered this Lease constitutes a legal, valid and binding obligation, enforceable against Lessee in accordance with its terms;

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PUBLIC SERVICE COMMISSION**
JEFF B. DEROUEN
EXECUTIVE DIRECTOR

TARIFF BRANCH

Brent Kirtley

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accordance with its terms;

- (3) Neither the execution or delivery by Lessee of this Lease, nor the performance by it of its obligations in connection with the transaction contemplated hereby or the fulfillment of the terms and conditions hereof conflicts with, violates, or results in a breach of any applicable law, or materially conflicts with, violates or results in a breach of any term or condition of any order, judgment, or decree or any other lease or instrument to which Lessee is a party, or by which Lessee or any of its properties or assets are bound, or constitutes a default thereunder;
- (4) To the Lessee's knowledge and belief, no approval, authorization, order consent, declaration, registration, or filing with any federal, state or local governmental authority or referendum of voters is required for the valid execution and delivery of this Lease by Lessee, except such as have been disclosed to the Lessor or have been duly obtained or made; and
- (5) Lessee has no knowledge of any action, suit or proceeding, at law or in equity, before or by any court or governmental authority, pending or threatened against Lessee, in which an unfavorable decision, ruling or finding would materially and adversely affect the performance by Lessee of its obligations hereunder, or that, in any way, would materially and adversely affect the validity or enforceability of this Lease.

13. Planned Maintenance. Lessee will give Lessor ten (10) days' advance notice of any scheduled maintenance of one or both of the Backup Generators if said maintenance is anticipated to last more than seven (7) days ("Major Maintenance"). In the event of Major Maintenance, Lessor shall have the option, but not the obligation, to secure and operate a temporary electric power generator at its Plant at its own cost. Lessee shall use commercially reasonable efforts to coordinate all other maintenance on the Backup Generators with Lessor.

14. Limitation of Liability; Release. LESSOR AGREES AND STIPULATES THAT LESSEE, INCLUDING ITS RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, MEMBERS, AGENTS, REPRESENTATIVES, INSURERS, ATTORNEYS, AND ASSIGNS, SHALL NOT BE LIABLE IN ANY RESPECT FOR ANY DAMAGE TO PROPERTY, LOSS OF GOODS, INVENTORY OR PRODUCTS OR OTHER FORM OF DIRECT, INDIRECT, INCIDENTAL, PUNITIVE, CONSEQUENTIAL, OR EXEMPLARY DAMAGE ARISING FROM OR RELATING TO THE OPERATION OR MAINTENANCE OF THE BACKUP GENERATORS OR THE INABILITY OF THE BACKUP GENERATORS TO PROVIDE ANY OR OPTIMAL BACKUP SERVICE DURING SUCH TIMES AS NORMAL ELECTRIC SERVICE IS INTERRUPTED FOR ANY REASON. Lessor agrees to release Lessee, including its directors, officers, employees, members, agents, representatives, insurers, attorneys, and assigns, from any damages arising from Lessee's maintenance or operation of Backup Generators located on the Leased Premises.

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15. Indemnification; Limitation of Damages. Subject to the provisions of Paragraphs 7, 9 and 14, set forth above, each Party shall defend, indemnify and hold the other Party, its members, directors, officers, partners, employees, agents, representatives, co-ventures, tenants, contractors, or servants, harmless from and against any and all claims, penalties, demands, actions, proceedings, settlements, liability or losses of whatsoever nature including reasonable attorney's fees for injury or death to person(s) or for damage or loss to or of third party property to the extent arising out of or caused by: (i) a breach of this Lease by the indemnifying Party; or (ii) the indemnifying Party's intentional, willful, wanton, negligent or grossly negligent operations or activities hereunder. In no event shall either Party be liable to the other for loss of anticipated profits or consequential, special or punitive damages.

16. Notices. Any notice, request, demand, statement and/or payment provided for herein shall be in writing and, except as otherwise provided herein, shall be sent to the Parties hereto at the following addresses:

Lessee: President and Chief Executive Officer
East Kentucky Power Cooperative, Inc.
4775 Lexington Road
Winchester, KY 40391

Lessor: General Manager
Equity Group/Kentucky Division, LLC
2294 Kentucky Highway 90 West
Albany, KY 42602

All payments made by the Parties shall be sent to the applicable address shown above. Any notices given pursuant to this Lease shall be deemed to have been given and received when personally delivered or when evidenced by a U.S. Postal Service Receipt for Certified Mail or by evidence of delivery by a private express mail service. Either Party may change the address to which communications or payments are to be made by written notice to the other Party as set forth above.

17. Force Majeure. If either Party is rendered unable, wholly or in part, by Force Majeure to carry out its obligations under this Lease, it is agreed that upon such Party giving notice and reasonably full particulars of such Force Majeure in writing to the other Party as soon as reasonably possible after the occurrence of the cause relied on, then the obligations of the Party giving such notice, excluding the obligation to make payments due hereunder, are suspended to the extent necessary, so far as they are affected by Force Majeure, shall be suspended during the continuance of any such inability so caused, but for no period, and such cause shall, as far as possible, be remedied with commercial diligence.

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"Force Majeure" shall mean an event or circumstance beyond the reasonable control of and without the fault or negligence of the Party claiming force majeure, which, despite the exercise of reasonable diligence, cannot be or be caused to be prevented, avoided or removed by such Party. Without limitation, examples of a force majeure include acts of God, fires, storms, lightning, floods, earthquakes, war, public disorder, accidents, casualty, changes in laws or regulations or other governmental acts, labor disturbances. Force Majeure shall not include the unavailability of, increased costs of, or delays in production or delivery of any product, labor, fuel, service or materials unless caused by an event that would otherwise be defined herein as an event of Force Majeure.

It is agreed that the settlement of strikes or lockouts shall be entirely within the sole discretion of the Party having the difficulty, and, that the foregoing requirement that any Force Majeure shall be remedied with all reasonable diligence and shall not require the settlement of strikes or lockouts by acceding to the demands of the opposing Party when such course is inadvisable in the discretion of the Party having the difficulty.

18. Governing Law. This Lease shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky. The parties agree that any dispute regarding this Lease may be brought in the appropriate court(s) of Clinton County, Kentucky. **THE PARTIES AGREE, AND EXPRESSLY WAIVE, ANY RIGHT TO A TRIAL BY JURY AND STIPULATE THAT ANY DISPUTE ARISING HEREUNDER SHALL BE RESOLVED BY A BENCH TRIAL, IF NECESSARY.**

19. Definition. Wherever the words "Lessor" and "Lessee" appear in the Lease, they shall include the respective Parties hereto and their respective successors and assigns.

20. Complete Agreement. This Lease is intended to constitute a final, complete and exclusive expression of their agreement on the subject matter hereof, and shall not be changed, modified, discharged, or extended, except by subsequent amendment in writing signed by both Parties.

21. Waiver. The waiver by either Lessor or Lessee of any failure on the part of the other party to perform any of its obligations under this Lease shall not be construed as a waiver of any future or continuing failure or failures, whether similar or dissimilar thereto.

22. Counterparts. This Lease may be executed in any number of counterparts, each of which shall be deemed an original.

23. Principles of Interpretation. The headings of the Sections in this Agreement have been inserted for convenience only and shall in no way affect the interpretation of any of the terms or provisions hereof. Whenever possible, each provision of this Agreement shall be

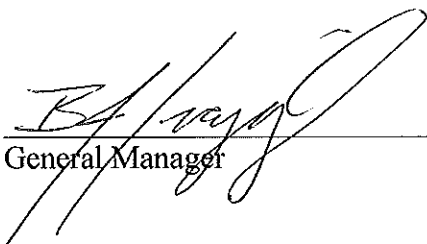
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interpreted in such a manner as to be effective and valid, but if any provision of this Agreement or the application thereof shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provisions or the application of any other provision which can be given without the invalid provision or application, and to this end the provisions of this Agreement are declared to be severable. Each Party stipulates that this Agreement is the result of arms-length negotiation and that it is represented by counsel and it is therefore agreed and stipulated that any principles of interpretation to the effect that any ambiguities or unanswered issues within an agreement shall be construed against the party drafting the agreement shall not apply. All capitalized terms herein shall have the same meaning as that term is used in the Backup Power Service Agreement.


24. Assignment. This Lease may not be assigned by either Party without the prior approval of the other Party, which consent shall not be unreasonably withheld or delayed. Upon any assignment made in compliance with this Paragraph 22, all covenants, terms, conditions, and provisions of this Lease shall inure to and be binding upon the successors and assigns of the assigning Party and without relieving the assigning Party from liability hereunder. Nothing herein shall in any manner restrict the Parties from assigning rights hereunder to the Rural Utilities Service (RUS), the National Rural Utilities Cooperative Finance Cooperation (CFC), or any other third party lender for financing purposes.

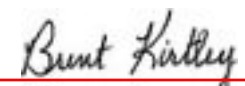
IN WITNESS WHEREOF, the Lessor and Lessee have caused this Lease to be executed on the date and year first written above.

Equity Group/Kentucky Division, LLC

BY: 
ITS: General Manager

EAST KENTUCKY POWER COOPERATIVE, INC.

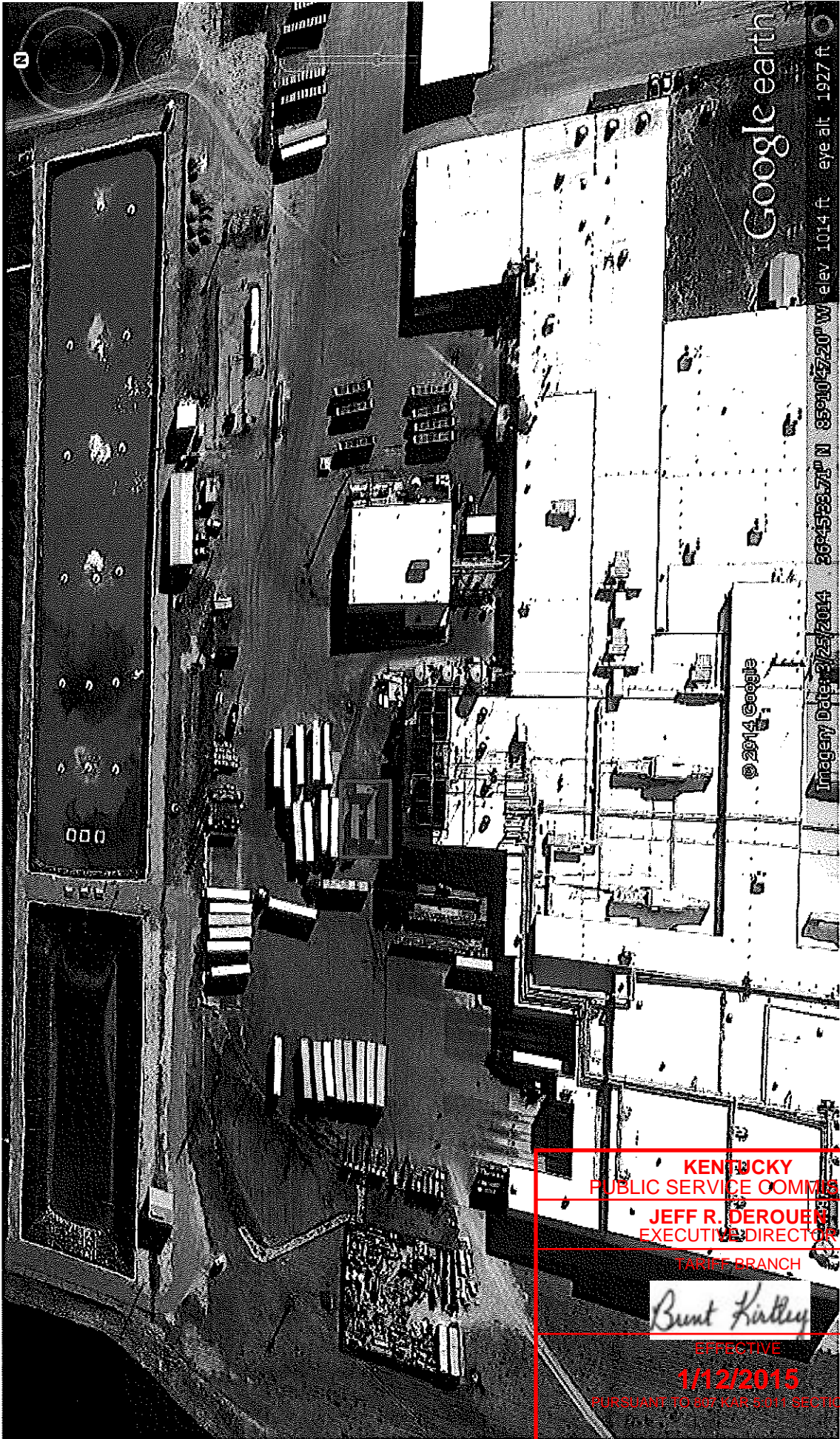
BY: 
ITS: President and Chief Executive Officer

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

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ATTACHMENT 1

Description of the Leased Premises

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TARIFF BRANCH <i>Brent Kirtley</i>
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EXECUTIVE DIRECTOR**

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