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JUN 4 1990

SPECIAL INDUSTRIAL POWER AGREEMENT

PUBLIC SERVICE COMMISSION

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JUL 2 1990  
PUBLIC SERVICE COMMISSION

THIS AGREEMENT, made and entered into this \_\_\_\_\_ day of

\_\_\_\_\_, 19\_\_\_\_, by and between Fleming-Mason Rural Electric Cooperative Corporation, a Kentucky corporation with its principal offices at P. O. Box 328, Elizaville Road, Flemingsburg, Kentucky 41041, hereinafter referred to as the "Cooperative", and Inland Container Corporation, a Delaware corporation with its principal offices at 4030 Vincinnes Road, Indianapolis, Indiana 46268-0937, hereinafter referred to as "Customer".

W I T N E S S E T H:

WHEREAS, Cooperative is a rural electric cooperative providing retail electric service in Mason County, Kentucky, and

WHEREAS, Cooperative is a member of East Kentucky Power Cooperative, Inc., hereinafter referred to as "EKPC", and purchases all of its wholesale electric power and energy from EKPC, and

WHEREAS, Customer is a member of Cooperative and desires to purchase all of its retail electric power and energy needs from Cooperative, under the terms and conditions contained herein, to serve its Mason County recycle papermill (hereinafter referred to as its "plant").

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

TARIFF BRANCH  
**RECEIVED**  
8/28/2009  
PUBLIC SERVICE  
COMMISSION  
OF KENTUCKY

1. Term. This Agreement shall become effective on \_\_\_\_\_, subject to the provisions of Section 12.

Regardless of the effective date of this Agreement, electric power service hereunder, and the obligations of Cooperative to provide service and Customer to pay for such services, shall commence on a date mutually agreeable to Cooperative and Customer. This Agreement shall continue in effect for a term of 20 years from said service commencement date and shall continue annually thereafter unless terminated by either party by providing written notice of such termination at least 2 years prior to the desired termination date.

Customer shall have the option of cancelling this Agreement at any time after ten years from the date of commencement of service hereunder upon two years' prior written notice, provided, however, that upon cancellation, and subject to a proper accounting by EKPC, Customer shall reimburse EKPC for the capital costs incurred by EKPC and directly relating to performance by Cooperative under this Agreement, less the amount of such costs recovered by EKPC, based on a 20-year amortization, prior to cancellation through the wholesale charges paid by Cooperative relating to purchase of power for this Agreement (plus removal costs less any salvage).

2. Availability of Power. Subject to the other provisions of this Agreement, Cooperative shall make available to Customer, and the Customer shall take and purchase from Cooperative, all of Customer's requirements for firm power and energy for the



operation of Customer's said plant. For the purpose of calculating billing demand under this Agreement, the minimum "contract demand" shall be 10,000 kW. This figure shall not be construed as a limitation on Cooperative's obligation to supply, or Customer's obligation to purchase, electricity.

The power and energy made available to Customer hereunder shall be delivered, taken, and paid for in accordance with the terms hereof and the schedule of rates attached hereto and made a part hereof, as approved by the Kentucky Public Service Commission (the "P.S.C.") and as modified from time to time by appropriate authority.

3. Conditions of Delivery. The point of delivery for firm power and energy made available hereunder shall be the point at which Customer's facilities connect to Cooperative's facilities. The power and energy made available hereunder shall be in the form of 3-phase alternating current at a frequency of approximately 60 hertz and at a nominal voltage of 12,470. Regulation of voltage shall be within such limits as prescribed by the applicable rules and regulations of the P.S.C. Maintenance by Cooperative at said point of delivery of the above-stated frequency and voltage within the above-stated limits shall constitute availability of power for purposes of this Agreement. The power and energy taken by Customer hereunder shall be measured by meters and associated metering equipment to be or caused to be installed, operated, and maintained by Cooperative or EKPC. None of such electric power and energy shall be resold to third parties.



Cooperative will, through EKPC, provide a substation structure and equipment, including switches and protective equipment, transformers and other facilities and equipment necessary to satisfy Customer's electrical service requirements for the plant from time to time in accordance with the current configuration of such facilities and equipment set forth in Exhibit 1, as the same shall be revised from time to time by EKPC after prior consultation with Customer. Cooperative agrees that all such facilities and equipment will be designed, constructed and tested in a workmanlike manner in accordance with prevailing industry standards and will be fit for the purpose of permitting the Cooperative to honor its obligations under this Agreement.

Neither Cooperative nor EKPC shall be obligated to provide or be responsible for providing protective equipment for Customer's lines, facilities, and equipment to protect against single phasing, low voltage, short circuits or any other abnormal system conditions, but Cooperative or EKPC, as the case may be, may provide such protective equipment as it deems necessary for the protection of its own property and operations. EKPC or Cooperative shall maintain and repair any protective equipment it elects to provide for the protection of its own property or operations. Any electrical equipment installed by Customer shall be capable of satisfactory coordination with any protective equipment installed by Cooperative or EKPC.

4. Electric Disturbances. Customer shall not use the energy



delivered under this Agreement in such manner as to cause electric disturbances which may be reasonably expected to (a) cause material damage to or interference with Cooperative's system, systems connected with Cooperative's system, or facilities or other property in proximity to Cooperative's system, or (b) prevent Cooperative from serving other purchasers satisfactorily.

Cooperative may, at any time during the term of this Agreement, notify Customer of any such disturbances and, before attempting to take any other action, shall afford Customer a reasonable time and opportunity, under the circumstances involved (but in no event less than 48 hours), to correct or suppress the disturbances. If Customer does not so correct or suppress the disturbances, then Cooperative may, after 24 hours advance notice to Customer, suspend or discontinue service (but only to the extent appropriate).

Any interruption of service which may become necessary by reason of this Section shall not relieve Customer from its obligation to pay Cooperative the monthly charge as specified herein.

5. Right of Removal. Any and all equipment, apparatus, devices or facilities placed or installed, or caused to be placed or installed, by either of the parties hereto or by EKPC on or in the premises of the other party shall be and remain the property of the party owning and installing such equipment, apparatus, devices or facilities regardless of the mode or manner of annexation or attachment to real property of the



other. Upon the termination of this Agreement, or any extension thereof, the owner thereof shall have the right to enter upon the premises of the other and shall within a reasonable time remove all or any portion of such equipment, apparatus, devices or facilities, unless otherwise agreed by the parties, or either party and EKPC, as applicable, at the time of such termination. Following such removal, the Owner thereof shall restore the real property of the other party to the condition existing immediately prior to the installation of such equipment, apparatus, devices, or facilities.

6. Rates and Charges. Customer shall pay Cooperative monthly for power and energy made available under this Agreement in accordance with the rates, charges, and provisions hereof, as approved by the P.S.C. and as modified, replaced, or adjusted from time to time and approved by the P.S.C. Any P.S.C.-approved pass-through of increases in EKPC's wholesale Section C rates shall apply to this Agreement. Apart from such pass-through of wholesale rate increases, Cooperative agrees that the two mil per kilowatt-hour adder to EKPC's wholesale Section C rate provided for in the attached rate schedule shall not be adjusted by Cooperative during the first five (5) years of the term of this Agreement and that, thereafter, such adder shall be adjusted only in proportion to any P.S.C.-approved increase in said EKPC Section C energy rates which is effective after the end of said initial five (5) year period under this Agreement.

7. Payment of Bills. Payment for electric power and energy



furnished hereunder shall be due and payable at the office of Cooperative monthly in accordance with the applicable provisions of the attached rate schedule. If Customer shall fail to pay any such bill as provided in said schedule, Cooperative may discontinue delivery of electric power and energy hereunder upon fifteen (15) days' written notice to Customer of its intention to do so. Such discontinuance for non-payment shall not in any way affect the obligations of Customer to pay the minimum monthly charge provided herein.

Said charges for service will be subject to a late payment charge of prime plus one percent. Prime will be based upon the published prime rate in the Wall Street Journal on the last business day of the month in which the service was rendered. Charges will be computed from the due date until usable funds are received by Cooperative on the basis of a 360-day year (days late/360) x (prime + 1) x bill = late payment charge.

8. Reduction in Cost of Service. Cooperative is a non-profit Kentucky corporation and Customer will benefit from any savings or reductions in cost of service in the same manner as any comparable customer as authorized by the Kentucky Revised Statutes, and by Cooperative's Articles of Incorporation and Bylaws as now in effect; provided, however, the Cooperative's board of directors may defer retirement of so much of the capital credited to patrons for any year which reflects capital credited to the Cooperative by EKPC until EKPC shall have retired such capital credited to the Cooperative.



Customer shall participate in capital credits in accordance with the Kentucky Revised Statutes and Cooperative's Articles of Incorporation and Bylaws.

9. Notices. Any written notice, demand or request required or authorized under this Agreement shall be deemed properly given to or served on Cooperative if mailed to:

Fleming-Mason Rural Electric Cooperative Corporation  
P. O. Box 328  
Flemingsburg, KY 41041 (with a copy to:  
President & General Manager  
East Kentucky Power  
Cooperative, Inc.  
P. O. Box 707  
Winchester, KY 40391.

Any such notice, demand or request shall be deemed properly given to or served on Customer if mailed to:

Inland Container Corporation  
Attn: General Mill Manager  
Maysville, KY 41056 (with a copy to:  
General Counsel  
Inland Container Corporation  
4030 Vincennes Road  
Indianapolis, IN 46268-0937.





Each party shall have the right to change the name of the person to whom, or the location where the notices are to be given or served by notifying the other party, in writing, of such change.

10. Successors in Interest. This Agreement may be assigned, pledged or mortgaged by either party, and shall inure to and bind the respective successors and assigns of the parties hereto; provided, however, that the assignment, pledge or mortgage hereof 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 described in this Agreement.
11. Force Majeure. The obligations of either party to this Agreement shall be suspended during the continuance of any occurrence, beyond the affected party's control (a "force majeure"), which wholly or partially prevents the affected party from fulfilling such obligations, provided that the affected party gives written notice to the other party of the reasons for its inability to perform within a reasonable time from such occurrence. As used in this section, the term force majeure shall include, but is not limited to: acts of God; strikes; wars; acts of a public enemy; riots; storms; floods; civil disturbances; explosions; failures of machinery or equipment; interruptions in power deliveries from Cooperative's power supplier which are in turn caused by a force majeure, as described in this section, experienced by EKPC; or actions of federal, state or local governmental



authorities, which are not reasonably within the control of the party claiming relief.

Notwithstanding the above provisions, no event of force majeure shall relieve Customer of the obligation to pay the minimum monthly charge provided herein.

12. Approvals. The execution of this Agreement shall not result in a contract between the parties unless any necessary approvals of the Rural Electrification Administration, any supplemental lenders to Cooperative and the P.S.C. are obtained within 180 days of such execution.
13. Third Party Beneficiary. The parties hereto recognize that EKPC has provided facilities specifically to serve this Agreement with a total cost of approximately One Million, Six Hundred Thousand Dollars (\$1,600,000). The parties further recognize that a portion of the rates paid by Customer, and likewise paid by Cooperative under EKPC's wholesale rates, compensate EKPC for those facilities over the 20-year term of this Agreement. To the extent of its investment in such facilities, ~~EKPC shall be a third-party beneficiary to this~~ Agreement. Customer hereby acknowledges that its obligation to pay the rates provided herein for service is, in part, an obligation to repay EKPC for such facilities and Customer agrees that EKPC, as a third-party beneficiary providing consideration for this Agreement, shall have the right to bring a cause of action directly to recover its unreimbursed facilities investment, based on a 20-year amortization, less the amount of any salvage value in the facilities, in the



event of a default of this Agreement by Customer.

14. Modifications. Any future revisions or modifications of this Agreement shall require the advance approval of EKPC, and any necessary approvals by the Rural Electrification Administration, any supplemental lenders to the Cooperative, and the P.S.C.

15. Interruption of Service. During the initial economic development rate program applicable to this Agreement, the parties will discuss the feasibility of including an interruptible clause in this Agreement for the period following the expiration of the economic development rate program, which will give Customer mutually agreed discounts in electricity charges if Customer, upon notice by EKPC, curtails its electrical intake within specified time periods, provided, however, that in no event will the Cooperative be permitted to curtail electrical service to Customer below an agreed upon minimum base amount.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed, in six original counterparts, by their respective officers, thereunto duly authorized, as of the day and year first above written.

FLEMING-MASON RURAL ELECTRIC  
COOPERATIVE CORPORATION

ATTEST:

\_\_\_\_\_ By \_\_\_\_\_

INLAND CONTAINER CORPORATION

ATTEST:

\_\_\_\_\_ By \_\_\_\_\_



FLEMING-MASON RURAL ELECTRIC COOPERATIVE CORPORATION

Electric Service - Retail Rate Schedule

Character of Service:

Three-phase 60 Hertz alternating current at specified in Agreement for Purchased Power.

Monthly Rate:

Customer Charge	\$ 1,069.00
Demand Charge - Per Billing kW	\$ 5.39
Energy Charge - For All kWh	\$ 2.542 cents

Determination of Billing Demand:

The monthly billing demand shall be the greater of (A) or (B) listed below:

- (A) The contract demand
- (B) The ultimate consumer's highest demand during the current month or preceding eleven months coincident with the load center's peak demand. The load center's peak demand is the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor as provided herein:

<u>Months</u>	<u>Hours Applicable for Demand Billing</u>
October - April	7:00 A.M. to 12:00 Noon; 5:00 P.M. to 10:00 P.M.
May - September	10:00 A.M. to 10:00 P.M.



Minimum Monthly Charge:

The minimum monthly charge shall not be less than the sum of (A), (B), and (C) below:

- (A) The customer charge, plus
- (B) The product of the billing demand multiplied by the demand charge, plus
- (C) The product of \$0.009 multiplied by the product of the billing demand multiplied by 425 hours.

Power Factor Adjustment:

The consumer agrees to maintain a unity power factor as nearly as practicable at each delivery point at the time of the monthly maximum demand. When the power factor is determined to be less than 90%, the monthly maximum demand at the delivery point will be adjusted by multiplying the actual monthly maximum demand by 90% and dividing this product by the actual power factor at the time of the monthly maximum demand.

Fuel Adjustment Clause:

The above rate may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for line loss which will not exceed 10% and is based on twelve month moving average of such losses. This fuel clause is subject to all applicable provisions as set out in 807 KAR 5:056.



Economic Development Rider

An Economic Development Rate (EDR) shall apply to the Agreement consisting of a demand credit determined as follows:

For sixty consecutive months, beginning with the first month that a customer's increased metered demand exceeds 1,000 kW, or at a date specified in the contract, whichever shall first occur, a Demand Credit will be applicable to customer's power usage, and will be equal to the product of the increased metered demand times the Demand Charge, and as it may be modified from time to time, multiplied by the following applicable percentage:

- (1) 50% for the first twelve consecutive months of the credit period.
- (2) 40% for the second twelve consecutive months of the credit period.
- (3) 30% for the third twelve consecutive months of the credit period.
- (4) 20% for the fourth twelve consecutive months of the credit period.
- (5) 10% for the fifth twelve consecutive months of the credit period, and none thereafter.



Steam demand and steam energy and FAC will be adjusted monthly on a moving twelve-month weighted average of the heat rate of Spurlock Unit No. 2 divided by the standard heat rate of 10,250.

Economic Development Rider

An Economic Development Rate (EDR) shall apply to this Agreement consisting of a demand credit determined as follows:

For sixty consecutive months, beginning with the first month that customer's increased metered demand exceeds 1,000 kW, or at a date specified in the contract, whichever shall first occur, a Demand Credit will be applicable to customer's power usage, and will be equal to the product of the increased metered demand times the Demand Charge and as it may be modified from time to time, multiplied by the following applicable percentage:

- (1) 50% credit for the first twelve consecutive months of the credit period.
- (2) 40% for the second twelve consecutive months of the credit period.
- (3) 30% for the third twelve consecutive months of the credit period.
- (4) 20% for the fourth twelve consecutive months of the credit period.
- (5) 10% for the fifth twelve consecutive months of the credit period, and none thereafter.



<u>Months</u>	Hours Available for <u>Demand Billing - EST</u>
October thru April	7:00 A.M. to 12:00 Noon 5:00 P.M. to 10:00 P.M.
May thru September	10:00 A.M. to 10:00 P.M.

Minimum Monthly Charge

The minimum monthly charge shall be the monthly billing demand, as provided above, and in no case shall be less than \$100,000.00.

Fuel Adjustment Clause (FAC)

The monthly charges for steam energy shall be increased or decreased by \$0.001 per million Btu for each one-thousand of a cent change in the base fuel cost of \$.01248/kWh in accordance with 807 KAR 5:056.

Steam Measurement Adjustment

Steam demand and steam energy and FAC rates have been developed upon the basis of a standard measure of unit efficiency. This standard measure of unit efficiency is a heat rate (Btu/kWh) of 10,250. However, unit efficiency is a dynamic process in that it is constantly changing due to several variables. Thusly, an adjustment for this change in unit efficiency is required to properly measure the steam energy and steam demand and FAC.

