

INDUSTRIAL POWER AGREEMENT

THIS AGREEMENT, made and entered into this 1st day of July,  
1987, by and between Owen County Rural Electric Cooperative Corporation,  
a Kentucky corporation with its principal offices at Owenton, Kentucky, herein-  
after referred to as the "Cooperative", and The Gap Stores, Inc.  
California Corporation with its principal  
offices at San Francisco, California,  
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 Boone 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, EKPC has been advised of and has consented to the provisions of  
this Agreement, 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 distribution and warehouse  
center (hereinafter referred to as its "plant").

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

1. Term. This Agreement shall become effective as of August 1, 1987,  
subject to the provisions of Section 12.

This Agreement shall continue in effect for a term of five (5) years from  
said date and shall continue thereafter unless terminated by either party

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OF KENTUCKY

APPROVED 19 1987  
PURSUANT TO 307 KAR5:011,  
SECTION 9 (1)

BY: Boone

by providing written notice of such termination at least one (1) year prior to the desired termination date.

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. The "contract demand" under this Agreement shall be 1,000.

The power and energy made available to Customer hereunder shall be delivered, taken, and paid for in accordance with the terms hereof and the tariff of the Cooperative, Schedule VIII, as approved by the Kentucky Public Service Commission (the "P.S.C.") and as modified from time to time by appropriate authority, a copy of which is attached hereto and hereby made a part hereof. In the event of any conflict between the provisions of this Agreement and said tariff, the latter shall control.

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 three phase alternating current at a frequency of approximately 60 hertz and at a nominal voltage of 7200/12470. 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.

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BY: B. J. [Signature]

None of such electric power and energy shall be resold to third parties.

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. The 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 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, to correct or suppress the disturbances. If Customer does not so correct or suppress the disturbances, the Cooperative may suspend or discontinue services (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.

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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.
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 of Cooperative's effective standard tariff applicable to consumers of the same class as Customer, Schedule VIII, as approved by the P.S.C. and as modified, replaced, or as adjusted from time to time and approved by the P.S.C. Said tariff Schedule VIII is attached hereto and hereby made a part hereof.
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 said Schedule VIII. If Customer shall fail to pay any such bill as provided in Schedule VIII, 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

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the obligations of Customer to pay the minimum monthly charge provided herein. All amounts unpaid when due shall be subject to a 10% charge for late payment and shall be subject to the collection of any attorney fees required in collecting such amounts.

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: Frank Downing, General Manager, Owen County RECC, 510 Georgetown Road, Owenton, Kentucky 40359. Any such notice, demand or request shall be deemed properly given to or served on Customer if mailed to:

Mr. Gary Mierenfield  
Director Eastern Distribution Center  
3434 Mineola Pike  
Erlanger, KY 41018

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

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BY: B. Jones

10. Successors in Interest. The terms and conditions of this Agreement shall inure to and be binding upon the parties, together with their respective successors in interest. Neither party may assign this Agreement to any other party without the express written consent of the other party, except that Cooperative may assign the Agreement to the Rural Electrification Administration and/or any supplemental lenders without such consent.
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 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; 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.

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BY: B. J. [Signature]

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

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.

OWEN COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

ATTEST:

By *James H. Downing*

*Norma McFerson*, Notary Public  
State at Large  
My Commission Expires Aug. 20, 1990

ATTEST:

By *Fay M. Smith*  
THE GAP STORES, INC.

*Bruce Krahl*

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PURSUANT TO 007 KAR 5:011,  
SECTION 9 (1)

BY: *B. Jones*

P.S.C. No. 5

Original Sheet No. 4.1

Cancelling P.S.C. No. 5

Original Sheet No.           

**OWEN COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION**  
Name of Issuing Corporation

**CLASSIFICATION OF SERVICE**

**SCHEDULE VIII - LARGE INDUSTRIAL RATE LPC1 (Page One)**

- A. Applicable to all territory served by the Seller.
- B. Available to all consumers which are or shall be members of the Seller where the monthly contract demand is 1,000 - 4,999 KW with a monthly energy usage equal to or greater than 425 hours per KW of billing demand.
- C. Rates  
 Customer Charge \$535.00 per month  
 Demand Charge 5.39 per KW of billing demand  
 Energy Charge .03368 per kWh

D. 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 Billing - EST</u>
October through April	7:00 AM - 12:00 Noon; 5:00 PM - 10:00 PM
May through September	10:00 AM - 10:00 PM

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PURSUANT TO 807 KAR 5:011,  
SECTION 9 (1)

BY: *J. Deeghegan*

DATE OF ISSUE January 2, 1987

DATE EFFECTIVE 12:01 A.M. E.S. January 13, 1987

ISSUED BY *Frank K. Housley*

TITLE General Manager

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 9654 dated Dec. 23, 1986

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
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NOV 19 1987

PURSUANT TO 807 KAR 5:011,  
SECTION 9 (1)

BY: *B. G. P.*



**OWEN COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION**  
Name of Issuing Corporation

P.S.C. No. 8  
Original Sheet No. 4.2  
Cancelling P.S.C. No. 8  
Original Sheet No. \_\_\_\_\_

**CLASSIFICATION OF SERVICE**

**SCHEDULE VIII - LARGE INDUSTRIAL RATE LPC 1 (Page Two)**

**E. Minimum Monthly Charge**

The minimum monthly charge shall not be less than the sum of (a), (b), and (c) below:

- (a) The product of the billing demand multiplied by the demand charge, plus
- (b) The product of the billing demand multiplied by 425 hours and the energy charge per kWh, plus
- (c) The customer charge

**F. 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.

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**G. Fuel Adjustment Clause**

The monthly kilowatt hour usage shall be subject to a plus or minus an adjustment per KWH determined in accordance with the "Fuel Adjustment Clause".

APR 13 1987  
PURSUANT TO 807 KAR 5:011,  
SECTION 9 (1)  
BY: *J. Seagham*

DATE OF ISSUE January 2, 1987 DATE EFFECTIVE 12:01 A.M. E. January 13, 1987

ISSUED BY *Frank K. Waring* TITLE General Manager

Issued by authority of an Order of the Public Service Commission of Kent  
in Case No. 9654 dated Dec. 23, 1986  
PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

NOV 19 1987

PURSUANT TO 807 KAR 5:011,  
SECTION 9 (1)  
BY: *B. Jones*

P.S.C. No. \_\_\_\_\_

Original Sheet No. 4.3

Cancelling P.S.C. No. \_\_\_\_\_

Original Sheet No. \_\_\_\_\_

**OWEN COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION**  
Name of Issuing Corporation

**CLASSIFICATION OF SERVICE**

	RATE UNIT
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**SCHEDULE VIII - LARGE INDUSTRIAL RATE LPC1 (Page Three)**

**H. Special Provisions**

1. Delivery point - If service is furnished at secondary voltage, the delivery point shall be the metering point unless otherwise specified in the contract for service.

All wiring, pole lines, and other electric equipment on the load side of the delivery point shall be owned and maintained by the consumer.

2. If service is furnished at Seller's primary line voltage, the delivery point shall be the point of attachment of Seller's primary line to consumer's transformer structure unless otherwise specified in the contract for service. All wiring, pole lines and other electric equipment (except metering equipment) on the load side of the delivery point shall be owned and maintained by the consumer.

**I. Terms of Payment**

The above rates are net, the gross being ten percent (10%) higher. In the event the current monthly bill is not paid by the 20th of the month, the gross charges shall apply.

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981, in Administrative Case No 240, and as approved by the Commission Order of March 31, 1981.

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JAN 13 1987  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)  
BY: *J. Deeghayan*

DATE OF ISSUE January 2, 1987 DATE EFFECTIVE 12:01 A.M. E.S. January 13, 1987

ISSUED BY *Mark L. Wearing* TITLE General Manager

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 9654 dated Dec. 23, 1986

PUBLIC SERVICE COMMISSION  
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NOV 19 1987  
PURSUANT TO 807 KAR 5:011,  
SECTION 9 (1)  
BY: *B. Jones*

\*\*\*THE GAP STORE\*\*\*

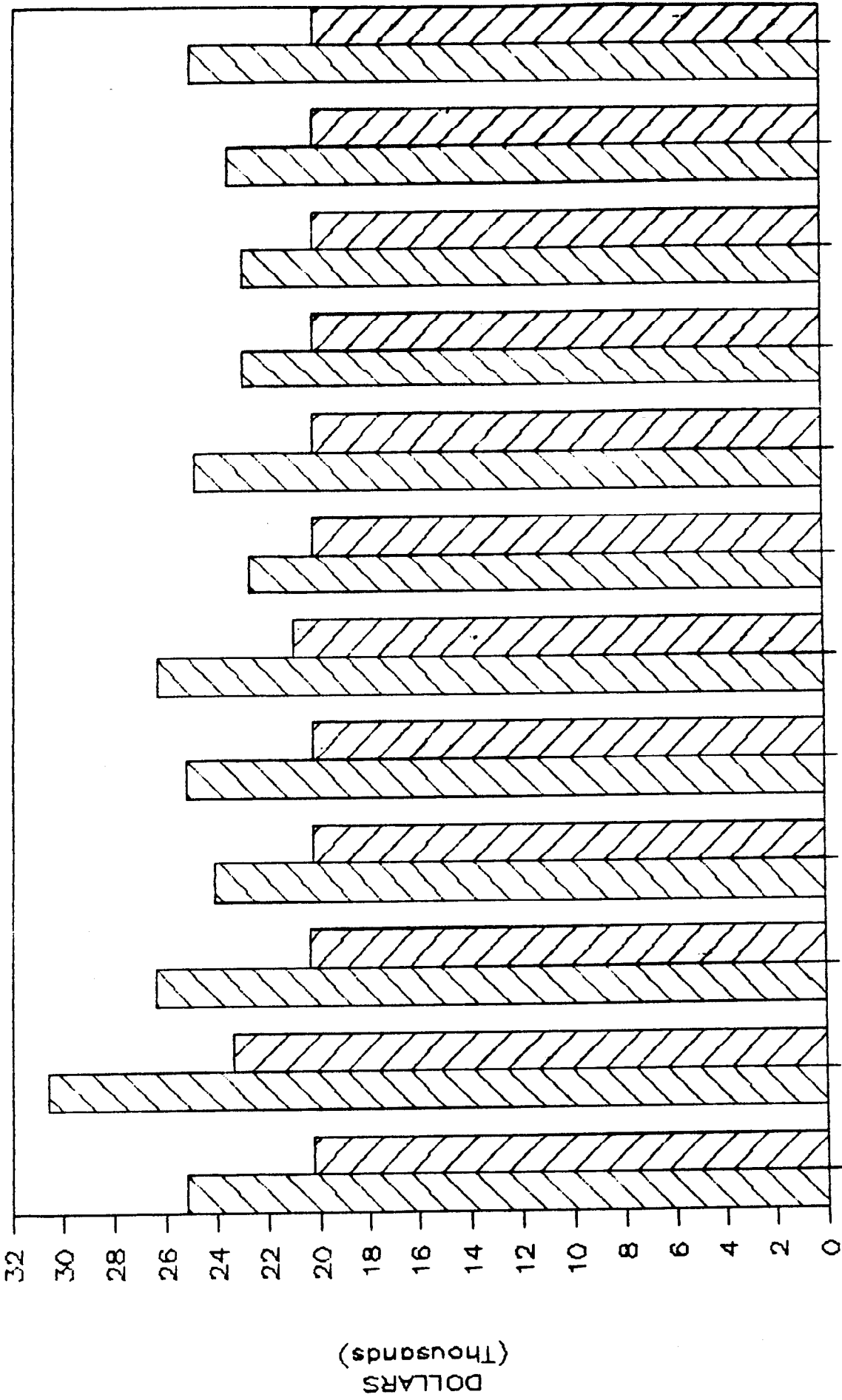
MONTH	PRESENT DEMAND	NEW DEMAND*	KWH	PRESENT CHARGE	PROPOSED CHARGE	COST SAVINGS
JL86	1020	1000	406800	\$25,143.06	\$20,239.00	\$4,904.06
JG86	1032	1000	517200	\$30,605.26	\$23,344.30	\$7,260.96
EP86	1044	1000	429600	\$26,381.31	\$20,393.93	\$5,987.38
DT86	1020	1000	385200	\$24,086.38	\$20,239.00	\$3,847.38
JV86	900	1000	420000	\$25,174.40	\$20,239.00	\$4,935.40
EC86	852	1000	448800	\$26,337.54	\$21,040.58	\$5,296.96
AN87	864	1000	373200	\$22,700.62	\$20,239.00	\$2,461.62
EB87	888	1000	414000	\$24,819.44	\$20,239.00	\$4,580.44
AR87	924	1000	373200	\$23,007.82	\$20,239.00	\$2,768.82
PR87	924	1000	373200	\$23,007.82	\$20,239.00	\$2,768.82
AY87	912	1000	385200	\$23,533.42	\$20,239.00	\$3,294.42
JN87	1092	1000	397200	\$25,042.06	\$20,239.00	\$4,803.06
TOTAL/YEAR:	-----	-----	-----	\$299,839.13	\$246,929.81	\$52,909.32

\*This demand is calculated assuming a 90% or better power factor

our peak demand is not coincident with Smith substation. Your demands at the time of the substation peak were always under 1000 kW. But, according to the agreement, your demand would still be 1000 kW.

# RATE COMPARISON

THE GAP STORE



PRESENT MONTHS PROPOSED