

INDUSTRIAL POWER AGREEMENT

THIS AGREEMENT, made and entered into this 10TH day of FEBRUARY, 1987, by and between Harrison County Rural Electric Cooperative Corporation, a Kentucky corporation with its principal offices at Post Office Box 130, Cynthiana, Kentucky 41031, hereinafter referred to as the "Cooperative", and Minnesota Manufacturing & Mining Co., a corporation with its principal offices at St. Paul, Minnesota, 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 Harrison 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, Cooperative has entered into a contract with EKPC to provide wholesale power and energy to serve this contract, 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 Cynthiana plant (hereinafter referred to as its "plant").

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

1. Term. This Agreement shall become effective on the first day of the Cooperative's next billing cycle following the date first above-written, subject to the provisions of Section 13. 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 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 contract, 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 contract shall be 1000 KW.

The power and energy made available to Customer hereunder shall be delivered, taken, and paid for in accordance with the terms hereof and the tariffs of the Cooperative, Schedule LPR-2 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 contract and said tariff, the latter shall control.

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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 277/480. Regulation of voltage shall be within such limits as prescribed by the applicable rules and regulations of the Kentucky Public Service Commission. 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 contract. 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. 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. Primary Service. Service shall be furnished at primary distribution voltage and a discount of five percent (5%) shall apply to the demand and energy charges. Cooperative will meter on the primary side of point of delivery agreed upon by the Cooperative and the Customer.
5. 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 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.

6. 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

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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 and 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 by either party and EKPC at the time of such termination.

7. Rates and Charges. Customer shall pay Cooperative monthly for power and energy made available under this contract in accordance with the rates, charges, and provisions of Cooperative's currently submitted standard tariff applicable to consumers of the same class as Customer, Schedule LPR-2 as finally approved by the Kentucky P.S.C. and as modified, replaced, or as adjusted from time to time and approved by the Kentucky P.S.C. Said tariff Schedule LPR-2 as submitted, is attached hereto and hereby made a part thereof.
8. 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 applicable provisions of said Schedule LPR-2. If Customer shall fail to pay any such bill, as provided in said Schedule LPR-2, 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 bill. All amounts unpaid when due shall be subject to a 5% charge for late payment.

9. 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 the Cooperative's capital credits or in any capital credited to Cooperative by EKPC in accordance with the Kentucky Revised Statutes and Cooperative's Articles of Incorporation and Bylaws.
10. Notices. Any written notice, demand or request required or authorized under this Agreement shall be deemed properly give to or served on Cooperative if mailed to:

Harrison County Rural Electric Cooperative Corp.
P.O. Box 130
Cynthiana, Kentucky 41031

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

Minnesota Mining & Manufacturing Company
P.O. Box 430
Cynthiana, Kentucky 41031

Each party shall have the right to change the name of

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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.

11. 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 the Cooperative may assign the Agreement to the Rural Electrification Administration and/or any supplemental lenders without such consent.

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

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

13. 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 Public Service Commission of Kentucky are obtained within 180 days of such execution.

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

ATTEST:

Harold W. Holmes
Secretary

HARRISON COUNTY RURAL ELECTRIC
COOPERATIVE CORPORATION

BY Wilbur Palmer
President

ATTEST:

Ronald Dechase

MINNESOTA MANUFACTURING &
MINING CO.

Clair R. Larson
Clair R. Larson, Executive Director
Facilities Engineering and Real Estate

RECORDED & INDEXED
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Form for filing Rate Schedules

For All Territory Served
Community, Town or City

Harrison County R.E.C.C.
P.O. Box 130
Synthiana, KY 41031

P.S.C. NO. 3

Original SHEET NO. 18

CANCELLING P.S.C. NO. 3

SHEET NO. 18

Name of Issuing Corporation _____

CLASSIFICATION OF SERVICE

LARGE POWER SERVICE 1,000 KW TO 4,999 KW (LPR-2, RATE 8)

RATE
PER UNIT

AVAILABILITY

Applicable to contracts with demands of 1,000 to 4,999 KW with a monthly energy usage equal to or greater than 425 hours per KW of billing demand. These contracts will be two "two-party" contracts with the first one being between the Seller and the Cooperative association and the second one being between the Seller and the ultimate consumer.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

MONTHLY RATE

Consumer Charge \$40.16 Per Month
All KWh Used .03982 Per KWh
All KW Demand Used \$ 5.39 Per KW

JAN 23 1987

PURSUANT TO 807 KAR 5:011

SECTION 9 (1)

BY: *J. S. [Signature]*

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 peak demand during the current month or preceding eleven months. The peak demand shall be 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:

Months
October through April

Hours Applicable for
Demand Billing - EST
7:00 a.m. to 12:00 Noon
5:00 p.m. to 10:00 p.m.

May through September

10:00 a.m. to 10:00 p.m.

DATE OF ISSUE 12-23-86

DATE EFFECTIVE 1-23-87

ISSUED BY *Ernest L. Skinner*
Name of Officer

TITLE General Manager

Issued by authority of an Order of the Public Service Commission of Ky. in Case No. _____ dated _____

[Signature]

Form for filing Rate Schedules

Harrison County R.E.C.C.
P.O. Box 130
Harrison, KY 41031

For All Territory Served
Community, Town or City

P.S.C. NO. 3

Original SHEET NO. 19

CANCELLING P.S.C. NO. 3

SHEET NO. 19

Name of Issuing Corporation _____

CLASSIFICATION OF SERVICE

LARGE POWER SERVICE 1,000 KW TO 4,999 KW (LPR-2, RATE 8)

RATE
PER UNIT

MINIMUM MONTHLY

The minimum monthly charge shall not be less than the sum of (a) and (b) 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.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
JAN 23 1987
PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: *J. Seefelt*

POWER FACTOR ADJUSTMENT

The consumer agrees to maintain unity power factor as nearly as practicable. Power factor may be measured at any time. Should such measurements indicate at the power factor at the time of his maximum demand is less than 0.90 (90%), the demand for billing purposes shall be the demand as indicated or recorded, multiplied by 0.90 (90%) and divided by the power factor.

FUEL CLAUSE ADJUSTMENT

This 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 losses. The allowance for line losses will not exceed 10% and is based on a twelve-month moving average of such losses. The Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

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.

DATE OF ISSUE 12-23-86 DATE EFFECTIVE 1-23-87

ISSUED BY Ernest L. Skinner TITLE General Manager
Name of Officer

Issued by authority of an Order of the Public Service Commission of Ky. in Case No. _____ dated _____

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Form for filing Rate Schedules

Harrison County R.E.C.C.
 P.O. Box 130
 Mathiana, KY 41031

For All Territory Served
Community, Town or City

P.S.C. NO. 3

Original SHEET NO. 20

CANCELLING P.S.C. NO. 3

SHEET NO. 20

Name of Issuing Corporation _____

CLASSIFICATION OF SERVICE

LARGE POWER SERVICE 1,000 KW TO 4,999 KW (LPR-2, RATE 8)

RATE
 PER UNIT

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 of 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. A 5% discount shall be applied.

TERMS OF PAYMENT

The rates are net. In the event the current monthly bill is not paid within seventeen (17) days from the billing date of the bill, the gross rates, being five percent (5%) higher, shall apply.

TEMPORARY SERVICE

Consumers requiring temporary service under this rate schedule may be required to pay all costs of connecting and disconnecting incidental to the supplying and removing of service. In addition to this, a deposit will be required to cover estimated consumption of electricity. Both fees will be paid in advance.

PUBLIC SERVICE COMMISSION
 OF KENTUCKY
 EFFECTIVE

JAN 23 1987

PURSUANT TO 807 KAR 5.011,
 SECTION 9 (1)

BY: *J. Deoghegan*

DATE OF ISSUE 12-23-86 DATE EFFECTIVE 1-23-87

ISSUED BY Ernest L. Skinner TITLE General Manager
 Name of Officer

Issued by authority of an Order of the Public Service Commission of Ky. in
 Case No. _____ dated _____

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