

INDUSTRIAL POWER AGREEMENT

WITH INTERRUPTIBLE SERVICE

THIS AGREEMENT, made and entered into this 1st day of July, 1998, by and between **BLUE GRASS ENERGY COOPERATIVE CORPORATION**, a Kentucky corporation with its principal offices at **1201 Lexington Road, Nicholasville, KY 40340** hereinafter referred to as "Cooperative", and **Bay West Paper Corporation, a Wisconsin Corporation**, with its principal offices at **1150 Industry Road, P. O. Box 189, Harrodsburg, KY 40330** hereinafter referred to as "Customer".

WITNESSETH:

WHEREAS, Cooperative is an energy cooperative providing retail electric service in Mercer 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 purchases or desires to purchase retail electric power and energy needs from Cooperative, under the terms and conditions contained herein, to serve its **Harrodsburg, KY** plant (hereinafter referred to as its "plant"), and

PUBLIC SERVICE COMMISSION
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PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: Stephan D. Bell
SECRETARY OF THE COMMISSION

WHEREAS, this agreement supersedes all previous agreements between the cooperative and the customer.

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 as of September 1, 1998, subject to the provisions of Section 17 hereinbelow. This Agreement shall continue in effect for a term of five (5) years from said date (hereinafter referred to as the "Initial Term") and shall terminate at the end of such Initial Term, or any year of contract renewal as provided herein (the "termination date"), unless Customer provides written notice to Cooperative at least six (6) months prior to such termination date of its desire to renew the Agreement for an additional one (1) year term. Unless Cooperative provides written notice to Customer at least four (4) months prior to such termination date of its election to reject such renewal of the Agreement, the Agreement will be renewed for an additional one (1) year from such termination date. If Cooperative provides such a rejection notice in a timely manner, the Agreement shall terminate on the termination date.

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2. **Availability of Power.** Subject to the other provisions of this Agreement, Cooperative shall make available to Customer, and Customer shall purchase from Cooperative, all of Customer's requirements for electric power and energy and related services for the operation of Customer's said plant. The "contract demand" for firm service under this Agreement shall be 500 kW. Customer has the ability to lower its load up to 2,000 kW within the notice period

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BY: Stephan Bee
SECRETARY OF THE COMMISSION

provided in this Agreement. Customer is contracting for interruptible service with a notice period of ten (10) minutes with a total annual interruption of up to 400 hours. Customer shall be served hereunder on Cooperative Rate Schedule B1 for the Fox Creek District with the provisions of the Interruptible Service Rider applicable to demands in excess of the contract demand. The power and energy made available to Customer hereunder shall be delivered, taken, and paid for in accordance with the terms hereof and the applicable tariffs of Cooperative, Schedules B1 for the Fox Creek District and Interruptible Service, as approved by the Kentucky Public Service Commission ("PSC"), and as modified from time to time by appropriate authority, copies of which are attached hereto and hereby made a part hereof. Customer shall comply with all requirements of such tariffs relating to eligibility for interruptible rates. In the event of any conflict between the provisions of this agreement and said tariffs, the latter shall control.

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3. **Buy-Through Provisions:** If the interruptible power and energy provided

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pursuant to this Agreement is interrupted by EKPC, EKPC shall obtain replacement power and replacement energy for Customer so that Customer receives such replacement power continuously during the interruption period and shall, within forty-eight (48) hours thereafter, notify Customer that power has been interrupted and that replacement power has been provided.

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BY Stephan Bue
SECRETARY OF THE COMMISSION

At the time any notice of interruption is provided to Customer, EKPC shall provide, solely for informational purposes, EKPC's best estimate of the duration of

the interruption period, together with an estimate of the demand and energy costs to serve Customer during the interruption period.

This replacement power and energy will be subject to availability and subject to the capabilities of the electric facilities during the interruption period. The price to Customer for such replacement power and replacement energy will be at the lowest priced power and energy reasonably available to EKPC/Cooperative for service from outside the EKPC system to Customer. Customer will pay for the cost of such power, plus the line losses for such power.

The Cooperative/EKPC shall provide the Customer with the ability to purchase power options on replacement power for periods of service interruption by EKPC/Cooperative. Said options can provide a cap or ceiling on the price that the Customer would pay for this type of power. Said option shall be priced to the Customer at the cost of these options to the Cooperative/EKPC. The Customer must notify the Cooperative/EKPC of the desire to purchase power options not

less than thirty (30) days prior to the month for which the options are to apply

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The Cooperative/EKPC will provide option prices and cap prices at any time requested by the Customer.

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A maximum charge of eighty-one (81) cents per kWh will be applicable at those times when the price for replacement power and replacement energy from power

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BY: Stephen O. Bell
SECRETARY OF THE COMMISSION

supply sources other than EKPC is greater than eighty-one (81) cents per kWh.

The eighty-one (81) cents per kWh is based on the penalty in the Interruptible Service Schedule. The penalty of five (5) times the firm demand rate per month is determined for one (1) year and then divided by the number of hours of

interruption allowed per year of four hundred (400). The energy charges applicable during the interruption hours shall be share proportionally based on capacity.

4. **Interruptible Service.** Notice of interruption to Customer will be given by telephone communication from EKPC's Energy Control Center. Customer will have ten (10) minutes to reduce its electric power load to the contract demand level when replacement power and energy is not available.

Cooperative has authorized EKPC's Energy Control Center to provide the notice for the interruption of service to Customer. The point of contact (POC) to provide the communication of the notice of interruption is as follows:

Primary POC Position Danny Byrd

Address 1150 Industry Road
Harrodsburg, KY 40330

Phone (606) 734-0538, ext. 396

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Secondary POC Position Alan Cotnoir

Address 1150 Industry Road
Harrodsburg, KY 40330

Phone (606) 734-0538

BY: Stephan Bue
SECRETARY OF THE COMMISSION

EKPC's POC is the system operator on duty at the time of communication. The phone number for EKPC's system operator is (606) 744-4812.

5. **Responsibilities of Customer.** It is the responsibility of **Bay West** to be sure its phone is working and that someone is available 24 hours per day, 365 days per year to promptly answer the phone at its **Harrodsburg, Kentucky Plant.** If Customer cannot be reached by the phone numbers provided in this contract, for whatever reason, Customer will be considered as failing to interrupt and the failure to interrupt provisions of the interruptible rate schedule will be invoked. Customer shall comply with the "buy-through" provisions of paragraph 3 and the conditions of delivery set out in paragraph 6 hereafter.

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6. **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 PSC. Maintenance by Cooperative at said point of delivery of the above-styled 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 at its own cost. 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

STATE TO 807 KAR 5011.
SECTION 9 (1)
Sharon O. Bell
SECRETARY OF THE COMMISSION

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 is reasonably 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.

7. **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 electrical 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, then Cooperative may suspend or discontinue service.

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 in the attached rate schedule.

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8. **Right of Access.** Subject to twenty-four (24) hours prior notice (except in cases of emergency, in which case right of entry shall be granted immediately) duly authorized representatives of Cooperative and/or EKPC shall be permitted to enter Customer's premises at all reasonable times in order to carry out the provisions hereof.

9. **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 of 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 upon notice and approval of other party 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, provided the owner shall perform whatever restoration which is required for damage caused by said removal.

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10. **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 tariffs applicable to consumers of the same class as Customer, Schedules **B1** for the Fox Creek District and Interruptible Service as approved by the PSC and as modified, replaced, or

BY: Stephan D. Bell
SECRETARY OF THE COMMISSION

adjusted from time to time and approved by the PSC. The minimum monthly bill will be equal to the consumer charge, plus the product of the contract demand multiplied by the contract demand charge, plus the product of the contract demand multiplied by the product of 400 hours multiplied by the energy charge per kWh as provided in Schedule B1 for the Fox Creek District. The demand credit for interruptible service is applied to the firm contract demand to determine the effective interruptible demand rate.

After one year the customer may choose any existing tariff for which the Customer qualifies. Such change will require three months notice to Cooperative. The customer agrees that if it chooses to change to an existing tariff it will remain on that tariff for one year.

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11. **Payment of Bills**. Payment for electric power and energy furnished hereunder including any amounts payable for replacement power or options pursuant to Section 3, hereinabove, shall be due and payable at the office of Cooperative monthly in accordance with the applicable provisions of said Schedules B1 for the Fox Creek District and Interruptible Service. If Customer shall fail to pay any such bill as provided in said Schedule, Cooperative may discontinue delivery of electric power and energy hereunder ten (10) days following 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 in the attached rate schedule. All amounts unpaid when due shall be subject to a charge for late payment, as provided in the attached rate schedules, as applicable.

By Stephen O. Bell
SECRETARY OF THE COMMISSION

12. **Primary Service.** Since service is furnished at primary distribution voltage, a discount of five percent (5%) shall apply to the energy charges. Additionally, Customer agrees to have responsibility for operating and maintaining the underground service between the meter and the distribution transformers.
13. **Reduction in Cost-of-Service.** Cooperative is a not-for-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, Cooperative's board of director's may defer retirement of so much of the capital credited to patrons for any year which reflects capital credited to Cooperative by EKPC until EKPC shall have retired such capital credited to Cooperative. Customer shall participate in capital credits in accordance with the Kentucky Revised Statutes and Cooperative's Articles of Incorporation and Bylaws.
14. **Notices.** Any written notice, demand, or request required or authorized under this Agreement shall be deemed properly given to or served on Customer if mailed to:

Bay West Corporation

ATTN: Mr. John Lorenz

1150 Industry Road

P.O. Box 189

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BY: Stephan D. Bell
SECRETARY OF THE COMMISSION

Harrodsburg, KY 40330

Copy to:

Mr. Danny Byrd _____

Bay West Paper Corporation

1150 Industry Road

P. O. Box 189

Harrodsburg, KY 40330

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BY: Stephan O Bell
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Any such notice, demand, or request shall be deemed properly given or served on Cooperative if mailed to:

Blue Grass Energy Cooperative Corporation

P. O. Box 990

1201 Lexington Road

Nicholasville, KY 40340-0990

Attn: Mr. Chris Brewer

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.

15. **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, which consent may not be unreasonably withheld except that Cooperative may assign the Agreement to Rural Utilities Service and/or any other lenders to Cooperative without such consent.

16. **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, is diligently seeking to cure said force majeure, and gives notice to the other party 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; 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 or in the attached rate schedules.

17. **Approvals.** This Agreement is subject to the approval of EKPC and any necessary approvals of Rural Utilities Service ("RUS"), any other lenders to Cooperative, and the PSC.

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SECRETARY OF THE COMMISSION

18. **Modifications.** Any future revisions or modifications of this Agreement shall require the advance approval of EKPC, and any necessary approvals by RUS, any other lenders to Cooperative, and the PSC. In the event of a full shutdown of the customer's facility, customer shall have the right to terminate this agreement.

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.

ATTEST:

Paulette Morris

Blue Grass Energy Cooperative Corporation

BY [Signature]

ATTEST:

Tom Hunt

Bay West Paper Corporation

BY John Long
VP Administration

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BY: Stephan O. Bee
SECRETARY OF THE COMMISSION

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P.S.C. No. 2

1st Revision SHEET NO. 84

Blue Grass Energy

SEP 01 1998

CANCELLING P.S.C. NO. 1

Name of Issuing Corporation

PURSUANT TO 807 KAR 5011,
SECTION 9(1)

Original SHEET NO. 84

BY: Stephan Bui
SECRETARY OF THE COMMISSION

CLASSIFICATION OF SERVICE

SCHEDULE B1 LARGE INDUSTRIAL RATE

RATE
PER UNIT

Availability

Applicable to contracts with demand of 500 to 4,999 kw with a monthly energy usage equal to or greater than 425 hours per kw of contract demand.

T

Monthly Rate

Consumer Charge	\$565.00
Demand Charge per kw of contract demand	5.39
Demand Charge per kw of billing demand in excess of contract demand	7.82
Energy Charge per kwh	0.02715

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MAY 13 1998

PURSUANT TO 807 KAR 5011,
SECTION 9(1)

BY: Stephan Bui
SECRETARY OF THE COMMISSION

Billing Demand

The billing demand (kilowatt demand) shall be the contract demand plus any excess demand. Excess demand occurs when the consumer's peak demand during the current month exceeds the contract demand. The load center's peak demand is 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 through April	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 April 10, 1998

DATE EFFECTIVE ~~April 10, 1998~~

ISSUED BY D.W. Brewer
Name of Officer pm

TITLE President/CEO

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

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

Blue Grass Energy
Name of Issuing Corporation

SEP 01 1998

PURSUANT TO 807 KAR 5.011.
SECTION 9 (1)

BY: Stephan D. Bell
SECRETARY OF THE COMMISSION

SCHEDULE B1 LARGE INDUSTRIAL RATE	RATE PER UNIT
<p><u>Minimum Monthly Charge</u></p> <p>The minimum monthly charge shall not be less than the sum of (a) through (d) below:</p> <p>(a) Consumer charge</p> <p>(b) The product of the contract demand multiplied by the contract demand charge, plus the product of the demand in excess of the contract demand multiplied by the in excess of contract demand charge.</p> <p>(c) The product of the contract demand multiplied by 425 hours and the energy charge per kwh.</p> <p>(d) Contract provisions that reflect special facilities requirements.</p> <p><u>Power Factor Adjustment</u></p> <p>The consumer agrees to maintain unity power factor as nearly as practicable. Power factor may be measured at any time. Should such measurements indicate that the power factor at the time of the billing 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.</p> <p><u>Fuel Adjustment</u></p> <p>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 12 month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.</p>	<p>PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE</p> <p>MAY 13 1998</p> <p>PURSUANT TO 807 KAR 5.011. SECTION 9 (1)</p> <p>BY: <u>Stephan D. Bell</u> SECRETARY OF THE COMMISSION</p>

DATE OF ISSUE April 10, 1998 DATE EFFECTIVE ~~April 10, 1998~~

ISSUED BY W. W. Brewer TITLE President/CEO
Name of Officer pm

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

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

FOR Fox Creek District
Community, Town or City

P.S.C. No. 2

SEP 01 1998

1st Revision SHEET NO. 86

Blue Grass Energy
Name of Issuing Corporation

PURSUANT TO 807 KAR 5011,
SECTION 9(1)

CANCELLING P.S.C. NO. 1

BY: Stephan Bue
SECRETARY OF THE COMMISSION

Original SHEET NO. 86

CLASSIFICATION OF SERVICE

SCHEDULE B1 LARGE INDUSTRIAL RATE

RATE
PER UNIT

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 equipment (except metering equipment) on the load side of the delivery point shall be owned and maintained by the consumer.

Terms of Payment

The above rates are net, and payment shall be due fifteen days from the billing date. The gross rates are 5% higher. In the event the current monthly bill is not paid within fifteen (15) days, the gross rate shall apply.

Temporary Service

Consumers requiring temporary service under this rate schedule may be required to pay all costs of connecting or 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.

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OF KENTUCKY
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MAY 13 1998

PURSUANT TO 807 KAR 5011,
SECTION 9(1)

BY: Stephan Bue
SECRETARY OF THE COMMISSION

DATE OF ISSUE April 10, 1998

DATE EFFECTIVE ~~April 10, 1998~~

ISSUED BY D.W. Brewer
Name of Officer pm

TITLE President/CEO

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

For Fox Creek District
 Community, Town or City
 P.S.C. No. 1
Original Sheet No. 87
 Cancelling P.S.C. No. _____
 _____ Sheet No. _____

Blue Grass Energy
 Name of Issuing Corporation

CLASSIFICATION OF SERVICE

INTERRUPTIBLE SERVICE RATE
PER UNIT

Standard Rider

This Interruptible Rate is a rider to Rate Schedules M, N, B1
 C1, C2, and C3.

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 EFFECTIVE

Applicable

In all territory served by the Cooperative.

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Availability of Service

This schedule shall be made available to any member where
 that member will contract for an interruptible demand of not
 less than 250 kW and not more than 20,000 kW, subject to a
 maximum number of hours of interruption per year and a notice
 period as listed below.

PURSUANT TO 807 KAR 5011,
 SECTION 9 (1)
 BY: Stephan D. Bell
 SECRETARY OF THE COMMISSION

Monthly Rate

A monthly demand credit per kW is to be based on the following
 matrix:

Annual Hours of Interruption

Notice Minutes	<u>200</u>	<u>300</u>	<u>400</u>
10	\$2.70	\$3.15	\$3.60
60	\$2.25	\$2.70	\$3.15

PUBLIC SERVICE COMMISSION
 OF KENTUCKY
 EFFECTIVE

JAN 01 1998

DATE OF ISSUE January 1, 1998 DATE EFFECTIVE January 1, 1998
 ISSUED BY DW Brewer TITLE President/CEO
 Name of Officer BY: Stephan D. Bell
SECRETARY OF THE COMMISSION

Issued by authority of an Order of the Public Service Commission of KY
 in Case No. 97-424 dated December 12, 1997.

For Fox Creek District
Community, Town or City
P.S.C. No. 1
Original Sheet No. 88
Cancelling P.S.C. No. _____
Sheet No. _____

Blue Grass Energy
Name of Issuing Corporation

CLASSIFICATION OF SERVICE

INTERRUPTIBLE SERVICE RATE PER UNIT

Determination of Measured Load - Billing Demand

The monthly billing demand shall be the highest average rate at which energy is used during any fifteen consecutive minutes during the below listed hours:

<u>Months</u>	<u>Hours Applicable for Demand Billing - E.S.T.</u>
October through April	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.

PUBLIC SERVICE COMMISSION
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BY: Stephan O. Bell
SECRETARY OF THE COMMISSION

This interruptible billing demand shall be equal to the amount by which the monthly billing demand exceeds the minimum billing demand as specified in the contract.

Conditions of Service for Member Contract

1. The member will, upon notification by the Cooperative, reduce his load being supplied by the Cooperative to the contract capacity level specified by the contract.
2. The Cooperative will endeavor to provide the member with as much advance notice as possible of the interruption of service. However, the member shall interrupt service within the notice period as contracted.
3. Service will be furnished under the Cooperative Rules and Regulations except as set out herein and/or provisions agreed to by written contract.

JAN 01 1998

DATE OF ISSUE January 1, 1998 DATE EFFECTIVE PURSUANT TO 807 KAR 5.011, January 1, 1998
ISSUED BY D. W. Brewer TITLE President/CEO
Name of Officer BY: Stephan O. Bell
SECRETARY OF THE COMMISSION

Issued by authority of an Order of the Public Service Commission of KY in Case No. 97-424 dated December 12, 1997.

For Fox Creek District
Community, Town or City
P.S.C. No. 1
Original Sheet No. 89

Blue Grass Energy
Name of Issuing Corporation

Cancelling P.S.C. No. _____
Sheet No. _____

CLASSIFICATION OF SERVICE

INTERRUPTIBLE SERVICE

RATE
PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

SEP 01 1998

PURSUANT TO 807 KAR 5.011,
SECTION 9(1)

BY: Stephan D. Bell
SECRETARY OF THE COMMISSION

Conditions of Service

4. No responsibility of any kind shall attach to the Cooperative for, or on account of, any loss or damage caused by, or resulting from, any interruption or curtailment of this service.

5. The Member shall own, operate, and maintain all necessary equipment for receiving electric energy and all telemetering and communications equipment, within the Member's premises, required for interruptible service.

6. The minimum original contract period shall be one year and thereafter until terminated by giving at least six months previous written notice. The Cooperative may require a contract be executed for a longer initial term when deemed necessary by the size of the load and other conditions.

7. The Fuel Adjustment Clause, as specified in the prevailing rate schedule is applicable.

Calculation of Monthly Bill

The monthly bill is calculated on the following basis:

- A. Sum of customer charge, plus
- B. Minimum of billing demand in kW multiplied by the firm capacity rate, plus.
- C. Interruptible billing demand in kW multiplied by interruptible rate, plus
- D. Energy usage in kWh multiplied by the energy rate

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JAN 01 1998

DATE OF ISSUE January 1, 1998

DATE EFFECTIVE January 1, 1998

ISSUED BY D. W. Brewer
Name of Officer Pom

TITLE President

BY: Stephan D. Bell
SECRETARY OF THE COMMISSION

Issued by authority of an Order of the Public Service Commission of KY
in Case No. 97-424 dated December 12, 1997.

For Fox Creek District
Community, Town or City
P.S.C. No. 1
Original Sheet No. 90
Cancelling P.S.C. No. _____
Sheet No. _____

Blue Grass Energy
Name of Issuing Corporation

CLASSIFICATION OF SERVICE

INTERRUPTIBLE SERVICE RATE
PER UNIT

Number and Duration of Interruptions

A. Winter Season: There shall be no more than two (2) interruptions during any 24 hour period. No interruption shall last more than six (6) hours.

B. Summer Season: There shall be no more than one (1) interruption during any 24 hour period. No interruption shall last more than twelve (12) hours.

C. The maximum number of annual hours of interruption shall be in accordance with the member contracted level of interruptible service.

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SEP 01 1998

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: Stephan O. Bell
SECRETARY OF THE COMMISSION

Charge for Failure to Interrupt

If member fails to interrupt load as requested by the Cooperative, the Cooperative shall bill the entire billing demand at a rate equal to five (5) times the applicable firm power demand charge for that billing month.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JAN 01 1998

DATE OF ISSUE January 1, 1998 DATE EFFECTIVE PURSUANT TO 807 KAR 5.011, SECTION 9 (1)
ISSUED BY W. Brewer TITLE President/CEO
Name of Officer BY: Stephan O. Bell
SECRETARY OF THE COMMISSION

Issued by authority of an Order of the Public Service Commission of KY in Case No. 97-424 dated December 12, 1997.