

AGC AUTOMOTIVE AMERICAS/NOLIN RECC/EKPC

AGREEMENT FOR ELECTRIC SERVICE

THIS AGREEMENT is made this 9th day of January, 2006, among EAST KENTUCKY POWER COOPERATIVE, INC., hereinafter referred to as "EKPC," NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION, hereinafter referred to as "Nolin," and AGC AUTOMOTIVE AMERICAS, hereinafter referred to as "AGC Automotive", for the purposes of providing electric service to AGC Automotive.

WHEREAS, AGC Automotive has been and is currently a customer of Nolin; and

WHEREAS, AGC Automotive's load characteristics have changed to the point at which a special contract is warranted; and

WHEREAS, EKPC, Nolin and AGC Automotive have been in discussions for several months to agree upon a new agreement for service rendered beginning January 1, 2006; and


WHEREAS, Nolin regularly resells and distributes electric power and energy and satisfies all of its requirements for electric power and energy by purchases from EKPC; and

WHEREAS, AGC Automotive requires the resources of both Nolin and EKPC to fully ensure the supply of electric power and energy to the AGC Automotive facilities; and

WHEREAS, EKPC and Nolin desire to continue to serve the electric load associated with AGC Automotive's manufacturing operation under the terms of this new Agreement for Electric Service; and

WHEREAS, this Agreement is subject to approval by the Kentucky Public Service Commission and any necessary approvals by the Rural Utilities Services and the National Rural Utilities Cooperative Finance Corporation.

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2/1/2006
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SECTION 9 (1)**

By 
Executive Director

THEREFORE, upon consideration of the mutual covenants and undertakings hereinafter set forth, the parties agree to the following:

1. Plant Description. The AGC Automotive Plant is a glass manufacturing facility owned and operated by AGC Automotive in Hardin County near Elizabethtown, Kentucky. The plant has operated at this site for a number of years and most recently added another production line to increase the monthly demand to over 20 MW. AGC Automotive's load factor has consistently been high, and it is anticipated that the operation could experience a load factor of 90%.

2. Term. The initial term of this Agreement for electric service will be a one-year period for service rendered beginning January 1, 2006; provided, however that the Agreement may be cancelled after the initial one-year term by Nolin, EKPC or AGC Automotive upon giving 12 months advance written notice.

3. Demand Charge and Billing. Demand shall be measured as the average kW demand occurring at the AGC Automotive Plant site during any fifteen-minute period beginning at any standard clock hour or 15, 30, or 45 minutes after any standard clock hour.

- a. Billing Demand shall be the highest demand during the current month.
- b. For purposes of the demand charge, on-peak hours are defined as follows:
 - i. October through April: everyday from 7:00 AM to 12:00 noon EST and 5:00 PM to 10:00 PM EST. All other hours are off-peak.
 - ii. May through September: everyday from 10:00 AM to 10:00 PM EST. All other hours are off-peak.

c. Demand Charge. AGC Automotive will be charged \$5.39/kW for billing demand in the on-peak period.

d. Firm Contract Demand. 20 MW of Demand shall be designated as Firm Power

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
2/1/2006
PURSUANT TO KAR 6.011
SECTION 9 (1)

By 
Executive Director

Demand. For purposes of calculating billing demand under this Agreement, the minimum contract demand shall be 20 MW.

4. Energy Charge. The energy rate will be 2.806 cents/kWh.

5. Customer Charge. A monthly customer charge of \$1,069 will apply.

6. Power Factor Adjustment. AGC Automotive will be subject to a Power Factor Adjustment when the Power Factor is determined to be less than 90%. The adjustment will be based on multiplying the actual monthly billing demand by 90% and dividing this product by the actual power factor at the time of monthly maximum demand.

7. Fuel Adjustment Clause. AGC Automotive will be charged the EKPC system fuel adjustment clause (FAC) in conformity with 807 KAR 5:056.

8. Environmental Surcharge. AGC Automotive will be charged the Nolin environmental surcharge in conformity with KRS 278.183.

9. Minimum Bill. The minimum bill shall not be less than the sum of a, b, and c below:

a. The customer charge.

b. The product of the billing demand multiplied by the demand charge.

c. AGC Automotive will be subject to a minimum energy bill amount equivalent to \$.00781 per kWh multiplied by the product of the billing demand multiplied by 425 hours.

10. Continuing KPSC Jurisdiction. The rates, terms and conditions of this Agreement for electric service shall be subject to modification or change by order of the KPSC during the initial one-year term and thereafter. The rates provided hereinabove shall be adjusted to reflect any KPSC approved changes in applicable tariff rates, including any Fuel Adjustment Clause, Environmental Surcharge or base rate changes approved for EKPC and/or Nolin after the effective date of this

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
2/1/2006
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By 
Executive Director

Agreement.

11. Prudent Utility Practice. Each party shall design, construct and operate its facilities in accordance with prudent electric utility practice in conformity with generally accepted standards for electric utilities in the State of Kentucky, including the National Electrical Safety Code.

12. Maintenance of Equipment. Each party agrees that it will at all times maintain its lines, equipment, and other facilities in a safe operating condition in conformity with generally accepted standards for electric utilities in the State of Kentucky, including the National Electric Safety Code.

13. 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 of such cure. 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 in the attached rate schedules.

14. Billing And Payment.

a. Regular Monthly Billing. Nolin will bill AGC Automotive each month for the cost of electric power and energy delivered to AGC Automotive during the preceding month.

b. Due Date. Payment Charges and Credits. Bills received by AGC Automotive shall be paid within four (4) business days after receipt. Bills shall be paid by wire transfer

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
2/1/2006
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By 
Executive Director

to a bank designated by Nolin in writing. If AGC Automotive shall fail to make any such payment on or before such due date, then payment shall be deemed late and Nolin may discontinue service to AGC Automotive upon giving AGC Automotive immediate notice of intention to do so. Provided, however, that such discontinuances of service shall not relieve AGC Automotive of any of its obligations under this Agreement. Within ten (10) days of AGC Automotive's receipt of such a notice, AGC Automotive shall have the right to cure its delinquency by paying any late balance along with any applicable late charges. When payment is late, AGC Automotive will pay a late charge based on the same rate that Nolin normally imposes on its commercial and industrial customer members. In the event of a bona-fide billing dispute, AGC Automotive shall pay all such amounts to Nolin. Such amount shall be subject to refund depending upon resolution of the dispute.

- c. AGC Automotive agrees to provide a form and amount of bill payment security acceptable to Nolin, and payable to Nolin, for the duration of the Agreement. The amount of payment security may be changed at the request of Nolin to match any change in load by AGC Automotive. Such payment security may be equal to, but shall not exceed one and one-half times the amount of AGC Automotive's average monthly bill. The payment security shall be promptly payable to Nolin, upon demand, due to non-payment by AGC Automotive, and in accordance with the conditions set forth in Sections a and b above.

15. 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:

Michael L. Miller
Nolin RECC
411 Ring Road
Elizabethtown, KY 42701-6767

**PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
2/1/2006
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)**

By 
Executive Director

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

Barry Borders
AGC Automotive Americas
1 Auto Glass Drive
P. O. Box 5000
Elizabethtown, KY 42702-5000

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.

16. Voltage Fluctuations. AGC Automotive and EKPC shall cooperate to see that AGC Automotive's load is operated in accordance with prudent utility practices. AGC Automotive agrees to operate its facility to reduce voltage fluctuations or harmonic distortions in accordance with past practices during its initial period of operation. EKPC or Nolin will notify AGC Automotive if its operations cause voltage fluctuations or harmonic distortions that result in interference with EKPC or Nolin service to other customers, and will attempt to identify and help AGC Automotive correct such problems. Any substantial deviation from past practices that would cause additional voltage fluctuations or harmonic distortions requires approval from EKPC or Nolin. If AGC Automotive fails to install and/or to operate the necessary facilities on its premises to correct the voltage fluctuations or harmonic distortions of its load, or to prevent such voltage fluctuations or harmonic distortions from interfering with EKPC or Nolin's supply of service to other customers, EKPC/Nolin shall have the right to deny service to AGC Automotive. Any voltage fluctuations or harmonic distortions shall be corrected within twenty-four (24) hours after written notice from EKPC/Nolin to AGC Automotive stating the voltage fluctuation or harmonic distortion problems.

17. Membership/Capital Credits. Nolin is a non-profit Kentucky corporation, and AGC

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
2/1/2006
PURSUANT TO 807 KAR 5.011
SECTION 9 (1)

By 
Executive Director


Automotive 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 Nolin's Articles of Incorporation and Bylaws. AGC Automotive shall participate in capital credits of Nolin in accordance with Kentucky Revised Statutes and Nolin's and EKPC's Articles of Incorporation and Bylaws.

18. Meter Testing And Billing Adjustment. EKPC/Nolin shall test and calibrate meters, or cause them to be tested and calibrated, by comparison with accurate standards at intervals of twelve (12) months. EKPC/Nolin shall also make, or cause to be made, special meter tests at any time during normal business hours at AGC Automotive's request. The costs of all tests shall be borne or provided for by EKPC/Nolin, provided, however, that if any special meter test made by AGC Automotive's request shall disclose that the meters are recording accurately, AGC Automotive shall reimburse EKPC/Nolin for the cost of such test. Meters registering not more than one (1%) percent above or below normal shall be deemed to be accurate. The readings of any meter which shall have been disclosed by test to be inaccurate shall be corrected for the period during which meter error is known to have existed, or if not known, for one-half the elapsed time since the last such test in accordance with the percentage of inaccuracy found by such test. If any meter shall fail to register for any period, the parties shall agree as to the amount of kW Demand and energy furnished during such period. Such estimates shall be based on AGC Automotive's operating records for the period in question, historical load records and other pertinent data and records, and Nolin shall render a bill to AGC Automotive therefor.

19. Right Of Access. The duly authorized agents and employees of Nolin and EKPC shall have free access at all reasonable hours to the premises of AGC Automotive for the purpose of installing, repairing, inspecting, testing, operating, maintaining, renewing or exchanging any or all of their equipment which may be located on the premises of AGC Automotive for the purpose of testing meters, or for performing any other work incident to the performance of this Agreement.

The parties agree to properly protect the property of each other party located on its

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
2/1/2006
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By 
Executive Director

premises, and to permit no one to inspect or tamper with the wiring and apparatus of the other party except such other party's agents or employees, or persons authorized by law. It is agreed, however, that no party assumes the duty of inspecting the wiring or apparatus of any other party and shall not be responsible therefor.

20. Responsibility for Damages or Loss. The electric power and energy supplied under this Agreement is supplied upon the express condition that after it passes the Point of Delivery it becomes the responsibility of AGC Automotive, and neither Nolin nor EKPC shall be liable for loss or damage to any person or property whatsoever, resulting directly or indirectly from the use, misuse or presence of the said electric power and energy on AGC Automotive's premises, or elsewhere, after it passes the Point of Delivery except where such loss or damage shall be shown to have been occasioned by negligence of EKPC or Nolin, their agents or employees.

21. Continuity Of Service. Nolin and EKPC shall use reasonable diligence required of a public utility in Kentucky to provide a constant and uninterrupted supply of electric power and energy hereunder. If the supply of electric power and energy shall fail or be interrupted, or become defective through acts of God, Governmental authority, action of the elements, public enemy, accident, strikes, labor trouble, required maintenance work, or any other cause beyond the reasonable control of Nolin and EKPC, they shall not be liable therefor or for damages caused thereby.

22. Successors in Interest- Assignment. The terms and conditions of this Agreement shall inure to and be binding upon the parties, together with their respective successors in interest. . No party to this Agreement may assign its rights hereunder without the consent of the other, which shall not be unreasonably withheld; except that a party may, without the consent of the other, assign, pledge or hypothecate its rights hereunder to its trustee or mortgagee under a mortgage, indenture or trust indenture, and being so pledged or assigned, shall be subject to all the terms and provisions of such mortgage or trust indentures. Provided, further, that AGC Automotive may assign this Agreement to an entity recognized as financially and technically capable by EKPC and Nolin which may hereafter

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
2/1/2008
PURSUANT TO 807 KAR 5:011
SECTION 9(1)

By 
Executive Director

acquire or operate the AGC Automotive Plant in the same manner, to the same extent, and for the same purposes as originally operated by AGC Automotive. Such recognition shall not be unreasonably withheld in appropriate cases. No assignment shall relieve the assignor of its obligations hereunder without the written assent of the other parties to accept the assignee as a substitute obligor.

23. Approval. The rates and charges for electrical service established hereunder are subject to approval by the Kentucky Public Service Commission pursuant to Kentucky Revised Statutes, Chapter 278, and any necessary approvals by the Rural Utilities Services and the National Rural Utilities Cooperative Finance Corporation. The parties covenant to use their best efforts to forthwith seek and support such approvals for this Agreement by filing such papers, presenting such testimony, and taking such other action as may be necessary or appropriate to secure the same.

24. Modifications. Any future revisions or modifications of this Agreement, except as provided in Section 10, hereinabove, shall require the written approval of AGC Automotive, EKPC and Nolin, and any necessary approvals by the Rural Utilities Service, any other lenders to the Cooperatives, and the P.S.C.

25. Miscellaneous.

- a. Headlines of Articles. Headings of articles in this Agreement have been inserted for convenience only and shall in no way affect the interpretation of any term or provision hereof.
- b. Severability. Except where expressly stated otherwise the duties, obligations, and liabilities of the parties are intended to be several and not joint or collective.
- c. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Kentucky.
- d. Waivers. Any waiver at any time by a party of its rights with respect to a default or with respect to any other matters arising in connection with this Agreement shall not

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
2/17/2006
PURSUANT TO 807 KAR 5:011
SECTION 9 (F)

By 
Executive Director

be deemed a waiver with respect to any subsequent default or other matter.

- e. Prior Agreements. The parties hereby acknowledge that this Agreement contains the entire agreement among the parties and supersedes all prior agreements and understandings related to the subject matter hereof.
- f. Counterparts. This Agreement may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed an original.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives the day and year first above written.

AGC AUTOMOTIVE AMERICAS

By: Barry Borders
Maureen Monaghan

EAST KENTUCKY POWER COOPERATIVE

By: Roy Falk
Roy Falk, President and CEO

NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION

By: Michael L. Miller
Michael Miller, President & CEO

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
2/1/2006
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By: [Signature]
Executive Director

**ATTACHMENT
DESCRIPTION OF BACKGROUND
AND FEATURES**

**PUBLIC SERVICE COMMISSION
OF KENTUCKY
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2/1/2006
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)**

By 
Executive Director

ATTACHMENT

Agreement for Electric Service among Nolin Rural Electric Cooperative, East Kentucky Power Cooperative and AGC Automotive Americas

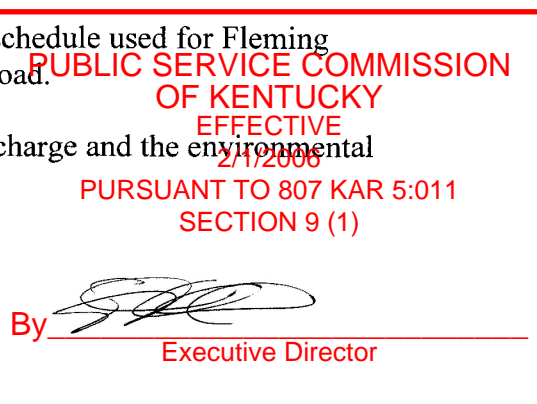
Background

AGC Automotive, formerly known as AP Technoglass, is the largest customer of Nolin RECC and one of the largest on the EKPC system. AGC Automotive has been in operation for over fifteen years and operates as a manufacturer of glass for the automobile industry. In the last six months, AGC Automotive has made a significant investment in its Elizabethtown, Kentucky, facility and has increased its load to the 20 MW level. The capital investment and associated increase in production levels will also enable AGC Automotive to potentially reach a load factor of 90 percent.

During the last several months, EKPC, Nolin and AGC Automotive have been involved in discussions about the possibility of moving to a special contract if AGC Automotive was able to increase demand to 20 MW while maintaining and/or improving their high load factor. AGC Automotive has been able to meet those conditions, and the parties have reached a new Agreement that is satisfactory to all and results in just and reasonable rates. The major features of the Agreement are described below.

Major Features

- * The Agreement is for firm service with a 20 MW minimum contract demand. This feature eliminates the uncertainty recently experienced by AGC Automotive under Nolin's Interruptible Tariff.
- * The wholesale energy and demand rate provisions contained in the Agreement were modeled from features contained in EKPC's and Fleming-Mason Energy's special contract with Inland Container Corporation and with EKPC's and Owen Electric's Special contract with Gallatin Steel. The energy charge also contains a reduced distribution cost adder for Nolin compared to existing tariffs.
- * EKPC will bill Nolin at the wholesale Schedule G rate schedule used for Fleming-Mason Energy's Inland Container Corporation Electric load.
- * AGC Automotive will be subject to the fuel adjustment charge and the environmental surcharge.



- * Due to the length of time that AGC Automotive has been a customer on the Nolin system, the parties have agreed to an initial term of one year, with a 12-month notice period for cancellation.
- * As in the Gallatin Agreement, the attached Agreement contains a provision for AGC Automotive to provide security to Nolin which would be payable in the event of default.
- * The reduced energy charge to AGC Automotive should encourage the customer to improve their load factor, spreading more revenue over fixed costs.
- * Under the proposed agreement, AGC Automotive will experience a reduction in rates. Based on the load factor actually experienced in 2005 of approximately 82 %, coupled with the anticipated demand level of 20 MW, the reduction in rates is expected to amount to about \$900,000 annually. AGC Automotive could experience a reduction in their annual bill of almost \$1 million if operating at a 90% load factor.

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OF KENTUCKY
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2/1/2006
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By 
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