

**AMENDMENT NO. 4 TO  
SPECIAL AGREEMENT FOR ELECTRIC SERVICE**

THIS CONTRACT AMENDMENT, dated July 10, 2001, by and among EAST KENTUCKY POWER COOPERATIVE, INC., hereinafter referred to as "EKPC", OWEN ELECTRIC COOPERATIVE, hereinafter referred to as "OEC" and GALLATIN STEEL COMPANY, hereinafter referred to as "Gallatin Steel",

**WITNESSETH:**

WHEREAS, The Parties have entered into the Special Agreement for Electric Service dated October 27, 1994, as previously amended most recently on January 1, 1996 (the "Special Agreement") and

WHEREAS, The Parties have engaged in discussions about the state of the steel industry, the changes in the price of power to Gallatin Steel as a result of wholesale market price changes in the last year, the conditions and assumptions associated with EKPC's original projection of the cost of power to serve Gallatin Steel during the 1995 to 2004 period, and the need for EKPC and OEC to have financial protection in the event that Gallatin Steel is unable to meet its financial obligations to them;

WHEREAS, The Parties wish to amend the Special Agreement in order to incorporate certain changes that have been agreed to by all parties;

NOW, THEREFORE, the Parties hereto agree to amend the Special Agreement as follows:

- 1. Section 6.A. is amended to read as follows:

PUBLIC SERVICE COMMISSION  
EFFECTIVE

SEP 06 2001

PURSUANT TO 807 KAR 5.011,  
SECTION 9 (1)  
BY: Stephan D. Bue  
SECRETARY OF THE COMMISSION

A. Distribution Charges. OEC's Distribution Charge for all power and energy will be 7.5 cents per kW-month plus ~~0.075~~ 0.057 cents per kilowatt-hour delivered by EKPC/OEC to Gallatin Steel through both the EKPC 345 kV line and the Gallatin County Substation. ~~After the first year of commercial operation of the Gallatin Steel Plant, the 0.075 cents per kilowatt hour portion of the distribution charge will escalate by the percentage of the increase of the OEC system-wide average of base rate increases (non-fuel) for its members permitted in subsequent cases by the Kentucky Public Service Commission.~~

2. Section 6.C. is amended to read as follows:

C. Demand Charges. The per kW-Month demand charges, which are in addition to those specified in Section 6.A., will be according to following schedule of charges:

EKPC/OEC Firm Service

1995	\$7.82	
1996	\$7.82	
1997	\$7.82	
1998	\$8.79	
1999	\$8.79	
2000	\$8.79	
2001 (Jan - Jun)	\$9.56	
2001 (July - Dec)	\$7.82	
2002	<del>\$9.56</del>	\$7.82
2003	<del>\$9.56</del>	\$7.82
2004	<del>\$9.56</del>	\$7.82

EKPC/OEC Ten Minute Interruptible Service

1995	\$1.80	
1996	\$1.80	
1997	\$1.80	
1998	\$2.02	
1999	\$2.02	
2000	\$2.02	
2001 (Jan - Jun)	\$2.20	
2001 (July - Dec)	\$1.80	
2002	<del>\$2.20</del>	\$1.80

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

SEP 06 2001

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

BY: Stephan D. Bell  
SECRETARY OF THE COMMISSION

2003	<del>\$2.20</del>	\$1.80
2004	<del>\$2.20</del>	\$1.80

EKPC/OEC Ninety Minute Interruptible Service

1995	\$2.70
1996	\$2.70
1997	\$2.70
1998	\$3.03
1999	\$3.03
2000	\$3.03
2001 (Jan - Jun)	\$3.30
2001 (July - Dec)	\$2.70
2002	<del>\$3.30</del> \$2.70
2003	<del>\$3.30</del> \$2.70
2004	<del>\$3.30</del> \$2.70

LG&E Ten Minute Interruptible Service

1995	\$3.75
1996	\$4.03
1997	\$4.33
1998	\$4.65
1999	\$5.00
2000	\$5.37
2001	\$5.77
2002	\$6.19
2003	\$6.65
2004	\$7.15

3. Section 8 is amended as follows:

8. EAF TESTING POWER

Before commercial operation of each phase of the Gallatin Steel Plant, Gallatin Steel will begin a period of testing the major systems of the Plant, including the electric arc furnaces ("EAF") and hot strip mill. This service will be provided over the EKPC 345 kV line and is anticipated to begin on or about December 31, 1994 for Phase I. The rate for this power and energy will include a demand charge of 15 cents per kW-day for Phase I, plus KU wheeling charges as provided in paragraph 12 of the Transmission

PUBLIC SERVICE COMMISSION  
 OF KENTUCKY  
 EFFECTIVE

SEP 06 2001

PURSUANT TO 807 KAR 5:011,  
 SECTION 9 (1)  
 BY: Stephan D. Bell  
 SECRETARY OF THE COMMISSION

Agreement between EKPC and KU, plus EKPC "out-of-pocket" energy cost to serve the load, plus 0.3 cents per kilowatt-hour, plus 0.25 cents per kW-day and ~~0.075~~0.057 cents per kilowatt-hour for distribution. The demand charges for Phase II will be the Phase I demand charges per kW-day escalated at four percent (4%) per year. EAF testing must be scheduled and agreed to by EKPC/OEC 24-hours in advance. If such scheduling cannot be mutually agreed upon, the demand charge will be based on the greater of EKPC/OEC's cost of providing the testing power from off-system sales plus ten percent (10%) of the EKPC/OEC demand charges specified above. This testing power arrangement will apply to testing before commercial operation in Phase I, and to testing before commercial operation of the incremental Phase II load until such time as Gallatin Steel announces commercial operation for that particular phase of operation.

4. Section 10 is amended to add Section C as follows:

C. Gallatin Steel Company hereby agrees to provide a \$5 million irrevocable letter of credit in a form acceptable to OEC and from a financial institution acceptable to OEC, payable to OEC upon non-payment of Gallatin Steel's power bill and in accordance with the conditions as outlined in Sections A and B of Section 10. Gallatin agrees to provide the letter of credit by July 20, 2001.

5. This Amendment shall be effective for bills rendered on and after August 1, 2001, beginning with service provided in the month of July 2001.

6. This Amendment is subject to any necessary approvals of the Kentucky Public Service Commission, the Rural Utilities Service and any other ~~agencies~~ **PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE** jurisdiction.

**SEP 06 2001**

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

BY: Stephan O. Bell  
SECRETARY OF THE COMMISSION

All other terms and conditions of the Special Agreement, as previously amended, which are not affected by this Amendment, shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed by their duly authorized representatives on the day and year first above written.

EAST KENTUCKY POWER COOPERATIVE, INC.

By Roy M. Palk  
Roy M. Palk  
President & CEO

GALLATIN STEEL COMPANY

By Donald B. Daily  
Donald B. Daily  
Vice President and General Manager

OWEN ELECTRIC COOPERATIVE

By Robert M. Marshall  
Robert M. Marshall  
President/CEO

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

SEP 06 2001

PURSUANT TO 807 KAR 5.011,  
SECTION 9 (1)

BY: Stephan O. Bell  
SECRETARY OF THE COMMISSION