

GALLATIN/OEC/EKPC

AGREEMENT FOR ELECTRIC SERVICE

THIS AGREEMENT is made this 25th day of March, 2005, 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", for the purposes of providing electric service to Gallatin Steel.

WHEREAS, EKPC, OEC and Gallatin Steel entered into a Special Agreement for Electric Service dated October 27, 1994 (1994 Agreement); and

WHEREAS, the 1994 Agreement was approved by the Kentucky Public Service Commission by Order dated April 14, 1995; and

WHEREAS, the 1994 Agreement has a ten year initial term which expires May 31, 2005; and

WHEREAS, EKPC, OEC and Gallatin Steel have been in negotiations for approximately two years to agree upon a replacement all-requirements contract for service beginning June 1, 2005; and

WHEREAS, OEC 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, Gallatin Steel requires the resources of both OEC and EKPC to fully ensure the supply of electric power and energy to the Gallatin Steel Plant; and

WHEREAS, EKPC and OEC desire to continue to serve the electric load associated with Gallatin Steel's steel 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

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Cooperative Finance Corporation.

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

1. Plant Description. The Gallatin Steel Plant is a thin-slab steel mill owned and operated by Gallatin Steel in Gallatin County near Ghent, Kentucky. The plant is configured on the basis of a single D.C. power supply for twin shell electric arc furnaces which feeds a thin slab caster to a six stand rolling mill on a continuous basis. The electrical load primarily consists of the direct current to the electric arc melting furnaces fed by two transformers each nominally rated at 75 MVA; ladle metallurgy stations nominally rated at 25 MVA and 5 x 10,000 horsepower rolling mill motors, along with slag and arc-furnace dust processing equipment, small motor loads and other ancillary facilities.


2. Term. The initial term of this Agreement for electric service will be the five-year period beginning June 1, 2005. The Agreement shall remain in effect after the initial five-year term from year to year thereafter; provided however that the Agreement may be cancelled after the initial five-year term by OEC, EKPC or Gallatin Steel upon giving 12 months advance written notice.

3. Demand Charge and Billing. Demand shall be the average kW demand occurring at the Gallatin Steel 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 greater of the highest-average kW demand occurring during a 15-minute measurement in the peak period or 83.33 percent of the highest average kW demand occurring during a 15-minute measurement in the off-peak period in the current billing month. The Billing Demand will be measured by the coincidental sum of all meters on the Gallatin plant site.

b. The maximum on-peak contract demand will be 180 MW at the beginning of this Agreement, but can be increased, with 30-day notice, if Gallatin adds new production


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facilities at its existing production site. Gallatin will notify EKPC/OEC of the estimated load associated with the new production facilities at the existing site and all parties must agree in writing if the increased load is expected to be 15 MW or more. Gallatin Steel will be charged \$5.39/KW/month for billing demand at or below 180 MW in on-peak periods. If billing demand exceeds 180 MW during an on-peak period, then Gallatin will be charged at three times the demand rate of \$5.39/KW/month, or \$16.17 KW/month for the excess demand above 180 MW. If billing demand exceeds 120 percent of 180 MW during an off-peak period, or 216 MW, then Gallatin will be charged three times the demand rate of \$5.39/KW/month, or \$16.17 KW/month for the excess demand above 216 MW. OEC/EKPC will give Gallatin Steel Notice of Unavailability on Friday morning by 10:00 AM EST if the additional 20% is not available for the weekend. Notice of Unavailability will be made by 10:00 AM EST the day before a holiday. OEC/EKPC will only issue a Notice of Unavailability if circumstances warrant, such as an extended scheduled outage or forced outage at one of EKPC's generating units or in anticipation of high peak demand. In the event of such Notice of Unavailability, then Gallatin Steel will pay the excess demand charge of \$16.17/KW/month on the MW amount in excess of 180 MW if demand during the on-peak hours of the weekend or holiday exceeds 180 MW.

- c. 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 provided however that weekend and holiday hours shall be deemed to be off-peak unless OEC/EKPC gives Notice of Unavailability. All other hours are off peak.
 - ii. May through September: everyday from 10:00 AM to 10:00 PM EST; provided however that weekend and holiday hours shall be deemed to be off-peak unless

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OEC/EKPC give Notice of Unavailability. All other hours are off-peak.

4. Firm and Interruptible Demand. 15 MW of Demand shall be designated as Firm Power Demand. All Demand exceeding Firm Power Demand, up to 180 MW total Demand, shall be designated Interruptible Demand. Interruptible Demand service to Gallatin Steel will consist of two primary categories:

- a. Ten Minute Interruptible Demand Service which shall consist of the 120 MW electric arc furnace melt shop. The interruptible credit for this load will be \$3.60/kW/month; and
- b. Ninety Minute Interruptible Demand Service which shall be all remaining plant load, except the firm load and Ten Minute Interruptible Load. The interruptible credit for this load will be \$2.70/kW/month.
- c. Interruptible Demand Service may be interrupted by EKPC upon the following advance verbal, including telephonic, notice to Gallatin Steel (unless a shorter notice is agreed to by the parties):
 - Pursuant to Ten Minute Interruptible Service, EKPC may require Gallatin Steel to reduce its demand to no more than the total of the designated Firm Power Demand Service Level plus the designated Ninety Minute Demand Service Level within ten minutes of notification;
 - Pursuant to Ninety Minute Interruptible Service, EKPC may require Gallatin Steel to reduce its demand to no more than the designated Firm Power Demand within ninety minutes of notification.

To provide notice, EKPC has installed a direct communications line between the EKPC Control Center and the Gallatin Steel Control Center. The notice will take effect when the phone call is initiated at the EKPC Control Center. It is Gallatin Steel's responsibility to be sure that its phone is working and that someone is available 24 hours per day, 365 days per year to promptly answer the phone. The notice shall specify: (a) the time at which the interruption period will commence, (b) the category of service being interrupted, (c) the time at which the interruption is expected to terminate, and (d) the maximum

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load which Gallatin Steel may impose during the period of interruption. EKPC may extend or shorten the period of interruption noticed by advising Gallatin Steel of that action prior to the expiration of the noticed period. If an interruption is called for, the load to Gallatin Steel shall be restored as soon as practicable.

5. Conditions For Ninety Minute And Ten Minute Interruptible Service. Interruptions may not exceed 360 hours in each 12 month period beginning June 1, 2005. The maximum number of monthly interruptible hours shall be 100. Interruptions shall be limited to two per day. Gallatin Steel's load shall be subject to economic interruptions (i.e., non-physical interruption) for any reason except selling power off-system and its interruptions are independent of interruptions for any other customer.

6. Failure to Interrupt. With respect to the Ten Minute Interruptible Demand Service, if Gallatin Steel has not interrupted its melt shop load within the ten minute notice period, then EKPC shall have the right to automatically shut down the melt shop load and Gallatin Steel shall incur no penalty. In the event that EKPC sends a signal to automatically shutdown the melt shop and the interruption does not occur, Gallatin will be subject to the penalty. Should Gallatin Steel not interrupt its Ninety Minute Interruptible Demand Service when or to the extent called for or should an EKPC signal fail to interrupt Gallatin Steel's ten-minute Interruptible Demand Service load, Gallatin Steel shall pay a penalty of five (5) times the firm power demand charge then in effect for each kW of demand that should have been interrupted as called for under the terms of this Agreement. In addition, if by virtue of Gallatin Steel's demonstrated and repeated inability to interrupt service, EKPC, after consultation with Gallatin Steel, may reclassify Gallatin Steel's load as firm until Gallatin Steel can establish that the load should be classified otherwise. Physical interruptions shall be called only when EKPC determines that such interruption may be necessary to prevent interruption of service to firm, native load customers or firm off-system customers, or if EKPC's Reliability Coordinator mandates that all EKPC interruptible load be interrupted or for load following compliance as specified in Section 12c herein.

7. Buy-Through of Interruptions. Gallatin Steel shall have the option to buy-through any


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economic interruption. The buy-through cost shall be EKPC's actual incremental (out-of-pocket) cost of purchased power to serve the Gallatin Steel load with no mark-up or additional charge. Interruptible buy-through power shall be subject to the OEC distribution charge. EKPC shall provide to Gallatin Steel, solely for informational purposes and not for billing purposes, the buy-through price reasonably expected to be incurred at the time notice of interruption is given. When the buy-through costs incurred by Gallatin Steel (net of energy charges that would have been billed to Gallatin Steel during the period of economic interruption) in each twelve month period, beginning June 1, 2005, equals the amount of the annual interruptible credits, then economic interruptions shall terminate; provided however that Gallatin Steel shall remain subject to physical interruptions at all times during the term of this Agreement up to the maximum number of interruptible hours authorized under this Agreement. Annual interruptible credits, for purposes of this Section 7, shall be based on the Arc Furnace interruptible load of 120,000 KW multiplied by the 10 minute interruptible credit of \$3.60/KW, multiplied by 12; plus the remaining interruptible load of 40,000 KW multiplied by the 90 minute interruptible credit of \$2.70/KW, multiplied by 12.

8. Energy Charges. The off-peak energy rate will be 2.0 cents/KWh. For purposes of the energy rate, the off-peak hours will be 10:00 PM to 10:00 AM EST Monday through Friday for May-September plus all weekend and holiday hours; and 10:00 PM to 7 AM EST Monday through Friday and Noon to 5:00 PM EST Monday through Friday for October-April, plus all weekend and holiday hours. All other hours will be on-peak. The on-peak energy rate will be 2.3 cents/KWh. The on-peak and off-peak energy charges will be subject to change as a result of any future FAC basing point change approved by the Commission.

9. Distribution Charges. OEC's Distribution Charge for all power and energy will be \$0.000285 per kilowatt-hour and \$0.0375 per kilowatt, delivered by EKPC/OEC to Gallatin Steel through both the EKPC 345 KV line and the Gallatin County substation. These rates are fixed over the life of the Agreement.

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

11. Environmental Surcharge. Gallatin Steel will be charged the OEC environmental surcharge in conformity with KRS 278.183.

12. Load Following. The charges for load following are as follows:

a) \$65,000 per month in the event that EKPC is subject to the North American Electric Reliability Council's (NERC) CPS-2 standards and EKPC continues to incur load following costs caused by Gallatin Steel.

b) In the event that EKPC is subject to either a test or a permanent change in NERC standards, Gallatin Steel will not be subject to a monthly charge for load following unless EKPC determines, in the course of continuous monitoring of compliance with such standards that violation of the standard is imminent without providing specific load following for the Gallatin Steel load. If EKPC fails to meet either applicable test standard or permanent standard, or otherwise determines that specific load following for Gallatin Steel is the only means available to meet such standards, Gallatin Steel will be charged \$65,000 per month for all months that such load following is required. OEC/EKPC and Gallatin Steel agree to immediately discuss the reasons for the failure to meet the standard and will endeavor to resolve the issue for future service as expeditiously as possible. In no event will Gallatin Steel be charged more than \$65,000 per month for load following.

c) During a period when EKPC is operating under NERC Standard 300 (or an equivalent standard) and Gallatin Steel is not being charged \$65,000 per month for load following, if EKPC is facing violation of the standard due to a declining interconnect frequency, EKPC has the right to interrupt the 120MW arc furnace with

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a minimum notice of 10 minutes. Such interruptions will count toward the 360 hours of interruption required pursuant to the provisions of Section 5. Further, such interruptions shall be limited to a maximum of 30 minutes per incident, 5 times per month and 10 hours per year. During a period when EKPC is operating under NERC Standard 300 (or an equivalent standard), Gallatin Steel may elect to avoid the interruptions called for under this Paragraph 12(c) by paying \$65,000 per month. The payment for load following costs does not negate the right of EKPC to interrupt Gallatin when a physical interruption is necessary to prevent interruption to firm, native load customers or firm, off-system customers. Such physical interruption will not be subject to a buy-through provision.

- d) Gallatin Steel will provide short-term prediction of its load in real-time on an on-going basis throughout the duration of the contract. The exact nature of these predictions will be determined through discussions between Gallatin Steel and EKPC. At a minimum, the predictions will consist of a prediction of EAF loading 5 minutes ahead.

13. EKPC Minimum Bill. The minimum monthly bill for the EKPC portion of the Gallatin bill will consist of the sum of the following.

- a. The monthly demand charge net of all interruptible credits applied to 50 percent of the maximum contract demand (180 MW) plus:
- b. Energy Charges, Fuel Adjustment Clause charges, Environmental Surcharge, if actually incurred during any month. Gallatin will be subject to a minimum energy bill amount equivalent to the energy charges minus the fuel base per kwh, multiplied by 65,700 MWH (50% of maximum energy).

For the duration of the Agreement, for each time Gallatin has to shut down operation of its plant for any reason, the EKPC portion of Gallatin Steel's minimum bill shall not exceed 12 months of payments of

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the amounts calculated under sections a and b above, and at such time as said 12 months of payments have been made, the EKPC minimum bill will be suspended until such time that Gallatin Steel resumes operation.

14. OEC Minimum Bill. The Distribution charge for OEC shall consist of 50% of maximum contract demand (180 MW) applicable to the \$.0375/KW OEC demand charge and 50% of maximum energy, or 65,700 MWH, applicable to the \$.000285/kwh OEC energy charge. For the duration of the Agreement, for each time Gallatin has to shut down operation of its plant for any reason, the OEC portion of Gallatin Steel's minimum bill shall not exceed 12 months of payments of the amounts calculated under sections a and b above, and at such time as said 12 months of payments have been made, the OEC minimum bill will be suspended until such time that Gallatin Steel resumes operation.

15. 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 five year term and thereafter.

16. Metering and Load Control. Gallatin Steel will provide space, structure, bus and switches for appropriate metering equipment, and provide static VAR control and harmonic control equipment and current and potential transformers. EKPC will supply secondary metering equipment and will continue to make available clock and metering pulses for Gallatin Steel's load control equipment. The electric service to be provided hereunder shall be three phase, 60 hertz at 345 kV and at 34.5 kV as specified herein.

17. 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

18. 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

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standards for electric utilities in the State of Kentucky, including the National Electric Safety Code.

19. Force Majeure. If Gallatin Steel's President promptly notifies EKPC/OEC in writing that all of Gallatin Steel's arc furnace facilities are completely out of service as the direct result of any cause beyond the reasonable control of Gallatin Steel, including, but not restricted to war; flood; earthquake; storm; fire; lightning; other acts of God; epidemic; riot; civil disturbance or civil disobedience; quarantine; explosion; sabotage; breakdown or malfunction of equipment; disruption or threat of disruption of fuel supply; inability or threatened inability to obtain necessary materials, personnel, services or facilities; acts of public enemy; strike, lockout, work stoppage, or industrial disturbance or dispute, whether or not any labor dispute could reasonably have been settled or whether determined to have arisen out of an unfair labor practice by any Party; any act, delay or failure to act on the part of any state or federal governmental authority, whether legislative, executive, judicial or administrative, including delay or failure to act by any governmental authority in the issuance of any necessary permits or licenses or the prohibiting of acts necessary to performance hereunder or the permitting of any such acts only subject to conditions which are unreasonable in the sole judgment of Gallatin Steel upon whom such conditions are imposed; restraint by court order or other public authority; failure to obtain the necessary authorizations or approvals from any governmental agency or authority; blockage or any other event(s) beyond the reasonable control of Gallatin Steel, then Gallatin Steel will not be obligated to pay the EKPC minimum charges with respect to the period beginning the day following the delivery of the notification and for a period not to exceed ninety (90) days thereafter or until the day that all of the electric arc facilities first return to service, which ever occurs first.

Gallatin Steel shall promptly notify EKPC in writing of any Force Majeure event under this Section. Such notice shall include a description of the cause and estimated duration of the event. Failure to promptly notify EKPC of a Force Majeure event shall preclude Gallatin Steel from being relieved of any EKPC minimum charges. Gallatin Steel shall exercise due diligence to resolve any Force Majeure event and shall keep EKPC informed of steps taken to resolve the event.

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Invocation of this provision shall be limited to no more than one occurrence in any twelve (12) month period. This Force Majeure provision shall not affect demand charges due in any month where actual demand has exceeded minimum demand levels.

Any minimum charges forgiven hereunder shall be recovered by EKPC in the event of discontinuance of service by Gallatin Steel prior to the termination of this Agreement. The financial or monetary constraints or inability of Gallatin Steel shall not be considered as a Force Majeure. Nothing contained herein shall be construed so as to require Gallatin Steel to settle any strike, lockout, or stoppage, or other industrial disturbance or dispute in which it may be involved.


20. Verification of Incremental (Out-of-Pocket) Costs. For purposes of determining the out-of-pocket costs associated with the buy-through of purchased power for Gallatin Steel, EKPC/OEC shall grant Gallatin Steel access to any information or calculation used to determine incremental (out-of-pocket) costs. Incremental (out-of-pocket) costs shall not include any EKPC demand, energy, environmental surcharge, or FAC charges.

21. Billing And Payment.

a. Regular Monthly Billing. OEC will bill Gallatin Steel each month for the cost of electric power and energy delivered to Gallatin Steel during the preceding month. Such bills may be rendered by EKPC/OEC on the basis of electronic meter reading ("telemetry"). Any difference between telemetry and the actual on-site meter reading will be reflected as a credit or debit to the bill for the following month.

b. Due Date: Payment Charges and Credits. Bills received by Gallatin Steel shall be paid within four (4) business days after receipt. Bills shall be paid by wire transfer to a bank designated by OEC in writing. If Gallatin Steel shall fail to make any such payment on or before such due date, then payment shall be deemed late and OEC may discontinue service to Gallatin Steel upon giving Gallatin Steel immediate notice

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of intention to do so. Provided, however, that such discontinuances of service shall not relieve Gallatin Steel of any of its obligations under this Agreement. Within ten (10) days of Gallatin Steel's receipt of such a notice, Gallatin Steel shall have the right to cure its delinquency by paying any late balance along with any applicable late charges. When payment is late, Gallatin Steel will pay a late charge based on the same rate that OEC normally imposes on its commercial and industrial customer members. In the event of a bona-fide billing dispute, Gallatin Steel shall pay all such amounts to OEC. Such amount shall be subject to refund depending upon resolution of the dispute.

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

22. Points of Delivery, Point of Measurement, and Metering. Four meters (M1, M2, M3, and M4) will measure the Gallatin Steel power usage.

- M1 meters the total input to Gallatin Steel's 345 kV bus. Electrically, it is located inside the Gallatin Steel Substation; physically, it may be located either inside or outside the Gallatin Steel Substation.
- M2 and M3 meter the input to EAF Nos. 1 and 2 respectively. M2 and M3 are located on the 34.5 kV side of Gallatin Steel's 345/34.5 kV transformers that serve the EAFs. The readings for M2 and M3 will be adjusted to give the equivalent values for meters located on the 345 kV side of the transformers. EKPC and Gallatin Steel

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will coordinate ownership and specifications of metering transformers and locations of the meters.

- M4 meters the load served from the EKPC 138 kV system. This meter is located on the 34.5 kV side of the Gallatin Steel Substation. The readings will be adjusted to give equivalent values for a meter located on the 138 kV side of the Gallatin County Substation transformer.

23. Voltage Fluctuations. Gallatin Steel and EKPC shall cooperate to see that Gallatin's load is operated in accordance with prudent utility practices. Gallatin Steel agrees to operate its facility to reduce voltage fluctuations or harmonic distortions in accordance with past practices during the initial 10-year period of operation. EKPC or OEC will notify Gallatin Steel if its operations cause voltage fluctuations or harmonic distortions which result in interference with EKPC, OEC or KU service to other customers, and will attempt to identify and help Gallatin Steel correct such problems. Any substantial deviation from past practices that would cause additional voltage fluctuations or harmonic distortions requires approval from EKPC, OEC and KU. If Gallatin Steel 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, OEC or KU's supply of service to other customers, OEC/EKPC shall have the right to deny service to Gallatin Steel. Any voltage fluctuations or harmonic distortions shall be corrected within twenty-four (24) hours after written notice from OEC/EKPC to Gallatin Steel stating the voltage fluctuation or harmonic distortion problems.

24. Membership/Capital Credits. Gallatin Steel shall be a member of OEC, shall pay the membership fee, and shall be bound by such rules and regulations as may, from time to time, be adopted by OEC. Provided, however, that during the term of this Agreement the provisions hereof shall prevail over any such rule or regulation in the event of any inconsistency except as acceptable to the Kentucky Public Service Commission.

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OEC is a non-profit Kentucky corporation and Gallatin Steel 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 OEC's Articles of Incorporation and Bylaws. Gallatin Steel shall participate in capital credits of OEC in accordance with Kentucky Revised Statutes and OEC's and EKPC's Articles of Incorporation and Bylaws.

25. Liability For Interruption Of Interruptible Demand. It is understood that the interruptible portion of the power supplied pursuant to this Agreement is provided to Gallatin Steel for Gallatin Steel's benefit in controlling costs. Neither OEC nor EKPC shall be liable to Gallatin Steel for any losses which may accrue to Gallatin Steel due to Gallatin Steel not being prepared to be interrupted when a notice of interruption is duly given in accordance with the terms of Paragraph 4.

26. Meter Testing And Billing Adjustment. EKPC/OEC 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/OEC shall also make, or cause to be made, special meter tests at any time during normal business hours at Gallatin Steel's request. The costs of all tests shall be borne or provided for by EKPC/OEC, provided, however, that if any special meter test made by Gallatin Steel's request shall disclose that the meters are recording accurately, Gallatin Steel shall reimburse EKPC/OEC 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 Gallatin Steel's operating records for the period in question, historical load records, and other pertinent data and records, and OEC shall render a bill to Gallatin Steel therefor.

27. Right Of Access. The duly authorized agents and employees of OEC and EKPC shall

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have free access at all reasonable hours to the premises of Gallatin Steel 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 Gallatin Steel, for reading or testing meters, or for performing any other work incident to the performance of this Agreement.

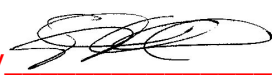
The parties agree to properly protect the property of each other party located on its premises, and to permit no one to inspect or tamper with the wiring and apparatus of the other party except such other party's agents or employees, or persons authorized by law. It is agreed, however, that no party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

28. 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 Gallatin Steel, and neither OEC 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 Gallatin Steel'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 OEC, their agents or employees.

29. Usage of Power. The parties understand and agree that Gallatin Steel purchases and accepts the power and energy delivered to it under this Agreement solely for the use of Gallatin Steel's steel manufacturing plant operation, including typical on-site ancillary loads. The parties further understand and accept that Gallatin Steel purchases and accepts such power solely for the benefit of Gallatin Steel and its steel manufacturing process.

30. Continuity Of Service. OEC 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,

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labor trouble, required maintenance work, or any other cause beyond the reasonable control of OEC and EKPC, they shall not be liable therefor or for damages caused thereby. (The foregoing paragraph is not intended to mitigate OEC's and EKPC's rights to interrupt service as provided for in Paragraph 5 or 12c).

31. Assignment. 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 Gallatin Steel may assign this Agreement to an entity recognized as financially and technically capable by EKPC and OEC which may hereafter acquire or operate the Gallatin Steel Plant in the same manner, to the same extent, and for the same purposes as originally operated by Gallatin Steel. 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.

32. 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.

33. 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.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
6/1/2005
PURSUANT TO KRS 80.05
SECTION 9 (1)

By 
Executive Director

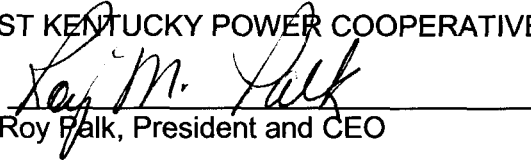
- b. Severability. Except where expressly stated otherwise the duties, obligations, and liabilities of the parties are intended to be several and not joint or collective.
- c. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Kentucky.
- d. 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 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.

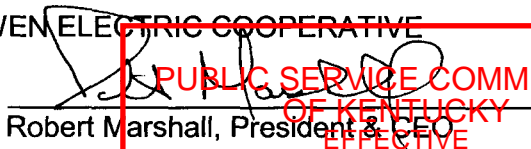
GALLATIN STEEL COMPANY

By: 
Tobin Pospisil, Chief Financial Officer


EAST KENTUCKY POWER COOPERATIVE

By: 
Roy Falk, President and CEO

OWEN ELECTRIC COOPERATIVE

By: 
Robert Marshall, President & CEO

PUBLIC SERVICE COMMISSION
 OF KENTUCKY
 EFFECTIVE
 6/1/2005
 PURSUANT TO 807 KAR 5:011
 SECTION 9 (1)

 By: 
 Executive Director