

AMENDMENT NO. 2 TO AGREEMENT FOR ELECTRIC SERVICE
BETWEEN KENERGY CORP. AND ALCAN ALUMINUM CORPORATION

Article I. PARTIES

The Parties to this Amendment No. 2 to Agreement for Electric Service ("Second Retail Amendment"), dated as of this 30th day of November, 2000, are KENERGY CORP., a Kentucky corporation organized under KRS Chapter 279 ("Kenergy"), and Alcan Aluminum Corporation, an Ohio corporation ("Alcan").

Kenergy and Alcan are each referred to individually as a "Party" and collectively as "Parties."

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Article II. RECITALS

Section 2.01 WHEREAS, Alcan and Henderson Union Electric Cooperative Corp. (HUEC) have previously entered into an Agreement for Electric Service dated July 15, 1998 ("Retail Agreement") and an Amendment No. 1 to Agreement for Electric Service dated July 15, 1998 ("First Retail Amendment");

PURSUANT TO 807 KAR 5011,
SECTION 9(1)

BY: Stephan D. Bell
SECRETARY OF THE COMMISSION

Section 2.02 WHEREAS, HUEC and Big Rivers Electric Corporation ("Big Rivers") have previously entered into an Amendment to Wholesale Power Agreements dated July 15, 1998 ("Wholesale Amendment") that amends certain agreements as defined in the Wholesale Amendment ("Wholesale Agreements");

Section 2.03 WHEREAS, Kenergy is the successor to HUEC by merger effective on or about July 1, 1999, between HUEC and Green River Electric Corporation;

Section 2.04 WHEREAS, Section 21.1 of the Retail Agreement provides that, after December 31, 2000, and through the expiration or earlier termination of the Retail Agreement, the reactive power recorded by Alcan at the Point of Delivery shall not exceed 112,850 kilovars when the metered demand is at or above 233,000

kilowatts, and further provides that whenever Alcan's recorded reactive power demand exceeds 112,850 kilovars, Kenergy shall purchase from a third party source for resale to Alcan, or shall pay Big Rivers according to its Open Access Transmission Tariff ("OATT"), for Alcan's reactive power demand in excess of 112,850 kilovars, if available;

Section 2.05 WHEREAS, the Parties acknowledge that pursuant to Section 3.3 of the Wholesale Amendment, Big Rivers has agreed to provide, at no additional charge to Kenergy, up to 112,850 kilovars of reactive power with respect to the power delivered by Kenergy to Alcan;

Section 2.06 WHEREAS, Alcan expects that the reactive power demand recorded at its Point of Delivery in some months after December 31, 2000, may reach 166,964 kilovars, an excess of 54,114 kilovars over the amount of reactive power that Big Rivers has agreed to provide at no charge to Kenergy with respect to the power delivered by Kenergy to Alcan; and

Section 2.07 WHEREAS, the Parties have agreed to an arrangement with respect to the expected reactive power demand of Alcan as set forth below:

In consideration of the mutual covenants herein, the Parties agree as follows:

ARTICLE III AGREEMENT

Section 3.01 Kenergy agrees to acquire from Big Rivers and to provide to Alcan all kilovars required by Alcan above 112,850 kilovars at a rate of \$0.1433 per kilovar per month, payable in accordance with the terms and conditions of the Retail Agreement.

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BY: Stephan D. Bue

SECRETARY OF THE PUBLIC SERVICE COMMISSION

Section 3.02 This Second Retail Amendment shall become effective on the later of (a) January 1, 2001, or (b) the Effective Date as defined in Article IV below, and shall remain in effect through the expiration or earlier termination of the Retail Agreement.

Section 3.03 In the alternative to the provisions of Section 3.01, above, Kenergy agrees that it will, at the option of Alcan exercisable at any time during the first sixty months of the term of this Second Retail Amendment, acquire from Big Rivers and provide to Alcan in each month, up to 54,114 kilovars, in addition to the 112,850 kilovars set forth in Section 21.1 of the Retail Agreement, for an aggregate of up to 166,964 kilovars, with respect to Alcan's recorded reactive power demand. As consideration for the exercise of this option, Alcan shall pay to Kenergy the lump sum of Four Hundred Thirty Seven Thousand, Five Hundred Sixty One Dollars (\$437,561, the "Lump Sum Payment"), on or before the first day of the month following the month in which the option is exercised, which Lump Sum Payment shall be credited with seventy-five percent (75%) of the amounts paid by Alcan to Kenergy under Section 3.01.

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Section 3.04 In the event that Alcan's recorded reactive power demand in any month after exercise of the option provided in Section 3.03 exceeds 166,964 kilovars, Kenergy agrees to acquire from Big Rivers and to provide to Alcan up to an additional 10,000 kilovars at a rate of \$0.1433 per kilovar per month, payable in accordance with the terms and conditions of the Retail Agreement.

IN ACCORDANCE WITH 907 KAR 5.011,
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Section 3.05 In the event that Alcan's recorded reactive power demand in any month exceeds 176,964 kilovars, (a) Kenergy shall purchase from a third party source for resale to Alcan, or shall pay Big Rivers according to Big Rivers' filed rate, if any, or a

rate negotiated between Kenergy and Big Rivers, for Alcan's reactive power demand in excess of 176,964 kilovars, and (b) Alcan acknowledges that such reactive power demand may be deemed a System Disturbance, as defined in and subject to the remedies set forth in the System Disturbance Agreement dated July 15, 1998, among Big Rivers, WKE Station Two Inc., Western Kentucky Energy Corp., Kenergy (as successor to both HUEC and Green River Electric Corporation), Alcan, and Southwire Company.

Section 3.06 The reactive power to be provided under this Second Retail Amendment, and the limits thereon, shall not be applicable to any reactive power consumed over new facilities installed after the date of this Second Retail Amendment by Alcan at the Sebree Smelter (such as a fourth potline), the reactive power requirements of which will need to be separately evaluated and assessed by Big Rivers, Kenergy and Alcan at such time as any such new facilities are constructed.

ARTICLE IV EFFECTIVE DATE

Section 4.01 The obligations of the Parties under this Second Retail Amendment shall not commence until the Effective Date, which shall be 12:01 a.m. Central Time of the date following the day upon which the last of the following conditions is satisfied or waived:

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- A. This Second Retail Amendment shall have been duly executed by the Parties.
 - B. This Second Retail Amendment shall have been filed with and accepted or approved by the Kentucky Public Service Commission without modification.

- C. Kenergy and Big Rivers shall have executed a further amendment to the Wholesale Agreements between Kenergy and Big Rivers in form and substance acceptable to Alcan, and such further amendment shall be in full force and effect.
- D. The Parties shall have received all other approvals, permits and consents necessary for the provision by Kenergy of reactive power service under this Second Retail Amendment.

Section 4.02 The Parties shall strive in good faith to satisfy all of the foregoing conditions precedent at the earliest practicable date (other than those which the Parties agree to waive). At such time as Kenergy believes that all of the conditions precedent have been satisfied, Kenergy shall notify Alcan. Without further investigation, Alcan may rely upon such notification by Kenergy.

Section 4.03 In its sole discretion, Kenergy may cancel this Second Retail Amendment immediately upon written notification to Alcan in the event that Alcan has failed to satisfy on a timely basis its payment obligations set forth in this Second Retail Amendment.

Section 4.04 Other than as set forth above, the Retail Agreement and the First Retail Amendment remain in full force and effect.

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IN WITNESS WHEREOF, the Parties have caused this Second Retail

Amendment to be executed as of the date first written above.

ALCAN ALUMINUM CORPORATION

 Allan Eyre
By: Allan Eyre
Its: Administrative Manager

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KENERGY CORP.

 Dean Stanley
By: Dean Stanley
President and CEO

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BY: Stephan D. Bell
SECRETARY OF THE COMMISSION