

A G R E E M E N T

DATED: March 1, 1968

between

GREEN RIVER RURAL ELECTRIC COOPERATIVE CORPORATION

OWENSBORO, KENTUCKY

and

WESTERN KRAFT CORPORATION

PORTLAND, OREGON

AGREEMENT FOR ELECTRIC SERVICE

This Agreement made and entered into this 1st day of March, 1968, by and between GREEN RIVER RURAL ELECTRIC COOPERATIVE CORPORATION, a Kentucky corporation, of Owensboro, Kentucky, hereinafter referred to as "Cooperative" and WESTERN KRAFT CORPORATION, a corporation of _____, hereinafter referred to as "Customer".

WHEREAS, the Cooperative presently provides electric service to and within Hancock County, Kentucky, hereinafter referred to as the "Cooperative Service Area", and

WHEREAS, the Cooperative presently provides power to the Wescor Corporation paper mill, hereinafter referred to as "Wescor", located in Hancock County, Kentucky; and

WHEREAS, the Customer owns fifty (50%) percent of Wescor, and

WHEREAS, the Customer will construct a new paper mill adjacent to the Wescor paper mill, both mills hereinafter referred to as paper mills, and

WHEREAS, the Agreement for Electric Service dated April 1, 1966 between Wescor and Cooperative will be terminated by mutual agreement of the parties upon the commencement of service as provided in paragraph 22 hereof, and

WHEREAS, Customer desires to purchase from Cooperative and Cooperative desires to sell and deliver, subject to the terms of this Agreement, electric power and energy to be used by Customer in the paper mills,

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

1. Capacity Available. The Cooperative will supply, and the Customer will take and pay for, electric power and energy required for the operation of the paper mills located near Hawesville, in Hancock County, Kentucky, up to a maximum of 20,000 kilowatts, in accordance with the terms and provisions of this agreement and of the General Rules and Regulations of the Public Service Commission of Kentucky which may be applicable and effective from time to time.

2. Power Supply Characteristics. The electric power and energy delivered shall be in the form of three phase alternating current (60 cycles) at voltages mutually agreed to.

3. Point of Delivery. The point of delivery for the power and energy to be supplied shall be at the Cooperative's step-down transformers to be located in substations at the Customer's plants or at other mutually agreed locations.

4. Facilities to be Provided by Customer. The Customer will provide or cause to be provided (without cost to the Cooperative) the following facilities necessary for the Cooperative to supply electric service:

- (a) All easements for rights-of-way upon Customer's property (at such locations and of such dimensions as mutually agreed upon) for Cooperative's transmission and/or distribution lines. It is understood and agreed, however, that the location of any such lines used for service to other customers of Cooperative shall be subject to the approval of Customer.
- (b) Adequate graded site (at such location and of such dimensions as mutually agreed upon) with fee simple title thereto
- (c) All required equipment including buses to connect to Cooperative's transformers. This equipment shall include suitably rated air or oil circuit breaker for controlling the output of each Cooperative's power transformer with suitable instrument transformers for use with Cooperative's protective relaying.
- (d) Facilities for Cooperative's metering equipment.

5. Facilities to be Provided by Cooperative.

Cooperative will furnish or cause to be furnished the following facilities:

All required transmission and distribution lines and substation facilities (including foundations and fencing) for delivering power and energy to Customer upon the graded site furnished by Customer. Cooperative may use the substation site, without cost, for the purpose of construction or installing facilities to serve other customers from its substation, but such use shall not interfere with efficient service to customer hereunder.

6. Operation and Maintenance of Facilities. The Cooperative will operate and maintain all of the transmission lines and substation facilities owned by the Cooperative. The Customer will operate and maintain all of the distribution lines and substation equipment owned by it.

Customer shall furnish, install, maintain and operate such facilities and equipment as may be necessary to enable it to receive and use electric power and energy purchased hereunder, and as may be necessary to afford reasonable protection to the facilities of the Cooperative. Plans for equipment to be installed for the protection of the facilities of the Customer or Cooperative shall be submitted to the Cooperative for prior approval.

7. Construction Standards. The Cooperative and Customer shall construct and maintain its transmission facilities in accordance with specifications at least equal to those provided by the National Electrical Safety Code of the United States Bureau of Standards.

8. Right of Access. Each party grants to the other party right of access to their respective premises to install, maintain, operate, repair, and renew any and all equipment, apparatus, and devices owned by such other party and necessary in the performance of this Agreement.

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 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 to real property of the other and upon the termination of this Agreement the owner thereof shall have the right to enter upon the premises of the other and shall within a reasonable time remove such equipment, apparatus, devices, or facilities, except that Customer may not recover the easements or site referred to in Paragraph 4(a) and 4(b) hereof. The party effecting removal under this paragraph shall pay any damages to the premises or property of the other party caused by such removal.

10. Rate. Customer agrees to pay for the power and energy hereunder at the following monthly rate schedule:

Rate Applicable January 1, 1969 through August 31, 1970:

First 5,000 KW of billing demand at \$1.80 per kilowatt

Next 15,000 KW of billing demand at \$1.35 per kilowatt

Excess kilowatts of billing demand at \$0.90 per kilowatt

Plus an energy charge of:

First 200 hours of use per kilowatt of billing demand at 4.0 mills per kilowatt hour

Excess kilowatt hours at 2.5 mills per kilowatt hour.

Rate Applicable after August 31, 1970:

First 20,000 KW of billing demand at \$1.35 per kilowatt

Excess kilowatts of billing demand at \$0.90 per kilowatt

Plus an energy charge of:

First 250 hours of use per kilowatt of billing demand at 3.75 mills per kilowatt hour

Excess kilowatt hours at 2.65 mills per kilowatt hour.

Payment shall be due and payable within 15 days after receipt of monthly bill.

11. Reductions in Cost of Service. Cooperative is a non-profit Kentucky corporation and Customer will benefit from any savings or reductions in cost of service in the same manner as any other industrial or similar customer. Customer shall not participate in Cooperative's capital credits existing at the effective date of this Agreement, but shall participate in Cooperative's capital credits accruing from and after such effective date proportional to its contribution thereto.

12. Fuel Clause. The kilowatt hour charge shall be increased or decreased at the rate of 0.10 mills per kilowatt hour for each 1¢ (and proportionally for fractional variations of 0.1¢) the weighted average of delivered cost of fuel to be burned in Cooperative's power supplier plants exceeds or is less than 15.6¢ per 1,000,000 BTU. For the purpose of facilitating the prompt mailing of bills, the fuel adjustment for any month shall be based on the average cost of fuel and the kilowatt hours consumed by the Customer during that month, but shall appear as a credit or a debit on the succeeding monthly bill.

13. Taxes. If there shall be imposed after the effective date of this Agreement, by Federal, State, or other governmental authority, any tax payable by the Cooperative or its power supplier upon the gross revenue or earnings, or upon the production, transmission or sale of

electric energy, a pro rata share of such additional tax or taxes shall be added to the monthly bills payable by the Customer to the Cooperative.

14. Tax Adjustment. There shall be added to or subtracted from the monthly demand charge the following adjustment to reflect changes in taxes imposed on Cooperative's power supplier:

(a) In ad valorem taxes:

$\$0.045 \frac{A}{(0.0024)} - \0.045 per kilowatt of Billing Demand.

WHERE: A equals the ratio of total ad valorem taxes imposed on Big Rivers for the preceding year to the average total plant investment of Big Rivers for such year.

(b) In pay roll taxes paid by power supplier:

$\$0.01 \frac{B}{(0.048)} - \0.01 per kilowatt of Billing Demand.

WHERE: B equals the ratio of payroll taxes imposed upon power supplier during the preceding month to the total payroll of power supplier for such month. and

(c) In the proportionate share of any other taxes imposed on power supplier allocated equitably among all customers of power supplier. If, in Cooperative's judgment, it is not feasible to determine the relationship of any tax imposed to service to Customer, the total of such tax imposed shall be deemed to be assignable to sales to Customer and to others in proportion to the relationship of gross revenues from classes of service affecting or being affected by such taxes.

15. Labor Cost Adjustment. The monthly demand charge shall be increased or decreased by 0.05¢ per kilowatt for each full cent by which the average hourly earnings of production workers on Electric Companies and Systems as reported by the U. S. Department of Labor, Bureau of Labor Statistics, exceeds or is less than \$3.22 per hour for the preceding calendar year.

16. Power Factor. The Customer shall at all times take and use power in such manner that the power factor at the time of maximum load shall exceed 85% as is consistent with good operating practice for the Customer's plant, provided, however, that whenever the power factor at the time of monthly maximum load is consistently determined to be less than 85%, the Cooperative may install corrective power factor equipment at Customer's expense to raise the power factor to at least 85%.

17. Billing Demand. Billing Demand shall be the average number of kilowatts supplied during the 30 minute period of maximum use during the month, and shall be determined by meters which will record on a tape at the end of each 30 minute period the KWH delivered during the preceding 30 minutes, but not less than 50% of the highest such demand recorded during the preceding 11 months.

For any part of a month of the Customer's choice, upon prior notification to Cooperative in writing, during the period commencing April 1st and ending October 31st, should Customer elect to close its

plant or cease its operations during such part of a month for repairs and for maintenance, then the monthly demand charge shall be pro rated for such part of a month. Only one shut-down will be considered for this purpose during each yearly period.

18. Fluctuation of Demand and Increase in Capacity. It is recognized that Cooperative will install initial transformer capacity sufficient to supply customer's requirements up to 20,000 KW. Whenever Customer's requirements are expected to exceed 20,000 KW, Customer will give Cooperative sufficient advance notice so that Cooperative and its power supplier can obtain and install the facilities required to supply the increased demand.

The Customer shall submit a schedule thirty (30) days in advance whenever fluctuations of demand are expected to exceed 2,000 KW. Excess capacity, not to exceed 2,000 kilowatts, above the contract demand of 20,000 kilowatts will be furnished by Cooperative, as requested by Customer, at the average of the contract demand rates plus energy charges at the monthly rates set forth in Paragraph 10.

19. Minimum Bill. The minimum charge shall be the monthly demand charge but not less than \$2,000.

20. Term of Agreement. This Agreement shall remain in effect until June 1, 1979; provided, however, Customer shall have the exclusive right and option to extend this Agreement for a further term of five years commencing at the expiration of the original term, under the same terms

and conditions as provided herein, by giving notice to Cooperative not later than June 1, 1976. At the expiration of the original term, or if extended then at the expiration of any extension thereof, this Agreement shall remain in effect until terminated by either party giving the other party at least two years notice in writing of its desire to terminate the Agreement. Notwithstanding any other provision herein contained, but subject to the provisions of Paragraph 21 hereof, Customer may terminate this Agreement effective upon the closing of its plant and cessation of operations provided the Customer shall give Cooperative at least 12 months written notice prior to the effective date of such termination.

21. Termination within Five Years. If termination of this Agreement is requested by the Customer prior to the end of the first five (5) years operation under this Agreement, a termination charge shall be paid to the Cooperative by the Customer equal to the estimated investment required in Paragraph 5 of \$300,000 to be made by Cooperative or its power supplier exclusively to supply power and energy to Customer, which sum shall be reduced by 1/60 per month for each month Customer purchases power and energy from Cooperative. Any month used for maintenance or repairs (as provided for in Article 17) shall not apply in reducing this cancellation charge.

22. Commencement of Service. Start of service under this Agreement shall commence by June 1, 1969 unless, however, Customer notifies Cooperative by letter prior to commencement date, requesting delay; but in no event shall commencement date be extended more than one hundred and eighty (180) days beyond June 1, 1969.

23. Force Majeure. In the event of either party being rendered unable wholly or in part, by force majeure or uncontrollable forces to carry out its obligations, on such party's giving notice and reasonably full particulars of such force majeure or uncontrollable forces, in writing or by telegraph, to the other party within a reasonable time after the occurrence of the cause relied on, then the obligations, so far as and to the extent that they are affected by such force majeure or uncontrollable forces, shall be suspended during the continuance of any inability so caused, but for no longer period, and such cause shall, so far as possible, be remedied with all reasonable dispatch.

The term "force majeure", as used herein, shall mean Acts of God, strikes, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, flood, washouts, arrests and restraints of the Government, either Federal or State, civil or military, civil disturbances, explosions, breakage or accident to machinery or transmission lines, inability of

either party hereto to obtain necessary materials, supplies or permits, due to existing or future rules, regulations, orders, laws or proclamations of governmental authorities (both Federal and State), including both civil and military, which are not reasonably within the control of the party claiming suspension.

In no event shall this Agreement subject either party to consequential damages or damages for loss of anticipated profits.

24. Metering. The Cooperative will install, maintain and operate the metering equipment located in the step-down substation at Customer's plants. Meters used under this Agreement shall be read monthly by a representative of the Cooperative, and may be simultaneously read by representative of the Customer if the Customer so elects. The Cooperative will make such tests and inspections of the meters as may be necessary to maintain them at the highest practical commercial standard of accuracy. If periodic tests show that a meter used for billing is accurate within 1% slow or fast, no correction shall be made in the billing. If any such tests show that such meter is inaccurate by more than 1% slow or fast, correction shall be made in the billing to the proper party for the period during which the parties agree that the inaccuracy existed. The Cooperative will make additional tests of meters at the request and expense of the Customer and in the presence of Customer's representative. In all other respects meters shall be installed, operated, maintained and tested in accordance with the Rules and Regulations of the Public Service Commission of Kentucky.

25. Remedies of Parties. Except as otherwise provided herein, nothing contained in this Agreement shall be construed to abridge, limit, or deprive either party of any means of enforcing any remedy either at law or at equity for the breach of any of the provisions herein.

Waiver at any time by either party of rights with respect to a default or any other matter arising in connection with this Agreement shall not be deemed to be a waiver with respect to any subsequent default or matter.

26. Notices. Any written notice, demand or request required or authorized under this Agreement shall be deemed properly given to or served on the Cooperative if mailed in writing to: Green River Rural Electric Cooperative Corporation, Owensboro, Kentucky. Any such notice, demand or request shall be deemed properly given to or served on the Customer if mailed in writing to: Western Kraft Corporation, Hawesville, Kentucky.

Each party shall have the right to change the name of the person or location to whom or where the notices are to be given or served by notifying the other party, in writing, of such change.

28. Reports and Information. Each party hereto shall furnish to the other such reports and information concerning its operations as the other party may reasonably request from time to time.

29. Future Energy Requirements. If in the future, Customer requires additional quantities of electric energy, beyond those referred to in this Agreement, it shall first negotiate with Cooperative as to any such future load requirements before negotiating with any other supplier of electric energy. Should Customer at any time notify Cooperative that it desires to negotiate as to such future load requirements, Cooperative agrees that it will expeditiously do so and will exercise its best efforts to agree upon reasonable terms as to rates and conditions of service.

If Customer and Cooperative fail to reach agreement on future additional load requirements, Customer may purchase such additional power from other sources, provided, however, the maximum annual demand and load factor supplied by the Cooperative under this Contract is not reduced thereby, and that such additional power is metered separately.

29. Successors in Interest. The terms and conditions of this Agreement shall inure to and be binding upon the parties together with their respective successors and assigns. The Customer may, at its election, assign or transfer this Agreement to any subsidiary or affiliate of Customer which may become engaged in the operation of the plant; and, in such event, if such assignee or transferee shall assume all obligations or responsibilities of Customer under this

Agreement, then Customer shall become only secondarily liable for such obligations and responsibilities.

30. The effective date of this contract shall be March 1, 1968.

IN WITNESS WHEREOF, the parties hereto have caused their names to be hereunto subscribed by their representatives thereunto duly authorized by their respective Boards of Directors as of the day and year first above written.

ATTEST:

GREEN RIVER RURAL ELECTRIC
COOPERATIVE CORPORATION

Robert Reid
Secretary

By DR Miller
Manager

ATTEST:

WESTERN KRAFT CORPORATION

Norman Schmidt

By W. W. Ruffe
Vice Pres