

Agreement for Purchase of Power

THIS AGREEMENT made and entered into as of the 4th day of May, 1998 by and between HENDERSON UNION ELECTRIC COOPERATIVE CORP., P.O. Box 18, Henderson, Kentucky 42419 (hereinafter called the "Seller"), and DUQUESNE ENERGY, INC. with principal offices located at One NorthShore Center, 12 Federal Street, Suite 506, Pittsburgh, PA 15212 (hereinafter called the "Customer").

WITNESSETH:

That for and in consideration of the premises and the mutual covenants herein contained, and intending to be legally bound hereby, the parties do hereby contract and agree as follows:

1. GENERAL OBLIGATIONS

1.01 Seller shall make available, sell and deliver to the Customer, and Customer shall take and pay for all of the electric power and energy, up to a maximum of 2,000 kW, as specified herein and required by Customer in the operation of its facilities, at the rates and upon the terms and conditions herein specified in SCHEDULE "LP-3" attached as Exhibit A.

1.02 Customer shall become a member of Seller, shall pay the membership fee, and shall be bound by such rules and regulations as may from time to time be adopted by Seller.

2. SERVICE CHARACTERISTICS

2.01 Service hereunder shall be alternating current, 277/480V WYE, ~~THREE~~ ^{EFFICIENT} phase, four-wire, sixty hertz.

2.02 The delivery of the electric power and energy supplied hereunder shall be at point mutually agreeable to both parties.

3. FACILITIES AND SERVICES PROVIDED BY CUSTOMER

3.01 Customer shall furnish and install, or cause to be furnished and installed, at no expense to the Seller, such facilities and equipment as may be necessary to enable Customer to receive and use electric power and energy purchased hereunder at and from the point of delivery, as described upon Exhibit B attached.

3.02 Customer shall not directly or indirectly resell any electric power and energy purchased hereunder.

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OF KENTUCKY

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

BY: Stephen D. Bell
SECRETARY OF THE COMMISSION

4. FACILITIES AND SERVICES PROVIDED BY SELLER

Seller shall furnish and install, or cause to be furnished and installed, at no expense to the Customer, all of the facilities required for the delivery of electric power and energy to the point of delivery, as described upon Exhibit B attached, on the secondary side of the transformer.

5. OPERATION AND MAINTENANCE OF FACILITIES

Seller shall operate and maintain, or cause to be operated and maintained, all of the transmission lines and substation facilities owned by it, its wholesale power supplier, or both. Customer shall 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 in the reasonable opinion of Seller to afford reasonable protection to the facilities of Seller, its wholesale power supplier, or both. Plans for equipment to be installed for the protection of the facilities of Customer, Seller or its wholesale power supplier, or any combination thereof, shall be subject to Seller's reasonable approval.

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6. CONSTRUCTION STANDARDS

Seller and Customer shall construct and maintain the facilities to be provided by each under this Agreement in accordance with applicable provisions of the National Electric Safety Code of the American National Standards Institute, the rules and regulations of the Kentucky Public Service Commission, and other applicable laws, codes and regulations, provided, however, Seller shall have no duty to inspect Customer's facilities for conformance therewith. Nothing in this Agreement shall be construed to render either party liable for any claim, demand, cost, loss, cause of action, damage or liability of whatsoever kind or nature arising out of or resulting from the construction or operations and maintenance of the other party's electric system.

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7. ELECTRIC DISTURBANCE AND PHASE BALANCING, AND HARMONICS

7.01 Customer shall not use the energy delivered hereunder in such a manner as to cause electric disturbances which may reasonably be expected to (i) cause damage or interference with Seller's system, or facilities or other property in proximity to Seller's system, or (ii) prevent Seller from serving other Customers satisfactorily. Seller may reasonably require Customer, at Customer's reasonable expense, to make such reasonable changes in its system, as may be necessary to reasonably limit such disturbances.

7.02 Customer shall take and use the power and energy hereunder in such a manner that the load at the Point of Delivery shall not cause a current imbalance between phases greater than ten percent (10%). Seller reserves the right to reasonably require Customer, at Customer's reasonable expense, to make necessary reasonable changes to correct such conditions. In

addition to any other remedies that Seller may have hereunder, should Customer fail to make such changes, Seller may, in its determination of billing demand, assume the load on each phase is equal to the greatest load on any phase.

7.03 Customer shall take and use power and energy hereunder in such a manner that the current harmonic total demand distortion (TDD) shall not exceed limits as described in IEEE Standard 519, Section 10. When necessary to maintain an acceptable TDD level, Customer, at its reasonable expense, will install, own, operate, and maintain required harmonic filtering equipment. Seller reserves the right to install at Customer's reasonable expense, suitable equipment to maintain a TDD level in accordance with IEEE Standard 519.

7.04 Seller shall give Customer written notice of any disturbances, imbalances, or harmonic distortions, described in Section 7, that Seller determines are caused by Customer's operation of its facilities. Seller's written notice will describe the reasonable changes, requirements, corrections or remedies that Seller deems reasonably necessary to correct the operations problems. Customer may request a meeting of representatives of both Seller and Customer to review the matters contained in Seller's written notice and to resolve any disputes that arise.

8. POWER FACTOR

Customer shall maintain a power factor as described upon SCHEDULE "LP-3" attached as Exhibit A.

9. METERING

Seller shall install, maintain and operate the metering equipment located at the point of delivery or other mutually agreed upon location. The meter shall be read on or about the twentieth (20th) day of each month by a representative of the Seller. Seller shall make such tests and inspections of the meter as may be necessary to maintain it at the highest practical commercial standard of accuracy. If periodic tests indicate that a meter used for billing purposes is accurate within one percent (1%) slow or fast, no correction shall be made in the billing. If any such tests indicate that such meter is inaccurate by more than one percent (1%) slow or fast, correction shall be made in the billing in favor of the proper party for the period during which the parties agree that the inaccuracy existed. Seller will make additional tests of meters at the request and expense of 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 Kentucky Public Service Commission.

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10. 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 same, regardless of mode or manner of annexation or attachment to real property of the other. Upon termination of this Agreement, the owner thereof shall have the right to enter upon the premises of the other party and shall within a reasonable time remove such equipment, apparatus, devices, or facilities. The party effecting removal under this provision shall pay any damages to the premises or property of the other party caused by such removal.

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11. RIGHT OF ACCESS

Duly authorized representatives of Seller shall be permitted to enter the Customer's premises at all reasonable hours in order to carry out the provisions of this Agreement.

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12. RATES AND PAYMENT

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SECRETARY OF THE COMMISSION

12.01 Customer shall pay Seller for service hereunder at the rates set forth upon Exhibit A, attached hereto and made a part hereof, subject to such changes as may become effective from time to time by operation of law or by order of the Kentucky Public Service Commission.

12.02 Seller shall revise said Exhibit A to reflect any such changes in rates, terms or conditions contained therein, and each revision shall automatically be incorporated into this Agreement. Failure of Seller to promptly revise Exhibit A shall not affect Customer's duty to pay for service in accordance with any changed rates, terms, or conditions of service rendered on or after the effective date of such change.

12.03 Customer shall pay all taxes, charges, or assessments now or hereafter applicable to electric service hereunder.

12.04 Bills for service furnished during the preceding billing period shall be processed and mailed and sent by facsimile transmission to Customer no later than the first (1st) day of each month. Payment by Customer shall be made by check or electronic bank transfer on or before the tenth (10th) day of each month or on the next full work day should the 10th day fall on a Saturday, Sunday, or holiday. In the event the current monthly bill is not paid by its due date, Seller may discontinue delivery of electric power and energy hereunder upon fifteen (15) days written notice to Customer of its intention to do so. Late charges shall apply per Exhibit "A" (Attachment). Any such discontinuance of service under this paragraph shall not relieve Customer of any of its obligations under this Agreement. No provision of the Agreement shall

be construed or operate to deny Customer the right to appear before any administrative or legal tribunal to protest any rate adjustment by Seller, Seller's wholesale power supplier, operation of law or order of the Kentucky Public Service Commission.

13. CUSTOMER DEPOSIT

As security for payment of its monthly billing obligations, Customer shall provide Seller a cash deposit or other sufficient guaranty in the sum of \$40,000.00, representing two months estimated billing which may be increased dollar for dollar as the two months estimated billing increases. Seller is required by law to pay 6% interest on all deposits and reserves the right to refund deposit or portion thereof if deemed appropriate.

14. BILLING DEMAND

14.01 If the first day service is taken under this Agreement is other than the first day of the month, the billing demand for that initial partial month shall be the maximum integrated fifteen-minute demand during the current billing month, prorated on the basis of the total days service is taken in such month.

14.02 The minimum billing demand of Customer following the partial month described in Section 14.01 shall be 501 kW.

15. TERM OF AGREEMENT

15.01 This Agreement shall remain in full force and effect from the beginning of the first day service is taken under this Agreement, and then for an initial term of one (1) year from the effective date as set forth in Section 22, and shall automatically renew annually thereafter for successive one-year terms upon the same terms and conditions stated herein and in any amendment hereto, until terminated by either party giving the other party at least twelve (12) months written notice prior to the effective date of such termination.

15.02 This Agreement shall not be assigned without the prior written consent of Seller, which consent will not be unreasonably withheld. Seller may withhold approval of a proposed assignment until, among other things, Seller has been provided with all information it may reasonably require regarding the proposed assignee, and until the proposed assignee has provided Seller with reasonable assurances of payment, if any.

16. FORCE MAJEURE

16.01 In the event either party is rendered unable, wholly or in part, by force majeure to carry out its obligations, upon such party's giving written notice and reasonable particulars of such force majeure, in writing or by telegraph, to the other party within a

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reasonable time after the occurrence of the cause relied on, then the obligations of such party, so far as and to the extent that they are affected by such force majeure, shall be suspended during the continuance of any inability so caused, but for no longer period, and such cause shall, insofar as possible, be remedied with all reasonable dispatch.

16.02 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, floods, washouts, arrests and restraints of 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 (either federal or state), including both civil and military, which are not reasonably within the control of the party claiming suspension. In the event of an interruption in the delivery of electric power and energy to Customer because of any event of force majeure, Customer shall incur no charges under this Agreement during such period of interruption.

16.03 This Agreement shall not subject either party to consequential damages or damages for loss of anticipated profits.

17. REMEDIES OF THE PARTIES

Except as specifically provided for herein, nothing contained in this Agreement shall be construed to limit or deprive either party of any means of enforcing any remedy, either at law or equity for the breach of any of the provisions of this Agreement. 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 be in writing and signed by both parties and shall not be deemed to be a waiver with respect to any subsequent default or matter.

18. NOTICES

Any notice, demand or request required or authorized under this agreement shall be served upon the other party in writing and placed in the mail, postage prepaid, or delivered to the other party at the following address:

To the Seller:

Henderson Union Electric Cooperative Corp.
Post Office Box 18
Henderson, Kentucky 42419
Attention: John West, President & CEO

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SECRETARY OF THE COMMISSION

To the Customer: Duquesne Energy, Inc.
One NorthShore Center
12 Federal Street, Suite 506
Pittsburgh, PA 15212
Attention: Charles Blankenship, Vice President
of Development

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

19. SUCCESSION AND APPROVAL

This Agreement shall be binding upon and inure to the benefit of the successors, legal representatives, and assigns of the respective party hereto.

20. SURVIVAL

Invalidity of any portion of this Agreement shall not affect the validity of the remainder thereof.

21. ENTIRE AGREEMENT AND VENUE

The terms, covenants and conditions herein contained constitute the entire Agreement between the parties and shall supersede all previous communications, representations, or agreements, either oral or written, between the parties hereto with respect to the subject matter hereof, provided, however, that service to the Customer shall be subject to the lawful orders of the Kentucky Public Service Commission. All respective rights and obligations of the parties hereto shall be governed by the laws of the Commonwealth of Kentucky.

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22. EFFECTIVE DATE

This Agreement shall not become effective until it is filed with and accepted by the Kentucky Public Service Commission.

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23. INDEMNIFICATION

Customer shall defend, indemnify and hold harmless Seller from and against and shall pay all losses, damages, liabilities, claims and actions, and all related expenses (including, without limitation, reasonable attorneys' fees and expenses and the actual costs of litigation) by reason of injury or death to any person, damage to any property or any other occurrence arising or resulting from any action, inaction or occurrence in connection with Customer's operation to the extent caused by the negligence or any malfeasance or nonfeasance of Customer, its agents, servants or employees. Seller shall defend, indemnify and hold harmless Customer from and

BY: Stephan D. Bell
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against and shall pay all losses, damages, liabilities, claims and actions, and all related expenses (including, without limitation, reasonable attorneys' fees and expenses and the actual costs of litigation) by reason of injury or death to any person, damage to any property or any other occurrence arising or resulting from any action, inaction or occurrence in connection with Seller's electric utility system to the extent caused by the negligence or any malfeasance or nonfeasance of Seller, its agents, servants or employees.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, as of the day and year first herein written.

HENDERSON UNION ELECTRIC COOPERATIVE CORP.

SELLER

BY: John West
President & CEO

DUQUESNE ENERGY, INC.

CUSTOMER

BY: [Signature]
President

S.P.
4/28/98

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Form for Filing Rate Schedules

EXHIBIT "A"

For All Territory Served
Community, Town or City

HENDERSON UNION ELECTRIC
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P.S.C. 7

Seventh Revised SHEET NO. 11

SEP 02 1997

CANCELING P.S.C. 7

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Sixth Revised SHEET NO. 11

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CLASSIFICATION OF SERVICE

SCHEDULE "LP-3" - LARGE POWER (501 to 2000 KW) Non-dedicated Delivery

AVAILABILITY

This rate shall apply for large power consumers contracting for a demand of 501 to 2000 KW.

CONDITIONS OF SERVICE

An "Agreement for Purchase of Power" shall be signed by the consumer for service under this rate.

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CHARACTER OF SERVICE

Service shall be the 60 Hz, 3-phase, at voltage as mutually agreed by the seller and consumer.

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DETERMINATION OF BILLING DEMAND

For all delivery points, the Billing Demand in kilowatts shall be the highest of: a.) The Member's maximum integrated fifteen-minute demand at such delivery point during each billing month, determined by meters which record at the end of each fifteen-minute period the integrated kilowatt demand during the preceding fifteen minutes; b.) the Contract Demand; or c.) 500 KW.

POWER FACTOR ADJUSTMENT

The consumer agrees to maintain unity power factor as nearly as practicable.

DATE OF ISSUE September 9, 1997 DATE EFFECTIVE September 2, 1997
(Interim rates subject to change)

ISSUED BY John West TITLE President & CEO
Name of Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 97-220
Dated August 29, 1997

Form for Filing Rate Schedules

For All Territory Served
Community, Town or City

HENDERSON UNION ELECTRIC
COOPERATIVE CORPORATION

EXHIBIT "A"
PUBLIC SERVICE COMMISSION
OF KENTUCKY
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P.S.C. 7

Eighth Revised SHEET NO. 12

SEP 02 1997

CANCELING P.S.C. 7

PURSUANT TO 807 KAR 5.011,
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Seventh Revised SHEET NO. 12

BY: Stephan B. Bell
SECRETARY OF THE COMMISSION

CLASSIFICATION OF SERVICE

SCHEDULE "LP-3" - LARGE POWER (501 to 2000 KW) Non-dedicated Delivery

Demand charge will be adjusted for average power factor lower than 90%. Such adjustment will be made by increasing demand 1.0% for each 1.0% by which the average power factor is less than 90% leading or lagging.

MINIMUM DEMAND CHARGE

The minimum monthly demand charge shall be no less than the amount as specified in the "Agreement for Purchase of Power."

MONTHLY RATE

Customer charge per delivery point	\$100.00	(I)
First 500 KW of Billing Demand, per KW.....	8.75	(R)
Over 500 KW of Billing Demand, per KW.....	7.80	(R)
First 200 kWh/kW of Billing Demand, per KW.....	.0310	(R)
Next 200 kWh/kW of Billing Demand, per KW.....	.0255	(R)
Over 400 kWh/kW of Billing Demand, per KW.....	.0230	(R)

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PRIMARY SERVICE DISCOUNT

If service is furnished at primary distribution voltage, a discount of \$.50 per kW of Billing

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For All Territory Served
Community, Town or City

HENDERSON UNION ELECTRIC
COOPERATIVE CORPORATION

P.S.C. _____ 7 _____

Eighth Revised SHEET NO. 13

CANCELING P.S.C. _____ 7 _____

Seventh Revised SHEET NO. 13

CLASSIFICATION OF SERVICE

SCHEDULE "LP-3" - LARGE POWER (501 to 2000 KW) Non-dedicated Delivery

Demand will be applied to the monthly bill if consumer owns and maintains all facilities beyond the meter.. The Cooperative shall have the option of metering at primary or secondary voltage.

TERMS OF PAYMENT

Delinquent accounts are subject to a collection fee of \$10.00 or disconnection of service. The above rates are net, the gross rate being five (5%) higher. In the event the current monthly bill is not paid within fifteen (15) days from the date of the bill, the gross rate shall apply.

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Name of Officer

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EXHIBIT 'B'

DUQUESNE ENERGY
Exhibit 'B' of Draft 1-20-98
Henderson County, Kentucky
9-52 Grid

101

HUEC
RIHERPORT
SUBSTATION

RIHERPORT ROAD

INDUSTRIAL PARK DRIVE

COMMERCE COURT

DUQUESNE
PROPERTY

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HIGHWAY-URBAN RELAYING
COMPARATIVE CONVENTIONS

SCALE 0.1 MILES

0 0.1

