

CONTRACT FOR ELECTRIC SERVICE

THIS CONTRACT FOR ELECTRIC SERVICE, made and entered into this September 16, 1987

 , 19 , by and between KENTUCKY UTILITIES COMPANY (hereafter called Company) and CITY OF NICHOLASVILLE

NICHOLASVILLE KENTUCKY (hereafter called Customer),
Town State

WITNESSETH:

Beginning October 15, 1987 or on the later effectiveness hereof, and continuing until this Contract is canceled as hereafter provided, and subject to all terms and conditions stated herein, in Company's Rate Schedule hereafter referred to and made part hereof and in Company's Rules, Regulations, Terms and Conditions applicable to the service hereunder, Company will sell and deliver to Customer at SHUN ROAD 12 KV SUB (Point of Delivery), and Customer will receive and pay Company for, Customer's requirements of electricity for operation of Customer's electric distribution system.

This Contract may be canceled in its entirety, or terminated as to part of Customer's requirements of electricity for operation of Customer's electric distribution system, by either party by not less than five years prior written notice to the other.

To be effective, a notice by Customer either of cancellation of the Contract or of termination as to part of Customer's said requirements of electricity must contain a specification of the new source of supply, the date on which the source of supply will be available and an affidavit from the supplier that it will supply Customer on the date the cancellation hereof or partial termination hereunder is to become effective. If Customer should continue to take service from Company after the effective date of cancellation of the Contract by Customer, the rate for such service shall be the rate specified in the Rate Schedule applicable at the time of Customer's notice or in any superseding Rate Schedule properly filed with the Federal Energy Regulatory Commission.

The power will be delivered as THREE phase, 60 cycle, alternating current of a nominal voltage of 69,000 volts at the Point of Delivery and in the amount of approximately 3,600* kilowatts.

All power taken under this Contract will be billed as TRANSMISSION [Primary Service. or Transmission]

PUBLIC SERVICE COMMISSION
OF KENTUCKY

SEP 16 1987

PURSUANT TO 607 KAR 5.011
SECTION 9 (1)
BY: [Signature]

Customer shall, on a continuing basis, forecast its requirements eight years in advance. Customer shall submit to Company Customer's forecast at least once every 12 months, the date by which Customer shall submit its forecast to be determined by mutual agreement. Company shall plan and provide for forecasted increases in Customer's requirements, giving consideration to Company's and Customer's forecasts. Company shall submit to Customer at least once every 12 months the forecast Company uses to plan for Customer's requirements, the date by which Company shall submit its forecast to be determined by mutual agreement. If Customer anticipates an increase in its requirements beyond that for which Company has planned, Customer shall notify Company as soon as possible. Company will provide for such an increase to the extent it is able to do so from its own resources or by purchasing power without impairing its ability to provide adequate service to other customers. As soon as practicable after receipt of such notice from Customer, Company will inform Customer whether Company is able to provide for the increased requirements and the rate at which it will do so. If Company is unable to provide for Customer's increased requirements, Company will do so as soon as it reasonably can without impairing its ability to provide adequate service to other customers. The rate for service shall be the rate specified herein or in a superseding rate schedule properly filed with the Federal Energy Regulatory Commission.

In the event any occurrence, condition or circumstance leads Company to request voluntary curtailment of consumption, or to impose mandatory curtailment of consumption, with respect to Company's own retail customers, or a segment thereof which would include the retail customers of Customer if Company supplied such retail customers directly, Customer will make the same request for voluntary curtailment of consumption, or impose the same mandatory curtailment of consumption, upon its retail customers, to the end that retail customers of Company, or the affected segment thereof, and retail customers of Customer will be treated alike; and Customer will cooperate fully in taking the same character of enforcement action as Company takes with respect to any such request or mandate.

Each month Customer will pay Company at its office, in cash or check of Customer, within ten days of rendition of bills, for all electricity delivered to Customer during the preceding month determined in accordance with Rate Schedule WPS-83SR(M), which is made a part of this Contract. The minimum bill will be as provided in the Rate Schedule but not less than \$ 29,710.80* a MONTH. If payment is by check of Customer, payment will be effective only if check is honored upon presentation.

[Where service is to be metered or billed at other than delivered voltage, and/or a minimum other than standard minimum is to apply, or if there is an agreement supplemental to this Contract, explain below.]

Company reserves the right to meter at 12 KV and adjust the meter readings to reflect transformer losses. NOTE:* Customer's load to increase gradually.

Contract capacity and minimum shown will be effective 10/15/88.

307-10-1587
PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
PURSUANT TO KRS 202.011
SECTION 2 (1)
BY: B. J. [Signature]

Nothing contained herein shall be construed as affecting in any way the right of Company, and Company shall at all times have the right, to unilaterally file with the Federal Energy Regulatory Commission, or other regulatory agency having jurisdiction, a change in rates, charges, classification or service, or any rule, regulation or contract relating thereto, under Section 205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder, or under other applicable statutes and regulations.

Neither this Contract nor any right or obligation of Customer hereunder is assignable by Customer, in whole or in part or voluntarily or involuntarily, without the prior written consent of Company; provided, however, that consent shall not be required for an assignment to a bona fide purchaser of Customer's electric distribution system and business, which purchaser thereafter continues to own and operate such system and business and accepts such assignment and, as new Customer hereunder, agrees with Company to the terms, provisions and conditions hereof.

This Contract shall become effective when approved by every regulatory agency having jurisdiction hereof.

When effective, this Contract will replace the following contract(s) for electric service and amendments and/or supplements thereto between the parties:

ORIGINAL CONTRACT.

IN WITNESS WHEREOF, the parties have caused this Contract to be executed by their respective duly authorized officers or representatives, as of the day and year written first above.

Attest:

Mariusz P. Pabuty
Secretary

KENTUCKY UTILITIES COMPANY

By: *Robert M. Hewitt*
Vice President

Attest:

Bennie Dea
(Official Capacity) City Clerk

CITY OF NICHOLASVILLE

(Customer)

By: *Jimmie P. Blaser*
PUBLIC SERVICE COMMISSION
Mayor
(Official Capacity)

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PURSUANT TO KRS 177.011
SECTION 2 (1)

BY: *B. Jones*

KENTUCKY UTILITIES COMPANY
(Company)

ELECTRIC RATE SCHEDULE
WPS-83SR (M)

Wholesale for Retail Resale Electric Service
to Municipals and Berea College

AVAILABILITY

By Contract.

APPLICABILITY

To wholesale for retail resale electric service through one delivery point and one set of metering apparatus; billed separately in accordance with the Charges set out herein.

CUSTOMER FACILITIES

Customer must own and maintain all transformers and other facilities necessary to take service at the delivered voltage.

TERM

As set out in the Contract.

PAYMENT

Each month Customer will pay Company at its office, in cash or check of Customer, within ten days of rendition of bills, for all electricity delivered to Customer during the preceding month. If payment is by check of Customer, payment will be effective only if check is honored upon presentment.

RATE

Maximum Load Charge

Primary Service at nominal voltage of 2,400 volts through 12,470 volts,

\$8.277 per kilowatt for all kilowatts of Maximum Load in the month.

Transmission Line Service at nominal voltage of 34,500 volts or more,

\$8.253 per kilowatt for all kilowatts of Maximum Load in the month.

PURSUANT TO 07 KAR 5:011

SECTION 3 (1)

BY B. J. ...

Issue Date: October 23, 1986

Effective Date: February 24, 1987

Determination of Maximum Load: The Maximum Load will be measured and will be the average kilowatt load used by Customer during the 15-minute period of maximum use during the month.

Energy Charge

2.33 cents per KWH used per month.

MINIMUM MONTHLY BILL

The Minimum Monthly Bill will be the Maximum Load Charge for the month, but never less than the Maximum Load Charge established during the eleven preceding months. The Fuel Clause Charge shall be in addition to the Minimum Monthly Bill.

FUEL CLAUSE

The charge per KWH delivered under this Rate Schedule shall be increased or decreased to the nearest \$.00001 per KWH, during each month in accordance with the following Adjustment Factor:

$$\text{Adjustment Factor} = \frac{(F_m - F_b)}{(S_m - S_b)} \quad (L \text{ or } L) \quad (T \text{ or } D)$$

Where: "F" is the expense of fuel and "S" is the KWH sales in the base (b) and current (m) periods. Fuel costs "F" and KWH sales "S" are as defined in Section 35.14 of the Regulations under the Federal Power Act. Base period is twelve months ending December 31, 1984, as determined from the Company's Period II studies as filed with FERC in August 1983. Current period shall be the same calendar month that energy billed under this Fuel Clause is consumed. "L_T" is the Loss Factor which recognizes proper allowance for losses (estimated if necessary) associated only with wholesale sales for resale at the transmission voltage level. "L_T" is determined from the following formula:

$$L_T = \frac{\text{KWH Total Sales}}{\text{KWH Available for Sale at Transmission Voltage Level}}$$

"L_D" is the Loss Factor which recognizes proper allowance for losses (estimated if necessary) associated only with wholesale sales for resale at the distribution voltage level. "L_D" is determined from the following formula:

$$L_D = \frac{\text{KWH Total Sales}}{\text{KWH Available for Sale at Transmission Voltage Level}} \times \frac{\text{KWH Delivered to Distribution System}}{\text{Distribution Sales}}$$

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

BY: B. Jones

INCREASES IN CUSTOMER'S REQUIREMENTS

Customer shall, on a continuing basis, forecast its requirements eight years in advance. Customer shall submit to Company Customer's forecast at least once every twelve months, the date by which Customer shall submit its forecast to be determined by mutual agreement.

Issue Date: October 23, 1986

Effective Date: February 24, 1987

Company shall plan and provide for forecasted increases in Customer's requirements, giving consideration to Company's and Customer's forecasts. Company shall submit to Customer at least once every twelve months the forecast Company uses to plan for Customer's requirements, the date by which Company shall submit its forecast to be determined by mutual agreement.

If Customer anticipates an increase in its requirements beyond that for which Company has planned, Customer shall notify Company as soon as possible. Company will provide for such an increase to the extent it is able to do so from its own resources or by purchasing power without impairing its ability to provide adequate service to other customers. As soon as practicable after receipt of such notice from Customer, Company will inform Customer whether Company is able to provide for the increased requirements, and the rate at which it will do so. If Company is unable to provide for Customer's increased requirements, Company will do so as soon as it reasonably can without impairing its ability to provide adequate service to other customers. The rate for service shall be the rate specified herein or in a superseding rate schedule properly filed with the Federal Energy Regulatory Commission.

CURTAILMENT

In the event any occurrence, condition or circumstance leads Company to request voluntary curtailment of consumption, or to impose mandatory curtailment of consumption, with respect to Company's own retail customers, or a segment thereof which would include the retail customers of Customer if Company supplied such retail customers directly, Customer will make the same request for voluntary curtailment of consumption, or impose the same mandatory curtailment of consumption, upon its retail customers, to the end that retail customers of Company, or the affected segment thereof, and retail customers of Customer will be treated alike; and Customer will cooperate fully in taking the same character of enforcement action as Company takes with respect to any such request or mandate.

ADJUSTMENTS

Nothing contained herein shall be construed as affecting in any way the right of Company, and Company shall at all times have the right, to unilaterally file with the Federal Energy Regulatory Commission, or other regulatory agency having jurisdiction, a change in rates, charges, classification or service, or any rule, regulation or contract relating thereto, under Section 205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder, or under other applicable statutes and regulations.

NON-ASSIGNABILITY

No right or obligation of Customer hereunder is assignable in whole or in part or voluntarily or involuntarily, without the prior written consent of Company.

PUBLIC SERVICE COMMISSION
 OF THE STATE OF NEW YORK
 REGULATORY BUREAU

OCT 18 1987

PURSUANT TO SECTION 101.1

SECTION 101.1

BY: *[Signature]*

Issue Date: October 23, 1986

Effective Date: February 24, 1987

RULES, REGULATIONS, TERMS AND CONDITIONS
Applicable to Wholesale For Retail Resale Electric Service

APPLICATION FOR SERVICE

Service will be rendered under Contract, in writing, signed by Customer and Company. The Contract shall become effective when approved or accepted by every regulatory agency having jurisdiction.

CUSTOMER'S INSTALLATION

All wiring and other electric equipment furnished by Customer will be maintained by Customer at all times in conformity with requirements of constituted authorities.

ACCESS TO PREMISES

Company will have the right of access to Customer's premises at all reasonable times for the purpose of installing, reading, inspecting or repairing any meters, devices and other equipment used in connection with Company's supply of electric service, or for the purpose of removing its property and for all other proper purposes.

METERING

The electricity used will be measured by a meter or meters to be furnished and installed by Company at its expense, and all bills will be calculated upon the registration of said meters.

Company, at its option, shall have the right to meter service on the low voltage side of Customer-owned substation, where delivery by Company is at the transmission voltage, and adjust the meter readings to reflect transformer losses. Customer shall provide suitable space for Company's metering equipment in substations owned by Customer.

PUBLIC SERVICE COMMISSION
OF KENTUCKY

PURSUANT TO PARAGRAPH

SECTION 111

BY: B. J. [Signature]

PROTECTION OF COMPANY'S PROPERTY

Customer will be held responsible for tampering, interfer-

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Effective Date: February 24, 1987

ing with, breaking of seals of meters, or other equipment of Company installed on Customer's premises, and will be held liable for same according to law. Customer hereby agrees that no one except employees of Company shall be allowed to make any internal or external adjustments of any meter or any other piece of apparatus which shall be the property of Company.

LIABILITY

Customer assumes all responsibility for the electric service upon Customer's premises at and from the point of delivery of electricity and for the wires and equipment used in connection therewith, and will protect and save Company harmless from all claims for injury or damage to persons or property occurring on Customer's premises or at and from the point of delivery of electricity, occasioned by such electricity or said wires and equipment, except where said injury or damage is shown to have been occasioned solely by the negligence of Company.

CONTINUOUS SERVICE

Company will not be responsible in damages for failure to supply electric service or for interruptions or reversal of the supply if such failure is without willful fault on its part.

PROTECTION OF SERVICE

Company cannot render service to any Customer for the operation of any device that has a detrimental effect upon the service rendered to other customers.

Company, however, will endeavor to cooperate with Customer when consulted concerning the intended use of any electric device, which may have such detrimental effect, proposed to be served from Customer's system.

Where Customer permits service from its system to intermittent loads or loads subject to violent fluctuations, Company reserves the right to require Customer to furnish, at its own expense, suitable equipment to reasonably limit such intermittence or fluctuation.

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PURSUANT TO PAR 5011
BY B. Jones

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POWER FACTOR

Company installs facilities to supply power to Customer at or near unity power factor.

Company expects Customer's distribution system to be at or near unity power factor. However, Company will permit Customer's distribution system, during normal operation, to have a power factor not lower than 90% either lagging or leading.

Where Customer's power factor is less than 90%, Company reserves the right to require Customer to furnish, at its own expense, suitable corrective equipment to maintain a power factor of 90% or higher. At Company's option, in lieu of Customer's providing the above corrective equipment, Company may adjust the maximum measured load for billing purposes when power factor is less than 90%, in accordance with the following formula (BASED ON POWER FACTOR MEASURED AT TIME OF MAXIMUM LOAD):

$$\frac{\text{Maximum Measured KW Load} \times 90\%}{\text{Power Factor (in percent)}}$$

Company will not be required to measure power factor more often than once a year but will do so if there is a material or permanent change in Customer's load. However, Company reserves the right to install (1) a KVA meter and base the billing KW on the measured KVA times 90%, or (2) metering equipment of a type whereby power factor can be determined for use in the above formula.

The reference to "power factor" is in accordance with the accepted technical meaning of this term.

BILLING FOR SERVICE

(a) All bills will be based upon consecutive meter readings, as relates to kilowatt hours, made in accordance with Company's meter reading schedule, which readings shall be taken as nearly as may be practicable every 30 days.

(b) Failure to receive a bill in no way exempts Customer from the provisions of these RULES, REGULATIONS, TERMS AND CONDITIONS.

(c) When Company is unable to read a meter after reasonable effort, Customer will be billed at the average of the three immediately preceding monthly bills, and the billing adjusted

BY B. J. [Signature]

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when the meter is read.

(d) Fuel clause adjustments (+) are in addition to the minimum.

DISCONTINUANCE OF SERVICE

When bills for electric service are in arrears, or in case Customer fails to comply with these RULES, REGULATIONS, TERMS AND CONDITIONS, Company will have the right to discontinue all its electric service to Customer and to remove its property from Customer's premises upon mailing notice to address to which the monthly bills are sent. For Customers whose service has been so disconnected, there will be a charge equal to Company's actual costs of disconnecting and of any reconnecting of the service.

TRANSMISSION SERVICE

Customer, in order to earn the transmission service rate, must own and maintain or, at Company's option, lease all transformers and other facilities necessary to take service at the delivered transmission voltage.

INCREASES IN CUSTOMER'S REQUIREMENTS

Customer shall, on a continuing basis, forecast its requirements eight years in advance. Customer shall submit to Company Customer's forecast at least once every twelve months, the date by which Customer shall submit its forecast to be determined by mutual agreement.

Company shall plan and provide for forecasted increases in Customer's requirements, giving consideration to Company's and Customer's forecasts. Company shall submit to Customer at least once every twelve months the forecast Company uses to plan for Customer's requirements, the date by which Company shall submit its forecast to be determined by mutual agreement.

If Customer anticipates an increase in its requirements beyond that for which Company has planned, Customer shall notify Company as soon as possible. Company will provide for such an increase to the extent it is able to do so from its own resources or by purchasing power without impairing its ability to provide adequate service to other customers. ^{PUBLIC SERVICE COMMISSION} ~~AS~~ soon as practicable af-

BY: D. Jones

Issue Date: October 23, 1986

Effective Date: February 24, 1987

ter receipt of such notice from Customer, Company will inform Customer whether Company is able to provide for the increased requirements and the rate at which it will do so. If Company is unable to provide for Customer's increased requirements, Company will do so as soon as it reasonably can without impairing its ability to provide adequate service to other customers. The rate for service shall be the rate specified in the Rate Schedule applicable when Company so informs Customer or in a superseding rate schedule properly filed with the Federal Energy Regulatory Commission.

CHANGE IN FACILITIES

When Customer's load grows to a point where Company or Customer facilities must be enlarged to provide an adequate and reliable supply of power and energy, Company reserves the right to require a new contract which shall provide for a new initial term, among other things.

AGENTS CANNOT MODIFY AGREEMENT

No agent has power to amend, modify, alter or waive any of these RULES, REGULATIONS, TERMS AND CONDITIONS, or to bind Company by making any promises or representations not contained herein.

NON-ASSIGNABILITY

No right or obligation of a wholesale for retail resale Customer of Company is assignable, in whole or in part or voluntarily or involuntarily, by Customer without the prior written consent of Company.

CURTAILMENT

In the event any occurrence, condition, or circumstance leads Company to request voluntary curtailment of consumption, or to impose mandatory curtailment of consumption with respect to Company's own retail customers, or a segment thereof which would include the retail customers of Customer if Company supplied such retail customers directly, Customer will make the same request for voluntary curtailment of consumption, or impose the same mandatory curtailment of consumption, upon its retail customers, to the end that retail customers of Company,

BY: *B. Jones*

Issue Date: October 23, 1986

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or the affected segment thereof, and retail customers of Customer will be treated alike; and Customer will cooperate fully in taking the same character of enforcement action as Company takes with respect to any such request or mandate.

ADJUSTMENTS

Nothing contained herein shall be construed as affecting in any way the right of Company, and Company shall at all times have the right, to unilaterally file with the Federal Energy Regulatory Commission, or other regulatory agency having jurisdiction, a change in rates, charges, classification or service, or any rule, regulation or contract relating thereto, under Section 205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder, or under other applicable statutes and regulations.

SUPERSEDE PREVIOUS RULES, REGULATIONS, TERMS AND CONDITIONS

These Rules, Regulations, Terms and Conditions supersede all Rules, Regulations, Terms and Conditions under which Company has previously supplied electric service at wholesale for retail resale.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

OCT 23 1987

PURSUANT TO PAR 5.011,

SECTION 7(1)
BY: *R. Jones*

Issue Date: October 23, 1986

Effective Date: February 24, 1987

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Kentucky Utilities Company)

Docket No.

NOTICE OF NEW DELIVERY POINT

Take notice that on _____, Kentucky Utilities Company (KU) tendered for filing an agreement for electric service to the City of Nicholasville (City) at the delivery point of the City's Shun Road Substation.

KU states that no reasonable billing estimates can be made since the load served will build up over a period of time and other loads transferred from other delivery points from time to time. KU further states that copies of the tendered filing have been sent to the City and the Kentucky Public Service Commission. KU proposed an effective date of October 15, 1987.

Any person desiring to be heard or to protest said filing should file a petition to intervene or protest with the Federal Energy Regulatory Commission, 825 North Capitol Street, N.E., Washington, D.C. 20426, in accordance with Sections 1.8 and 1.10 of the Commission's Rules of Practice and Procedure (18 CFR, Sections 385.211 and 385.214). All such petitions or protests should be filed on or before _____. Protests will be considered by the Commission in determining the appropriate action to be taken but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a petition to intervene. Copies of this filing are on file with the Commission and are available for public inspection.

Kenneth F. Plumb,
Secretary

PUBLIC SERVICE COMMISSION
OF KENTUCKY

OCT 13 1987

PURSUANT TO ORDER

BY B. J. [Signature]