

**CONTRACT
FOR
ELECTRIC SERVICE**

This contract and agreement made and entered into this _____ day of _____, _____ by and between KENTUCKY UTILITIES COMPANY, hereinafter called "Company", and NORTH AMERICAN STAINLESS, hereinafter called "Customer" has an effective date of June 1, 2002 and replaces the contract between Company and Customer dated July 24, 2000.

WITNESSETH:

For an initial period of three years, beginning April 1, 2001 and subject to the Company's General Rules and Regulations or Terms and Conditions, Company will sell and deliver to Customer on Highway 42 West, near Carrollton, Kentucky, and Customer will receive and pay for all electric capacity (KW) and energy (KWH) for the operation of a steel mill melt shop.

Unless Company or Customer shall have given notice prior to April 1, 2003 to terminate this contract upon expiration of the initial term, this contract will renew annually for successive one year terms until canceled by either party giving at least 1 year written notice to the other prior to the end of the annual period.

All capacity and energy taken under this agreement will be delivered as three phase, 60 cycle, alternating current of a nominal voltage of 345,000 volts at the point of delivery, and will be measured as transmission service. This point of delivery requires an estimated system capacity of 100,000 KW.

Service under this contract will be limited to measured maximum loads of approximately 100,000 KW. Customer will give Company advance written notice, reasonable in relation to the magnitude of excess capacity desired but in no event to be less than 90 days, prior to any time Customer desires capacity in excess of Customer's Contract Capacity requirements set out above.

Each month Customer will pay to Company at its office, within 10 days from date of bills, for all capacity and energy delivered to Customer during the proceeding month, determined in accordance with the following Rate Schedule, as from time to time approved by the Public Service Commission of Kentucky. A "month" as used in this contract will mean the period between any two consecutive regular readings by Company of the meters at Customer's premises, such readings to be taken as nearly as may be practicable every 30 days. All times as used herein shall be measured in Eastern Standard Time.

RATE SCHEDULE

BASIC SERVICE

Demand Charges based on the greater of:

- 1) \$632,000 or
- 2) The actual demand

At a rate of:

a) On-Peak Period \$6.32 Per KW for the Measured Maximum Load in KW in the current month, where the On-Peak Period is noon to 7 P.M. Eastern Standard Time weekdays during May, June, July, August, and September and 8 A.M. to noon Eastern Standard Time weekdays for all other months.

b) Plus Off-Peak Period \$1.17 Per KW for the Measured Maximum Load in KW in the current month, where the Off-Peak Period is all hours not included in the On-Peak Period.

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BY Thomas H. Don
EXECUTIVE DIRECTOR

Plus an Energy Rate of:

For the first 325 hours per KW
Of the Measured Maximum Load
In the month \$0.015 Per KWH

For all excess energy \$0.02033 Per KWH

Plus Curtailment Compliance Demand Credits of:

\$3.10 Per KW for the Measured Curtailable Load in KW in the month during an On-Peak Period less the greater of 1,800 KW or the Measured Curtailed Load in KW during requested curtailments in the current or preceding eleven months.

Plus Curtailment Non-compliance Charges of:

\$0.45 Per KW for the Measured Curtailed Load in KW above 1,800 KW during each requested on-peak curtailment in the current or preceding eleven months.

TOTAL BILLING

The total monthly billing under this contract will be the sum of the charges for BASIC SERVICE, the Fuel Adjustment Clause, the Environmental Surcharge, the Merger Surcredit, the Earnings Sharing Mechanism, the Value Delivery Surcredit, and the Franchise Charge plus applicable taxes.

DETERMINATION OF MEASURED MAXIMUM LOAD

The Measured Maximum Load will be measured and will be the average KW demand delivered to the Customer during the fifteen-minute period of maximum use for the applicable period.

The Measured Curtailable Load will be measured and will be the average KW demand delivered to the Customer during the one-clock hour of maximum use during the current month On-Peak Period.

The Measured Curtailed Load will be measured and will be the average KW demand delivered to the Customer during the one-clock hour period of maximum use during a requested curtailment in the current month or the most recent month when a curtailment request was made.

The Company reserves the right to place a KVA meter and base the Measured Maximum Load on the measured KVA. The charge will be computed based on the measured KVA times 90% in accordance with the following formula: (Based on Power Factor measured at time of maximum KVA.)

Adjusted Maximum KW Load for Billing Purposes = Maximum KW Load Measured *
90% / Power Factor (in percent)

CURTAILMENT

Company may request Customer to curtail service with notice given at least prior to 6 P.M. of the day preceding the period in which the requested curtailment is to begin. With the exception of emergency and other requests described herein, curtailment requests will be subject to no more than 200 hours of interruption for any calendar year and pursuant to the credits and penalties as set forth under Basic Service. Such requests for curtailment shall be for the weekdays (hours) expressed in Eastern Standard Time, of 8:00 A.M. to 12 noon in December, January and February and of 12 noon to 7:00 P.M. in May, June, July, August, and September.

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BY Thomas G. F. [Signature]
EXECUTIVE DIRECTOR

Company may in addition request Customer to curtail upon one hour notice up to ten(10) times for no more than 160 hours annually. Such curtailments shall be for a minimum of four hours and maximum of sixteen hours. Company shall pay customer for such curtailments monthly: (1) \$.75 per KW for the measured load during the one-clock hour of maximum use during the prior month weekday period from 7 A.M. to 11 P.M. Eastern Standard Time and (2) \$.175 per KWH when Customer curtails usage upon Company request for all KWH determined by multiplying the hours of interruption times the measured load as determined in (1) above.

Notwithstanding the foregoing, 1,800 KW of Customer's load shall not be subject to interruption under the preceding two paragraphs.

SYSTEM CONTINGENCIES AND NERC/ECAR SYSTEM PERFORMANCE CRITERIA

In order to facilitate Company compliance with system contingencies and with NERC/ECAR System Performance Criteria, Customer will permit the Company to install electronic equipment and associated real-time metering to permit Company interruption of the Customer's electric arc furnace(s) when the LG&E Energy Corp. System ("LEC System") experiences an unplanned outage or de-rate of LEC System-owned or purchased generation, or when Automatic Reserve Sharing is invoked within ECAR. LEC System as used herein shall consist of Company and Louisville Gas and Electric Company. Such equipment will electronically notify customer five (5) minutes before the electronically initiated interruption that will begin immediately thereafter and last no longer than ten (10) minutes. The interruptions will not be accumulated and credited against the annual curtailment hours under this contract, and the 1,800 KW of Customer's load that is not subject to interruption above shall not be subject to interruption under this paragraph.

CONTINUING OPERATIONS

Should Customer's power requirements change, should continuous operation not require Customer usage above a thirty percent load factor or at either parties request, Company and Customer agree to consider and modify the arrangement hereunder to mutually satisfactory terms.

RULES AND REGULATIONS

It is mutually agreed that the Company's General Rules and Regulations or Terms and Conditions applicable to the service supplied hereunder, as from time to time approved by and on file with the Public Service Commission of Kentucky, are made a part of this contract as fully as if written herein.

REGULATORY APPROVAL

This Contract for Electric Service shall be subject to approval of the Kentucky Public Service Commission.

RETAIL CHOICE

Not withstanding any other provision of this contract, it is further agreed that neither Company or Customer shall have the right to terminate this contract with one(1) year prior written notice in the event that Kentucky enacts legislation amending or repealing Kentucky's Retail Certified Territories Act (KRS 278.016,etc.) so as to deregulate the supply of electricity and provide for customer choice of electric supplier.

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CONFIDENTIALITY

Customer and Company agree that this Contract contains confidential information including, but not limited to, prices, demand levels, and other terms relating to rates and service. Customer and Company agree that neither will publicly disclose the terms of this Contract and will take all reasonable steps to protect said terms from public disclosure. Either party may publicly disclose the terms of this Contract only to the extent that any such information must be disclosed to a third party.

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BY James S. Duff
EXECUTIVE DIRECTOR

party for the purpose of effectuating the terms of this Contract, or as required by law or by a duly constituted governmental authority having jurisdiction over Customer or Company.

IN WITNESS WHEREOF, the parties hereto have caused this contract to be executed by their duly authorized representatives this day and year shown above.

KENTUCKY UTILITIES COMPANY

By: _____



V.P. Romanowski

Official Capacity

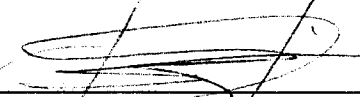
Attest: _____

Official Capacity

10/1/02

NORTH AMERICAN STAINLESS

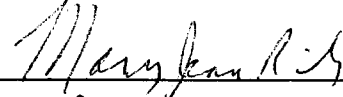
By: _____



President

Official Capacity

Attest: _____



Vice President - Fin. Admin

Official Capacity

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OF KENTUCKY
EFFECTIVE

APR 3 0 2003

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SECTION 9 (1)

BY Charles H. [Signature]
EXECUTIVE DIRECTOR