

AGREEMENT

OCT 28 1994

This is an Agreement dated ^{9.30 doc.} ~~4-27~~, 1994 between ^{PURSUANT TO 607 KAR 50.11} ~~Louisville Gas and Electric~~ Company, P. O. Box 32010, Louisville, Kentucky ^{BY: *James C. Paul*} ~~40232, a Kentucky corporation~~ ("Company") and General Electric Company, _____, a ^{NEW YORK} corporation ("Customer").

Recitals

- A. Company is a gas and electric utility company operating in the state of Kentucky and regulated by the Kentucky Public Service Commission (the "PSC").
- B. Customer is a manufacturer of electric appliances at its Appliance Park facility located in Jefferson County, Ky.
- C. The parties hereto desire to enter into this Agreement for the sale and purchase of electric power under all the terms and conditions hereof.

Agreements

The parties hereby agree as follows:

1. Scope of Agreement. This Agreement applies to Customer's facility at Appliance Park located in Jefferson County, Kentucky and does not apply to any other facility of Customer.
2. Sole Supplier of Electric Power. During the term of this Agreement, Company will sell and deliver to Customer, and Customer will take and purchase from Company, all of Customer's electric power requirements for the operation of all its facilities at Appliance Park except that the Company shall not be obligated to supply more than 100,000 kilowatts of electric power, unless a larger amount shall be agreed upon by the parties. Except for peak-shaving (demand control) and emergency backup, Customer shall not engage in co-generation

or self-generation of electricity during the term of this Agreement. No change in any law or regulation governing the sale of electric power which gives the Customer a choice of potential suppliers of electric power greater than under current law shall negate, limit, or modify Customer's obligation to purchase all its requirements from Company as stated in this Section 2.

3. Effective Date The effective date of this Agreement is the date of the first monthly billing rendered at least thirty (30) days after the date this Agreement is actually executed by the last party to execute this Agreement. Such billing shall reflect the new rates established hereunder. Notwithstanding the foregoing, if the PSC initially suspends this Agreement for further review and subsequently approves it or allows the PSC review period to expire without PSC rejection of the Agreement, then, subject to any cancellation rights either party may have under Section 13 hereof, the effective date of this Agreement shall be the date of the first monthly billing rendered at least ten (10) days after the date of such PSC approval or such expiration of the PSC review period; and such billing shall reflect the new rates established hereunder.

4. Term. The term of this Agreement shall begin on the effective date and shall extend for an initial period of ten (10) years subject to section 8(b) hereof. This Agreement after the initial ten year term shall automatically continue in full force and effect unless or until terminated by either party hereto pursuant to a prior written notice to the other party of at least one year.

5. Form of Service. Electric power supplied hereunder shall be in the form of three-phase alternating current having a nominal frequency of 60 cycles per second and a nominal potential of 138,000 volts.

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SECTION 9 (1)

BY: Gordon C. Neal
FOR THE PUBLIC SERVICE COMMISSION

6. Point of Delivery. The electric power sold hereunder shall be delivered at the point of connection of Customer's 138 Kv facilities with the 138 Kv facilities of Company where they are now located or where they may be relocated by agreement of the parties.

7. Rates. Subject to section 8 hereof, the rates for electric power sold hereunder shall be as set forth on Exhibit A which is attached hereto and incorporated herein by reference.

8. Revisions to Rates. The rates set forth on Exhibit A hereto shall not be modified except as set forth in this section 8 below:

(a) The rates set forth hereunder are at all times subject to abrogation or modification by order of the PSC. The Company has the right to seek increases in the rates hereunder in general rate proceedings before the PSC. However, in no such proceeding will the Company seek a PSC order which will put in effect during the first seven years of the term of this Agreement base rate increases hereunder which will exceed base rate increases for the Company's Industrial Power Time-of-Day (LP-TOD) class of customers. "Base rates," as used in this Agreement, means the Customer Charge, Basic Demand Charge, the Peak Period Demand Charges, and the Energy Charge excluding the component of rates for fuel cost recovery, DSM cost recovery, environmental cost recovery, or recovery of any other direct pass through costs authorized by the PSC.

(b) This subsection 8(b) shall apply only after the seventh anniversary of the effective date of this Agreement and only if retail wheeling of electric power is then legal in Kentucky such that there are suppliers of electric power in addition to the Company who are able legally and otherwise to sell electric power directly to the Customer and such that there

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are customers outside of the Company's electric service territory to whom the Company legally may sell electric power directly.

(i) If the Customer receives a bona fide written offer to sell to the Customer all its electric power requirements from a supplier of electric power who is able legally and otherwise to sell power directly to the Customer, and if such third party offer is to sell electric power at a delivered price to the Customer's premises which is less than 98% of the then applicable price hereunder for comparable service including, but not limited to, comparable firmness, level of demand, level of energy, reliability of supply, and length of term, and if the Customer wishes to accept such third party offer, then the Customer shall give to the Company written notice of its intent to accept such offer along with a copy of such offer. If the Company within a period of 60 days after delivery of such notice delivers to the Customer a written offer which includes rates as low as that offered by the third party for comparable service as described above, then this Agreement shall be amended accordingly. If the Company fails to deliver such offer to the Customer within the aforementioned 60 day period, then the Customer shall have the right to accept the third party offer and to terminate this Agreement upon an additional 60 days advance written notice to the Company.

(ii) If the Company receives a bona fide written offer to purchase from the Company electric power from a buyer of electric power who is able legally and otherwise to purchase power directly from the Company and who is outside of the Company's electric service territory, and if such third party offer is to buy electric power at a delivered price to the third party's premises (including all transmission charges) which is greater than 102% of the then applicable price hereunder for comparable service including, but not limited to, comparable firmness, level of demand, level of energy, and length of term, and if the

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SECRETARY

Company wishes to accept such third party offer, then the Company shall give to the Customer written notice of its intent to accept such offer along with a copy of such offer. If the Customer within a period of 60 days after delivery of such notice delivers to the Company a written offer which includes rates as high as that offered by the third party for comparable service as described above, then this Agreement shall be amended accordingly. If the Customer fails to deliver such offer to the Company within the aforementioned 60 day period, then the Company shall have the right to accept the third party offer and to terminate this Agreement upon an additional 60 days advance written notice to the Customer.

(iii) If this Agreement is terminated by either party in accordance with subsection 8(b)(i) or 8(b)(ii), then the Company will only be required to serve the Customer's power requirements on an "as available" basis and pursuant to an "as available" rate approved by the PSC.

9. Incorporation of LP-TOD. Except for the rates and terms specifically provided for in this Agreement, electric power shall be sold under the terms and conditions of Company's standard rate schedule LP-TOD, or any successor rate schedule, as it may be amended from time to time, which is incorporated herein by reference, including, without limitation, the Fuel Clause, DSM and Environmental Cost Recovery Mechanisms, and the Power Factor Provision.

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BY: [Signature]

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10. Interruptible Service.

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(a) Except as modified herein, interruptible service shall be provided under the terms and conditions of the Company's standard rider for Interruptible Service or any successor, as it may be amended from time to time, which is incorporated herein by reference.

(b) Customer has designated a firm demand of 50,000 kilowatts. Customer may decrease such firm demand designation at any time by giving Company sixty (60) days advance written notice. Customer may increase the firm demand designation at any time by giving Company 60 days advance written notice but may not increase the firm demand designation more than 5% in any one year period. If Customer decreases the firm demand designation at any time, Customer's right thereafter to increase such firm demand designation from the decreased level will be subject to the restrictions set forth in this subsection (b).

(c) As long as Customer's firm demand designation is 45,000 kilowatts or greater, then the interruptible demand credit shall be equivalent to the peak period demand charge applicable in the monthly billing period applied to the peak period billing demand in excess of the firm demand in the monthly billing period ("interruptible demand"). If the Customer's firm demand designation is reduced to a level below 45,000 kilowatts, then the interruptible demand credit shall be equivalent to the sum of: (a) the peak period demand charge applicable in the monthly billing period applied to that portion of the interruptible demand above 45,000 kilowatts; and (b) the interruptible demand charge set forth in the Company's standard rider for Interruptible Service (currently \$3.30 per kilowatt per month) applied to that portion of the interruptible demand below 45,000 kilowatts. An example of the calculation of the interruptible demand credit under this Agreement is set forth on Exhibit B which is attached hereto and incorporated herein by reference.

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(d) In the event Customer fails to comply with a Company request to interrupt either as to time or amount of power used, the Customer shall be billed for each such occurrence a penalty of \$25.00 per kilowatt of demand in excess of designated firm demand at the time of such occurrence. Failure to interrupt may also result at Company's option in the

BY: *Justin L. Neal*

immediate termination upon written notice of the Customer's right to have any interruptible service during the balance of the term of this Agreement.

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11. Replacement Power.

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(a) Whenever it becomes necessary to curtail or interrupt Customer's electric load, Company shall use its best efforts to obtain replacement power and to offer Customer replacement power for the load that would have otherwise been interrupted or curtailed. The Customer's minimum interruptible load must total 5,000 kilowatts or more in order to utilize this replacement power provision. The price of replacement power shall be based on Company's out-of-pocket costs of either generating the replacement power on its systems or purchasing it from another utility, plus transmission, administration and other costs at the time the Customer purchases replacement power.

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(b) Company's electric load dispatcher will, at the time of the notice to interrupt, determine whether replacement power is available and at what price. If the dispatcher determines that replacement power is available at total cost to Customer equal to or less than 120 mills per Kwh (the "Automatic Buy-through Price"), the dispatcher shall, without prior notice to Customer, provide such replacement power to Customer and shall, after such replacement power is no longer being provided to Customer, notify Customer of the total number of hours Customer used such replacement power and the corresponding cost. If the dispatcher determines that replacement power is available only at a cost greater than the Automatic Buy-through Price, the dispatcher will notify the Customer of the impending interruption and provide a price for replacement power energy in mills per Kwh. An assessment of the availability of replacement power at such greater cost will be made each hour thereafter, and a new price quotation will be given to Customer for each hour that

replacement power is available. For any hour that replacement power is available at a price greater than the Automatic Buy-through Price, Customer will have the option of either being interrupted or purchasing power at the price quoted for that hour. The price quoted for replacement power will apply to all energy consumed for that hour above the level of firm power. If Company is unable to reach Customer, Company will attempt to secure power and notify the Customer as soon as possible. In such case, Customer will pay the full cost of replacement power even if the price exceeds the Automatic Buy-through Price.

(c) At any time Customer uses replacement power, the hours during which replacement power is purchased will be considered a period of interruption for determining the maximum hours of interruption permitted under Company's standard rider for Interruptible Service.

12. General Terms and Conditions. Except as modified herein, Company's General Rules governing the supply of electric service which are on file with the PSC, as amended from time to time, are incorporated herein by reference and shall apply to electric service supplied by Company to Customer hereunder.

13. Initial Regulatory Approval. If the PSC rejects this Agreement as filed or conditions its approval on any changes to this Agreement, then either party hereto may cancel this Agreement by delivering written notice of cancellation to the other within ten (10) days after the date of the applicable PSC order. Such cancellation right shall not apply in the event of mere suspension of this Agreement by the PSC for further review as long as the PSC ultimately approves the Agreement as filed or allows the PSC review period to expire without issuing an order rejecting this Agreement as filed or conditioning its approval hereof on any changes to this Agreement.

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BY: Jordan C. Paul
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14. Ongoing Regulatory Commission Jurisdiction. It is mutually understood and agreed that the rates, terms, and conditions applicable to electric power service furnished to Customer under this Agreement are at all times subject to abrogation or modification by PSC order including orders issued pursuant to proceedings initiated by LG&E. No such abrogation or modification of any rate, term, or condition of this Agreement shall affect or limit Customer's sole supplier obligations set forth in section 2 of this Agreement during the entire term of this Agreement.

15. Conflicts. In case of conflicts or inconsistencies between any of the provisions of this Agreement and any of the provisions of the Company's tariff which are incorporated herein by reference (i.e., rate schedule LP-TOD, standard rider for Interruptible Service, and Company's General Rules), the provisions of this Agreement shall prevail.

16. Entire Agreement. This Agreement is the entire agreement between the parties relating to the subject matter hereof and hereby supersedes all prior or contemporaneous oral or written agreements, statements, promises, and understandings between the parties relating thereto.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the effective date first written above, but actually on the dates set forth below.

LOUISVILLE GAS AND ELECTRIC COMPANY

By [Signature]

Title: Senior Vice President - Operations

Date: 9.30.94

GENERAL ELECTRIC COMPANY

By [Signature]

Title: Contracting Agent PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE

Date: 9-27-94

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**EXHIBIT A
TO AGREEMENT BETWEEN
LOUISVILLE GAS AND ELECTRIC COMPANY
AND
GENERAL ELECTRIC COMPANY**

Customer Charge: \$71.83 per delivery point per month.

Basic Demand Charge: \$4.42 per Kw per month

Applicable to the highest average load in kilowatts recorded during any 15-minute interval in the monthly billing period, but not less than 52,000 Kw (the minimum contract demand for the Basic Demand Charge)

Peak Period Demand Charge:

Summer Peak Period: \$8.31 per Kw per month

Winter Peak Period: \$3.85 per Kw per month

Applicable to the highest average load in kilowatts recorded during any 15-minute interval of the peak period in the monthly billing period, but not less than the greater of the Customer's designated firm demand or 45,000 Kw (the minimum contract demand for the Peak Period Demand Charge)

Interruptible Credit

The interruptible credit methodology is set forth and illustrated in paragraph 10(c) of this Agreement.

Energy Charge: 1.750¢ per Kwh

Incorporation of LP-TOD: The Fuel Clause, DSM and Environmental Cost Recovery Mechanisms, the Power Factor Provision, and all other provisions of the Company's standard rate schedule LP-TOD which are not specifically modified in this Agreement shall apply.

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BY: Arden C. Neal

EXHIBIT B
TO AGREEMENT BETWEEN
LOUISVILLE GAS AND ELECTRIC COMPANY
AND
GENERAL ELECTRIC COMPANY

The following is an example of the calculation of the interruptible demand credit under this Agreement. It does not reflect any actual assumptions of the parties, but is for the purpose of illustrating the calculations only.

Assume that for the month of July:

Summer Peak Demand = 62,000 kilowatts

Summer Peak Period Demand Charge = \$8.31/kilowatt/mo.

Interruptible Demand Credit Under Standard Rider = \$3.30 per kilowatt/mo.

If Customer's firm demand designation is 50,000 kilowatts, then the interruptible demand credit for the month shall be: $\$8.31 \times (62,000 - 50,000) = \underline{\$99,720.00}$

If Customer's firm demand designation is 35,000 kilowatts, then the interruptible demand credit for the month shall be: $\$8.31 \times (62,000 - 45,000) = \$141,270.00$
 $+ \$3.30 \times (45,000 - 35,000) = \underline{\$33,000.00}$
\$174,270.00

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