

AGREEMENT

THIS AGREEMENT, made and entered into this 25th day of November, 1968, by and between LOUISVILLE GAS AND ELECTRIC COMPANY, a Kentucky corporation, hereinafter referred to as "Electric Company" and LOUISVILLE WATER COMPANY, a Kentucky corporation, all of the stock of which is owned by the City of Louisville, acting by and through the agency of the Board of Water Works, hereinafter referred to as "Water Company,"

WITNESSETH THAT:

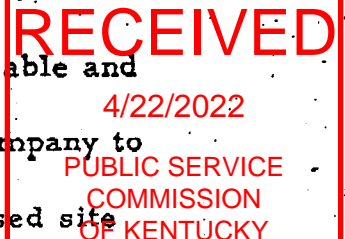
WHEREAS, Electric Company owns and operates an electric generating and distribution system and a gas distribution system in the City of Louisville and Jefferson County, Kentucky; and

WHEREAS, Water Company operates a water pumping and distribution system in the City of Louisville and Jefferson County, Kentucky; and

WHEREAS, Water Company operates two large pumping stations, known as Riverside Pumping Station and Crescent Hill Pumping Station, and purchases from Electric Company the power requirements of said two stations; and

WHEREAS, Water Company desires to provide a standby source of power for use during periods when, by reason of an unforeseen emergency or catastrophe, Electric Company's regular system is unable to supply the requirements of said two pumping stations; and

WHEREAS, the parties have agreed that the most desirable and economic means of providing such standby is for Electric Company to construct and operate a gas turbine generating plant on a leased site



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adjacent to Water Company's Riverside Pumping Station, the capacity of which plant will be available as a standby source of power for Water Company but, when not needed for such standby purpose, will be available as a part of Electric Company's system for the purpose of carrying its electric loads.

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

1. Electric Company will proceed with due diligence to construct and install on a leased site adjacent to the Riverside Pumping Station a gas turbine electric generating unit with a nominal capacity of 16,000 kilowatts to generate alternating current with a nominal frequency of 60 cycles per second and a nominal voltage of 13,800 volts. Such unit will be designed and equipped to use natural gas as a fuel. Electric Company will also proceed with due diligence to extend its natural gas lines and install the facilities required to make natural gas available for use in said unit. The exact location of such electric and gas facilities to be constructed and installed by Electric Company shall be as mutually agreed upon between the parties hereto and as more fully described in the Lease between Water Company and Electric Company, executed on the same date as and immediately after this Agreement. Electric Company will provide suitable 13,800 volt connections to deliver the output of said gas turbine plant to Electric Company's existing 13,800 volt circuits adjacent to the Riverside Pumping Station. Electric Company shall continue to provide, operate and maintain all facilities for delivering electric power and energy to the established points of delivery at the Water

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Company's two pumping stations referred to above, and Water Company shall continue to provide, operate and maintain all facilities on its side of such points of delivery.

2. It is understood that Electric Company's meters will remain at their present locations, at the respective pumping stations, or at such other locations as may be mutually agreed upon, so as to record Water Company's electrical load and consumption irrespective of the source of the power and energy received by Water Company. Accordingly, any power and energy delivered to Water Company at its two pumping stations, whether originating at the gas turbine plant provided for herein or elsewhere, shall be metered and billed as regular service supplied by Electric Company to Water Company. The circuit and metering arrangements described herein are more fully set forth on the attached drawing designated Exhibit A, which is hereby made a part of this agreement; provided, however, that such arrangements may be altered during the term hereof by mutual agreement of the parties.

3. Electric Company will own, operate and maintain the aforesaid gas turbine plant. Agents or employees of Water Company shall have no right of access to such plant except upon the express permission of an authorized agent or employee of the Electric Company and then only when accompanied by an authorized agent or employee of Electric Company. It is understood that such plant shall be operated whenever Electric Company has a need for such operation for the purpose of carrying its electric loads, but that Water Company shall have first call and prior right to such part of the output of said plant as is required to meet the combined electrical loads of its Riverside and Crescent Hill Pumping Stations.

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4. In the event an emergency or catastrophe occurs on or to the system of Electric Company with the result that Electric Company is unable to supply the power requirements of Water Company's Riverside and Crescent Hill Pumping Plants in the regular and normal manner and from regular and normal sources of power, then Electric Company shall immediately or with the greatest speed possible under the then existing circumstances, start the operation of the gas turbine plant provided for herein (or continue such operation if said plant is then in operation) and switch its electrical circuits in such a manner that the electrical requirements of Water Company's two pumping plants described herein shall be met from said gas turbine plant up to the capacity thereof.

5. As compensation for Electric Company's providing Water Company with standby electric service in the manner herein provided, Water Company shall pay to Electric Company the sum of \$40,000 per year for a period of 25 years from the first day of the calendar month which commences after the facilities provided for herein are certified by written notice from Electric Company to Water Company to be completed and ready for operation. This amount of \$40,000 per year shall be paid in equal monthly installments, the amount applicable to each calendar month being payable on or before the first day of such month. After the expiration of the aforesaid 25 year period, the amount of \$40,000 per year shall be reduced to \$10,000 per year, payable in equal monthly installments, for as long as this Agreement remains in effect.

6. Electric Company will use the greatest possible care and diligence to be able to supply the requirements of Water Company from the aforesaid

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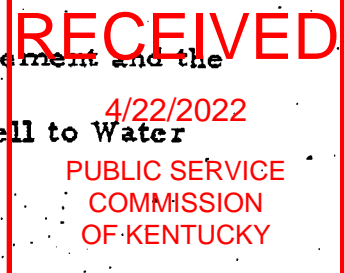
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gas turbine plant whenever circumstances require the use of the plant for such purpose, in accordance with terms hereof. In the event the gas turbine plant is undergoing maintenance at the time of such circumstance, Electric Company shall make every possible effort to place such plant in operation at the earliest possible time. Electric Company, however, shall not be liable for any loss or damage resulting from interruption, reduction, delay or failure of such service not caused by the negligence of Electric Company, or resulting from any cause or circumstance beyond the reasonable control of Electric Company. This contract shall not be construed as creating any rights in a third party and Water Company hereby undertakes and agrees to indemnify and save harmless Electric Company from and against any and all claims on account of injury to persons or property which may be caused by a failure of water supply due to any such reduction, delay or interruption in delivery of power or energy by Electric Company.

7. This agreement shall become effective on the date hereof, and shall continue in effect for an initial period of 25 years from the first day of the calendar month which commences after the certification referred to in Section 5 above and thereafter for successive additional periods of one year each unless or until cancelled at the expiration of the initial 25-year period or of any successive one-year period by not less than 24 months written notice sent by registered or certified mail by either party to the other.

8. In the event that Electric Company cancels this agreement and the accompanying lease, it shall, at Water Company's request, sell to Water



Company the gas turbine electric generating unit herein provided for at the then fair value of such unit. If the parties are unable to agree on said fair value, they shall appoint an arbitrator, not an officer, director, or employee of either company, and the two arbitrators so appointed shall try to arrive at said fair value. If the two arbitrators are unable to agree on said value within a reasonable time, they shall appoint a third arbitrator and his decision as to the fair value shall be binding on both parties.

If the Electric Company terminates the Agreement and the Water Company does not elect to purchase the unit, Electric Company shall, at Water Company's request, at the conclusion of the period when the Agreement is to be canceled, demolish or remove the unit and restore the ground to its original condition; provided, however, that if Water Company does not request that the unit be so removed and demolished, Electric Company, ^{if} ~~it~~ it so desires, may do so. Nothing in Section 8 shall be construed to allow Water Company to buy the unit herein provided so long as Electric Company provides the service which is the subject of this agreement.

9. It is mutually understood that the charges, terms and conditions contained in this agreement are at all times subject to the regulatory jurisdiction of the Public Service Commission of Kentucky, except insofar as the operation of the Water Company is not subject to that Commission.

10. This agreement shall inure to the benefit of and be binding upon

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the successors and assigns of the respective parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their duly authorized officers as of the date first above written.

LOUISVILLE GAS AND ELECTRIC COMPANY

By *[Signature]*
President

WSP
(RSD)

Attest:

[Signature]
Secretary

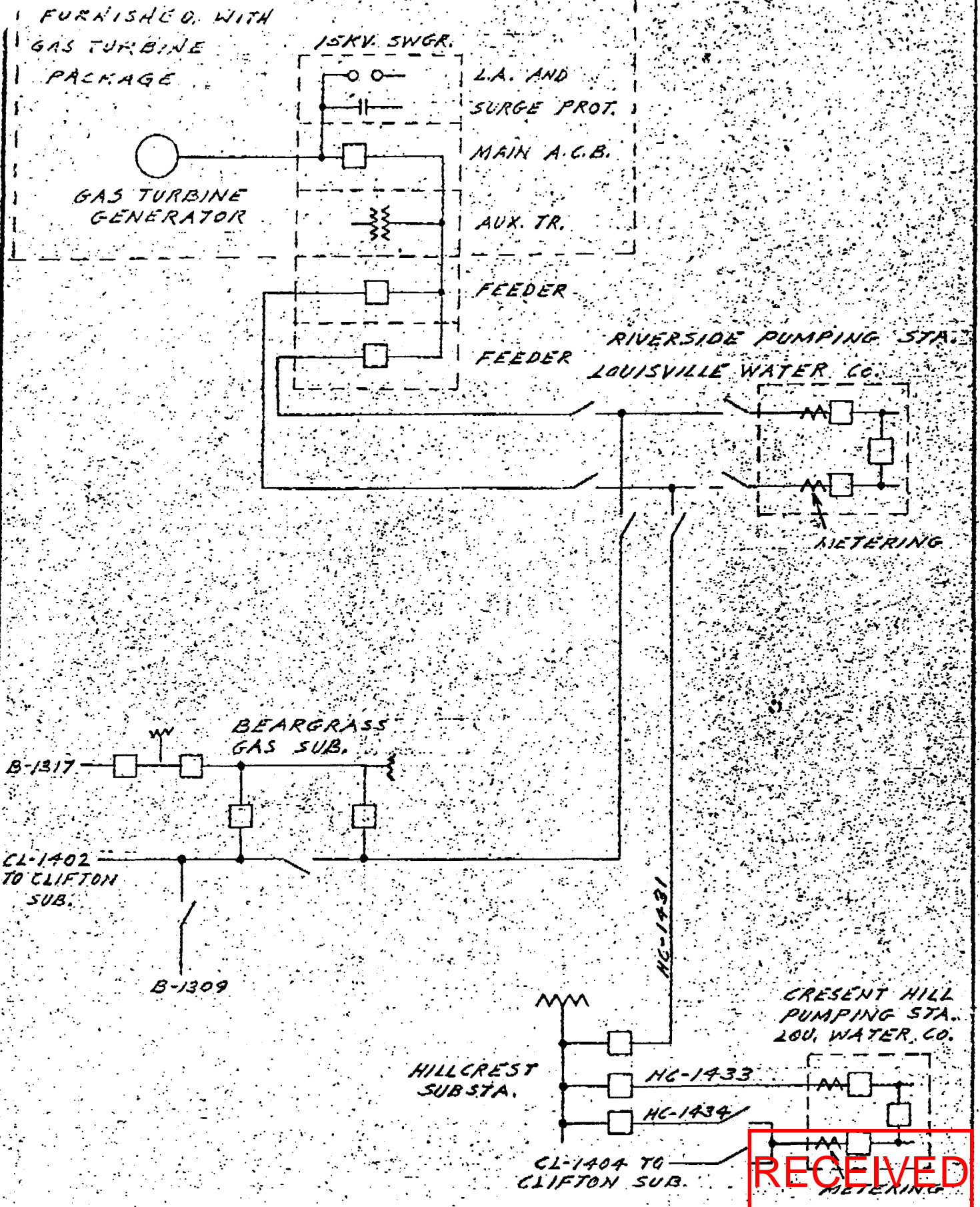
LOUISVILLE WATER COMPANY

By *[Signature]*
President

Attest:

[Signature]
Secretary

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LOUISVILLE GAS & ELECTRIC COMPANY INCORPORATED

DRAWN BY- FHP CONSTRUCTION DEPT.

PROPOSED ARRANGEMENT OF LOU. WATER CO. PUMPING PLANT

DATE- 2-9-67

SCALE- NONE

REV. A

No. SK-2967

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