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P.S.C.
RATES & RESEARCH DIV.

SPECIAL AGREEMENT FOR ELECTRIC SERVICE

PUBLIC SERVICE
COMMISSION

THIS AGREEMENT is made this 27th day of October, 1994, among EAST KENTUCKY POWER COOPERATIVE, INC., hereinafter referred to as "EKPC," OWEN ELECTRIC COOPERATIVE, hereinafter referred to as "OEC," and GALLATIN STEEL COMPANY, hereinafter referred to as "Gallatin Steel," for the purposes of providing electric service to Gallatin Steel.

WHEREAS, Gallatin Steel will construct and operate a new industrial facility to manufacture steel and steel products; the facility will require substantial quantities of electric power and energy, such that its economics will be heavily dependent upon the cost of electricity; and

WHEREAS, Gallatin Steel's selection of the location for the aforesaid manufacturing facility, among the alternative sites available to it within and without the State of Kentucky, has been based in material degree upon economy, predictability and stability in the cost of electric service provided for herein; and

WHEREAS, Gallatin Steel has elected to site the aforesaid manufacturing facility in Gallatin County, Kentucky, within OEC's certified service area, on the assumption that electric power and energy can be supplied under the terms and conditions contained herein; and

WHEREAS, OEC regularly resells and distributes electric power and energy and satisfies all of its requirements for electric power and energy by purchases from EKPC for resale; and

WHEREAS, Gallatin Steel requires the resources of both OEC and EKPC to fully ensure the supply and sale of electric power and energy to the Gallatin Steel Plant; and

WHEREAS, EKPC and its distribution member, OEC, desire to serve the electric load associated with Gallatin Steel's above-mentioned steel manufacturing operation; and

WHEREAS, EKPC has executed contemporaneously with this Agreement an agreement with Louisville Gas and Electric Company ("LG&E") for the purchase of interruptible capacity and energy that EKPC will utilize in serving the Gallatin Steel load, a copy of which is attached as Appendix I to this Agreement as the "LG&E Contract;" and

WHEREAS, based upon the execution of this Agreement and its approval without modification by the Kentucky Public Service Commission, the Rural Electrification Administration, the National Rural Utilities Cooperative Finance Corporation and the execution of the LG&E Contract and its required approvals, Gallatin Steel intends to complete siting of the aforesaid manufacturing facility in Gallatin County, Kentucky, within OEC's certificated service area;

THEREFORE, upon consideration of the mutual covenants and undertakings hereinafter set forth, the parties agree to the following:

1. DEFINITIONS

As used in this instrument:

- A. The "Gallatin Steel Plant" is a thin-slab steel mill to be constructed, owned and operated by Gallatin Steel in Gallatin County near Ghent, Kentucky. Gallatin Steel contemplates the possibility that the plant will commence operations in two phases. The first phase ("Phase I") will be configured on the basis of a single D.C. electric arc furnace to feed a thin slab caster to a five stand rolling mill on a continuous basis. If the second phase ("Phase II") is in fact constructed, it would begin operations approximately two to three years after the Phase I start-up. If brought on line, Phase II would include an additional electric arc furnace and caster and the hot strip mill will be increased to six stands. Should Gallatin Steel proceed with Phase II, it will give written notice to OEC and EKPC one year in advance of the anticipated start up of Phase II. The electrical load primarily consists of the direct current electric arc melting furnace (furnaces if Phase II is constructed) fed by two (2) transformers each nominally rated at 75 MVA; ladle metallurgy station(s) nominally rated at 25 MVA and 5 x

10,000 horsepower rolling mill motors, along with slag and arc-furnace dust processing equipment, small motor loads and other ancillary facilities. The significant electrical components and simplified circuit diagram of the Gallatin Steel Plant are shown in Appendix II. The description of the ancillary facilities that will be served under this Agreement are described in Section 19.

- B. The "Gallatin Steel Substation" shall be the substation provided by Gallatin Steel to serve the Gallatin Steel Plant. It will be connected to the EKPC 345 kV line at the 345 kV Point of Delivery. The "345 kV Point of Delivery" shall be the point where the EKPC's 345 kV line terminates on the 345 kV dead-end structure in the Gallatin Steel Substation.
- C. The "Gallatin County Substation" shall be the 138 kV/34.5 kV substation provided by EKPC/OEC to serve the Gallatin Steel Plant. It will be connected to the 34.5 kV Point of Delivery by an EKPC 34.5 kV line. The "34.5 kV Point of Delivery" shall be the point where EKPC's 34.5 kV line from the Gallatin County Substation terminates on the riser structure just outside of the Gallatin Steel Substation.

- D. Unless the contract plainly indicates otherwise, words importing the singular number shall be deemed to include the plural number (and vice versa).
- E. Compound derivatives of the word "here" (e.g., herein, hereof and hereunder) shall mean and refer to the entire Agreement, rather than the particular part of the same containing such derivative.

F. The Initial Billing Period hereunder shall commence as soon as EKPC/OEC is ready to supply electric service to Gallatin Steel and Gallatin Steel is ready to receive such electric service for commercial operation of the melt shop and hot strip mill of the Gallatin Steel Plant, subject to all necessary regulatory approvals of this Agreement, as provided in Section 24. Consistent with the first sentence of this paragraph, Gallatin Steel shall send to EKPC/OEC written notice stating the date when such electric service shall commence hereunder, which in no event shall be later than June 1, 1995 for Phase I. Gallatin Steel will give similar notice regarding commercial operation of Phase II should it be brought on line, which in no event shall be later than six months following the anticipated start up of Phase II per Section 1.A.

G. (i) "Demand" shall be the average kW demand occurring at the Gallatin Steel Plant site during any sixty-minute period beginning and ending at standard clock hours.

(ii) "Billing Demand" shall be the greater of the highest-average kW demand occurring during a clock hour in the peak period or 83.33 percent of the highest average kW demand occurring during a

clock hour in the off-peak period in the current billing month. The Billing Demand will be measured by the coincidental sum of meter M1 and meter M4 as described herein.

(iii) "Maximum Contract Demand" shall be initially set at 120,000 kilowatts during Phase I and 210,000 kilowatts for Phase I and Phase II combined, unless otherwise modified pursuant to Section 4 of this Agreement.

2. PURCHASE AND SALE

EKPC agrees to sell to its distribution member OEC, and OEC agrees to resell to Gallatin Steel, and Gallatin Steel agrees to purchase electric service, up to the Maximum Contract Demand at the rates and terms specified herein.

3. SERVICE CHARACTERISTICS

A. General. The electric service to be provided hereunder shall be three phase, 60 hertz at 345 kV and at 34.5 kV as specified herein.

B. Firm and Interruptible Demand. Ten thousand kW of Demand shall initially be designated as Firm Power Demand during Phase I. For Phase I and Phase II combined, fifteen thousand kW of Demand shall be designated as Firm Power Demand. All Demand exceeding Firm Power Demand, up to 120,000 kW total Demand in Phase I and 210,000 kW total Demand for combined Phases I and II, shall be designated Interruptible Demand. Interruptible Demand service to Gallatin Steel will consist of two primary categories:

- 1) Ten Minute Interruptible Demand Service; and
- 2) Ninety Minute Interruptible Demand Service.

Interruptible Demand Service may be interrupted by EKPC, as agent for OEC, upon the following advance verbal, including telephonic, notice to Gallatin Steel (unless a shorter notice is agreed to by the parties):

- Pursuant to Ten Minute Interruptible Service, EKPC may require Gallatin Steel to reduce its demand to no more than the total of the designated Firm Power Demand Service Level plus the designated EKPC/OEC Ninety Minute Demand Service Level (as designated in Section 6.K. herein) within ten minutes of notification;
- Pursuant to Ninety Minute Interruptible Service, EKPC may require Gallatin Steel to reduce its demand to no more than the designated Firm Power Demand within ninety minutes of notification.

To provide notice, EKPC shall install a direct communications line between the EKPC Control Center and the Gallatin Steel Control Center. The notice will take effect when the phone call is initiated at the EKPC Control Center. It is Gallatin Steel's responsibility to be sure that its phone is working and that someone is available 24 hours per day, 365 days per year to promptly answer the phone. The notice shall specify: (a) the time at which the interruption period will commence, (b) the category of service being interrupted, (c) the time at which the interruption is expected to terminate, and (d) the maximum load which Gallatin Steel may impose during the period of interruption. EKPC may extend or shorten the period of interruption noticed by advising Gallatin Steel of that action prior to the expiration of the noticed period. If an interruption is called for, the load to Gallatin Steel shall be

restored as soon as practicable. This provision will be administered by the Service Coordination Committee.

C. Interruptions of Service. Interruptions may not exceed 400 hours in any calendar year for power and energy provided by EKPC. Interruptions may not exceed 500 hours in any calendar year for power and energy provided pursuant to the LG&E Contract. With respect to power and energy provided by EKPC, interruptions shall be as called for by EKPC and may occur only when EKPC determines that such interruption may be necessary to prevent, and as an alternative to, interruption of service to firm, native load customers or firm off-system customers, or when voltage frequency falls below 59.5 Hz; provided, that service shall not be interrupted for fuel or purchase energy economics. This provision does not in any way impair EKPC's right to interrupt service in cases of system emergency including EKPC's inability to secure fuel.

D. Failure to Interrupt. Should Gallatin Steel not interrupt service when or to the extent called for, Gallatin Steel shall pay a penalty of five (5) times the firm power service rate then in effect for each kW of demand that should have been interrupted as called for under the terms of this Agreement, and, in addition, if by virtue of Gallatin Steel's demonstrated inability to interrupt service, EKPC may reclassify Gallatin Steel's load as described in Section 3.B. for a minimum of twelve (12) months until Gallatin Steel can establish that the load should be classified otherwise.

If Gallatin Steel determines that a portion of its interruptible load can no longer be interrupted in accordance with Sections 3.B. and 6.K. without undesirable consequences to the mill, and after having first given OEC and EKPC a minimum of ninety (90) days' notice, that portion of the load may be reclassified as EKPC/OEC Firm Service or as EKPC/OEC Ninety Minute Interruptible Demand Service for a minimum of twelve (12) months. All reclassified power up to 200 percent of the firm load specified in Section 3.B. will be priced in accordance with the power rates in this Agreement. In the event that more than 200 percent of the firm load specified in Section 3.B. is reclassified pursuant to this Section, OEC and EKPC, will use best efforts to price such additional reclassified load under the power rates in this Agreement consistent with prudent utility practice. OEC and EKPC, however, do not guarantee that additional firm load in excess of 200 percent of the firm load specified in Section 3.B. would be available at such rates.

E. Buy-Through of LG&E Interruptions. If EKPC as agent for OEC notifies Gallatin Steel that the interruptible power and energy provided pursuant to the LG&E Contract will be interrupted by EKPC, Gallatin Steel will have the right to accept replacement power and replacement energy.

At the time any notice of LG&E interruption is given by EKPC to Gallatin Steel, EKPC shall provide, solely for informational purposes and not for billing purposes, EKPC's best estimate of the duration of the interruption period together with an estimate

of the demand and energy costs to serve Gallatin Steel during the applicable period.

Gallatin Steel may, at its option, avoid the LG&E interruption by requesting EKPC/OEC to supply such replacement power and replacement energy during the economic interruption period. The price to Gallatin Steel of such replacement power and replacement energy will be at the lowest priced power and energy reasonably available to EKPC/OEC for service to Gallatin Steel, whether from within or outside the EKPC system. Gallatin Steel will pay such price, plus the adders herein specified, for replacement power and replacement energy received during the economic interruption.

F. Transmission Interruptions. Interruption of service to Gallatin Steel due to outages on transmission facilities specifically and solely serving Gallatin Steel or outages initiated by Kentucky Utilities Company ("KU") because Gallatin Steel's operations are jeopardizing the safety or reliability of the Ghent power plant shall not be considered interruption of service and shall not be applied to the 500 hour LG&E interruption limit, or the 400 hour EKPC/OEC interruption limit.

4. ADJUSTMENTS TO FIRM AND MAXIMUM CONTRACT DEMANDS

The Maximum Contract Demand of 120,000 kW in Phase I and 210,000 kW in Phases I and II combined may be exceeded as follows:

During the first year of operation of Phase I, a maximum demand of up to 120 percent of the maximum Phase I contract demand of 120,000 kW (or a maximum demand of 144,000 kW) may be purchased pursuant to the terms of this agreement.

After the first year of Phase I operations, a maximum demand, not to exceed 144,000 kW, of up to 110 percent of the maximum actual demand experienced during the first 12 months of Phase I service may be purchased pursuant to the terms of this agreement.

During the first year of operation of Phase I and Phase II combined, a maximum demand of up to 120 percent of the combined Phase I and Phase II maximum contract demand of 210,000 kW (or a maximum demand of 252,000 kW) may be purchased pursuant to the terms of this agreement.

Thereafter, a maximum demand, not to exceed 252,000 kW, of up to 110 percent of the maximum actual demand experienced during the first 12 months of Phase I and Phase II combined service may be purchased pursuant to the terms of this agreement.

Gallatin Steel may exceed its applicable maximum demand by 20 percent during off-peak periods, as provided in Section 6.D.

Upon 12 months' written notice, Gallatin Steel, with the written consents of OEC and EKPC, may exceed the maximum loads described above. OEC and EKPC consents will not be unreasonably

withheld, taking into account any effect on EKPC's capacity planning and the capability of the facilities used to serve Gallatin Steel. OEC and EKPC do not guarantee that such loads in excess of the previously determined limits would be available at the rates set forth in this Agreement.

5. POWER SUPPLY FACILITIES; SUBSTATION OWNERSHIP, SHORT CIRCUIT CAPACITY; GALLATIN STEEL AND EKPC WARRANTIES

A. Gallatin Steel will provide and own the Gallatin Steel Substation including all necessary static VAR compensation and harmonic suppressive equipment. Gallatin Steel will install at least 150 MVAR of static VAR compensation on the 34.5 kV furnace bus. Any additional static VAR compensation or other facilities necessary to meet the requirements of Section 14 will also be installed by Gallatin Steel. EKPC will construct its 345 kV transmission line to the Gallatin Steel Substation, and Gallatin Steel will connect said line to the Gallatin Steel Substation. Power supply facilities shall be arranged as shown in Appendix III.

B. Under normal conditions, the service provided will have available short circuit capacity of a minimum of 7,500 MVA at the Gallatin Steel Substation 345 kV bus. Gallatin Steel warrants that this is sufficient short circuit capability for Gallatin Steel's operation.

C. Gallatin Steel will provide space, structure, bus and switches for appropriate metering equipment, and provide static var control and harmonic control equipment and metering current and potential transformers. EKPC, as agent for OEC, will supply

secondary metering equipment or contract to have this equipment supplied and will make available clock and metering pulses for Gallatin Steel's control equipment.

D. In addition to the 345 kV service previously described, EKPC will construct a new double circuit 138 kV line tapping the existing EKPC Ghent-Boone 138 kV line and connecting to a new EKPC Gallatin County Substation on a site provided by Gallatin Steel. The Gallatin County Substation will consist of three 138 kV power circuit breakers, a new 138 kV/34.5 kV transformer, and one 34.5 kV power circuit breaker. Additionally, EKPC will build a 34.5 kV circuit to the Gallatin Steel substation.

E. EKPC/OEC will serve, on a permanent basis, a maximum of 30,000 kilowatts of Gallatin Steel load, measured at a 95 percent power factor, through the Gallatin County Substation. Gallatin Steel will arrange its circuits to permit 138 kV/34.5 kV service as described. Gallatin Steel warrants that the Gallatin Steel 34.5 kV load bus served by the Gallatin County Substation will not be operated in parallel with the 34.5 kV load bus served by the EKPC 345 kV line. Gallatin Steel further warrants that under normal operating conditions, no furnace load or rolling mill load will be connected to its 34.5 kV load bus served by the Gallatin County Substation. EKPC warrants that the existing EKPC 138 kV Boone circuit will adequately serve 30,000 kilowatts of such load, measured at a 95 percent power factor, even with the line opened at Ghent. When the 345 kV transmission facilities are out of service, EKPC will provide up to the capacity of the 138 kV transmission facilities at no additional cost to Gallatin Steel.

In such emergency situations, Gallatin Steel may use its 34.5 kV load bus connected to the Gallatin County Substation to service the orderly emergency shut down of the electric arc furnaces and other mill equipment up to the emergency limit of 50 MVA, provided that such load does not materially impair the reliability of KU's Ghent Power Plant or overload the Gallatin County Substation 138 kV/34.5 kV transformer.

F. Each party shall design and construct its facilities in accordance with prudent electric utility practice and shall maintain such facilities in safe operating condition and in conformity with generally accepted standards for electric utilities in the State of Kentucky, including the National Electrical Safety Code.

G. Gallatin Steel shall provide at no cost to OEC, EKPC and KU, a total of two sites located on the Gallatin Steel property (one each to EKPC and KU) and an option to EKPC on a third site at fair market value, all suitable for the construction of high voltage substations to be built by EKPC and/or OEC and/or KU. In addition, Gallatin Steel will provide at no cost to OEC, EKPC and KU, necessary right-of-way easements to permit OEC, EKPC and KU to construct their transmission and distribution lines which will connect to their substations. Details of these arrangements will be covered in documents outside of this agreement and will be administered by the Service Coordination Committee.

6. CHARGES FOR SERVICE

From and after commencement of the Initial Billing period, Gallatin Steel will pay as follows for service pursuant to this Agreement:

A. Distribution Charges. OEC's Distribution Charge for all power and energy will be 7.5 cents per kW-month plus 0.075 cents per kilowatt-hour delivered by EKPC/OEC to Gallatin Steel through both the EKPC 345 kV line and the Gallatin County Substation. After the first year of commercial operation of the Gallatin Steel Plant, the 0.075 cents per kilowatt-hour portion of the distribution charge will escalate by the percentage of the increase of the OEC system-wide average of base rate increases (non-fuel) for its members permitted in subsequent cases by the Kentucky Public Service Commission.

B. Energy Charges. Gallatin Steel shall pay for Interruptible Service, other than Interruptible Service provided pursuant to the LG&E Contract, at a rate whereby EKPC will recover its out-of-pocket costs on an hour-by-hour basis, as determined after the fact, by "with and without" production cost modeling, excluding non-firm off-system sales.

"Out-of-pocket" costs are those costs incurred that would not have been incurred if the energy had not been supplied, including all operating, maintenance, taxes, transmission losses, emission allowances, and other appropriate expenses. OEC will bill Gallatin Steel each month for the cost of electric power and energy delivered to Gallatin Steel the preceding month. Out-of-pocket energy costs will be calculated for each clock hour based

on the MWh measured at the Gallatin Steel Substation and telemetered to EKPC's Energy Management System ("EMS") in Winchester, Kentucky. At the end of each month, the out-of-pocket cost per kWh will be determined for each hour and applied to the energy consumed during that hour. The billing energy will be determined from meters M1, M2, M3 and M4 in the Gallatin Steel Substation.

The energy charge to Gallatin Steel for Firm Service will be EKPC's system average fuel cost on a per kW-hour basis, as determined by EKPC's Fuel Adjustment Clause (FAC) methodology approved by the Kentucky Public Service Commission plus an adder to cover variable operation and maintenance costs.

The Energy charge for the LG&E Contract energy will be LG&E's incremental energy cost pursuant to the LG&E Contract computed on an hourly basis.

For purposes of billing, the energy associated with power furnished pursuant to the LG&E Ten Minute Interruptible Service will equal one-half of the sum of the energy recorded by meters M2 and M3. The balance of the energy, equal to that recorded by meters M1 plus M4 minus one-half of that recorded by meters M2 and M3, shall be associated with EKPC/OEC Firm Service, EKPC/OEC Ten Minute Interruptible Service, and EKPC/OEC Ninety Minute Interruptible Service, respectively, and shall be allocated to each of these services in the same proportion as each of these services is to the total billing demand recorded by meters M1 plus M4 less one-half of the billing demands recorded by meters M2 and M3.

C. Demand Charges. The per kW-Month demand charges, which are in addition to those specified in Section 6.A., will be according to following schedule of charges:

EKPC/OEC Firm Service

1995	\$7.82
1996	\$7.82
1997	\$7.82
1998	\$8.79
1999	\$8.79
2000	\$8.79
2001	\$9.56
2002	\$9.56
2003	\$9.56
2004	\$9.56

EKPC/OEC Ten Minute Interruptible Service

1995	\$1.80
1996	\$1.80
1997	\$1.80
1998	\$2.02
1999	\$2.02
2000	\$2.02
2001	\$2.20
2002	\$2.20
2003	\$2.20
2004	\$2.20

EKPC/OEC Ninety Minute Interruptible Service

1995	\$2.70
1996	\$2.70
1997	\$2.70
1998	\$3.03
1999	\$3.03
2000	\$3.03
2001	\$3.30
2002	\$3.30
2003	\$3.30
2004	\$3.30

LG&E Ten Minute Interruptible Service

1995	\$3.75
1996	\$4.03
1997	\$4.33
1998	\$4.65
1999	\$5.00
2000	\$5.37
2001	\$5.77
2002	\$6.19
2003	\$6.65
2004	\$7.15

D. Peak and Off-Peak Billing Demand. Billing Demand will be computed based on the meter readings recorded during the on-peak and off-peak periods defined as follows:

- Summer Peak Period is defined as every day from 9:00 a.m. prevailing eastern time to 11:00 p.m. prevailing eastern time during the months of June through August.
- Winter Peak Period is defined as every day from 6:00 a.m. prevailing eastern time to 10:00 p.m. prevailing eastern time during the months of December through February.
- Spring and Fall Peak Periods are defined as weekdays from 9:00 a.m. prevailing eastern time to 10:00 p.m. prevailing eastern time and Saturdays from 9:00 a.m. prevailing eastern time to 12:00 noon prevailing eastern time during the months of March through May and September through November.
- Off-Peak Period. All other hours are considered off-peak.
- Discretionary Off-Peak Periods. Throughout the year Gallatin Steel may request that Saturdays and/or Sundays or portions thereof, that would otherwise be designated as peak periods, be treated by EKPC as off-peak periods. Gallatin Steel shall make such a telephonic request of EKPC not less than twelve (12) hours in advance. EKPC shall promptly reply to such requests. In its sole discretion, EKPC may agree to the request, in whole or in part, as system conditions

allow. This provision will be administered by the Service Coordination Committee.

The Billing Demand will be equal to the greater of the on-peak demand or 83.33 percent of the off-peak demand.

Under normal utility operating conditions, Gallatin Steel may exceed its Maximum Demand, as defined in Sections 2 and 4, by 20 percent during off-peak periods. During unusual utility operating conditions, EKPC, as agent for OEC, will notify Gallatin Steel with as much advance notice as is practicable, but at least 48 hours in advance when possible, if EKPC cannot provide supply to the off-peak increment. During those times when EKPC has notified Gallatin Steel of such an unusual operating condition, Gallatin Steel will maintain its loads within the usual contract amounts.

E. Minimum Bill. The minimum monthly bill will consist of the sum of the following:

- 1) The appropriate monthly demand charge from Section 6.C. applied to 50 percent of the maximum billing demand experienced for:
 - a) EKPC power purchased from LG&E for use by EKPC/OEC in servicing Gallatin Steel (LG&E Interruptible Service), plus
 - b) EKPC/OEC Firm Service, plus
 - c) EKPC/OEC Ten Minute Interruptible Demand Service, plus
 - d) EKPC/OEC Ninety Minute Interruptible Demand Service, plus

- 2) The monthly EKPC/OEC Facilities Charge, plus
- 3) Energy Charges, if any, plus
- 4) The Distribution Adder applied to computed minimum demand billed (see above) and energy used.

Subject to Section 24 of this Agreement, this Minimum Bill provision becomes effective concurrent with execution of this Agreement by OEC, EKPC and Gallatin Steel.

F. Force Majeure

If Gallatin Steel's chief executive officer promptly notifies EKPC/OEC in writing that Gallatin Steel's arc furnace facilities are completely out of service as the direct result of any cause beyond the reasonable control of Gallatin Steel, including, but not restricted to war; flood; earthquake; storm; fire; lightning; other acts of God; epidemic; riot; civil disturbance or civil disobedience; quarantine; explosion; sabotage; breakdown or malfunction of equipment; disruption or threat of disruption of fuel supply; inability or threatened inability to obtain necessary materials, personnel, services or facilities; acts of public enemy; strike, lockout, work stoppage, or industrial disturbance or dispute, whether or not any labor dispute could reasonably have been settled or whether determined to have arisen out of an unfair labor practice by any Party; any act, delay or failure to act on the part of any state or federal governmental authority, whether legislative, executive, judicial

or administrative, including delay or failure to act by any governmental authority in the issuance of any necessary permits or licenses or the prohibiting of acts necessary to performance hereunder or the permitting of any such acts only subject to conditions which are unreasonable in the sole judgment of Gallatin Steel upon whom such conditions are imposed; restraint by court order or other public authority; failure to obtain the necessary authorizations or approvals from any governmental agency or authority; blockage or any other event(s) beyond the reasonable control of Gallatin Steel, then Gallatin Steel will not be obligated to pay the minimum demand charges with respect to the period beginning the day following the delivery of the notification and for a period not to exceed ninety (90) days thereafter or until the day the electric arc facilities first return to service, which ever occurs first.

Gallatin Steel shall promptly notify EKPC in writing of any Force Majeure event under this Section. Such notice shall include a description of the cause and estimated duration of the event. Failure to promptly notify EKPC of a Force Majeure event shall preclude Gallatin Steel from being relieved of any minimum demand charges. Gallatin Steel shall exercise due diligence to resolve any Force Majeure event and shall keep EKPC informed of steps taken to resolve the event.

Invocation of this provision shall be limited to no more than one occurrence in any twelve (12) month period. Such forgiveness shall not apply, however, to charges described in Sections 6.I and 6.J. This Force Majeure provision shall not

affect demand charges due in any month where actual demand has exceeded minimum demand levels, as set forth in Section 6.E.1.

Any minimum demand charge forgiven hereunder shall be recovered by EKPC/OEC in the event of discontinuance of service by Gallatin Steel, pursuant to Section 9., herein.

The financial or monetary constraints or inability of Gallatin Steel shall not be considered as a Force Majeure. Nothing contained herein shall be construed so as to require Gallatin Steel to settle any strike, lockout, or stoppage, or other industrial disturbance or dispute in which it may be involved.

G. EKPC Adder. In addition to the energy charges, Gallatin Steel will pay a 0.3 cents per kilowatt-hour adder for all energy supplied by EKPC other than that supplied from LG&E pursuant to the LG&E Contract. Gallatin Steel will pay a 0.05 cents per kilowatt-hour adder for all energy supplied under the LG&E Contract by EKPC plus 0.25 cents per kilowatt-hour adder for energy supplied by EKPC as described in Section 2.E. After the first year of commercial operation of the Gallatin Steel Plant, these EKPC adders will escalate by the percentage of the increase of the EKPC system-wide average of base rate increases (non-fuel) for member cooperatives permitted in subsequent cases by the Kentucky Public Service Commission.

H. Losses. In addition to the energy charges, Gallatin Steel will pay to OEC for EKPC and KU transmission losses on a per kWh basis.

Energy losses are estimated to be:

Energy Delivered

Estimated Losses

Through M4	3% (EKPC)
Through M2, M3 (50%)	3% (KU)
Balance	6% (EKPC + KU)

Losses will be accounted for in computing out-of-pocket energy costs and will be based on actual losses experienced and/or as contained in the EKPC-KU Interconnection Contract.

I. Transmission Wheeling Costs. The Gallatin Steel load will be served by the Gallatin Steel Substation connected to an EKPC 345 kV transmission line and by the Gallatin County Substation connected to two EKPC 138 kV transmission lines. EKPC must pay wheeling to KU for all power delivered over the 345 kV transmission line. Any power, up to a maximum of 30,000 kilowatts, delivered through the Gallatin County Substation will not be subject to KU wheeling.

Gallatin Steel shall pay OEC for KU transmission wheeling for all power purchased by EKPC under the LG&E contract.

EKPC/OEC shall give Gallatin Steel a credit for all wheeling avoided by virtue of up to a maximum of 30,000 kilowatts of power delivered to Gallatin Steel through the Gallatin County Substation as provided for in Section 6.J.

Gallatin Steel shall also pay an amount, if any, for any KU wheeling charges for the power delivered to Gallatin Steel over the EKPC 345 kV line (through meter M1) which exceeds the equivalent of \$1.80/kW-Mo. for wheeling of such power.

The KU wheeling charges will be such rate as may be approved by the Federal Energy Regulatory Commission. The presently

proposed KU wheeling charges are based on a formula which computes the wheeling charges annually and includes factors based on actual EKPC, KU and Gallatin Steel peak loads and actual KU transmission costs.

OEC will include in Gallatin Steel's monthly power and energy bill an estimated amount for KU wheeling charges and credits. The actual KU wheeling charges will be determined one or more times per year and when they are known, EKPC/OEC shall determine the amount, if any, by which Gallatin Steel over or under paid its share of the appropriate KU wheeling charges. EKPC/OEC shall include such amount, if any, as an additional charge or as a credit in the next Gallatin Steel power and energy bill.

J. Facilities Charges. Gallatin Steel will pay \$47,000 per month to OEC, for remittance to EKPC, to cover EKPC's actual investment in facilities installed to serve OEC's Gallatin Steel load. Gallatin Steel will receive a credit from OEC equal to any KU wheeling charges avoided by virtue of up to 30,000 kilowatts of Gallatin Steel's load being served through the EKPC Gallatin County Substation.

K. Allocation and Designation of Service for Billing.

For purposes of billing, capacity and associated energy will be allocated as follows:

During Phase I:

- The first 10,000 kW of demand and associated energy will be considered as EKPC/OEC Firm Service;

- A block of demand and associated energy equal to one-half of the furnace load as measured by meter M2, will be considered as LG&E Ten Minute Interruptible Demand Service; -
 - The next 40,000 kW of demand and associated energy will be considered as EKPC/OEC Ten Minute Interruptible Demand Service; and
- The balance of demand and associated energy will be considered as EKPC/OEC Ninety Minute Interruptible Demand Service.

During Phases I and II combined (should Phase II come on line):

- The first 15,000 kW of demand and associated energy will be considered as EKPC/OEC Firm Service;
- A block of demand and associated energy equal to one-half of the furnace load as measured by meters M2 and M3, will be considered as LG&E Ten Minute Interruptible Demand Service;
- The next 55,000 kW of demand and associated energy will be considered as EKPC/OEC Ten Minute Interruptible Demand Service; and
- The balance of demand and associated energy will be considered as EKPC/OEC Ninety Minute Interruptible Demand Service.

If adjustments are made to the firm or interruptible demands in accordance with Section 4 of this agreement, the preceding nominations of power will be adjusted correspondingly on a pro rata basis.

L. Demand Charge Treatment For Phase II (If Any). During the operation of Phase II, should it come on line, the demand charges, as outlined above, associated with the Phase II incremental interruptible load will be allocated on a split demand/energy basis. During Phase II, the split allocation will

apply only to the demand and associated energy related to the Phase II incremental interruptible load, i.e.:

- Up to the last 15,000 kW of demand and associated energy of EKPC/OEC Ten Minute Interruptible Demand Service over and above the maximum Phase I level experienced for such service; and
- The demand and associated energy of EKPC/OEC Ninety Minute Interruptible Demand Service over and above the maximum Phase I level experienced for such service; and
- The demand and associated energy of LG&E Ten Minute Interruptible Demand Service over and above the maximum Phase I level experienced for such service.

For these increments, the demand charges as outlined above will be reduced by fifty percent, and the remaining fifty percent will be allocated as an adder to the energy charge for the energy associated with this incremental demand. For billing purposes, the energy charge adder for the Phase II increment will be calculated using a load factor equal to the average monthly load factor for the Gallatin Steel mill for the preceding twelve (12) months prior to commencement of Phase I and Phase II combined times seventy percent (70%).

The monthly load factor shall be computed as follows:

$$MLF(\%) = \frac{\text{Energy} \times 100}{\text{Demand} \times \text{No. Hrs. in Month}} = \frac{(M1 + M4) \times 100}{(M1 + M4) \times \text{Hrs. In Month}}$$

where the demand and energy are as recorded by meters M1 and M4, respectively.

M. Provisional Billing and Cost Reconciliation. For billing purposes, provisional charges shall be estimated. Any difference between estimated and actual incremental costs will be reflected as a credit or debit to the bill for the following month.

N. Verification of Out-of-Pocket Costs. EKPC/OEC shall, upon request, grant Gallatin Steel access to any information or calculation used to determine incremental costs, together with all data reasonably necessary for the purpose of verifying EKPC/OEC's determination of incremental costs against which Gallatin Steel's billed charges were reconciled. Any data maintained in machine-readable form shall be made available to Gallatin Steel in like form on media supplied by Gallatin Steel. EKPC/OEC shall also furnish to Gallatin Steel upon reasonable request such energy cost information as is readily available to EKPC/OEC in the ordinary course of its business. The debiting or crediting of Gallatin Steel's periodic billings as provided in the foregoing subsection shall not be delayed pending such verification, but any discrepancy shall be promptly settled in a lump sum when resolved.

7. STABILITY AND PREDICTABILITY OF RATES

The foregoing method of determining rates for electric service to the Gallatin Steel Plant shall be fixed for the duration of this Agreement. The parties, and each of them, covenant to refrain from seeking or supporting any change thereto without the written consent of the other parties.

8. EAF TESTING POWER

Before commercial operation of each phase of the Gallatin Steel Plant, Gallatin Steel will begin a period of testing the major systems of the Plant, including the electric arc furnaces ("EAF") and hot strip mill. This service will be provided over the EKPC 345 kV line and is anticipated to begin on or about December 31, 1994 for Phase I. The rate for this power and energy will include a demand charge of 15 cents per kW-day for Phase I, plus the KU wheeling fee described herein, plus EKPC "out-of-pocket" energy cost to serve the load, plus 0.3 cents per kilowatt-hour, plus 0.25 cents per kW-day and 0.075 cents per kilowatt-hour for distribution. The demand charges for Phase II will be the Phase I demand charges per kW-day escalated at four percent (4%) per year. EAF testing must be scheduled and agreed to by EKPC/OEC 24 hours in advance. If such scheduling cannot be mutually agreed upon, the demand charge will be based on the greater of EKPC/OEC's cost of providing the testing power from off-system plus 10 percent or the EKPC/OEC demand charges specified above. This testing power arrangement will apply to testing before commercial operation in Phase I, and to testing before commercial operation of the incremental Phase II load until such time as Gallatin Steel announces commercial operation for that particular phase of operation.

9. DISCONTINUANCE OF SERVICE

Should Gallatin Steel discontinue service under this Agreement prior to the termination date of this Agreement specified herein, Gallatin Steel shall pay as part of the final

bill the minimum bill as specified in Section 6.E. for the balance of the term of the Agreement, plus any minimum demand charges forgiven by the operation of Section 6.F. Such payment shall not preclude EKPC or OEC from pursuing any other legal remedies in the event that such discontinuance constitutes a breach of this Agreement.

In the event that Gallatin Steel discontinues service as set forth in this Section, EKPC assumes an affirmative obligation to use its best efforts to market the capacity that had been reserved under this Agreement so as to mitigate the minimum bill obligation of Gallatin Steel. In the event this provision is invoked, the Service Coordination Committee will promulgate mutually satisfactory rules and conditions for its implementation.

10. BILLING AND PAYMENT

A. Regular Monthly Billing. OEC will bill Gallatin Steel each month for the cost of electric power and energy delivered to Gallatin Steel during the preceding month. Such bills may be rendered by EKPC/OEC on the basis of electronic meter reading ("telemetry"). Any difference between telemetry and the actual on-site meter reading will be reflected as a credit or debit to the bill for the following month.

B. Due Date; Payment Charges and Credits. Bills received by Gallatin Steel at its steel manufacturing plant site near Gwent, Kentucky shall be paid by Gallatin Steel within four (4) business days after receipt. Bills shall be paid by wire transfer to a bank designated by OEC in writing. If Gallatin

Steel shall fail to make any such payment on or before such due date, then payment shall be deemed late and OEC may discontinue service to Gallatin Steel upon giving Gallatin Steel immediate notice of intention to do so. Provided, however, that such discontinuances of service shall not relieve Gallatin Steel of any of its obligations under this Agreement. Within ten (10) days of Gallatin Steel's receipt of such a notice, Gallatin Steel shall have the right to cure its delinquency by paying any late balance along with any applicable late charges. When payment is late, Gallatin Steel will pay a late charge based on the same rate that OEC normally imposes on its commercial and industrial customer members. In the event of a bona-fide billing dispute, Gallatin Steel shall pay all such amounts to OEC. Such amount shall be subject to refund depending upon resolution of the dispute.

11. MEMBERSHIP/CAPITAL CREDITS

Gallatin Steel shall be a member of OEC, shall pay the membership fee, and shall be bound by such rules and regulations as may, from time to time, be adopted by OEC. Provided, however, that during the term of this Agreement the provisions hereof shall prevail over any such rule or regulation in the event of any inconsistency except as acceptable to the Kentucky Public Service Commission.

OEC is a non-profit Kentucky corporation and Gallatin Steel will benefit from any savings or reductions in cost of service in the same manner as any comparable customer as authorized by the Kentucky Revised Statutes, and by OEC's Articles of Incorporation

and Bylaws; provided, however, OEC's board of directors may defer retirement of the amount of the capital credited to patrons for any year which reflects capital credited to OEC by EKPC until EKPC shall have retired such capital credited to OEC. Gallatin Steel shall participate in capital credits in accordance with the Kentucky Revised Statutes and OEC's Articles of Incorporation and Bylaws.

12. POINTS OF DELIVERY, POINT OF MEASUREMENT, AND METERING

Four meters, as shown in Appendix III, (M1, M2, M3, and M4) will be installed to measure the Gallatin Steel power usage.

- M1 meters the total input to Gallatin Steel's 345 kV bus. Electrically, it will be located inside the Gallatin Steel Substation; physically, it may be located either inside or outside the Gallatin Steel Substation.

- M2 and M3 meter the input to EAF Nos. 1 and 2 respectively. M2 and M3 will be located on the 34.5 kV side of Gallatin Steel's 345/34.5 kV transformers that serve the EAFs. The readings for M2 and M3 will be adjusted to give the equivalent values for meters located on the 345 kV side of the transformers. EKPC and Gallatin Steel will coordinate ownership and specifications of metering transformers and locations of the meters.

- M4 meters the load served from the EKPC 138 kV system. This meter will be located on the 34.5 kV side of the Gallatin Steel Substation. The readings will be adjusted to give equivalent values for a meter located on the 138 kV side of the Gallatin County Substation transformer.

13. LIABILITY FOR INTERRUPTION OF INTERRUPTIBLE DEMAND

It is understood that the interruptible portion of the power supplied pursuant to this Agreement is provided to Gallatin Steel for Gallatin Steel's benefit in controlling costs. Neither OEC nor EKPC shall be liable to Gallatin Steel for any losses which

may accrue to Gallatin Steel due to Gallatin Steel not being prepared to be interrupted when a notice of interruption is duly given in accordance with the terms of paragraph 3 hereof.

14. VOLTAGE FLUCTUATIONS AND HARMONIC DISTORTION

Gallatin Steel agrees to provide, install and maintain such automatic control equipment as is necessary to prevent "Objectionable Operating Conditions," as hereinafter defined.

"Objectionable Operating Conditions" shall mean conditions imposed on EKPC/OEC's or KU's system by the Gallatin Steel Plant's load characteristics and resulting power flows that cause voltage fluctuations and/or harmonic distortions at either the 345 kV or the 34.5 kV delivery point, under an assumed (but not guaranteed) 7,500 MVA short circuit capacity at the 345 kV delivery point and an assumed (but not guaranteed) 260 MVA short circuit capacity at the 34.5 kV delivery point, in excess of:

a. Voltage Fluctuations:

	<u>Freq. of Occurrence</u>	<u>Max Allowable % RMS Voltage Fluctuation</u>
Individual Voltage Fluctuations	1 or less	2.00%
Individual Voltage Fluctuations	3 per hour	1.50%
Individual Voltage Fluctuations	10 per hour	0.90%
Individual Voltage Fluctuations	1 per minute	0.40%
Arc Swing Voltage Fluctuations	1 per minute	0.25%
Arc Swing Voltage Fluctuations	1 per second	0.25%
Arc Swing Voltage Fluctuations	10 per second	0.25%
Arc Swing Voltage Fluctuations	14 per second	0.44%
Arc Swing Voltage Fluctuations	20 per second	0.63%
Arc Swing Voltage Fluctuations	25 per second	0.88%
Arc Swing Voltage Fluctuations	30 per second	1.13%

Points between those shown above will be interpolated.

The RMS (root mean square) values referenced above shall be a frequency unweighted resultant (i.e. total at the point of meter from all sources) value of nominal voltage phase-to-phase as measured by a UHP International, Inc., voltage fluctuation meter or equivalent.

b. Current Harmonic Distortion Limits:

Individual Harmonic Order (Odd Harmonics)					
<11	11≤h<17	17≤h<23	23≤h<35	35≤h	THD
2.0	1.0	0.75	0.3	0.15	2.5

Even and "non-integer" harmonics should be limited to 25% of the odd harmonic limits above.

c. Voltage Harmonic Distortion Limits:

Individual Voltage Distortion (%)	Total Voltage Distortion THD (%)
1.0	1.5

If Gallatin Steel fails to install and/or to operate the necessary facilities on its premises to correct the Objectionable Operating Conditions of its load, or to prevent such Objectionable Operating Conditions from interfering with EKPC/OEC's supply of service to other customers, EKPC/OEC shall have the right to deny service to Gallatin Steel. Any Objectionable Operating Conditions shall be corrected within twenty-four (24) hours after written notice from EKPC/OEC to Gallatin Steel stating the Objectionable Operating Conditions which shall be corrected. Whenever Gallatin Steel's power factor and voltage flicker corrective equipment is inoperative due to breakdown or the short circuit capacity at the delivery point is less than the assumed 7,500 MVA short circuit capacity at the 345 kV delivery point and an assumed 260 MVA short circuit capacity

at the 34.5 kV delivery point thereby preventing Gallatin Steel from avoiding Objectionable Operating Conditions (hereinafter "Breakdown Period"), Gallatin Steel shall operate at a reduced rate of operation and during periods of time specified by EKPC/OEC, Gallatin Steel shall, for the Breakdown Period, be billed for the metered Maximum Load expressed in terms of kilowatts on the basis of a proration of the Maximum Load Charges and for the energy used on the basis of the Energy Charge. Such proration shall be based on the ratio of the number of hours in the Breakdown Period to the total number of hours during the monthly billing period. For all the other hours during the monthly billing period, Gallatin Steel shall be billed for the actual Billing Maximum Load on the basis of the Maximum Load Charges multiplied by the complement of the above computed ratio and the energy used on the basis of the Energy Charge.

15. METER TESTING AND BILLING ADJUSTMENT

EKPC/OEC shall test and calibrate meters, or cause them to be tested and calibrated, by comparison with accurate standards at intervals of twelve (12) months. EKPC/OEC shall also make, or cause to be made, special meter tests at any time during normal business hours at Gallatin Steel's request. The costs of all tests shall be borne or provided for by EKPC/OEC, provided, however, that if any special meter test made by Gallatin Steel's request shall disclose that the meters are recording accurately, Gallatin Steel shall reimburse EKPC/OEC for the cost of such test. Meters registering not more than one (1%) percent above or below normal shall be deemed to be accurate. The readings of any

meter which shall have been disclosed by test to be inaccurate shall be corrected for the period during which meter error is known to have existed , or if not known, for one-half the elapsed time since the last such test in accordance with the percentage of inaccuracy found by such test. If any meter shall fail to register for any period, the parties shall agree as to the amount of kW Demand and energy furnished during such period. Such estimates shall be based on Gallatin Steel's operating records for the period in question, historical load records and other pertinent data and records, and OEC shall render a bill to Gallatin Steel therefor.

16. RIGHT OF ACCESS

The duly authorized agents and employees of OEC and EKPC shall have free access at all reasonable hours to the premises of Gallatin Steel for the purpose of installing, repairing, inspecting, testing, operating, maintaining, renewing or exchanging any or all of their equipment which may be located on the premises of Gallatin Steel, for reading or testing meters, or for performing any other work incident to the performance of this Agreement.

The parties agree to properly protect the property of each other party located on its premises, and to permit no one to inspect or tamper with the wiring and apparatus of the other party except such other party's agents or employees, or persons authorized by law. It is agreed, however, that no party assumes the duty of inspecting the wiring or apparatus of any other party and shall not be responsible therefor.

17. MAINTENANCE OF EQUIPMENT

Each party agrees with the other party that it will at all times maintain its lines, equipment, and other facilities in a safe operating condition in conformity with generally accepted standards for electric utilities in the State of Kentucky.

18. RESPONSIBILITY FOR DAMAGES OR LOSS

The electric power and energy supplied under this Agreement is supplied upon the express condition that after it passes the Point of Delivery it becomes the responsibility of Gallatin Steel, and neither OEC nor EKPC shall be liable for loss or damage to any person or property whatsoever, resulting directly or indirectly from the use, misuse or presence of the said electric power and energy on Gallatin Steel's premises, or elsewhere, after it passes the Point of Delivery except where such loss or damage shall be shown to have been occasioned by negligence of EKPC or OEC, their agents or employees.

19. USAGE OF POWER

The parties understand and agree that Gallatin Steel purchases and accepts the electric power and energy delivered to it under this Agreement solely for use of Gallatin Steel's steel manufacturing plant operation, including typical on-site ancillary loads. Among the contemplated ancillary facilities at the Gallatin Steel mill will be major and minor service contractors. The contractors' equipment and facilities will be integrated into the plant operations and are designed to access Gallatin Steel's electrical distribution system. The major service contractors' scope of work is solely dedicated to the

Gallatin Steel plant and is integral in the successful operation of the steel-making plant. Among the services provided by the major contractors are: scrap and raw material handling; oxygen, nitrogen and argon supply; slag handling; electric arc furnace dust handling. Several minor service contractors will also provide required services including: tundish refractory; ladle refractory and slide gates; water treatment equipment and chemicals; baghouse maintenance; substation maintenance; miscellaneous maintenance; HVAC maintenance, and cafeteria catering. In all cases, it is understood that these contractors will be utilizing Gallatin Steel electrical power to complete their work.

Except with respect to the ancillary loads stated above, it is understood agreed that the electric power and energy delivered to Gallatin Steel under this Agreement will not be resold, delivered, shared or distributed to any person, firm, corporation, association or cooperative on or outside Gallatin Steel's premises.

20. CONTINUITY OF SERVICE

OEC and EKPC shall use reasonable diligence required of a public utility in Kentucky to provide a constant and uninterrupted supply of electric power and energy hereunder. If the supply of electric power and energy shall fail or be interrupted, or become defective through acts of God, Governmental authority, action of the elements, public enemy, accident, strikes, labor trouble, interruption in deliveries of power by LG&E, required maintenance work, suspension of wheeling

service by KU for any reason, or any other cause beyond the reasonable control of OEC and EKPC, they shall not be liable therefor or for damages caused thereby. (The foregoing paragraph is not intended to mitigate OEC's and EKPC's rights to interrupt service as provided for in Sections 3 and 14 above.)

21. SERVICE COORDINATION COMMITTEE

Prior to commencement of service hereunder, each party shall designate in writing one regular representative (and an alternate representative to act in the absence of the regular representative) familiar with this Agreement and with the facilities used to provide electric service hereunder, who shall be authorized to act on the designating party's behalf in relation to electric service matters. The individuals so designated shall comprise a Service Coordination Committee and shall cooperate with one another and, from time to time as the need may arise, determine and agree upon operating matters pertaining to the coordination of electric service hereunder. The members shall keep one another apprised of projected maintenance schedules of their respective facilities and such other matters as may better harmonize their respective operations. Questions regarding monthly power bills shall also be directed to this Committee for resolution. The members of the Committee shall also serve as designated point of regular contact for the party they represent. The Committee shall have no authority to revise any provision of this Agreement.

22. ASSIGNMENT

Neither party to this Agreement may assign its rights hereunder without the consent of the other, except that a party may, without the consent of the other, assign, pledge or hypothecate its rights hereunder to its trustee or mortgagee under a mortgage, indenture or trust indenture, and being so pledged or assigned, shall be subject to all the terms and provisions of such mortgage or trust indentures. Provided, further, that Gallatin Steel may assign this Agreement to an entity recognized as financially and technically capable by EKPC and OEC which may hereafter acquire or operate the Gallatin Steel Plant in the same manner, to the same extent, and for the same purposes as originally operated by Gallatin Steel. Such recognition shall not be unreasonably withheld in appropriate cases. No assignment shall relieve the assignor of its obligations hereunder without the written assent of the other parties to accept the assignee as a substitute obligor.

23. TERM

The obligation of EKPC/OEC to supply, and of Gallatin Steel to accept and pay for, electric service under the terms of this Agreement shall begin with the Initial Billing Period as defined in Section 1.F. herein (the "Effective Date").

Except as provided herein, this Agreement shall be in effect for an initial term of ten (10) years measured from the Effective Date. If, at least twenty-four (24) months before the end of the initial term of this Agreement, neither EKPC/OEC nor Gallatin Steel has given to the other Party written notice stating its

intention to terminate this Agreement at the end of such initial term, then, if the parties are able to negotiate new Charges for Service mutually agreeable to the parties, this Agreement shall thereafter continue in full force and effect unless and until either EKPC/OEC or Gallatin Steel terminates this Agreement by giving to the other Party not less than twenty-four (24) months written notice stating its intention to terminate this Agreement at the expiration of such twenty-four (24) month period.

24. APPROVAL

The rates and charges for electrical service established hereunder are contingent upon the execution of an EKPC-KU agreement and the EKPC-LG&E Contract and is also subject to approval by the Kentucky Public Service Commission pursuant to Kentucky Revised Statutes, Chapter 278, and by the Rural Electrification Administration and the National Rural Utilities Cooperative Finance Corporation. Accordingly, this Agreement shall be subject to termination by Gallatin Steel or EKPC or OEC if such approval as may be required by law is not obtained in writing from the Kentucky Public Service Commission, the Administrator of the Rural Electrification Administration and the Administrator of the National Rural Utilities Cooperative Finance Corporation within 180 days of the start of the Initial Billing Period. Furthermore, the LG&E Contract may require approvals from various agencies, including the Federal Energy Regulatory Commission. The parties covenant to use their best efforts to forthwith seek and support such approvals for this Agreement and the LG&E Contract by filing such papers, presenting such

testimony, and taking such other action as may be necessary or appropriate to secure the same. After such approvals, this contract shall continue in full force and effect for the term hereof, as provided by the statutory provision above cited.

In the event that Gallatin Steel exercises this option to terminate, it shall, within 30 days of such termination, fully reimburse EKPC and OEC for all facilities and equipment which have been provided for service to Gallatin Steel.

25. ADDITIONAL RESPONSIBILITIES

A. Breach. In addition to all duties and obligations expressly undertaken by EKPC herein, the parties further agree that in the event OEC for any reason materially breaches any provision of or fails to perform its obligations as set out in this Agreement, then EKPC shall have the duty to perform under such provisions and obligations of this Agreement to the extent of its legal authority to do so, and EKPC shall simultaneously be entitled to all rights of OEC under this Agreement.

B. FERC Filings/Notification. EKPC/OEC will notify Gallatin Steel of any filing made by LG&E with FERC or any other regulatory body or court of law affecting the LG&E Contract and will not object to any intervention by Gallatin Steel in any proceeding established as a result of such filing.

C. Impact Of Customer's Load On KU's Facilities. Final approval of this power supply contract is subject to KU's agreement to provide transmission and related services at the rates previously mentioned. Furthermore, approval of the contract is subject to engineering studies, reasonably acceptable

to KU, indicating that the connection of Customer's load to KU's Ghent Substation through EKPC's 345 kV line will not materially impair the reliability of the KU Ghent Power Plant.

Gallatin Steel agrees to pay KU for any pertinent engineering studies required by KU relating to service hereunder and for any equipment required by KU for protection of KU's Ghent Power Plant as determined by such studies. Gallatin Steel acknowledges that such studies and protective equipment are currently estimated to cost in the range of \$1,000,000. Gallatin Steel also agrees to reimburse EKPC in the amount of \$53,100 for a payment made by EKPC to KU on Gallatin Steel's behalf as partial payment for such studies.

26. MISCELLANEOUS

A. Headlines of Articles. Headings of articles in this Agreement have been inserted for convenience only and shall in no way affect the interpretation of any term or provision hereof.

B. Severability. Except where expressly stated otherwise, the duties, obligations, and liabilities of the parties are intended to be several and not joint or collective.

C. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Kentucky.

D. Waivers. Any waiver at any time by a party of its rights with respect to a default or with respect to any other matters arising in connection with this Agreement shall not be deemed a waiver with respect to any subsequent default or other matter.

E. Prior Agreements. The parties hereby acknowledge that this Agreement contains the entire agreement among the parties and supersedes all prior agreements and understandings related to the subject matter hereof.

F. Counterparts. This Agreement may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed an original.

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

GALLATIN STEEL COMPANY

By Milan Kosanovich
Milan Kosanovich
President

EAST KENTUCKY POWER COOPERATIVE

By Roy M. Palk
Roy Palk
President and C.E.O.

OWEN ELECTRIC COOPERATIVE

By Frank K. Downing
Frank K. Downing
General Manager
Pres/CEO