

**AMENDED SPECIAL CONTRACT FOR FIRM
GAS SALES SERVICE**

This Special Contract for Firm Gas Sales Service (the “Special Contract”) made and entered into this 27th day of July 2016, by and between Louisville Gas and Electric Company, a Kentucky corporation, on behalf of its Gas Distribution Business (hereinafter referred to as “Company”), and Louisville Gas and Electric Company and Kentucky Utilities Company, Kentucky corporations, on behalf of their Electric Generation Businesses (hereinafter collectively referred to as “Customer”).

WITNESSETH:

THAT, WHEREAS, Company owns and operates a gas distribution system in Kentucky; and

WHEREAS, Customer owns and operates electric generation facilities that are provided with natural gas service by Company; and

WHEREAS, Company and Customer are parties to a Special Contract for Firm Gas Sales and Firm Transportation Service dated April 9, 2014, relating to Customer’s electric generating facilities known as Mill Creek and Paddy’s Run; and

WHEREAS, Customer previously constructed a new natural gas transmission line to serve the natural gas fired combined cycle unit at Cane Run; and

WHEREAS, Customer is constructing a connection from the aforementioned gas transmission line to extend to Paddy’s Run, which is expected to be installed and operational in the second half of 2016, and therefore will no longer require firm natural gas transportation service for Paddy’s Run from Company; and

WHEREAS, Customer desires to continue to receive firm sales service from Company for Customer’s natural gas requirements at Mill Creek; and

WHEREAS, both Parties desire to enter into a new contract, to replace the aforementioned April 9, 2014 Special Contract, under which firm natural gas sales service shall be provided by Company to Customer under defined terms and conditions and at established rates.

NOW THEREFORE, the Parties agree as follows:

1. FIRM GAS SALES SERVICE: Company will provide to Customer firm gas sales service under the terms and conditions of this Special Contract including the rates, terms, and conditions set forth on the following Appendices:

Appendix A: “Customer Facilities and Service Levels”

Appendix B: “Rates for Sales Service”

Appendix C: “Terms and Conditions for Sales Service”

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Appendices A, B, and C are attached hereto and incorporated herein by reference.

2. **EFFECTIVE DATE:** The effective date of this Special Contract is the date Customer ceases taking service from Company at Customer's Paddy's Run generating facility, expected to be on or around November 1, 2016. Beginning with the effective date set forth in the immediately preceding sentence, billing shall reflect the rates, terms, and conditions established pursuant to this Special Contract. Notwithstanding the foregoing, if the Kentucky Public Service Commission ("Commission") initially suspends this Special Contract for further review and subsequently approves it, or allows the Commission review period to expire without Commission rejection of this Special Contract, then the effective date of this Special Contract shall be the first day of the month covering the first full monthly billing rendered at least ten (10) days after the date of such Commission approval or such expiration of the Commission review period and such billing shall reflect the rates, terms, and conditions established pursuant to this Special Contract. The April 9, 2014 Special Contract shall terminate on the effective date of this Special Contract.

3. **TERM:** The initial term of this Special Contract shall begin on the effective date and shall continue through October 31, 2017. After such initial term, this Special Contract automatically shall continue in full force and effect and from year to year (from November 1 through October 31, which period shall be defined as a "Contract Year"), until terminated by either Party hereto for any reason, or no reason, pursuant to written notice of termination given by one Party to the other Party one (1) year prior to the effective termination date.

4. **PERFORMANCE:** If either Company or Customer breaches or fails to perform any of the covenants or obligations imposed upon it pursuant to this Special Contract, then either Party may, at its option, terminate this Special Contract upon thirty (30) days prior written notice during which period of time the non-performing Party may cure the failure to perform. In the event that the non-performing Party cures its failure to perform, this Special Contract shall continue in effect and notice of termination shall be withdrawn. Any cancellation of this Special Contract, pursuant to the provisions of this paragraph shall be without waiver of any remedy to which the Party not in default may be entitled for violations of this Special Contract.

5. **COMMISSION JURISDICTION:** It is mutually understood and agreed that the rates, terms, and conditions applicable to service furnished to Customer under this Special Contract are at all times subject to abrogation or modification by Commission order in accordance with applicable statutes and regulations, including orders issued pursuant to proceedings initiated by Company.

6. **ENTIRE AGREEMENT:** This Special Contract and all Appendices attached hereto constitute the final and entire agreement between the Parties relating to the subject matter hereof and shall supersede all prior or contemporaneous oral or written statements, promises, and understandings between the Parties relating thereto.

7. **CONFIDENTIALITY:** The Parties desire that the terms of this Special Contract shall be kept confidential during the term hereof by the Parties hereto, except as required by law or by a duly constituted governmental authority having jurisdiction over C.

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Additionally, the Parties desire that any "Confidential Business Information" that a Party discloses to the other Party in connection with this Special Contract be kept confidential by the receiving Party during the term hereof, except as provided below. For purposes of this Section 7, the term "Confidential Business Information" shall mean any business information which a Party believes to be confidential or proprietary and which such Party has designated and labeled in writing as confidential or proprietary prior to disclosure to the receiving Party.

During the term hereof, no portion of the Confidential Business Information shall be disclosed by the receiving Party to any person or entity other than: (i) such of the receiving Party's officers, employees, agents, representatives and advisors who need to know the Confidential Business Information to perform or administer any of its rights or obligations under this Special Contract; or (ii) to the extent the receiving Party shall be legally compelled to make such disclosure by any court or other governmental agency or instrumentality having jurisdiction over it (in which event the receiving Party shall provide the disclosing Party with reasonable prior notice of such compelled disclosure so that the disclosing Party may, in its discretion, seek a protective order with respect to such disclosure, or waive compliance by receiving Party with the provisions hereof); or (iii) to the extent that the receiving Party has received an opinion of its legal counsel that receiving Party is required by applicable law to make such disclosure to any other person, entity or governmental agency or instrumentality.

Notwithstanding the foregoing, the Confidential Business Information shall not include any information which is in the public domain as of the date of its disclosure to the receiving Party. For purposes of this Special Contract, information which is in the public domain shall include, without limitation: (a) any information which is or becomes generally available to the public other than by reason of a disclosure by receiving Party in violation of this Section 7; (b) any information which is or was made available to receiving Party by a source other than the disclosing Party, provided the receiving Party had no reason to believe the source of such information was under a contractual obligation to the disclosing Party not to make such disclosure; (c) information which was known to receiving Party prior to disclosure by the disclosing Party, as reasonably documented by receiving Party; (d) any information which is or was independently acquired or developed by receiving Party without violating any of its covenants set forth in this Special Contract; (e) information required to enforce this Special Contract; or (f) information released to third parties required to facilitate the services contemplated hereunder.

8. **SOLE DISTRIBUTOR:** During the primary term hereof and any subsequent extension(s), Company shall be the sole provider to Customer of the natural gas sales service contemplated under this Special Contract.

9. **NOTICES:** All general contractual notices relating to this Special Contract shall be in writing (unless otherwise specifically permitted under this Special Contract) and shall be addressed as follows:

To Company: Director - Gas Management, Planning, and Supply
Louisville Gas and Electric Company
P.O. Box 32020
Louisville, Kentucky 40232
Telephone: (502) 627-2424

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Facsimile: (502) 627-3584

To Customer: Director – Power Supply
Louisville Gas and Electric Company
Kentucky Utilities Company
P.O. Box 32010
Louisville, Kentucky 40232
Telephone: (502) 627-3250
Facsimile: (502) 627-4655

All operational notices pursuant to this Special Contract may be made orally and shall be followed up in writing within one business day and shall be addressed as follows:

To Company: Gas Controller
Gas Control Department
Louisville Gas and Electric Company
P.O. Box 32020
Louisville, Kentucky 40232
Telephone: (502) 627-3131
Facsimile: (502) 627-3036

To Customer: Generation Dispatch Desk
Utility Regulated Generation Dispatch Department
LG&E and KU Services Company
P.O. Box 32010
220 West Main Street
Louisville, Kentucky 40232
Telephone (502) 627-4700
Facsimile: (502) 627-4655

All written notices shall be deemed delivered as of the date the notice is sent by facsimile or hand-delivered or one business day after it is placed in the U. S. mail, certified, first class, postage prepaid, or conveyed to a recognized delivery service for overnight delivery as applicable.

10. INCORPORATION OF TARIFF: Except as specifically provided for under this Special Contract, all natural gas sold by Company to Customer shall be governed by the same terms and conditions of service provided for under the Terms and Conditions contained in the Company's Rates, Terms and Conditions for Furnishing Natural Gas Service (P.S.C. Gas No. 10), or its successor, both as approved by the Commission.

11. MEASUREMENT OF GAS: All gas delivered by Company to Customer pursuant to this Special Contract shall be measured by such gas meters as the Company deems appropriate. Company shall own such metering equipment and facilities. Customer shall install adequate facilities and make such modifications to its internal station facilities to enable it to utilize the gas delivered by the Company to Customer's Generation Facility pursuant to the terms of this Special Contract as a single custody transfer point for each Generation Facility. No metering of any type owned or installed by Customer shall be used to determine such deliveries. Company will provide Customer

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with access to output signals representative of metered volumes and delivery pressures at each Generation Facility. Customer will also have the right to install, at its cost, equipment (such as a pressure transmitter) designed to accept the output signals provided by Company. Access to such output signals will be provided in accordance with the "Data Share Agreement" executed by customers served under Rate Schedule FT that require access to such gas flow and pressure data.

12. COORDINATION: Both Parties recognize the operation of this Special Contract will require coordination and cooperation of the Parties. Each Party agrees to provide annually a maintenance schedule and updates thereto on a monthly basis explaining the maintenance to be performed and how such maintenance may affect either the receipts or the deliveries of gas, so that each Party can coordinate with the other when facilities are to be taken out of service so as to optimize facility maintenance and eliminate potential downtime. Each Party will use its reasonable efforts to estimate and coordinate tests, maintenance, and alteration and repair activities to accommodate the other Party. In addition, Customer will coordinate with Company the start-up and shut-down of each of Customer's Generation Facilities as set forth in Appendix A and Appendix C.

13. MISCELLANEOUS:

(a) A gas day is the period from 10:00 AM Eastern Clock Time ("ECT") until 10:00 AM ECT on the following calendar day, or as otherwise defined in Company's Rate Schedule FT.

(b) This Special Contract shall be governed by and interpreted in accordance with the laws of the Commonwealth of Kentucky without resort to the laws of Kentucky regarding conflicts of law.

(c) The failure of either Party at any time to exercise any right or to require performance by the other Party of any provision of this Special Contract shall in no way affect the right of such Party thereafter to enforce the same, nor shall the waiver by either Party hereto of any breach of any provision of this Special Contract by the other Party be a waiver of any other breach of such provision, or a waiver of the provision itself.

(d) The title headings are for identification and reference only and shall not be used in interpreting any part of this Special Contract.

(e) This Special Contract shall be considered for all purposes as prepared through the joint efforts of the Parties, and shall not be construed against one Party or the other as a result of the preparation, submittal or other event of negotiation, drafting or execution thereof.

(f) Each Party to this Special Contract represents and warrants that it has full and complete authority to enter into and perform this Special Contract. Each person who executes this Special Contract on behalf of either Party represents and warrants that it has full and complete authority to do so and that such Party will be bound thereby.

(g) This Special Contract shall be binding upon the Parties hereto and their respective successors and assigns. Subject to paragraph 7 hereinabove, it is understood that this Special Contract may be submitted with and made a part of one or more applications to duly

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constituted authorities, and copies of this Special Contract may be submitted to any person dealing with the subject matter hereof.

(h) There is no third-party beneficiary to this Special Contract.

(i) In the event of any inconsistency between the terms of this Special Contract (including the specifications) and any rate schedule, rider, or exhibit incorporated in this Special Contract by reference or otherwise, or any of the Company's rules and regulations, the terms of this Special Contract shall control, subject to the Commission's orders as set forth in paragraph 5 hereinabove.

SIGNATURES ON NEXT PAGE

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IN WITNESS WHEREOF, the Parties hereto have caused this Special Contract to be executed by their duly authorized officers and representatives.

Getty K. Dinsley
WITNESS

LOUISVILLE GAS AND ELECTRIC
COMPANY AND KENTUCKY
UTILITIES COMPANY, On behalf of their
Electric Generation Businesses

BY: *Ralph Bowl*

TITLE: *VP Power Production*

DATE: *7/19/16*

Getty K. Dinsley
WITNESS

LOUISVILLE GAS AND ELECTRIC
COMPANY, On behalf of its Gas
Distribution Business

BY: *Ronald E. Bell*

TITLE: *VP Gas Distribution*

DATE: *7/18/16*

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APPENDIX A

CUSTOMER FACILITIES AND SERVICE LEVELS

The following Operational Parameters Table sets forth the Minimum Delivery Pressure, Maximum Hourly Rate, and Maximum Daily Quantity applicable to each listed Generation Facility to be served with Firm Sales Service:

(1)	(2)	(3)	(4)
Generation Facility	Minimum Delivery Pressure ("MDP") psig	Maximum Hourly Rate ("MHR") Mcf/hour	Maximum Daily Quantity ("MDQ") Mcf/day
Mill Creek	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

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APPENDIX B

RATES FOR FIRM SALES SERVICE

Customer shall receive sales service for the designated Generation Facilities set forth in Appendix A and as described in this Special Contract. Company and Customer agree that the rates and charges of Company's Rate Schedule IGS, as amended from time to time, are incorporated into and made a part of this Special Contract except as specifically provided for in this Appendix B.

1. In lieu of the charges set forth in the section entitled "RATE" of Rate Schedule IGS, the following rates and charges are applicable to all natural gas sales.

Monthly Sales Customer Charge Per Generation Facility: \$180.00

Monthly Demand Charge per Mcf: \$11.2629

Distribution Charge per Mcf Delivered: \$0.3329

Gas Supply Cost Component per Mcf Delivered: Per Rate IGS

2. The Sales Monthly Billing Demand for each listed Generation Facility shall be the greater of (a) the Sales MDQ applicable to that Generation Facility as set forth in Appendix A, or (b) the highest daily volume of gas delivered by Company to that Generation Facility on any day during the month or on any day during the eleven (11) preceding monthly billing periods in excess of the Sales MDQ applicable thereto.

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APPENDIX C

TERMS AND CONDITIONS FOR FIRM SALES SERVICE

Customer shall receive sales service for the designated Generation Facilities set forth in Appendix A and as described in this Special Contract. Company and Customer agree that the terms and conditions of Company's Rate Schedule IGS, as amended from time to time, are incorporated into and made a part of this Special Contract except as specifically provided for in this Appendix C.

1. In order to ensure close operational coordination necessary to protect the reliability of the natural gas and electric systems, the parties agree that:

(a) the Customer shall provide the Company with real time Mill Creek Generation Facility operational data necessary for the reliable operation of the gas system;

(b) the Customer shall make reasonable commercial efforts to update the Company on any changes to the operational plans of Mill Creek Generation Facility in order to facilitate the Company's operation of the gas system;

(c) the Company has the right at any time to call the Customer's Generation Dispatch Desk or the Mill Creek Generation Facility and ask for operational information that may impact the Company's gas system; and

(d) the Company shall make reasonable commercial efforts provide the Customer with gas system operational information necessary for planning Mill Creek Generation Facility operations.

2. [REDACTED]

3. [REDACTED]

4. [REDACTED]

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