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AGREEMENT FOR ELECTRIC SERVICE

PUBLIC SERVICE COMMISSION

AGREEMENT made May 28, 1993, between Henderson Union R.E.C.C.

a Kentucky corporation (hereinafter called the "Seller"), and Costain Coal Inc. P.O. Box 289, Sturgis, KY 42459 (hereinafter called the "Consumer"), a Delaware corporation (corporation, partnership or individual)

The Seller shall sell and deliver to the Consumer, and the Consumer shall purchase all of the electric power and energy which the Consumer may need at its Webster County, East Portal Site.

up to 15,000 kilowatts, upon the following terms:

1. Service Characteristics.

a. Service hereunder shall be alternating current, three phase, three wire, sixty

Hertz, 69,000 volts.

b. The Consumer shall not use the electric power and energy furnished hereunder as an auxiliary or supplement to any other source of power and shall not sell electric power and energy purchased hereunder.

c. See Addendum 1.

2. Payment.

a. The Consumer shall pay the Seller for service hereunder at the rates and upon the terms and conditions set forth in Rate Schedule LP-4, as well as the provisions of Addendum 2, which is attached to and made a part of this Agreement. Notwithstanding any provisions of Schedule LP-4, and irrespective of Consumer's requirements for or use of electric power and energy, the demand for billing purposes hereunder shall be not less than 1,000 kilowatts for any billing period.

b. The initial billing period shall start when Consumer begins using electric power and energy, or 15 days after the Seller notifies the Consumer in writing that service is available hereunder, whichever shall occur first.

c. Bills for service hereunder shall be paid at the office of the Seller, Henderson, Kentucky, PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE

Such payments shall be due on the 15th day of each month for service furnished during the preceding month's billing period.

If the Consumer shall fail to make any such payment within fifteen days after such payment is due, the Seller may discontinue service to the Consumer upon giving fifteen (15) days' written notice to the Consumer of its intention so to do, provided, however, that such discontinuance of service shall not relieve the Consumer of any of its obligations under this Agreement. All amounts unpaid within the due date shall be subject to a late payment penalty in accordance with the terms of LP-4.

d. The Consumer agrees that if, at any time, the Seller shall modify the rate for service hereunder, Schedule LP-4 is modified, the rate for service hereunder shall be corresponding.

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ADDENDA TO REA FORM 320

ADDENDUM 1

1.10 Facilities to be Provided by Consumer.

1.11 Consumer will provide or cause to be provided (without cost to the Seller) permanent easements upon Consumer's property which in the opinion of the Seller are necessary for the construction of facilities which the Seller or its wholesale power supplier must furnish to provide electric service under this agreement.

1.12 Except as provided in Section 1.20 of this Addendum, Consumer shall furnish and install, or cause to be furnished or installed, such facilities and equipment as may be necessary to enable it to receive and use electric power and energy purchased hereunder at and from the point of delivery, including such protective devices as may be reasonably necessary in the opinion of the Seller to protect the system of the Seller from disturbances caused by Consumer. Plans for equipment to be installed for such protection shall be submitted to Seller for prior approval.

1.20 Facilities to be Provided by Seller. Seller shall furnish and install, or cause to be furnished and installed, all of the facilities required for the delivery of electric power and energy to the point of delivery, including the following facilities.

1.21 One 69,000 volt electric transmission line extending from Big Rivers Electric Corporation's existing transmission line system to Consumer's dead-end structure near Consumer's substation yard.

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1.22 Metering, communications, relaying, and control circuits as mutually agreed upon and as necessary for proper measurement, control and coordination between Seller's and Consumer's facilities.

1.30 Construction Standards. Consumer shall construct and maintain any facilities it builds under an obligation created by this agreement in accordance with applicable provisions of the National Electric Safety Code of the American National Standards Institute (ANSI C2), and other applicable laws, codes and regulations, provided however Seller shall have no duty to inspect those facilities for conformance with such standards. Each party shall own, maintain and operate the facilities its purchases and installs.

1.40 Electric Disturbances and Phase Balancing Consumer shall not use the energy delivered under this agreement in such manner as to cause electric power and energy disturbances which may be reasonably expected to cause damage to or interference with Seller's system, a system connected with Seller's system, or facilities or other property in proximity to Seller's system; or which prevent Seller from serving other consumers satisfactorily.

ADDENDUM 2.

Demand Credit. Monthly demand credit will be given to Consumer for a period of 60 consecutive months beginning the first month that actual metered demand exceeds 1,000 kilowatts. The demand credit will be calculated in the following manner:

For the first twelve consecutive months of the demand credit period, the monthly demand credit will be the product of the metered demand each month in kilowatts times 0.5, times the demand charge listed in the prevailing rate.

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BY: Sharon Hella
PUBLIC SERVICE COMMISSION MANAGER

For the second twelve consecutive months of the demand credit period, the monthly demand will be the product of the metered demand each month in kilowatts times 0.4, times the demand charge listed in the prevailing LP-4 rate.

For the third twelve consecutive months of the demand credit period, the monthly demand will be the product of the metered demand each month in kilowatts times the demand charge listed in the prevailing LP-4 rate.

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For the fourth twelve consecutive months of the demand credit period, the monthly demand will be the product of the metered demand each month in kilowatts times the demand charge listed in the prevailing LP-4 rate.

For the fifth twelve consecutive months of the demand credit period, the monthly demand credit will be the product of the metered demand each month in kilowatts times 0.1, times the demand charge listed in the prevailing LP-4 rate.

ADDENDUM 3

Termination. If termination of this agreement is requested by the Consumer, or if Seller terminates the Agreement for nonpayment by Consumer, a termination charge shall be paid to the Seller by the consumer equal to the actual investment made by Seller's wholesale power supplier to erect the transmission line facilities described in paragraphs 1.21 and 1.22 of this Addenda, reduced by \$.90 per KW of demand the consumer is billed each month beginning with the initial billing period. Consumer shall also be obligated to reimburse Seller the amount of all demand credits received from Seller under the Economic Development clause of the rate schedule. Consumer's obligation under the terms of this agreement shall cease upon such Termination and after reimbursement of termination charges and demand credits.

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BY: *Cheryl S. Hall*
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ADDENDUM 4

Force Majeure. In the event performance of this agreement is limited or prevented in whole or in part by Acts of God, strikes, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of the Government (whether federal, state, or local, civil or military), civil disturbances, explosions, breakage of or accident to machinery, equipment or transmission lines inability of either party hereto to obtain necessary materials, supplies, or permits due to existing or future rules, regulations, orders, laws or proclamations of governmental authorities (whether federal, state, or local, civil or military) or any other cause beyond the reasonable control of the parties hereto whether or not specifically provided herein, upon such party's giving notice and reasonably full particulars of such force majeure or uncontrollable force, in writing or by telegraph to the other party within a reasonable time after the occurrence of the cause relied on, the party whose performance is so limited or prevented shall be excused, discharged and released from the performance to the extent such performance is limited or prevented, but only for the period when the performance is limited or prevented and thereafter all of the terms of this agreement shall remain in effect except that the term of the agreement shall be extended for a period equal to the duration of the aforesaid force majeure. Consumer shall be excused from paying the minimum bill during any period of force majeure, but nothing contained herein shall excuse Consumer from the obligations of paying at the time provided herein for any power consumed by it. In no event shall this agreement subject either party to liability for consequential damages or damages for loss of anticipated profit.

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PUBLIC SERVICE COMMISSION MANAGER

ADDENDUM 5

Successors in Interest. Consumer may with written approval of the Seller assign or transfer this Agreement and such approval shall not be unreasonably withheld. In such event such assignee or transferee shall assume all obligations or responsibilities of Consumer under this agreement, and the consumer shall then become only secondarily liable for such obligations and responsibilities.

ADDENDUM 6

6.10 **Capital Credits** Seller is a non-profit Kentucky corporation and Consumer will benefit from any savings or reductions in cost of service in the same manner as any comparable consumer as authorized by the Kentucky Revised Statutes, and by Seller's Articles of Incorporation and Bylaws as may be in effect; provided, however, the Seller's board of directors may defer retirement of so much of the capital credited to patrons for any year which reflects capital credited to the Seller by Big Rivers Electric Corporation (Big Rivers), Seller's wholesale power supplier, until Big Rivers shall have retired such capital credited existing prior to the effective date of this agreement, but shall participate in Consumer's capital credits accruing from and after such date in accordance with the Kentucky Revised Statutes and Consumer's Articles of Incorporation and Bylaws. Capital credits shall be promptly distributed to Consumer in accordance with the Kentucky revised Statutes Consumer's Articles of Incorporation and Bylaws and subject to such requirements as may be imposed by the Rural Electrification Administration.

6.20 **Remedies of the Parties.** Waiver at any time by either Party of rights with respect to a default or any other matter arising in connection with this agreement shall not be deemed to be a waiver with respect to any subsequent default or matter. Except as specifically provided herein, this agreement shall

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BY: Chap. Hall
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not be construed to abridge, limit, or deprive either party of any remedy for breach of the provisions herein which would otherwise be available at law or equity.


6.30 Reports and Information. Consumer shall furnish to the Seller such reports and information concerning its operations as the Seller may reasonably request from time to time.

6.40 Notices. Any written notice, demand or request required or authorized under this agreement shall be deemed properly given to or served on Seller if mailed to: Henderson-Union Rural Electric Cooperative Corporation, P.O. Box 18, Henderson, Kentucky 42420. Any such notice, demand or request shall be deemed properly given to or served on Consumer if mailed to:

Costain Coal Inc.
P.O. Box 289
Sturgis, KY 42459
c/o Chief Financial Officer

6.50 Jurisdiction and Venue. The terms, covenants and conditions herein contained constitute the entire agreement between the parties and shall supersede all previous communications, representatives, or agreement, either oral or written, between the parties hereto with respect to the subject matter hereof, provided, however, that service to the Consumer is subject to the provisions of the Articles of Incorporation and Bylaws of Seller and is subject to the lawful orders of the Kentucky Public Commission. All respective rights and obligations of the parties shall be governed by the laws of the State of Kentucky. Venue of any action, legal or equitable, having as its basis the enforcement or interpretation of this contract, shall be Kentucky.

6.60 Severability. Should any provision or provisions of this agreement be declared void or illegal by any court of competent jurisdiction, such

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void or illegal provision or provisions shall be severed from this agreement, and all other provisions hereof shall remain in full force and effect.

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SECTION 9 (1)

BY: *Sharon Hallee*
PUBLIC SERVICE COMMISSION MANAGER

Form for Filing Rate Schedules

For All Territory Served
Community, Town or Cit

HENDERSON-UNION RURAL ELECTRIC
COOPERATIVE CORPORATION

P.S.C. _____ 7

Fourth Revised SHEET NO. 14

CANCELLING P.S.C. _____

Third Revised SHEET NO. 14

CLASSIFICATION OF SERVICE

SCHEDULE "LP-4" - LARGE POWER (Over 2000 KW)

AVAILABILITY

This rate shall apply for large consumers contracting for demand of not less than 2001 KW.

CONDITIONS OF SERVICE

An "Agreement for Purchase of Power" shall be signed by the consumer for service under this rate.

CHARACTER OF SERVICE

Service shall be the 60 Hz, 3-phase, at voltage as mutually agreed by the Seller.

DETERMINATION OF BILLING DEMAND

For all delivery points, the Billing Demand in kilowatts shall be Member's maximum integrated thirty-minute demand at such delivery point during each billing month, determined by meters which record at the end of each thirty-minute period the integrated kilowatt demand during the preceding thirty minutes, or such maximum integrated thirty-minute demand achieved during any one of the eleven preceding months, or the Contract Demand, whichever shall be greater.

POWER FACTOR ADJUSTMENT

The consumer agrees to maintain unity power factor as nearly as practicable. Demand charge will be adjusted for average power factors lower than 90%. Such adjustment will be made by increasing demand 1.% for each 1.% by which the average power factor is less than 90% leading or lagging.

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MAY 1 1991

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BY: [Signature]
PUBLIC SERVICE COMMISSION MANAGER

DATE OF ISSUE April 11, 1991 DATE EFFECTIVE May 1, 1991

ISSUED BY [Signature] TITLE Manager
Name of Officer

Form for Filing Rate Schedules

For All Territory Served
Community, Town or City

HENDERSON-UNION RURAL ELECTRIC
COOPERATIVE CORPORATION

P.S.C. _____ 7

Fifth Revised SHEET NO. 16

CANCELLING P.S.C. _____

Fourth Revised SHEET NO. 16

CLASSIFICATION OF SERVICE

SCHEDULE "LP-4" - LARGE POWER (Over 2000 KW) (cont'd)

service by the total number of kilowatt hours sold by Seller for such class of service for the billing month.

(The above Fuel Adjustment Charge is subject to the provisions of and may be amended from time to time to conform to 807 KAR 5:056 and to any adjustment in the fuel clause or other increments which may be made in Big Rivers Electric Corporation's fuel charges under 807 KAR 5:056 by the Public Service Commission.)

MINIMUM DEMAND CHARGE

The minimum demand charge shall be no less than the amount as specified in the "Agreement for Purchase of Power."

ECONOMIC DEVELOPMENT

To encourage better utilization of the existing system and to promote economic expansion within the service area, an Economic Development Rate (EDR) is available for industrial development purposes through special negotiated contracts as provided by the Public Service Commission Order dated September 24, 1990, to Administrative Case No. 327.

TERMS OF PAYMENT

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Delinquent accounts are subject to a collection fee of \$10.00 or disconnection of service. The above rates are net, the gross rate being five percent (5%) higher. In the event the current monthly bill is not paid within fifteen (15) days from the date of the bill, the gross rate will apply.

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BY: [Signature]
PUBLIC SERVICE COMMISSION MANAGER

DATE OF ISSUE April 11, 1991 DATE EFFECTIVE May 1, 1991
ISSUED BY [Signature] TITLE Manager
Name of Officer

Issued by authority of an Order of the Public Service Commission of Kentucky