

INDUSTRIAL POWER AGREEMENT

THIS AGREEMENT, made and entered into this ____ day of _____, 19 __, by and between Harrison County Rural Electric Cooperative Corporation, a Kentucky corporation with its principal offices at Post Office Box 130, Cynthiana, Kentucky 41031, hereinafter referred to as the "Cooperative," and Minnesota Manufacturing & Mining Co., a corporation with its principal offices at St. Paul, Minnesota, hereinafter referred to as "Customer."

W I T N E S S E T H:

WHEREAS, Cooperative is a rural electric cooperative providing retail electric service in Harrison County, Kentucky, and

WHEREAS, Cooperative is a member of East Kentucky Power Cooperative, Inc., hereinafter referred to as "EKPC," and purchases all of its wholesale electric power and energy from EKPC, and

WHEREAS, EKPC has been advised of and has consented to the provisions of this Agreement, and

WHEREAS, Customer is a member of Cooperative and desires to purchase all of its retail electric power and energy needs from Cooperative, under the terms and conditions contained herein, to serve its Cynthiana plant (hereinafter referred to as its plant);

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

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JUL 11 1989

PURSUANT TO ORDER NO. 011,

BY: [Signature]
PUBLIC SERVICE COMMISSION MANAGER

1. Term. This Agreement shall become effective on the first day of the Cooperative's next billing cycle following the date first above written, subject to the provisions of Section 13. This Agreement shall continue in effect for a term of five (5) years from said date and shall continue thereafter unless terminated by either party by providing written notice of such termination of at least one (1) year prior to the desired termination date.
2. Availability of Power. Subject to the other provisions of this Agreement, Cooperative shall make available to Customer, and the Customer shall take and purchase from Cooperative, all of Customer's requirements for firm power and energy for the operation of Customer's said plant. The "contract demand" under this contract shall be 5,000 kW.

The power and energy made available to Customer hereunder shall be delivered, taken, and paid for in accordance with the terms hereof and the tariffs of the Cooperative, proposed Schedule LPR-2, as finally approved by the Kentucky Public Service Commission (the "P.S.C.") and as modified from time to time by appropriate authority, a copy of which is attached hereto and hereby made a part hereof. In the event of any conflict between the provisions of this Agreement and said tariff, the latter shall control.

3. Conditions of Delivery. The point of delivery for firm power and energy made available hereunder shall be the point at which Customer's facilities connect to Cooperative's facilities. The power and energy made available hereunder shall be in the form of

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PURSUANT TO SECTION 9(1)

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3-phase alternating current at a frequency of approximately 60 hertz and at a nominal voltage of 277/480. Regulation of voltage shall be within such limits as prescribed by the applicable rules and regulations of the Kentucky Public Service Commission. Maintenance by Cooperative at said point of delivery of the above-stated frequency and voltage within the above-stated limits shall constitute availability of power for purposes of this Agreement. The power and energy taken by Customer hereunder shall be measured by meters and associated metering equipment to be or caused to be installed, operated, and maintained by Cooperative or EKPC. None of such electric power and energy shall be resold to third parties.

Neither Cooperative nor EKPC shall be obligated to provide or be responsible for providing protective equipment for Customer's lines, facilities, and equipment to protect against single phasing, low voltage, short circuits or any other abnormal system conditions, but Cooperative or EKPC, as the case may be, may provide such protective equipment as it deems necessary for the protection of its own property and operations. The electrical equipment installed by Customer shall be capable of satisfactory coordination with any protective equipment installed by Cooperative or EKPC.

4. Primary Service. Service shall be furnished at primary distribution voltage and a discount of five percent (5%) shall apply to the demand and energy charges. Cooperative will meter on the primary side of the point of delivery agreed upon by the Cooperative and the Customer.

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PURSUANT TO 207 KAR 5:011,
SECTION 9.02
BY: [Signature]
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5. Electric Disturbances. Customer shall not use the energy delivered under this Agreement in such manner as to cause electric disturbances which may be reasonably expected to (a) cause damage to or interference with Cooperative's system, systems connected with Cooperative's system, or facilities or other property in proximity to Cooperative's systems, or (b) prevent Cooperative from serving other purchasers satisfactorily.

Cooperative may, at any time during the term of this Agreement, notify Customer of any such disturbances and, before attempting to take any other action, shall afford Customer a reasonable time and opportunity, under the circumstances involved, to correct or suppress the disturbances. If Customer does not so correct or suppress the disturbances, the Cooperative may suspend or discontinue service (but only to the extent appropriate).

Any interruption of service which may become necessary by reason of this Section shall not relieve Customer from its obligation to pay Cooperative the monthly charge as specified herein.

6. Right of Removal. Any and all equipment, apparatus, devices or facilities placed or installed, or caused to be placed or installed, by either of the parties hereto or by either party on or in the premises of the other party shall be and remain the property of the party owning and installing such equipment, apparatus, devices or facilities, regardless of the mode or manner of annexation or attachment to real property of the other. Upon the termination of this Agreement, or any extension thereof, the owner thereof shall

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have the right to enter upon the premises of the other and shall within a reasonable time remove all or any portion of such equipment, apparatus, devices or facilities, unless otherwise agreed by the parties, or by either party and EKPC, as applicable, at the time of such termination.

7. Rates and Charges. Customer shall pay Cooperative monthly for power and energy made available under this Agreement in accordance with the rates, charges, and provisions of Cooperative's currently submitted standard tariff applicable to consumers of the same class as Customer, Schedule LPR-2, as finally approved by the Kentucky P.S.C. and as modified, replaced, or as adjusted from time to time and approved by the Kentucky P.S.C. Said tariff Schedule LPR-2, as submitted, is attached hereto and hereby made a part thereof.
8. Payment of Bills. Payment for electric power and energy furnished hereunder shall be due and payable at the office of Cooperative monthly in accordance with applicable provisions of said Schedule LPR-2. If Customer shall fail to pay any such bill, as provided in said Schedule LPR-2, Cooperative may discontinue delivery of electric power and energy hereunder upon fifteen (15) days written notice to Customer of its intention to do so. Such discontinuance for nonpayment shall not in any way affect the obligations of Customer to pay the minimum bill. All amounts unpaid when due shall be subject to a 5% charge for late payment.
9. Reduction in Cost of Service. Cooperative is a nonprofit Kentucky Corporation and Customer will benefit from any savings or reductions in cost of service in the same manner as any comparable

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PURSUANT TO KRS 5.011,
SECTION 9.01
BY: [Signature]
PUBLIC SERVICE COMMISSION CLERK

customer as authorized by the Kentucky Revised Statutes, and by Cooperative's Articles of Incorporation and Bylaws as now in effect; provided, however, the Cooperative'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 Cooperative by EKPC until EKPC shall have retired such capital credited to the Cooperative. Customer shall participate in the Cooperative's capital credits or in any capital credited to Cooperative by EKPC in accordance with the Kentucky Revised Statutes and Cooperative's Articles of Incorporation and Bylaws.

10. Notices. Any written notice, demand, or request required or authorized under this Agreement shall be deemed properly given to or served on Cooperative if mailed to:

Harrison County Rural Electric Cooperative Corporation
P. O. Box 130
Cynthiana, Kentucky 41031

Any such notice, demand, or request shall be deemed properly given to or served on Customer if mailed to:

Minnesota Mining & Manufacturing Company
P. O. Box 430
Cynthiana, Kentucky 41031

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Each party shall have the right to change the name of the person to whom or the location where the notices are to be given or served by notifying the other party, in writing, of such change.

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PURSUANT TO KY KAR 5:011,
BY: [Signature]
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11. Successors in Interest. The terms and conditions of this Agreement shall inure to and be binding upon the parties, together with their respective successors in interest. Neither party may assign this Agreement to any other party without the express written consent of the other party, except that the Cooperative may assign the Agreement to the Rural Electrification Administration and/or any supplemental lenders without such consent.

12. Force Majeure. The obligations of either party to this Agreement shall be suspended during the continuance of any occurrence, beyond the affected party's control (a "force majeure"), which wholly or partially prevents the affected party from fulfilling such obligations, provided that the affected party gives notice to the other party of the reasons for its inability to perform within a reasonable time from such occurrence. As used in this section, the term force majeure shall include, but is not limited to: acts of God; strikes; wars; acts of a public enemy; riots; storms; floods; civil disturbances; explosions; failures of machinery or equipment; interruptions in power deliveries from Cooperative's power supplier; or actions of federal, state, or local government authorities, which are not reasonably within the control of the party claiming relief.

Notwithstanding the above provision, no event of force majeure shall relieve Customer of its obligation to pay the minimum monthly charge provided herein.

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13. Approvals. The execution of this Agreement shall not result in a contract between the parties unless any necessary approvals of

BY: *[Signature]*

EKPC, the Rural Electrification Administration, any supplemental lenders to Cooperative, and the P.S.C. are obtained within 180 days of such execution.

14. Third Party Beneficiary. The parties hereto recognize that EKPC has provided facilities specifically to serve this Agreement with a total cost of approximately \$300,000. The parties further recognize that a portion of the rates paid by Customer, and likewise paid by Cooperative under EKPC's wholesale rates, compensates EKPC for those facilities over the term of this Agreement. To the extent of its unreimbursed investment in such facilities, EKPC shall be a third-party beneficiary to this Agreement. Customer hereby acknowledges that its obligation to pay the rates provided herein for service is, in part, an obligation to repay EKPC for such facilities and Customer agrees that EKPC, as a third-party beneficiary providing consideration for this Agreement, shall have the right to bring a cause of action directly to recover its unreimbursed facilities investment in the event of a default of this Agreement by Customer.
15. Modifications. Any future revisions or modifications of this Agreement shall require the advance approval of EKPC, and any necessary approvals by the Rural Electrification Administration, any supplemental lenders to the Cooperative, and the P.S.C.

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PURSUANT TO KRS 5:011,
SECTION 2(1)
BY: Thomas H. Bell
PUBLIC SERVICE COMMISSION MANAGER

IN WITNESS THEREOF, the parties have caused this Agreement to be executed, in six original counterparts, by their respective officers, thereunto duly authorized, as of the day and year first above written.

ATTEST:

By _____

ATTEST:

By _____

PUBLIC SERVICE COMMISSION
OF KENTUCKY
OFFICE

JUL 11 1989

PURSUANT TO SECTION 1.

BY: [Signature]
PUBLIC SERVICE COMMISSION MANAGER