

## AGREEMENT FOR ELECTRIC SERVICE

AGREEMENT made October 7, 2004, between KENERGY CORP, 6402 Old Corydon Road, Henderson, Kentucky 42420 (hereinafter called the "Seller"), and Cardinal River Resources, Inc., with a service address at Highway 814, Providence, Kentucky and corporate address at PO Box 50, Nebo, Kentucky 42441-0050, (hereinafter called the "Consumer");

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 the aforementioned location, up to 1,000 kilowatts, upon the following terms:

### 1. FACILITIES; POINT OF DELIVERY

- A. Seller shall install, or cause to be installed by its wholesale electric supplier Big Rivers Electric Corporation, at no cost to Consumer, all facilities required to provide three phase electric service at a voltage of 7.2 kV phase to phase, to the point of delivery at which Consumer takes power from Seller, said facilities includes a 69 kV to 7.2 kV electric distribution substation located in Hopkins County on Highway 814 near Highway 109.
- B. Consumer will install or cause to be installed, at its own cost, all facilities beyond the point of delivery required to transport and transform the delivered power and energy to its load.
- C. The point of delivery will be on the face of a 7.2 kV dead end structure on the load side of Big Rivers Electric's 69 kV to 7.2 kV electric distribution substation described in A. above.

### 2. SERVICE CHARACTERISTICS

- A. Service hereunder shall be alternating current, 3 phase, sixty cycles, 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. The Consumer shall not use the energy delivered under this Agreement in such manner as to cause a system disturbance or phase unbalance which may be reasonably expected to cause damage to or interference with Seller's system, systems connected with Seller's system, or facilities or other property in proximity to Seller's system; or which prevents Seller from serving other consumers satisfactorily.


A system disturbance includes but is not limited to: (a) Harmonic Distortion: a level of current harmonic total demand distortion (TDD) measured at a customer's point of delivery that exceeds the limits on TDD described in IEEE Standard 519, Section 10; and, (b) Phase Imbalance: a use of capacity and energy in such a manner that causes a current imbalance between phases greater than 5% at a retail customer's point of delivery.

- D. Except as provided above, the terms and conditions of Schedule 31 of Seller's filed tariff, as it may be amended or modified from time to time, shall apply. A copy of Schedule 31 of Seller's filed tariff is attached hereto and is a part hereof, marked Exhibit A.

### 3. PAYMENT

- A. The Consumer shall pay the Seller for service hereunder at the rates and upon the terms and conditions set forth in Schedule 31 of Seller's filed tariff, as it may be amended or modified from time to time.

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11/1/2004  
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SECTION 9 (1)

By  Executive Director

Notwithstanding any provision of the Schedule 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 100 kilowatts per month for any billing period. In any event the Consumer shall pay the Seller not less than \$1,115 per month for having service available hereunder during the term hereof.

- B. The initial billing period shall start when Consumer begins using electric power and energy, or 30 days after the Seller notifies the Consumer in writing that service is available hereunder, whichever shall occur first; subject, however, to conditions of section 9.B., below.
- C. Bills for service hereunder shall be paid at the office of the Seller at Kenergy Corp, 6402 Old Corydon Rd., Henderson, Kentucky 42420.

Such payments shall be due on the 25<sup>th</sup> day of each month for service furnished during the preceding monthly billing period.

If the Consumer shall fail to make any such payment within fifteen (15) 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.

The Consumer agrees that if, at any time, the rate under which the Seller purchases electric service at wholesale is modified, the Seller may make a corresponding modification in the rate for service hereunder.

4. **MEMBERSHIP**

The Consumer shall become a member of the Seller, shall pay the membership fee and be bound by such rules and regulations as may from time to time be adopted by the Seller.

5. **CONTINUITY OF SERVICE**

The Seller shall use reasonable diligence 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 act of God, Governmental authority, action of the elements, public enemy, accident, strikes, labor trouble, required maintenance work, inability to secure right-of-way, or any other cause beyond the reasonable control of Seller, the Seller shall not be liable therefore or for damages caused thereby.

6. **RIGHT OF ACCESS**

Duly authorized representatives of the Seller shall be permitted to enter the Consumer's premises at all reasonable times in order to carry out the provisions hereof.

7. **TERM**

This Agreement shall become effective on the date first above written and shall remain in effect until one (1) year following the start of the initial billing period, and shall remain in effect thereafter until terminated by either party giving to the other three (3) months' notice in writing.

8. **CONSUMER DEPOSIT**

As security for payment of its monthly billing obligations, Consumer shall be required to provide Seller a cash deposit or other sufficient guaranty in a sum representing two (2) months' estimated billing, initially being the amount of \$5,500, and Seller hereby acknowledges receipt of a cash deposit in said amount. Annually the parties shall adjust the amount of the deposit or guaranty to reflect current billing.

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11/17/2004  
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9. **SUCCESSION AND APPROVAL**

- A. ***This Agreement shall be binding upon and inure to the benefit of the successors, legal representatives and assigns of the respective parties hereto.***
- B. ***This Agreement shall not be effective unless approved or accepted in writing by the Kentucky Public Service Commission.***

***IN WITNESS WHEREOF, the parties hereto have executed this Agreement all as of the day and year first above written.***

**SELLER:**

**KENERGY CORP.**

By Mark C. Ziegler  
President

**CONSUMER:**

**CARDINAL RIVER RESOURCES, INC.**

By Henry H. Biddle  
Secretary / Treasurer  
TITLE:

**PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
11/1/2004  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)**

By [Signature]  
Executive Director



Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

Original SHEET NO. 31

CANCELLING PSC NO.

SHEET NO.

CLASSIFICATION OF SERVICE

Schedule 31 - Dedicated Delivery Point or 2,001 KW and Above

AVAILABLE

This rate shall apply to: 1) Large customers whose load requirements exceed 500 KW and where service is provided through a dedicated substation connected to the 69 kv. transmission system of Big Rivers or other accessible system; 2) any large power customer (non-dedicated) contracting for not less than 2001 KW; and 3) any large power customer formerly served under special contract whose load requirements exceed 2,001 KW.

CONDITIONS OF SERVICE

An "Agreement for Purchase of Power" shall be signed by any new customer prior to 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 the highest of: a) The customer'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; b) the Contract Demand; or c) 500 KW where service is provided through a dedicated substation and 2,001 KW for all other customers.

POWER FACTOR ADJUSTMENT

The customer agrees to maintain a power factor as nearly as practical to unity. The company will permit the use of apparatus that shall result, during normal operation, in a power factor not lower than 90%. At the Company's option, in lieu of the customers providing the above corrective equipment when power factor is less than 90%, the Company may adjust the maximum measured demand for billing purposes in accordance with the following formula:

Max. Measured KW x 90% / Power Factor (%)

The power factor shall be measured at time of maximum load.

PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE

PUBLIC SERVICE COMMISSION OF KENTUCKY JUN 29 2001 EFFECTIVE PURSUANT TO 807 KAR 5.011 11/1/2004 SECTION 9(1) PURSUANT TO 807 KAR 5.011 SECTION 9(1) By [Signature] SECRETARY OF THE COMMISSION

DATE OF ISSUE July 16, 2001

DATE EFFECTIVE 19, 2001

ISSUED BY [Signature] SIGNATURE OF OFFICER

TITLE Executive Director and CEO



Henderson, Kentucky

FOR ALL TERRITORY SERVED
Community, Town or City
PSC NO. 1
First Revised SHEET NO. 31A
CANCELLING PSC NO.
Original SHEET NO. 31A

CLASSIFICATION OF SERVICE
Schedule 31 - Dedicated Delivery Point or 2,001 KW and Above

METERING

Electrical usage will be metered at the transmission voltage supplied or at the customer's secondary voltage with a 1.% adder to the metered KWH to account for transformer losses, as determined by Seller.

MONTHLY RATE

Customer Charge per delivery point.....\$100.00
Demand Charge per KW of Billing Demand .....\$ 10.15

Energy Charges:

First 5,000,000 KWH, per KWH..... 0.0182750
Over 5,000,000 KWH, per KWH..... 0.0167750

Monthly Facilities Charge per Assigned Dollar ..... 1.35%
of Investment by Kenergy in substation,
transformer, feeder, etc.

(T) TAXES AND FEES

School Taxes added to bill if applicable.
Kentucky Sales Taxes added to bill if applicable.

(N) FRANCHISE CHARGE

The rate herein provided shall include, where applicable, an additional charge for local government franchise payment determined in accordance with the Franchise Billing Plan as set forth in the rules and regulations of this tariff.

MINIMUM DEMAND CHARGE

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

TERMS OF PAYMENT

The above rates are net, the gross rate being five percent (5%) greater. In the event the current monthly bill is not paid within twenty (20) days from the date of the bill, the gross rate will apply.

PUBLIC SERVICE COMMISSION OF KENTUCKY
EFFECTIVE
PUBLIC SERVICE COMMISSION OF KENTUCKY
EFFECTIVE
PURSUANT TO 2002 KAR 5:011
SECTION 8.011
BY [Signature] EXECUTIVE DIRECTOR
September 20, 2002
EXECUTIVE DIRECTOR
EXHIBIT A 2 OF 2

DATE OF ISSUE September 10, 2002 DATE EFFECTIVE September 20, 2002
ISSUED BY [Signature] TITLE By [Signature] t and CEO
SIGNATURE OF OFFICER Executive Director