

**FIRST AMENDMENT
TO
AGREEMENT FOR INTERRUPTIBLE TIER 3 ENERGY**

THIS AMENDMENT is entered into this 1st day of April, 2003, by and between KENERGY CORP., a Kentucky electric cooperative corporation organized under KRS Chapter 279 ("Kenergy"), and SOUTHERN INDIANA GAS AND ELECTRIC COMPANY, an Indiana corporation ("Supplier").

RECITALS

A. Kenergy and Supplier have entered into an Agreement for Interruptible Tier 3 Energy dated June 3, 2002 (the "Agreement"), supplemented by the First Supplement, pursuant to which Supplier agreed to sell to Kenergy and Kenergy agreed to purchase from Supplier for resale to Alcan Aluminum Corporation ("Alcan") up to 10 MW of fully interruptible Tier 3 Energy, denominated as Scheduled Energy, renewable from year to year so long as the Parties agree on Base Rates for each calendar year by November 15 of the prior year.

B. The Base Rates and other terms and conditions contained in the Agreement have been accepted by the KPSC as the terms for resale of the Scheduled Energy by Kenergy to Alcan in 2003.

C. Supplier and Kenergy have now agreed that, subject to KPSC acceptance, Supplier shall deliver to Kenergy and Kenergy shall accept and pay for an additional seven (7) MW of Tier 3 Energy firm L.D. subject, however, to the right of Supplier to make limited interruption of such deliveries as set forth in this First Amendment. The additional seven (7) MW of such Tier 3 Energy is hereafter referred to as "Block D Energy".

THEREFORE, in consideration of the mutual covenants set forth below the parties agree

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BY Charles L. Dorn
EXECUTIVE DIRECTOR

as follows:

1. The Agreement is amended by adding the following new Section 2.06:

Section 2.06 Alcan has made a further request for firm power subject to limited interruption, and the Parties therefore desire to enter into an agreement under which Kenergy shall purchase from Supplier for resale to Alcan, and Supplier shall deliver to Kenergy a certain volume of firm power subject to limited interruption as set forth in this First Amendment.

2. The Agreement is amended by deleting Section 3.24 in its entirety and in its place

adopting the following new Section 3.24:

Section 3.24 Tier 3 Energy: The energy acquired by Kenergy from third party suppliers at the request of Alcan, including Scheduled Energy as defined in Section 3.21 and Block D Energy as defined in Section 3.28.

3. The Agreement is amended by adding the following new Section 3.28:

Section 3.28 Block D Energy. The seven (7) MW block of Tier 3 Energy firm L.D. that is subject to Supplier's limited right of interruption as set forth in Section 5.08.

4. Section 4.02 of the Agreement is deleted in its entirety and in its place is adopted the following new Section 4.02:

Section 4.02.

(a) The purchase obligation of Kenergy and the delivery obligation of Supplier under this Agreement with respect to Scheduled Energy shall be automatically renewed for successive one (1) year terms commencing on January 1, 2004 and each succeeding January 1 unless either party notifies the other by November 30, 2003 and each succeeding November 30 of its election not to renew in which case the parties' delivery and purchase obligations with respect to Scheduled Energy shall terminate at midnight on December 31 of that year.

(b) The purchase obligation of Kenergy and the delivery obligation of Supplier under this Agreement with respect to Block D Energy shall terminate at midnight on April 30, 2004.

(c) This Agreement shall terminate at such time as all the obligations of the Parties to purchase and deliver both Scheduled Energy and Block D Energy have

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BY Thomas H. Dorn
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terminated.

5. The Agreement is amended by adopting the following new section 5.08:

Section 5.08. Firm Energy Subject to Limited Interruption.

(a) From May 1, 2003 through April 30, 2004, Supplier shall sell and deliver to Kenergy and Kenergy shall purchase from Supplier and pay for a seven (7) MW block of Block D Energy around the clock (24 hours x 7 days) at the Point of Delivery. The rates for Block D Energy shall be \$42.82 during On-Peak Hours and \$24.53 during hours that are not On-Peak Hours. The rates for Block D Energy are not subject to change through April 30, 2004. Kenergy shall purchase and accept delivery of the full amount of Block D Energy made available by Supplier. If Kenergy or Alcan does not accept delivery of the full amount of such energy, the Monthly Charge shall include the amount that would have been due had the full amount of such energy been accepted.

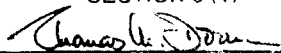
(b) Supplier, in its sole discretion, upon thirty (30) minutes prior notice to Kenergy and Alcan ("Notice of Interruption"), may interrupt delivery of all or any part of the Block D Energy subject to the limitations that (i) such interruptions may not exceed an aggregate of three hundred (300) hours from May 1, 2003 through April 30, 2004 and (ii) all such interruptions shall be during On-Peak Hours only.

(c) Each Notice of Interruption shall be made orally and shall be followed by a confirmation transmitted by facsimile, and shall designate the amount of power to be interrupted (not to exceed the amount of Block D Energy) and the duration of such interruption.

(d) Each Notice of Interruption shall specify, for each hour of the intended interruption, a price per MWh that Kenergy may elect to pay to Supplier as an alternative to the intended interruption (the "Block D Buy-Through Price"). Kenergy shall have ten (10) minutes to consult with Alcan and thereafter notify Supplier that it accepts the Block D Buy-Through Price for all or any part of the intended interruption. The failure of Kenergy to notify Supplier of its acceptance of the Block D Buy-Through Price shall constitute a rejection of the Block D Buy-Through Price, and the interruption shall thereafter be implemented in accordance with the Notice of Interruption.

(e) Upon Kenergy's acceptance of the Block D Buy-Through Price for all or any part of an intended interruption, the obligation of Supplier to provide firm power shall be re-established, provided that Supplier shall charge to Kenergy the Block D Buy-Through Price for On-Peak Hours for all such power instead of the rates set forth in Section 5.08(a) above, and further provided that any hour during which Kenergy pays the Block D Buy-Through Price shall be deemed an hour of interruption for purposes of determining the limitation of three hundred

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(300) hours of interruption.

(f) During any period of interruption, Supplier may notify Kenergy and Alcan of its willingness to terminate the interruption and resume the delivery of firm power under the applicable rate set forth in Section 5.08(a) above. Upon notification from Supplier terminating the interruption, Kenergy shall purchase and accept delivery of firm power for resale to Alcan at the start of the hour following such notice.

6. Section 5.07 of the Agreement is deleted in its entirety and in its place is adopted the following new Section 5.07:

Section 5.07. Service Obligation. Unless otherwise excused pursuant to Article XII or unless service is interrupted pursuant to Section 5.06 and/or Section 5.08(b), in the event that Supplier fails to deliver the Scheduled Energy (including Buy-Through Energy) and/or Block D Energy (including Block D Buy-Through Energy) to the Point of Delivery in accordance with the terms of this Agreement, Supplier will be liable for 100% of the costs incurred by Kenergy in obtaining Tier 3 Energy in a commercially reasonable manner for resale to Alcan to replace the Scheduled Energy and/or Block D Energy not delivered, less the amount that Kenergy would have owed to Supplier had Supplier fulfilled its obligations to deliver hereunder.

7. The Agreement is amended by adding the phrase "and rates for Block D Energy" immediately after the words "Base Rates" in the first line of Section 15.02.

8. Sections 3.05, 3.14, 5.05, 6.01, 9.02(b), 10.01(b), 10.03, 10.04 and 16.06 of the Agreement are amended by adding the phrase "or Block D Energy" immediately after the phrase "Scheduled Energy" in each section.

9. The Agreement is amended by substituting the word "transactions" for the word "transaction" in the first line of Section 16.08.

10. This Amendment shall become effective on April 1, 2003. Notwithstanding the effective date of this Amendment, the May 1, 2003 commencement date for the delivery obligation of Supplier and purchase obligation of Kenergy for Block D Energy shall be subject to the condition that Kenergy has received KPSC acceptance for resale to Alcan at retail of the rates,

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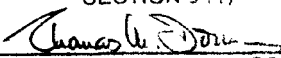
terms and conditions with respect to such deliveries as contained in this First Amendment. As soon as such condition has been satisfied, Kenergy shall promptly provide written notice to Alcan and Supplier that the condition has been satisfied. Unless waived by Supplier in writing, the condition contained in this Section 12 shall not be deemed satisfied until Supplier has received such notice. Each Party agrees to use reasonable diligence to satisfy the condition described in this Section 12. If the condition has not been satisfied by June 30, 2003, either Party may terminate the First Amendment upon written notice to the other Party. Failure of any such approval shall not affect the previously approved rates, terms and conditions of Scheduled Energy as contained in the Agreement.

13. All other terms and conditions of the Agreement shall remain in full force and effect and shall apply to the provision of service under this Agreement as amended.

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EXECUTIVE DIRECTOR

IN WITNESS WHEREOF, this Amendment is hereby executed as of the day and year first above written.

KENERGY CORP.

By Dean Stanley
Dean Stanley
President and CEO

SOUTHERN INDIANA GAS AND ELECTRIC
COMPANY

By Ronald G. Jochum
Ronald G. Jochum
Vice President - Power Supply

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BY Charles H. Dixon
EXECUTIVE DIRECTOR