

**FILED**  
OCT 7 1952  
PUBLIC SERVICE COMMISSION

THIS AGREEMENT, made and entered into this 24<sup>th</sup> day of September, 1952, by and between the LOUISVILLE GAS AND ELECTRIC COMPANY, a Kentucky Corporation, hereinafter referred to as "Company", and the E. I. DU PONT DE NEMOURS & COMPANY, a Delaware Corporation, hereinafter referred to as "Customer",

WITNESSETH

WHEREAS, Company owns and operates an electric generating, transmission, and distribution system in and about the City of Louisville and Jefferson County, Kentucky, including a steam-electric generating station known as Paddy's Run Station, located on the Kentucky shore of the Ohio River near Paddy's Run in Jefferson County; and

WHEREAS, Customer owns and operates a plant used for the manufacture of neoprene (hereinafter referred to as "neoprene plant") located on a site adjacent to Company's Paddy's Run Station; and

WHEREAS, under date of July 17, 1941, Company entered into a long-term special electric contract with Customer for the supply of not to exceed 7,500 kilowatts of electric power capacity, delivered and metered at Paddy's Run Station busbar, for the operation of the above mentioned neoprene plant; and

WHEREAS, the above mentioned special power contract expires in accordance with its terms on October 1, 1952, and Customer desires to take and purchase from Company, and Company is willing to deliver and sell to Customer, a total of not to exceed 7,500 kilowatts of busbar electric capacity for operation of Customer's neoprene plant under a new 10-year special contract to become effective coincident with expiration of the present special contract of October 1, 1952; and

WHENAS, the total electric capacity requirements of Customer's neoprene plant which now aggregate approximately 16,000 kilowatts are expected to increase to an ultimate total of approximately 20,000 kilowatts, and Customer desires to make arrangements with Company, in conformity with past practice, for the purchase under a separate supplementary contract of that amount by which such total electric capacity requirements for full capacity operation of its neoprene plant exceed the maximum of 7,500 kilowatts of special contract capacity to be made available hereunder, and Company is agreeable to entering into such separate contract for the supply of Customer's required supplementary electric capacity;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto do hereby covenant and agree as follows:

1. Sale of Electric Power. At the rates, for the period, and in accordance with the other terms and conditions herein set forth, Company shall sell and deliver to Customer, and Customer shall take and buy from Company, all of Customer's electric power requirements up to a maximum of 7,500 kilowatts for the operation of Customer's neoprene plant; provided, however, that if at any time during the term of this agreement Customer requires in its operations electric power in amounts in excess of 7,500 kilowatts, and Company at the time is unwilling to supply such excess under the terms of a mutually acceptable supplementary agreement, Customer shall have the right to generate any such excess requirements.

2. Form of Service. The electric power supplied hereunder shall be in the form of three-phase alternating current having a frequency of approximately 60 cycles per second and a nominal potential of 13,800 volts.

3. Point of Delivery. Point of delivery shall be on the 13,800 volt bus of Company's electric generating station at Paddy's Run. Company shall furnish all facilities for delivering electric power to the point of delivery to Customer, including such circuit breaker and protective equipment as in Company's opinion is necessary for the protection of Company's apparatus and service, and such metering and auxiliary equipment as it deems necessary. Customer shall provide, operate and maintain all necessary facilities and equipment on its side of the point of delivery.

Maintenance by Company at the point of delivery of the approximate stated voltage, frequency and the capacity contracted for shall constitute delivery of electric power for the purpose of this agreement.

4. Contract Capacity. Company agrees to make available for Customer's use hereunder 7,500 kilowatts of electric power capacity, and Customer agrees to take and pay for, or pay for if not taken not less than 80% of such capacity of 7,500 kilowatts.

5. Conditions of Kilowatt Hour Usage. Customer agrees to take and use electric power in such manner that the number of kilowatt hours taken between 6 P.M. and 6 A.M. of each 24-hour period is ap-

proximately equal to the number of kilowatt hours taken between 6 A.M. and 6 P.M.

Customer agrees that the kilowatt hour consumption to be taken and paid for, or paid for if not taken, in any one month shall in no case be considered as less than the equivalent of 480 hours use of the average of the three highest thirty-minute integrated peak demands in kilowatts actually recorded during such month; provided, however, that no two of such thirty-minute integrated demands shall be selected from any one week. It is understood and agreed that this 480-hour use provision applies only to demands actually recorded during the month for which service is billed and does not apply to the actual monthly billing demand in the event such monthly billing demand exceeds the average of the three highest thirty-minute integrated peak demands recorded during separate weeks of the month for which service is billed. It is further understood and agreed that the aforesaid guarantee of 480 hours use per month of maximum demand shall be reduced in the amount of 16 hours for each day in the month during which the operation of Customer's plant is suspended in whole or in part by reason of injunction, strike, riot, labor troubles, invasion, fire, accident, breakdown, flood, Act of God, governmental action or interference or any other like cause over which Customer has no control.

6. Rate. Subject to the definitions and conditions herein-after provided, the rate at which electric power shall be purchased and sold hereunder shall be \$3.33 per month per kilowatt of monthly billing demand applicable to 100% load factor less a credit allowance

of one and seven-tenths mills (.17¢) per kilowatt hour for each kilowatt hour by which Customer's actual monthly takings are less than 100% load factor. The base monthly rate of \$3.33 per kilowatt of billing demand will entitle Customer to use as many kilowatt hours per kilowatt of billing demand as there are hours in the month, namely:

28 day month	672
29 " "	696
30 " "	720
31 " "	744

Kilowatt hours corresponding to 100% load factor will be taken as the actual number of hours during the month for which service is billed times the number of kilowatts of billing demand for such month. From this number of kilowatt hours will be subtracted the actual number of kilowatt hours delivered during the month and the resulting balance representing the number of kilowatt hours by which actual deliveries were less than 100% load factor will be priced at 1.7 mills per kilowatt hour and applied as a credit on the base bill of \$3.33 per kilowatt of monthly billing demand. Provided, however, that for billing purposes the number of kilowatt hours delivered during each month shall not be considered as less than the number of kilowatt hours covered by the monthly load factor guarantee contained in the second paragraph of Section 5 of this agreement.

7. Determination of Billing Demand. The billing demand for any month shall be taken as the average of the three highest 30-minute integrated peak demands in kilowatts recorded during such month by Company's integrating demand meter located at the point of delivery, no two of such 30-minute integrated demands to be selected

from any one calendar week; provided, however, that in no case shall such monthly billing demand be taken as less than (a) 100% of the maximum demand similarly determined in any of the eleven months immediately preceding that for which bill is rendered, nor less than (b) 80% of the maximum demand similarly determined during any month of the elapsed portion of the contract period beginning October 1, 1952, nor less than (c) a minimum billing demand of 6,000 kilowatts.

8. Coal Clause. The above rate schedule is based on a cost of coal delivered F.O.B. cars at the Company's Louisville steam plants of 11.327¢ per million Btu corresponding to a price of \$2.56 per 2,000-pound ton of coal having a heat value of 11,300 Btu per pound. In the event that the average cost of coal delivered F.O.B. cars at the Company's Louisville steam plants during the calendar month immediately preceding that for which bill is rendered is greater or less than 11.327¢ per million Btu, Customer's bill computed according to the above schedule shall be increased or decreased at the rate of fifteen one-hundredths of a mill (.015¢) per kilowatt hour of Customer's actual monthly consumption for each one cent (1¢) per million Btu by which such cost of coal differs from the base price of 11.327¢ per million Btu, such increase or decrease to be made in direct proportion to the difference from the base price of 11.327¢ per million Btu. For coal clause purposes the Btu content of Western Kentucky coal of the grade customarily used in Company's steam plants shall be considered as 11,300 Btu per pound, but appropriate adjustment shall be made for changes in Btu content in the event of substitution of coal of different grade or from different locality.

9. Tax Clause. The above rate schedule is subject to the following tax clause adjustments:

(A) Adjustments for Taxes Levied on a Kilowatt Hour Basis or Percentage of Revenue Basis

The rates provided above include no allowance for any tax which may be imposed on Company subsequent to date of execution of this agreement by Federal, state, municipal or other governmental authorities on the basis of the number of kilowatt hours generated, transmitted, distributed or sold by Company or on the basis of a percentage of Company's gross revenues derived from rendition of electric service to Customer. In the event of the imposition on Company by any governmental authority of any tax on the generation, transmission, distribution or sale of electrical energy on a kilowatt hour basis, Company shall have the right to increase its monthly charges for electric service to Customer in an amount equivalent to the applicable amount of such tax or taxes calculated on the basis of the total number of metered kilowatt hours supplied to Customer subsequent to the effective date of such new tax or taxes; and in the event of the imposition on Company by any governmental authority of any tax on the basis of a percentage of Company's gross revenues derived from the supply of electric service to Customer, then Company shall have the right to add a surcharge to its monthly bills for electric service hereunder in an amount equivalent to the total amount of such tax or taxes on all electric service supplied to Customer subsequent to the effective date of such new tax or taxes. Provided, however, that such surcharge shall not include any tax computed on said surcharge.

(B) Adjustments for Federal and State Income Taxes

The base rate of \$3.33 per kilowatt of monthly billing demand specified in Section 6 above is based, among other things, on an effective composite corporate income tax rate of 48.29% for combined Kentucky State income tax and Federal income taxes (as hereinafter defined). If at any time, or from time to time, during the term of this agreement, the effective composite rate of combined Kentucky State income tax and Federal income taxes (as hereinafter defined) applicable to Company's earnings during the month for which bill is rendered is higher than 48.60% or less than 47.97%, then and in that event the base rate of \$3.33 per month per kilowatt of monthly billing demand specified in Section 6 above shall be adjusted to the basis of and in accordance with the figures shown in Schedule A attached hereto and made a part hereof; provided, however, that no retroactive adjustments, either plus or minus, shall be made on Customer's monthly bill-

ings for power service already supplied and for which bills have already been rendered, even though any State or Federal legislation which may be enacted may provide for retroactive effective dates of revised income tax rates embodied in such legislation.

For the purpose of computing the effective composite percentage rate of combined Kentucky State income tax and Federal income taxes hereunder, the term "Federal income taxes" shall include Federal taxes of the nature of present normal and surtax taxes (except to the extent, as applied to the Company, that they may be increased in lieu of and in substitution for then existing taxes of the nature of present so-called excess profits taxes) and shall exclude Federal taxes of the nature of so-called excess profits taxes (except to the extent, as applied to the Company, that they may be increased in lieu of and in substitution for present normal and surtax taxes).

10. Minimum Monthly Charge. The minimum monthly charge for service supplied under this agreement shall in no case be less than the total monthly charges provided for above regardless of whether or not any energy is used during the month. Company agrees to make appropriate adjustment of such monthly charges for any period or periods during which no energy is used by reason of non-availability of electric power supply arising from any of the causes enumerated in Section 17 of this agreement.

11. Power Factor. Customer agrees to utilize the Company's power service in such manner as to result in a power factor both during times of peak demand and throughout each month of not less than eighty-five per cent (85%) lagging and shall install any corrective equipment which may be necessary to maintain such power factor.

12. Payment of Bills. On or before the fifth day of each calendar month Company shall render to Customer a bill covering electric power delivered during the previous calendar month. Customer shall pay each such bill on or before the fifteenth day of the month in which



it is rendered, or within ten days after it is rendered, whichever date last occurs. Should Customer fail to pay any bill before expiration of the above-mentioned time limit, Company shall have the right to discontinue the supply of electric power after first giving Customer twenty-four hours written notice of such intention and may refuse the resumption of electric power delivery so long as any past due account remains unpaid, but such discontinuance shall not relieve Customer of any of the other obligations imposed on it by this agreement.

13. Phase Balancing. Customer shall at all times take and use energy in such manner that the currents will be balanced between phases to within ten per cent (10%). In the event of polyphase loads unbalanced in excess of ten per cent (10%) Company reserves the right to require Customer on sixty days written notice at Customer's own expense to make the necessary changes to correct such unbalancing, and if such unbalancing is not then corrected, to compute the demand on the assumption that the currents of each phase are equal to that on the greatest phase.

14. Resale of Electric Power. The electric power supplied hereunder is for use of Customer only and Customer shall not resale such electric power to any other person, firm or corporation on the Customer's premises or for use on any other premises.

15. Metering. Company shall at its own expense install and maintain suitable standard metering equipment of a type acceptable to both parties for determining the amounts of power delivered to Customer at the point of delivery. Customer shall have the right to

install and maintain at its own expense additional metering equipment at the point of delivery for the purpose of checking the readings of Company's meters.

Company agrees to maintain its metering equipment at the highest degree of accuracy practicable. Company shall at its own expense and in the presence of representatives of Customer, upon reasonable notice given to Customer, make regular tests of its metering equipment at periodic intervals of not to exceed three months. Company shall make additional tests of its metering equipment upon request of Customer in the presence of Customer's representatives. If, as the result of any such regular or request tests, the metering equipment is found to be inaccurate it shall be promptly restored to a condition of accuracy. If any such tests show the meters to be in excess of two percent (2%) fast or slow, appropriate adjustments shall be made in Customer's bill in accordance therewith over a period not exceeding thirty (30) days prior to the date of such test.

The cost of all regular tests shall be borne by Company. In the event that any additional tests requested by Customer show Company's metering equipment to be accurate within two per cent fast or slow, the cost of making such additional request tests shall be paid by Customer.

Should Company's meters at any time fail to register, the amount of power supplied during the period of failure shall be determined from Customer's check meters, if any, or by other mutually satisfactory means such as estimates based on the amount of power previously delivered under substantially similar conditions.

Meters will be read at midnight or as nearly thereto as practicable of the last day of each calendar month.

16. Voltage Fluctuations Caused by Customer. Customer agrees to use electric service in such manner as not to cause undue voltage fluctuations or disturbances to Company's electric system, and Company may require Customer at Customer's own expense to install suitable apparatus to reasonably limit such fluctuations.

17. Continuity of Service. Company will use reasonable care in its endeavor to furnish Customer with a continuous and adequate supply of electric power, but does not guarantee continuous service and shall not be liable for any loss or damage of any nature whatsoever resulting from interruption or failure of service which may occur by reason of the making of necessary repairs of Company's service facilities or on account of injunction, strike, riots, labor troubles, fire, accident, breakdown, floods, Acts of God, governmental action or interference, or any other like cause over which Company has no control; nor shall any such interruption or failure invalidate any of the covenants of the agreement between Company and Customer. Company agrees to make appropriate adjustment of Customer's billings in the event of interruption or suspension of Company's service resulting from any of the above causes.

18. Duration of Agreement. This agreement shall become binding upon the parties hereto from the date of its execution and delivery and shall continue in effect until October 1, 1962. Charges for electric power service furnished hereunder shall become effective as of October 1, 1952.

It is understood and agreed by the parties hereto that in the event of complete and permanent abandonment by Customer of operation of its Louisville neoprene plant prior to October 1, 1962, Customer shall have the right to discontinue taking electric power service under this agreement upon not less than one year's written notice, such discontinuance to be effective, however, not earlier than October 1, 1957. During the period intervening between the effective date of such discontinuance of service and the scheduled expiration date of this agreement Customer agrees to pay Company one-half of the otherwise applicable monthly charges computed on the base rate of \$3.33 per month per kilowatt of billing demand specified in Section 6 hereof, exclusive of any modification of such base rate on account of tax clause adjustments provided for in Section 9 hereof. In lieu of such monthly payments Customer shall have the option of prepayment of same by a single cash payment equivalent to the then present value of the remaining monthly installments computed on a 3½ annual interest basis.

19. Supplementary Electric Power Contract. In addition to the maximum electric power capacity of 7,500 kilowatts to be made available to Customer by Company hereunder, commencing October 1, 1952, the parties hereto, in accordance with past practice, are entering into a separate supplementary power contract providing for the supply by Company to Customer under a separate rate schedule of that amount of supplementary electric capacity, up to 12,500 kilowatts, which Customer may require for its neoprene plant operations over and above the 7,500 kilowatts of capacity available hereunder.

20. Assignment. This agreement shall inure to the benefit of and be binding upon the successors and assigns of the respective parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be duly executed by their duly authorized representatives and sealed with their respective corporate seals, duly attested, as of the day, month and year first above written.

LOUISVILLE GAS AND ELECTRIC COMPANY

Attest:

W. J. Glover *WJG*  
Secretary

By T. B. Wilson *TBW*  
President

E. I. DU PONT DE NEMOURS & COMPANY

Attest:

L. du P. Copeland *LPC*  
Secretary

By T. W. Harris, Jr. *TWH*  
Director, Purchasing Department

EXHIBIT A

To Special Electric Power Contract Dated Sept. 24, 1952,  
Between Louisville Gas and Electric Company and E. I. du Pont de  
Nemours & Company

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<u>Effective Composite Percentage Rate of Income Taxes as Defined in Section 9 (B)</u>	<u>Corresponding Base Monthly Power Rate Per Kil- owatt of Billing Demand</u>
27.00% or less	\$ 3.09
27.01 - 28.25% Incl.	3.10
28.26 - 29.47	3.11
29.48 - 30.64	3.12
30.65 - 31.78	3.13
31.79 - 32.88	3.14
32.89 - 33.94	3.15
33.95 - 34.97	3.16
34.98 - 35.97	3.17
35.98 - 36.94	3.18
36.95 - 37.88	3.19
37.89 - 38.79	3.20
38.80 - 39.68	3.21
39.69 - 40.54	3.22
40.55 - 41.37	3.23
41.38 - 42.19	3.24
42.20 - 42.98	3.25
42.99 - 43.75	3.26
43.76 - 44.50	3.27
44.51 - 45.23	3.28
45.24 - 45.94	3.29
45.95 - 46.63	3.30
46.64 - 47.30	3.31
47.31 - 47.96	3.32
47.97 - 48.60 (Base rate)	3.33
48.61 - 49.23	3.34
49.24 - 49.84	3.35
49.85 - 50.44	3.36
50.45 - 51.02	3.37
51.03 - 51.59	3.38
51.60 - 52.14	3.39
52.15 - 52.69	3.40
52.70 - 53.22	3.41
53.23 - 53.74	3.42
53.75 - 54.24	3.43

EXHIBIT A - (Continued)

To Special Electric Power Contract Dated Sept 24, 1952,  
Between Louisville Gas and Electric Company and E. T. du Pont de  
Remours & Company

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Effective Composite Percentage Rate of Income Taxes as Defined in Section 9(B)	Corresponding Base Monthly Power Rate Per Kilowatt of Billing Demand
54.25% - 54.74% Incl.	\$ 3.44
54.75 - 55.23	3.45
55.24 - 55.70	3.46
55.71 - 56.17	3.47
56.18 - 56.62	3.48
56.63 - 57.07	3.49
57.08 - 57.51	3.50
57.52 - 57.94	3.51
57.95 - 58.36	3.52
58.37 - 58.77	3.53
58.78 - 59.17	3.54
59.18 - 59.57	3.55
59.58 - 59.96	3.56
59.97 - 60.34	3.57
60.35 - 60.71	3.58
60.72 - 61.08	3.59
61.09 - 61.44	3.60
61.45 - 61.79	3.61
61.80 - 62.14	3.62
62.15 - 62.48	3.63
62.49 - 62.81	3.64
62.82 - 63.14	3.65
63.15 - 63.47	3.66
63.48 - 63.78	3.67
63.79 - 64.10	3.68
64.11 - 64.40	3.69
64.41 - 64.70	3.70
64.71 - 65.00	3.71
65.01 - 65.29	3.72
65.30 - 65.58	3.73
65.59 - 65.86	3.74
65.87 - 66.14	3.75
66.15 - 66.41	3.76
66.42 - 66.68	3.77
66.69 or over	3.78