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PUBLIC SERVICE

THIS AGREEMENT, made and entered into this 21st day of December, 1960 by and between LOUISVILLE GAS AND ELECTRIC COMPANY, a Kentucky corporation, hereinafter referred to as "Company", and AIR REDUCTION COMPANY, INC., a New York 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 calcium carbide, acetylene, and nitrogen (hereinafter referred to as "carbide plant") located on a site adjacent to Company's Paddy's Run Station; and

WHEREAS, under date of September 20, 1951, Company entered into a long-term special electric contract with Customer for the supply of not to exceed 36,000 kilowatts of electric power capacity, delivered and metered at Paddy's Run Station busbar, for the operation of the above-mentioned carbide plant, which contract was supplemented by a letter agreement originally dated September 20, 1951, and subsequently amended under date of October 10, 1957, providing for Company's supplemental supply to Customer on a month to month basis of up to 20,000 kilowatts of additional capacity with a resulting combined total supply of up to 56,000 kilowatts; and

WHEREAS, the above mentioned special power contract expires in accordance with its terms on July 1, 1962, and Customer, having recently

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entered into a revised acetylene supply agreement with its principal Louisville acetylene user covering an 8-year term from January 1, 1961 through December 31, 1968, desires to enter into a new power supply contract with Company for an identical 8-year term, superseding present agreements and covering Company's supply to Customer under a single agreement of up to 58,000 kilowatts of electric power capacity, and Company is willing to enter into a new power supply agreement providing for delivery and sale to Customer of up to 58,000 kilowatts of electric power capacity for an 8-year term commencing January 1, 1961;

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 58,000 kilowatts for the operation of Customer's Louisville carbide plant, including associated acetylene, nitrogen and miscellaneous requirements, but exclusive of Customer's Ohio River water pumping station and barge station facilities now being supplied under Company's Standard Large Power Schedule LP; 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 58,000 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 58,000 kilowatts of electric power capacity, and Customer agrees to take or pay for, or pay for if not taken, certain monthly and yearly contract capacity minimums as hereinafter set forth.

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 approximately 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 month shall in no case be considered as less than the equivalent of 480 hours use of the highest thirty-minute integrated peak demand recorded during such month. It is understood and agreed that this 480-hour use provision applies only to such demand actually recorded during the month for which service is billed and does not apply to the actual monthly billing demand in the event such billing demand

exceeds aforesaid actually recorded maximum demand. It is further understood and agreed that in the determination of total kilowatt hours covered by this 480-hour monthly load factor guarantee appropriate pro-rata adjustment will be made for changes in recorded maximum demand resulting from changes in number of carbide furnaces operated during the month. It is further 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 hereinafter provided, the rate at which electric power shall be purchased and sold hereunder shall consist of a demand charge of \$2.25 per month per kilowatt of monthly billing demand, plus an energy charge of two and one-half mills (.25¢) per kilowatt hour delivered during each month. Provided, however, that for billing purposes the number of kilowatt hours to be paid for 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 highest 30-minute integrated demand in kilowatts recorded during such month by Company's integrating demand meter located at the point of delivery. Provided, however, that in no case shall such monthly billing demand be taken as less than 32,000 kilowatts. In case the sum of Customer's twelve monthly billing demands in kilowatts in any contract

year beginning January 1st and ending December 31st is less than 432,000 representing an average monthly billing demand of 36,000 kilowatts for such 12-month period, then and in that event the minimum billing demand to be paid for by Customer in the last month of each such contract year shall be that number of kilowatts necessary to increase the sum of twelve monthly billing demands to 432,000 and a guaranteed contract year average billing demand of 36,000 kilowatts.

In any month within which there is a change in the number of electric furnaces operated by Customer in its carbide plant (of which change Customer has given Company at least one week's advance telephone notice), the month will be divided for billing purposes according to periods within which a different number of furnaces was operated and the billing demand for each such period shall be taken as the 30-minute maximum demand therein recorded and monthly demand charges pro-rated accordingly. Provided, however, that in no event shall such billing demand for any partial month period be taken as less than 32,000 kilowatts.

8. Fuel Clause. The energy charge of 2.5 mills per kilowatt hour specified in Section 6 above is based on a cost of coal delivered F.O.B. cars at the Company's Louisville steam plants of 18¢ per million Btu. 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 18¢ per million Btu, Customer's bill computed according to the above schedule shall be increased or decreased at the rate of thirteen one-hundredths of a mill (.013¢) per kilowatt hour of Customer's monthly consumption for each one cent (1¢) by which such cost of coal differs from the base price of 18¢ per million Btu, such increase or decrease to be made in direct proportion

to the difference from the base price of 18¢ per million Btu. For fuel clause purposes the Btu content of Western Kentucky coal of the grade customarily used in Company's steam plants shall be considered as 11,500 Btu per pound.

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 demand charge of \$2.25 per month per kilowatt of monthly billing demand specified in Section 6 above is based, among other things, on the effective composite rate of 53.67% of combined Kentucky State income tax and Federal income taxes (as hereinafter defined) applicable to Company's earnings under existing laws as of date of execution of this agreement. 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 applicable to Company's earnings during the month for which bill is rendered is higher than 53.74% or less than 53.23%, then and in that event the demand charge of \$2.25 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 billings 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 and shall exclude Federal taxes of the nature of so-called excess profits taxes which may hereafter be enacted.

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 18 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 resell 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 a 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 per cent (2%) fast or slow appropriate adjustment 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 amounts 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. Electric service must not be used in such manner as to cause fluctuations or disturbances to Company's system unusual to normal electric furnace operation, and Company may require Customer at Customer's own expense to install suitable apparatus to reasonably limit such fluctuations. Electric furnace operation is to include, in addition to normal operation, those occasional operations incidental to starting, stopping and emergency conditions.

17. Load Scheduling and Curtailments. It is understood by the parties hereto that Company's electric system peak annual demands during the term of this agreement are expected to occur during summer month hot weather

periods. Customer agrees that to the extent practicable it will endeavor to schedule the operation of the seven furnaces in its Louisville carbide plant so that major usage of extra furnaces in excess of four-furnace base operation will be made during fall, winter and spring months with the smallest practicable usage of such extra furnaces during summer periods of Company's electric system peak demand. Whenever so requested by Company, Customer agrees to reduce its load in multiples of approximately 7,500 kilowatts but in no event below Customer's capacity requirements for four-furnace operation. Company agrees to give Customer as much advance telephone notice as possible of the amount and anticipated duration of any such requested curtailment of power usage and further agrees to make appropriate adjustment of Customer's billings in the event of any such curtailments.

18. 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, strikes, 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.

19. Duration of Agreement. This agreement shall become binding upon the parties hereto from date of its execution and delivery and shall

continue in effect until midnight of December 31, 1968. Charges for power service furnished hereunder shall become effective January 1, 1961, superseding service under present special power agreement dated September 20, 1951 and supplemental letter agreement dated October 10, 1957, both of which agreements shall be cancelled and terminated as of midnight, December 31, 1960.

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

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

LOUISVILLE GAS AND ELECTRIC COMPANY

By /s/ G. R. Armstrong  
President

Attest:

/s/ W. J. Glover  
Secretary

(SEAL)

AIR REDUCTION COMPANY, INC.

By /s/ John A. Hill  
President

Attest:

/s/ T. S. O'Brien  
Secretary

(SEAL)

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EXHIBIT A

To Special Electric Power Contract Dated December 21, 1960  
Between Louisville Gas and Electric Company and Air Reduction  
Company, Inc.

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<u>Effective Composite Percentage Rate of Income Taxes as Defined In Section 9(B)</u>	<u>Corresponding Monthly Demand Charge per Kilowatt of Billing Demand</u>
35.97% or less	\$ 2.00
35.98 - 36.94	2.01
36.95 - 37.88	2.02
37.89 - 38.79	2.03
38.80 - 39.68	2.04
39.69 - 40.54	2.05
40.55 - 41.37	2.06
41.38 - 42.19	2.07
42.20 - 42.98	2.08
42.99 - 43.75	2.09
43.76 - 44.50	2.10
44.51 - 45.23	2.11
45.24 - 45.94	2.12
45.95 - 46.63	2.13
46.64 - 47.30	2.14
47.31 - 47.96	2.15
47.97 - 48.60	2.16
48.61 - 49.23	2.17
49.24 - 49.84	2.18
49.85 - 50.44	2.19
50.45 - 51.02	2.20
51.03 - 51.59	2.21
51.60 - 52.14	2.22
52.15 - 52.69	2.23
52.70 - 53.22	2.24
53.23 - 53.74 (1960 composite rate 53.67%)	2.25
53.75 - 54.24	2.26
54.25 - 54.74	2.27
54.75 - 55.23	2.28
55.24 - 55.70	2.29
55.71 - 56.17	2.30
56.18 - 56.62	2.31
56.63 - 57.07	2.32
57.08 - 57.51	2.33
57.52 - 57.94	2.34

EXHIBIT A - (Continued)

To Special Electric Power Contract Dated December 21, 1960  
Between Louisville Gas and Electric Company and Air Reduction  
Company, Inc.

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<u>Effective Composite Percentage Rate of Income Taxes as Defined In Section 9(B)</u>	<u>Corresponding Monthly Demand Charge per Kilowatt of Billing Demand</u>
57.95 - 58.36	\$ 2.35
58.37 - 58.77	2.36
58.78 - 59.17	2.37
59.18 - 59.57	2.38
59.58 - 59.96	2.39
59.97 - 60.34	2.40
60.35 - 60.71	2.41
60.72 - 61.08	2.42
61.09 - 61.44	2.43
61.45 - 61.79	2.44
61.80 - 62.14	2.45
62.15 - 62.48	2.46
62.49 - 62.81	2.47
62.82 - 63.14	2.48
63.15 - 63.47	2.49
63.48 - 63.78	2.50
63.79 - 64.10	2.51
64.11 - 64.40	2.52
64.41 - 64.70	2.53
64.71 - 65.00	2.54
65.01 - 65.29	2.55
65.30 - 65.58	2.56
65.59 - 65.86	2.57
65.87 - 66.14	2.58
66.15 - 66.41	2.59
66.42 - 66.68	2.60
66.69 or over	2.61