

ECONOMIC DEVELOPMENT RATE AGREEMENT

THIS AGREEMENT, dated as of the 7 day of April, 1993, is between LOUISVILLE GAS AND ELECTRIC COMPANY ("Company") and B. F. GOODRICH COMPANY ("Customer"), collectively the "Parties".

WITNESSETH

WHEREAS, Company owns and operates an electric generating, transmission and distribution system in and about the City of Louisville and Jefferson County, Kentucky; and,

WHEREAS, Customer is a consumer of electricity sold to it by Company at its facility located at 4200 Bells Lane, Louisville, Jefferson County, Kentucky, where it produces resins and compounds used in manufacturing house siding, plastic bottles, wire and cable coatings, and pipe; and,

WHEREAS, Customer is desirous of expanding its facilities at said location for the purpose of enlarging its production capacity, with an estimated start-up date for the expanded facilities of April, 1993; and,

WHEREAS, it is estimated by the Parties that the expanded facilities will consume an estimated 1,400 kilowatts of additional demand and 870,422 kilowatt-hours of additional energy per month, which results in an expected load factor of approximately 85%, and that Company will incur no specific costs in providing service to the expanded facilities; and,

WHEREAS, Customer's expansion will benefit the City of Louisville, Jefferson County and the Commonwealth of Kentucky through the creation of approximately twenty-two new permanent jobs and the investment of approximately Fourteen Million Five Hundred Thousand Dollars (\$14,500,000) in new capital expenditures; and,

WHEREAS, Company has and will have sufficient capacity to serve the expanded load that would be required by Customer's expanded facilities over the term of the reduction to billing demand set out herein; and,

WHEREAS, the Public Service Commission of Kentucky ("Commission") in its Order of September 24, 1990 in its Administrative Case No. 327, set forth the required terms and conditions for economic development rate discounts for electric service to new customers and expanded facilities of Kentucky customers for the purpose of stimulating new jobs and capital investment in Kentucky; and,

MAY 18 1993

PURSUANT TO 607 KAR 5.011,
SECTION 9 (1)

BY: Shirley Hallett
PUBLIC SERVICE COMMISSION MANAGER

WHEREAS, the Parties desire to fix the terms and conditions upon which electricity shall be sold to Customer as an inducement for Customer to invest in Company's service area and so that the benefits of the investment by Customer in jobs and capital can be secured for the City of Louisville, Jefferson County and the Commonwealth of Kentucky, and the benefits of the contribution made through rates by Customer above LGE's variable costs of providing electrical energy can be secured by LGE on behalf of its other customers;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein set forth, the Parties agree as follows:

1. Commencing June 1, 1993, Company will sell and deliver and Customer will take and purchase the electric power requirements for the operation of its expanded facilities referenced above at the rates and under the conditions hereinafter set forth.

2. The monthly bill for service rendered pursuant to this Agreement shall be determined in accordance with the provisions of the applicable standard rate schedule, currently Rate LP-TOD, except there shall be a 40% reduction to the billing demand as defined by the applicable standard rate schedule during the first 24 months of this Agreement.

3. The reduction to the billing demand shall be applied to the monthly billing demand, in excess of the demand of Customer's present facilities established in the comparable month of the "base year", determined in accordance with the billing demand provision under the applicable standard rate schedule. The "base year" shall be defined as the calendar year 1991.

4. Should Customer reduce its electric load demand so that less than a 1,000 kilowatt increase over the base year electric load demand occurs in any monthly billing period, for such incremental load Company shall bill the Customer the lesser of: (a) the demand charge for a 1,000 kilowatt increase over the base year as adjusted by the reduction to billing demand contained in paragraph 2 above; or, (b) the demand charge as determined under the applicable standard rate schedule for the actual month's demand over the base year demand. Should Customer's increased electrical demand over the base year load demand fail to meet or exceed 1,000 kilowatts in any four months in a twelve consecutive month period, this Agreement shall immediately terminate and thereafter all billings for service rendered to Customer shall be at the rates and under the terms and conditions set forth in Company's schedule then in effect.

5. Service under this Agreement shall in all relevant aspects be governed by the terms of Company's tariffs and regulations as approved by the Commission. It is mutually

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

MAY 18 1993

understood that the rates, terms and conditions contained in this Agreement are at all times subject to the regulatory jurisdiction of the Commission, and may be increased, amended or otherwise changed by action of the Commission.

6. This Agreement shall become effective on June 1, 1993 and, except as otherwise provided herein, shall continue in full force and effect through May 31, 1997, and thereupon terminated.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representative as of the date first above written.

LOUISVILLE GAS AND ELECTRIC COMPANY

By: J.R. Coney 4/7/93
Title: VICE PRESIDENT & GENERAL MGR.

B. F. GOODRICH COMPANY

By: Freddie M. Schuler
Title: PLANT ENGINEER

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

MAY 18 1993

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

BY: George Della
PUBLIC SERVICE COMMISSION MANAGER