

AGREEMENT

This Agreement dated June __, 1998, between Louisville Gas and Electric Company, P.O. Box 32010, Louisville, Kentucky 40232, a Kentucky corporation ("Company") and United Parcel Service Inc., an Ohio corporation, having a mailing address of 55 Glenlake Parkway, NE, Atlanta, Georgia 30329 ("Customer").

Recitals

A. Company is a gas and electric utility company operating in the state of Kentucky and regulated by the Kentucky Public Service Commission (the "PSC").

B. Customer is a package distribution company with facilities located in Jefferson County, Kentucky.

C. Customer plans an expansion of its Facilities (the "Expansion Facilities") located at Louisville International Airport in Jefferson County, Kentucky (collectively, the "Facilities").

D. Customer has requested Company to be the sole supplier of electric service to the Facilities (the "Electric Service").

E. In order to provide the Electric Service, it is necessary for Company to build a new substation (the "Grade Lane Substation") in the vicinity of the Facilities and provide back-up service (the "Backup Service") for the Grade Lane Substation.

F. Customer has agreed to make a cash contribution to Company equal to the costs associated with the construction of the Grade Lane Substation, which contribution shall be wholly or partially offset by the additional revenue Company receives by reason of the Expansion Facilities.

G. Customer has also agreed to make a cash contribution to Company equal to the cost of the Backup Service.

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BY: Stephan D. Bell
SECRETARY OF THE COMMISSION

H. The parties hereto desire to make these agreements pursuant to the terms and conditions set forth herein.

The parties hereby agree as follows:

1. Recitals. The above recitals are true and correct and comprise a part of this Agreement.
2. Effective Date. The effective date of this Agreement (the "Effective Date") shall be the date upon which the last of the parties shall execute this Agreement.
3. Term. The initial term of this Agreement (the "Initial Term") shall begin on November 1, 1999 (the "Commencement Date") and shall continue for an initial period of seven (7) years.
4. Continuation After Initial Term. After the Initial Term, the Agreement shall automatically continue in perpetuity in full force and effect unless and until terminated by either party hereto pursuant to a minimum ninety (90) days' prior written notice sent to the non-terminating party. Hereinafter, the "Term" shall mean the period of time from the Commencement Date until termination.
5. Sole Supplier of Electric Power. During the Term, Company will sell and deliver to Customer, and Customer will take and purchase from Company, all of Customer's electric power requirements for the operation of the Facilities (the "Electric Service"), except that Company shall not be obligated to supply more than 30,000 kilowatts of electric power unless a larger amount shall be agreed upon in writing by the parties. Except for peak-shaving (demand control) and emergency backup, Customer shall not engage in co-generation or self-generation of electricity during the Term unless otherwise agreed to in advance and in writing by the parties. No change in any law or regulation governing the sale of electric power which gives Customer a

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choice of potential suppliers of electric power greater than under current law shall negate, limit, or modify Customer's obligation to purchase all its electric power requirements from Company as stated in this Agreement during the Term of this Agreement.

6. Form of Service. Electric power supplied during the Term shall be in the form of three-phase alternating current having a nominal frequency of 60 hertz and a nominal potential of 13,800 volts.

7. Point of Delivery. The Electric Service shall be delivered at the point of connection ("the "Point of Delivery," the location of which shall be determined by mutual agreement between Company and Customer) to the Facilities. The determination of the Point of Delivery shall be made on a timely basis.

8. Rates. The rates for the Electric Service shall be as set forth on Exhibit A, subject to abrogation or modification by order of the PSC.

9. Multiple Service Deliver-v Points Treated As One. Customer's existing 12.47 kV Electric Service shall be combined with the new 13.8 kV Electric Service for all billing purposes, including for purposes of determination of Customer's demand, until November 1, 2001. On that date, all Electric Service shall be delivered at 13.8 kV to the Point of Delivery.

10. Construction of Grade Lane Substation. Company plans to construct the Grade Lane Substation for Company's use on a 320 x 360 foot portion of land (the "Substation Parcel") currently owned by the Metropolitan Sewer District. The Substation Parcel is located just north of Knopp Avenue and South of the property owned by Allied System. The Grade Lane Substation will be functionally designed as shown in Figure 1A, attached hereto and made a part hereof. Company will provide two 13.8 kV circuits to Customer, at the Point of Delivery from the Grade Lane Substation.

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11. The Ford Election. If the Louisville Assembly Plant of the Ford Motor Company (the "Ford LAP") elects, in a manner considered timely by Company in Company's discretion, to receive its electric service from the Grade Lane Substation, the substation will be functionally designed to operate as shown in Figure 1B, attached hereto and made a part hereof.

12. Cash Contribution to Substation Construction Costs. The Grade Lane Substation will be designed by Company and constructed by Company's subcontractors. Customer will make a cash contribution toward the Substation Construction Costs, subject to the limitations and credits set forth in Sections 13 through 16 below. The Substation Construction Costs shall include, but shall not be limited to, (a) the costs of constructing (i) the Grade Lane Substation; (ii) the distribution circuits to Customer from the Grade Lane Substation; (iii) the 138 kV transmission circuits to the Grade Lane Substation (overhead and, if applicable, underground transmission, pursuant to Section 19); and (b) "Acquisition Costs," which term shall refer to all direct and indirect costs associated with acquiring the Substation Parcel, together with all easements and related interests required in connection with the above-listed construction obligations. The Acquisition Costs may include negotiated payments to fee title holders, costs associated with condemnation, or both, in Company's discretion.

Company agrees it will take reasonable steps to minimize the costs where possible, while working to establish Electric Service within the time frame required by Customer. The Substation Construction Costs do not include the cost of providing Backup Service, as set forth in Section 17.

Company will calculate the anticipated Substation Construction Costs (the "Estimated Substation Construction Costs") and will forward an invoice, including a breakdown of estimated costs, to Customer on or about November 1, 1998, for payment of fifty

percent (50%) of the Estimated Substation Construction Costs, less fifty percent (50%) of the Estimated Revenue Credit, as defined in Section 14 below (the "Initial Payment") within thirty (30) days thereafter. The Initial Payment will be credited to Customer's account at the time of billing for the Initial Contribution, as set forth in Section 14 below.

Customer's cash contribution to the Company for Actual Substation Construction Costs, as defined below, shall be calculated and paid as set forth in the following sections.

13. Customer's Revenue Credit. Customer will receive a revenue credit (the "Revenue Credit") toward the Substation Construction Costs equal to three (3) times the average Additional Annual Net Revenue received by Company from Customer, as defined below, realized by Company over the Initial Term. "Net Revenue" is defined as Company's Gross Revenue (defined according to generally accepted accounting principles), less fuel costs. "Additional Annual Net Revenue" shall mean the annual Net Revenue Company receives from Customer in excess of \$1,174,000, which number represents the portion of Company's Net Revenue received from Customer for the year 1997.

14. Initial Contribution. To determine the initial cash contribution required of Customer for the Substation Construction Costs (the "Initial Contribution"), Company has estimated the average Additional Annual Net Revenue associated with the Initial Term, using the load data provided by Customer. The estimated Revenue Credit that will be received by Customer (the "Estimated Revenue Credit") for

the Initial Term is \$6.196 million.

15. Initial Calculation. At such time as the actual Substation Construction Costs are known, the "Actual Substation Construction Costs" shall be calculated. The "Actual Substation Construction Costs" shall be defined as the lesser of (a) all actual Substation Construction, plus

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actual Acquisition Costs, as defined in Section 12, or (b) the sum of Twelve Million, One Hundred Sixty-One Thousand and no/100 Dollars (\$12,161,000.00), plus actual Acquisition Costs. The Estimated Revenue Credit associated with the Initial Term will then be compared to the Actual Substation Construction Costs. To the extent the Actual Substation Construction Costs are greater than the Estimated Revenue Credit, the difference (the Initial Contribution) shall be paid by Customer within thirty (30) days of invoicing by Company.

16. Reconciliation. At the end of the Initial Term, Company will calculate the actual Revenue Credit (the "Actual Revenue Credit") over the Initial Term. If the Actual Revenue Credit is greater than the Estimated Revenue Credit, Company will refund the Customer the difference up to, but not exceeding, an amount equal to the Initial Contribution. If the Actual Revenue Credit is less than the Estimated Revenue Credit and less than the Substation Construction Costs, Customer will pay Company an amount equal to (a) the difference between the Substation Construction Costs and the Actual Revenue Credit, less the Initial Contribution, or (b) the difference between the Estimated Revenue Credit and the Actual Revenue Credit, whichever is less.

If, at any time during the Initial Term, Customer abandons Customer's operations with regard to the Expansion Facilities, Company may determine the Actual Revenue Credit, and reconcile the Actual Revenue Credit with the Estimated Revenue Credit as set forth above. For purposes of this Section, "abandonment" shall mean a reduction which continues for a period of more than ninety (90) days of more than seventy-five percent (75%) of Customer's Electric Service requirements, as compared to the previous six-month period on a rolling basis, which abandonment is not caused by a force majeure event, as defined hereinafter. Customer shall pay any amounts owed Company within thirty (30) days of invoicing,

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17. Backup Service. Company shall provide backup service (the "Backup Service") to Customer to the Point of Delivery. This Backup Service shall be provided from Company's Seminole substation (the "Seminole Substation"). Customer's Backup Service will be designed to operate functionally as shown in Figure 2A/B, attached hereto and made a part hereof. As long as the Electric Service is available from the Grade Lane Substation, and until Seminole Substation has 138 kV circuits connecting it to two different substations, Customer may not take the Electric Service from the Backup Service without Company's consent, which may be withheld in Company's sole discretion. Ford LAP's election to receive service from the Grade Lane Substation will not alter the construction or functionality of the Backup Service.

18. Contribution to Backup Service Construction Costs. Customer shall make a contribution to Company toward the construction costs of the Backup Service equal to the lesser of (a) the actual cost of the construction of the Backup Service, including easement acquisition costs, if any, and (b) the sum of Two Million, Two Hundred Eighty-One Thousand and No/100 (\$2,281,000.00). At the time of entering into the Agreement, Customer shall select one of the two (2) payment options set forth on Exhibit B, which is attached hereto and made a part hereof.

19. Underground Transmission Line Construction.

Customer has elected to have Company construct underground approximately 5,100 circuit feet of the two proposed 138 kV transmission lines into the Grade Lane Substation (the "Underground Transmission Construction"). Customer's election resulted from data generated from a document entitled the "Impact Analysis of LG&E Development of TERP's Part 77 and Part 121 Activity at Louisville International Airport" (the "Impact Analysis"). The Impact Analysis was prepared by HNTB, at Customer's request, and is subject to revisions (the "Revisions") required by the Federal Aviation Administration (the "FAA"). Company agrees to

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comply with future revisions to the Impact Analysis as required by the FAA and agreed to by Customer, and Underground Transmission Construction Costs will be adjusted accordingly. If the Revisions occur prior to the initial calculation set forth in Section 15 above, the adjustment will affect calculation of the Actual Substation Construction Costs; if the Revisions occur after the initial calculation set forth in Section 15, any resulting work and a corresponding adjustment to the Actual Substation Construction Costs will be addressed by separate agreement between the parties. This construction consists of approximately 800 feet in the Waste Management easement on the east side of Grade Lane north to Walters Lane, approximately 2,400 feet north of Walters Lane in private right-of-way to MSD-owned property located east of Grade Lane, approximately 400 feet east to the new substation site, approximately 750 feet inside the substation site, and approximately 750 feet north to the Northern Ditch. The Underground Transmission Construction costs shall be included as part of the Substation Construction Costs for purposes of calculating Customer's cash contribution and Revenue Credit.

The measurements set forth herein are estimates and are intended to be the maximum measurements of the Underground Transmission Construction; actual measurements of the Underground Transmission Construction may be established by agreement of the parties, provided such actual measurements are less than the estimated measurements.

20. Scheduled Maintenance. Company agrees to prorate demand charges for one period of less than thirty (30) days of Customer's scheduled maintenance during each calendar year; provided (1) Customer shall give Company at least 60 days written notice of the period during which such maintenance is scheduled, (2) the timing of such period is mutually agreed to by Company and Customer, and (3) such period shall not exceed 30 days. This paragraph will be made under this paragraph for any of Customer's unscheduled maintenance or outage.

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21. Property for Substation Construction and Reimbursement for Site Expenses.

Performance of this agreement is contingent upon satisfaction of the following pre-conditions (collectively, the "Preconditions"): Company's (a) timely acquisition of an easement for the use of or fee title to the Substation Parcel, together with all necessary easements and rights-of-way necessary for service from the Grade Lane Substation and Seminole Substation to the Point of Delivery and (b) obtaining all necessary approvals from governmental agencies (including, but not limited to, taxing, building and zoning authorities) for construction of the Grade Lane Substation and its appurtenances. Company agrees to use reasonable efforts to satisfy the Preconditions upon commercially reasonable terms and with the expenditure of reasonable costs, in light of Customer's need to receive the Electric Service in a timely fashion. If Company cannot so satisfy the Preconditions within such time frame, Company and Customer will agree to an alternate site for the substation, and the parties will renegotiate the affected terms and conditions of this Agreement.

22. General Terms and Conditions. Except as modified in the Agreement, Company's General Rules governing the supply of electric service which are on file with the PSC, as amended from time to time, will be incorporated in the Agreement by reference and shall apply to electric service supplied by Company to Customer hereunder. Upon request by Customer, Company shall deliver a photocopy of the General Rules to Customer.

23. Initial Regulatory Approval. If the PSC rejects the Agreement as filed or conditions its approval on any changes to the Agreement, then either party hereto may cancel the Agreement by delivering written notice of cancellation to the other within ten (10) days after the date of the applicable PSC order. Such cancellation right shall not apply in the event of mere suspension of the Agreement by the PSC for further review as long as the PSC ultimately

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approves the Agreement as filed or allows the PSC review period to expire without issuing an order rejecting the Agreement as filed or conditioning its approval hereof on any changes to the Agreement.

24. Onaoinn Regulatory Commission Jurisdiction. Except for the rates and terms specifically provided for in this Agreement, the Electric Service shall be sold under the terms and conditions of Company's standard rate schedule LP-TOD, or any successor rate schedule, as it may be amended from time to time, including, without limitation, the Fuel Adjustment Clause, DSM and Environmental Cost Recovery Mechanisms, and the Power Factor Provision. It shall be mutually understood and agreed that the rates, terms, and conditions applicable to electric power service furnished to Customer under the Agreement are at all times subject to abrogation or modification by PSC order including orders issued pursuant to proceedings initiated by LG&E. No such abrogation or modification of any rate, term, or condition of the Agreement shall affect or limit Customer's sole supplier obligations set forth in Section 5 of the Agreement during the entire term of the Agreement.

25. Representations and Warranties. Customer represents and warrants that consummation of the transactions contemplated herein will not violate any provision of any agreement, law, regulation, or any other restriction to which Customer is bound, nor result in the acceleration of any obligation under any mortgage, lien, indenture, lease, agreement, instrument or decree by which Customer is bound.

Company represents and warrants that consummation of the transactions contemplated herein will not violate any provision of any agreement, law, ~~regulation, or any~~ other restriction to which Company is bound, nor result in the acceleration of any obligation

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under any mortgage, lien, indenture, lease, agreement, instrument or decree by which Company is bound.

Each party hereto represents and warrants that the person executing this Agreement on behalf of such party is fully authorized to bind the party in connection with this matter.

26. Conflicts. In case of conflicts or inconsistencies between any of the provisions of the Agreement and any of the provisions of Company's tariff which are incorporated therein by reference (i.e., rate schedule LP-TOD, and Company's General Rules), the provisions of the Agreement shall prevail.

27. Relationship of the Parties. Each of Customer and Company agrees that it is not and will not hold itself out as a partner, joint venturer, employee, agent, or representative of the other party. Nothing herein contained shall be construed as creating a single enterprise, joint venture, agency, partnership, joint employer, owner-contractor, or lessor-lessee relationship between Customer and Company. Company shall have sole and exclusive authority to direct and control its activities and operations, and those of any subcontractors, undertaken in the performance of Company's obligations under this Agreement. Company shall exercise full and complete control over its work force and labor relation policies. Customer shall have no authority or control over Company's operations or Company's work force hereunder.

28. Reliance. Customer acknowledges that Company has relied on information provided to Company by Customer concerning Customer's planned operations at the Facilities to advise Customer as to the quantity and form of Electric Service that will be provided pursuant to this Agreement.

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29. Force Maieure. If Company is delayed in or prevented from performing any of its obligations hereunder, in whole or in part, due to acts of God, war, riots, civil insurrection, acts of the public enemy, strikes, lockouts, fires, floods, or earthquakes, which are beyond the reasonable control and without the fault or negligence of Company, then the obligations of Company shall be suspended to the extent made necessary by such event. Company shall exercise due diligence to avoid and shorten the force majeure event. Nothing in this section, however, shall obligate Company to settle any strike or labor disturbance or concede to any labor demands.

This definition of force majeure shall be applicable to Customer with regard to the early reconciliation of the Estimated Revenue Credit with the Actual Revenue Credit pursuant to Section 16 above.

30. Breach: Remedies. If either party hereto commits a material breach of any of its obligations under this Agreement at any time, then the other party has the right to give written notice describing such breach and stating its intention to terminate this Agreement no sooner than thirty (30) days after the date of the notice (the "Notice Period"). If such material breach is curable and the breaching party cures such material breach within the Notice Period, then the Agreement shall not be terminated due to such material breach. If such material breach is not curable or the breaching party fails to cure such material breach within the Notice Period, then this Agreement shall terminate at the end of the Notice Period in addition to all the other rights and remedies available to the aggrieved party under this Agreement and at law and in equity. However, in no event shall either party be liable for special or consequential loss or damages.

31. Form and Place of Notice, Any official notice, request for approval or other document required or permitted to be given under this Agreement shall be ~~effective~~ unless

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otherwise provided herein, and shall be deemed to have been sufficiently given when received through any of the following methods: delivery in person, transmission by facsimile or other electronic media with reasonable confirmation of receipt, delivery through an established delivery service requiring acknowledgment of receipt for same day or overnight delivery, or delivery through the United States mail, postage prepaid, for mailing by first class, certified, or registered mail, return receipt requested, and addressed as follows:

If to Company: Louisville Gas and Electric Company
 220 West Main Street
 P.O. Box 32010
 Louisville, Kentucky 40232-2010
 Attn.: President

If to Customer: United Parcel Service, Inc.
 1400 North Hurstbourne Parkway
 Louisville, Kentucky 40223
 Attn: Air Group Plant Engineering Manager

32. Change of Person or Address. Either party may change the person or address specified above upon giving written notice to the other party of such change.

33. Applicable Law. This Agreement shall be construed in accordance with the laws of the State of Kentucky, and all questions of performance of obligations hereunder shall be determined in accordance with such laws, without regard to choice of law principles. The parties agree that all actions will be brought in Jefferson County, Kentucky, and the parties hereby waive any objections to venue for any such action.

34. Headings. The paragraph headings appearing in this Agreement are for convenience only and shall not affect the meaning or interpretation of this Agreement.

35. Waiver. Failure of either party to insist on strict performance of any provision of this Agreement, **or** to take advantage of any rights hereunder, shall not be **deemed** as a waiver of such provision or right.

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36. Remedies Cumulative: Attorneys' Fees. Remedies provided under this Agreement shall be cumulative and in addition to other remedies provided under this Agreement or by law or in equity. If either party is compelled to hire outside counsel or internal legal counsel to enforce any of its rights hereunder, through litigation or otherwise, then the prevailing party shall have the right to recover from the other party all expenses, including, without limitation, outside and internal attorneys' fees thereby incurred by the prevailing party.

37. Severability. If any provision of this Agreement is found invalid, illegal or unenforceable by any court of law, the remaining provisions shall be severable and enforceable in accordance with their terms, unless such unlawful or unenforceable provision is material to the transactions contemplated hereby, in which case the parties shall negotiate in good faith a substitute provision.

38. Binding Effect. This Agreement shall bind and inure to the benefit of the parties and their successors and assigns.

39. Assignment. Neither party may assign this Agreement or any rights or obligations hereunder, either wholly or in part, without the prior written consent of the other party, which consent may be withheld in the consenting party's discretion; provided, however, that consent will be given for assignments of all or any part of this Agreement to any company having more than fifty percent (50%) control of the assigning party, or to any company of which the assigning party has at least fifty percent (50%) control, or to an affiliate of the assigning party which is under common control, and provided further that the assigning party is not released of its obligations hereunder.

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40. Persons Bound. The benefits and obligations of the covenants herein shall inure to and bind the respective heirs, executors, administrators, successors and, to the extent permitted by this Agreement, the assigns of the parties hereto.

41. Entire Agreement. This Agreement contains the entire agreement between the parties as to the subject matter hereof, and there are no representations, understandings or agreements, oral or written, which are not included herein.

42. Amendments. Except as otherwise provided herein, this Agreement may not be amended, supplemented or otherwise modified except by written instrument signed by both parties hereto.

43. Conflict of Interest. Neither party will give to any employee or representative of the other party any commission, fee, rebate, gift or entertainment of significant cost or value in connection with this Agreement, except as expressly provided in this Agreement. Likewise, neither party will enter into any other business arrangement with any employee or representative of the other party which is outside of the ordinary course of business under the terms of this Agreement, unless prior written notification of the business arrangement is made to the other party. For purposes of this section, references to the conduct of the parties will include acts of the employees, contractors, agents and directors of the parties and their respective affiliates.

44. Brokers. Company and Customer each represent and warrant to the other neither has retained the services of a broker in connection with this transaction. Each party (each, an "Indemnifying Party") hereby indemnifies and holds the other party harmless from all losses, costs and expense the other party (each, an "Indemnified Party") may incur in connection with claims made against the Indemnified Party by any brokers claiming by, through or on behalf of the Indemnifying Party.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed
the date first above written.

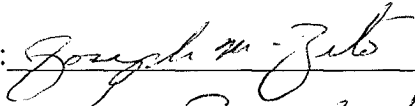
LOUISVILLE GAS AND ELECTRIC
COMPANY

BY: 
Steve Wood

Title: President

Date: 7-13-98

UNITED PARCEL SERVICE, INC.

By: 

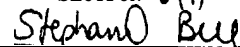
Title: Vice President

Date: 7/13/98

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**EXHIBIT A
TO AGREEMENT BETWEEN
LOUISVILLE GAS AND ELECTRIC COMPANY
AND
UNITED PARCEL SERVICE**

Customer Charge: \$7 1.83 per delivery point per month.

Basic Demand Charge: \$6.01 per kW per month

Applicable to the highest average load in kilowatts recorded during any 15-minute interval in the monthly billing period.

Peak Period Demand Charge:

Summer Peak Period: \$8.3 1 per kW per month

Winter Peak Period: \$3.85 per kW per month

Applicable to the highest average load in kilowatts recorded during any 15-minute interval of the peak period in the monthly billing period, but not less than the greater of Customer's designated firm demand.

The Summer Peak Period is defined as weekdays, except holidays as recognized by Company, fi-om 9 A.M. to 11 P.M. local time, during the 4 monthly billing periods of June through September.

The Winter Peak Period is defined as weekdays, except holidays as recognized by Company, from 6 A.M. to 10 P.M. local time, during the 8 monthly billing periods of October through May.

Energy Charge: 1.750¢ per kWh

Power Factor Provision. The monthly demand charge shall be decreased 0.4% for each whole one (1) percent by which the monthly average power factor exceeds 80% lagging and shall be increased by 0.6% for each for each whole one (1) percent by which the monthly average power factor is less than 80% lagging.

Monthly average power factor shall be determined by means of a reactive component meter ratcheted to record only lagging reactive kilovolt ampere hours, used in conjunction with a standard watt-hour meter.

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EXHIBIT A (continued)
TO AGREEMENT BETWEEN
LOUISVILLE GAS AND ELECTRIC COMPANY
AND
UNITED PARCEL SERVICE

Incorporation of LP-TOD: The Fuel Clause, DSM and Environmental Cost Recovery Mechanisms, the Power Factor Provision, and all other provisions of Company's standard rate schedule LP-TOD which are not specifically modified in this Agreement shall apply.

Multiple service delivery points to be treated as one: Customer's existing 12.47 kV service shall be combined with new 13.8 kV service for all billing purposes including determination of Customer's demand until November 1, 2001. At such time all service shall be delivered at 13.8 kV.

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**EXHIBIT B
TO AGREEMENT BETWEEN
LOUISVILLE GAS AND ELECTRIC COMPANY
AND
UNITED PARCEL SERVICE**

Customer Will Select Payment Terms For Backup Service.

- Option 1 Payment in full within thirty (30) days of receipt of invoice.
- Option 2 Customer will utilize Company's Excess Facilities rider.

If Customer selects Option 2, Customer shall select a term of payment in accordance with the Excess Facilities rider in Exhibit C.

- 5 Years
- 8 Years
- 10 Years
- 12Years
- 15Years

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**EXHIBIT C
TO AGREEMENT BETWEEN
LOUISVILLE GAS AND ELECTRIC COMPANY
AND
UNITED PARCEL SERVICE**

Excess Facilities Rider (attached)

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LOUISVILLE GAS AND ELECTRIC COMPANY

Original SHEET NO. 15-H

CANCELLING SHEET NO.

P.S.C. OF KY. ELECTRIC NO. 4

STANDARD RIDER

Excess Facilities

Applicability:

In all territory served.

Availability:

This rider is available for nonstandard service facilities which are considered to be in excess of the standard facilities that would normally be provided by the Company. This rider does not apply to line extensions or to other facilities which are necessary to provide basic electric service. The Company reserves the right to decline to provide service hereunder for any project (a) that exceeds \$100,000 or (b) where the Company does not have sufficient expertise to install, operate, or maintain the facilities or (c) where the facilities do not meet the Company's safety requirements, or (d) where the facilities are likely to become obsolete prior to the end of the initial contract term.

Definition of Excess Facilities:

Excess facilities are lines and equipment which are installed in addition to or in substitution for the normal facilities required to render basic electric service. Applications of excess facilities include, and are limited to, emergency backup feeds, automatic transfer switches, redundant transformer capacity, and duplicate or check meters.

Excess Facilities Charge:

The customer shall pay for excess facilities through a contribution in aid of construction, which may take the form of a one-time payment or a fixed term Capital Recovery Charge based on the installed cost of the facilities. The length of the contract term shall be at the customer's option as set forth below:

Monthly Rates

Term:	Capital Recovery Charge					Operating Expense
	5 Year	8 Years	10 Years	12 Years	15 Years	
	2.66%	1.89%	1.64%	1.48%	1.32%	0.13%

The percentage rates are applied to the installed cost of the excess facilities in order to determine the monthly charge.

All customers shall also pay the monthly operating expense if electric service is rendered hereunder.

Payment:

The Excess Facilities Charges shall be incorporated with the monthly bill for electric service and will be subject to the same payment provisions.

Term of Contract:

The initial term of contract to the customer under this schedule shall be the selected Capital Recovery Charge Period as stated under the Excess Facilities Charge provision. The term shall continue automatically until terminated by either party upon at least one month's written notice.

PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE

NOV 07 1999

PURSUANT TO 807 KAR 5 SECRETARY OF THE COMMISSION

DATE OF ISSUE December 15, 1995 DATE EFFECTIVE November 21, 1995

ISSUED BY Victor A. Staffieri President Louisville, Kentucky

NAME TITLE ADDRESS

Issued pursuant to an Order of the PSC of Ky in Case No 95-276 dated 10/1/99

LOUISVILLE GAS AND ELECTRIC COMPANY

Original SHEET NO. 15-I

CANCELLING SHEET NO.

P.S.C. OF KY. ELECTRIC NO. 4

STANDARD RIDER

Excess Facilities (Continued)

Special Terms and Conditions:

1. The Company shall install, own, operate, and provide routine maintenance of the excess facilities. During the Capital Recovery Charge term, the Company shall be responsible for the necessary replacement of the excess facilities (or a faulty component thereof) in the event of failure. Otherwise, the cost of replacing the excess facilities shall be the responsibility of the Customer.
2. In the event that excess facilities installed for the Customer are later utilized concurrently to serve other customers, then the monthly excess facilities charge shall be adjusted in proportion to the cost of the excess facilities which is reasonably assignable to the Customer.
3. The Customer hereby grants to the Company the right of ingress and egress to and from the excess facilities over any property owned by the Customer for the purpose of exercising any of its rights or fulfilling any of its obligations hereunder.
4. The Customer may terminate the service prior to the end of the initial term upon at least six month's written notice. However, the Customer shall pay to the Company in a lump sum the present value of the Capital Recovery Charges that would have been due throughout the remainder of the initial contract period.
5. If the Customer fails to comply with any of the terms and conditions hereof (including, but not limited to, the Customer's obligation to pay the monthly excess facilities charge timely), then the Company may give to the Customer ten days advance notice of termination during which ten-day period the Customer shall have the opportunity to cure the default. If the Customer fails to cure the default during the ten-day period, then the Company shall have the right to terminate the excess facilities service immediately upon notice, and if such termination occurs during the initial term, the Customer shall pay all remaining charges in the manner prescribed under Item 4.
6. Upon termination of the service for any reason, whether during or after the initial contract period, the Company shall have the option of either removing the excess facilities from the Customer's premises and using, selling, or disposing of such excess facilities as the Company wishes or abandoning the excess facilities in place.
7. The service shall not be assigned or transferred by the Customer without the prior written approval of the Company.
8. The General Rules and Regulations Governing the Supply of Electricity set forth in the Company's electric tariff shall apply to the extent inconsistent with any of the terms hereof and are incorporated herein by reference.

PUBLIC SERVICE COMMISSION OF KENTUCKY

NOV 01 1999

PURSUANT TO 807 KAR 5.011, SECTION 9(1)

DATE OF ISSUE December 15, 1995

DATE EFFECTIVE November 20, 1995

ISSUED BY Victor A. Staffieri

President

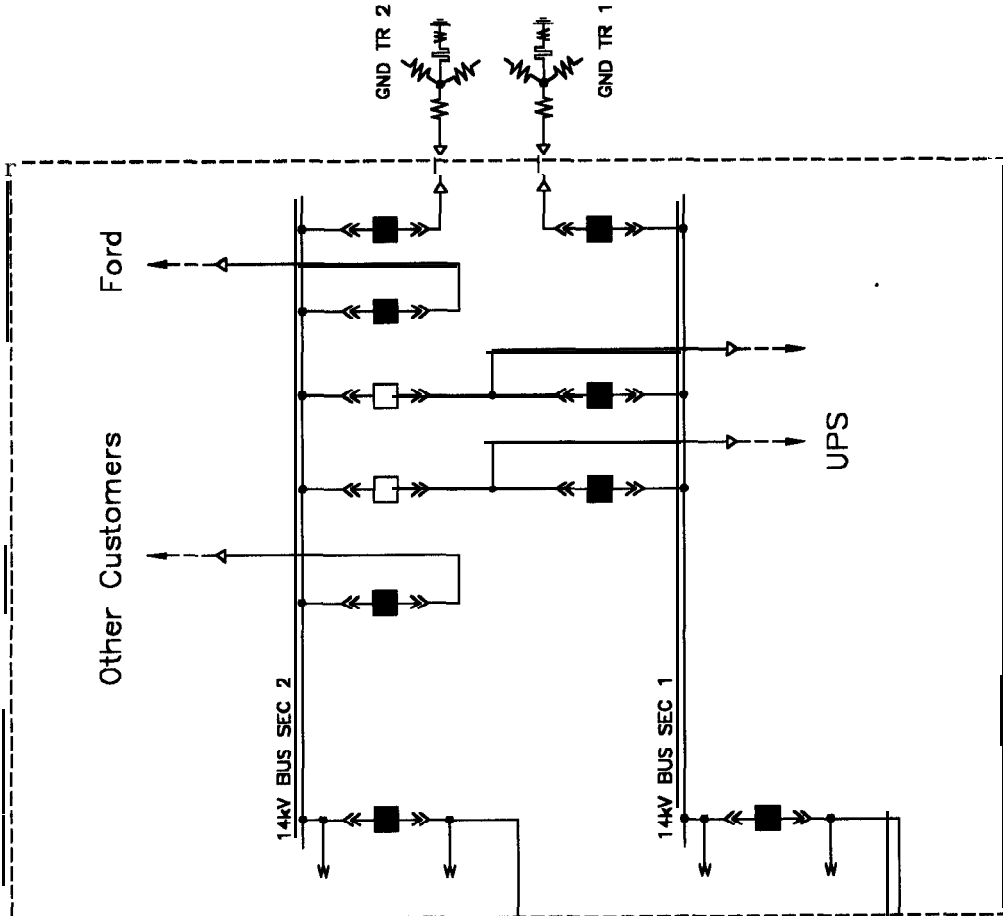
SECRETARY OF THE COMMISSION Louisville, Kentucky

NAME

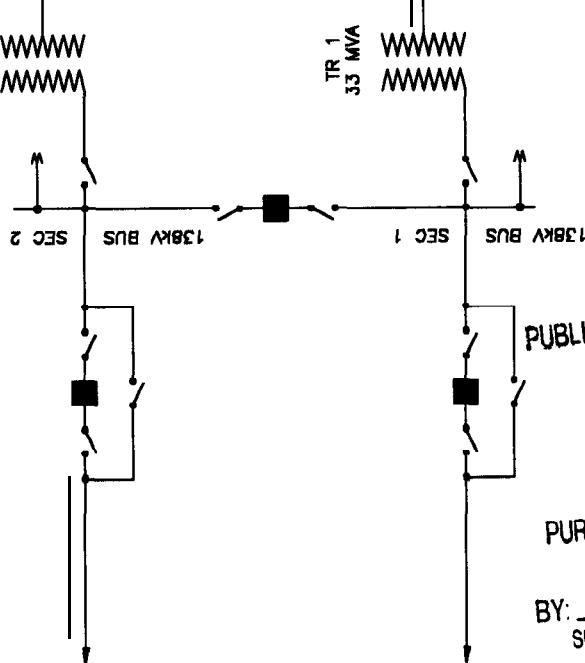
TITLE

ADDRESS

Issued pursuant to an Order of the PSC of Ky. in Case No. 95-276 dated 11/21/95.



Proposed Switchgear

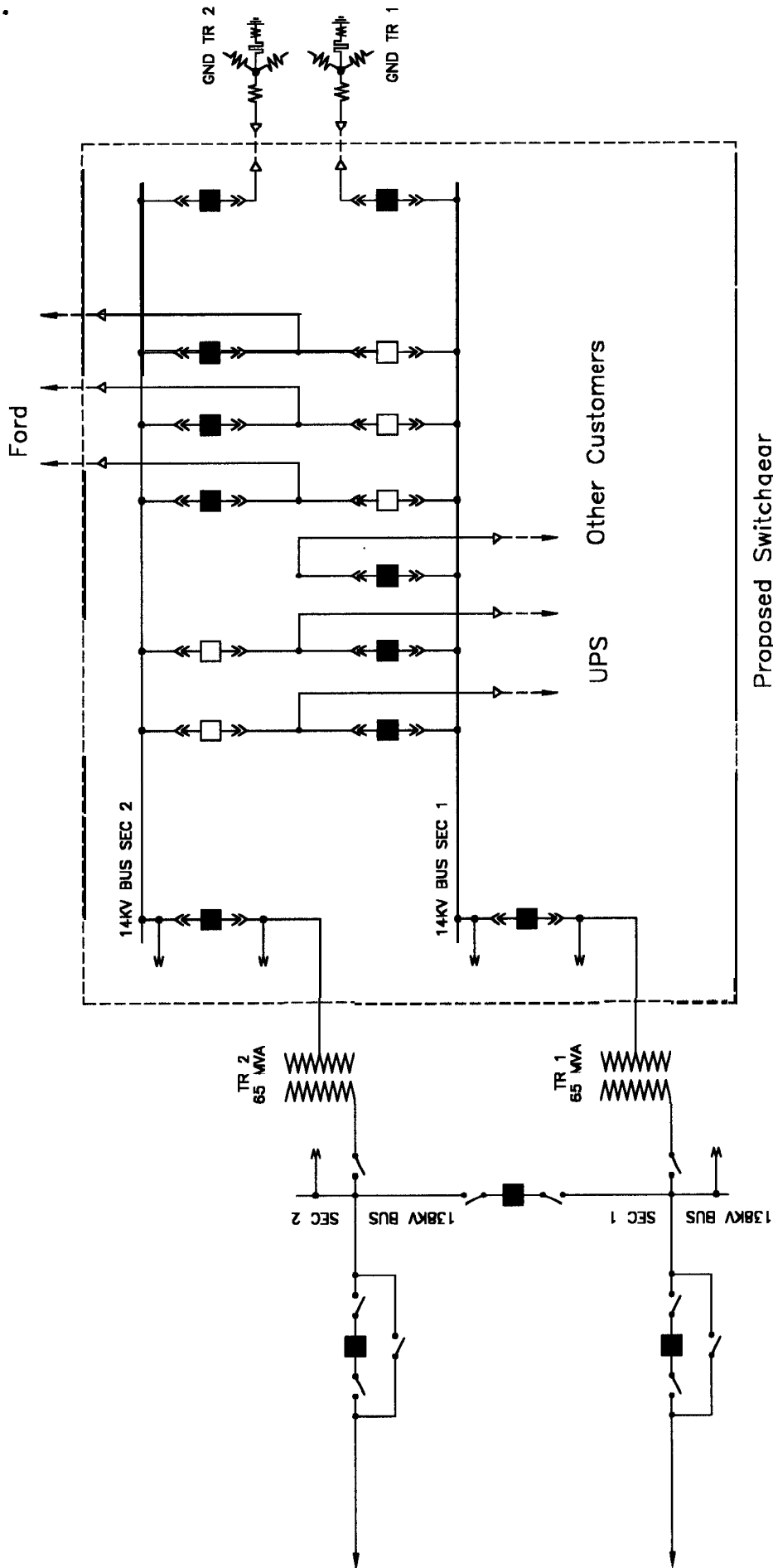


PUBLIC SERVICE COMMISSION
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EFFECTIVE

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

BY: Stephan Bill
SECRETARY OF THE COMMISSION



Proposed Switchgear

IGT LOUISVILLE
 GAS & ELECTRIC
 COMPANY
 DEPARTMENT

GRADE_LANE_SUBSTATION

DRAWN: DRAWN 741712
 REVISED: 5/5/98 820_741712

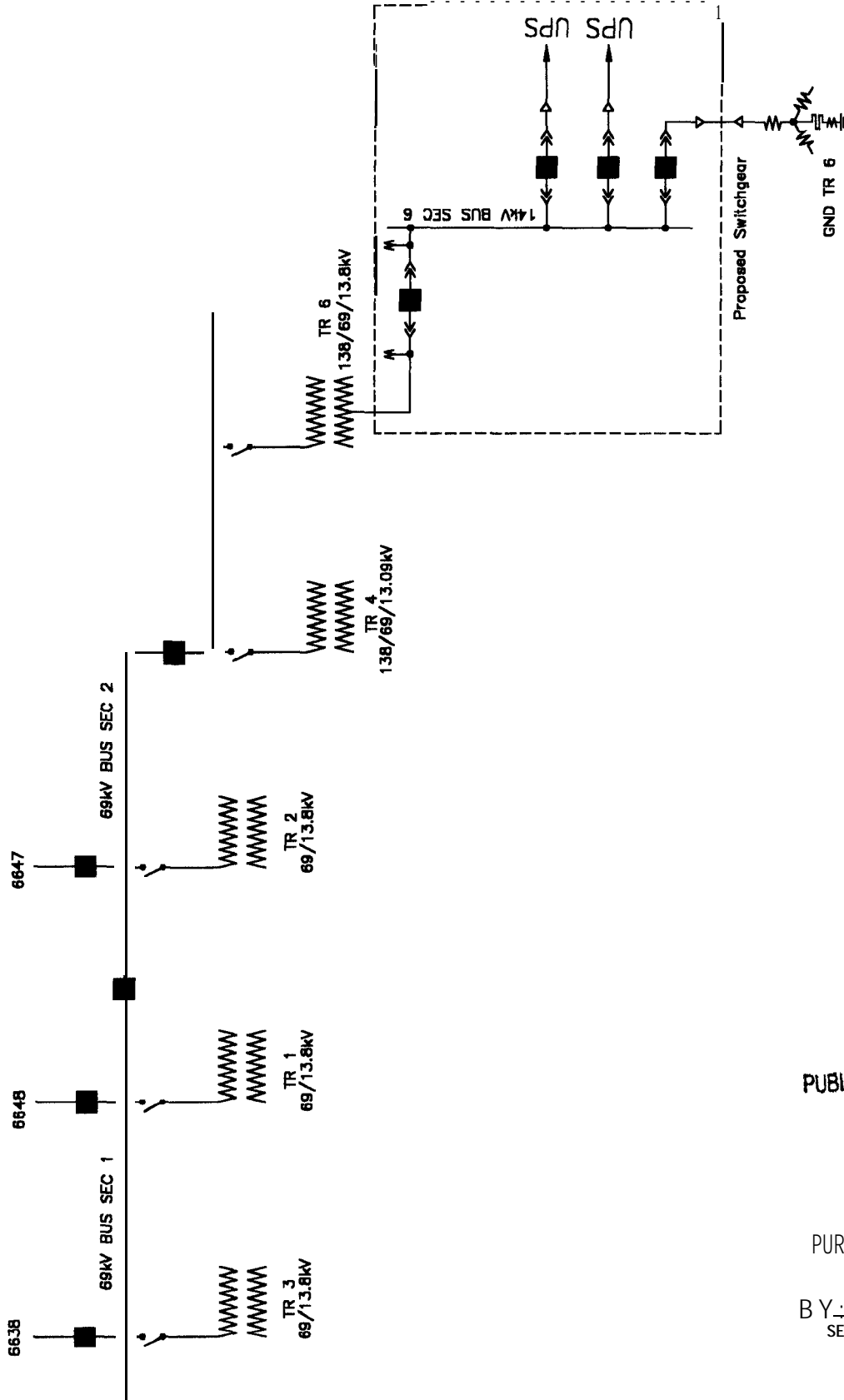
FIGURE-1B

PUBLIC SERVICE COMMISSION
 OF KENTUCKY
 EFFECTIVE

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PURSUANT TO 807 KAR 50 11.
 SECTION 9 (1)

B Y: Stephan Blue
 SECRETARY OF THE COMMISSION



LOUISVILLE
GAS & ELECTRIC
COMPANY
System Engineering Team

Seminole Substation

DRAWN: 1-16-98
REVISED: 5-6-98
Figure-2A/B

PUBLIC SERVICE COMMISSION
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PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephan O'Beirne
SECRETARY OF THE COMMISSION