

AGREEMENT

THIS AGREEMENT, made and entered into this 21st day of July, 1998, by and between DELTA NATURAL GAS COMPANY, INC. (Delta), a Kentucky Corporation, and (End User).

W I T N E S S E T H :

THAT, WHEREAS, End User desires to purchase certain quantities of natural gas from a supplier to be designated (Supplier) and Supplier intends to sell the same to End User; and

WHEREAS, End User desires to have said quantities of natural gas purchased from Supplier transported and delivered to End User in , by Delta; and

WHEREAS, Delta, subject to the terms and conditions set forth herein, desires to transport and deliver to End User that quantity of natural gas purchased by End User from Supplier and delivered by Supplier to Delta at a certain designated point;

NOW THEREFORE, the parties agree to as follows:

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

ARTICLE 1. DEFINITIONS

AUG 27 1998

Unless this Agreement provides otherwise, the following definitions shall apply:

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: Stephen D. Bell
SECRETARY OF THE COMMISSION

1.1. "Natural Gas" or "Gas" shall mean any mixture of hydrocarbons or hydrocarbons and non-combustible gases in a gaseous state, consisting essentially of methane.

1.2. "Delivery Point" shall mean the point of interconnection between the pipeline facilities of Delta and the metering facilities of

or other points

which may be agreed to through mutual written agreement of the parties hereto.

1.3. "Redelivery Point" shall mean the point of interconnection between the pipeline facilities of Delta and the metering facilities of Delta for End User.

1.4. "Supplier Contract Gas" shall mean the volumetric quantity of natural gas delivered at the Delivery Point to Delta by Supplier for the account of End User.

1.5. "Excess Gas" shall mean the amount or quantity of natural gas delivered by Delta to End User at the Redelivery Point in excess of or in addition to the Supplier Contract Gas (as adjusted for Delta's retainage of two percent (2%) for losses).

1.6. "Mcf" shall mean the quantity of gas occupying a volume of one thousand (1,000) cubic feet at a pressure base of 14.73 pounds per square inch absolute (14.73 psia) and a temperature base of 60 degrees Fahrenheit (60° F).

ARTICLE 2. TERM.

2.1. Subject to the terms and conditions herein, the term of this Agreement shall commence

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 27 1998

PURSUANT TO 807 KAR 5011,
SECTION 9(1)

BY: Stephan O. Bell
SECRETARY OF THE COMMISSION

ARTICLE 3. TRANSPORTATION AND DELIVERY OF CONTRACT GAS.

3.1. Subject to the provisions of Article 6 hereof and subject to available capacity and the daily needs of End User, Delta shall accept from Supplier on behalf of End User all daily

Supplier Contract Gas which is delivered by Supplier to the Delivery Point, up to a daily maximum of

3.2. Delta shall transport and deliver to End User natural gas in quantities which are equivalent to the amount of Supplier Contract Gas less two percent (2%) by volume for line loss.

3.3. Volumes transported and delivered by Delta to End User as provided in Article 3.1 herein shall be balanced on a daily basis as nearly as possible. Should an imbalance exist upon the termination of this Agreement, such imbalance will be corrected within thirty (30) days of such termination. End User shall purchase from Delta the Excess Gas delivered to End User in accordance with Articles 4 and 5 of this Agreement.

3.4. Delta's transportation obligation hereunder shall be to provide firm service to End User.

3.5. Delta shall not be responsible for paying any transportation or related costs of intermediate transporters, including related line loss, compressor fuel, gas inventory charges and any penalties or other costs.

ARTICLE 4. PRICE.

4.1. Subject to the provisions of Article 3.1, End User shall pay the following rates for the services of Delta in transporting to End User under the terms of this Agreement the natural gas in amounts equal to or less than the amount of Supplier Contract Gas (minus two percent (2%) by volume for line loss):

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 27 1998

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

BY: Stephan Bue
SECRETARY OF THE COMMISSION

AUG 27 1998

PURSUANT TO 807 KAR 5011,
SECTION 9(1)

BY: Stephan D. Bell
SECRETARY OF THE COMMISSION

- 4.2. For any Excess Gas delivered or sold by Delta to End User, End User shall pay Delta the rates as provided for in paragraph 4.1 or 4.3 herein plus the applicable Gas Cost Recovery Rate as set forth in Delta's tariffs on file with the PSC, as same may be changed from time to time.
- 4.3. At any time during the term of this Agreement End User may choose to revert to Delta's General Service Rates as set forth in Delta's tariffs on file with the PSC.

ARTICLE 5. STATEMENTS AND PAYMENTS.

5.1. Statements shall be rendered by Delta as appropriate to End User each month showing the amounts due to Delta for services rendered by Delta for End User during the preceding billing month.

5.2. Each statement required to be furnished shall be mailed to the address set forth in this Agreement. Payment by check payable to the order of Delta Natural Gas Company, Inc. shall be made by End User by mailing same within thirty (30) days after receipt of the bill. End User agrees to pay interest at the rate of one and one-half percent (1 1/2%) per month on any outstanding balance which is due Delta under the terms of this Agreement and which is not paid within the time period previously set forth.

ARTICLE 6. QUALITY.

6.1. All Supplier Contract Gas and all gas delivered to End User hereunder shall at all times be merchantable and be free from gasoline, oil, water, salt, gum, dust and other foreign substances that might interfere with the marketability of the gas. The gas delivered by Supplier shall contain not less than 1,000 Btu per cubic foot (as determined by calorimeter test at 60 degrees Fahrenheit (60° F) and saturated with water vapor), and a utilization factor of 1,300 plus or minus 6% (U.F. = heating value (BTU) divided by the square root of gravity). The gas delivered shall not contain more than:

- (a) Seven (7) pounds of water per million cubic feet measured at 14.7 psia and 60 degrees Fahrenheit on an approved dew point apparatus;
- (b) Three percent (3%) by volume of carbon dioxide;
- (c) Twenty-five hundredths (0.25) grain of hydrogen sulfide per one hundred (100) cubic feet; or
- (d) Ten (10) grains of total sulphur per one hundred (100) cubic feet.

6.2. The requirement that the natural gas tendered by Supplier to Delta on behalf of End User conform with the foregoing specifications is a condition precedent to the performance by Delta of the obligation to transport gas to End User imposed by this Agreement.

ARTICLE 7. MEASUREMENT.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 27 1998

PURSUANT TO 807 KAR 5011,
SECTION 9(1)

BY: Stephan O. Bue
SECRETARY OF THE COMMISSION

7.1. Meters and other related equipment installed and maintained by or on behalf of Delta shall be the exclusive method and means of determining the quantity of gas redelivered to End User or delivered to Delta by Supplier for the account of End User. Reading, calibration and adjustment of Delta's meters and related measurement equipment shall be performed solely by Delta using generally accepted procedures. Delta shall read said meters at regular intervals and the cost of reading, calibrating, adjusting and otherwise maintaining said meters, excluding repair of damage due to the negligence or willful misconduct of End User, shall be borne by Delta. Delta shall test the accuracy of any Delta-owned meter in use under this Agreement in accordance with its standard practices as filed with the PSC (Practices 0-8.1 and 0-8.2) for such testing.

7.2. If End User challenges the accuracy of any meters maintained by Delta and requests to have the meters tested, Delta shall test the meters in the presence of End User or its representatives, if End User exercises the right to be present or represented at such test. If the test shall prove the meter to be accurate within plus or minus two percent (+ or - 2%), the cost of testing the same shall be borne by the party requesting the test, but if the test proves the meter to be in error by more than plus or minus two percent (+ or - 2%), then the cost of testing and repairing the same shall be borne by the party who benefitted from the inaccuracy. Meter measurements found to be

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 27 1998

PURSUANT TO 807 KAR 5011.
SECTION 9(1)
BY: Stephan O. Bell
SECRETARY OF THE COMMISSION

plus or minus two percent (+ or - 2%) shall be corrected and the accounts for the period during which the meter error existed shall be adjusted accordingly. In the event the period during which the meter error existed is unknown, then the accounts shall be adjusted for one-half of the elapsed time since the last previous test but in no event for a period of more than sixty (60) days.

ARTICLE 8. DELIVERY POINTS AND TITLE.

8.1. Supplier Contract Gas. The point of delivery from Supplier to Delta for the account of End User shall be that Delivery Point herein described in Paragraph 1.2. End User shall retain title to the gas from the Delivery Point to the Redelivery Point. While Delta is in control and possession of the Supplier Contract Gas, it shall be responsible for any damage, claim, liability or injury caused by the gas and shall be responsible for the gas itself.

8.2. Excess Gas. The title to the Excess Gas sold by Delta to End User hereunder shall pass to End User at the Redelivery Point. Before the Excess Gas passes the Redelivery Point, Delta shall be in control and possession thereof and shall be responsible for the gas itself.

8.3. After delivery at the Redelivery Point of the Supplier Contract Gas and the Excess Gas sold by Delta to End User hereunder, End User shall be deemed in control and possession thereof and shall be responsible for any damage, claim, liability or injury caused by the gas.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 27 1998

PURSUANT TO 807 KAR 5011,
SECTION 9(1)

BY: Stephan Bee
SECRETARY OF THE COMMISSION

ARTICLE 9. TAXES AND FEES.

Delta may collect from End User any taxes and franchise fees, including, but not limited to, sales tax, school tax and gross receipts tax, which, by regulatory authority or by law, may be collected from End User and which are not otherwise paid by End User, whether such tax is now in existence or hereinafter promulgated or applied. The obligation to pay such taxes shall be in addition to the obligation to pay the appropriate rate set forth in Article 4 of this Agreement.

ARTICLE 10. FORCE MAJEURE.

10.1. Suspension of Obligations. If by reason of force majeure any party hereto is rendered unable, wholly or in part, to carry out its obligations under this Agreement, and if such party gives notice and reasonably full particulars of such force majeure, by an express means of written communication, to the other party within a reasonable time after the occurrence of the event of force majeure relied on, the party giving such notice, to the extent that it is affected by such event of force majeure, shall not be in default of its obligations hereunder or liable in damages during the continuation of any inability so caused. The party claiming suspension due to force majeure shall use due diligence to put itself again in position to carry out all of the obligations which it assumes in this Agreement.

10.2. Force Majeure. The term "force majeure" as used herein means any cause not reasonably in the control of the party

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 27 1998

claiming suspension, including but not limited to, acts of God or a public enemy, strikes, riots, injunctions or other interference through legal proceedings, breakage or accident to machinery, equipment or lines of pipe not due to negligence or willful misconduct of the party invoking force majeure, washouts, earthquakes, storms, freezing of lines or wells, blowouts, shutdowns to make emergency or unexpected repairs to machines, equipment or lines of pipe, and compliance with any statute or regulation, either State or Federal, or with any order of the Federal government of any branch thereof, or of the government of the Commonwealth of Kentucky.

10.3. Obligation to Pay. Notwithstanding the foregoing provisions of this Article, End User may not claim suspension, by reason of force majeure, of its obligations under Article 4 and 9 of this Agreement to pay Delta for transportation service rendered and those taxes and franchise fees which Delta may collect from End User.

ARTICLE 11. GOVERNMENTAL REGULATION.

11.1. This Agreement shall be subject to all applicable and valid statutes, rules, orders and regulations of any federal, state or local governmental authority or agency having jurisdiction over the parties, their facilities or gas supply, this Agreement or any provision thereof. The parties agree that should any state, federal or local governmental authority or agency with jurisdiction over the parties to

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 27 1998

transactions herein require approval for the sale of gas hereunder, then each party shall make all necessary applications or filings and shall submit any records or data required by such governmental authority or agency.

11.2. Delta shall not be liable for failure to perform hereunder if such failure is due to compliance with rules, regulations, laws, orders or directives of any state, federal or local governmental regulatory authority or agency.

11.3. Nothing in this Agreement shall prevent any party from contesting the validity of any law, order, rule, regulation or directive of any state, federal or other governmental regulatory authority or agency, nor shall anything in this Agreement be construed to require any party to waive its right to assert the lack of jurisdiction of such regulatory body, governmental entity, or agency over this Agreement or any party thereto.

11.4. This Agreement shall not be effective in whole or in part until and unless all necessary regulatory approvals or authorizations shall have been obtained to the satisfaction of each of the parties hereto. In the event any such approval or authorization is withdrawn or expires (and any renewal is refused by the appropriate regulatory authority), this Agreement may be cancelled at the option of any party hereto. This Agreement may be terminated by Delta at any time during the term hereof if performance of this Agreement would subject Delta to the jurisdiction of the Federal Energy Regulatory Commission or

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 27 1998

its successor. To the extent that Delta is aware of impending jurisdiction by FERC, Delta shall notify End User, in writing, of such impending action and the reason therefor thirty (30) days prior to termination.

11.5. Except as otherwise provided herein, this Agreement is subject to the terms and conditions of Delta's Rates, Rules and Regulations, as set forth in Delta's tariffs on file with the BSC, as same may be changed from time to time.

ARTICLE 12. CONFIDENTIALITY.

Except as otherwise provided herein, Delta and End User shall maintain the confidentiality of the terms and conditions of Articles 2 and 4 of this Agreement, and Delta and End User agree not to divulge same to any third party except to the extent required for End User to purchase or monitor supplier Contract Gas or as may be required by law, court order or the order or regulation of any administrative agency having jurisdiction over either party.

ARTICLE 13. GOVERNING LAW.

This Agreement was entered into under and, to the extent permitted by law, shall be construed in accordance with the laws of the Commonwealth of Kentucky.

ARTICLE 14. NOTICES.

Any notice, request, demand, statement, bill, payment, or other communication from any party to any other shall be in writing and shall be delivered to the addresses **PUBLIC SERVICE COMMISSION OF KENTUCKY** or at

EFFECTIVE

AUG 27 1998

such other address as the receiving party may designate in writing:

To Delta: Delta Natural Gas Company, Inc.
3617 Lexington Road
Winchester, Kentucky 40391
Attn: Mr. George S. Billings

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

To End User:

AUG 27 1998

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephan D. Bell
SECRETARY OF THE COMMISSION

ARTICLE 15. ASSIGNMENT.

Either party may assign this Agreement or any of its rights or obligations hereunder provided the assigned party has the ability to perform.

ARTICLE 16. SUCCESSORS.

Subject to the terms and conditions of this Agreement, this Agreement shall extend to and be binding upon the successors and assigns of the parties hereto.

ARTICLE 17. WAIVER.

A waiver by any party of any one or more defaults by any other party in the performance of any provision of this Agreement, shall not operate as a waiver of any future default.

ARTICLE 18. SEVERABILITY.

Except as otherwise provided herein, any provision of this Agreement declared or rendered unlawful by a statute, court of law or regulatory agency with jurisdiction over the parties or either of them, shall not otherwise affect the other obligations of the

parties under this Agreement.

ARTICLE 19. HEADINGS.

The headings of the provisions of this Agreement are used for convenience only and shall not be deemed to affect the meaning or construction of such provisions.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands this the day and year first above written.

DELTA NATURAL GAS COMPANY, INC.

By Robert C. Harbinger
Its VP Public and Consumer Affairs
Date 7/23/98

By _____
Its _____

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 27 1998

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

BY: Stephan D. Bell
SECRETARY OF THE COMMISSION