



Delta Natural Gas Company, Inc.

3617 Lexington Road
Winchester, Kentucky 40391-9797



www.deltagas.com

PHONE: 859-744-6171

FAX: 859-744-3623

July 17, 2014

RECEIVED

JUL 18 2014

PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen
Executive Director
Public Service Commission
P O Box 615
Frankfort, KY 40602

**RE: PURCHASED GAS ADJUSTMENT FILING OF
DELTA NATUAL GAS COMPANY, INC.
CASE NO. 2014-00208**

Dear Mr. Derouen:

Enclosed are an original and five copies of Delta's response to the Commission Staff's Second Request for information in the above-styled case. If the Commission Staff have any further questions or concerns related to the filing, Delta is willing to participate in an informal conference.

Please acknowledge receipt of this filing by stamping the extra copy of the cover letter and returning to Delta.

Sincerely,

Matthew D. Wesolosky
Vice President - Controller

cc: All Parties of Record

COMMONWEALTH OF KENTUCKY

RECEIVED

BEFORE THE PUBLIC SERVICE COMMISSION

JUL 18 2014

PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING)
OF DELTA NATURAL GAS COMPANY, INC.) CASE NO. 2014-00208

VERIFICATION

The undersigned, Matthew D. Wesolosky, being duly sworn, deposes and states that he is Vice President - Controller of Delta Natural Gas Company, Inc. and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

[Handwritten signature of Matthew D. Wesolosky]
Matthew D. Wesolosky

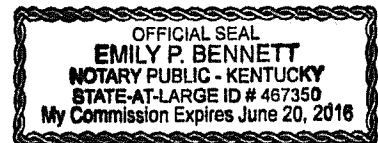
STATE OF KENTUCKY)
COUNTY OF CLARK)

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 17th day of July, 2014.

[Handwritten signature of Emily P. Bennett] (SEAL)
Notary Public

My Commission Expires:

6/20/2016



DELTA NATURAL GAS COMPANY, INC.

CASE NO. 2014-00208

SECOND PSC DATA REQUEST

DATED JULY 10, 2014

1. Refer to the response to Item 1.b. of the Commission Staff's Initial Request for Information ("Staff's First Request").
 - a. Provide a breakdown of unbilled revenue; company use gas; imbalances; and heating content of gas supply in sufficient detail that the contribution of each to the approximately 2.5 million Mcf discrepancy between purchases and sales volumes for the 18-month period ended April 30, 2014, can be determined.
 - b. Confirm that imbalances on Delta's system that are generated by transportation customers are not reflected in any way in the gas cost paid by sales customers through Delta's Gas Cost Adjustment ("GCA") mechanism.
 - c. In Case No. 2010-00127, Delta cited BTU conversion as one of the reasons why figures for purchases and deliveries to end-use customers might differ. In that case, the BTU factor of gas from Delta's then largest supplier, M&B Gas Services, was 1.035. In the instant proceeding, the BTU conversion factor of gas from Delta's largest supplier at present, Midwest Energy Services, is 1.257. Explain: (1) why the BTU factor for the current supplier is so much higher than that of the former supplier; and (2) why Delta is acquiring gas from this particular supplier instead of the previous supplier.
 - d. Provide the gas purchase contract between Delta and Midwest Energy Services.
 - e. (1) Confirm that off-system transportation of high-BTU locally produced gas on behalf of Delta's off-system transportation customers is not increasing the gas supply cost of sales customers.
 - e. (2) Explain how Delta's residential meters measure gas usage (e.g., in Mcf, temperature-compensating, etc.).
 - f. Delta's tariff, Sheet 29, Section 27, Character of Service, states, "In accordance with 807 KAR 5:022, Section 16, the Company will normally supply natural gas having a heating value of approximately one thousand seventy (1,070) BTU per cubic foot and a specific gravity of approximately sixty-two hundredths (0.62). However, when necessary to supplement the supply of natural gas, the Company reserves the right, at its discretion, to supply an interchangeable mixture of vaporized liquefied petroleum gas and air or a combination of same with natural gas." State whether Delta believes it is in compliance with its tariff and with 807 KAR 5:022, Section 16,

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considering the 1.257 and 1.200 BTU gas shown on Schedule II of its GCR application.

- g. Explain what, if any, notifications have been sent to Delta's distribution customers who are burning the higher BTU gas before it can be physically transported to the interstate pipeline, and whether Delta has received customer questions or complaints regarding appliance burn-out due to the supply of higher BTU content of the gas.

Response:

- a. See attached Exhibit I which reconciles the supply volumes and sales volumes for the eighteen-months ending April 30, 2014. The reconciliation includes estimates of the BTU adjustment for the heating content of gas supply, an estimate of unbilled revenue, company use gas, imbalances and a prior period adjustment. The attached Exhibit I contains a description of each adjustment. Delta's system operates differently from most other traditional LDC's who receive their gas supply from a few pipeline interconnects and primarily distribute natural gas. Delta's distribution and transmission system has 2,700 miles of pipe spanning 23 counties with approximately 110 receipt points consisting of pipeline interconnects to four different interstate pipelines, intrastate pipelines and local producers, all of which can deliver gas at varying BTU content. In addition to the distribution and on-system transportation of natural gas to the end user, Delta also stores natural gas to meet peak demand and transports natural gas off-system.
- b. In April 2013, Delta began adjusting for the impact of transportation imbalances on gas costs in the GCR filing. However, upon review, only a portion of the impact of transportation imbalances was being considered. The attached Exhibit II modifies Delta's actual adjustment in the GCR filing to include the cumulative impact of the imbalances not previously considered.
- c. The change in suppliers did not impact the BTU values in the EGC calculation. Consistent with Case No. 2011-00147, Delta implemented changes to its Expected Gas Cost calculation to address the under-recovery of gas costs. One of those changes was to change the Dth conversion factor from the pipeline BTU to an estimate of the BTU content of the gas being consumed by Delta's customers. The change in the EGC calculation occurred in the November 2011 filing, while

DELTA NATURAL GAS COMPANY, INC.
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M&B was still providing a portion of Delta's gas supply. Subsequent to the change in the EGC calculation, M&B was sold and Midwest Energy Services was formed. Delta decided to begin purchasing from Midwest.

- d. The agreement between Delta and Midwest Energy Services is included as Exhibit III. Delta executes monthly transaction confirmations which set forth the price and the quantity to be purchased. The last page of the base agreement includes a copy of the form utilized on a monthly basis.

- e. (1) Correct. The BTU content of the gas transported for off-system transportation customers is not increasing the gas supply cost to the sales customers. As noted in the prior data request, as the customer consumes higher BTU natural gas they are consuming less Mcf of natural gas than they would if the natural gas had a lower BTU value. For example, assume a customer owns a furnace which requires 10 Dth of gas to keep their house at 70 degrees during a given month. If the customer is consuming gas with a BTU value of 1,030 it will require 9.7 Mcf of natural gas to provide the required amount of energy. However, if the customer is receiving gas with a BTU value of 1,200 it will require 8.3 Mcf of natural gas. Since the natural gas purchased from interstate pipelines is denominated in Dth, assuming a price of \$5.00 per Dth, the gas supply cost for the customer in either scenario is \$50.

- e. (2) For its residential meters, Delta uses diaphragm meters which have a manual index which is temperature compensating to sixty degrees. The index measures the volume of gas flowing through the meter in CCF (one hundred cubic feet).

- f. Delta believes it is in compliance with its tariff, as the 1,070 BTU per cubic foot was developed to represent the average BTU content of Delta's system, taken as a whole. However, since Delta's service territory spans 2,700 miles of pipe across twenty-three counties, various locations have different levels of BTU content. The following lists the sub-sections within Section 16 of KAR 5:022 Section 16 and how Delta believes it complies with each provision:

(2)(a) It shall be consistent with good service

Delta is unaware of any situations where the heating content of its gas has caused a disruption in service to a customer.

DELTA NATURAL GAS COMPANY, INC.
CASE NO. 2014-00208

SECOND PSC DATA REQUEST
DATED JULY 10, 2014

(2)(b) It shall be the value which is the most practical and economical to supply its customers

As noted in Item 1. e. (1) of this data request, the BTU content of the gas transported for off-system transportation customers reflects the BTU content of the gas available to Delta's system and, as such, is the most practical and economical to supply to customers. Moreover, the higher BTU content is not increasing the gas supply cost to Delta's sales customers because all customers are billed on a Mcf basis. In fact, Delta's sales customers benefit from the revenue derived from off-system transportation, as it contributes to Delta's overall revenue requirement, thus lowering the revenue requirement required to be provided by Delta's residential customers.

(3) Each utility shall file with the commission its standard heating value as part of its schedule of Rates, Rules and Regulations.

1,070 is listed in Delta's tariff as the BTU per cubic foot of gas for its system. This value has not been revised or changed since its system expanded in the late 1970's. Delta is reviewing this section of its tariff and researching whether or not this section needs to be updated.

(4) The utility shall maintain the heating value of the gas with as little variation as practicable, but this variation shall not be more than five (5) percent above or below the established standard heating value.

See attached Exhibit IV, which calculates the weighted average heating content for Delta's gas supply for the last four GCR filings. The weighted average BTU is 1,113 (104% of the 1,070 BTU listed in Delta's tariff). As shown in Delta's proposed GCR filing, the BTU content of Delta's system ranges from 1,052 to 1,257. While Delta operates its system to maintain a consistent heating value in each supply area, the heating content of its gas supply is outside Delta's control. For example, as noted in the response to Item 1.g., Columbia Gulf Transmission recently began flowing 1,200 BTU gas into a portion of our Berea system. Historically, the northern part of Delta's system has received lower BTU gas, whereas the southern portion of Delta's system has received the higher BTU gas (additionally, see response to Item 1 g. of this data request). The amounts

DELTA NATURAL GAS COMPANY, INC.
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SECOND PSC DATA REQUEST
DATED JULY 10, 2014

included in the attached Exhibit IV are based on estimates within the GCR filing. As noted in sub-section three above, Delta is reviewing this section of its tariff and researching whether or not this section needs to be updated.

(5) The heating value standard shall be the monthly average heating value of gas delivered to customers at any point within one (1) mile of the center of distribution, and shall be obtained in the following manner: results of all tests for heating value made on any day during the calendar month shall be averaged, and the average of all such daily averages shall be used in computing the monthly average.

Delta has 2,700 miles of pipe which serves approximately 36,000 customers. This approximates serving thirteen customers per mile of pipe. With consumption measured volumetrically, and with geographic areas being served by multiple receipt points from interstate pipelines and/or other sources, there is no definable center of Delta's distribution system. Therefore, we consider our standard heating value to be the heating value listed in our tariff, as referenced in subsection (3) above.

(6) Each utility, selling more than 300,000,000 cubic feet of gas annually, shall maintain a calorimeter, gas chromatograph, or other equipment for testing the heating value of gas or shall retain the services of a competent testing laboratory approved by the commission. This testing equipment owned by the utility shall be subject to approval of the commission and be made available for testing certification. Utilities served directly from a transmission line shall be exempt from this rule if there is approved equipment for measuring the heating value of gas maintained by the transmission company and if such equipment is available for testing and certification by the commission.

Delta has a testing laboratory which is certified by the Commission.

(7) Each utility shall conduct test and maintain necessary records to document that the requirements of this section are being met. Those utilities which bill on the basis of heating value shall, as part of its schedule of Rates, Rules and Regulations, file with the commission the schedule of tests and test procedure(s) it will conduct to determine the heating value of its gas.

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**SECOND PSC DATA REQUEST
DATED JULY 10, 2014**

Since Delta bills its customers based on volume instead of based on heating value, the filing requirement of this sub-section does not apply.

(8) Any change in heating value greater than that allowed in subsection (4) of this section shall not be made without approval of the commission and without adequate notice to affected customers. In such event, the utility shall make any adjustments to the customer's appliances without charge and shall conduct the adjustment program with a minimum of inconvenience to the customer.

See response to sub-section (4) above.

- g. In May 2014, Delta orally notified certain of its customers in Delta's Berea service area which is supplied by Columbia Gulf that Columbia Gulf had begun delivering 1,200 BTU gas into Berea. The change in BTU only impacted industrial customers whose operations are BTU sensitive. The customers stated they prefer to receive and burn the higher BTU gas.

Delta reviewed its customer complaint log dating back to 2006 (records prior to 2006 have been purged from the log) and Delta has not received any customer complaints related to the BTU content of their gas. Additionally, Delta spoke with the management of our distribution operations and none of the local offices within the communities we serve have received complaints related to the BTU content of the customers' natural gas.

The higher BTU gas referenced throughout this data request is in the southern portion of Delta's service territory. This portion of our service territory was purchased from other small LDCs from 1979 to 1985. Therefore, these customers have always benefitted from burning less Mcf at a higher BTU, as their gas supply prior to Delta's purchase of the system was higher BTU gas sourced primarily from local production.

Sponsoring Witness:

Matthew D. Wesolosky

Delta Natural Gas Company, Inc.
Case No. 2014-00208
DR-2, Item 1
Exhibit I

	<u>18 months ended</u> <u>April 2014</u>	
BTU adjustment for heating content of gas supply	1,331,342	{1}
Unbilled, net change for period	29,239	{2}
Company use	395,388	{3}
Imbalance, net change for period	228,288	{4}
Prior period adjustment from pipeline	<u>121,062</u>	{5}
Total of reconciling items	2,105,319	
Supply volumes, less sales volumes	<u>2,546,975</u>	{6}
difference	(441,656)	

{1} As noted in the previous data request to this case, gas is purchased at one point to replace gas consumed by an end user at a different point. The same quantity of dekatherms (a unit of energy measured in BTU) is purchased and consumed, but the difference in the BTU content between the two points causes disparity in the volumetric measurement of purchases and sales between the two points. The reconciling item is an estimate of the volumetric difference.

{2} Estimate of gas consumed from the date the meter was last read through the end of the month. Unbilled gas is a rote calculation performed by a computer program to estimate unbilled usage. Specific weather trends and the extent to which customers choose to manage their gas consumption cannot be measured within the context of the program.

{3} Gas utilized in operating compressors, dehydration units, pre-heaters and removing heavy hydro-carbons from the system.

{4} The above amount represents the net decrease in imbalances which had not been adjusted from the supply cost for the eighteen-months ending April 30, 2014.

{5} In October, 2013, Atmos billed Delta an additional 121,062 Mcf for the period November 2012 to July 2013 due to incorrect pipeline measurement by Columbia Gas Transmission at our Kingston Terrill purchase point. The additional volumes were included in the October 2013 actual adjustment.

{6} Supply volumes for February, March and April 2014 have been updated for the revised supply volumes on Exhibit II of this data request.

DELTA NATURAL GAS COMPANY, INC.

Exhibit II
SCHEDULE I

GAS COST RECOVERY CALCULATION

COST RECOVERY RATE EFFECTIVE JULY 23, 2014		
PARTICULARS	UNIT	AMOUNT
EXPECTED GAS COST (EGC)	\$/MCF	7.2071
SUPPLIER REFUND (RA)	\$/MCF	-
ACTUAL ADJUSTMENT (AA)	\$/MCF	2.4570
BALANCE ADJUSTMENT (BA)	\$/MCF	(0.3938)
GAS COST RECOVERY RATE (GCR)	\$/MCF	<u>9.2703</u>

EXPECTED GAS COST SUMMARY CALCULATION		
PARTICULARS	UNIT	AMOUNT
PRIMARY GAS SUPPLIERS (SCHEDULE II)	\$	1,836,269
UTILITY PRODUCTION	\$	-
INCLUDABLE PROPANE	\$	-
UNCOLLECTIBLE GAS COSTS	\$	<u>9,964</u>
	\$	1,846,233
TOTAL ESTIMATED SALES FOR QUARTER	MCF	<u>256,168</u>
EXPECTED GAS COST (EGC) RATE	\$/MCF	<u>7.2071</u>

SUPPLIER REFUND ADJUSTMENT SUMMARY CALCULATION		
PARTICULARS	UNIT	AMOUNT
CURRENT QUARTER (SCHEDULE III)	\$/MCF	-
PREVIOUS QUARTER	\$/MCF	-
SECOND PREVIOUS QUARTER	\$/MCF	-
THIRD PREVIOUS QUARTER	\$/MCF	-
SUPPLIER REFUND ADJUSTMENT (RA)	\$/MCF	<u>-</u>

ACTUAL ADJUSTMENT SUMMARY CALCULATION		
PARTICULARS	UNIT	AMOUNT
CURRENT QUARTER (SCHEDULE IV)	\$/MCF	(0.1605)
PREVIOUS QUARTER	\$/MCF	1.3687
SECOND PREVIOUS QUARTER	\$/MCF	0.8642
THIRD PREVIOUS QUARTER	\$/MCF	<u>0.3846</u>
ACTUAL ADJUSTMENT (AA)	\$/MCF	<u>2.4570</u>

BALANCE ADJUSTMENT SUMMARY CALCULATION		
PARTICULARS	UNIT	AMOUNT
CURRENT QUARTER (SCHEDULE V)	\$/MCF	(0.3353)
PREVIOUS QUARTER	\$/MCF	(0.1571)
SECOND PREVIOUS QUARTER	\$/MCF	(0.0331)
THIRD PREVIOUS QUARTER	\$/MCF	<u>0.1317</u>
BALANCE ADJUSTMENT (BA)	\$/MCF	<u>(0.3938)</u>

DELTA NATURAL GAS COMPANY, INC.

Exhibit II
 SCHEDULE II
 PAGE 1 OF 2

MCF PURCHASES FOR THREE MONTHS BEGINNING
 August 1, 2014
 AT SUPPLIERS COSTS EFFECTIVE
 August 1, 2014

Supplier	MCF Purchases	DTH Conv Factor	Rates (\$)	Quarterly Cost	Rate Increase (I)/ Reduction (R)
TENNESSEE GAS PIPELINE PIPELINE (SCH II, PAGE 2 OF 2)				\$323,066	
ATMOS ENERGY MARKETING COLUMBIA GAS TRANSMISSION PIPELINE (SCH II, PAGE 2 OF 2)	85,798	1.057	4.4684	405,230	R
ATMOS ENERGY MARKETING COLUMBIA GULF TRANSMISSION	36,076	1.052	4.4579	169,185	R
MIDWEST ENERGY SERVICES KENTUCKY PRODUCERS	132,292	1.257	5.0284	836,172	R
VINLAND STORAGE	2,003	1.200	4.5298	10,888	R
	-		0.0000	-	
TOTAL	256,168			1,836,269	
COMPANY USAGE	3,843				

ESTIMATED UNCOLLECTIBLE GAS COSTS
 FOR THE THREE MONTHS ENDED
 October 31, 2014

TWELVE MONTH AVERAGE % OF PURCHASED GAS TO RECORDED REVENUE	53.00%				
ESTIMATED BAD DEBT EXPENSE	\$18,800				R
% OF PURCHASED GAS TO BILLED REVENUE UNCOLLECTIBLE GAS COSTS	9,964				I

DELTA NATURAL GAS COMPANY, INC.

Exhibit II
SCHEDULE III

SUPPLIER REFUND ADJUSTMENT
DETAIL FOR THE THREE MONTHS ENDED
April 30, 2014

Particulars	Unit	Amount
SUPPLIERS REFUNDS RECEIVED (1)	\$	0
INTEREST FACTOR (2)		0.997826
REFUND ADJUSTMENT INCLUDING INTEREST	\$	0
SALES TWELVE MONTHS ENDED April 30, 2014	MCF	3,364,850
CURRENT SUPPLIER REFUND ADJUSTMENT	\$/MCF	0.0000

(1) Suppliers Refunds Received	Date Received	Amount
Total		0.00

(2) Interest Factor			
RESULT OF PRESENT VALUE	0.0984620	-0.5 =	(0.401538)

DELTA NATURAL GAS COMPANY, INC.

Exhibit II
SCHEDULE IV

ACTUAL ADJUSTMENT
DETAIL FOR THE THREE MONTHS ENDED
April 30, 2014

Particulars	Unit	For the Month Ended		
		Feb-14	Mar-14	Apr-14
SUPPLY VOLUME PER BOOKS				
PRIMARY GAS SUPPLIERS	MCF	746,050	555,936	252,390
UTILITY PRODUCTION	MCF	-	-	-
INCLUDABLE PROPANE	MCF	-	-	-
OTHER VOLUMES (SPECIFY)	MCF	-	-	-
TOTAL	MCF	<u>746,050</u>	<u>555,936</u>	<u>252,390</u>
SUPPLY COST PER BOOKS				
PRIMARY GAS SUPPLIERS	\$	4,557,602	3,177,583	1,534,638
UTILITY PRODUCTION	\$	-	-	-
INCLUDABLE PROPANE	\$	-	-	-
UNCOLLECTIBLE GAS COSTS	\$	17,432	45,324	16,561
OTHER COST (SPECIFY)	\$	-	-	-
TOTAL	\$	<u>4,575,034</u>	<u>3,222,907</u>	<u>1,551,199</u>
SALES VOLUME				
JURISDICTIONAL	MCF	663,156	667,712	498,739
OTHER VOLUMES (SPECIFY)	MCF	-	-	-
TOTAL	MCF	<u>663,156</u>	<u>667,712</u>	<u>498,739</u>
UNIT BOOK COST OF GAS				
EGC IN EFFECT FOR MONTH	\$	6.8989	4.8268	3.1102
RATE DIFFERENCE	\$	5.4051	5.4051	5.4051
MONTHLY SALES	MCF	1.4938	(0.5783)	(2.2949)
MONTHLY COST DIFFERENCE	\$	<u>663,156</u>	<u>667,712</u>	<u>498,739</u>
	\$	<u>990,622</u>	<u>(386,138)</u>	<u>(1,144,556)</u>
				Three Month
				Period
COST DIFFERENCE FOR THE THREE MONTHS	\$			(540,072)
TWELVE MONTHS SALES FOR PERIOD ENDED	MCF			<u>3,364,850</u>
CURRENT QUARTERLY ACTUAL ADJUSTMENT	\$/MCF			<u>(0.1605)</u>

DELTA NATURAL GAS COMPANY, INC.

Exhibit II
SCHEDULE V

EXPECTED GAS COST BALANCE ADJUSTMENT
DETAIL FOR THE THREE MONTHS ENDED
April 30, 2014

Particulars	Unit	Amount
COST DIFFERENCE BETWEEN BOOK AND EFFECTIVE EGC AS USED TO COMPUTE AA OF THE GCR IN EFFECT FOUR QUARTERS PRIOR TO THE CURRENTLY EFFECTIVE GCR	\$	2,847,162
LESS: DOLLAR AMOUNT RESULTING FROM THE AA OF \$/MCF AS USED TO COMPUTE THE GCR IN EFFECT FOUR QUARTERS PRIOR TO THE CURRENTLY EFFECTIVE GCR TIMES THE JURISDICTIONAL SALES OF 3,364,850 MCF FOR THE PERIOD BETWEEN THE EFFECTIVE DATE OF THE CURRENT GCR RATE AND THE EFFECTIVE DATE OF THE GCR IN EFFECT APPROXIMATELY ONE YEAR PRIOR TO THE CURRENT RATE	1.1424 \$	<u>3,844,005</u>
BALANCE ADJUSTMENT FOR THE AA	\$	<u>(996,843)</u>
DOLLAR AMOUNT OF SUPPLIER REFUND ADJUSTMENT AS USED TO COMPUTE RA OF THE GCR IN EFFECT FOUR QUARTERS PRIOR TO THE CURRENTLY EFFECTIVE GCR	\$	-
LESS: DOLLAR AMOUNT RESULTING FROM THE UNIT RATE FOR SUPPLIER REFUND ADJUSTMENT OF 0.0000 \$/MCF AS USED TO COMPUTE RA OF THE JURISDICTIONAL SALES FOR THE PERIOD BETWEEN THE EFFECTIVE DATE OF THE CURRENT GCR RATE AND THE EFFECTIVE DATE OF THE GCR RATE IN EFFECT APPROXIMATELY ONE YEAR PRIOR TO THE CURRENT RATE FOR THE MCF TOTAL OF 3,364,850	\$	-
BALANCE ADJUSTMENT FOR THE RA	\$	-
DOLLAR AMOUNT OF BALANCE ADJUSTMENT AS USED TO COMPUTE BA OF THE GCR IN EFFECT FOUR QUARTERS PRIOR TO THE CURRENTLY EFFECTIVE GCR	\$	806,105
LESS: SEE ATTACHED SCHEDULE VI		
	\$	<u>937,349</u>
BALANCE ADJUSTMENT FOR THE BA	\$	<u>(131,244)</u>
TOTAL BALANCE ADJUSTMENT AMOUNT	\$	<u>(1,128,087)</u>
ESTIMATED ANNUAL SALES	MCF	<u>3,364,850</u>
BALANCE ADJUSTMENT (BA)	\$/MCF	<u>(0.3353)</u>

Base Contract for Sale and Purchase of Natural Gas

This Base Contract is entered into as of the following date: May 1, 2013. The parties to this Base Contract are the following:

Delta Natural Gas Company
3617 Lexington Road, Winchester, KY 40391
 Duns Number: 00-777-9408
 Contract Number: _____
 U.S. Federal Tax ID Number: 61-0458329

and Midwest Energy Services, LLC
PO Box 8227, Zanesville, OH 43702-8227
 Duns Number: 07-878-2400
 Contract Number: DGAS01-2013-00
 U.S. Federal Tax ID Number: 46-2159905

Notices:

Delta Natural Gas Company
 Attn: Brian S. Ramsey
 Phone: 859-744-6171 Ext 158 Fax: 866-895-6155

Midwest Energy Services, LLC
 Attn: Brian R. Jonard
 Phone: 740-319-9677 Fax: _____

Confirmations:

Delta Natural Gas Company
 Attn: Brian S. Ramsey
 Phone: 859-744-6171 Ext 158 Fax: 866-895-6155

Midwest Energy Services, LLC
 Attn: Brian R. Jonard
 Phone: 740-319-9677 Fax: _____

Invoices and Payments:

Invoices: Delta Natural Gas Company
 Attn: Steven R. York
Payments, Attn: Accounts Receivable
 Phone: 859-744-6171 Ext 131 Fax: 800-482-7623

Midwest Energy Services, LLC
 Attn: Brian R. Jonard
Payments: Brian R. Jonard
 Phone: 740-319-9677 Fax: _____

Wire Transfer or ACH Numbers (if applicable):

BANK: _____
 ABA: _____
 ACCT: _____
 Other Details: _____

BANK: _____
 ABA: _____
 ACCT: _____
 Other Details: _____

This Base Contract incorporates by reference for all purposes the General Terms and Conditions for Sale and Purchase of Natural Gas published by the North American Energy Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions. In the event the parties fail to check a box, the specified default provision shall apply. Select only one box from each section.

Section 1.2 Transaction Procedure	<input checked="" type="checkbox"/> Oral (default) <input type="checkbox"/> Written	Section 7.2 Payment Date	<input type="checkbox"/> 25 th Day of Month following Month of delivery (default) <input checked="" type="checkbox"/> 20 th Day of Month following Month of delivery
Section 2.5 Confirm Deadline	<input checked="" type="checkbox"/> 2 Business Days after receipt (default) <input type="checkbox"/> _____ Business Days after receipt	Section 7.2 Method of Payment	<input checked="" type="checkbox"/> Wire transfer (default) or <input type="checkbox"/> Automated Clearinghouse Credit (ACH) <input type="checkbox"/> Check
Section 2.6 Confirming Party	<input type="checkbox"/> Seller (default) <input type="checkbox"/> Buyer <input checked="" type="checkbox"/> <u>Midwest Energy Services, LLC</u>	Section 7.7 Netting	<input checked="" type="checkbox"/> Netting applies (default) <input type="checkbox"/> Netting does not apply
Section 3.2 Performance Obligation	<input type="checkbox"/> Cover Standard (default) <input checked="" type="checkbox"/> Spot Price Standard	Section 10.3.1 Early Termination Damages	<input checked="" type="checkbox"/> Early Termination Damages Apply (default) <input type="checkbox"/> Early Termination Damages Do Not Apply
<i>Note: The following Spot Price Publication applies to both of the immediately preceding.</i>		Section 10.3.2 Other Agreement Setoffs	<input type="checkbox"/> Other Agreement Setoffs Apply (default) <input checked="" type="checkbox"/> Other Agreement Setoffs Do Not Apply
Section 2.26 Spot Price Publication	<input checked="" type="checkbox"/> Gas Daily Midpoint (default) <input type="checkbox"/> _____	Section 14.5 Choice Of Law	<u>Ohio</u>
Section 6 Taxes	<input checked="" type="checkbox"/> Buyer Pays At and After Delivery Point (default) <input type="checkbox"/> Seller Pays Before and At Delivery Point	Section 14.10 Confidentially	<input checked="" type="checkbox"/> Confidentiality applies (default) <input type="checkbox"/> Confidentiality does not apply
Special Provisions Number of sheets attached: <u>None</u> Addendum(s): <u>None</u>			

IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate

Delta Natural Gas Company
 Party Name
 By Brian S. Ramsey
 Name: Brian S. Ramsey
 Title: Vice President - Transmission & Gas Supply

Midwest Energy Services, LLC
 Party Name
 By Brian R. Jonard
 Name: Brian R. Jonard
 Title: Manager

General Terms and Conditions

Base Contract for Sale and Purchase of Natural Gas

SECTION 1. PURPOSE AND PROCEDURES

1.1. These General Terms and Conditions are intended to facilitate purchase and sale transactions of Gas on a Firm or Interruptible basis. "Buyer" refers to the party receiving Gas and "Seller" refers to the party delivering Gas. The entire agreement between the parties shall be the Contract as defined in Section 2.7.

The parties have selected either the "Oral Transaction Procedure" or the "Written Transaction Procedure" as indicated on the Base Contract.

Oral Transaction Procedure:

1.2. The parties will use the following Transaction Confirmation procedure. Any Gas purchase and sale transaction may be effectuated in an EDI transmission or telephone conversation with the offer and acceptance constituting the agreement of the parties. The parties shall be legally bound from the time they so agree to transaction terms and may each rely thereon. Any such transaction shall be considered a "writing" and to have been "signed". Notwithstanding the foregoing sentence, the parties agree that Confirming Party shall, and the other party may, confirm a telephonic transaction by sending the other party a Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means within three Business Days of a transaction covered by this Section 1.2 (Oral Transaction Procedure) provided that the failure to send a Transaction Confirmation shall not invalidate the oral agreement of the parties. Confirming Party adopts its confirming letterhead, or the like, as its signature on any Transaction Confirmation as the identification and authentication of Confirming Party. If the Transaction Confirmation contains any provisions other than those relating to the commercial terms of the transaction (i.e., price, quantity, performance obligation, delivery point, period of delivery and/or transportation conditions), which modify or supplement the Base Contract or General Terms and Conditions of this Contract (e.g., arbitration or additional representations and warranties), such provisions shall not be deemed to be accepted pursuant to Section 1.3 but must be expressly agreed to by both parties; provided that the foregoing shall not invalidate any transaction agreed to by the parties.

Written Transaction Procedure:

1.2. The parties will use the following Transaction Confirmation procedure. Should the parties come to an agreement regarding a Gas purchase and sale transaction for a particular Delivery Period, the Confirming Party shall, and the other party may, record that agreement on a Transaction Confirmation and communicate such Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means, to the other party by the close of the Business Day following the date of agreement. The parties acknowledge that their agreement will not be binding until the exchange of nonconflicting Transaction Confirmations or the passage of the Confirm Deadline without objection from the receiving party, as provided in Section 1.3.

1.3. If a sending party's Transaction Confirmation is materially different from the receiving party's understanding of the agreement referred to in Section 1.2, such receiving party shall notify the sending party via facsimile, EDI or mutually agreeable electronic means by the Confirm Deadline, unless such receiving party has previously sent a Transaction Confirmation to the sending party. The failure of the receiving party to so notify the sending party in writing by the Confirm Deadline constitutes the receiving party's agreement to the terms of the transaction described in the sending party's Transaction Confirmation. If there are any material differences between timely sent Transaction Confirmations governing the same transaction, then neither Transaction Confirmation shall be binding until or unless such differences are resolved including the use of any evidence that clearly resolves the differences in the Transaction Confirmations. In the event of a conflict among the terms of (i) a binding Transaction Confirmation pursuant to Section 1.2, (ii) the oral agreement of the parties which may be evidenced by a recorded conversation, where the parties have selected the Oral Transaction Procedure of the Base Contract, (iii) the Base Contract, and (iv) these General Terms and Conditions, the terms of the documents shall govern in the priority listed in this sentence.

1.4. The parties agree that each party may electronically record all telephone conversations with respect to this Contract between their respective employees, without any special or further notice to the other party. Each party shall obtain any necessary consent of its agents and employees to such recording. Where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, the parties agree not to contest the validity or enforceability of telephonic recordings entered into in accordance with the requirements of this Base Contract. However, nothing herein shall be construed as a waiver of any objection to the admissibility of such evidence.

SECTION 2. DEFINITIONS

The terms set forth below shall have the meaning ascribed to them below. Other terms are also defined elsewhere in the Contract and shall have the meanings ascribed to them herein.

2.1. "Alternative Damages" shall mean such damages, expressed in dollars or dollars per MMBtu, as the parties shall agree upon in the Transaction Confirmation, in the event either Seller or Buyer fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer.

2.2. "Base Contract" shall mean a contract executed by the parties that incorporates these General Terms and Conditions by reference; that specifies the agreed selections of provisions contained herein; and that sets forth other information required herein and any Special Provisions and addendum(s) as identified on page one.

2.3. "British thermal unit" or "Btu" shall mean the International BTU, which is also called the Btu (IT).

- 2.4. "Business Day" shall mean any day except Saturday, Sunday or Federal Reserve Bank holidays.
- 2.5. "Confirm Deadline" shall mean 5:00 p.m. in the receiving party's time zone on the second Business Day following the Day a Transaction Confirmation is received or, if applicable, on the Business Day agreed to by the parties in the Base Contract; provided, if the Transaction Confirmation is time stamped after 5:00 p.m. in the receiving party's time zone, it shall be deemed received at the opening of the next Business Day.
- 2.6. "Confirming Party" shall mean the party designated in the Base Contract to prepare and forward Transaction Confirmations to the other party.
- 2.7. "Contract" shall mean the legally-binding relationship established by (i) the Base Contract, (ii) any and all binding Transaction Confirmations and (iii) where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, any and all transactions that the parties have entered into through an EDI transmission or by telephone, but that have not been confirmed in a binding Transaction Confirmation.
- 2.8. "Contract Price" shall mean the amount expressed in U.S. Dollars per MMBtu to be paid by Buyer to Seller for the purchase of Gas as agreed to by the parties in a transaction.
- 2.9. "Contract Quantity" shall mean the quantity of Gas to be delivered and taken as agreed to by the parties in a transaction.
- 2.10. "Cover Standard", as referred to in Section 3.2, shall mean that if there is an unexcused failure to take or deliver any quantity of Gas pursuant to this Contract, then the performing party shall use commercially reasonable efforts to (i) if Buyer is the performing party, obtain Gas, (or an alternate fuel if elected by Buyer and replacement Gas is not available), or (ii) if Seller is the performing party, sell Gas, in either case, at a price reasonable for the delivery or production area, as applicable, consistent with: the amount of notice provided by the nonperforming party; the immediacy of the Buyer's Gas consumption needs or Seller's Gas sales requirements, as applicable; the quantities involved; and the anticipated length of failure by the nonperforming party.
- 2.11. "Credit Support Obligation(s)" shall mean any obligation(s) to provide or establish credit support for, or on behalf of, a party to this Contract such as an irrevocable standby letter of credit, a margin agreement, a prepayment, a security interest in an asset, a performance bond, guaranty, or other good and sufficient security of a continuing nature.
- 2.12. "Day" shall mean a period of 24 consecutive hours, coextensive with a "day" as defined by the Receiving Transporter in a particular transaction.
- 2.13. "Delivery Period" shall be the period during which deliveries are to be made as agreed to by the parties in a transaction.
- 2.14. "Delivery Point(s)" shall mean such point(s) as are agreed to by the parties in a transaction.
- 2.15. "EDI" shall mean an electronic data interchange pursuant to an agreement entered into by the parties, specifically relating to the communication of Transaction Confirmations under this Contract.
- 2.16. "EFP" shall mean the purchase, sale or exchange of natural Gas as the "physical" side of an exchange for physical transaction involving gas futures contracts. EFP shall incorporate the meaning and remedies of "Firm", provided that a party's excuse for nonperformance of its obligations to deliver or receive Gas will be governed by the rules of the relevant futures exchange regulated under the Commodity Exchange Act.
- 2.17. "Firm" shall mean that either party may interrupt its performance without liability only to the extent that such performance is prevented for reasons of Force Majeure; provided, however, that during Force Majeure interruptions, the party invoking Force Majeure may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by the Transporter.
- 2.18. "Gas" shall mean any mixture of hydrocarbons and noncombustible gases in a gaseous state consisting primarily of methane.
- 2.19. "Imbalance Charges" shall mean any fees, penalties, costs or charges (in cash or in kind) assessed by a Transporter for failure to satisfy the Transporter's balance and/or nomination requirements.
- 2.20. "Interruptible" shall mean that either party may interrupt its performance at any time for any reason, whether or not caused by an event of Force Majeure, with no liability, except such interrupting party may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by Transporter.
- 2.21. "MMBtu" shall mean one million British thermal units, which is equivalent to one dekatherm.
- 2.22. "Month" shall mean the period beginning on the first Day of the calendar month and ending immediately prior to the commencement of the first Day of the next calendar month.
- 2.23. "Payment Date" shall mean a date, as indicated on the Base Contract, on or before which payment is due Seller for Gas received by Buyer in the previous Month.
- 2.24. "Receiving Transporter" shall mean the Transporter receiving Gas at a Delivery Point, or absent such receiving Transporter, the Transporter delivering Gas at a Delivery Point.
- 2.25. "Scheduled Gas" shall mean the quantity of Gas confirmed by Transporter(s) for movement, transportation or management.
- 2.26. "Spot Price" as referred to in Section 3.2 shall mean the price listed in the publication indicated on the Base Contract, under the listing applicable to the geographic location closest in proximity to the Delivery Point(s) for the relevant Day; provided, if there is no single price published for such location for such Day, but there is published a range of prices, then the Spot Price shall be the average

of such high and low prices. If no price or range of prices is published for such Day, then the Spot Price shall be the average of the following: (i) the price (determined as stated above) for the first Day for which a price or range of prices is published that next precedes the relevant Day; and (ii) the price (determined as stated above) for the first Day for which a price or range of prices is published that next follows the relevant Day.

2.27. "Transaction Confirmation" shall mean a document, similar to the form of Exhibit A, setting forth the terms of a transaction formed pursuant to Section 1 for a particular Delivery Period.

2.28. "Termination Option" shall mean the option of either party to terminate a transaction in the event that the other party fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer for a designated number of days during a period as specified on the applicable Transaction Confirmation.

2.29. "Transporter(s)" shall mean all Gas gathering or pipeline companies, or local distribution companies, acting in the capacity of a transporter, transporting Gas for Seller or Buyer upstream or downstream, respectively, of the Delivery Point pursuant to a particular transaction.

SECTION 3. PERFORMANCE OBLIGATION

3.1. Seller agrees to sell and deliver, and Buyer agrees to receive and purchase, the Contract Quantity for a particular transaction in accordance with the terms of the Contract. Sales and purchases will be on a Firm or Interruptible basis, as agreed to by the parties in a transaction.

The parties have selected either the "Cover Standard" or the "Spot Price Standard" as indicated on the Base Contract.

Cover Standard:

3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the positive difference, if any, between the purchase price paid by Buyer utilizing the Cover Standard and the Contract Price, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually delivered by Seller for such Day(s); or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in the amount equal to the positive difference, if any, between the Contract Price and the price received by Seller utilizing the Cover Standard for the resale of such Gas, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually taken by Buyer for such Day(s); or (iii) in the event that Buyer has used commercially reasonable efforts to replace the Gas or Seller has used commercially reasonable efforts to sell the Gas to a third party, and no such replacement or sale is available, then the sole and exclusive remedy of the performing party shall be any unfavorable difference between the Contract Price and the Spot Price, adjusted for such transportation to the applicable Delivery Point, multiplied by the difference between the Contract Quantity and the quantity actually delivered by Seller and received by Buyer for such Day(s). Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

Spot Price Standard:

3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the Contract Price from the Spot Price; or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the applicable Spot Price from the Contract Price. Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

3.3. Notwithstanding Section 3.2, the parties may agree to Alternative Damages in a Transaction Confirmation executed in writing by both parties.

3.4. In addition to Sections 3.2 and 3.3, the parties may provide for a Termination Option in a Transaction Confirmation executed in writing by both parties. The Transaction Confirmation containing the Termination Option will designate the length of nonperformance triggering the Termination Option and the procedures for exercise thereof, how damages for nonperformance will be compensated, and how liquidation costs will be calculated.

SECTION 4. TRANSPORTATION, NOMINATIONS, AND IMBALANCES

4.1. Seller shall have the sole responsibility for transporting the Gas to the Delivery Point(s). Buyer shall have the sole responsibility for transporting the Gas from the Delivery Point(s).

4.2. The parties shall coordinate their nomination activities, giving sufficient time to meet the deadlines of the affected Transporter(s). Each party shall give the other party timely prior Notice, sufficient to meet the requirements of all Transporter(s) involved in the transaction, of the quantities of Gas to be delivered and purchased each Day. Should either party become aware that actual deliveries at the Delivery Point(s) are greater or lesser than the Scheduled Gas, such party shall promptly notify the other party.

4.3. The parties shall use commercially reasonable efforts to avoid imposition of any Imbalance Charges. If Buyer or Seller receives an invoice from a Transporter that includes Imbalance Charges, the parties shall determine the validity as well as the cause of such Imbalance Charges. If the Imbalance Charges were incurred as a result of Buyer's receipt of quantities of Gas greater than or less than the Scheduled Gas, then Buyer shall pay for such Imbalance Charges or reimburse Seller for such Imbalance Charges paid by Seller. If the Imbalance Charges were incurred as a result of Seller's delivery of quantities of Gas greater than or less than the Scheduled Gas, then Seller shall pay for such Imbalance Charges or reimburse Buyer for such Imbalance Charges paid by Buyer.

SECTION 5. QUALITY AND MEASUREMENT

All Gas delivered by Seller shall meet the pressure, quality and heat content requirements of the Receiving Transporter. The unit of quantity measurement for purposes of this Contract shall be one MMBtu dry. Measurement of Gas quantities hereunder shall be in accordance with the established procedures of the Receiving Transporter.

SECTION 6. TAXES

The parties have selected either "Buyer Pays At and After Delivery Point" or "Seller Pays Before and At Delivery Point" as indicated on the Base Contract.

Buyer Pays At and After Delivery Point:

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas at the Delivery Point(s) and all Taxes after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

Seller Pays Before and At Delivery Point:

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s) and all Taxes at the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

SECTION 7. BILLING, PAYMENT, AND AUDIT

7.1. Seller shall invoice Buyer for Gas delivered and received in the preceding Month and for any other applicable charges, providing supporting documentation acceptable in industry practice to support the amount charged. If the actual quantity delivered is not known by the billing date, billing will be prepared based on the quantity of Scheduled Gas. The invoiced quantity will then be adjusted to the actual quantity on the following Month's billing or as soon thereafter as actual delivery information is available.

7.2. Buyer shall remit the amount due under Section 7.1 in the manner specified in the Base Contract, in immediately available funds, on or before the later of the Payment Date or 10 Days after receipt of the invoice by Buyer; provided that if the Payment Date is not a Business Day, payment is due on the next Business Day following that date. In the event any payments are due Buyer hereunder, payment to Buyer shall be made in accordance with this Section 7.2.

7.3. In the event payments become due pursuant to Sections 3.2 or 3.3, the performing party may submit an invoice to the nonperforming party for an accelerated payment setting forth the basis upon which the invoiced amount was calculated. Payment from the nonperforming party will be due five Business Days after receipt of invoice.

7.4. If the invoiced party, in good faith, disputes the amount of any such invoice or any part thereof, such invoiced party will pay such amount as it concedes to be correct; provided, however, if the invoiced party disputes the amount due, it must provide supporting documentation acceptable in industry practice to support the amount paid or disputed. In the event the parties are unable to resolve such dispute, either party may pursue any remedy available at law or in equity to enforce its rights pursuant to this Section.

7.5. If the invoiced party fails to remit the full amount payable when due, interest on the unpaid portion shall accrue from the date due until the date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

7.6. A party shall have the right, at its own expense, upon reasonable Notice and at reasonable times, to examine and audit and to obtain copies of the relevant portion of the books, records, and telephone recordings of the other party only to the extent reasonably necessary to verify the accuracy of any statement, charge, payment, or computation made under the Contract. This right to examine, audit, and to obtain copies shall not be available with respect to proprietary information not directly relevant to transactions under this Contract. All invoices and billings shall be conclusively presumed final and accurate and all associated claims for under- or overpayments shall be deemed waived unless such invoices or billings are objected to in writing, with adequate explanation and/or documentation, within two years after the Month of Gas delivery. All retroactive adjustments under Section 7 shall be paid in full by the party owing payment within 30 Days of Notice and substantiation of such inaccuracy.

7.7. Unless the parties have elected on the Base Contract not to make this Section 7.7 applicable to this Contract, the parties shall net all undisputed amounts due and owing, and/or past due, arising under the Contract such that the party owing the greater amount shall make a single payment of the net amount to the other party in accordance with Section 7; provided that no payment required to be made pursuant to the terms of any Credit Support Obligation or pursuant to Section 7.3 shall be subject to netting under this Section. If the parties have executed a separate netting agreement, the terms and conditions therein shall prevail to the extent inconsistent herewith.

SECTION 8. TITLE, WARRANTY, AND INDEMNITY

8.1. Unless otherwise specifically agreed, title to the Gas shall pass from Seller to Buyer at the Delivery Point(s). Seller shall have responsibility for and assume any liability with respect to the Gas prior to its delivery to Buyer at the specified Delivery Point(s). Buyer shall have responsibility for and any liability with respect to said Gas after its delivery to Buyer at the Delivery Point(s).

8.2. Seller warrants that it will have the right to convey and will transfer good and merchantable title to all Gas sold hereunder and delivered by it to Buyer, free and clear of all liens, encumbrances, and claims. EXCEPT AS PROVIDED IN THIS SECTION 8.2 AND IN SECTION 14.8, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE, ARE DISCLAIMED.

8.3. Seller agrees to indemnify Buyer and save it harmless from all losses, liabilities or claims including reasonable attorneys' fees and costs of court ("Claims"), from any and all persons, arising from or out of claims of title, personal injury or property damage from said Gas or other charges thereon which attach before title passes to Buyer. Buyer agrees to indemnify Seller and save it harmless from all Claims, from any and all persons, arising from or out of claims regarding payment, personal injury or property damage from said Gas or other charges thereon which attach after title passes to Buyer.

8.4. Notwithstanding the other provisions of this Section 8, as between Seller and Buyer, Seller will be liable for all Claims to the extent that such arise from the failure of Gas delivered by Seller to meet the quality requirements of Section 5.

SECTION 9. NOTICES

9.1. All Transaction Confirmations, invoices, payments and other communications made pursuant to the Base Contract ("Notices") shall be made to the addresses specified in writing by the respective parties from time to time.

9.2. All Notices required hereunder may be sent by facsimile or mutually acceptable electronic means, a nationally recognized overnight courier service, first class mail or hand delivered.

9.3. Notice shall be given when received on a Business Day by the addressee. In the absence of proof of the actual receipt date, the following presumptions will apply. Notices sent by facsimile shall be deemed to have been received upon the sending party's receipt of its facsimile machine's confirmation of successful transmission. If the day on which such facsimile is received is not a Business Day or is after five p.m. on a Business Day, then such facsimile shall be deemed to have been received on the next following Business Day. Notice by overnight mail or courier shall be deemed to have been received on the next Business Day after it was sent or such earlier time as is confirmed by the receiving party. Notice via first class mail shall be considered delivered five Business Days after mailing.

SECTION 10. FINANCIAL RESPONSIBILITY

10.1. If either party ("X") has reasonable grounds for insecurity regarding the performance of any obligation under this Contract (whether or not then due) by the other party ("Y") (including, without limitation, the occurrence of a material change in the creditworthiness of Y), X may demand Adequate Assurance of Performance. "Adequate Assurance of Performance" shall mean sufficient security in the form, amount and for the term reasonably acceptable to X, including, but not limited to, a standby irrevocable letter of credit, a prepayment, a security interest in an asset or a performance bond or guaranty (including the issuer of any such security).

10.2. In the event (each an "Event of Default") either party (the "Defaulting Party") or its guarantor shall: (i) make an assignment or any general arrangement for the benefit of creditors; (ii) file a petition or otherwise commence, authorize, or acquiesce in the commencement of a proceeding or case under any bankruptcy or similar law for the protection of creditors or have such petition filed or proceeding commenced against it; (iii) otherwise become bankrupt or insolvent (however evidenced); (iv) be unable to pay its debts as they fall due; (v) have a receiver, provisional liquidator, conservator, custodian, trustee or other similar official appointed with respect to it or substantially all of its assets; (vi) fail to perform any obligation to the other party with respect to any Credit Support Obligations relating to the Contract; (vii) fail to give Adequate Assurance of Performance under Section 10.1 within 48 hours but at least one Business Day of a written request by the other party; or (viii) not have paid any amount due the other party hereunder on or before the second Business Day following written Notice that such payment is due; then the other party (the "Non-Defaulting Party") shall have the right, at its sole election, to immediately withhold and/or suspend deliveries or payments upon Notice and/or to terminate and liquidate the transactions under the Contract, in the manner provided in Section 10.3, in addition to any and all other remedies available hereunder.

10.3. If an Event of Default has occurred and is continuing, the Non-Defaulting Party shall have the right, by Notice to the Defaulting Party, to designate a Day, no earlier than the Day such Notice is given and no later than 20 Days after such Notice is given, as an early termination date (the "Early Termination Date") for the liquidation and termination pursuant to Section 10.3.1 of all transactions under the Contract, each a "Terminated Transaction". On the Early Termination Date, all transactions will terminate, other than those transactions, if any, that may not be liquidated and terminated under applicable law or that are, in the reasonable opinion of the Non-Defaulting Party, commercially impracticable to liquidate and terminate ("Excluded Transactions"), which Excluded Transactions must be liquidated and terminated as soon thereafter as is reasonably practicable, and upon termination shall be a Terminated Transaction and be valued consistent with Section 10.3.1 below. With respect to each Excluded Transaction, its actual termination date shall be the Early Termination Date for purposes of Section 10.3.1.

The parties have selected either "Early Termination Damages Apply" or "Early Termination Damages Do Not Apply" as indicated on the Base Contract.

Early Termination Damages Apply:

10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, (i) the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract and (ii) the Market Value, as defined below, of each Terminated Transaction. The Non-Defaulting Party shall (x) liquidate and accelerate each Terminated Transaction at its Market Value, so that each amount equal to the difference between such Market Value and the Contract Value, as defined below, of such Terminated Transaction(s) shall be due to the Buyer under the Terminated Transaction(s) if such Market Value exceeds the Contract Value and to the Seller if the opposite is the case; and (y) where appropriate, discount each amount then due under clause (x) above to present value in a commercially reasonable manner as of the Early Termination Date (to take account of the period between the date of liquidation and the date on which such amount would have otherwise been due pursuant to the relevant Terminated Transactions).

For purposes of this Section 10.3.1, "Contract Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the Contract Price, and "Market Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the market price for a similar transaction at the Delivery Point determined by the Non-Defaulting Party in a commercially reasonable manner. To ascertain the Market Value, the Non-Defaulting Party may consider, among other valuations, any or all of the settlement prices of NYMEX Gas futures contracts, quotations from leading dealers in energy swap contracts or physical gas trading markets, similar sales or purchases and any other bona fide third-party offers, all adjusted for the length of the term and differences in transportation costs. A party shall not be required to enter into a replacement transaction(s) in order to determine the Market Value. Any extension(s) of the term of a transaction to which parties are not bound as of the Early Termination Date (including but not limited to "evergreen provisions") shall not be considered in determining Contract Values and Market Values. For the avoidance of doubt, any option pursuant to which one party has the right to extend the term of a transaction shall be considered in determining Contract Values and Market Values. The rate of interest used in calculating net present value shall be determined by the Non-Defaulting Party in a commercially reasonable manner.

Early Termination Damages Do Not Apply:

10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract.

The parties have selected either "Other Agreement Setoffs Apply" or "Other Agreement Setoffs Do Not Apply" as indicated on the Base Contract.

Other Agreement Setoffs Apply:

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party may setoff (i) any Net Settlement Amount owed to the Non-Defaulting Party against any margin or other collateral held by it in connection with any Credit Support Obligation relating to the Contract; or (ii) any Net Settlement Amount payable to the Defaulting Party against any amount(s) payable by the Defaulting Party to the Non-Defaulting Party under any other agreement or arrangement between the parties.

Other Agreement Setoffs Do Not Apply:

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party may setoff any Net Settlement Amount owed to the Non-Defaulting Party against any margin or other collateral held by it in connection with any Credit Support Obligation relating to the Contract.

10.3.3. If any obligation that is to be included in any netting, aggregation or setoff pursuant to Section 10.3.2 is unascertained, the Non-Defaulting Party may in good faith estimate that obligation and net, aggregate or setoff, as applicable, in respect of the estimate, subject to the Non-Defaulting Party accounting to the Defaulting Party when the obligation is ascertained. Any amount not then due which is included in any netting, aggregation or setoff pursuant to Section 10.3.2 shall be discounted to net present value in a commercially reasonable manner determined by the Non-Defaulting Party.

10.4. As soon as practicable after a liquidation, Notice shall be given by the Non-Defaulting Party to the Defaulting Party of the Net Settlement Amount, and whether the Net Settlement Amount is due to or due from the Non-Defaulting Party. The Notice shall include a written statement explaining in reasonable detail the calculation of such amount, provided that failure to give such Notice shall not affect the validity or enforceability of the liquidation or give rise to any claim by the Defaulting Party against the Non-Defaulting Party. The Net Settlement Amount shall be paid by the close of business on the second Business Day following such Notice, which date shall not be earlier than the Early Termination Date. Interest on any unpaid portion of the Net Settlement Amount shall accrue from the date due until the

date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

10.5. The parties agree that the transactions hereunder constitute a "forward contract" within the meaning of the United States Bankruptcy Code and that Buyer and Seller are each "forward contract merchants" within the meaning of the United States Bankruptcy Code.

10.6. The Non-Defaulting Party's remedies under this Section 10 are the sole and exclusive remedies of the Non-Defaulting Party with respect to the occurrence of any Early Termination Date. Each party reserves to itself all other rights, setoffs, counterclaims and other defenses that it is or may be entitled to arising from the Contract.

10.7. With respect to this Section 10, if the parties have executed a separate netting agreement with close-out netting provisions, the terms and conditions therein shall prevail to the extent inconsistent herewith.

SECTION 11. FORCE MAJEURE

11.1. Except with regard to a party's obligation to make payment(s) due under Section 7, Section 10.4, and Imbalance Charges under Section 4, neither party shall be liable to the other for failure to perform a Firm obligation, to the extent such failure was caused by Force Majeure. The term "Force Majeure" as employed herein means any cause not reasonably within the control of the party claiming suspension, as further defined in Section 11.2.

11.2. Force Majeure shall include, but not be limited to, the following: (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, storms or storm warnings, such as hurricanes, which result in evacuation of the affected area, floods, washouts, explosions, breakage or accident or necessity of repairs to machinery or equipment or lines of pipe; (ii) weather related events affecting an entire geographic region, such as low temperatures which cause freezing or failure of wells or lines of pipe; (iii) interruption and/or curtailment of Firm transportation and/or storage by Transporters; (iv) acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections or wars; and (v) governmental actions such as necessity for compliance with any court order, law, statute, ordinance, regulation, or policy having the effect of law promulgated by a governmental authority having jurisdiction. Seller and Buyer shall make reasonable efforts to avoid the adverse impacts of a Force Majeure and to resolve the event or occurrence once it has occurred in order to resume performance.

11.3. Neither party shall be entitled to the benefit of the provisions of Force Majeure to the extent performance is affected by any or all of the following circumstances: (i) the curtailment of interruptible or secondary Firm transportation unless primary, in-path, Firm transportation is also curtailed; (ii) the party claiming excuse failed to remedy the condition and to resume the performance of such covenants or obligations with reasonable dispatch; or (iii) economic hardship, to include, without limitation, Seller's ability to sell Gas at a higher or more advantageous price than the Contract Price, Buyer's ability to purchase Gas at a lower or more advantageous price than the Contract Price, or a regulatory agency disallowing, in whole or in part, the pass through of costs resulting from this Agreement; (iv) the loss of Buyer's market(s) or Buyer's inability to use or resell Gas purchased hereunder, except, in either case, as provided in Section 11.2; or (v) the loss or failure of Seller's gas supply or depletion of reserves, except, in either case, as provided in Section 11.2. The party claiming Force Majeure shall not be excused from its responsibility for Imbalance Charges.

11.4. Notwithstanding anything to the contrary herein, the parties agree that the settlement of strikes, lockouts or other industrial disturbances shall be within the sole discretion of the party experiencing such disturbance.

11.5. The party whose performance is prevented by Force Majeure must provide Notice to the other party. Initial Notice may be given orally; however, written Notice with reasonably full particulars of the event or occurrence is required as soon as reasonably possible. Upon providing written Notice of Force Majeure to the other party, the affected party will be relieved of its obligation, from the onset of the Force Majeure event, to make or accept delivery of Gas, as applicable, to the extent and for the duration of Force Majeure, and neither party shall be deemed to have failed in such obligations to the other during such occurrence or event.

11.6. Notwithstanding Sections 11.2 and 11.3, the parties may agree to alternative Force Majeure provisions in a Transaction Confirmation executed in writing by both parties.

SECTION 12. TERM

This Contract may be terminated on 30 Day's written Notice, but shall remain in effect until the expiration of the latest Delivery Period of any transaction(s). The rights of either party pursuant to Section 7.6 and Section 10, the obligations to make payment hereunder, and the obligation of either party to indemnify the other, pursuant hereto shall survive the termination of the Base Contract or any transaction.

SECTION 13. LIMITATIONS

FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY. A PARTY'S LIABILITY HEREUNDER SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN OR IN A TRANSACTION, A PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY. SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE.

TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

SECTION 14. MISCELLANEOUS

14.1. This Contract shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, and heirs of the respective parties hereto, and the covenants, conditions, rights and obligations of this Contract shall run for the full term of this Contract. No assignment of this Contract, in whole or in part, will be made without the prior written consent of the non-assigning party (and shall not relieve the assigning party from liability hereunder), which consent will not be unreasonably withheld or delayed; provided, either party may (i) transfer, sell, pledge, encumber, or assign this Contract or the accounts, revenues, or proceeds hereof in connection with any financing or other financial arrangements, or (ii) transfer its interest to any parent or affiliate by assignment, merger or otherwise without the prior approval of the other party. Upon any such assignment, transfer and assumption, the transferor shall remain principally liable for and shall not be relieved of or discharged from any obligations hereunder.

14.2. If any provision in this Contract is determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Contract.

14.3. No waiver of any breach of this Contract shall be held to be a waiver of any other or subsequent breach.

14.4. This Contract sets forth all understandings between the parties respecting each transaction subject hereto, and any prior contracts, understandings and representations, whether oral or written, relating to such transactions are merged into and superseded by this Contract and any effective transaction(s). This Contract may be amended only by a writing executed by both parties.

14.5. The interpretation and performance of this Contract shall be governed by the laws of the jurisdiction as indicated on the Base Contract, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction.

14.6. This Contract and all provisions herein will be subject to all applicable and valid statutes, rules, orders and regulations of any governmental authority having jurisdiction over the parties, their facilities, or Gas supply, this Contract or transaction or any provisions thereof.

14.7. There is no third party beneficiary to this Contract.

14.8. Each party to this Contract represents and warrants that it has full and complete authority to enter into and perform this Contract. Each person who executes this Contract on behalf of either party represents and warrants that it has full and complete authority to do so and that such party will be bound thereby.

14.9. The headings and subheadings contained in this Contract are used solely for convenience and do not constitute a part of this Contract between the parties and shall not be used to construe or interpret the provisions of this Contract.

14.10. Unless the parties have elected on the Base Contract not to make this Section 14.10 applicable to this Contract, neither party shall disclose directly or indirectly without the prior written consent of the other party the terms of any transaction to a third party (other than the employees, lenders, royalty owners, counsel, accountants and other agents of the party, or prospective purchasers of all or substantially all of a party's assets or of any rights under this Contract, provided such persons shall have agreed to keep such terms confidential) except (i) in order to comply with any applicable law, order, regulation, or exchange rule, (ii) to the extent necessary for the enforcement of this Contract, (iii) to the extent necessary to implement any transaction, or (iv) to the extent such information is delivered to such third party for the sole purpose of calculating a published index. Each party shall notify the other party of any proceeding of which it is aware which may result in disclosure of the terms of any transaction (other than as permitted hereunder) and use reasonable efforts to prevent or limit the disclosure. The existence of this Contract is not subject to this confidentiality obligation. Subject to Section 13, the parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with this confidentiality obligation. The terms of any transaction hereunder shall be kept confidential by the parties hereto for one year from the expiration of the transaction.

In the event that disclosure is required by a governmental body or applicable law, the party subject to such requirement may disclose the material terms of this Contract to the extent so required, but shall promptly notify the other party, prior to disclosure, and shall cooperate (consistent with the disclosing party's legal obligations) with the other party's efforts to obtain protective orders or similar restraints with respect to such disclosure at the expense of the other party.

14.11 The parties may agree to dispute resolution procedures in Special Provisions attached to the Base Contract or in a Transaction Confirmation executed in writing by both parties.

DISCLAIMER: The purposes of this Contract are to facilitate trade, avoid misunderstandings and make more definite the terms of contracts of purchase and sale of natural gas. Further, NAESB does not mandate the use of this Contract by any party. NAESB DISCLAIMS AND EXCLUDES, AND ANY USER OF THIS CONTRACT ACKNOWLEDGES AND AGREES TO NAESB'S DISCLAIMER OF, ANY AND ALL WARRANTIES, CONDITIONS OR REPRESENTATIONS, EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THIS CONTRACT OR ANY PART THEREOF, INCLUDING ANY AND ALL IMPLIED WARRANTIES OR CONDITIONS OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, OR FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE (WHETHER OR NOT NAESB KNOWS, HAS REASON TO KNOW, HAS BEEN ADVISED, OR IS OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE), WHETHER ALLEGED TO ARISE BY LAW, BY REASON OF CUSTOM OR USAGE IN THE TRADE, OR BY COURSE OF DEALING. EACH USER OF THIS CONTRACT ALSO AGREES THAT UNDER NO CIRCUMSTANCES WILL NAESB BE LIABLE FOR ANY DIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY USE OF THIS CONTRACT.

TRANSACTION CONFIRMATION
FOR IMMEDIATE DELIVERY

EXHIBIT A

	Date: _____ Transaction Confirmation #: _____			
This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated _____. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of receipt unless otherwise specified in the Base Contract.				
SELLER: _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____	BUYER: _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____			
Contract Price: \$ _____/MMBtu or _____				
Delivery Period: Begin: _____, _____ End: _____, _____				
Performance Obligation and Contract Quantity: (Select One) <table style="width: 100%;"> <tr> <td style="width: 33%;"> Firm (Fixed Quantity): _____ MMBtus/day <input type="checkbox"/> EFP </td> <td style="width: 33%;"> Firm (Variable Quantity): _____ MMBtus/day Minimum _____ MMBtus/day Maximum subject to Section 4.2. at election of <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller </td> <td style="width: 33%;"> Interruptible: Up to _____ MMBtus/day </td> </tr> </table>		Firm (Fixed Quantity): _____ MMBtus/day <input type="checkbox"/> EFP	Firm (Variable Quantity): _____ MMBtus/day Minimum _____ MMBtus/day Maximum subject to Section 4.2. at election of <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller	Interruptible: Up to _____ MMBtus/day
Firm (Fixed Quantity): _____ MMBtus/day <input type="checkbox"/> EFP	Firm (Variable Quantity): _____ MMBtus/day Minimum _____ MMBtus/day Maximum subject to Section 4.2. at election of <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller	Interruptible: Up to _____ MMBtus/day		
Delivery Point(s): _____ (If a pooling point is used, list a specific geographic and pipeline location):				
Special Conditions:				
Seller: _____ By: _____ Title: _____ Date: _____	Buyer: _____ By: _____ Title: _____ Date: _____			

Delta Natural Gas Company, Inc.
Case No. 2014-00208
DR-2, Item 1
Exhibit IV

	{A}	{B}	{A}x{B}
		Dth	
		Conversion	
	Mcf	Factor	Dth
Aug-14			
TGP	85,798	1.057	90,688
TCO	36,076	1.052	37,952
CGT	132,292	1.257	166,291
Vinland	2,003	1.200	2,404
Storage	-	-	-
Total, per EGC	256,169		297,335
May-14			
TGP	73,362	1.052	77,177
TCO	26,446	1.040	27,504
CGT	104,285	1.234	128,688
Vinland	3,263	1.200	3,916
Storage	-	-	-
Total, per EGC	207,356		237,285
Feb-14			
TGP	380,074	1.052	399,838
TCO	174,742	1.022	178,586
CGT	87,131	1.234	107,520
Vinland	20,536	1.200	24,643
Storage {1}	416,876	1.154	481,075
Total, per EGC	1,079,359		1,191,662
Nov-13			
TGP	467,641	1.043	487,750
TCO	234,435	1.021	239,358
CGT	167,667	1.241	208,075
Vinland	15,534	1.200	18,641
Storage {1}	556,398	1.154	642,083
Total, per EGC	1,441,675	1.107	1,595,907
12 month total	2,984,559	1.113	3,322,189

{1} Not disclosed in EGC calculation. Dth conversion factor for storage activity per gas supply records for the same period of time as the amounts disclosed in the EGC.

DELTA NATURAL GAS COMPANY, INC.
CASE NO. 2014-00208

SECOND PSC DATA REQUEST
DATED JULY 10, 2014

2. Refer to the response to Item 2.b. of Staff's First Request. Confirm that the expense related to natural gas escaping through a ruptured wellhead at a storage facility was not included in gas supply cost through the GCA mechanism.

Response:

Correct. The expense related to the natural gas escaping through the wellhead at the storage facility was not included in the gas supply cost through the GCR mechanism.

Sponsoring Witness:

Matthew D. Wesolosky