

Public Gas Company
220 Lexington Green, Bldg 2, Suite 130
P.O. Box 24032
Lexington, KY 40524-4032
Tele (859) 245-8193

RECEIVED

JUN 30 2010

PUBLIC SERVICE
COMMISSION

June 30, 2010

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

RE: Public Gas Company
Case No.
GCR Filing Proposed to Become
Effective August 1, 2010

Dear Mr. Derouen:

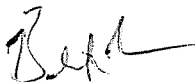
2010-00262

Enclosed are an original and five copies of Public Gas Company's Cost Recovery (GCR) filing for rates proposed to become effective August 1, 2010. Also included are an original and five copies of 54th revised sheet No.1 of Public's PSC Kentucky No. 1 Tariff, which is being filed pursuant to the Purchased Gas Adjustment provision of that Tariff. This filing proposes a GCR rate of \$6.5357 per MCF of sales.

In addition and pursuant to Case No. 2010-00136, please find enclosed a copy of the documents requested by the Commission, as well as a letter from Jefferson Gas summarizing the items below. Specific items enclosed include:

- Detailed methodology used by Jefferson to calculate the monthly price estimates based on the NYMEX Futures rate
- Cost support for the quarter ended April 30, 2010
- Copy of current supply contract with Jefferson Gas.

Sincerely,



Bert R. Layne

June 24, 2010

Public Gas Company, Inc.
Attn: Bert Layne
220 Lexington Green Circle
Suite 130
Lexington, KY 40503

RECEIVED

JUN 30 2010

PUBLIC SERVICE
COMMISSION

Dear Mr. Layne:

Jefferson Gas has received your request to provide a detailed breakdown of the contract price premium outlined in our NAESB Confirmation transaction agreement JG-001 dated January 1, 2010. We understand that you will be disclosing the contents of this letter and the attached analysis to members and staff of the PSC, and we hereby grant permission for you to do so.

The contract price is currently set to equal *Inside FERC* TCO Appalachian Index + \$1.50 per Mcf. The TCO Index is a published average collected by an independent company called Platt's that represents a wide survey of prices transacted for each month by market participants into the TCO (Columbia Gas Transmission) system. This price index is a widely used benchmark for market based pricing in the Midwest area TCO serves. The TCO Index usually trades at \$.10-\$.30 above the price listed/traded on the New York Mercantile Exchange (NYMEX) for each contract month. Public Gas Company does not have actual points of interconnect to the TCO pipeline system but Jefferson Gas does maintain several connections to TCO in addition to receiving supply from local producers located throughout the eastern half of KY. The TCO Index price is part of, but not totally reflective of, the price incurred to receive gas supplies at the points of interconnection between TCO and the various utility companies its pipeline serves. Shippers on TCO incur transportation, fuel retainage, and storage charges to move gas from points of receipt into TCO to points of delivery points such as Jefferson Gas in the volumes/quantities required by the particular end users.

The TCO Index price is posted in MMBtu values. Jefferson converts this market based price index to Mcf values by using the system wide average for our pipeline network, which is a 1.161 conversion factor.

The \$1.50 per Mcf premium above and beyond the TCO Index price represents a fair and reasonable market based price given the special considerations of supplying Public Gas. The \$1.50 premium includes the recovery of various costs incurred by Jefferson Gas to deliver gas supplies to Public Gas including:

1. Transportation
2. Processing
3. Pressure regulation
4. Fuel Retainage and line loss
5. Volume Variance
6. Jefferson Margin/Profit

These costs vary by month depending on gas quality and throughput; but they should be considered a reasonable estimate. Below we describe how each cost component figures into the overall premium.

Transportation - Jefferson Gas maintains and operates a network of pipelines stretching across the eastern half of KY. Some portion of these pipelines is dedicated to serving the specific requirements of Public Gas while others help us transport gas to other markets. We estimate that the fair value of transportation specific to Public Gas represents a unit cost total of \$.45/Mcf.

Processing - Jefferson Gas must treat/process gas supplies before arriving at the Public Gas city gates to remove impurities, water, nitrogen sulfides, and other elements that could potentially harm the Public Gas system. Likewise Jefferson Gas pays to process gas it sells to other markets. We estimate that the processing cost specific to Public Gas represents a unit cost total of \$.10/Mcf.

Pressure Regulation - Jefferson Gas is required to reduce the pounds per square inch pressure of the gas supplies arriving at the Public Gas system. This requires pressure regulation equipment and some ongoing operating & maintenance expense. We estimate that the pressure regulation cost specific to Public Gas represents a unit cost total of \$.05/Mcf.

Fuel Retainage and Line Loss - In order to move gas along our network of pipelines, we must operate and maintain several compressors. These compressors consume some portion of the gas throughput and/or use electricity to power their operation. In addition to compression, our system loses small portions of gas in its transmission across our system. We estimate that the fuel retainage and line loss cost specific to Public Gas represents a unit cost total of \$.25/Mcf.

Volume Variance - The contract between Jefferson Gas and Public Gas specifies that Jefferson Gas is obligated to meet the full requirements of Public Gas regardless of actual demand. Public Gas requires roughly 80% of its supplies to be delivered in the winter months, and the actual volume of gas depends on the weather conditions. Past

history of usage illustrates that any month can vary up to 30% from the year before. Generally speaking, when the winter weather is warmer than normal Public Gas will require less gas supplies and Jefferson will be forced to remarket these volumes to some other market. When the weather is colder than normal, Jefferson Gas must increase sales volumes to Public Gas without any change in the contract price. In either case, Jefferson Gas is the party at risk for any market price fluctuations that result from meeting this full requirements obligation. In essence Jefferson Gas must design its sales processes around first meeting the needs of Public Gas. Other KY utilities meet this load factor and daily delivery challenge by contracting for large amounts of natural gas storage and related storage transportation that can cost upwards of \$1.75 per Mcf and require daily monitoring and nomination costs. We estimate that the fair market value of providing no notice service for the full requirements of Public Gas represents a unit cost total of \$.50/Mcf.

Jefferson Margin/Profit - We estimate that our profit specific to selling gas to Public Gas represents a unit cost total of \$.15/Mcf.

Per your request, we have also evaluated the estimated cost of an alternative interconnection directly with Columbia Transmission, similar to the arrangement held by Columbia Gas of KY. For our evaluation we assumed that Public Gas had a peak month consumption 26,788 Mcf and a peak day consumption of 1,200 Mcf. Our assumption therefore was that Public Gas would be required to hold transportation assets to cover its "Provider of Last Resort" responsibility equal the peak design day. Jefferson then assumed that the Public Gas load factor would be met with 30% firm transportation and 70% TCO storage (and related storage specific transportation). Our research indicates this is the estimated transport/storage ratio employed by Columbia Gas of KY.

Our analysis shows that the premium above TCO Appalachian Index Public Gas would pay if it received its full requirements from an interconnection to TCO would be \$2.41 per Mcf. This TCO premium is larger for Public Gas than what would be paid by CKY because CKY has negotiated rates for storage services not available to Public Gas and the Public Gas load factor is lower, as Public Gas does not have the manufacturing base that CKY has. This \$2.41 premium might be offset by the price difference between the summer gas injected into storage and the winter market price when it was withdrawn from storage, but it is also possible that the summer gas injected would end up costing more than the winter market price (as was the case in 2008). Looking back over the past 10 year period, our estimate is that a utility might have saved roughly \$1.00 per Mcf from the storage and transport premium by injecting gas into storage in the summer months for redelivery in the winter months. This possible gas cost savings would have brought the \$2.41 additional cost down to being roughly in line with Jefferson. Going forward we believe this summer/winter price difference will erode as more gas is used for generation.

To expand on the CKY example noted above, utilities that rely heavily on storage to meet their peak design day requirements will have much more volatile gas supply costs. Furthermore their gas supply costs will be tied to summer market pricing instead of

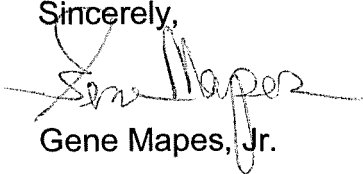
Jefferson Gas, LLC

being tied to the market price prevalent in the actual delivery months. Additionally, Public Gas would need to carry large amounts of gas in storage which would be difficult on cash flows and would result in more costs.

Further analysis shows that Public Gas customers would have paid \$592,348 more in the period of 2008-2009 if they were instead connected to Columbia Gas of KY.

I hope this information has addressed your questions. If not, I am happy to provide additional details.

Sincerely,

A handwritten signature in cursive script that reads "Gene Mapes, Jr." is written over the typed name.

Gene Mapes, Jr.

President

Jefferson Gas, LLC
 Natural Gas Sales Price Calculations - Public Gas Company, Inc.

Estimated sales price for the three months ending October 31, 2010:

Col A	Col B	Col C	Col D (Col B + Col C)	Col E (Btu Factor Per Mcf)	Col F (Col D * Col E)	Col G	Col H (Col F + Col G)
Period	NYMEX Futures Settle Price*	TCO Basis Adjustment	Expected Appalachian Index Per Mmbtu	Mmbtu/Mcf Conversion Factor - Estimated	Expected Appalachian Index Per Mcf	Contract Addition Per Mcf	Total Expected Price per Mcf
Aug-10	\$ 4.793	\$ 0.100	\$ 4.893	1.161	\$ 5.681	\$ 1.500	\$ 7.181
Sep-10	\$ 4.834	\$ 0.100	\$ 4.934	1.161	\$ 5.728	\$ 1.500	\$ 7.228
Oct-10	\$ 4.913	\$ 0.100	\$ 5.013	1.161	\$ 5.820	\$ 1.500	\$ 7.320

* Settle price as of June 24, 2010 taken from NYMEX website
<http://www.cmegroup.com>

Actual sales price for the three months ended April 30, 2010

Col A	Col B	Col C	Col D	Col E (Btu Factor Per Mcf)	Col F (Col D * Col E)	Col G	Col H (Col F + Col G)
Period			Appalachian Index Per Mmbtu (Per Platt's Gas Daily)	Mmbtu/Mcf Conversion Factor - Actual	Appalachian Index Per Mcf	Contract Addition Per Mcf	Total Price per Mcf
Feb-10	N/A	N/A	\$ 5.530	1.183	\$ 6.542	\$ 1.500	\$ 8.042
Mar-10	N/A	N/A	\$ 5.000	1.161	\$ 5.805	\$ 1.500	\$ 7.305
Apr-10	N/A	N/A	\$ 3.990	1.150	\$ 4.589	\$ 1.500	\$ 6.089

Actual sales total for the three months ended April 30, 2010 based on volumes utilized

Col A	Col B	Col C	Col D	Col E	Col F	Col G	Col H (Col D * Col E)
Period			Purchased Gas Volume (Mcs)	Total Price per Mcf (Calculation above)			Total Price
Feb-10	N/A	N/A	23,706	\$ 8.042	N/A	N/A	190,643.65
Mar-10	N/A	N/A	18,159	\$ 7.305	N/A	N/A	132,651.50
Apr-10	N/A	N/A	4,673	\$ 6.089	N/A	N/A	28,453.90

Date: June 1, 2010

Transaction Confirmation #: JG-001

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated January 1, 2010. 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:
Jefferson Gas, LLC
220 Lexington Green Circle, Suite 130, Lexington, KY 40503
Attn: Gene Mapes, Jr., Managing Member
Phone: (513) 505-3548
Fax: (859) 245-9409
Base Contract No. NAESB 005
Transporter: _____
Transporter Contract Number: _____

BUYER:
Public Gas Company, Inc
220 Lexington Green Circle, Suite 130, Lexington, KY 40503
Attn: Bert Layne, CFO
Phone: (859) 245-8193
Fax: (859) 245-9409
Base Contract No. NAESB 001
Transporter: _____
Transporter Contract Number: _____

Contract Price: \$ _____/MMBtu or Inside FERC TCO Appalachian Index + \$1.50 per Mcf (see Special Conditions)

Delivery Period: Begin: June 1, 2010 End: December 31, 2010

Performance Obligation and Contract Quantity: (Select One)

Firm (Fixed Quantity):
_____ MMBtus/month
 EFP

Firm (Variable Quantity):
50 MMBtus/day Minimum
1000 MMBtus/day Maximum

Interruptible:
Up to _____ MMBtus/day

Delivery Point(s): Public Gas Citygate

(If a pooling point is used, list a specific geographic and pipeline location):

Other Comments or Special Conditions:

1. **Contract Price:** Public Gas is required to file its forward gas cost estimate with the PSC and then charge its customers the PSC approved rate regardless of market price changes that occur between filing and actual flow. Public Gas can recover any differences in tariff rates and market based rates through a reconciliation process in which past differences between tariff and market rates can be added or subtracted to the next PSC filed forward gas cost estimate. Given that Public Gas and Jefferson Gas are affiliated companies and payments between the entities for gas supply represents a intercompany transfer price, Jefferson shall allow Public Gas the option to alter the actual price paid monthly to Jefferson to the approved PSC filed price and then reconcile the price to the contract price on an quarterly and/or annual basis. Public gas may fix a portion of its gas price with mutual consent.

2. **Contract Price:** The *Inside FERC TCO Appalachian Index* price is posted in MMBtu units. These units will be converted to an Mcf price using a Btu factor of 1.161.

3. **Contract Quantity:** Jefferson is obligated to provide the full requirements of Public Gas regardless of weather conditions and demand changes. Any daily volume variance will be fulfilled on a no-notice basis, regardless of resulting cost to Jefferson. Public Gas will notify Jefferson of estimated demand levels on a timely basis but shall not be responsible for demand variances.

Seller: Jefferson Gas, LLC
By: Gene Mapes, Jr.
Title: Managing Member
Date: June 1, 2010

Buyer: Public Gas Company, Inc.
By: Bert Layne
Title: CFO
Date: June 1, 2010

Base Contract for Sale and Purchase of Natural Gas

This Base Contract is entered into as of the following date: January 1, 2010. The parties to this Base Contract are the following:

Public Gas Company, Inc.
220 Lexington Green Circle, Suite 130, Lexington, KY 40503
 Duns Number: 80-131-7421
 Contract Number: NAESB01
 U.S. Federal Tax ID Number: [REDACTED]

and **Jefferson Gas, LLC**
220 Lexington Green Circle, Suite 130, Lexington, KY 40503
 Duns Number: 80-131-7421
 Contract Number: NAESB05
 U.S. Federal Tax ID Number: [REDACTED]

Notices:
220 Lexington Green Circle, Suite 130, Lexington, KY 40503
 Attn: Bert R. Layne, Chief Financial Officer
 Phone: (859) 245-8193 Fax: (859) 245-9409

220 Lexington Green Circle, Suite 130, Lexington, KY 40503
 Attn: Gene Mapes, Jr, Managing Member
 Phone: (859) 245-8193 Fax: (859) 245-9409

Confirmations:
220 Lexington Green Circle, Suite 130, Lexington, KY 40503
 Attn: Bert R. Layne, Chief Financial Officer
 Phone: (859) 245-8193 Fax: (859) 245-9409

220 Lexington Green Circle, Suite 130, Lexington, KY 40503
 Attn: Gene Mapes, Jr, Managing Member
 Phone: (859) 245-8193 Fax: (859) 245-9409

Invoices and Payments:
220 Lexington Green Circle, Suite 130, Lexington, KY 40503
 Attn: Bert R. Layne, Chief Financial Officer
 Phone: (859) 245-8193 Fax: (859) 245-9409

220 Lexington Green Circle, Suite 130, Lexington, KY 40503
 Attn: Gene Mapes, Jr, Managing Member
 Phone: (859) 245-8193 Fax: (859) 245-9409

Wire Transfer or ACH Numbers (if applicable):
 BANK: [REDACTED]
 ABA: [REDACTED]
 ACCT: [REDACTED]
 Other Details: _____

BANK: [REDACTED]
 ABA: [REDACTED]
 ACCT: [REDACTED]
 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 checked="" type="checkbox"/> 25 th Day of Month following Month of delivery (default) <input type="checkbox"/> _____ 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 type="checkbox"/> Wire transfer (default) <input type="checkbox"/> Automated Clearinghouse Credit (ACH) <input checked="" type="checkbox"/> Check
Section 2.6 Confirming Party <input type="checkbox"/> Seller (default) <input type="checkbox"/> Buyer <input checked="" type="checkbox"/> <u>Jefferson Gas, 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 Note: The following Spot Price Publication applies to both of the immediately preceding. Section 2.26 Spot Price Publication <input checked="" type="checkbox"/> Gas Daily Midpoint (default) <input type="checkbox"/> _____	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 Section 10.3.2 Other Agreement Setoffs <input checked="" type="checkbox"/> Other Agreement Setoffs Apply (default) <input type="checkbox"/> Other Agreement Setoffs Do Not Apply Section 14.5 Choice Of Law <p style="text-align: center;"><u>Kentucky</u></p>
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 Confidentiality <input checked="" type="checkbox"/> Confidentiality applies (default) <input type="checkbox"/> Confidentiality does not apply
<input type="checkbox"/> Special Provisions Number of sheets attached: None <input type="checkbox"/> Addendum(s): _____	

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

Public Gas Company, Inc.
 Party Name

 By Bert Layne
 Name: Bert Layne
 Title: Chief Financial Officer

Jefferson Gas, LLC
 Party Name

 By Gene Mapes, Jr
 Name: Gene Mapes, Jr.
 Title: Managing Member

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 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

Letterhead/Logo	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%; border: none;"> <tr> <td style="width: 33%; vertical-align: top; padding: 5px;"> Firm (Fixed Quantity): _____ MMBtus/day <input type="checkbox"/> EFP </td> <td style="width: 33%; vertical-align: top; padding: 5px;"> 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%; vertical-align: top; padding: 5px;"> 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: _____			

**Public Gas Company
220 Lexington Green, Bldg 2, Suite 130
P.O. Box 24032
Lexington, KY 40524-4032
Tele (859) 245-8193**

June 30, 2010

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

RECEIVED

JUN 30 2010

PUBLIC SERVICE
COMMISSION

RE: Public Gas Company
Case No.
GCR Filing Proposed to Become
Effective August 1, 2010

Dear Mr. Derouen:

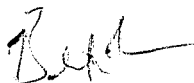
2010-00262

Enclosed are an original and five copies of Public Gas Company's Cost Recovery (GCR) filing for rates proposed to become effective August 1, 2010. Also included are an original and five copies of 54th revised sheet No.1 of Public's PSC Kentucky No. 1 Tariff, which is being filed pursuant to the Purchased Gas Adjustment provision of that Tariff. This filing proposes a GCR rate of \$6.5357 per MCF of sales.

In addition and pursuant to Case No. 2010-00136, please find enclosed a copy of the documents requested by the Commission, as well as a letter from Jefferson Gas summarizing the items below. Specific items enclosed include:

- Detailed methodology used by Jefferson to calculate the monthly price estimates based on the NYMEX Futures rate
- Cost support for the quarter ended April 30, 2010
- Copy of current supply contract with Jefferson Gas.

Sincerely,



Bert R. Layne

Public Gas Company

Quarterly Report of Gas Cost
Recovery Rate Calculation

Date Filed: June 30, 2010

Date Rates to be Effective: August 1, 2010

Reporting Period is Calendar Quarter Ended: October 31, 2010

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	7.4828
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	(.9471)
+ Balance Adjustment (BA)	\$/Mcf	
= Gas Cost Recovery Rate (GCR)		<u>6.5357</u>

GCR to be effective for service rendered from August 1, 2010 to October 31, 2010

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	
÷	Sales for the 12 months ended _____	Mcf	
=	Expected Gas Cost (EGC)	\$/Mcf	
B.	<u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Supplier Refund Adjustment for Reporting Period (Sch.III)		
+	Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+	Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+	Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	
=	Refund Adjustment (RA)	\$/Mcf	
C.	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	(.3834)
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	(.4522)
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0973)
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0142)
=	Actual Adjustment (AA)	\$/Mcf	<u>(.9471)</u>
D.	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	
+	Previous Quarter Reported Balance Adjustment	\$/Mcf	
+	Second Previous Quarter Reported Balance Adjustment	\$/Mcf	
+	Third Previous Quarter Reported Balance Adjustment	\$/Mcf	
=	Balance Adjustment (BA)	\$/Mcf	

SCHEDULE II
EXPECTED GAS COST

Actual * MCF Purchases for 12 months ended January 31, 2010

(1) Supplier	(2) Dth	(3) BTU Conversion Factor	(4) Mcf	(5)** Rate	(6) (4) X (5) Cost
Month		Purchases Mcfs	Rate	Sales Mcfs	
02/28/09		19,510	7.4828	18,977	
03/31/09		13,065	7.4828	12,630	
04/30/09		9,208	7.4828	8,926	
05/31/09		2,877	7.4828	2,829	
06/30/09		1,753	7.4828	1,713	
07/31/09		1,820	7.4828	1,766	
08/31/09		1,448	7.4828	1,400	
09/30/09		1,815	7.4828	1,746	
10/31/09		5,785	7.4828	5,625	
11/30/09		8,715	7.4828	8,434	
12/31/09		21,356	7.4828	20,585	
01/31/10		23,166	7.4828	22,355	
Totals		<u>110,518</u>		<u>106,986</u>	

Line loss for 12 months ended January 31, 2010 is 3.20% based on purchases of 110,518 Mcf and sales of 106,986 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	
÷ Mcf Purchases (4)	Mcf	
= Average Expected Cost Per Mcf Purchased	\$/Mcf	
x Allowable Mcf Purchases (must not exceed Mcf sales ÷ .95)	Mcf	
= Total Expected Gas Cost (to Schedule IA)	\$	

*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.
**Supplier's tariff sheets or notices are attached.

\$7.4828 Per Attached Schedule

Jefferson Gas, LLC

06/28/10

Expected gas price, August, September and October 2010

Public Gas has asked for an estimate of their gas price for the months of August, September and October 2010.

	Gas price* to Public Gas
August 2010	7.18
September 2010	7.23
October 2010	7.32

*Jefferson Gas bases its future price estimates on the NYMEX Futures market with appropriate adjustments relative to the expected heating value of its gas, and expected TCO basis adjustments. The NYMEX market is subject to volatility, but is still the best indicator of future gas prices.

The above estimated gas prices are computed based on the NYMEX settle prices on June 24, 2010.

7.180000+
7.230000+
7.320000+
21.730000*+

21.730000÷
3.=
7.243333*+

7.243333÷
0.968=
7.482782*+

SCHEDULE III
SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended (reporting period)

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	
+ Interest	\$	
<hr/>		<hr/>
= Refund Adjustment including interest	\$	
÷ Sales for 12 months ended	Mcf	
<hr/>		<hr/>
= Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	

SCHEDULE IV
ACTUAL ADJUSTMENT

For the 3 month period ended April 30, 2010

<u>Particulars</u>	<u>Unit</u>	<u>Month 1 (Feb 10)</u>	<u>Month 2 (Mar 10)</u>	<u>Month 3 (Apr 10)</u>
Total Supply Volumes Purchased	Mcf	23,706	18,159	4,673
Total Cost of Volumes Purchased	\$	190,643.65	132,651.50	28,453.90
÷ Total Sales (may not be less than 95% of supply volumes)	Mcf	23,100	17,735	4,552
<hr/>				
= Unit Cost of Gas	\$/Mcf	8.2530	7.4796	6.2509
- EGC in effect for month	\$/Mcf	8.6537	8.6537	8.6537
<hr/>				
= Difference [(over-)/Under-Recovery]	\$/Mcf	(.4007)	(1.1741)	(2.4028)
<hr/>				
x Actual sales during month	Mcf	23,100	17,735	4,552
<hr/>				
= Monthly cost difference	\$	(9,256.17)	(20,822.66)	(10,937.55)
			<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)			\$	(41,016.38)
÷ Sales for 12 months ended <u>January 31, 2010</u>			Mcf	106,986
<hr/>				
Actual Adjustment for the Reporting Period (to Schedule IC.)			\$/Mcf	(.3834)

SCHEDULE V
BALANCE ADJUSTMENT

For the 3 month period ended _____ (reporting period)

	<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
(1)	Total Cost Difference used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR Less: Dollar amount resulting from the AA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the AA was in effect. Equals: Balance Adjustment for the AA.	\$ \$ \$	 _____
(2)	Total Supplier Refund Adjustment including interest used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR. Less: Dollar amount resulting from the RA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the RA was in effect. Equals: Balance Adjustment for the RA	\$ \$	 _____
(3)	Total Balance Adjustment used to compute BA of the GCR effective four quarters prior to the effective date of the currently effective GCR Less: Dollar amount resulting from the BA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the BA was in effect. Equals: Balance Adjustment for the BA.	\$ \$ \$	 _____
	Total Balance Adjustment Amount (1) + (2) + (3)	\$	_____
÷	Sales for 12 months ended _____	Mcf	_____
=	Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	_____

Entire Service Area
 FOR _____ 1
 PSC KY NO. _____ 1
 54th Revised SHEET NO. _____ 1
 CANCELLING PSC KY NO. _____ 1
 53rd Revised SHEET NO. _____ 1

Public Gas Company

 (NAME OF UTILITY)

Applies to: All Customers

Rate, Monthly:

			Base Rate	Gas Cost	Rate per Unit (Mcf)
First	0 to 1 Mcf	Minimum Bill	3.2705	6.5357	9.8062
All Over	1 Mcf		2.1505	6.5357	8.6862

DATE OF ISSUE June 30, 2010
MONTH / DATE / YEAR
 DATE EFFECTIVE August 1, 2010
MONTH / DATE / YEAR
 ISSUED BY Bert R. Layne
SIGNATURE OF OFFICER
 TITLE Treasurer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
 IN CASE NO. _____ DATED _____