

Contract No.

96-295

LARGE VOLUME NATURAL GAS SERVICE AGREEMENT

BETWEEN

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

SEP 18 1996

AND

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

BY: Phyllis Lammie
DIRECTOR, RATES & RESEARCH DIV.

WESTERN KENTUCKY GAS COMPANY,
A Division of
ATMOS ENERGY CORPORATION

LARGE VOLUME NATURAL GAS SERVICE AGREEMENT

THIS NATURAL GAS SERVICE AGREEMENT is made and entered into this _____ day of _____, 1996, by and between WESTERN KENTUCKY GAS COMPANY, a division of Atmos Energy Corporation, a Texas corporation ("WKG"), and _____ ("Customer"), also referred to as the "parties".

W I T N E S S E T H :

WHEREAS, WKG desires to provide to Customer, and Customer desires to obtain natural gas service in accordance with the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the parties hereto agree as follows:

1. Natural Gas Service Type and Volume Levels.
Customer agrees to purchase from WKG or deliver to WKG for all of Customer's natural gas service requirements for Customer's facility located _____
WKG agrees to provide service to Customer of the type specified below, subject to the provisions of the referenced tariffs, the related rules and regulations governing natural gas service and this Service Agreement including its attached exhibits and general terms and conditions. WKG shall have no obligation to provide for deliveries in excess of the maximum volumes hereinafter specified, or to provide sales gas to Customer:

<u>Service</u>	<u>Type</u>	<u>Priority</u>	<u>Maximum Mcf/Day</u>	<u>Maximum Mcf/Hr.</u>
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During any billing period, volumes delivered to Customer shall be deemed to first satisfy the Firm Carriage volumes and then the Interruptible Carriage volumes.

In the event Customer's actual requirements exceed the maximum daily volume referenced above, Customer may make a nomination equal to Customer's additional requirements. If WKG and Customer agree that the increased requirements are representative of Customer's expected future maximum daily use, and if the requirements do not exceed the maximum hourly demand referenced above, WKG shall authorize and provide an increase in the maximum daily volumes equal to the additional

requirements; however, if the requirements exceed the maximum hourly demand referenced above, WKG shall authorize and provide an increase in the maximum daily volumes and/or maximum hourly volumes, as applicable, equal to the additional requirements, if sufficient capacity is available.

In the event Customer desires to increase the level of firm service capacity stated herein (e.g., firm sales, firm transportation, or firm carriage services), Customer shall submit such request to WKG in writing. If WKG confirms that sufficient capacity is available to provide the requested firm service increase, a contract amendment reflecting such change shall be provided by WKG for execution by the parties. The parties understand and acknowledge that demands may be made upon WKG for firm service capacity upstream of Customer. In the event WKG becomes aware of a prospective demand for upstream firm capacity which could materially affect the availability of increased future firm service to Customer, WKG agrees to use reasonable efforts to notify Customer of such prospective demand before making additional upstream firm service commitments, to allow Customer the option of requesting an increase in its level of firm service. Customer shall make such request in writing within the time frame specified by WKG. If sufficient capacity is available, and if the parties mutually agree on all terms and conditions involving the increased firm level of service, the parties shall execute a contract amendment reflecting such agreement.

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SEP 18 1996

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2. Price.

a. Except as provided below, the price to be paid by Customer shall be in accordance with the rate schedule under which the service is rendered. Except for the simple margin set forth in Paragraphs 2(b)(i) and 2(b)(ii) of this Agreement (which shall remain unchanged during the term), the rate schedules, including gas cost adjustments, shall be subject to change as permitted by law. Any Federal, State or other legal taxes other than those based upon or measured by WKG's income which apply now or may hereafter be imposed shall be paid by the Customer in addition to the rates as specified. To the extent any charge is imposed upon WKG by virtue of proceedings before the Federal Energy Regulatory Commission (or successor authority) ("FERC"), WKG shall impose such charge on Customer to the extent approved by the Commission.

b. If total monthly deliveries are the rates for services utilized shall be in accordance with the effective WKG tariff rates. For purposes of applying WKG's tariff rates to monthly deliveries of the rate identified in WKG's tariff shall be applied to Firm Carriage Service volumes under this agreement, and the rate identified as shall be applied to Interruptible Carriage Service volumes. total monthly deliveries are greater than

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c. The initial lost and unaccounted for ("L&U") gas percentage to be applied to transported volumes under this Agreement Effective each November 1, WKG shall adjust the L&U factor based upon its review of system L&U for upstream WKG facilities. percentage stated in WKG's tariff.

3. Term. This Agreement shall become effective on the first day of the month following acceptance of this Agreement by the KPSC, and shall continue in full force and

Customer agrees that while this Service Agreement is in effect, all natural gas consumed by Customer shall be delivered by WKG. In the event Customer plans to make a filing, or direct another to make such filing on its behalf, with FERC or any other regulatory body, seeking authority to receive direct gas service following the termination of this Agreement, Customer agrees to notify WKG of such plans prior to the filing.

4. Notices. Any notice required to be given under this Service Agreement or any notice which either party hereto may desire to give the other party shall be in writing and shall be considered duly delivered when deposited in the United States mail, postage prepaid, registered or certified, or sent by facsimile and addressed as follows:

If to WKG:

WESTERN KENTUCKY GAS COMPANY
P.O. Box 866
Owensboro, Kentucky 42302
Attention: Marketing Department
Telephone: 502-685-8066
Facsimile: 502-685-8052

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

If to Customer:

SEP 18 1996

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

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or such other address as WKG, Customer, or their respective successors or permitted assigns shall designate by written notice given in the manner described above. Routine communications, including monthly invoices, may be mailed by ordinary mail, postage prepaid, and addressed to the above-designated name and address.

5. Attachments. General Terms and Conditions and Exhibit "A," Receipt Point(s) and Delivery Point(s), attached hereto are expressly incorporated herein and made a part of this Service Agreement for all purposes, and all references herein and therein to "this Service Agreement" include all exhibits and their terms and provisions contained therein.

IN WITNESS WHEREOF, the parties hereto have executed this Large Volume Natural Gas Service Agreement as of the date first above written.

WESTERN KENTUCKY GAS COMPANY,
A Division Of
Atmos Energy Corporation

By: Carl Fischer

Title: President

By:

Title:

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SEP 18 1996

GENERAL TERMS AND CONDITIONS
TO
LARGE VOLUME NATURAL GAS SERVICE AGREEMENT SECTION 9(1)

PURSUANT TO 807 KAR 5.011.
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1. This Service Agreement is subject to all applicable and valid statutes, ordinances, and the rules, regulations and orders of the Kentucky Public Service Commission. Except for specific deviations noted in this Service Agreement, shall apply to the Interruptible Carriage Service specified herein and tariff shall apply to the Firm Carriage Service specified herein and such tariffs shall be included herein by reference.

2. If not presently installed, the necessary regulating and metering equipment constructed to WKG's specifications shall be installed for delivery of the gas as specified here, and the Customer shall install or cause to be installed additional regulating equipment to provide suitable operating pressure at the various points of utilization. A suitable location for the regulating and metering equipment shall be provided by the Customer without charge, and WKG shall have the right to operate, maintain and alter this equipment as is necessary or desirable. Each party hereto agrees to maintain any equipment owned by it and used in the performance of its obligations herein in good, safe, and efficient operating condition and repair.

3. Title to sales gas shall pass from WKG to Customer, upon the delivery thereof, at the Customer's service address. The title to all gas transported hereunder shall remain with the Customer. The Receipt Point(s) at which the Customer will deliver transportation gas to WKG is designated on Exhibit "A" attached hereto.

4. As between the parties hereto solely, WKG shall be deemed in exclusive control and possession of the gas after the delivery thereof at the Receipt Point(s) and prior to the redelivery thereof, to or for the account of Customer at the Customer's service address. At all other times, as between the parties hereto solely, Customer shall be deemed in exclusive control and possession of the gas and responsible for any damages, losses, or injuries caused by Customer's handling, delivery, or receipt thereof. Each party agrees to indemnify, defend, and hold harmless the other party from and against any and all claims, liabilities, damages, losses, costs, and expenses (including attorneys' fees) incurred by such other party arising from or relating to any damages, losses, or injuries for which the indemnifying party is responsible pursuant to the provisions of this paragraph, except to the extent such damages, losses or expenses shall have been caused by the negligence of the indemnified party.

5. In the event that either WKG or Customer is rendered unable, wholly or in part, by reason of an event of force majeure, to perform its obligations under this Service Agreement, other than to make payment due thereunder, and such party has given notice and full particulars of such force majeure in writing to the other party as soon as possible after the occurrence of the cause relied on, then the obligations of the parties, insofar as they are affected by such force majeure, shall be suspended during the continuance of such inability, but for no longer period, and such cause shall, insofar as possible, be remedied with all reasonable dispatch; provided, however, that the settlement of strikes or lock-outs shall be entirely within the discretion of the party having such difficulty, and the above requirement that any force majeure be remedied with all reasonable dispatch shall not require the settlement of strikes or lock-outs by acceding to the demands of the opposing party when such course is inadvisable in the discretion of the party having the difficulty.

The term "force majeure" as used herein shall mean any cause not reasonably within the control of the party claiming suspension and includes, but is not limited to, acts of God; strikes; lock-outs; wars; riots; orders or decrees of any lawfully constituted federal, state, or local body; fires; storms; floods; wash-outs; explosions; breakage or accident to machinery or lines of pipe; inability to obtain or delay in obtaining rights-of-way, materials, supplies, or labor permits; temporary or permanent failure of gas supply or transportation services; capacity constraints; repair, maintenance, or replacement of facilities used in the performance of the obligations contained in this Service Agreement; or any other cause of a similar nature whether of the kind herein enumerated or otherwise.

6. During each billing period involving transportation services, Customer agrees to maintain its deliveries of gas to WKG and its receipt of gas from WKG in continuous balance or as near thereto as practicable on an Mcf or MMBtu basis, as designated by WKG. Further, the Customer agrees to be liable to WKG for all cost, expense and liability incurred by WKG which directly relates to the Customer's transportation activities on the interstate pipeline system. To the extent imbalances owed to Customer by WKG occur, such "parked" and/or "banked" volumes of the Customer shall be deemed, for billing purposes, to be the first volumes delivered to the Customer during the succeeding billing period. When the volume of gas taken by Customer during a billing period exceeds the aggregate of its transportation nominations and its available and/or "banked" volumes, Customer shall pay WKG such overrun volumes at the applicable tariff rate.

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Notwithstanding any provision to the contrary in this Agreement or in any applicable tariff, WKG shall curtail transportation service to the Customer only in the event that WKG is unable to confirm that the Customer's gas supply is actually being delivered to the WKG system or that capacity constraints on WKG's system or the transporter's system restrict WKG's ability to transport gas to the Customer.

7. In the event of default hereunder by either party, in addition to all rights and remedies at law or in equity to which the non-defaulting party may be entitled, the defaulting party agrees to reimburse the non-defaulting party for all attorneys' fees, court costs and other expenses incurred. Further, each party agrees to indemnify and hold the other party harmless with regard to any and all fees, costs and expenses (including attorneys' fees) incurred by the non-defaulting party in relation to all claims, disputes and suits which arise under or are related to the defaulting party's default under this Service Agreement, except to the extent such claims, disputes and suits shall have been caused by the negligence of the non-defaulting party.

8. This Service Agreement shall be binding upon the parties hereto and their respective successors and assigns.

9. This Service Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral and written, between the parties hereto with respect to the subject matter hereof.

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EXHIBIT "A"
RECEIPT POINT(S) AND
DELIVERY POINT(S)

Receipt Point:

Delivery Point:

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