

MAY 13 1998

AGREEMENT

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

BY: Stephan O. Bell
SECRETARY OF THE COMMISSION

THIS AGREEMENT is made and entered into this the _____ day of March, 1998, by and between DELTA NATURAL GAS COMPANY, INC. (Delta), a Kentucky corporation, and

W I T N E S S E T H:

THAT WHEREAS, _____ intends to purchase certain quantities of natural gas from a supplier to be designated (Supplier); and

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

WHEREAS, Delta, subject to the terms and conditions set forth herein, desires to transport and deliver to said quantities of natural gas purchased by _____ from Supplier and delivered by Supplier to Delta at certain designated points;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE 1. DEFINITIONS.

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

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

1.2. "Delivery Point" shall mean each of the following points (i) the point of interconnection between the pipeline facilities of Delta and the metering facilities of

Kentucky, (ii) the interconnection between the pipeline facilities of Delta and

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Kentucky or (iii) other points which may be agreed to through mutual written agreement of the parties hereto.

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

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

1.5. "Excess Gas" shall mean the amount or quantity of natural gas delivered by Delta to at the Redelivery Point in excess of or in addition to the Supplier Contract Gas (after adjustment for Delta's 2% retainage for losses.) Excess Gas shall not include Supplier Contract Gas delivered to correct an imbalance by mutual agreement of the parties.

1.6 "Distributor" shall mean that entity which provides the service of either transporting natural gas or selling Excess Gas from an interstate or intrastate pipeline facility to

1.7. "Mcf" shall mean the quantity of gas occupying a volume of one thousand (1,000) cubic feet at a pressure base

of 14.73 pounds per square inch absolute (14.73 psia) and a temperature base of 60 degrees Fahrenheit (60 F).

ARTICLE 2. TERM.

2.1. Subject to the terms and conditions herein, the Preliminary Term of this Agreement shall commence on the date service is required by and shall continue in full force and effect until the date full production of its manufactured product begins by at its premises in Kentucky.

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ARTICLE 3. TRANSPORTATION AND DELIVERY OF GAS.

3.1. Subject to the terms and conditions herein, Delta shall be the exclusive Distributor of natural gas to while the Agreement is in effect.

3.2. Subject to the provisions of paragraphs 3.4 and 6.1 herein and the daily needs of Delta shall accept from Supplier on behalf of all daily Supplier Contract Gas which is delivered by Supplier to the Delivery Points, up to a daily maximum of Mcf.

3.3. Delta shall transport and deliver to _____ in
Kentucky, natural gas in quantities which _____
equivalent to the amount of Supplier Contract Gas less two
percent (2%) by volume for losses.

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3.4. Volumes of Supplier Contract Gas nominated by _____
and transported and delivered by Delta as provided in _____
paragraph 3.2 herein shall be as closely balanced on a daily
basis as is reasonable and practical, provided, however,
that from November through March _____ shall have the right to
maintain a positive balance of up to ten percent (10%) of
normal monthly requirements. If at any time during the term
of this Agreement or upon the termination of this Agreement,
Delta experiences either underdeliveries or overdeliveries
of Supplier Contract Gas, and Delta notifies _____ that action
needs to be taken to correct such underdelivery or
overdelivery, such underdelivery or overdelivery shall be
corrected by _____ as soon as possible, but no later than
within ten (10) days from the date of notice, unless an
extension is mutually agreed upon by the parties herein. If
Delta so requests, _____ shall purchase any Excess Gas
delivered by Delta to _____ in accordance with Articles 4 and
5 of this Agreement.

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3.5. Delta's transportation obligation hereunder shall
be to provide firm service to _____ as defined in the General
Service Rate schedule of Delta on file with the Kentucky
Public Service Commission, as same may be changed from time
to time.

3.6. Delta shall not be responsible for any interstate pipeline transportation or storage costs, including related line loss, compressor fuel, any penalties, transition costs or any other costs associated with the transportation of Supplier Contract Gas to the Delivery Points.

ARTICLE 4. PRICE.

4.1. During the Preliminary Term of this Agreement, for the services described herein, shall pay Delta rates as set forth in Delta's tariffs on file with the Kentucky Public Service Commission as same may be changed from time to time.

4.2.

4.3.

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4.4.

a)

b)

4.5.

a)

b)

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4.6.

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4.7. For any Excess Gas delivered or sold by Delta to
shall pay Delta the applicable General Service Rate
of Delta (Base Rate plus Gas Cost Recovery Rate and any
other charges), as set forth in Delta's tariffs on file with
the Kentucky Public Service Commission, as same may be
changed from time to time.

4.8. In any billing month in which rebuilds its
furnace or experiences an emergency repair situation at its
plant in Kentucky the applicable rate for
transportation shall be the transportation rate in effect
during the billing month immediately preceding the furnace
rebuild or the emergency repair situation provided, however,
that any such special rate consideration shall not be in
effect for a period of time exceeding one hundred (100)
days.

ARTICLE 5. STATEMENTS AND PAYMENTS.

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

5.2. Statements rendered by Delta shall reflect the rates established in Articles 4 and 9 of this Agreement.

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5.3. Each statement required to be furnished ^{BY Stephan D. Bell} ~~BY _____~~ _{SECRETARY OF THE COMMISSION} mailed to the address set forth in this Agreement. Payment by check payable to the order of Delta Natural Gas Company, Inc. shall be made by _____ by mailing same within twenty (20) days after receipt of the bill. _____ agrees to pay interest at the rate of one and one-half percent (1 1/2%) per month on any outstanding balance which is due Delta under the terms of this Agreement and which is not paid within the time period previously set forth.

ARTICLE 6. QUALITY.

6.1. All gas delivered hereunder shall at all times be in compliance with the gas quality specifications as set forth in _____ Federal Energy Regulation Commission approved tariffs, as same may be amended from time to time.

ARTICLE 7. MEASUREMENT

7.1. Meters and other related equipment installed and maintained by or on behalf of Delta shall be the exclusive method and means of determining the quantity of gas redelivered to _____ or delivered to Delta by Supplier for the

account of . Reading, calibration and adjustment of Delta's meters and related measurement equipment shall be performed solely by Delta using generally accepted procedures. Delta shall read said meters at regular intervals and the cost of reading, calibrating, adjusting and otherwise maintaining said meters, excluding repair of damage due to the negligence or willful misconduct of , shall be borne by Delta. Delta shall test the accuracy of any Delta-owned meter in use under this Agreement in accordance with its standard practices and shall communicate the test results to .

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7.2. If challenges the accuracy of any meters maintained by Delta and requests to have the meters tested Delta shall test the meters in the presence of

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representatives, if exercises the right to be present or represented at such test. If the test shall prove the meter to be accurate within plus or minus two percent (2%), the cost of testing the same shall be borne by , but if the test proves the meter to be in error by more than plus or minus two percent (2%), then the cost of testing and repairing the same shall be borne by Delta. Meter measurements found to be in error more than plus or minus two percent (2%) shall be corrected and the accounts for the period during which the meter error existed shall be adjusted accordingly. In the event the period during which the meter error existed is unknown, then the accounts shall be adjusted for one-half of the elapsed time since the last

previous test but in no event shall the accounts be adjusted for a period of more than one hundred and eighty (180) days.

ARTICLE 8. DELIVERY POINTS AND TITLE.

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

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

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

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ARTICLE 9. TAXES AND FEES.

Delta may collect from any taxes and franchise fees, including, but not limited to, sales tax, school and gross receipts tax, which, by regulatory authority or by law, are generally collected by utilities or other providers of the services which are the subject of this Agreement from customers based upon the services rendered, whether such tax is now in existence or hereinafter promulgated or applied. The obligation to pay such taxes shall be in addition to the

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obligation to pay the appropriate rates set forth in Article 4 of this Agreement.

ARTICLE 10. FORCE MAJEURE.

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

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10.2. Force Majeure. The term "force majeure" used herein means any cause not reasonably in the control of the party claiming suspension, including but not limited to, acts of God or a public enemy, strikes, riots, injunctions or other interference through legal proceedings, breakage or accident to machinery, equipment or pipelines not due to negligence or willful misconduct of the party invoking force majeure, wash-outs, earthquakes, storms, freezing of lines

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or wells, blowouts, shutdowns to make emergency or unexpected repairs to machines, equipment or pipelines.

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

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ARTICLE 11. GOVERNMENTAL REGULATION.

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11.1. This Agreement shall be subject to all applicable and valid statutes, rules, orders and regulations of any federal, state or local governmental authority or agency having jurisdiction over the parties, their facilities or gas supply, this Agreement or any provision thereof. The parties agree that should any state, federal or local governmental authority or agency with jurisdiction over the parties to this Agreement or transactions herein require approval for the sale or transportation of gas hereunder, then each party shall make all necessary applications or filings and shall submit any records or data required by such governmental authority or agency.

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11.2. Neither party shall be liable for failure to perform hereunder if such failure is due to compliance with rules, regulations, laws, orders or directives of any state, federal or local governmental regulatory authority or agency.

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

11.4. This Agreement shall not be effective in whole or in part until and unless all necessary regulatory approvals or authorizations shall have been obtained to the satisfaction of each of the parties hereto. In the event any such approval or authorization is withdrawn or expires (and any renewal is refused by the appropriate regulatory authority), this Agreement may be canceled at the option of any party hereto. Delta shall seek the appropriate regulatory approvals in a manner calculated to allow for service to

11.5. Except as otherwise provided herein, this Agreement is subject to the terms and conditions of Delta's Rates, Rules and Regulations "Regs", as set forth in Delta's tariffs on file with the Kentucky Public Service Commission, as same may be changed from time to time. (Delta shall provide a copy of the "Regs" to).

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ARTICLE 12. CONFIDENTIALITY.

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

ARTICLE 13. GOVERNING LAW.

This Agreement was entered into under and shall be construed in accordance with the laws of the Commonwealth of Kentucky.

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ARTICLE 14. NOTICES.

Any notice, request, demand, statement, bill, ^{payment} or other communication from any party to any other shall be in writing and shall be delivered to the addresses listed below or at such other address as the receiving party may designate in writing:

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Stewart Bell
SECRETARY OF THE COMMISSION

To DELTA: Delta Natural Gas Company, Inc.
3617 Lexington Road
Winchester, KY 40391
Attention: George S. Billings

To : .

Copies to:

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ARTICLE 15. ASSIGNMENT.

Either party may assign this Agreement or any of its rights or obligations hereunder with the express written consent of the other party which shall not be unreasonably withheld provided that Delta may assign this Agreement or any of its rights or obligations hereunder to another entity affiliated with or controlled by Delta.

ARTICLE 16. SUCCESSORS.

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

ARTICLE 17. WAIVER.

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

ARTICLE 18. SEVERABILITY.

Except as otherwise provided herein, any provision of this Agreement declared or rendered unlawful by a statute, court of law or regulatory agency with jurisdiction over the

parties or either of them, shall not otherwise affect the other obligations of the parties under this Agreement.

ARTICLE 19. HEADINGS.

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

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

DELTA NATURAL GAS COMPANY, INC.

By Robert C. Hazelrigg

Title VP Public and Consumer Affairs

By _ _

Title.

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