

FILED

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PUBLIC SERVICE  
COMMISSION

SHORT TERM TRANSPORTATION AGREEMENT

THIS AGREEMENT made and entered into this 17<sup>TH</sup> day  
of MAY, 1982, by and between COLUMBIA GAS  
TRANSMISSION CORPORATION (Columbia) and DELTA NATURAL GAS  
COMPANY, INC. (Delta).

W I T N E S S E T H:

WHEREAS, Columbia anticipates purchasing substantial quantities of natural gas in the State of Kentucky from Al J. Keyser at a point near Flat Lick in Knox County, Kentucky, which gas will be delivered into the line of Delta and for transportation by Delta to Columbia's main transmission system at an existing interconnection between the systems of Columbia and Delta near Manchester, Kentucky; and

WHEREAS, Columbia is willing to deliver or cause to be delivered the aforesaid gas to Delta and Delta is willing to transport the same to Columbia's main system in accordance with the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, Columbia and Delta agree as follows:

ARTICLE I TRANSPORTATION QUANTITY

.. 1.1. Delta agrees to receive for the account of Columbia up to 2,000 Dth of natural gas per day to be delivered to Delta at a mutually agreeable location on Delta's facilities at or near Flat Lick, Kentucky. Except as noted in Section 1.2 below, Delta shall re-deliver equivalent quantities (less 2% by volume to cover losses and less any gas used for compressor fuel) to Columbia at an existing point of interconnection between the pipeline facilities of Columbia and Delta at the Manchester Border Station in Clay County, Kentucky. Volumes delivered and re-delivered hereunder will be balanced on a daily basis as nearly as possible. Any imbalances will be corrected within thirty (30) days of their occurrence. Should an imbalance exist upon the termination of this Agreement, such imbalance will be corrected within thirty (30) days of such termination.

1.2. Delta shall have the right to use a portion of the 2,000 Dth of natural gas per day delivered for Columbia's account as aforesaid for use on its system. Any volumes of gas so used by Delta will be replaced for delivery to Columbia by means of displacement at the Manchester Border Station out of the deliveries otherwise made by Columbia to Delta pursuant to Columbia's Tariff on file with the Federal Energy Regulatory Commission, and such portion of Columbia's deliveries to Delta will be considered as part of Columbia's deliveries to Delta hereunder.

ARTICLE II. FACILITIES

Delta shall provide all necessary pipeline and compression facilities as well as all necessary interconnections with the pipeline facilities of Columbia to effectuate the transportation service for Columbia as described in Article I hereof. Columbia will provide or cause to be provided all facilities necessary to deliver gas to Delta at Flat Lick against the prevailing pressure in Delta's facilities.

ARTICLE III. TERM

3.1. This Agreement and all rights hereunder shall continue in full force and effect from the date of the first delivery of natural gas by Columbia to Delta hereunder for a period of two (2) years and thereafter for any additional period which may be reached through mutual agreement of the parties.

3.2. Delta and Columbia will make in a timely manner all applications and reports to regulatory authorities necessary to extend the service provided for by this Agreement beyond the aforementioned term of two (2) years. In the event either Delta or Columbia is unable to obtain any necessary approvals, this Agreement will terminate as of the termination of the regulatory authorization for the service contemplated hereby.

ARTICLE IV QUALITY

4.1. All gas delivered and redelivered hereunder shall be commercially free from air, dust, gum, gum-forming constituents, harmful or noxious vapors, or other solid or liquid matter which might interfere with its merchantability or cause injury to or interference with proper operation of the lines, regulators, meters and other equipment of the receiving party.

4.2. The gas delivered and redelivered shall not contain in excess of:

(a) seven (7) pounds of water vapor per million cubic feet of gas at the base pressure and temperature of fourteen and seven-tenths (14.7) pounds per square inch absolute and sixty degrees Fahrenheit (60° F). The water vapor will be determined by the use of a Bureau of Mines type dew point apparatus or in accordance with the latest approved methods in use in the industry generally;

(b) four percent (4%) by volume of a combined total of carbon dioxide and nitrogen components, provided, however, that the total carbon dioxide content shall not exceed three percent (3%) by volume;

(c) twenty-five hundredths (0.25) grains of hydrogen sulfide per one hundred (100) cubic feet of gas;

(d) twenty (20) grains of total sulphur per one hundred (100) cubic feet.

4.3. The gas delivered and redelivered shall have a total heating value of not less than 980 Btu (British Thermal Units) per standard cubic foot. The total heating value of the gas shall be determined by taking samples of the gas at the delivery point at such reasonable times as may be designated by either party and having the Btu content per cubic foot determined by an accepted type calorimeter (or other suitable instrument) for a cubic foot of gas at a temperature of sixty degrees (60°) Fahrenheit when saturated with water vapor and at an absolute pressure of 14.73 psi. The gas delivered shall have a utilization factor of one thousand three hundred (1,300) plus or minus six percent (6%). The utilization factor is defined as that number obtained by dividing the heating value of the gas by the square root of its specific gravity.

4.4. If the gas delivered fails to meet the quality specifications set forth herein, then the receiving party may either elect to continue to receive such gas or refuse to take all or any portion of such gas until the delivering party brings the gas into conformity with such specifications.

ARTICLE V. DELIVERY AND RE-DELIVERY PRESSURE

All natural gas delivered by Columbia to Delta shall be at sufficient pressure to enable Delta to re-deliver same to Columbia without the use of compression facilities. All natural gas re-delivered to Columbia by Delta shall be at sufficient pressure to enable the gas to enter Columbia's

facilities against the prevailing operating pressure of 300 psig.

ARTICLE VI. MEASUREMENT AND MEASURING EQUIPMENT

6.1. For the purpose of this Agreement, the unit of volumetric measurement shall be a standard cubic foot of gas at a pressure base of fourteen and seventy-three hundredths (14.73) pounds per square inch absolute, a temperature base of sixty degrees (60°) Fahrenheit (five hundred twenty degrees (520°) absolute) and without adjustments for water vapor.

6.2. All said gas delivered at Flat Lick shall be measured by an orifice, turbine or displacement type meter or other approved measuring device of equal accuracy to be owned and installed by Columbia and operated by Delta. All said gas delivered to Manchester shall be measured by such type meter or other device to be owned, installed and operated by Columbia.

6.3. For orifice meter measurements, the methods of computation shall conform with the recommendations contained in Report No. 3 of the Gas Measurement Committee of the American Gas Association, including any revision made thereto, applied in a practical manner. The specific gravity of the gas being measured shall be determined at the beginning of this delivery and as often thereafter as conditions may warrant.

6.4. For displacement or turbine meters or other approved measuring device, the meter readings at varying pressures shall be converted to gas quantities at base conditions set forth in Section 6.1 hereof.

6.5. In connection with the use of any type of measuring device, an atmospheric pressure of fourteen and four tenths (14.4) pounds per square inch shall be assumed, with no allowance for variation in atmospheric pressure. The flowing gas temperature may be recorded at Delta's discretion. In the absence of a flowing gas temperature recorder, sixty degrees (60°) Fahrenheit will be assumed.

6.6. The cost of maintaining and operating the measuring stations operated hereunder shall be borne by Columbia.

6.7. Delta shall read the meter, Columbia shall furnish the charts, place and remove any and all recording gauge charts, and shall promptly forward all charts to Columbia, calculate the deliveries, and perform any other service necessary in connection with the measurement of said gas.

6.8. If, upon any test, any measuring equipment is found to be in error, such errors shall be taken into account in a practical manner in computing the deliveries. If the resultant aggregate error in the computed deliveries is not more than two percent (2%), then previous deliveries corrected in such a manner shall be considered accurate. All equipment shall, in any case, be adjusted at the time of test to record correctly. If, however, the resultant aggregate error in computed deliveries exceeds two percent (2%) at a recording corresponding to the average hourly rate of gas flow for the period since the last preceding test, previous recordings of

such equipment shall be corrected to zero error for any period which is known definitely or agreed upon, but in case the period is not known definitely or agreed upon, such correction shall be for a period extending over one-half of the time elapsed since the date of the last test, not exceeding a correction period of sixteen (16) days.

6.9. If either party challenges the accuracy of any meter in use under this Agreement and operated by the other and requests to have the meter tested, such other shall test the meter in the presence of and to the satisfaction of the challenging party or a representative of such party if such party wishes to exercise the right to be present or represented at such test. If the meter on test shall prove to be accurate within plus or minus two percent (2%), the cost of testing and repairing the same shall be borne by the challenging party, but if the meter on the test proves to be in error by more than two percent (2%), then the cost of testing and repairing the same shall be borne by the operating party. Any resultant aggregate error exceeding two percent (2%) of computed delivery shall be adjusted, insofar as exact knowledge of such errors or contributing causes is obtainable. Such adjustments are to be made for a period not to exceed thirty (30) days previous to the date of the challenge.

6.10. In the event any measuring equipment is out of service for test or repair, or is inoperable for any reason, deliveries through such equipment shall be estimated in a

practical manner utilizing all available information to determine the volume of gas for the delivery period affected.

6.11. Upon written request from the party not maintaining meter charts respecting a particular measurement station, meter charts shall be forwarded to such party for inspection, subject to return to the other within ten (10) days after receipt thereof. Columbia shall keep them on file for two (2) years after date of delivery, during which time they will be open for inspection by authorized parties at any and all times.

6.12. Considering the possibility of inadvertent errors in measurement or calculation of amounts due and payable or paid, nothing herein contained shall constitute accord and satisfaction, waiver, release, full payment, satisfaction, laches, estoppel, or other defense to a claim by or against Columbia or Delta for the true and actual amount accurately due and payable, for the full period of two (2) years in arrears. Errors in Delta's favor shall be rectified in full, without interest, by Delta within ninety (90) days of notice and substantiation of such inaccuracy. Errors in Columbia's favor shall be rectified in full, without interest, by Columbia within ninety (90) days of notice and substantiation of such inaccuracy.

ARTICLE VII. RATE

7.1. For transportation services rendered pursuant to this Agreement, Columbia shall pay to Delta a charge of

twenty-five cents (\$0.25) per Dth for all gas physically re-delivered by Delta to Columbia hereunder and a charge of six cents (\$0.06) per Dth for all gas redelivered by displacement to Columbia hereunder.

7.2. Delta shall have the right unilaterally to file and make effective changes in the rate stated in this Article VII. Without prejudice to Columbia's right to contest such changes, Columbia agrees to pay the effective rate for the service rendered hereunder.

#### ARTICLE VIII. STATEMENTS AND PAYMENT

8.1. Billing: On or before the twenty-fifth (25th) day of each calendar month hereof, Columbia shall render to Delta statements on which is reported the metered quantity of gas delivered to Delta at or near Flat Lick for the account of Columbia during the previous month and the metered quantity of gas redelivered by Delta to Columbia hereunder during the previous month together with a computation of the amount due Delta pursuant to Section 1.1 hereunder for quantities physically transported and delivered to Columbia. In the event a dispute over payment arises, Columbia will nevertheless make payment of the billed amount in full.

8.2. Payments: Payments shall be made by check, payable to the order of Delta Natural Gas Company, Inc., Route 1, Box 30A, Winchester, Kentucky 40391, and shall accompany the statement described in Section 8.1. Late payments and refunds of disputed amounts shall bear interest at the prime interest

rate in effect at Morgan Guaranty Trust Company of New York on the unpaid balance.

ARTICLE IX. WARRANTY

Each party warrants to the other that it will have good title to or be in lawful possession of all gas delivered or caused to be delivered to the other party or for the other party's account; that such gas will be free and clear of all liens, encumbrances and claims whatsoever; that it will at the time of delivery have the right to deliver or cause to be delivered the gas hereunder; and that it will indemnify the other party and save it harmless from suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any and all persons to said gas or to royalties, taxes, license fees or charges thereon.

ARTICLE X RESPONSIBILITY

As between the parties hereto, it is agreed that from the time gas is delivered hereunder to Delta at Flat Lick until the redelivery of such gas at Manchester, Delta will assume all responsibility for such gas and indemnify and hold Columbia harmless against any injuries or damages caused thereby and will have the unqualified right to commingle such gas with other gas in its pipeline system and to handle and treat such gas as its own. Prior to such delivery and subsequent to such redelivery, Columbia will assume all responsibility for such gas and indemnify and hold Delta harmless for any injuries or damages caused

thereby. Notwithstanding any provision of this Article X to the contrary, Columbia will indemnify and hold Delta harmless for any injuries or damages which result from any acts or omissions to act by persons operating or in any manner associated with, or which injuries or damages are in any way connected with, any truck or trucks which deliver natural gas to Delta's facilities near Williamsburg.

ARTICLE XI. FORCE MAJEURE

In case either party to this Agreement fails to perform any obligations hereunder assumed by it and such failure is due to acts of God or a public enemy, strikes, riots, injunctions or other interference through legal proceedings, breakage or accident to machinery or lines of pipe, washouts, earthquakes, storms, freezing of lines or wells, blowouts, the failure of wells in whole or part, or the compliance with any statute, either State or Federal, or with any order of the Federal Government or any branch thereof, or of the Government of the State wherein subject premises are situate, or to any causes not due to the fault of such party, or is caused by the necessity for making repairs or alterations in machinery or lines of pipe, such failure shall not be deemed to be a violation by such party of its obligations hereunder, but such party shall use due diligence to again put itself in position to carry out all of the obligations which by the terms hereof it has assumed.

ARTICLE XII    GOVERNMENTAL REGULATION

12.1. This Agreement shall not be effective, in whole or in part, until and unless all regulatory approvals shall have been obtained to the satisfaction of each of the parties hereto.

12.2. This Agreement shall be subject to applicable Federal and State laws and rules and regulations of Federal and State administrative bodies and authorities having jurisdiction.

12.3. In particular, this Agreement is subject to the rules and regulations promulgated by the Federal Energy Regulatory Commission in Part 284 of 18 Code of Federal Regulations which rules and regulations govern and permit transactions such as the one contemplated herein.

ARTICLE XIII.    TRANSFER AND ASSIGNMENT

Any company which shall succeed by purchase, merger or consolidation to the properties, substantially as an entirety, of Delta or of Columbia, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement. Either Delta or Columbia may, without relieving itself of its obligations under this Agreement, assign any of its rights and obligations hereunder to a corporation with which it is affiliated at the time of such assignment. Otherwise no assignment of this Agreement or any of its rights or obligations hereunder shall

be made by Delta or Columbia without the written consent of the other first obtained. However, the provisions of this Article shall not in any way prevent either party to this Agreement from pledging or mortgaging its rights hereunder as security for its indebtedness. This Agreement shall be binding upon and shall inure to the benefits of the respective successors and assigns of the parties hereto.

WITNESS the signatures and seals of the parties hereto, hereunto subscribed and affixed as of the day and year first hereinabove written.

Attest:

M. C. Beattie

DELTA NATURAL GAS COMPANY, INC.

By Bruce L. Hunt  
Vice President

Attest:

James H. Keith  
Assistant Secretary

COLUMBIA GAS TRANSMISSION CORPORATION

By A. M. Bennett  
Vice President

STATE OF KENTUCKY

COUNTY OF CLARK, to wit:

I, a notary of said county, do certify that BRUCE L. HANSEN, who signed the writing hereto annexed for DELTA NATURAL GAS COMPANY, has this day in my said county, before me, acknowledged the said writing to be the act and deed of said corporation.

Given under my hand this 17<sup>th</sup> day of MAY, 1982.

My commission expires Jan. 10, 1983.

Lynne J. Sharp  
Notary Public  
STATE AT LARGE

STATE OF WEST VIRGINIA

COUNTY OF KANAWHA, to wit:

I, a notary of said county, do certify that R. M. BENNETT, who signed the writing hereto annexed for COLUMBIA GAS TRANSMISSION CORPORATION, has this day in my said county, before me, acknowledged the said writing to be the act and deed of said corporation.

Given under my hand this 20<sup>th</sup> day of May, 1982.

PHYLLIS N. SNIDOW  
NOTARY PUBLIC  
My Commission Expires Sept. 8, 1991

My commission expires \_\_\_\_\_

Phyllis N. Snidow  
Notary Public