

Name Covington Independent
Address 25 E. 7th
Date 2-15-77
Account No. 11-1150

PROPANE SERVICE AGREEMENT

AGREEMENT

AGREEMENT made and entered into as of this 15th day of February, 1977, by and between THE UNION LIGHT, HEAT AND POWER COMPANY, a corporation organized and existing under the laws of the Commonwealth of Kentucky (the "Company"), and Covington Indep. Schools (herein called "Customer").

W I T N E S S E T H:

WHEREAS, Customer is an existing industrial customer purchasing natural gas from the Company; and

WHEREAS, Customer is within the non-domestic using over 50 MCF/day class in Company's Curtailment Plan for Management of Available Gas Supplies as approved by the Public Service Commission of Kentucky ("PSCKy"); and

WHEREAS, the Company owns and operates liquid propane storage and vaporization facilities; and

WHEREAS, Customer has or will purchase quantities of liquid propane having National Gas Processors Association's liquefied petroleum gas specifications for propane HD-5; and

WHEREAS, Customer desires the Company to vaporize liquid propane and thereafter deliver it to Customer on a displacement basis in addition to that volume of natural gas scheduled to be delivered to it pursuant to the Company's curtailment program as approved by the PSCKy; and

WHEREAS, the Company is willing to vaporize liquid propane at its propane facilities and thereafter to deliver such vaporized

propane gas by displacement to Customer for its consumption at the rate of 11.5 U.S. gallons of propane per MCF of gas;

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth below, the Company and Customer agree as follows:

1. Customer shall furnish to the Company proof satisfactory to the Company that Customer has purchased and thereafter will deliver to the Company the amount and quality of liquid propane required under this Agreement.

2. The volume of vaporized propane gas to which Customer shall be entitled by displacement pursuant to this Agreement, shall be determined separately for the winter and summer curtailment seasons (the "Winter Curtailment Season" comprising the months November through March, and the "Summer Curtailment Season" comprising the months April through October). Not less than 60 days prior to the beginning of each Curtailment Season, the Company shall furnish to Customer a schedule setting forth the Company's then-best estimate of the curtailments to be imposed upon Customer during the Curtailment Season. Not less than 30 days prior to the beginning of each Curtailment Season, Customer shall furnish to the Company a schedule setting forth the amount of vaporized propane gas which Customer desires the Company to vaporize and deliver by displacement during the Curtailment Season. Such schedule shall set forth Customer's best estimate of the total deliveries of vaporized propane gas which will be required by Customer for each month during the Curtailment Season.

3. On or before the 20th day of each month during the term of this Agreement, Customer shall deliver to the Company a statement setting forth the amount of vaporized propane gas which Customer desires the Company to deliver to it by displacement during the next following billing period. If any propane shall be vaporized pursuant to direction by Customer and thereafter if such propane shall not be consumed through displacement by Customer during the balance of the then-current Curtailment Season, Customer shall have no right to such vaporized propane gas, and the Company's obligation to deliver the same to Customer, by displacement, shall cease and terminate at the end of such Curtailment Season.

4. The Company shall deliver to Customer by displacement at its existing delivery points the amount of vaporized propane specified in Customer's statement to the Company for delivery during each billing period. The Company shall not produce or deliver propane gas by displacement pursuant to this Agreement when the Company requires its propane gas production facilities for peak shaving purposes and the Company shall not be liable for failure to supply gas by displacement or for delay in supplying gas by displacement when due to acts of God, strikes or other labor difficulties, acts of public enemy, blockades, insurrections, riots, epidemics, fires, floods, washouts, civil disturbances, explosion, wreckage or accidents to machinery or pipelines, freezing of equipment or any other cause whether of the kind herein enumerated or otherwise beyond the reasonable control of the Company.

5. Upon receipt of invoice from the Company, Customer shall pay to the Company 43.21¢ for each MCF of propane gas vaporized for it during the ^{July} billing period. This invoice shall be payable 14 days from its date. When not so paid it will be subject to a 5% late payment charge. The charge of 43.21¢ ^{July} for each MCF above referred to may be revised by the Company upon 30 days written notice to the Customer. Such revisions shall be limited to the amount of increased costs which the Company shall incur after the date of this Agreement in providing the services hereunder.

6. Upon demand by the Company, Customer shall deliver to the storage facilities of the Company that amount of liquid propane requested by the Company, based upon the amount of propane gas vaporized for the Customer. Title to such liquid propane shall be vested in the Company upon delivery by Customer. Customer shall make no deliveries to the Company of less than 8,000 gallons of liquid propane, and deliveries of liquid propane shall be received at the storage facilities as designated by the Company. All deliveries shall be made in Customer's name. The Company shall have the right to reject any quantity of liquid propane which in its opinion does not meet the specifications of the National Gas Processors Association's liquefied petroleum gas specifications for propane HD-5 and Customer immediately shall supply to the Company substitute quantities of propane for the rejected volumes. It is expressly agreed by the Company and Customer that it is the intent of this Agreement that all liquid propane delivered to the Company shall be vaporized and delivered

to Customer by displacement as set forth herein. Accordingly, it is expressly agreed that (a) Customer shall not be treated or construed as a supplier or propane to the Company, (b) the Company shall not file any application or request with PSCKy, the Federal Energy Administration, or any other governmental or quasi-governmental body for assignment of a propane allocation from Customer.

7. All units of volumetric measurement for liquid propane under this Agreement shall be in standard U.S. gallons of liquid propane. The term "MCF" as used in this Agreement shall be equal to or represent 1,000 standard cubic feet of natural gas at a pressure base of 14.73 pounds per square inch absolute and at a temperature of 60° Farenheit.

8. Nothing in this Agreement shall be construed to alter, modify or change conditions of normal gas deliveries pursuant to tariffs, contracts or curtailment priorities imposed from time to time upon the Company's customers pursuant to regulatory orders, requirements, or sanctions. All service provided and deliveries made hereunder shall be subject to the Company's Rules and Regulations of its gas tariff on file with PSCKy and also subject to the rules, orders and regulations of the Federal Energy Administration and/or other governmental authorities having jurisdiction.

9. This Agreement shall not be assigned by either party without the written consent of the other.

10. This Agreement will continue in force until cancelled by either party by giving 180 days notice in writing of the intent to terminate this Agreement.

11. This Agreement is subject to approval by and subsequent orders of PSCKy and all other governmental authorities having jurisdiction, and performance pursuant to this Agreement on the part of the Company and Customer is conditioned upon usch approvals.

IN WITNESS WHEREOF, the Company and Customer have executed this Agreement as of the first day and year set forth above.

CUSTOMER:

THE UNION LIGHT, HEAT and POWER COMPANY

Name Covington Indep. Schools By M. W. Miller
Manager, Gas Commercial Department

By Jerry A. Blake

Title Superintendent