

G A S S E R V I C E C O N T R A C T

G R E A T L A K E S C A R B O N C O R P O R A T I O N O F K E N T U C K Y

I N D U S T R I A L H I G H W A Y

F L O R E N C E , K E N T U C K Y

THIS AGREEMENT, made and entered into this 21st day of January, 1963, by and between THE UNION LIGHT, HEAT AND POWER COMPANY, a corporation organized and existing under the laws of the Commonwealth of Kentucky, hereinafter called "COMPANY", and the GREAT LAKES CARBON CORPORATION OF KENTUCKY, a corporation organized and existing under the laws of the State of Delaware, hereinafter called "CUSTOMER", WITNESSETH:

WHEREAS: Customer desires to use gas in its plant in Florence, Kentucky and Company is willing to supply such gas; and

WHEREAS: Customer represents to Company that it anticipates it will make use of gas in its manufacturing operations at its plant to the extent of approximately 2,500 MCF per day and 250,000 MCF per year, subject to normal fluctuations;

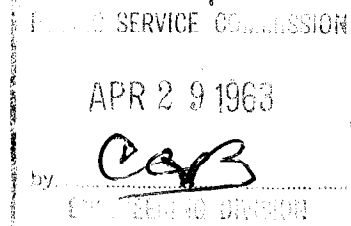
NOW THEREFORE, in consideration of their mutual promises, Customer agrees to purchase and pay for and Company agrees to supply Customer's gas requirements of Customer's plant located at Industrial Highway, Florence, Kentucky, on the following terms and conditions:

(1) DEFINITIONS:

- (a) "Contract Demand" shall mean that number of thousand cubic feet of gas (MCF) which Customer may use daily, pay for under the filed rate, and which shall not be subject to termination or curtailment, except as in paragraph 2 (a) below. It is mutually agreed that the Contract Demand of Customer shall be zero (0) MCF, subject, however, to be increased as provided in paragraph 2 (c) below.
- (b) "Base Use" shall mean the Contract Demand, as defined above, multiplied by thirty (30).
- (c) "Excess Gas" and "Off-Peak Gas". These terms may be used interchangeably and both shall mean the total number of thousand cubic feet of gas used in excess of the Contract Demand and/or Base Use of Customer.
- (d) "Point of Delivery" shall be the outlet on Company's meter or measuring device.

(2) TERMINATION AND CURTAILMENT:

- (a) Termination - The entire amount of gas supplied hereunder may be curtailed or terminated by Company (1) whenever emergency conditions endanger gas service to Company's residential customers, or (2) whenever Company is ordered to do so by any regulatory authority having jurisdiction.



- (b) Curtailment - Company may request Customer to discontinue its use of Off-Peak gas until further notice whenever in the opinion of Company it can no longer supply Customer with Off-Peak gas without increasing Company's Billing Demand under the tariff of its supplier or without operating its peak load manufacturing facilities. Customer shall curtail its usage, as requested by Company, within three (3) hours from the time Customer receives notification of such request.
- (c) Failure to Curtail - Customer agrees that the representatives of Company may enter the premises of Customer at any time for the purpose of reading meters and inspection to ascertain if Customer is complying with the request of curtailment. If Customer should fail to comply with such curtailment request, Company may, at its option, increase the then current Contract Demand by the amount of Off-Peak gas used during any 24 hour period that Customer refuses or fails to curtail its use of Off-Peak gas. Such increase in Contract Demand shall be effective for the next billing period and shall remain in effect until exceeded or until changed by mutual consent on November 1st of any year. If a request for partial curtailment of Off-Peak gas is made, the Contract Demand shall not be increased by the amount of Off-Peak gas which Customer is permitted to use.

(3) RATE:

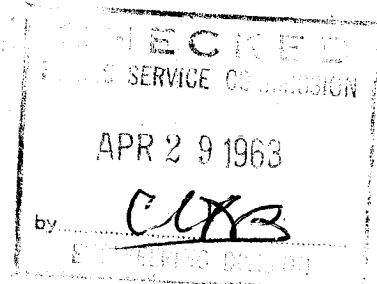
The following three part rate applies:

- (a) Base Rate - The base rate applicable to Customer's Base Use is Company's standard rate for gas service currently in force and effect and contained in the schedule "G-2 effective April 5, 1960," on file with the Public Service Commission, copy of which is attached hereto and made part hereof.

If during the life of this contract, the regulatory body having jurisdiction shall authorize changes in the filed rate attached to this Agreement, Customer hereby agrees to pay for such base gas service at the higher or lower rates from and after the date when such superseding rates are made effective.

- (b) Winter Off-Peak - The winter off-peak rate applicable to Customer's Excess Use in any billing month, during the winter period from November 1 to March 31, inclusive, is:

First 50,000 MCF at 47¢ per MCF
Additional MCF at 41¢ per MCF



Plus or minus an adjustment of 1/4 cent per MCF for each 1/4 cent per MCF by which the commodity portion of the average cost of the natural gas purchased by Company in the preceding month is more or less than the commodity portion of the average cost of such gas calculated at suppliers' rates in effect January 1, 1950.

- (c) Summer Off-Peak Rate - The summer off-peak rate applicable to gas used in any billing month during the summer period from April 1 to October 31, inclusive, in excess of Base Use is:

First 50,000 MCF at 40¢ per MCF
Additional MCF at 33¢ per MCF

Plus or minus an adjustment of 1/4 cent per MCF for each 1/4 cent per MCF by which the commodity portion of the average cost of the natural gas purchased by Company in the preceding month is more or less than the commodity portion of the average cost of such gas calculated at suppliers' rates in effect January 1, 1950.

- (d) Minimum Bill - The minimum monthly bill which customer agrees to pay shall be 25% of the cost of Customer's Base Use gas or \$1,500.00, whichever amount is larger. The minimum bill shall be waived by Company for any billing period in which Customer complies with a request for curtailment of Customer's Contract Demand as provided in paragraph 2 (a), or any billing period during which curtailment exceeds ten (10) days when curtailment is requested as provided in paragraph 2 (b).

(4) QUALITY OF GAS:

The gas to be delivered hereunder shall be natural gas of the quality and characteristics as received by Company from the natural gas transmission companies from which it receives its supply for delivery to its customers in this territory with such odorants added as Company may deem necessary, provided, however, that during periods of peak demand or emergencies said natural gas may be augmented and mixed with "high heating Value" manufactured gas and/or "Liquified Petroleum" gas, as produced in Company's plant or plants.

(5) MEASUREMENT:

The unit of measurement for all gas delivered hereunder shall be that quantity of gas which will occupy one cubic foot at an absolute pressure of 14.73 pounds per square inch (30" Hg) and at a temperature base of 520 degrees absolute ~~(60°F.)~~. In all computations in which atmospheric pressure is a factor, the atmospheric pressure shall be assumed to be 14.73 pounds per square inch.

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by

[Signature]

REGULATORY DIVISION

Where the installation of a recording thermometer is provided, the arithmetic average of the temperature of the gas flowing through the meters, as recorded, shall be used in computing gas volumes.

In computing gas volumes, adjustment factors for the deviation from Boyle's law shall be calculated from standard tables.

(6) MEASURING EQUIPMENT:

- (a) Location - All measuring and metering equipment shall be installed by Company, and shall be and remain the property of Company. Such equipment shall be located at Industrial Highway east of U.S. Route 25, Florence, Kentucky, or at such other locations as may be mutually agreed upon.
- (b) Access to Meters - Both Company and Customer shall have the right of access to meters and measuring equipment at all times.
- (c) Calibration and Test of Meters - The accuracy of Company's equipment shall be verified by Company at reasonable intervals and if requested, in the presence of representative of Customer, but Company shall not be required to verify the accuracy of such equipment more frequently than twice per year. Should Customer desire tests more frequently than twice per year, tests will be made at Customer's expense if the gas meters prove accurate within 2%.
- (d) Correction of Metering Errors - If, upon any test, any measuring equipment is found to be in error not more than 2%, previous recordings of such equipment shall be considered accurate in computing deliveries hereunder; but such equipment shall be adjusted at once to record accurately. If upon any test, measuring equipment shall be found to be inaccurate by an amount exceeding 2%, at a flow rate corresponding to the average hourly rate of gas flow for the period since the last previous test, recordings of such equipment shall be corrected to zero for any period which is known or definitely agreed upon, but in case the period is not known definitely or agreed upon, such correction shall be for the current billing period only.
- (e) Failure of Measuring Equipment - In the event any measuring equipment is out of service, and the volume delivered cannot be determined by meter readings, deliveries through such equipment shall be estimated from such data as may be available, including Customer's records.

SERVICE COMMISSION
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by *CSB*

(7) DELIVERY PRESSURE:

Company will use reasonable effort to deliver gas to the Point of Delivery at a pressure of five (5) pounds per square inch. It is understood that in times of emergency and/or high demand delivery, pressure may fall below the above-mentioned pressure, therefore, nothing herein shall be construed as implying a warranty by Company as to gas pressure.

(8) BILLING AND PAYMENT:

Company shall render a bill to Customer each month in accordance with normal meter reading schedules and billing dates showing the total amount of gas delivered during said month and amount due.

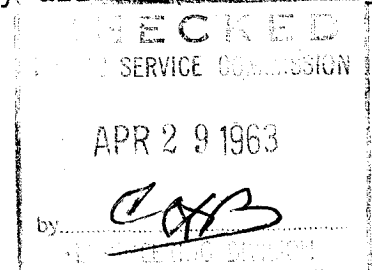
Payment shall be made within fourteen (14) days after the rendition of above bill. If any bill is not paid within fourteen (14) days following the date of rendition, five per cent (5%) will be added to the charges; provided further, should said bill remain unpaid for a period of thirty (30) days after notice from Company, Company may at its option and without liability therefore suspend service to Customer after having given notice in writing of its intention so to do, but such suspension of supply of gas for such case shall not discharge or acquit Customer from its obligation to pay such bill or any obligation under this Agreement, nor shall such suspension exclude Company from any other rights or remedies it may have at law or in equity to enforce any of the provisions of this Agreement.

(9) TERM OF SERVICE AGREEMENT:

The term of this Agreement shall start as of February 12, 1963, and shall terminate on October 1st, 1964; it shall be self-renewing from year to year thereafter for one year periods, unless terminated by either party by the giving of written notice to the other party not less than thirty (30) days prior to the expiration of the Agreement, or not less than thirty (30) days prior to the expiration of any renewal period.

(10) FORCE MAJEURE:

Neither Company nor Customer shall be liable in damages to the other for any act, omission or circumstance occasioned by or in consequence of any acts of God; strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, wash-outs, arrests, and restraints of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal



means, and any other cause, whether of the kind herein enumerate or otherwise, not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. Such causes or contingencies affecting the performance under this Agreement by either Company or Customer, however, shall not relieve them or either of them of the use of due diligence to remedy the situation and remove the cause in an adequate manner with all reasonable dispatch, nor shall such causes or contingencies affecting such performance relieve Customer from his obligation to make payments of amounts then due hereunder in respect of gas heretofore delivered.

(11) DIVISION OF RESPONSIBILITY:

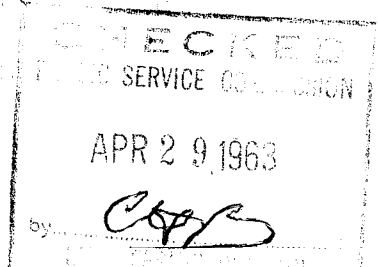
Customer shall have no responsibility with respect to any gas before its delivery at the Point of Delivery or on account of anything which may be done, happen or arise with respect to said gas before such delivery, and Company shall have no responsibility with respect to said gas after its delivery to Customer or on account of anything which may be done, happen or arise with respect to said gas after such delivery.

(12) HOLD HARMLESS CLAUSE:

Customer agrees to assume, indemnify and save harmless Company from and against any and all liability, loss, costs, attorney fees, or expense of whatever nature or character, arising out of or occasioned by any claim, demand, or suit for damages or other relief, on account of injury to or death of any person or damage to any property, caused by, growing out of, or in any manner attributable to the gas piping on Customer's premises or the use of the gas by Customer, its employees, agents, servants, contractors, invitees or licensees, unless such injury or damage shall be judicially found to be attributable to the sole negligence of Company.

(13) REGULATORY AUTHORITY:

This Agreement is made in all respects subject to the terms and provisions of The Public Service Commission Act of the Commonwealth of Kentucky and acts amendatory thereto, to the jurisdiction and authority of The Public Service Commission of the Commonwealth of Kentucky and any other regulatory body having jurisdiction and to the general service rules and regulations of Company currently in effect from time to time. Nothing herein contained shall be construed as divesting or attempting to divest said Commission of any of its right, jurisdiction, powers or authority conferred upon said Commission by law.



(14) NOTICE:

Any notice required by this Agreement shall be deemed to have been given if given to any officer of the other party. However, specific individuals other than officers may, from time to time, be designated as authorized to receive notices. Notice of curtailment may be given orally, either in person or by telephone.

(15) This Agreement shall be binding on, and inure to, the successors and assigns of the parties hereto and supersedes and cancels all previous gas service agreements except for obligations incurred by Customer to make payment of amounts due in respect to gas heretofore delivered.

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

"COMPANY"

"CUSTOMER"

THE UNION LIGHT, HEAT AND POWER CO.

GREAT LAKES CARBON CORPORATION
OF KENTUCKY

By:

Newton C. Wenger

By:

Richard S. Funk *RF*

Title:

Manager, Gas Sales

Title:

assistant Secretary

Date Executed

February 15, 1963

Date Executed

Jan. 21, 1963

