

NATURAL GAS TRANSPORTATION AGREEMENT

THIS NATURAL GAS TRANSPORTATION AGREEMENT, hereinafter "Agreement", is made and entered into this 5 day of August 1985, by and between SOUTHWIRE COMPANY, a GEORGIA corporation, hereinafter "Southwire", and TEXAS AMERICAN ENERGY CORPORATION, by and through its unincorporated division, PUBLIC SERVICE COMMISSION OF KENTUCKY Gas Company, a Delaware corporation, hereinafter "Western".

DEC 20 1988

WITNESSETH PURSUANT TO KRS 5.011, SECTION 9(1)

BY: [Signature]
PUBLIC SERVICE COMMISSION MANAGER

WHEREAS, Southwire has contracted to purchase natural gas for use at its existing facility located at Hawesville, Kentucky, Hancock County, Kentucky, from sources other than Western; and,

WHEREAS, Southwire desires to have said natural gas transported by way of Western's natural gas distribution system to the above-mentioned facility; and,

WHEREAS, Western is agreeable to transporting said natural gas to the above-mentioned facility pursuant to the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the premises and mutual covenants hereinafter set out, Southwire and Western hereby covenant and agree as follows:

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

ARTICLE I

DEFINITIONS

DEC 20 1988

PURSUANT TO 207 KAR 5:011,
SECTION 9(1)

1. The following definitions shall apply to this

BY: [Signature]
PUBLIC SERVICE COMMISSION MANAGER

Agreement:

- a. "Point(s) of Receipt" shall mean the location(s), as specified in Exhibit "A" attached hereto, at which the natural gas to be transported under this Agreement first enters the natural gas distribution system owned and/or controlled by Western.
- b. "Point(s) of Delivery" shall mean the location(s), as specified in Exhibit "A" attached hereto, at which the natural gas transported under this Agreement leaves the natural gas distribution system owned and/or controlled by Western and enters into pipes owned and/or controlled by Southwire.
- c. "Legally Effective Rate" shall mean Western's General Transportation Rate T-2 as filed with the Public Service Commission of Kentucky. A copy of said Tariff in effect as of the effective date of the Agreement is attached hereto and marked Exhibit B.
- d. "Mcf" shall mean one thousand (1,000) cubic feet of natural gas as determined pursuant to the terms of the measurement basis as set forth in paragraph two (2) of Article II herein.
- e. "Month" shall mean a period beginning at 8:00 a.m., local time, on the first day of a calendar month and ending at 8:00 a.m., local time, on the first day of the next succeeding calendar month.
- f. "Day" shall mean a period of twenty-four (24) consecutive hours beginning and ending at 8:00 a.m. local time.

- g. "Receive" and/or "Received" shall mean to take or to have taken into possession and/or control. In the case of the natural gas to be transported under this Agreement, said natural gas shall be deemed to be received when said natural gas first enters the natural gas distribution system owned and/or controlled by Western at the Point(s) of Receipt.
- h. "Transport" and/or "Transported" shall mean to carry or convey or to have carried or conveyed the natural gas covered by this Agreement by and through the natural gas distribution system owned and/or controlled by Western from the Point(s) of Receipt to the Point(s) of Delivery.
- i. "Deliver" and/or "Delivered" shall mean to give or to have given possession and/or control. In the case of the natural gas to be transported under this Agreement, said natural gas shall be deemed to be delivered when said natural gas passes from the natural gas distribution system owned and/or controlled by Western into pipes or other structures owned and/or controlled by Southwire at the Point(s) of Delivery.

PUBLIC SERVICE COMMISSION
OF KENTUCKY

ARTICLE II

TRANSPORTATION SERVICE

DEC 20 1988

RECEIVED JAN 5:011,
SECTION 9 011
[Signature]
PUBLIC SERVICE COMMISSION MANAGER

1. Western agrees to receive at the Point(s) of Receipt those volume(s) of natural gas owned by Southwire, and to transport and deliver the same to and at the Point(s) of Delivery.
2. The unit of volume of the natural gas subject to this Agreement shall be as determined in Western's "Rates, Rules and Regulations for Furnishing Natural Gas" as filed with the Public Service Commission of Kentucky.

3. Southwire warrants that the natural gas received, transported and delivered by Western under this Agreement is owned by Southwire and is free from all liens and adverse claims, including liens to secure payment of production and/or severance taxes, and any and all other taxes of whatever nature. Southwire agrees to release, indemnify and hold harmless Western from any and all liability from any suit, action, loss and expense arising from or out of adverse claims of any and all parties to said natural gas. In addition, Southwire agrees to release, indemnify and hold harmless Western from any and all liability for any royalty, tax, license fee or charge on the natural gas covered by this Agreement which are or may be applicable thereto before said natural gas transported under this Agreement is delivered to Western at the Point(s) of Receipt, or which may be levied and/or assessed thereon during the period in which ~~PUBLIC SERVICE COMMISSION~~ OF KENTUCKY is transported under this Agreement.

DEC 20 1988

ARTICLE III

PURSUANT TO KRS 202.011,
SECTION 9(1)

SCHEDULING

BY: [Signature]
PUBLIC SERVICE COMMISSION MANAGER

1. Southwire shall furnish Western with a schedule of the monthly volume(s) of natural gas it desires to have transported under the terms of this Agreement at least ten days prior to the commencement of said month. In addition, such schedules shall show the daily volume(s) Western will receive at the Point(s) of Receipt hereunder.

2. Southwire shall give Western at least twenty-four (24) hours notice prior to the commencement of any day in which Southwire desires to change any volume(s) previously furnished under paragraph one (1) of this Article III. Western may waive this notice requirement upon written request if, in its sole judgment, operating conditions permit.

3. It is the intent of the parties hereto that the natural gas Southwire causes to be received by Western at the Point(s) of Receipt hereunder shall be as nearly as possible at uniform hourly rates. Departures from scheduled deliveries by Southwire shall be kept to the minimum permitted by the operating conditions of the natural gas distribution system owned and/or controlled by Western.

PUBLIC SERVICE COMMISSION
OF KENTUCKY

ARTICLE IV

RATES

DEC 20 1988

PURSUANT TO KRS 201.1, SECTION 9(2)

BY: [Signature]
PUBLIC SERVICE COMMISSION MANAGER

1. Southwire agrees to pay Western for the natural gas transported and delivered to and at the Point(s) of Delivery hereunder at Western's Legally Effective Rate in effect at the times of delivery.

2. For purposes of paragraph one (1) of this Article IV, the volumes of natural gas transported and delivered hereunder shall be measured at the Point(s) of Delivery.

3. Western shall render Southwire an invoice on or before the fifteenth (15th) day of each month indicating the amount(s) due under paragraph one (1) of this Article IV. Southwire shall pay Western within ten (10) days of receipt of said invoice the amount indicated as due therein. In the event Southwire fails to pay all of the amount of any invoice within ten (10) days, Southwire shall be liable for interest on the unpaid amount, with said interest accruing at the then effective prime interest rate according to Citizens Fidelity Bank & Trust Company, Louisville, Kentucky, from the due date until paid.

4. Notwithstanding the foregoing, it is recognized by the parties hereto that imbalances may exist between the volume(s) of natural gas owned by Southwire and received by Western under this Agreement, and the volume(s) Western transports and delivers to and at the Point(s) of Delivery, whether such latter volumes(s) are subject to this Agreement or otherwise.

PUBLIC SERVICE COMMISSION
OF KENTUCKY

DEC 20 1988

a. If at the end of any billing period those volume(s) of natural gas owned by Southwire and received by Western under this Agreement exceeds those volume(s) Western has transported and delivered to and at the Point(s) of Delivery during such billing period, such excess shall be deemed to be transported and delivered hereunder during the next succeeding billing period. As to any such excess in existence as of the termination date of this Agreement, Western agrees to pay Southwire its, Western's, company-wide average suppliers' commodity rate corresponding with its effective Purchased Gas Adjustment as of the termination date for such excess.

PURSUANT TO ORDER NO. 8011,
SECTION 9.11
[Signature]
PUBLIC SERVICE COMMISSION MANAGER

- b. If at the end of any billing period those volumes(s) of natural gas owned by Southwire and received and delivered by Western hereunder during such month is less than the total volumes(s) Western has delivered during such billing period, whether subject to this Agreement or otherwise, Southwire agrees to pay Western the latter's applicable tariff as filed with the Public Service Commission of Kentucky, for the particular type of service rendered.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

ARTICLE V

DEC 20 1988

CONDITIONS PRECEDENT

PURSUANT TO KRS 150.011,
SECTION 9(1)

BY: George H. Hill
PUBLIC SERVICE COMMISSION MANAGER

1. It is a condition precedent of this Agreement that Southwire and Western execute, either simultaneously herewith or within ten (10) days of the date first hereinabove written, an Agency Agreement which provides, inter alia, that Western act as agent for Southwire in the negotiation and execution of any and all contracts and/or agreements necessary to provide for the transportation of the natural gas owned by Southwire from the Point of Sale, as defined in that certain Agreement dated 5 August, 1985, by and between Southwire, as Purchaser, and EnTrade Corporation, as Seller, to the Point(s) of Receipt. In the event Western and Southwire fail to execute said Agency Agreement within the ten (10) day period as set out above, and/or should Western be unsuccessful in negotiating and executing any contracts and/or agreements for the transport of said natural gas to the Point(s) of Receipt hereunder, this Agreement shall be null and void.

ARTICLE VI

FORCE MAJEURE

1. Southwire agrees to indemnify and hold harmless Western for any loss suffered by Southwire as a result of any failure, shortage, or interruption of deliveries of the natural gas covered by this Agreement due to Force Majeure. Force Majeure shall include, but not be limited to, acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, tornados, fires, storms, floods, washouts, arrests and restraints of rulers and people, civil disturbances, explosions, breakages or accidents to gas transmission and/or distribution lines, or any other cause, whether of the kind herein enumerated or not, not within the control of Western, and which, by exercise of reasonable care, Western is unable to prevent or overcome, and whether occurring within Western's distribution system or on the transmission lines through which the natural gas covered by this Agreement is delivered to the Point(s) of Receipt to Western.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
OFFICE

DEC 20 1988

PURSUANT TO KAR 8:011,
SECTION 9(1)

BY: George A. Blevins
PUBLIC SERVICE COMMISSION MANAGER

DEC 20 1988

ARTICLE VII

PURSUANT TO KRS 172.011,
SECTION 4(1)

EFFECTIVE AND TERMINATION DATES

BY: *[Signature]*
PUBLIC SERVICE COMMISSION MANAGER

1. This Agreement shall be effective as of the day and date first hereinabove written, and, unless otherwise terminated pursuant to paragraph three (3) of this Article VII, shall remain in full force and effect for so long thereafter as natural gas owned by Southwire is received, transported and delivered by Western to and at the Point(s) of Delivery.

2. Notwithstanding the foregoing, Southwire and Western acknowledge that this Agreement shall continue in full force and effect if and only if all regulatory approvals and consents are obtained and continue in effect during the term hereof from any and all governmental agencies deemed necessary by Southwire and Western to consummate all transactions contemplated by this Agreement, including those transactions referred to in paragraph one (1) of Article V herein, all of such consents and approvals being in a form and substance satisfactory to both Southwire and Western.

3. Either party may terminate this Agreement by giving the other party hereto written notice at least forty-five (45) days prior to the effective date of such termination.

ARTICLE VIII

MISCELLANEOUS

1. All of the Terms and Conditions contained in Western's Transportation Tariff Rate T-2 are hereby incorporated by reference herein and made an integral and material part of this Agreement.

2. Any notice, request, demand, statement, bill, or invoice provided for in this Agreement shall be in writing and shall be considered as received when mailed by registered mail to the post office address of the parties hereto as follows:

a. If to Western -

Western Kentucky Gas Company
P.O. Box 866
Owensboro, KY 42302
ATTN: Jack W. Reynolds,
Manager - Gas Supply

PUBLIC SERVICE COMMISSION
OF KENTUCKY

DEC 20 1988

PURSUANT TO KRS 192.011,
SECTION 9(1)
BY: James A. Hill
PUBLIC SERVICE COMMISSION MANAGER

b. If to Southwire -

SOUTHWIRE COMPANY
150 FERTILLA STREET
CARROLLTON, GEORGIA 30119
ATTN: Jim Clarkson
Corp. Energy Manager

3. The address of either party to this Agreement may, from time to time, be changed by the party so changing mailing appropriate notice thereof to the other party.

4. Southwire shall not assign this Agreement or any of its underlying rights and/or obligations without the prior written consent of Western.

5. No waiver by any party of any one or more defaults by the other in the performance of any duty or obligation under this Agreement shall operate or be deemed a waiver as to any future default or defaults.

6. This Agreement represents the complete, exclusive and entire understanding of the parties hereto with regard to the natural gas owned by Southwire and received, transported and delivered by Western hereunder. This Agreement may be amended only by written instrument signed by both Southwire and Western.

7. This Agreement shall be governed by the laws of the Commonwealth of Kentucky.

PUBLIC SERVICE COMMISSION
OF KENTUCKY

DEC 20 1988

PURSUANT TO KRS 201.1,
SECTION 9(1)
BY: James H. Hill
PUBLIC SERVICE COMMISSION MANAGER

IN TESTIMONY WHEREOF, witness the hands of the parties hereto this the day and date first hereinabove written.

ATTEST:

SOUTHWIRE COMPANY

By: James H. Clarkson
Title: Corp. Energy Manager

By: Frank Holladay
Title: Senior VP Engineering & Energy

ATTEST:

TEXAS AMERICAN ENERGY CORPORATION
by and through its unincorporated
division,
Western Kentucky Gas Company

By: [Signature]
Title: Asst. Secretary

By: [Signature]
Title: Vice President
Gas Utility Operations

PUBLIC SERVICE COMMISSION
OF KENTUCKY

DEC 20 1988

PURSUANT TO KRS 8:011,
SECTION 9(1)
BY: [Signature]
PUBLIC SERVICE COMMISSION MANAGER

EXHIBIT A

Points of Receipt and Delivery

1. Point of Receipt:

2. Point of Delivery:

PUBLIC SERVICE COMMISSION
OF KENTUCKY

DEC 20 1988

PURSUANT TO KRS 5:011,
SECTION 9(1)

BY: George A. Miller
PUBLIC SERVICE COMMISSION MANAGER

For Entire Service Area
Community, Town, or City

P. S. C. No. 16

First {Original} SHEET No. 13A
{Revised}

Cancelling P. S. C. No. 16

{Original} SHEET No. 13A
{Revised}

WESTERN KENTUCKY GAS COMPANY

Name or Issuing Corporation

CLASSIFICATION OF SERVICE

GENERAL TRANSPORTATION TARIFF RATE 1-2 PUBLIC SERVICE COMMISSION OF KENTUCKY

1. Applicable:

Entire service area of the Company.

DEC 20 1988

PURSUANT TO KRS 202.011, SECTION 9 (1)

2. Availability of Service:

Available to customers who have purchased their own natural gas supply and require transportation through interstate and/or Company pipelines to the point of utilization, subject to suitable service being available from existing facilities.

BY: [Signature]
PUBLIC SERVICE COMMISSION MANAGER

3. Rate:

In addition to any charges assessed by other parties there will be applied a Company Transportation Charge which shall be calculated as the sum of:

- A. The Company's approved rate for the applicable sales tariff, including the Purchased Gas Adjustment but not including any Refund Factor, less
- B. The Company-wide average supplier's commodity rate corresponding with its effective Purchased Gas Adjustment.

Any volumes used by the customer in excess of the Transportation volumes will be billed at the rate specified in the applicable rate schedule.

4. Terms and Conditions:

- A. Specific details relating to volumes, delivery points and other matters shall be covered by a separate contract with the individual customer.
- B. Gas transported under this rate schedule is subject to the same interruptible provisions as those contained in the applicable sales rate tariff.

DATE OF ISSUE April 16, 1985
month day year

DATE EFFECTIVE May 6, 1985
month day year

For Entire Service Area

Community, Town or City

P. S. C. No. 16

First {Original/Revised} SHEET No. 13B

Cancelling P. S. C. No. 16

{Original/Revised} SHEET No. 13B

WESTERN KENTUCKY GAS COMPANY

Name or Issuing Corporation

CLASSIFICATION OF SERVICE

GENERAL TRANSPORTATION TARIFF RATE T-2

4. Terms and Conditions: (Continued)

- C. The Company will not be obligated to deliver a total supply of gas to a customer in excess of that customers contracted volumes.
- D. It shall be the customer's responsibility to make all necessary arrangements including regulatory approval required to deliver gas transported under this tariff to the facilities of the Company.
- E. The Company reserves the right to refuse to accept gas that does not meet the Company's quality specifications.
- F. The rules and regulations and orders of the PSC and of the Company and the Company's Terms and Conditions applicable to industrial sales shall apply to this Tariff and all contracts thereunder.

PUBLIC SERVICE COMMISSION OF KENTUCKY

DEC 20 1988

PURSUANT TO KRS 201.1011, SECTION 9(1)

BY: [Signature] PUBLIC SERVICE COMMISSION MANAGER