

FILED

JOINT AMENDMENT NO. 1
TO NATURAL GAS TRANSPORTATION AGREEMENTS

DEC 06 1988
PUBLIC SERVICE
COMMISSION

This Joint Amendment No. 1 to those certain Natural Gas Transportation Agreements dated August 27, 1985 and August 5, 1985, respectively by and between National-Southwire Aluminum Company, a Delaware corporation and Southwire Company, a Georgia corporation, (hereinafter collectively referred to as "NSA" unless otherwise indicated) and Western Kentucky Gas Company, an unincorporated division of Atmos Energy Corporation, a Texas corporation, as successor in interest to Texas American Energy Corporation, (hereinafter referred to as "Western"), is hereby made and entered into as of the 2nd day of December 1988.

WITNESSETH: That whereas NSA and Western heretofore entered into those certain Natural Gas Transportation Agreements dated August 27, 1985 and August 5, 1985, respectively, true and correct copies of which ~~have been~~ ^{publicly stated charges} and incorporated herein by reference as Exhibits "A" and "B" (hereinafter referred to as the "Agreements"); and,

PUBLIC SERVICE COMMISSION
OF KENTUCKY
DEC 20 1988
PURSUANT TO KY STATUTE, SECTION 9.40
3. [Signature]
PUBLIC SERVICE COMMISSION MANAGER

WHEREAS, the Agreements were originally effective the 27th day of August, 1985 and the 5th day of August, 1985 respectively and remain effective and in full force and effect as of the date hereof; and,

WHEREAS, Southwire Company owns forty-five and one-half percent (45½%) of National-Southwire Aluminum Company and its mill is an integrated part of the National-Southwire Aluminum Company Complex; and,

WHEREAS, energy costs of electricity and natural gas account for approximately 52% of NSA's total average annual operating expense and it is critical that NSA substantially reduce its energy costs in order to remain competitive with world markets; and,

WHEREAS, if NSA does not substantially reduce its energy costs, extreme adverse consequences are likely to result, including declines in employment and potential plant shutdowns; and

WHEREAS, NSA is currently transporting all of its natural gas requirements on Western's system; and,

WHEREAS, NSA has a gas transmission line currently in place interconnecting its manufacturing facilities with the interstate pipeline of Texas Gas Transmission Corporation (hereinafter "TXG"); and,

PUBLIC SERVICE COMMISSION
OF KENTUCKY

WHEREAS, NSA accordingly has in place the facilities to effectuate a complete physical bypass of Western's system; and,

DEC 29 1988

PURSUANT TO KRS 263.011,
SECTION 9(1)
BY: James K. Bell
PUBLIC SERVICE COMMISSION MANAGER

WHEREAS, NSA believes that the transportation rate being charged by Western is excessive and has advised Western that unless Western reduces its transportation rate for interruptible service by at least the amount set forth hereinbelow, NSA will bypass Western's system; and,

WHEREAS, Western believes it to be in the best interest of all of its customers for NSA to remain on service even at the reduced transportation rate set forth below in light of the adverse consequences which would inure to Western and

its customers should NSA discontinue transporting gas on Western's distribution system; and,

WHEREAS, as a consequence of all of the foregoing and other unique and special circumstances, Western and NSA have agreed to enter into this Joint Amendment No. 1 to the [Natural Gas Transportation] Agreements;

NOW THEREFORE, [for and] in consideration of the foregoing [preambles], Western and NSA hereby covenant and agree as follows:

A. Western and NSA hereby agree to amend paragraph (1) of Article IV of the attached Agreements. Amended paragraph (1) of the aforesaid Article IV shall provide in both agreements as follows:

PUBLIC SERVICE COMMISSION
OF KENTUCKY
OFFICE

ARTICLE IV

DEC 20 1988

RATES

PURSUANT TO KRS 202.011,
SECTION 9(1)

BY: *[Signature]*
PUBLIC SERVICE COMMISSIONS MANAGER

(1a) Firm Transportation. As consideration for the transportation service rendered hereunder of the natural gas owned by NSA, NSA agrees to pay Western at Western's Legally Effective Rate for firm transportation service in effect at the time(s) of delivery.

(1b) Interruptible Transportation. As further consideration for the transportation service rendered hereunder of the natural gas owned by NSA, NSA agrees to pay Western at Western's Legally Effective Rate (G-3) in effect at the time(s) of delivery for interruptible transportation service less, however, thirty-one and 03/100 cents (\$.3103) per Mcf transported. Provided, however, it is expressly understood and agreed that at such time as the provisions of this subparagraph 1(b) become inapplicable or ineffective, whether by expiration of time as provided below, termination under any other term or provision of the Agreement, as herein amended, or otherwise, then, and upon the happening of any said event, Southwire Company and National-Southwire Aluminum Company agree to pay Western

at Western's applicable Legally Effective Rate (G-2 or G-3) for interruptible transportation service without the discount specified above. The provisions of this paragraph 1(b) shall become effective for a period of time commencing on the first day of the month next succeeding the month in which final approval of this Joint Amendment No. 1, upon terms and conditions acceptable to Western, is obtained from the Kentucky Public Service Commission and shall continue thereafter for a period of twelve (12) consecutive months and from month-to-month thereafter unless terminated by either party upon the giving of thirty (30) days advanced written notice. Provided, however, the provisions of this paragraph 1(b) shall automatically terminate (whether within the initial twelve (12) month period or not) at the effective date of Western's next General Rate Adjustment as ordered by the Kentucky Public Service Commission.

(1c) Miscellaneous. NSA covenants and agrees that during the period of time the discount provisions of subparagraph 1(b) above are in effect, it will not (a) utilize fuel oil, propane or any other alternate fuel as a whole or partial substitute for gas utility service from Western at a time when service from Western is available; or (b) refurbish the gas transmission line interconnecting its manufacturing facilities with the interstate pipeline of TXG for the purpose of utilizing said line to receive direct interstate transportation service from TXG; or (c) otherwise bypass Western's system.

In the event NSA (defined to mean either National-Southwire Aluminum Company or Southwire Company) breaches any provision of subparagraph 1(c) above, Western shall have the right, at its option, to terminate the discount provisions of subparagraph 1(b) above for both Southwire Company and National-Southwire Aluminum Company upon the giving of ten (10) days written notice to NSA. In addition, in the event either Southwire Company or National-Southwire Aluminum Company breaches any of the foregoing provisions, during the aforesaid initial twelve (12) month period, Southwire Company and National-Southwire Aluminum Company shall be jointly and severally obligated to pay unto Western, as damages for the breach of the provisions of paragraph 1(c) above, a sum equal to Western's average daily gas transportation charges to NSA for the days in which the discount provisions of subparagraph 1(b) above are in effect times the number of days remaining in the initial twelve (12) month term set forth in subparagraph 1(b) above.

DEC 20 1988

PURSUANT TO 607 KAR 5:011,
SECTION 9(1)

B. Western and NSA do further acknowledge and agree that this

Amendment shall not be deemed effective or binding upon either party hereto

unless and until such time as said Amendment has been finally approved by the

Kentucky Public Service Commission as a special contract within the meaning of 807 KAR 5:011 and all other applicable laws. In connection therewith, Western agrees to promptly file this Joint Amendment No. 1, and the underlying Agreement, with the Kentucky Public Service Commission, together with an appropriate motion/request seeking approval of same as a special contract.

C. NSA and Western further acknowledge that notwithstanding any other provision herein contained, or in the underlying Agreements, the provisions of the Agreements, as herein amended, 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 NSA or Western to consummate all transactions contemplated by the Agreements, as herein amended, all such consents and approvals being in a form and substance satisfactory to both NSA and Western.

PUBLIC SERVICE COMMISSION
OF KENTUCKY

DEC 20 1988

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

BY: George H. Hill
PUBLIC SERVICE COMMISSION MANAGER

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

WESTERN KENTUCKY GAS COMPANY

WITNESS:

Judy Farmer

By:

[Signature] SAE

NATIONAL-SOUTHWIRE ALUMINUM COMPANY

By:

F. H. Tolson

H. Gary Satterht

SOUTHWIRE COMPANY

By:

[Signature]

[Signature]

PUBLIC SERVICE COMMISSION
OF KENTUCKY

DEC 20 1988

PURSUANT TO KRS 190.011,
SECTION 9(1)

BY: [Signature]
PUBLIC SERVICE COMMISSION MANAGER