

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

LOUISVILLE GAS AND ELECTRIC COMPANY

GAS TRANSPORTATION SERVICE/STANDBY RIDER
FORT KNOX GAS RATE

FEB 4 1991

EFFECTIVE _____, 1991

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

BY: *Clara Haller*
PUBLIC SERVICE COMMISSION MANAGER

Rate:

In addition to any and all charges billed directly to Company by other parties related to the transportation of customer owned gas, the following charges shall apply:

Administrative Charge: \$90.00 per delivery point per month

Commodity Charge:

Distribution Charge	\$.7108 Per Mcf Delivered
Pipeline Supplier's Demand Component	<u>.2032</u>
Total	\$0.9140 Per Mcf Delivered

Pipeline Supplier's Demand Component:

Average demand cost per Mcf of all gas, including transported gas, delivered to Company by its pipeline supplier as determined from Company's quarterly Gas Supply Clause.

No differentiation shall be made between sales and transportation volumes in the "Determination of Billing Demand" or the billing thereof pursuant to the "FORT KNOX GAS RATE". The Demand Charge specified in the "FORT KNOX GAS RATE" shall apply to the combined sales and transportation billing demand determined in accordance with the provisions contained in the "FORT KNOX GAS RATE" and will be billed thereunder.

Billing Period:

The billing period for gas deliveries hereunder shall be the calendar month.

Delivery and Metering:

Delivery of gas hereunder may be made at more than one point with separate metering at each point, meter readings being combined for billing hereunder both as to demand and commodity charges. For demand purposes, meter readings at each of the separate points will be as near to 8:00 A.M. as reasonably feasible. Meters at the separate points will be read in the same sequence each time they are read, in accordance with a schedule to be agreed upon between Customer and Company. So long as such schedule is adhered to, all meter readings will be taken as though read at 8:00 A.M. If for any reason a significant variation from the schedule is experienced, appropriate adjustment of the metered quantity shall be made for billing purposes. The Company shall not be required to make daily meter readings during the summer months or at other times when the daily consumption of gas obviously would not affect demand for any month. Volumes of gas transported hereunder will be determined in accordance with Company's measurement base as set forth in the General Rules of Company's Tariff.

Volumes of Gas Sold to Customer:

Monthly Mcf usage by Customer in excess of scheduled transportation volumes will be billed in accordance with the charges set forth in Company's applicable rate schedule under which it sells gas to Customer.

Standby Service:

Company will provide standby quantities of natural gas hereunder for purposes of supplying Customers' requirements should Customer be unable to obtain sufficient transportation volumes. Such standby service will be provided at the same rates and under the same terms and conditions at those set forth in the Company's applicable rate schedule under which it sells gas to Customer.

Applicability of Rules:

Service under this rider is subject to Company's rules and regulations governing the supply of gas service as incorporated in its Tariff as filed with the Public Service Commission of Kentucky, to the extent that such rules and regulations are not in conflict with nor inconsistent with the specific provisions hereof.

Regulatory Jurisdiction:

Rates, terms and conditions herein provided are subject to the regulatory jurisdiction of the Public Service Commission of Kentucky.

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**BY: *Shay Deller*
PUBLIC SERVICE COMMISSION MANAGER**

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JAN - 4 1991

PUBLIC SERVICE
COMMISSION

SUPPLEMENTAL AGREEMENT TO THE SPECIAL CONTRACT RATE
SCHEDULE "FORT KNOX GAS RATE" FOR NATURAL GAS SERVICE
(CONTRACT NO. W2215-ENG-1293)

This addendum between the United States of America (Customer) and Louisville Gas and Electric Company (Company):

WHEREAS, the contract for natural gas service dated March 21, 1961, between the two parties set forth above provides for natural gas sales by Company to Customer; and

WHEREAS, both parties agree to modify the above stipulated agreement to provide for the transportation of volumes of customer-owned natural gas supplies to be arranged by Company on behalf of Customer; and

WHEREAS, Customer has requested Company to utilize its system to transport by displacement, such customer-owned gas to place of utilization and such transportation service hereunder will be conditioned on the Company being able to retain or secure adequate standby quantities of natural gas from its supplier; and

WHEREAS, transportation service hereunder will be subject to the terms and conditions herein set forth and to the availability of adequate capacity on Company's system to perform such service without detriment to other customers; and

WHEREAS, Louisville Gas and Electric Company currently supplies natural gas service to Customer under the terms of its "Fort Knox Gas Rate" as filed with and approved by the Kentucky Public Service Commission ("PSC") and will provide transportation service under the terms of the Gas Transportation Service/Standby Rider to such Rate; and

WHEREAS, Customer has entered or will enter into an agreement with an ^{also} gas supplier for the purchase of natural gas which will be delivered to Texas Gas Transmission Corporation ("Texas Gas"), and desires Company to provide Company's own

system for the transportation of customer-owned gas to facilities of ^{the} Company receives the gas from Texas Gas ("transportation services"); and

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BY: Sharon Miller
PUBLIC SERVICE COMMISSION MANAGER

WHEREAS, such gas will be transported to Company's gas distribution system by Texas Gas pursuant to its effective and applicable FERC tariff, its Transportation Service Agreement, and the referenced FERC regulations; and

WHEREAS, Company will redeliver to Customer a quantity of gas identical to that which it receives from Texas Gas on Customer's behalf, all pursuant to this Supplemental Agreement as filed with the PSC.

NOW, THEREFORE, it is agreed as follows:

1. All gas delivered by Company, including transportation gas, will be measured and billed on a Mcf basis. Because Texas Gas delivers and bills to Company on a MMBtu basis, Company will divide the number of MMBtu's delivered to Company by Texas Gas for Customer's account during any given month by the average (per Mcf) heat content for the month of all gas received from Texas Gas in order to determine an equivalent number of Mcf to be delivered to Customer.

2. Company shall not be deemed to have acquired ownership, title, or interest in the ownership of natural gas transported pursuant to this Supplemental Agreement.

3. Customer represents that it has express authority, under applicable federal, state and local law, to enter into this Supplemental Agreement with Company. Customer shall indemnify and relieve Company of any liability incurred because of Company's reliance upon Customer's representation that it has express authority to contract with Louisville Gas and Electric Company.

4. It is understood between the parties hereto that Company may enter into similar agreements with certain of its other customers to arrange for the transportation of natural gas, pursuant to the same regulations and under the same transportation program.

5. Upon request (presentation of invoice) by Company, Customer agrees to pay Company for all expenses incurred by Company due solely to its Customer's acquisition of gas from a third party and delivery of such gas to Company's system.

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BY: *Charmelle*
PUBLIC SERVICE COMMISSION MANAGER

make such payment as specified herein will allow Company to (i) be relieved of all obligations created by this Supplemental Agreement without liability to Customer, and (ii) pursue all other available remedies. At Company's sole option, it may arrange to have invoices for any transportation service arranged for or other out-of-pocket expense incurred hereunder sent directly to and in the name of Customer for purposes of direct payment by Customer. These expenses incurred by Company on behalf of Customer may include, but not be limited to, any charges, fines or penalties, incurred by Company which arise out of a failure of Customer or its suppliers to deliver the appropriate volumes into Texas Gas' system.

6. Company's performance hereunder of transportation through its system shall be pursuant to its effective Gas Transportation Service/Standby Rider to the Fort Knox Gas Rate, as filed with the PSC, the terms of which (including Company's General Rules of its Rules and Regulations Governing the Supply of Gas Service) are incorporated by reference into and made a part of this Supplemental Agreement.

7. Customer will arrange and pay for the transportation service necessary to deliver the transported gas to the system of Texas Gas in a manner which is acceptable to Texas Gas.

8. All gas delivered hereunder by Customer to Texas Gas will meet all applicable standards of Texas Gas for gas received into its system.

9. As soon as the transported volumes are received by Company into its system, it will redeliver such volumes to Customer at the point(s) of delivery set forth in Exhibit A attached hereto and made an addendum hereof.

10. The transportation service to be arranged hereunder by Company is subject to the provisions of all valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction. Customer agrees to cooperate with Company in

promptly filing all necessary notices and information with any agency or authority having jurisdiction.

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**BY: Sharon Helle
PUBLIC SERVICE COMMISSION MANAGER**

11. Measurement of gas to be transported by Texas Gas hereunder will be in accordance with the measurement provisions as provided in the General Terms and Conditions of the applicable FERC Gas Tariff of Texas Gas, as filed with the FERC.

12. Billing and payment for the transportation service rendered by Texas Gas hereunder shall be controlled by the billing and payment provisions as provided in its effective, applicable tariff, as filed with the FERC.

13. Customer shall pay all bills which it is obligated to pay pursuant to this Supplemental Agreement in accordance with the payment provisions incorporated in the "Fort Knox Gas Rate". Payment and presentation dates hereunder will be determined by postmark dates.

14. All gas delivered by Company to Customer, pursuant to this Supplemental Agreement, shall be measured by the readings of the presently installed gas meters, or equivalent replacements thereof, owned by Company. No metering of any type owned or installed by Customer shall be used to determine such deliveries; except that in the event of a malfunction of Company's meters, Customer's meters may be used.

15. (a) Total deliveries to Customer by Company during any billing period shall be allocated between gas delivered under this Supplemental Agreement and gas delivered for sale by Company to Customer as follows: The quantity of gas delivered under this Supplemental Agreement shall be taken as equivalent to the quantity delivered to Company for transportation hereunder during the billing period, and such quantity will be deducted from total deliveries by Company to determine the quantity of gas sold by Company to Customer during such billing period. Monthly Mcf usage by Customer in excess of scheduled transportation volumes will be billed in accordance with the charges set forth in Fort Knox Gas Rate under which Company sells gas to Customer.

Company will provide such standby quantities of natural gas hereunder for purposes of supplying Customers' requirements should Customer be unable to obtain sufficient transportation volumes. Such standby service will be provided at the same rate as scheduled transportation volumes.

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**BY: *[Signature]*
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under the same terms and conditions as those set forth in the Company's applicable "Fort Knox Gas Rate" under which it sells gas to Customer.

(b) If for any reason Company is unable to deliver a total quantity of gas to Customer during a billing period at least equal to the quantity delivered to Company by Texas Gas for transportation under this Supplemental Agreement, then Customer may call for the delivery of such deficiency in the following billing period, and Company will make every effort to comply with Customer's request. If for any reason Customer is unable to take a total quantity of gas during a billing period at least equal to the quantity delivered to Company by Texas Gas for transportation under this Supplemental Agreement, then Company may schedule the delivery of such deficiency in the following billing period(s), not to exceed 60 days, and Customer will make every effort to comply with Company's request. Customer shall not cause quantities of gas to be delivered to Company's system which exceed the quantities delivered to the Customer's place of utilization by more than 5%. Any imbalance between receipts by Company on behalf of Customer and quantities delivered to Customer shall be corrected as soon as practicable, but in no event shall imbalance be carried longer than 60 days. In the event that Customer causes volumes of natural gas to be delivered to Company in excess of 5% of the deliveries on a daily or monthly basis by Company to Customer's facility and should such imbalance not be corrected within 60 days of such over-delivery, then the Company may retain such natural gas, whereupon Customer shall cease to hold any title or any claim to such natural gas. The Company's title to such natural gas shall be free and clear of all claims or liens whatsoever. If Company retains and takes title to such natural gas, it will pay Customer for such gas at a rate equal to the lower of (i) the lowest per unit price paid by Company to any of its suppliers as delivered to Louisville Gas and Electric Company at the Texas Gas point of delivery, or (ii) the lowest per unit price paid by Customer to any of its suppliers as delivered to Company at the Texas Gas point of delivery. Such

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**BY: *Sharon Helle*
PUBLIC SERVICE COMMISSION MANAGER**

shall be determined during the month in which such gas is purchased from Customer by Company. Such purchase of natural gas by Company shall not be considered as giving Customer the right to nominate natural gas volumes to be transported in excess of actual deliveries by Company to Customer by more than 5% per month, nor shall this purchase of such natural gas by Company be considered to limit or restrict any other remedy available to Company.

16. It is recognized and understood that Company is required to monitor its daily purchases from Texas Gas to the end that they will not exceed allowable quantities or incur billing disadvantages. Customer agrees to maintain close liaison with Company's Gas Supply Department and to inform such Gas Supply Department of any changes in the delivery rate of gas transported hereunder or any other information with regard to scheduling of deliveries that said Gas Supply Department reasonably requests.

In addition, in the event that Customer is determined to be the cause of such billing disadvantages or other penalties, whether imposed on Company by Texas Gas or if caused by Customer in transporting gas on Company's system, then Customer will pay such penalties, fees, or charges as determined by Company.

Therefore, at least ten days prior to the beginning of each month, Customer shall provide Company with a schedule setting forth daily volumes of gas to be delivered into Company's system for Customer's account. Such schedule shall also include such additional information as may be deemed necessary from time to time. Customer shall give Company at least twenty-four hours' prior notice of any subsequent changes to scheduled deliveries. Customer shall cause gas delivered into Company's system for Customer's account to be as nearly as practicable at uniform daily rates of flow, and deliveries of such gas by Company to Customer hereunder will also be as nearly as practicable on the same day as the receipt thereof.

In no case will Company be obligated to supply gas to Customer, including both gas sold to Customer and gas transported hereunder, at greater volumes and rates of flow than those historically purchased by Customer from Company.

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**BY: *Clay Walker*
PUBLIC SERVICE COMMISSION MANAGER**

In addition, Company will have the right at any time to curtail or interrupt the transportation or delivery of gas, or any portion thereof, to Customer when, in the Company's sole judgement, such curtailment or interruption is necessary to enable Company to maintain deliveries to residential and other high priority customers or to respond to an emergency. Customer shall indemnify and relieve Company of any liability arising from curtailment or interruption of Customer under such conditions.

17. It is recognized that the determination of the quantities of gas transported hereunder and the separation of such quantities from those sold by Company to Customer, as well as the development of other detailed procedures for the operation of this Supplemental Agreement, will require extensive coordination and cooperation of the parties. The parties therefore agree to cooperate in the development and pursuit of such detailed procedures as may be necessary in order to carry out the purpose and intent of this Supplemental Agreement.

18. This Supplemental Agreement shall be binding upon the parties hereto and their respective successors and assigns. It is understood that this Supplemental Agreement may be submitted with, and made a part of, one or more applications to duly constituted authorities, and copies of this Supplemental Agreement may be submitted to any person dealing with the subject matter hereof.

19. If either Company or Customer shall fail to perform any of the covenants or obligations imposed upon them hereunder, then in such event the other party may, at its option, terminate this Supplemental Agreement by proceeding as follows: The party not in default shall cause a written notice to be served on the party in default stating specifically the cause for terminating the Supplemental Agreement and declaring it to be the intention of the party giving the notice to terminate thereupon, the party in default shall have 30 days after the service of the aforesaid notice in which to remedy and remove the cause or causes stated in the notice for terminating the Supplemental Agreement, and if within said period of 30 days the party

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BY: *George Deller*
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in default does so remove and remedy said cause or causes and fully indemnifies the party not in default for any and all consequences of such breach, by a good and sufficient indemnity bond or otherwise, then such notice shall be withdrawn and the Supplemental Agreement shall continue in full force and effect. In case the party in default does not so remedy and remove the cause or causes or does not so indemnify the party giving the notice for any and all consequences of such breach, within said period of 30 days, then, after any necessary authorization by regulatory bodies having jurisdiction, the Supplemental Agreement shall become null and void from and after the expiration of said period, provided, that notice of termination has not been withdrawn prior thereto. Any cancellation of such Supplemental Agreement, pursuant to the provision of this paragraph shall be without prejudice to the right of Customer to receive any gas for which it has paid, but has not received, although entitled thereto, prior to the time of cancellation, and without waiver of any remedy to which the party not in default may be entitled for violations of such Supplemental Agreement.

20. Customer agrees to save harmless and indemnify Company against any and all claims, liabilities, demands, rights of action, and causes of action (including all costs and expenses incurred by Company in connection therewith, including without limitation reasonable attorney fees and court costs) (collectively "Claims") caused by, resulting from, or arising out of Company's obligations or performance hereunder except: (a) where said Claims are caused by or arise out of the willful negligence of Company, or (b) where said Claims are caused by or arise out of the Company with respect to the distribution of gas through its own system.

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21. (a) If by reason of force majeure any party hereto is rendered unable, wholly or in part, to carry out its obligations under this Supplemental Agreement, and if such party gives notice and reasonably full particulars of such force majeure by mail, telegraph, or other means of express written communication, to the party giving within a reasonable time after the occurrence of the cause relied on, the party giving

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BY: *James H. Miller*
PUBLIC SERVICE COMMISSION MANAGER

such notice, to the extent that it is affected by such force majeure, shall not be liable in damages during the continuation of any inability so caused. The party claiming suspension due to force majeure shall remedy the effects of any force majeure so far as is possible with all reasonable dispatch.

(b) The term "force majeure" as used herein means any cause not reasonably in the control of the party claiming suspension, including but not limited to: strikes, lockouts, or other industrial disturbances; acts of the public enemy, wars, blockades, insurrections and riots; acts of God, earthquakes, storms and floods; and arrests and restraints of the government, either Federal or State, civil or military; shutdowns for purposes of necessary repairs, relocation, testing or construction of facilities; curtailment or interruption necessary to enable Company to maintain deliveries to residential and other high priority customers or to respond to an emergency; and inability of any party hereto to obtain necessary natural gas, materials, supplies, permits, or labor to perform or comply with any obligation or condition of this Supplemental Agreement. It is understood and agreed that the settlement of strikes, lockouts, or controversies with landowners involving rights-of-way shall be entirely within the discretion of the party having the difficulty and that the above requirement that the effects of any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or controversies with landowners involving rights-of-way by acceding to the demands of the opposing party when such course is inadvisable in the discretion of the party having the difficulty.

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22. This Supplemental Agreement shall become effective after filing with the PSC and after either affirmative action by the PSC or after the filing is allowed to go into effect by operation of law. This Supplemental Agreement shall terminate from month to month until terminated by either party. Either party may terminate this Supplemental Agreement by giving 30 days' written notice to the other of its intention to terminate.

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BY: *Chas. D. Miller*
PUBLIC SERVICE COMMISSION MANAGER

23. Specific arrangements setting forth the volumes of gas to be transported hereunder, the point(s) of receipt and delivery, and any other specific requirements of such transactions are set forth in Exhibit A attached hereto and made an addendum hereof.

24. All notices required or permitted hereunder shall be addressed as follows:

To Company: Paul G. Garcia
Gas Supply Coordinator
Louisville Gas and Electric Company
P. O. Box 32010
Louisville, Kentucky 40232

To Customer: Central Purchasing and Contracting Division
U. S. Army Armour Center
Fort Knox, Kentucky

25. Except as herein amended, the Agreement between the parties hereto shall remain in full force and effect.

Agreed and accepted the 3rd day of JAN, 1991, at Louisville, Kentucky.

CUSTOMER: UNITED STATES OF AMERICA

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BY: Richard Gordon FEB 4 1991

Christy D. Goblirsch, KY AT-LARGE
Attest

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LOUISVILLE GAS AND ELECTRIC COMPANY BY: [Signature]
PUBLIC SERVICE COMMISSION MANAGER

BY: Fred Wright JEM mgB
RJE

[Signature]
Attest
Notary Public, State at Large, KY.
My commission expires May 15, 1991

EXHIBIT A

Customer:

United States of America

Maximum Daily Volumes:

18,000 Mcf per day

Point(s) of Delivery by Company to Customer:

Fort Knox, Kentucky

Date: 3 Jan 91

Customer

Paul & Gordon

Date: 1-3-91

Company

Fred Wright

jon mgb
RJE

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BY: Chapelle
PUBLIC SERVICE COMMISSION MANAGER