

**SPECIAL CONTRACT
for
GAS TRANSPORTATION SERVICE**

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This Special Contract for Gas Transportation Service (the "Contract") made and entered into this 16 day of July, 1997, by and between LOUISVILLE GAS AND ELECTRIC COMPANY, a subsidiary of LG&E Energy Corp., a Kentucky corporation, (the "Company") and E. I. duPont de Nemours and Company, a Delaware corporation, (the "Customer").

WITNESSETH

WHEREAS, Company owns and operates a gas distribution system in Kentucky, and

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WHEREAS, Customer owns and operates a chemical plant located at 4200 Camp Ground Road in Jefferson County, Kentucky (the "Facility"); and

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WHEREAS, the parties desire to enter into a contract whereunder natural gas transportation service shall be provided by Company to Customer;

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NOW THEREFORE, the parties agree as follows:

BY J. C. Neal
FOR THE PUBLIC SERVICE COMMISSION

1. GAS TRANSPORTATION SERVICE. Company will provide to the Customer gas transportation services under all the terms and conditions of this Contract including the rates, terms and conditions set forth on Appendix A, the transportation service provisions on Appendix B and C, the nomination procedures on Appendix D and the delegation of responsibilities on Appendix E. Appendices A, B, C, D, and E are attached hereto and incorporated herein by reference.

2. EFFECTIVE DATE. The effective date of this Contract is October 1, 1997. Service to Customer under the Special Contract for Gas Transportation Service dated May 1994 shall be terminated upon implementation of this Contract. Beginning October 1, 1997 billing shall reflect the new rates terms and conditions established hereunder. Notwithstanding the foregoing, if the Kentucky Public Service Commission ("PSC") initially suspends this Contract for further review and subsequently approves it, or allows the PSC review period to expire without PSC rejection of this Contract, then the effective date of this Contract shall be the date of the first monthly billing rendered at least ten days after the date of such PSC approval or such expiration of the PSC review period; and such billing shall reflect the new rates, terms and conditions established hereunder.

3. TERM. The initial term of this Contract shall begin on the effective date and shall continue for Five (5) years. After such initial term, this Contract automatically shall continue in full force and effect and from year to year (from October 1 to September 30), until terminated by either party hereto for any reason, or no reason, pursuant to written

notice of termination given to the other party by April 30 preceding the effective termination date.

4. PERFORMANCE. If either Company or Customer breaches or fails to perform any of the covenants or obligations imposed upon it hereunder, then either party may, at its option, terminate this Contract upon thirty (30) days prior written notice during which period of time the non-performing party may cure the failure to perform. In such event, this Contract shall continue in effect and notice of termination shall be withdrawn. Any cancellation of this Contract, pursuant to the provisions 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 this Contract.

5. AGENCY. Customer shall have the right to appoint an agent to perform certain stated functions and/or assume certain stated responsibilities with regard to this Contract by executing and delivering a "Delegation of Responsibilities Agreement" substantially in the form of Appendix E attached hereto.

6. REGULATORY COMMISSION JURISDICTION. It is mutually understood and agreed that the rates, terms and conditions applicable to service furnished to Customer under this Contract are at all times subject to abrogation or modification by PSC order, including orders issued pursuant to proceedings initiated by Company.

7. ENTIRE AGREEMENT. This Contract and all Appendices attached hereto constitute the final and entire agreement between the parties relating to the subject matter hereof and shall supersede all prior or contemporaneous oral or written statements, promises, and understandings between the parties relating thereto.

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BY Robert C. Neal
FOR THE PUBLIC SERVICE COMMISSION

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed by their duly authorized officers and representatives.

E.I. duPont de Nemours & Co.
BY: [Signature]

TITLE: General Manaser, Natural Gas

D A T E : July 16, 1997

ATTEST

Louisville Gas and Electric Company

BY: [Signature]

TITLE: Vice President - Gas Service Business

DATE: 7/22/97

[Signature]
ATTEST
Notary Public, State at Large, KY
My commission expires May 15, 1998

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BY: [Signature]
FOR THE PUBLIC SERVICE COMMISSION

APPENDIX A

RATES, TERMS AND CONDITIONS

Applicable to all natural gas deliveries at the **duPont** facility located at 4200 Camp Ground Road in Jefferson County, Kentucky.

Monthly Customer Charge:	\$180.00
Monthly Transportation Administrative Charge:	\$90.00
Demand Charge per Mcf of Monthly Billing Demand:	\$2.75
Distribution Charge per Mcf Delivered:	10.49 ¢

Monthly Billing Demand

The Monthly Billing Demand shall be the greater of, (1) the highest daily volume of gas delivered during the monthly billing period or, (2) the highest daily volume of gas delivered during the previous eleven (11) monthly billings periods. The daily volume shall be the recorded Mcf deliveries in a 24 -hour period ending at 10:00 a.m. Eastern Clock Time.

Terms and Conditions

All natural gas transported hereunder for Customer shall be governed by the same terms and conditions of service provided for under (1) Company's Firm Transportation Service Rate FT, or its successor rate schedule authorized by the PSC, (2) the Transportation Service Provisions, set forth in Appendix B of this Contract, and (3) the General Rules contained in the Company's Rates, Rules and Regulations for Furnishing Natural Gas Service (P.S.C. of KY Gas No. 4), or its successor, approved by the PSC.

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BY: Gordon C. Reed
FOR THE PUBLIC SERVICE COMMISSION

APPENDIX B

TRANSPORTATION SERVICE PROVISIONS

Applicable to the transportation of volumes of natural gas by Louisville Gas and Electric Company (the "Company") and E.I. duPont de Nemours and Company (the "Customer")

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BY: Justin C. Neal
FOR THE PUBLIC SERVICE COMMISSION

1. Customer represents that it will deliver gas to Company's interconnection with pipeline transporter(s), which pipeline transporter(s) is set forth in Appendix C.

2. All gas delivered hereunder by Customer to pipeline transporter will meet all applicable standards of pipeline transporter for gas received into its system and will be free from PCBs and all other contaminants.

3. Maximum daily volumes of gas to be transported hereunder, the delivery point(s), and any other specific requirements of such transactions are set forth in Appendix C of this Contract.

Customer shall submit in writing to Company the specific daily volumes and other information required to effectuate the transportation of natural gas by using the appropriate Nomination Schedule and by giving appropriate notice as set forth in Rate FT and the "Nomination Procedures For Special Contract for Gas Transportation Service" in Appendix D.

4. The transportation service provided 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.

5. All gas delivered to Customer by Company will be measured and billed on a Mcf basis. Because pipeline transporter(s) delivers to and bills Company on an MMBtu or Dekatherm basis, Company will, for the purpose of calculating the Cash-Out Charge, divide the number of MMBtus or Dekatherms delivered to Company by pipeline transporter for Customer's account during any given month, by the average (per Mcf) Btu content for the month of all gas received from pipeline

transporter for Customer, in order to determine an equivalent number of Mcf delivered by Customer to Company on behalf of Customer. Measurement of gas to be transported by pipeline transporter hereunder will be in accordance with the measurement provisions as provided in the General Terms and Conditions of the applicable FERC Gas Tariff of pipeline transporter.

6. All gas delivered by Company to Customer pursuant to this Contract, shall be measured by such gas meters as the Company deems appropriate. Company shall own such metering equipment and facilities. **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.

7. 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 or as may be required by proper regulatory authorities. In addition, in the event that Customer is determined to be the cause of any billing disadvantages or other penalties imposed on Company by pipeline transporter then Customer will pay such penalties, fees, or charges as determined by Company and in accordance with the payment provision of this Contract in addition to all other charges due hereunder.

8. Customer hereby agrees to reimburse Company for any and all Kentucky sales tax assessed on the charges specified in this Contract. Customer's Kentucky Sales Tax Permit Account Number is 45134.

9. Both parties recognize that the operation of this Contract 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 Contract.

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10. If Customer fails to manage its gas supply in strict conformance with the directives of an Operational Flow Order (as defined in Rate FT), then Company may in its sole discretion do one or more of the following immediately upon delivering oral or written notice to Customer: (1) suspend all gas service to the extent necessary to protect the operational integrity of Company's system, (2) decline to accept to the extent necessary the volume nominated by Customer and/or (3) permanently terminate service under this Contract. Any suspension or termination under this section shall be without prejudice to and in addition to any other rights and remedies of the Company.

11. All notices relating to this Contract shall be in writing (unless otherwise specifically permitted herein) and shall be address as follows:

To Company: Gas Supply Specialist
Louisville Gas and Electric Company
P. O. Box 32020
Louisville, Kentucky 40232
Telephone (502) 627-3567
Telecopier (502) 627-3584

To Customer:
Conoco Inc.
Natural Gas and Gas Products
Room 1081, Cherokee Building
600 North Dairy Ashford Drive
Houston, Texas 77079
Telephone (281) 293-4516
Telecopier (281) 293-1 720

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FOR THE PUBLIC SERVICE COMMISSION

All such notices shall be deemed delivered as of the date the notice is telecopied or **hand-**delivered or one business day after it is placed in the U. S. mail, certified, first class, postage prepaid, or conveyed to a recognized delivery service for overnight delivery as applicable.

APPENDIX C

Customer:
E.I. duPont de Nemours and Company

Account Number:
900059618700

Delivery Point and Service Address:
4200 Campground Road

Maximum Daily Volumes:
7,000 Mcf

Pipeline Transporter:
Texas Gas Transmission Corporation

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BY: Jordan C. Noel
FOR THE PUBLIC SERVICE COMMISSION

E.I. duPont de Nemours and Company

By [Signature]

Title General Manager, Natural Gas

Date July 16, 1997

Louisville Gas and Electric Company

By [Signature]

Title Vice President - Gas Service Business

Date 7/22/97

APPENDIX D

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NOMINATION PROCEDURES

In order to facilitate the transportation of customer-owned natural gas pursuant to the "Special Contract for Gas Transportation Service" E.I. duPont de Nemours and Company (the "Customer") and Louisville Gas and Electric Company (the "Company"), Customer and Company agree to adhere to the following procedures, which may change from time to time, related to scheduling natural gas nominations.

INITIAL FIRST-OF-THE MONTH NOMINATION

At least two (2) business days prior to the pipeline transporters' nomination deadline for the following month, Customer shall provide a completed, written Nomination Schedule setting forth the daily volumes of natural gas to be delivered into Company's system for Customer's account, the applicable transportation contract number(s) for such natural gas, and such other information as Company may reasonably request to facilitate the transportation of natural gas. Unless Company is subsequently notified by Customer of any change in the above nominated quantity, this quantity will be Customer's nomination for the first day of the month.

In order to conform to pipeline confirmation deadlines, any change in nominated quantities by Customer for the first day of the month must be made in writing at least two (2) business days prior to the first day of the month.

DAILY NOMINATIONS

For daily nomination change(s) subsequent to the "Initial First-of-the Month Nomination", Customer will give Company at least twenty-four (24) hours prior written notice of any change(s) to scheduled deliveries or transportation contract number(s). Company will (on a "best efforts" basis) waive this 24-hour prior notice requirement and implement nomination change(s) requested by Customer to commence in some lesser time frame subject to Company being able to confirm and verify such nomination change(s) with the applicable transporting pipeline.

WEEKEND AND HOLIDAY NOMINATIONS

In addition to the procedures described above for "Daily Nominations", should Customer be required to change the daily gas nomination on a non-business day (i.e., a weekend day or holiday), then, in addition to providing a written nomination of any change(s), Customer shall notify Company at its Emergency Telephone Number that a nomination change has been requested. Customer may also make a nomination change for a non-business day on the immediately preceding business day.

INTRA-DAY NOMINATIONS

In accordance with procedures for "Daily Nominations" and "Weekend and Holiday Nominations" Company will (on a "best efforts" basis) waive its 24-hour prior written notice requirement and implement nomination change(s) requested in writing by Customer to commence in some lesser time frame subject to Company being able to confirm and verify such nomination change(s) with the applicable transporting pipeline.

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BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

DECREASES IN NOMINATIONS EFFECTUATED BY TRANSPORTING PIPELINE

Company shall notify Customer if the transporting pipeline has reduced the quantity being received by Company for Customer's account. Upon such notice, Customer shall conform its usage to the amount being received for Customer's account in accordance with the terms and conditions of Rate FT, unless otherwise notified by Company that balancing service is available. Customer shall also submit a completed Nomination Schedule reflecting such change(s).

CONTACT INFORMATION

Such contacts and applicable telephone numbers are set forth below. Customer shall be responsible for notifying Company of any change(s) in contact personnel or associated phone numbers.

LOUISVILLE GAS AND ELECTRIC COMPANY

Facsimile Number (502) 627-3584
Office Number (502) 627-3567

Outside of regular business hours, please call the digital pager number listed below to contact the Gas Supply Department. Upon hearing the tone, use a touch-tone phone to enter the telephone number where you want to be contacted.

Digital Pager (502) 336-7803

If you are unable to reach the Gas Supply Department at any of the above numbers, please call the Gas Control Department at the number listed below. The individual there should, in turn, be able to contact the Gas Supply Department.

Gas Control (502) 627-3135

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CUSTOMER

Facsimile Number (281) 293-1720
Office Number (281) 293-1000

Emergency Telephone Number () -

Other - ()

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BY: Jordan C. Neel
FOR THE PUBLIC SERVICE COMMISSION

Special Instructions:

APPENDIX D
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These Nomination Procedures are not meant to conflict with either the Company's tariff for service under Rate FT or with the Special Contract for Gas Transportation Service between Company and Customer.

E.I. duPont de Nemours and Company

By 

Title General Manager, Natural Gas

Date July 16, 1997

Louisville Gas and Electric Company

By 

Title Vice President - Gas Service Business

Date 7/22/97

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APPENDIX E

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DELEGATION OF RESPONSIBILITIES AGREEMENT

Louisville Gas and Electric Company (the "Company") has received notice by which E.I. duPont de Nemours and Company (the "Customer") has appointed Conoco Inc. ("the Agent") as its agent to perform certain stated functions and/or assume certain stated responsibilities with regard to the Special Contract for Gas Transportation Service. The applicable functions and responsibilities are requesting and receiving information, nominating supply, and related duties,

Company will provide the Customer with copies of any written correspondence between Company and the Agent, concerning the activities conducted by the Agent on the Customer's behalf.

Company will honor such agency arrangement subject to the Customer's agreement to the following conditions:

- 1) Company will recognize the Agent as having the continuing authority described in the subject agency agreement as indicated above, until notified otherwise by the Customer in writing, upon at least 30 days prior written notice.
- 2) The Customer, as the signatory party to the Special Contract for Gas Transportation Service, will be responsible for any and all costs, fees, gas imbalances, or other liabilities that occur under the above-referenced Special Contract for Gas Transportation, as a result of the activities of the Agent.
- 3) Company reserves the right to discontinue on a non-discriminatory basis its recognition of such agency arrangement upon written notice, if the Agent engages in a pattern of conduct which involves continuous violation of the terms of the subject Special Contract for Gas Transportation Service or Company's Natural Gas Tariff.
- 4) Upon termination of the "Delegation of Responsibilities Agreement", the Customer will assume the responsibilities previously delegated to the Agent, or will immediately appoint a new agent and execute a new "Delegation of Responsibilities Agreement".
- 5) The Customer understands that all information provided to the Agent is of a proprietary and confidential nature and shall be held strictly confidential. Therefore, the Customer warrants that any information received from Company by the Agent shall be used exclusively for carrying out the functions and obligations described herein and shall not be provided by the Agent to other parties whether **or** not they are represented by the Agent as agent. Any violation of this provision shall subject the Customer to immediate termination of this "Delegation of Responsibilities Agreement".

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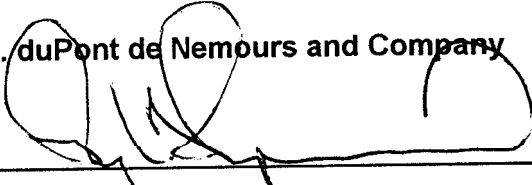
BY: James C. Noel
FOR THE PUBLIC SERVICE COMMISSION

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- 6) The Customer shall be required to ratify in writing all gas supply nominations related to effectuating delivery of natural gas to the Customers facilities by completing and executing the appropriate Nomination Schedule.
- 7) The Customer represents that it has express authority, under applicable state and local law, to enter into this "Delegation of Responsibilities Agreement".
- 8) The Customer shall indemnify, defend, and hold Company harmless from any costs (including, but not limited to, reasonable attorney's fees), expenses, loss, or liability incurred (a) as a result of Company's performance pursuant to this "Delegation of Responsibilities Agreement", (b) as a result of Company's reliance upon Customer's representation that it has express authority to enter into such "Delegation of Responsibilities Agreement" with Company, and (c) due to the Customer's or the Agent's failure to strictly comply with the terms of this "Delegation of Responsibilities Agreement".

E.I. duPont de Nemours and Company

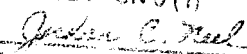
By 
Title General Manager, Natural Gas
Date July 16, 1997

Louisville Gas and Electric Company

By 
Title Vice President - Gas Service Business
Date 7/22/97

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