

Rockwood Natural Gas System

NATURAL GAS INTERRUPTIBLE TRANSPORTATION AGREEMENT

This Agreement made the _____ Day of _____, 20____, by and between Rockwood Natural Gas System serving areas of Roane County, hereinafter called "Rockwood", and _____, hereinafter called "Customer".

WITNESSETH: That, whereas, Customer desires to purchase natural gas from third parties and transport the natural gas through Rockwood's facilities to its plant located at or near _____.

WHEREAS, Rockwood operates a piping system for the distribution of natural gas.

NOW, THEREFORE, for and in consideration of the mutual covenants and subject to the conditions contained herein, it is mutually agreed as follows:

1. DEFINITIONS:

- a. Cubic Feet - shall be that volume of gas which will occupy a space of one (1) cubic foot at a temperature of sixty degrees (60°) Fahrenheit and at a pressure of 14.65 pounds per square inch absolute.
- b. Therm - shall be that volume of gas containing a "Unit Heating Value" of One Hundred Thousand (100,000) British Thermal Units (B.T.U.).
- c. Unit Total Heating Value - shall be the average number of British Thermal Units per cubic foot of gas delivered to Rockwood by the East Tennessee Natural Gas (ETNG), as determined by ETNG in each billing month.
- c. Specific Gravity - shall be that as delivered by ETNG and shall be considered as 0.60.
- d. Gas Day - shall be twenty-four (24) consecutive hours, beginning at 9:00 a.m. local time.
- e. Daily Quantities - shall be the amount of gas taken in a Gas Day.
- f. Scheduled Volumes - shall be the amount of gas scheduled by ETNG for delivery to Customer's account at Rockwood's City Gate Station for the Gas Day.
- g. City Gate - means the interconnect between ETNG and Rockwood's distribution system.

- h. Gas or Natural Gas - means any mixture of hydrocarbons or of hydrocarbons and noncombustible gases, in a gaseous state, consisting essentially of methane.
- i. Lost or Unaccounted for Gas - shall mean the quantity of Gas payable by Customer and retained by Rockwood as compensation for Gas used by Rockwood on its distribution system in providing service to Customer, and shall equal a percentage of the Transportation Quantities scheduled by Customer during each billing period. Such percentage shall be determined in Item 4 and shall be set forth in writing on each invoice applicable to transportation quantities.
- j. MDQ - shall mean Maximum Daily Quantity of gas for transportation.
- k. Point of Receipt - The interconnection of the ETNG pipeline and Rockwood's distribution system.
- l. Point of Delivery - The interconnection of Rockwood's distribution system and Customer's industrial facilities.

2. CUSTOMER'S QUALIFICATIONS:

Customer shall take an average of at least 1000 Ccf per day in each month during the term of this Agreement. In any month in which Customer takes an average of less than 1000 Ccf per day, Customer will nevertheless pay a minimum bill as set forth in the Terms and Conditions For The Interruptible Transportation of Natural Gas Rate Schedule IT____, provided that such minimum bill will be reduced pro rata to the extent that this shortfall in Customer's average takes was caused by force majeure or curtailment of deliveries by Rockwood.

Customer shall have available at all times during the term of this Agreement a standby or auxiliary fuel system, suitable and adequate to supply customer's total requirements in the event of full or partial curtailment of natural gas deliveries by Rockwood.

3. CUSTOMER'S TRANSPORTATION QUANTITIES:

Rockwood agrees to transport gas between the Point of Receipt and the Point of Delivery on Rockwood's system with quantities of natural gas that do not exceed the Customer's daily MDQ, which shall equal _____ Therms per day, on an interruptible basis. In its sole discretion, Rockwood may approve in writing the transportation of quantities in excess of Customer's MDQ. Rockwood reserves the right to transport less than the scheduled transportation quantities whenever, in Rockwood's sole judgment, there is insufficient capacity available to transport the entire scheduled transportation quantities. Rockwood shall notify Customer if there is insufficient capacity available to transport Customer's entire scheduled transportation quantities. Rockwood is under no obligation to transport any quantity of natural gas on any day.

As nearly as practicable, Customer shall deliver into ETNG and take from Rockwood in uniform hourly quantities during any day.

4. LOST AND UNACCOUNTED FOR GAS:

Customer's MDQ shall exclude amounts deemed to be Lost and Unaccounted for Gas, such that Customer may tender natural gas at the Point of Receipt in an amount up to the MDQ plus Lost and Unaccounted for Gas.

Lost and Unaccounted for Gas shall be an amount that is equal to 3% of the quantities to be delivered to the Customer at the Point of Delivery. The applicable Lost and Unaccounted for Gas percentage shall be subject to change by Rockwood on an annual basis.

Customer shall tender natural gas at the Point of Receipt in an amount equal to the amount of natural gas to be delivered at the Point of Delivery plus Lost and Unaccounted for Gas. Quantities delivered hereunder shall exclude such Lost and Unaccounted for Gas.

5. INTERRUPTIBILITY:

Customer recognizes that the transportation service provided hereunder is to be performed by Rockwood on an interruptible basis and may be interrupted in whole or in part from time to time at Rockwood's sole discretion upon two (2) hours notice from 7:00 a.m. to 4:00 p.m. and three (3) hours notice between 4:00 p.m. and 7:00 a.m., or such lesser notice that is the maximum practicable under the circumstances. In no event shall an interruption of service constitute a breach of this Agreement, and Rockwood shall not be liable in damages or otherwise to the Customer or any person or entity for any interruption or curtailment of a service or services hereunder. Customer agrees to interrupt or curtail its consumption of natural gas in the manner, at the time, and to the extent directed by Rockwood.

6. ORDER OF INTERRUPTION:

On any day when it is necessary for Rockwood to interrupt or curtail interruptible transportation deliveries hereunder due to a system wide condition, Rockwood shall also interrupt or curtail interruptible transportation deliveries to its other interruptible transportation customers; provided that all curtailment of interruptible transportation deliveries shall be on a pro rata basis in proportion to each curtailed customer's nominations to Rockwood for that day.

7. SCHEDULING AND CONFIRMATION OF DELIVERIES:

By 10:00 a.m., Central Time, on the 20th day of each month, the Customer shall FAX a nomination form to Rockwood and its Operational Balancing Agreement (OBA) Agent detailing nomination of the daily quantity of gas to be transported for such month with an Agency Authorization Form. Customer shall be responsible for making all electronic nominations necessary for delivery of Customers natural gas supply.

Once the Customer makes the monthly election and nominations set forth above, any further change during the month will require Rockwood and its OBA Agent's prior approval.

Such changes must be faxed to Rockwood and its Agent on the nomination form. As soon as practical during the succeeding month, Customer shall provide Rockwood and its Agent a copy of its supplier's pipeline verification of actual quantities delivered during the preceding month.

8. RATE:

The Customer agrees to pay Rockwood for all gas delivered by Rockwood at a rate as agreed upon in Rate Schedule IT _____. If during the period of this Agreement, Rockwood makes general revisions in Rate Schedule IT _____ to this class of service, then such revision(s) shall be applicable to the service covered by this Agreement.

9. TERM OF AGREEMENT:

The term of this Agreement shall be for a period of twelve (12) months from the date of this Agreement and the terms and conditions shall be automatically extended on a year to year basis unless either party shall notify the other in writing, not less than sixty (60) days prior to the expiration date, of its intention to terminate this Agreement.

The parties agree that the terms and conditions relating to scheduling and confirmation of deliveries, scheduling tolerances, unauthorized overruns, and monthly imbalances shall be subject to ETNG Tariffs on an ongoing basis.

10. SCHEDULING TOLERANCES:

Customer's "Daily Variance" shall be the difference between the scheduled volumes for the Customer on ETNG and the Daily takes of natural gas by the Customer at the Point of Delivery. Daily variances shall be subject to any Daily Variances Charges by ETNG:

11. UNAUTHORIZED OVERRUNS:

On any day that ETNG has an Operational Flow Order (OFO) or other capacity restrictions, and Customer takes gas in excess of the MDQ or any OFO restricted volume for that Gas Day, Customer shall pay Rockwood an "Unauthorized Overrun Charge" of the greater of One Dollar and Fifty Cents (\$1.50) per Therm of excess quantities taken beyond the two (2) percent allowable variance, plus the commodity cost of the natural gas, and all other cost actually incurred by Rockwood to mitigate Customer's take in excess of its MDQ.

The commodity cost of the natural gas for Unauthorized Overruns shall be the "HP" as defined in Section 12 of this Agreement.

Customer shall be responsible for complying with any restrictions, curtailments, or OFO issued by ETNG. Rockwood shall not be responsible for notifying Customer of such OFO or other limitations.

12. MONTHLY IMBALANCES:

Customer's monthly imbalance shall be the net cumulative total of Daily Variances for the month. Each month Customer and Rockwood shall "Cash Out" the actual monthly imbalance. Rockwood shall divide the monthly imbalance by the total scheduled volumes for the month, than multiply by 100, to determine the monthly imbalance percent.

If the monthly imbalance is due to an excess of scheduled quantities relative to actual deliveries to Customer, then the monthly imbalance shall be considered a "Positive" Imbalance and Customer shall sell to Rockwood, and Rockwood shall buy from the Customer, gas in accordance with the formula listed herein. If the monthly imbalance is due to an excess of actual deliveries to Customer relative to scheduled quantities, then the monthly imbalance shall be considered a "Negative" imbalance and Rockwood shall sell to the Customer, and Customer shall buy from Rockwood, gas in accordance with the formula listed herein.

"Cash Out" prices shall be based on the weekly prices posted by Tennessee Gas Pipeline on their Electronic Bulletin Board. If this posting ceases to be available or applicable, the Parties shall choose a mutually agreeable substitute. The highest of these published weekly prices applicable to a month will be designated by HP. The lowest of these published weekly prices applicable to a month will be designated by the LP. The "Cash Out" for any negative imbalance (HP) shall be based on the greater of Rockwood's delivered cost of gas or the highest published price on the Tennessee Gas Pipeline in accordance to the following schedule:

NEGATIVE IMBALANCES:

<u>Imbalance Tier</u>	<u>Unit Price Customer Pays</u>
0 - 5%	100% of HP
> 5% - 10%	115% of HP
> 10% - 15%	130% of HP
> 15% - 20%	140% of HP
> 20%	150% of HP

POSITIVE IMBALANCES:

<u>Imbalance Tier</u>	<u>Unit Price Rockwood Pays</u>
0 - 5%	100% of LP
> 5% - 10%	85% of LP
> 10% - 15%	70% of LP
> 15% - 20%	60% of LP
> 20%	50% of LP

13. ROCKWOOD MEASUREMENT FACILITIES:

- (a) Metering, pressure regulating, and piping through the meter will be provided by Rockwood, and Rockwood shall have the right to enter Customer's premises at any reasonable time for the purpose of servicing equipment, reading meters, or for any reason necessary an incidental to its gas operations.
- (b) Customer agrees to provide and allow Rockwood to connect telephone facilities (this must be an independent line) and 120 volt electric current to the measurement devices. Customer agrees to reimburse Rockwood for cost and installation of electronic or mechanical meter correcting devices (if not already in place) and telemetering devices (if not already in place), when requested, for the purpose of telemetric transmissions. Said equipment will be the property of Rockwood and Rockwood will be solely responsible for maintenance of same.
- (c) In the event a measurement facility is out of service or registers inaccurately, the volume of gas shall be determined by: (1) using registering of check meter, if available and registering accurately, or in the absence of a check meter, correcting the error by ascertainable calibration, or if a check meter is not applicable, then estimating the quantity of delivery using as similar circumstances as possible.
- (d) If special (not regular) measurement equipment tests are requested by Customer, a \$350.00 test fee will be applicable. Any tests showing tolerance within two percent (2%) (plus or minus) will be accepted as accurate. If meter registers more than two percent (2%) in error, correction will be made as near zero (0) tolerance as possible, with correction made to Customer or to Rockwood for past six (6) months to date of last test, whichever is less.
- e) Measurement and Billing Instrument Charts and Records will be maintained and be made available at Rockwood's main office for examination for a period of one (1) year.

14. MEASUREMENT AND BILLING:

- (a) The unit of volume, for the purpose of measurement, shall be a cubic foot.
- (b) The unit of volume, for the purpose of billing, shall be a therm.
- (c) The number of therms delivered by Rockwood during any month at the Point of Delivery shall be determined by multiplying the number of measured cubic feet of natural gas delivered to Customer during said month by the "Unit Total Heating Value" of each cubic foot and then dividing the total by 100,000.

15. FORCE MAJEURE:

Rockwood will not be responsible for any failure, shortage or interruption of deliveries of natural gas due to Force Majeure.

Force Majeure shall mean act of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests or restraints of rulers and peoples, civil disturbances, explosions, breakage or accidents to machinery or lines of pipe, the necessity of making repairs and/or alterations in machinery or lines of pipe, freezing of lines of pipe, or any other cause, whether of the kind enumerated herein or not, not within the control of Rockwood, and which by the exercise of due diligence Rockwood is unable to overcome.

Force Majeure events affecting the operation of Customer's plant shall relieve Customer from obligation to accept deliveries of gas and will reduce the minimum bill, as provided in Item 3 above, while such causes shall be operative.

16. ASSIGNMENTS:

This Agreement shall be binding upon and inure to the benefit of the respective heirs, legal representatives, successors, and/or assigns of the parties hereto, but no assignment by the Customer shall be binding upon Rockwood until accepted in writing by the latter.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in triplicate the day and year first above written.

CUSTOMER:

Rockwood Water & Gas
110 N. Chamberlain Ave.
Rockwood, TN 37854
(865) 354-0163
Fax: (865) 354-0348

BY: _____

BY: _____

ITS: _____

ITS: _____

ATTEST: _____

ATTEST: _____