



Knoxville Utilities Board

**Board Meeting Agenda
Thursday, October 17, 2019
Noon**

Call to Order

Roll Call

Approval of Minutes

Official Action

Consideration of Nominees for Commissioner Term beginning January 1, 2020

Resolution 1402 – A Resolution Authorizing and Approving the Sale of Certain Surplus Real Property of the Electric Division of the Knoxville Utilities Board (“KUB”) Being Part of KUB’s Two-Acre Tract with Frontage Along Fairmont Boulevard and Located Adjacent to a Parcel at 3308 Barton Street in Knoxville, Tennessee

Resolution 1403 – A Resolution Renaming the KUB Corporate Services and Conference Center in Honor of Mintha E. Roach and Her Contributions to KUB and the Knoxville Community

President’s Report

Public Comments

Adjournment



Knoxville Utilities Board

October 11, 2019

Knoxville Utilities Board
445 S. Gay Street
Knoxville, Tennessee 37902-1109

Commissioners:

Staff has identified a 933 square foot parcel of land owned by the Electric Division of KUB as part of a larger two-acre tract with frontage along Fairmont Boulevard to be authorized for sale.

The parcel of land is adjacent to 3308 Barton Street and has been encroached upon by the property owner. Upon inspection of the property, Staff has determined the property is not needed for the continued operation of the Electric system and is not needed by any other KUB system. In accordance with KUB's Procurement Procedures, as adopted by the Board, I have determined the property is surplus.

Pursuant to the City Charter, state law and the Procurement Procedures, upon authorization of the Board, the President and CEO may sell the property in a manner that is in the best interest of KUB and the Electric Division.

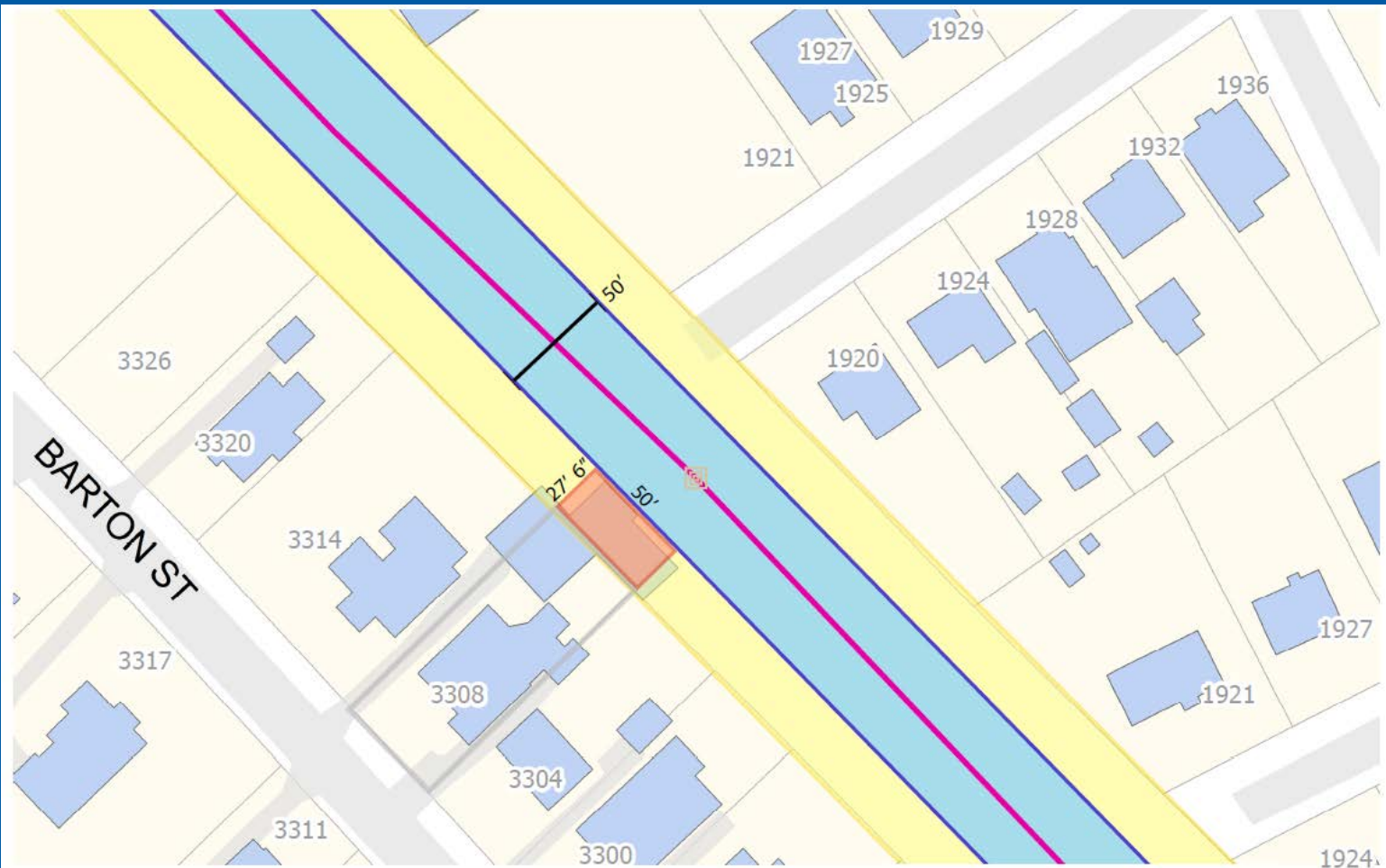
Resolution 1402 authorizes and approves the sale of the 933 square foot site adjacent to 3308 Barton Street. A draft of Resolution 1402 along with a map of the property is enclosed for your information. I recommend approval of Resolution 1402 on first and final reading.

Respectfully submitted,

A handwritten signature in black ink that reads 'Gabriel Bolas II'.

Gabriel Bolas II
President and CEO

Enclosures



RESOLUTION NO. 1402

A Resolution Authorizing and Approving the Sale of Certain Surplus Real Property of the Electric Division of the Knoxville Utilities Board (“KUB”) Being Part of KUB’s Two-Acre Tract with Frontage Along Fairmont Boulevard and Located Adjacent to a Parcel at 3308 Barton Street in Knoxville, Tennessee

Whereas, the Electric Division of KUB holds title to certain real estate, being part of KUB’s two-acre tract with frontage along Fairmont Boulevard and adjacent to a parcel at 3308 Barton Street in Knoxville, Tennessee, identified as a portion of Tax Parcel 60 in Group D on Knox County Tax Map 69M, consisting of approximately 933 square feet of land as reflected on the attached Exhibit (the “Property”); and

Whereas, the Property is not useful and necessary for the continued operation of the Electric system substantially as it now exists, and is not needed for use by any other KUB system; and

Whereas, pursuant to Section VII of the KUB Procurement Procedures previously adopted by the KUB Board of Commissioners (the “Board”), the President and Chief Executive Officer (“CEO”) of KUB has determined that the Property is not needed by the Electric system or any other KUB system; and

Whereas, the bond resolutions for the KUB Electric Division authorize the disposal of property of the Electric system which the Board determines to be no longer necessary and useful in the operation thereof; and

Whereas, in accordance with the City Charter and KUB’s Procurement Procedures and Procurement Guidelines, the sale of the Property may occur in a manner that is in the best interest of KUB and the Electric Division.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF THE KNOXVILLE UTILITIES BOARD:

Section 1. That the Property is not useful and necessary to the continued safe, efficient and economic operation of the KUB Electric system, substantially as it now exists, nor is it needed by any other KUB system.

Section 2. That the President and CEO or the authorized designee of the President and CEO be, and hereby is, authorized and directed to sell the Property in a manner that is in the best interest of KUB and the Electric Division, and consistent with KUB's Procurement Procedures and state law, to execute all documents, including without limitation a deed, that are necessary and proper to transfer the Property and to do all things that the President and CEO or the authorized designee of the President and CEO deems reasonable and necessary to effectuate such transfer.

Section 3. That the proceeds of the sale shall be placed into the accounts of the Electric Division in accordance with the Electric System Bond Resolution.

Section 4. That this Resolution shall take effect upon its passage.

Kathy Hamilton, Chair

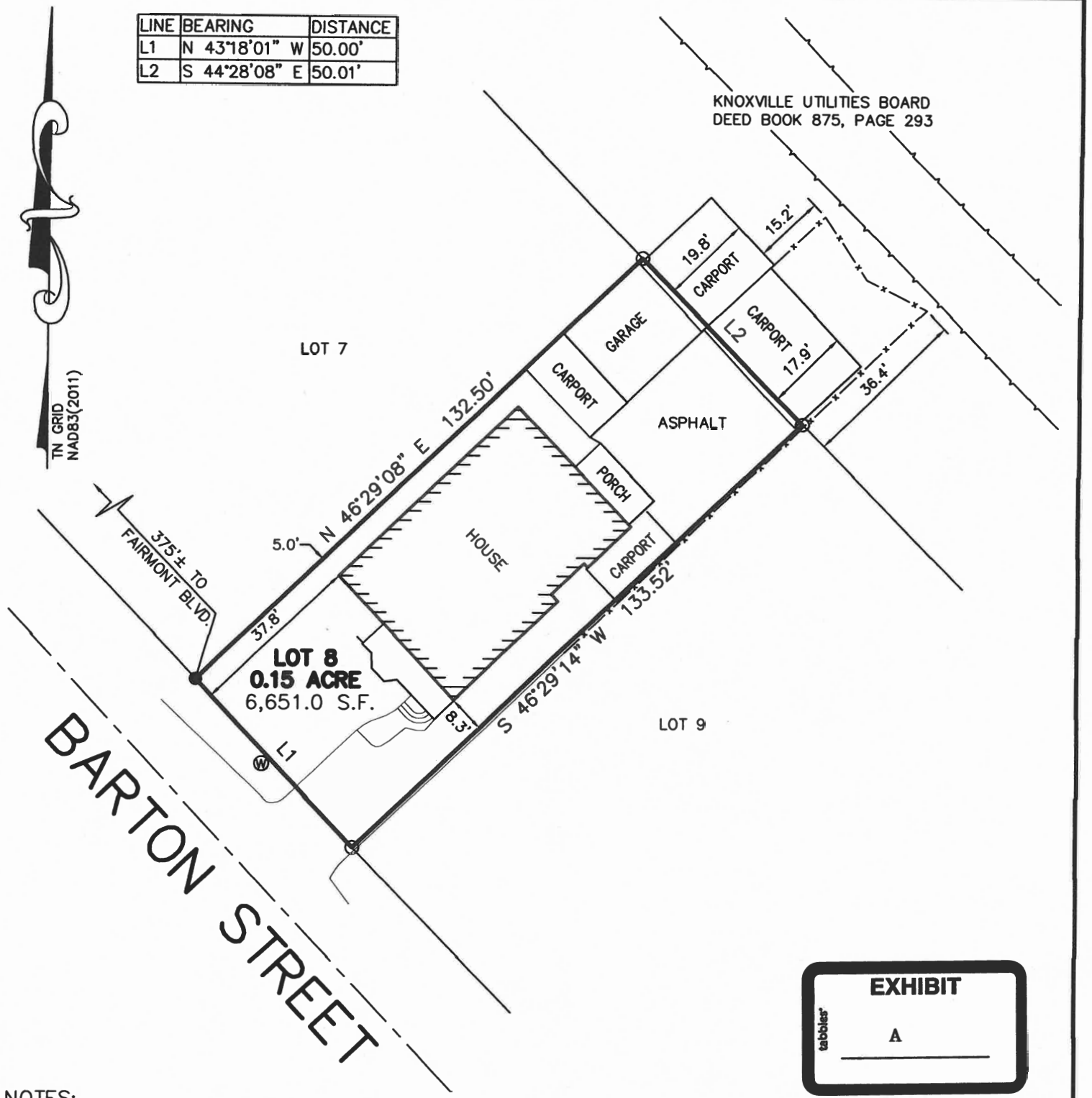
Mark Walker, Board Secretary

APPROVED ON 1st
& FINAL READING: _____
EFFECTIVE DATE: _____
MINUTE BOOK ____ PAGE _____

LINE	BEARING	DISTANCE
L1	N 43°18'01" W	50.00'
L2	S 44°28'08" E	50.01'

KNOXVILLE UTILITIES BOARD
DEED BOOK 875, PAGE 293

TN GRID
NAD83(2011)



EXHIBIT

A

NOTES:

1. PROPERTY IS SUBJECT TO ANY FINDINGS OF AN ACCURATE TITLE SEARCH. NO TITLE WORK WAS FURNISHED TO SURVEYOR PRIOR TO SURVEY.
2. UTILITIES SHOWN WERE LOCATED FROM ACTUAL FIELD EVIDENCE. OTHER UTILITIES MAY EXIST AND NOT BE SHOWN OR VARY FROM WHERE SHOWN. NO GUARANTEE IS EXPRESSED OR IMPLIED AS TO THE ACTUAL LOCATION OF ANY UTILITIES SHOWN, WHICH ARE NOT VISIBLE FROM THE SURFACE.
3. NEW CONSTRUCTION MUST CONFORM TO ALL LOCAL ZONING REGULATIONS.
4. QUALITY OF NORTH IS BASED ON GLOBAL POSITIONING SYSTEM DATA COLLECTED IN REAL TIME USING THE TENNESSEE GEODETIC REFERENCE NETWORK, AN ORDER B GEODETIC ACCURACY, RELATIVE TO THE NATIONAL GEODETIC SURVEY NAD83(2011). DISTANCES HAVE NOT BEEN REDUCED TO GRID.

LEGEND:

- IRON PIN AND CAP SET
- IRON PIN FOUND
- UTILITY POLE
- MANHOLE
- WATER METER
- EDGE PAVEMENT
- OVERHEAD UTILITIES
- SEWER LINE
- FENCE

THIS IS TO CERTIFY THAT THIS SURVEY MEETS THE MINIMUM STANDARDS FOR THE STATE OF TENNESSEE. THIS IS TO CERTIFY THAT ON THE DATE SHOWN, I MADE AN ACCURATE SURVEY OF THE PREMISES SHOWN HEREON USING THE LATEST RECORDED DEED AND OTHER INFORMATION FURNISHED TO ME, THAT THERE ARE NO EASEMENTS, ENCROACHMENTS OR PROJECTIONS EVIDENT OTHER THAN THOSE SHOWN. THE SURVEY WAS DONE UNDER THE AUTHORITY OF TCA 62-18-126; AND THE SURVEY IS NOT A GENERAL PROPERTY SURVEY AS DEFINED UNDER RULE 0820-3-07.

**MORTGAGE LOAN SURVEY
FOR
BILL R. CLARK**

OWNER: BILL R. CLARK

ADDRESS: 3308 BARTON STREET

LOCATION: TAX I.D. # 069MD055
2ND CIVIL DISTRICT
KNOX COUNTY, TENNESSEE

DEED REF: DEED BOOK 2087, PAGE 451

SUBDIVISION: LOT 8, BLOCK J
EMORILAND

PLAT: PLAT CABINET A, SLIDE 77B

DATE: 06/03/19 **SCALE** 1"=30'

REGISTERED LAND SURVEYOR

SCOTT W. UMSTEAD

TN No. 1861

ACRE by ACRE SURVEYING
P.O. BOX 18435
KNOXVILLE, TN. 37928-2435
PHONE (865) 686-0696 DRAWING # 19089



Knoxville Utilities Board

October 11, 2019

Knoxville Utilities Board
445 S. Gay Street
Knoxville, Tennessee 37902-1109

Commissioners:

As we mark one year since her retirement, it seems an appropriate time for the Board to consider a permanent recognition of the contributions of former President and CEO, Mintha Roach, to KUB and its customers.

Because her KUB career began in Human Resources, and in light of her dedication to the safety and advancement of all KUB employees, Resolution 1403 has been drafted to memorialize these contributions. If adopted, we will rename the Corporate Services building on the Hoskins Operations Center campus as the Mintha E. Roach Corporate Services and Conference Center.

A draft of the resolution is enclosed. I recommend approval of Resolution 1403 on first and final reading.

Respectfully submitted,

A handwritten signature in black ink that reads 'Gabriel Bolas II'.

Gabriel Bolas II
President and CEO

Enclosure

RESOLUTION NO. 1403

A Resolution Renaming the KUB Corporate Services and Conference Center in Honor of Mintha E. Roach and Her Contributions to KUB and the Knoxville Community

Whereas, Mintha E. Roach served as KUB President and Chief Executive Officer from 2004 to 2018 and was the first woman in KUB's history to hold this position; and

Whereas, Mintha joined KUB in 1992 following her tenure as Director of the Knoxville Civil Service Merit Board, serving as Director of Human Resources, Director of Corporate Services and Chief Administrative Officer before her appointment as President and CEO; and

Whereas, Mintha's dedication to serving KUB's customers was reflected in her leadership in implementing programs such as Century II Infrastructure Management to ensure safe, reliable utility service, Round It Up to provide weatherization assistance for income-limited households, and programs to give back to the community, such as KUB Cares and the Vol Time program, which have generated thousands of volunteer hours to service organizations in our community; and

Whereas, Mintha's tenure was marked by a commitment to employees and an investment in their development, as well as a commitment to improving KUB's safety culture; through her efforts KUB developed a unified and customer-focused workforce which has allowed KUB to achieve its public service mission in an award-winning way; and

Whereas, she has been a recognized leader both inside KUB and in the larger community, and her commitments to customers, to employees, to high ethical standards, and to community service have set the bar high for all who know her.

Whereas, this Board, KUB's employees, and the community have deep respect and appreciation for Mintha's service, and this Board believes it is fitting and proper that a lasting legacy of this gratitude be created.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF THE KNOXVILLE UTILITIES BOARD:

Section 1. That this Board recognizes and commemorates the faithful service and significant accomplishments of Mintha Roach as a leader at KUB.

Section 2. That in appreciation of her service and commitment and in acknowledgment of her lasting impact on KUB and the Knoxville community, KUB's Corporate Services and Conference Center be here and ever after known as the "Mintha E. Roach Corporate Services and Conference Center," in the hope that her work will continue to inspire future generations of employees.

Section 3. That this Resolution shall take effect from and after its passage and that copy shall be provided to Mintha.

Kathy Hamilton, Chair

Tyvi Small, Vice Chair

Jerry Askew, Commissioner

Celeste Herbert, Commissioner

Sara Pinnell, Commissioner

Adrienne Simpson-Brown, Commissioner

John Worden, Commissioner

APPROVED ON 1st
& FINAL READING: _____
EFFECTIVE DATE: _____
MINUTE BOOK ___ PAGE _____

**Knoxville Utilities Board
Board Meeting
Minutes
Thursday, September 19, 2019 Noon**

Call to Order

The Knoxville Utilities Board met in regular session in the Larry A. Fleming Board Room at 445 S. Gay Street, on Thursday, September 19, 2019, pursuant to the public notice published in the January 5, 2019, edition of the *News Sentinel*. Chair Hamilton called the meeting to order at 12:00 p.m.

Roll Call

Commissioners Present: Jerry Askew, Kathy Hamilton, Celeste Herbert, Adrienne Simpson-Brown, Tyvi Small, and John Worden. Sara Pinnell arrived after roll call.

Commissioner Absent: None

Approval of Minutes

The Minutes of the August 15, 2019, Board Meeting were approved as distributed upon a motion by Commissioner Small and seconded by Commissioner Herbert.

Old Business

Resolution 1400, A Resolution Amending the Rate Schedules of the Gas Division Providing for Certain Changes to the Gas Interruptible and Transportation Rate Schedules, By Amending Section 2 of Resolution No. 1060, as Heretofore Amended

President Gabriel Bolas recognized Sherri Ottinger, Manager of Rates, to provide an overview of the proposed amendment of the Gas Interruptible and Transportation Rate Schedules on second and final reading.

President Bolas recommended adoption of Resolution 1400 on second and final reading. His written recommendation is included in Attachment 1.

Upon a motion by Commissioner Askew and a second by Commissioner Small, Resolution 1400 (*Attachment 1*) was adopted by a roll call vote on second and final reading. The following Commissioners voted "aye": Askew, Hamilton, Herbert, Simpson-Brown, Small, and Worden. No Commissioner voted "nay".

September 19, 2019

New Business

None

President's Report

Water Efficiency Workshop

President Bolas advised Commissioners that staff previously demonstrated a brief version of the energy efficiency workshop we provide for community groups. He recognized Harley Bryant, Supervisor of Customer Support and Key Accounts, to demonstrate a brief version of the water efficiency workshop.

First Responders are Always Working

President Bolas advised Commissioners that KUB's commitment to reliability and safety requires being able to respond quickly to system and customer needs 24 hours a day, 7 days a week. He recognized John Williams, Vice President of Construction, to provide a summary of the work of KUB's first responders.

Union County Economic Development

President Bolas recognized Darrin Rhines, Acting Manager of Economic Development and Government Relations, to provide an update on recent economic development in Union County.

Other Business

Commissioner Herbert announced that the Nominating Committee received 15 applications for the Commissioner term beginning in January. The next step is for the committee to conduct interviews and those will be scheduled and occur prior to the next Board Meeting. Pursuant to the City Charter, at least five candidates will be submitted to the Mayor, and those candidates will be nominated at next month's meeting.

Public Comment

Constance Every – 301 N Chilhowee Drive – Knoxville, TN 37914

Trey Kelly – GRIID Infrastructure, LLC – Union County, TN

September 19, 2019

Adjournment

There being nothing further to come before the Board, Chair Hamilton declared the meeting adjourned at 12:50 p.m.

Kathy Hamilton, Chair

Mark Walker, Board Secretary

Attachments

Attachment 1	Recommendation Letter and Resolution 1400, A Resolution Amending the Rate Schedules of the Gas Division Providing for Certain Changes to the Gas Interruptible and Transportation Rate Schedules, By Amending Section 2 of Resolution No. 1060, as Heretofore Amended – Second Reading	<u>Page(s)</u> 9551 – 9581
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Knoxville Utilities Board

September 13, 2019

Knoxville Utilities Board
445 S. Gay Street
Knoxville, TN 37902-1109

Commissioners,

As you will recall, Staff has identified several proposed changes to KUB's Gas Division rate schedules for large commercial and industrial gas customers. The proposed changes include raising the rate for unauthorized gas usage, eliminating the standby gas service provision in the transportation service rate schedules, and closing the availability of firm transportation gas service, in addition to some minor housekeeping changes.

A detailed presentation on the proposed changes was provided to the Board at last month's meeting, followed by the Board's adoption of Resolution 1400, amending the rate schedules of the Gas Division, on first reading.

I recommend the approval of Resolution 1400 on second and final reading.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Gabriel Bolas'.

Gabriel J. Bolas II
President and CEO

Enclosure

RESOLUTION NO. 1400

A Resolution Amending the Rate Schedules of the Gas Division Providing for Certain Changes to the Gas Interruptible and Transportation Rate Schedules, By Amending Section 2 of Resolution No. 1060, as Heretofore Amended

Whereas, the Knoxville Utilities Board of Commissioners (“Board”) previously adopted Resolution 1060, as heretofore amended, providing rate schedules for the Gas Division of the Knoxville Utilities Board (“KUB”); and

Whereas, the rate schedules of the Gas Division include interruptible large commercial and industrial service, and transportation rate schedules; and

Whereas, the interruptible and transportation rate schedules allow KUB from time to time to restrict use and deliveries of gas on its system through enactment of a Period of Interruption (POI), or an Operational Flow Order (OFO); and

Whereas, KUB may assess charges and penalties for “Unauthorized Gas” delivery or use associated with the POI or OFO; and

Whereas, the current “Unauthorized Gas Penalty” portion of the “Unauthorized Gas Charge”, approved by the Board in 1982, is intended to address customer non-compliance during a POI or OFO; and

Whereas, the Board has determined, upon recommendation from KUB Staff, that it is appropriate to increase the “Unauthorized Gas Penalty” specified in the “Unauthorized Gas Charge” portion of Gas Division Rate Schedules G-7, G-11 and G-12; and

Whereas, Gas Division Rate Schedules G-11 and G-12 contain language providing for “Standby Gas Service” in the event of failure of the Customer’s supplier to deliver Transport Gas to KUB; and

Whereas, the provision for “Standby Gas Service” in Gas Division Rate Schedules G-11 and G12 has not previously been utilized; and

Whereas, the Board has determined, upon recommendation from KUB Staff, that it is in the best interest of KUB and its customers to remove the provision for “Standby Gas Service” in Gas Division Rate Schedules G-11 and G-12; and

Whereas, Gas Division Rate Schedules G-4, G-6, G-7, G-11, and G-12 are available to commercial and industrial customers; and

Whereas, the Board has determined, upon recommendation from KUB Staff, that it is in the best interest of KUB and its customers to revise the availability of Rate Schedule “G-12 Commercial and Industrial Firm Transportation Gas Service” restricting its availability to only those customers taking gas service under this rate schedule as of November 1, 2019 and terminating the rate schedule as of November 1, 2021; and

Whereas, in accordance with Section 1107(L) of the Charter of the City of Knoxville, KUB has provided the required public notice of not less than five (5) days prior to a meeting of the Board when a rate schedule change is to be considered.

Now, Therefore, be it Hereby Resolved by the Board of Commissioners of the Knoxville Utilities Board:

Section 1. That the Gas Division Rate Schedules entitled “G-7 Interruptible Large Commercial and Industrial Service”, “G-11 Interruptible Transportation Gas Service”, “G-12 Commercial and Industrial Firm Transportation Gas Service”, and “G-14 Alternative Gas Pricing Rider” as set forth in Section 2 of Resolution No. 1060, as heretofore amended, are deleted in their entirety and replaced with the rate schedules set forth in Exhibit A to this Resolution, to be effective October 1, 2019, which include increases provided for in Exhibit F to Resolution 1361, passed by this Board on June 5, 2017.

Kathy Hamilton/s
Kathy Hamilton, Chair

Mark Walker/s
Mark Walker, Board Secretary

APPROVED ON 1st
READING: 8-15-19
APPROVED ON 2nd
READING: 9-19-19
EFFECTIVE DATE: 10-1-19
MINUTE BOOK 41 PAGE 9552-9581

RESOLUTION 1400
EXHIBIT A
INTERRUPTIBLE AND TRANSPORTATION
RATE SCHEDULES OF THE GAS DIVISION
EFFECTIVE OCTOBER 1, 2019

RATE SCHEDULE G-7

INTERRUPTIBLE LARGE COMMERCIAL AND INDUSTRIAL SERVICE

Definitions

“Customer” means a person or entity contracting with or otherwise receiving service from KUB for interruptible gas service under Rate Schedule G-7.

“Day” means a period of twenty-four (24) consecutive hours, beginning and ending at 10:00 A.M. prevailing Knoxville time or such other period as may be established by the applicable connecting pipeline(s) to KUB’s system.

“Delivery” means the delivery of Transport Gas or Supplemental Gas to KUB.

“Firm Gas” means the amount of gas designated as such in a written contract between KUB and the Customer; Firm Gas is not subject to interruption or curtailment except for emergency or other causes as provided in KUB's Rules and Regulations.

“Interruptible Gas” means that gas which is subject to interruption or curtailment by KUB at any time and to the extent that KUB, in its sole discretion, deems desirable.

“Notice of Interruption” means the notice given by KUB to a Customer that a Period of Interruption has commenced or will commence.

“Period of Interruption” means any period of time during which KUB shall interrupt or curtail the delivery of gas to the Customer.

“Redelivery” means the delivery of Transport Gas or Supplemental Gas to the Customer by KUB.

“Supplemental Gas” means gas procured by KUB for the account of a Customer for Delivery to KUB and Redelivery to the Customer.

“Transport Gas” means gas purchased by a Customer from a supplier other than KUB that the Customer has arranged to have Delivered to KUB for Redelivery to the Customer.

“Unauthorized Gas” means the quantity of gas taken by Customer exceeding the amount which is permitted during a Period of Interruption.

Availability

Service under Rate Schedule G-7 is available to any customer who meets the following conditions:

(a) Customer's annual Interruptible Gas use, on an actual or projected basis, shall not be less than 25,000 dekatherms (one dekatherm is equivalent to ten therms);

(b) Customer shall be permitted to purchase only one (1) dekatherm of Firm Gas under Rate Schedule G-7 for each two (2) dekatherms of Interruptible Gas which are purchased;

(c) Customer must have standby equipment of sufficient capacity capable of providing Customer's normal gas service requirements for a period of five (5) working days without replenishment when Interruptible Gas is completely interrupted. Customer shall maintain such equipment ready for operation at any time and shall utilize a fuel other than gas furnished by KUB and shall be subject to periodic inspections by KUB to ensure compliance with this provision; and

(d) KUB must determine that its existing distribution system facilities are adequate and available for the requested service.

In the event Customer shall fail at any time to continue to meet the conditions (a) through (c), service under Rate Schedule G-7 shall no longer be available; but at KUB's option, gas service may be provided to the Customer under Rate Schedule G-6.

Notwithstanding the foregoing, any Customer receiving service under Rate Schedule G-7 immediately prior to September 1, 1992 may continue to receive service under Rate Schedule G-7 without fulfilling each of the above stated conditions until such time as service to Customer is terminated or Customer begins receiving gas service under a different rate schedule. Such Customer shall continue to comply with any conditions in effect prior to September 1, 1992.

Character of Service

Interruptible Gas shall be available only to the extent that KUB has gas available that is not required by firm customers. If a Customer is served by gas purchased on an interruptible rate from KUB's suppliers, all conditions imposed by KUB's suppliers on the use of such Interruptible Gas shall likewise apply to such Customer as if KUB imposed the condition on the Customer.

Transportation Service

During any Period of Interruption, Customer may request Transportation Service from KUB whereby Customer may either (i) purchase Transport Gas and arrange to Deliver such Transport Gas to KUB via any connected interstate natural gas pipeline to one or more of KUB's designated delivery points for Redelivery to the Customer or (ii) solicit the service of KUB in procuring Supplemental Gas for Customer whereby upon agreeing to provide such service, KUB will attempt to: (a) procure Supplemental Gas on the open market for the account of Customer; (b) arrange for such Supplemental Gas to be transported at Customer's cost via connecting interstate natural gas pipelines to one or more of KUB's designated delivery points, and (c) Redeliver such Supplemental Gas to Customer.

Redeliveries by KUB to Customer are subject to interruption when, in the sole discretion of KUB, conditions warrant a suspension of Transportation Service.

Prior to the commencement of a Period of Interruption or within a reasonable period of time subsequent to the commencement of a Period of Interruption, as determined by KUB in its sole discretion, Customer must: (a) notify KUB of its intent to receive Transportation Service from KUB and (b) provide KUB with a schedule showing the proposed daily volumes to be delivered to KUB and Redelivered to the Customer. KUB shall notify Customer of those volumes KUB has approved on a daily basis for Delivery to KUB and Redelivery to Customer (Approved Daily Volumes) prior to the Delivery of any gas to KUB. KUB reserves the right to adjust the Approved Daily Volumes as conditions warrant. KUB shall notify Customer promptly of any adjustment in the Approved Daily Volumes.

KUB shall not be obligated to Redeliver any volumes of gas to Customer: (a) in excess of the Customer's Approved Daily Volumes and (b) in the case of Transport Gas, for which KUB has not received a confirmation of receipt from the applicable connecting pipeline on any given Day.

Transportation Service under this Rate Schedule shall be subject to the following charges, as applicable: (a) the Commodity Charge, as set forth in the Rate Schedule, for Redeliveries of Supplemental Gas to Customer, and (b) the Transportation Charge, as set forth in this Rate Schedule, for Redeliveries to Customer.

Upon conclusion of Customer's Period of Interruption, if total previous Deliveries of Transport Gas or Supplemental Gas to KUB exceeds total Redeliveries of Transport Gas or Supplemental Gas to Customer by KUB, as applicable, the excess will be treated as the first gas (excluding Firm Gas) through Customer's meter following Customer's Period of Interruption.

Gas purchased or transported under Rate Schedule G-7 shall be used only by the Customer at its facilities and shall be delivered at a single point of delivery located within the service area of KUB and shall not be resold by the Customer.

Quantities of Gas Delivered

For the purpose of allocating the daily volume of gas delivered to a Customer under this rate schedule, the first gas delivered shall be considered Firm Gas up to the daily quantity contracted for as Firm Gas, the next gas delivered shall be the Approved Daily Volumes of Transport Gas or Supplemental Gas for that Day, as applicable, and all additional gas delivered shall be considered Interruptible Gas except during a Period of Interruption, then all additional gas delivered shall be considered Unauthorized Gas.

	<u>Rates</u>
Customer Charge:	\$575.00
Demand Charge:	\$20.50 per dekatherm of demand.
Commodity Charge:	
For Firm Gas:	\$7.045 per dekatherm.
For Interruptible Gas:	\$6.675 for the first 3,000 dekatherms; plus \$6.052 for each dekatherm from 3,000 to and including 20,000 dekatherms; plus \$5.221 for each dekatherm from 20,000 to and including 50,000 dekatherms; plus \$4.941 for the excess over 50,000 dekatherms.
For Supplemental Gas:	The Commodity Charge for Supplemental Gas shall be the total of: (a) the cost per dekatherm to KUB for the applicable Day of acquiring Supplemental Gas on the open market, subject to the approval of the Customer to purchase Supplemental Gas at or above such price and (b) the costs incurred by KUB in transporting such Supplemental Gas via connecting pipelines to one or more of KUB's delivery points.
Transportation Charge:	\$2.449 per dekatherm for the first 3,000 dekatherms of gas Redelivered plus Unauthorized Gas; plus \$1.826 per dekatherm for each dekatherm from 3,000 to and including 20,000 dekatherms of gas Redelivered plus

Unauthorized Gas; plus
\$.995 per dekatherm for each dekatherm from
20,000 to and including 50,000 dekatherms of
gas Redelivered plus Unauthorized Gas; plus
\$.715 per dekatherm for the excess over
50,000 dekatherms of gas Redelivered plus
Unauthorized Gas.

Unauthorized Gas Charge: \$25.00 per dekatherm of Unauthorized Gas as
a penalty, plus the total of: (a) the cost per
dekatherm of obtaining such gas on the open
market as determined by the higher of (1) the
applicable Gulf Coast Price Index for the
applicable Day as published in Gas Daily or, if
Gas Daily is no longer published, in a
comparable reliable source for natural gas
prices or (2) the applicable first of the month
Gulf Coast Price Index as published in INSIDE
FERC, or if INSIDE FERC is no longer
published, in a comparable reliable source for
natural gas prices and (b) the costs incurred by
KUB in transporting such Unauthorized Gas via
connecting pipelines to one or more of KUB's
delivery points.

In determining the appropriate rate block to bill Transportation Charges for gas
Redelivered and Unauthorized Gas, the following volumes shall be combined:
Interruptible Gas, Supplemental Gas, Transport Gas, and Unauthorized Gas.

Purchased Gas Adjustment

The Commodity Charge for Firm Gas and Interruptible Gas shall be subject to
KUB's Purchased Gas Adjustment.

Determination of Demand

Demand shall be the daily quantity of gas contracted for as Firm Gas by the
Customer. Customer, with the consent of KUB, may from time to time change the
amount of Firm Gas by providing written notice to KUB at least three (3) business days
prior to the beginning of the monthly billing period for which Customer desires the
change to be effective; provided, however, that such changes shall not effect a
reduction in the previously specified Firm Gas, unless the previously specified Firm Gas
has been in effect for the entire twelve month period immediately preceding the date
the requested change is to become effective.

Unauthorized Gas Charge

No Customer shall take Unauthorized Gas. Customer must immediately notify KUB if it has taken, or anticipates taking, Unauthorized Gas. In the event Customer takes Unauthorized Gas, Customer shall be charged the Unauthorized Gas Charge for all Unauthorized Gas delivered by KUB to Customer. In addition, KUB may suspend or terminate service and/or pursue any other remedy available to it under applicable law. The existence of an Unauthorized Gas Charge shall not be construed to give Customer the right to take Unauthorized Gas. The penalty portion of the Unauthorized Gas Charge may be waived or reduced by KUB on a non-discriminatory basis.

Priority of Service

Interruptible gas service is supplied to customers of KUB under Rate Schedules G-7 and G-11. Except as may be otherwise determined by KUB in its sole discretion, Periods of Interruption shall generally be imposed on interruptible customers of KUB in the following order:

- (1) If the Period of Interruption is necessary due to an emergency or capacity limitation on KUB's gas distribution system, then the interruption of service to all interruptible customers of KUB shall be handled on a pro rata or other equitable basis as determined by KUB.
- (2) If the capacity limitation affects only a restricted geographic area of KUB's gas distribution system, then only interruptible customers of KUB within the restricted area will have their service interrupted. The interruption of such customers shall be handled on a pro rata or other equitable basis as determined by KUB.
- (3) If the Period of Interruption is necessary due to a shortage of KUB's normal gas supply, whether caused by a capacity limitation of KUB's connecting pipeline(s) or by an actual shortage of gas, then:
 - (a) The first service interrupted shall be Rate Schedule G-7 Customers (other than Redeliveries of Supplemental Gas and Transport Gas) who have not heretofore been interrupted as provided above.
 - (b) The second service interrupted shall be Redeliveries of Supplemental Gas to Rate Schedule G-7 Customers. Even though KUB may have acquired Supplemental Gas for the account of a Customer under Rate Schedule G-7, this service may be interrupted to the extent necessary to provide service to KUB's Firm Gas customers.

Within each category, the interruption of such customers shall be handled on a pro rata or other equitable basis as determined by KUB.

Insofar as Transport Gas has been Delivered to KUB for any customer receiving service under Rate Schedule G-7 or Rate Schedule G-11, and insofar as the Period of Interruption is not due to an emergency or capacity limitation on KUB's gas distribution system, the delivery of Transport Gas by KUB to those customers will not be interrupted.

- (4) If the Period of Interruption is necessary due to a lack of confirmation by any connecting pipeline of deliveries for any Rate Schedule G-11 customers or to any Customers receiving Transportation Service under Rate Schedule G-7, then only service to the affected Rate Schedule G-11 customers or to the affected Customers receiving Transportation Service under Rate Schedule G-7, as applicable, will be interrupted.

Notices

To the extent possible, KUB shall give Customer at least a one-hour Notice of Interruption before a Period of Interruption begins. A Notice of Interruption may be provided by KUB by any means including written, verbal or electronic, and shall be sufficient if given by KUB to the person or persons designated from time to time by the Customer as authorized to receive such notices. If a Period of Interruption involves only a reduction in the amount of gas that may be purchased, the Notice of Interruption shall state the daily and/or hourly quantity of gas which Customer may purchase. A Period of Interruption shall continue in effect until KUB notifies Customer that the Period of Interruption has terminated or until the time specified in the Notice of Interruption expires.

Minimum Bill

The minimum bill for each monthly billing period shall be the sum of the Customer Charge and the Demand Charge.

Contract for Service

Each Customer receiving service under Rate Schedule G-7 shall execute a contract with KUB for at least twelve (12) months to end on the November 1st specified in said contract or such other period as Customer and KUB agree upon. Transportation Service under Rate Schedule G-7 shall be provided only after such customer executes a contract with KUB providing for Transportation Service.

Rules and Regulations

Service is subject to Rules and Regulations of KUB.

RATE SCHEDULE G-11

TRANSPORTATION GAS SERVICE

Definitions

“Customer” means a person or entity contracting with or otherwise receiving service from KUB for transportation gas service under Rate Schedule G-11.

“Day” means a period of twenty-four (24) consecutive hours, beginning and ending at 10:00 A.M. prevailing Knoxville time or such other period as may be established by the applicable connecting pipeline(s) to KUB’s system.

“Delivery” means the delivery of Transport Gas to KUB.

“Firm Gas” means the amount of gas designated as such in a written contract between KUB and the Customer; Firm Gas is not subject to interruption or curtailment except for emergency or other causes as provided for in KUB’s Rules and Regulations.

“Imbalance” means the difference between Deliveries to KUB for a Customer and Redeliveries by KUB to the Customer.

“Notice of Interruption” means the notice given by KUB to a Customer that a Period of Interruption has commenced or will commence.

“Operational Flow Order” means any directive issued to a Customer by KUB which requires the Customer to adjust Deliveries to KUB or deliveries of non-Firm gas to the Customer by KUB.

“Period of Interruption” means any period of time during which KUB shall interrupt or curtail the delivery of gas to the Customer.

“Redelivery” means the delivery of gas, excluding Firm Gas and Unauthorized Gas, to a Customer by KUB.

“Scheduled Daily Amount” means the amount of Transport Gas approved by KUB from time to time to be Delivered by a Customer to KUB and delivered to the Customer by KUB on a daily basis.

“Transport Gas” means the gas purchased by a Customer from a supplier other than KUB that Customer has arranged to have Delivered to KUB for delivery to the Customer by KUB.

“Transportation Service Agreement” means the contract between KUB and the Customer whereby KUB agrees to provide transportation gas service to the Customer.

“Unauthorized Gas” means (a) the quantity of gas taken by Customer exceeding the amount which is permitted during a Period of Interruption or (b) the difference (whether positive or negative) between the quantity of gas taken by Customer and the volumes provided for under an Operational Flow Order.

Availability

Service under Rate Schedule G-11 shall be available to any customer who meets the following conditions:

(a) Customer’s annual gas usage (excluding Firm Gas), on an actual or projected basis, shall not be less than 25,000 dekatherms (one dekatherm is equivalent to ten therms);

(b) Customer shall be permitted to purchase only one (1) dekatherm of Firm Gas under Rate Schedule G-11 for each two (2) dekatherms of Transport Gas delivered by KUB to the Customer;

(c) Customer must have standby equipment of sufficient capacity capable of providing Customer’s normal gas service requirements for a period of five (5) working days without replenishment when Transport Gas is completely interrupted. Customer shall maintain such equipment ready for operation at any time and shall utilize a fuel other than gas furnished by KUB and shall be subject to periodic inspections by KUB to ensure compliance with this provision;

Condition (c) shall be optional for any Customer who meets the following requirements: (1) annual gas usage (excluding Firm Gas) is equal to or greater than 25,000 dekatherms; (2) primary use of gas is for industrial or process use; and (3) provides satisfactory evidence to KUB of its ability and willingness to have its gas service interrupted or curtailed by KUB in accordance with the terms and conditions of this Rate Schedule.

(d) Customer’s use under this rate shall not work a hardship on any other customers of KUB, nor adversely affect any other class of KUB’s customers and further provided the Customer’s use under this rate shall not adversely affect KUB’s gas purchase plans and/or effective utilization of the daily demands under KUB’s gas purchase contracts with its suppliers, as solely determined by KUB.

(e) KUB must determine that its existing distribution system facilities are adequate and available for the requested service; and

(f) Customer must execute a Transportation Service Agreement for transportation gas service.

In the event Customer shall fail at any time to meet conditions (a) through (d) service under Rate Schedule G-11 shall no longer be available; but at KUB’s option, gas service may be provided to the Customer under other KUB rate schedules.

Notwithstanding the foregoing, any Customer which received service under Rate Schedule G-11 prior to November 1, 1997 may receive service under Rate Schedule G-11 without fulfilling conditions (a) and (b). Any such Customer shall comply with all other terms and conditions of Rate Schedule G-11.

Character of Service

Pursuant to a Transportation Service Agreement and Rate Schedule G-11, and subject to Periods of Interruption determined by KUB in its sole discretion, KUB shall deliver to the Customer up to the Contract Amount of Transport Gas received from one or more connected interstate natural gas pipelines for Customer's account.

The first gas delivered to the Customer on a daily basis under Rate Schedule G-11 shall be considered Firm Gas up to the daily quantity contracted for as Firm Gas by the Customer.

Gas purchased or transported under Rate Schedule G-11 shall be used only by the Customer at its facilities and shall be delivered at a single point of delivery located within the service area of KUB and shall not be resold by the Customer.

Rates

Customer Charge:	\$750.00
Demand Charge:	\$20.50 per dekatherm of demand.
Firm Gas Charge:	\$7.045 per dekatherm.
Transportation Charge:	\$2.449 per dekatherm for the first 3,000 dekatherms of non-Firm gas delivered to Customer; plus \$1.826 per dekatherm for each dekatherm from 3,000 to and including 20,000 dekatherms of non-Firm gas delivered to Customer; plus \$.995 per dekatherm for each dekatherm from 20,000 to and including 50,000 dekatherms of non-Firm gas delivered to Customer; plus \$.715 per dekatherm for the excess over 50,000 dekatherms of non-Firm gas delivered to Customer.

Unauthorized Gas Charge: \$25.00 per dekatherm of Unauthorized Gas as a penalty, plus (a), the total cost per dekatherm of obtaining such gas on the open market, as defined below, plus (b), the costs incurred by KUB in transporting such Unauthorized Gas via connecting pipelines to one or more of KUB's delivery points. The cost per dekatherm of obtaining such gas on the open market, (a) above, is defined as an index price based on the High Common price for "Transco zone 5 delivered" or "Tennessee 500 Leg", whichever is higher for the applicable Day as published in Gas Daily. If Gas Daily is no longer published, or one of the aforementioned indices is not published, or for any other reason as determined by KUB, KUB will select an industry recognized index at its sole discretion.

Other Charges: Imbalance Charges (as herein defined), and any pipeline scheduling, balancing, transportation, or other similar charges incurred by KUB in connection with the transportation of gas on behalf of the Customer, as applicable.

Purchased Gas Adjustment

The Firm Gas Charge shall be subject to KUB's Purchased Gas Adjustment.

Determination of Demand

Demand shall be the daily quantity of gas contracted for as Firm Gas by the Customer. Customer, with the consent of KUB, may from time to time change the amount of Firm Gas by providing written notice to KUB at least three (3) business days prior to the beginning of the monthly billing period for which the Customer desires the change to be effective; provided, however, that such changes shall not effect a reduction in the previously specified Firm Gas, unless the previously specified Firm Gas has been in effect for the entire twelve month period immediately preceding the date the requested change is to become effective.

Scheduling of Service

At least three (3) business days prior to the first calendar day of the month, Customer shall submit to KUB its schedule showing the proposed daily volumes of Transport Gas the Customer desires to deliver to KUB via connecting pipelines and have delivered to the Customer by KUB during the succeeding month ("Delivery Schedule"). Any proposed Delivery of gas in excess of the Transport Gas portion of the Contract Amount shall be specifically noted in the Delivery Schedule. At least one business day prior to the beginning of the applicable calendar month, KUB shall notify the Customer in writing of the volumes of Transport Gas for such Customer which have been approved for Delivery to KUB and delivery to the Customer by KUB on a daily basis during such month ("Scheduled Daily Amount"). The Customer must notify and obtain written approval of KUB for any changes in the Scheduled Daily Amount during a month at least twenty-four (24) hours prior to the proposed commencement of such change.

KUB shall have the right, in its sole discretion, to issue an Operational Flow Order ("OFO") which shall require the Customer to adjust Deliveries to KUB or deliveries of non-Firm gas to the Customer by KUB in order to address one or more of the following situations: (1) to maintain system operations at pressures required to provide efficient and reliable service, (2) to have adequate gas supplies in the system to deliver on demand, (3) to maintain service to all firm gas customers and for all firm gas services, (4) to avoid penalties from connecting pipelines, or (5) any other situation which may threaten the operational integrity of KUB's gas distribution system.

To the extent possible, KUB shall give at least one-hour notice prior to issuing an OFO. Notice may be provided by KUB by any means including written, verbal or electronic, and shall be sufficient if given by KUB to the person or person(s) designated from time to time by the Customer as authorized to receive such notices. The OFO shall include but not be limited to the following information: (1) time and date of issuance, (2) action Customer is required to take, (3) time at which Customer must be in compliance with the OFO, (4) anticipated duration of the OFO, and (5) any other terms and conditions that KUB may reasonably require to ensure the effectiveness of the OFO.

Any volumes of gas delivered to the Customer by KUB in excess of the volumes provided for under the OFO shall be subject to the entire Unauthorized Gas Charge. If the volumes of gas delivered to the Customer by KUB are less than the volumes required to be delivered to the Customer under the OFO, the volumes not delivered to the Customer shall be subject only to the penalty portion of the Unauthorized Gas Charge.

Unauthorized Gas Charge

No Customer shall take Unauthorized Gas. A Customer must immediately notify KUB if it has taken, or anticipates taking, Unauthorized Gas. In the event a Customer takes Unauthorized Gas, the Customer shall be charged for all Unauthorized Gas delivered by KUB to the Customer the Unauthorized Gas Charge. In addition, KUB may suspend or terminate service and/or pursue any other remedy available to it under applicable law. The existence of an Unauthorized Gas Charge shall not be construed to give any Customer the right to take Unauthorized Gas. The penalty portion of the Unauthorized Gas Charge may be waived or reduced by KUB on a non-discriminatory basis.

Balancing of Deliveries

As nearly as practical, Deliveries and Redeliveries shall be at uniform rates of flow. Due to Customer operating conditions, the quantities of gas Delivered to KUB and Redelivered to Customer during any particular period may not balance. It shall be the responsibility of the Customer to adjust Deliveries and Redeliveries of gas to maintain a daily balance of Deliveries and Redeliveries.

KUB will endeavor to monitor Deliveries and Redeliveries and, to the extent practical, inform the Customer of Imbalances which have occurred. KUB's failure to notify the Customer of an Imbalance shall not affect Customer's obligations under Rate Schedule G-11. All efforts to correct Imbalances by a Customer shall be coordinated with KUB.

KUB shall have the right to take any and all action necessary to limit Imbalances from connecting pipelines or which affect the integrity of KUB's system.

Resolution of Imbalances

The Customer's Imbalance for the month shall be the net total of daily Imbalances for the month. KUB shall divide the monthly Imbalance by the sum of the Deliveries to KUB for the Customer for each Day of the month to determine the percentage (%) monthly Imbalance. KUB shall resolve the monthly Imbalance according to the following schedules ("Imbalance Charges"):

Schedule A. Redeliveries exceed Deliveries - Customer shall pay KUB for excess volumes at the applicable percentage of the Index Price (as defined in this Schedule A) for those volumes within the corresponding % monthly imbalance range.

<u>% Monthly Imbalance</u>	<u>Price</u>
0 - 5%	100% of Index Price
> 5 - 10%	115% of Index Price
>10 - 15%	130% of Index Price
>15 - 20%	140% of Index Price
>20%	150% of Index Price

The Index Price shall be the total of: (a) the average of daily prices for the applicable Gulf Coast Price Index for the applicable month, as published in Gas Daily, or if Gas Daily is no longer published, in a comparable reliable source for natural gas prices and (b) the costs incurred by KUB in transporting such excess volumes via connecting pipelines to one or more of KUB's delivery points.

Schedule B. Deliveries exceed Redeliveries - KUB shall pay the Customer for excess volumes at the applicable percentage of the Index Price (as defined in this Schedule B) for those volumes within the corresponding % monthly imbalance range.

<u>% Monthly Imbalance</u>	<u>Price</u>
0 - 5%	100% of Index Price
> 5 - 10%	85% of Index Price
>10 - 15%	70% of Index Price
>15 - 20%	60% of Index Price
>20%	50% of Index Price

The Index Price shall be the total of: (a) the average of daily prices for the applicable Gulf Coast Price Index for the applicable month, as published in Gas Daily or, if Gas Daily is no longer published, in a comparable reliable source for natural gas prices and (b) the costs which would have been incurred by KUB in transporting such excess volumes via connecting pipelines to one or more of KUB's delivery points.

Priority of Service

Interruptible gas service is supplied to customers of KUB under Rate Schedules G-7 and G-11. Except as may be otherwise determined by KUB in its sole discretion, Periods of Interruption shall generally be imposed on interruptible customers of KUB in the following order:

(1) If the Period of Interruption is necessary due to an emergency or a capacity limitation on KUB's gas distribution system, then the interruption of service to all interruptible customers of KUB shall be handled on a pro rata or other equitable basis as determined by KUB.

(2) If the capacity limitation affects only a restricted geographic area of KUB's gas distribution system, then only interruptible customers of KUB within the restricted area

will have their service interrupted. The interruption of such customers shall be handled on a pro rata or other equitable basis as determined by KUB.

(3) If the Period of Interruption is necessary due to a shortage of KUB's normal gas supply, whether caused by a capacity limitation of KUB's connecting pipeline(s) or by an actual shortage of gas, then the first service interrupted shall be Rate Schedule G-7 customers (other than redeliveries of supplemental gas and transport gas) who have not heretofore been interrupted as provided above. Even though KUB may have acquired supplemental gas for the account of a customer under Rate Schedule G-7 this service may be interrupted to the extent necessary to provide service to KUB's Firm Gas customers. The interruption of such customers shall be handled on a pro rata or other equitable basis as determined by KUB.

Insofar as Transport Gas has been Delivered to KUB for any customer receiving service under Rate Schedule G-7 or Rate Schedule G-11, and insofar as the Period of Interruption is not due to an emergency or capacity limitation on KUB's gas distribution system, the delivery of Transport Gas by KUB to those customers will not be interrupted.

(4) If the Period of Interruption is necessary due to a lack of confirmation by any connecting pipeline of Deliveries for any Rate Schedule G-11 Customers or to any customers receiving transportation service under Rate Schedule G-7, then only service to the affected Rate Schedule G-11 Customers or to the affected customers receiving transportation service under Rate Schedule G-7, as applicable, will be interrupted.

Notices

To the extent possible, KUB shall give Customer at least a one-hour Notice of Interruption before a Period of Interruption begins. A Notice of Interruption may be provided by KUB by any means including written, verbal or electronic, and shall be sufficient if given by KUB to the person or persons designated from time to time by the Customer as authorized to receive such notices. If a Period of Interruption involves only a reduction in the amount of gas that may be transported, the Notice of Interruption shall state the daily and/or hourly quantity of gas which Customer may transport. A Period of Interruption shall continue in effect until KUB notifies Customer that the Period of Interruption has terminated or until the time specified in the Notice of Interruption expires.

Minimum Bill

The minimum bill for each monthly billing period shall be the sum of the Customer Charge and the Demand Charge.

Contract for Service

Each Customer receiving service under Rate Schedule G-11 shall execute a contract with KUB for at least twelve (12) months to end on the November 1st specified in said contract or such other period as Customer and KUB agree upon.

Rules and Regulations

Service is subject to Rules and Regulations of KUB.

RATE SCHEDULE G-12

COMMERCIAL AND INDUSTRIAL FIRM TRANSPORTATION GAS SERVICE

Definitions

“Contract Amount” means the maximum amount of Transport Gas a Customer may transport through KUB’s gas distribution system facilities on any Day as established by a Transportation Service Agreement between KUB and the Customer.

“Customer” means a person or entity contracting with or otherwise receiving service from KUB for firm transportation gas service under Rate Schedule G-12.

“Day” means a period of twenty-four (24) consecutive hours, beginning and ending at 10:00 A.M. prevailing Knoxville time or such other period as may be established by the applicable connecting pipeline(s) to KUB’s system.

“Delivery” means the delivery of Transport Gas to KUB.

“Imbalance” means the difference between Deliveries to KUB for a Customer and Redeliveries by KUB to the Customer.

“Operational Flow Order” means any directive issued to a Customer by KUB which requires the Customer to adjust Deliveries to KUB or deliveries of gas to the Customer by KUB.

“Redelivery” means the delivery of gas, excluding Unauthorized Gas, to a Customer by KUB.

“Scheduled Daily Amount” means the amount of Transport Gas approved by KUB from time to time to be Delivered by a Customer to KUB and delivered to the Customer by KUB on a daily basis.

“Transport Gas” means the gas purchased by a Customer from a supplier other than KUB that Customer has arranged to have Delivered to KUB for delivery to the Customer by KUB.

“Transportation Service Agreement” means the contract between KUB and Customer whereby KUB agrees to provide firm transportation gas service to the Customer.

“Unauthorized Gas” means (a) the quantity of gas taken by Customer exceeding the Contract Amount or (b) the difference (whether positive or negative) between the quantity of gas taken by Customer and the volumes provided for under an Operational Flow Order.

Availability

Service under Rate Schedule G-12 shall be available to any customer when the following conditions are met:

(a) Customer's annual gas usage, on an actual or projected basis, shall not be less than 12,500 dekatherms (one dekatherm is equivalent to ten therms);

(b) KUB must determine that its existing distribution system facilities are adequate and available for the requested service; and

(c) Customer must execute a Transportation Service Agreement for firm transportation gas service.

(d) Customer's use under this rate shall not work a hardship on any other customers of KUB, nor adversely affect any other class of KUB's customers and further provided the Customer's use under this rate shall not adversely affect KUB's gas purchase plans and/or effective utilization of the daily demands under KUB's gas purchase contracts with its suppliers, as solely determined by KUB.

In the event a Customer shall fail at any time to continue to meet condition (a) or (d), service under Rate Schedule G-12 shall no longer be available; but at KUB's option, gas service may be provided to the Customer under other KUB rate schedules.

Rate Schedule G-12 shall only be available to customers receiving service under this rate schedule as of November 1, 2019 and this Rate Schedule G-12 shall be terminated as of November 1, 2021.

Character of Service

Pursuant to a Transportation Service Agreement and Rate Schedule G-12, KUB shall deliver to the Customer up to the Contract Amount of Transport Gas received from one or more connected interstate natural gas pipelines for Customer's account.

Transport Gas, as provided for under Rate Schedule G-12, shall be subject to interruption as a result of emergency or other causes as provided for in KUB's Rules and Regulations.

Gas purchased or transported under Rate Schedule G-12 shall be used only by the Customer at its facilities and shall be delivered at a single point of delivery located within the service area of KUB and shall not be resold by the Customer.

Rates

Customer Charge:	\$750.00
Demand Charge:	\$6.60 per dekatherm of demand.
Transportation Charge:	\$2.768 per dekatherm for the first 3,000 dekatherms of gas delivered to Customer; plus \$1.977 per dekatherm for each dekatherm from 3,000 to and including 20,000 dekatherms of gas delivered to Customer; plus \$1.057 per dekatherm for each dekatherm from 20,000 to and including 50,000 dekatherms of gas delivered to Customer; plus \$.956 per dekatherm for the excess over 50,000 dekatherms of gas delivered to Customer.
Unauthorized Gas Charge:	\$25.00 per dekatherm of Unauthorized Gas as a penalty, plus (a), the total cost per dekatherm of obtaining such gas on the open market, as defined below, plus (b), the costs incurred by KUB in transporting such Unauthorized Gas via connecting pipelines to one or more of KUB's delivery points. The cost per dekatherm of obtaining such gas on the open market, (a) above, is defined as an index price based on the High Common price for "Transco zone 5 delivered" or "Tennessee 500 Leg", whichever is higher for the applicable Day as published in <u>Gas Daily</u> . If <u>Gas Daily</u> is no longer published, or one of the aforementioned indices is not published, or for any other reason as determined by KUB, KUB will select an industry recognized index at its sole discretion.
Other Charges:	Imbalance Charges (as herein defined), and any pipeline scheduling, balancing, transportation, or other similar charges incurred by KUB in connection with the transportation of gas on behalf of the Customer, as applicable.

Determination of Demand

Demand for any month shall be the Customer's Contract Amount. Customer, with the consent of KUB, may from time to time change the Contract Amount by providing written notice to KUB at least three (3) business days prior to the beginning of the monthly billing period for which the Customer desires the change to be effective; provided, however, that such changes shall not effect a reduction in the previously specified Contract Amount unless the previously specified Contract Amount has been in effect for the entire twelve month period immediately preceding the date the requested change is to become effective. Any change in the Contract Amount shall be effectuated by an amendment to the Transportation Service Agreement.

Scheduling of Service

At least three (3) business days prior to the first calendar day of the month, Customer shall submit to KUB its schedule showing the proposed daily volumes of Transport Gas the Customer desires to Deliver to KUB via connecting pipelines and have delivered to the Customer by KUB during the succeeding month ("Delivery Schedule"). Any proposed Delivery of gas in excess of the Contract Amount shall be specifically noted in the Delivery Schedule. At least one business day prior to the beginning of the applicable calendar month, KUB shall notify the Customer in writing of the volumes of Transport Gas for such Customer which have been approved for Delivery to KUB and delivery to the Customer by KUB on a daily basis during such month ("Scheduled Daily Amount"). The Customer must notify and obtain written approval of KUB for any changes in the Scheduled Daily Amount during a month at least twenty-four (24) hours prior to the proposed commencement of such change.

KUB shall have the right, in its sole discretion, to issue an Operational Flow Order ("OFO") which shall require the Customer to adjust Deliveries to KUB or deliveries of gas to the Customer by KUB in order to address one or more of the following situations: (1) to maintain system operations at pressures required to provide efficient and reliable service, (2) to have adequate gas supplies in the system to deliver on demand, (3) to maintain service to all firm gas customers and for all firm gas services, (4) to avoid penalties from connecting pipelines, or (5) any other situation which may threaten the operational integrity of KUB's gas distribution system.

To the extent possible, KUB shall give at least one-hour notice prior to issuing an OFO. Notice may be provided by KUB by any means including written, verbal or electronic, and shall be sufficient if given by KUB to the person or person(s) designated from time to time by the Customer as authorized to receive such notices. The OFO shall include but not be limited to the following information: (1) time and date of issuance, (2) action Customer is required to take, (3) time at which Customer must be in compliance with the OFO, (4) anticipated duration of the OFO, and (5) any other terms and conditions that KUB may reasonably require to ensure the effectiveness of the OFO.

Any volumes of gas delivered to the Customer by KUB in excess of the volumes provided for under the OFO shall be subject to the entire Unauthorized Gas Charge. If the volumes of gas delivered to the Customer by KUB are less than the volumes required to be delivered to the Customer under the OFO, the volumes not delivered to the Customer shall be subject only to the penalty portion of the Unauthorized Gas Charge.

Unauthorized Gas Charge

No Customer shall take Unauthorized Gas. A Customer must immediately notify KUB if it has taken, or anticipates taking, Unauthorized Gas. In the event a Customer takes Unauthorized Gas, the Customer shall be charged for all Unauthorized Gas delivered by KUB to the Customer the Unauthorized Gas Charge. In addition, KUB may suspend or terminate service and/or pursue any other remedy available to it under applicable law. The existence of an Unauthorized Gas Charge shall not be construed to give any Customer the right to take Unauthorized Gas. The penalty portion of the Unauthorized Gas Charge may be waived or reduced by KUB on a non-discriminatory basis.

Balancing of Deliveries

As nearly as practical, Deliveries and Redeliveries shall be at uniform rates of flow. Due to Customer operating conditions, the quantities of gas Delivered to KUB and Redelivered to Customer during any particular period may not balance. It shall be the responsibility of the Customer to adjust Deliveries and Redeliveries of gas to maintain a daily balance of Deliveries and Redeliveries.

KUB will endeavor to monitor Deliveries and Redeliveries and, to the extent practical, inform the Customer of Imbalances which have occurred. KUB's failure to notify the Customer of an Imbalance shall not affect Customer's obligations under Rate Schedule G-12. All efforts to correct Imbalances by a Customer shall be coordinated with KUB.

KUB shall have the right to take any and all action necessary to limit Imbalances from connecting pipelines or which affect the integrity of KUB's system.

Resolution of Imbalances

The Customer's Imbalance for the month shall be the net total of daily Imbalances for the month. KUB shall divide the monthly Imbalance by the sum of the Deliveries to KUB for the Customer for each Day of the month to determine the percentage (%) monthly Imbalance. KUB shall resolve the monthly Imbalance according to the following schedules ("Imbalance Charges"):

Schedule A. Redeliveries exceed Deliveries - Customer shall pay KUB for excess volumes at the applicable percentage of the Index Price (as defined in this Schedule A) for those volumes within the corresponding % monthly imbalance range.

<u>% Monthly Imbalance</u>	<u>Price</u>
0 - 5%	100% of Index Price
> 5 - 10%	115% of Index Price
>10 - 15%	130% of Index Price
>15 - 20%	140% of Index Price
>20%	150% of Index Price

The Index Price shall be the total of: (a) the average of daily prices for the applicable Gulf Coast Price Index for the applicable month, as published in Gas Daily, or if Gas Daily is no longer published, in a comparable reliable source for natural gas prices and (b) the costs incurred by KUB in transporting such excess volumes via connecting pipelines to one or more of KUB's delivery points.

Schedule B. Deliveries exceed Redeliveries - KUB shall pay the Customer for excess volumes at the applicable percentage of the Index Price (as defined in this Schedule B) for those volumes within the corresponding % monthly imbalance range.

<u>% Monthly Imbalance</u>	<u>Price</u>
0 - 5%	100% of Index Price
> 5 - 10%	85% of Index Price
>10 - 15%	70% of Index Price
>15 - 20%	60% of Index Price
>20%	50% of Index Price

The Index Price shall be the total of: (a) the average of daily prices for the applicable Gulf Coast Price Index for the applicable month, as published in Gas Daily or, if Gas Daily is no longer published, in a comparable reliable source for natural gas prices and (b) the costs which would have been incurred by KUB in transporting such excess volumes via connecting pipelines to one or more of KUB's delivery points.

Minimum Bill

The minimum bill for each monthly billing period shall be the sum of the Customer Charge and the Demand Charge.

Contract for Service

Each Customer receiving service under Rate Schedule G-12 shall execute a contract with KUB to end on the November 1st specified in said contract.

Rules and Regulations

Service is subject to Rules and Regulations of KUB.

RATE SCHEDULE G-14
ALTERNATIVE GAS PRICING RIDER

Definitions

“Alternative Gas Pricing Agreement” means the agreement between KUB and the Customer providing the Customer gas service under the Alternative Gas Pricing Rider (“Pricing Rider”) and shall be considered an amendment to the Contract to provide gas between KUB and the Customer.

“Alternative Gas Pricing Guidelines” means the policies and procedures established by KUB for the implementation and administration of the Pricing Rider.

“Customer” means a person or entity receiving service from KUB under the Pricing Rider.

“Firm Gas Adder” means the component of the Customer’s commodity gas rate for the costs incurred by KUB for reserving interstate natural gas pipeline and storage capacity by KUB on behalf of the Customer.

“KUB System Supply Price” means the weighted average cost of gas delivered to KUB’s gas distribution system for a given month for resale to customers on the KUB gas distribution system (excluding gas sold to customers under the Pricing Rider).

“KUB System Transportation Charge” means the cost of transporting gas on KUB’s gas distribution system on behalf of the Customer to the facilities of the Customer as determined by the KUB Board of Commissioners in their sole discretion.

“Locked-Price Gas” means gas whose rate is pre-determined.

“Market-Price Gas” means gas whose rate is based upon a first-of-the-month natural gas price for Tennessee, Zone 0 as published in Platts Gas Daily Price Guide. In the event the price is not published for the month then a comparable monthly index shall be substituted as determined by KUB. If the above publication ceases to be published during the term hereof, its successor publication shall be used or, if there is no successor, then a comparable monthly published index shall be substituted in replacement thereof.

“Price Cashout” means the monthly reconciliation process between the Customer and KUB in which the Customer’s gas volume obligations for Locked-Price Gas are reconciled with KUB.

Availability

The Pricing Rider is designed to provide large commercial and industrial customers receiving gas service from KUB with the opportunity and means to manage the cost of their natural gas purchases from KUB by providing pricing alternatives for the applicable commodity gas rates set forth in their applicable commercial and industrial rate schedules.

Service under the Pricing Rider shall be available to G-7 or G-11 commercial and industrial customers receiving gas service from KUB under the terms and conditions set forth below

(a) Customer's annual gas usage, on an actual or projected basis, shall not be less than 25,000 dekatherms.

(b) For a Customer receiving service under Rate Schedule G-11, Transportation Gas Service, pricing alternatives shall be applicable only to Firm Gas.

(c) Customer may be required to provide KUB with appropriate financial information prior to receiving service under the Pricing Rider and subsequently on a periodic basis, for the purpose of evaluating the Customer's creditworthiness. KUB reserves the right, in its sole discretion, to deny any Customer service under the Pricing Rider based upon KUB's evaluation of the Customer's creditworthiness or authorize any appropriate security arrangement, if necessary, for the Customer to receive service under the Pricing Rider. KUB also reserves the right, in its sole discretion, to refuse to execute any particular alternative price transaction on behalf of a Customer based upon KUB's initial or any subsequent evaluation of the Customer's creditworthiness.

(d) Customer must execute an Alternative Gas Pricing Agreement which shall serve as an amendment to the Customer's existing contract to receive gas service from KUB. Customer must have previously executed a contract to receive gas service from KUB prior to receiving service under the Pricing Rider.

(e) Customer must comply with any other terms and conditions required for service under the Pricing Rider which may be set forth in the Alternative Gas Pricing Guidelines.

In the event a Customer fails to satisfy the conditions necessary for service under the Pricing Rider, service under the Pricing Rider, as determined by KUB in its sole discretion, may no longer be available; however, the Customer may continue to receive gas service from KUB under the applicable commercial and industrial rate schedule provided the Customer continues to satisfy the conditions required for service under such rate schedule and the Customer's Contract, as amended with KUB.

Upon determination that service under the Pricing Rider is no longer available to a Customer, the Customer shall still be permitted to receive service under the Pricing Rider until such point in time that the Customer's outstanding Locked-Price Gas commitments have been fulfilled.

Unless expressly provided for otherwise in the Pricing Rider or in the Alternative Gas Pricing Guidelines, all the terms and conditions of the Customer's applicable commercial and industrial rate schedule shall remain in effect while the Customer is receiving service under the Pricing Rider.

Character of Service

Alternative pricing shall be applicable only for the Customer's Commodity Gas Rates for Firm Gas and Interruptible Gas ("Commodity Gas Rates"). Interruptible Gas shall still be subject to periods of interruption under the terms and conditions set forth in the Customer's applicable commercial and industrial rate schedule.

For a Customer receiving service under the Pricing Rider, the Commodity Gas Rates set forth in the Customer's applicable commercial and industrial rate schedule shall not be effective. Commodity Gas Rates for a Customer receiving service under the Pricing Rider shall be based upon the pricing alternative selected by the Customer as described below and agreed upon by KUB.

(a) Locked-Price Gas: Commodity Gas Rates shall be locked or pre-determined at the time KUB executes the pricing transaction on behalf of the Customer. The Commodity Gas Rate shall consist of the cost incurred by KUB for purchasing the gas on the open market for the benefit of the Customer plus the cost of transporting the gas on connecting interstate natural gas pipelines to KUB's gas distribution system plus the KUB System Transportation Charge; or

(b) Market-Price Gas: Commodity Gas Rates shall consist of the applicable market index, supplier premium, and the cost of transporting the gas on connecting interstate natural gas pipelines to KUB's gas distribution system plus the KUB System Transportation Charge.

Regardless of the pricing alternative utilized by the Customer, the Customer's commodity gas rate for Firm Gas shall also include a Firm Gas Adder for the costs incurred by KUB for interstate natural gas pipeline and storage capacity reservation charges.

The Market-Price alternative shall be the default pricing mechanism for Commodity Gas Charges. If KUB does not execute any Locked-Price transactions on behalf of a Customer for a given month, the Customer's Commodity Gas Charges for that particular month shall be based upon the Market-Price alternative. The Commodity Gas Charges for any gas delivered by KUB to the facilities of the Customer for a given month in excess of Locked-Price Gas shall be Market-Price Gas (excluding Transport Gas, Supplemental Gas, and Unauthorized Gas).

KUB incurs an obligation for Locked-Price Gas volumes when it executes transactions on behalf of a Customer. If, for whatever reason, the gas volumes delivered by KUB to the Customer for any month are less than the gas volumes the Customer has locked for such month, the net difference (excluding Transport Gas, Supplemental Gas, and Unauthorized Gas) shall be reconciled on a monthly basis through a Price Cashout.

If the price of the Locked-Price Gas delivered to KUB exceeds the KUB System Supply Price, the Customer shall pay a Price Cashout Charge equal to the excess price multiplied by the applicable volumes not delivered by KUB to the Customer for such month. If the KUB System Supply Price exceeds the price of the Locked-Price Gas delivered to KUB on behalf of the Customer, the Customer shall receive a Price Cashout Credit equal to the excess price multiplied by the applicable volumes not delivered by KUB to the Customer for such month.

A Customer receiving service under the Pricing Rider shall not be permitted to revert to the Commodity Gas Rates set forth in its applicable commercial and industrial rate schedule so long as the Customer has any outstanding Locked-Price Gas commitments.

Alternative Gas Pricing Guidelines

The President and Chief Executive Officer of KUB shall have the authority to adopt and amend such Alternative Gas Pricing Guidelines as are necessary to establish policies and procedures to implement the pricing alternatives set forth in the Pricing Rider.

All service provided under the Pricing Rider shall be subject to the Alternative Gas Pricing Guidelines which from time to time shall be in effect.

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