

RATE SCHEDULES

RATE SCHEDULE FTS
FIRM TRANSPORTATION SERVICE

1. AVAILABILITY

Service under this Rate Schedule is available from Transporter to any Shipper, provided that (i) Transporter has sufficient facilities and transportation capacity available to receive gas from or on behalf of Shipper and deliver gas to or for Shipper, (ii) Transporter has awarded capacity to Shipper under the provisions of Section 4 (Auctions of Available Firm Service) of the General Terms and Conditions, or through construction of facilities, (iii) Shipper has executed an FTS Service Agreement with Transporter, and (iv) Shipper complies with the provisions of this Rate Schedule and with all other applicable provisions of this Tariff.

2. APPLICABILITY AND CHARACTER OF SERVICE

(a) Service provided under this Rate Schedule shall be performed under Subpart B or G of Part 284 of the Commission's Regulations. Subject to the limitations set forth below, Transporter under this Rate Schedule shall receive scheduled quantities from or on behalf of Shipper and shall deliver thermally equivalent scheduled quantities, less Retainage, to or for Shipper. Such service shall be provided on a firm basis and shall apply to all gas transported by Transporter for Shipper under this Rate Schedule, up to the Transportation Demand set forth in Shipper's FTS Service Agreement.

(b) Service provided under this Rate Schedule (i) shall have the priority specified in Section 7 (Capacity Allocation) of the General Terms and Conditions, (ii) shall be subject to interruption to the extent provided in this Rate Schedule or in Section 16 (Interruptions of Service) of the General Terms and Conditions, and (iii) shall be subject to operational flow orders to the extent provided in this Rate Schedule or in Section 17 (Operational Flow Orders) of the General Terms and Conditions.

(c) Transporter shall not be obligated on any Day to accept gas in excess of the lesser of (i) Shipper's Transportation Demand plus Retainage, or (ii) Shipper's Scheduled Daily Receipt Quantity. Transporter also shall not be obligated on any Day to deliver more gas to Shipper than the lesser of (i) Shipper's Transportation Demand, (ii) Shipper's Scheduled Daily Delivery Quantity, or (iii) the quantity of gas Transporter receives for Shipper less Retainage. For the purpose of balancing any imbalances in Shipper's account, Shipper may deliver or take quantities in excess of the above limitations in accordance with the provisions of Section 6 (Nominating, Scheduling, and Monitoring) and Section 7 (Capacity Allocation) of the General Terms and Conditions.

(d) Service rights under an FTS Service Agreement may be released and assigned in accordance with Section 14 (Release and Assignment of Service Rights) of the General Terms and Conditions. Service to a Replacement Shipper under any such release and assignment shall

be subject to the provisions set forth in this Rate Schedule and in the applicable General Terms and Conditions.

(e) The interconnections at which service will be made available under this Rate Schedule will be maintained on a Master List of Interconnects (MLI) posted by Transporter on its Electronic Bulletin Board (EBB). The interconnection points on the MLI shall be incorporated by reference in Shipper's FTS Service Agreement. As of May 1, 2006, the MLI will include one receipt meter and one delivery meter.

(f) Transporter and Shipper may mutually agree on a not unduly discriminatory basis to (i) different termination dates for specified volumes of Transportation Demand within the same Service Agreement and/or (ii) combine service agreements under this Rate Schedule into a single Service Agreement under this Rate Schedule with different termination dates for specified volumes of Transportation Demand. Transporter and Shipper may mutually agree to combine Service Agreements only to the extent that the individual Service Agreement's rates, terms, and conditions can be distinctly maintained and will not be altered by the combination. For each Service Agreement(s) executed in accordance with this Section 2(f), each of the varying termination dates and associated volumes of Transportation Demand will be set forth on a separate Appendix A to the Service Agreement applicable to service pursuant to this Rate Schedule. Each component with a different termination date for a specified volume of Transportation Demand within the same Service Agreement and reflected in a separate Appendix A will be regarded as a single Service Agreement for purposes of Shipper's exercise of any right of first refusal under the provisions of Section 4 of the General Terms and Conditions of Transporter's Tariff. In the event of a constraint or other occurrence that precludes combined nominations or allocations, Transporter may advise Shippers under such combined Service Agreements that capacity must be nominated separately, and is subject to separate allocation, pursuant to the terms of each separate Appendix A of the Service Agreement. Each Appendix A of the combined Service Agreements will be identified by its original contract number or such other identification convention determined to be applicable by Transporter.

(g) If the Transportation Demand is to be provided under one Service Agreement (Multi-Party Service Agreement) for multiple Shippers ("Principals") that have designated a party to act as administrator on their behalf ("Administrator"), Principals and Administrator shall provide notice of such to Transporter in the form of an executed Administrator Agreement, posted on Transporter's Electronic Bulletin Board, between Principals and Administrator. Principals and Administrator also shall provide sufficient information to verify:

- (1) that Principals collectively meet the "Shipper must have title" requirement as set forth in Section 23 (Warranty of Title to Gas) of the General Terms and Conditions;

- (2) that once the Administrator executes the Multi-Party Service Agreement, each Principal agrees that it is jointly and severally liable for all of the obligations of Shipper under the Multi-Party Service Agreement;
- (3) that Principals agree that they shall be treated collectively as one Shipper for nomination, allocation and billing purposes; and
- (4) that Principals collectively satisfy the requirements to request service, including the credit requirements under the provisions outlined in Section 3 (Requests for Service) and Section 9.6 (Creditworthiness of Shipper) of the General Terms and Conditions. Administrator will provide Transporter information on Principals to determine that Principals collectively satisfy the requirements to request service.

Administrator shall be permitted to unilaterally amend the Multi-Party Service Agreement to remove a Principal or to add a Principal that satisfies the requirements of Section 3 (Request for Service) and Section 3.9 (Creditworthiness of Shipper) of the General Terms and Conditions and of this Section 2(g). No such amendment shall be binding on Transporter prior to the date that notice thereof has been given to Transporter. In order for Principals to replace the Administrator of the Multi-Party Service Agreement, Principals must provide Transporter with notice in the form of a new, executed Administrator Agreement between Principals and the new Administrator. Transporter will require the new Administrator to enter a new Multi-Party Service Agreement on behalf of the Principals.

3. RATE

(a) The charges to be paid by Shipper, as set forth in paragraph (b) below, shall be no higher than the applicable total effective maximum charges and no lower than the applicable total effective minimum charges set forth in the currently effective Section 1 (Rate Schedule FTS) of this Tariff, unless the Shipper and Transporter mutually agree to a negotiated rate in accordance with Section 34 (Negotiated Rates) of the General Terms and Conditions, and Transporter makes the appropriate filings with the Commission.

(b) For all service rendered under this Rate Schedule, Shipper each month shall pay Transporter the charges set forth below, unless (1) a discounted rate is otherwise mutually agreed to by Transporter and Shipper in accordance with Section 3 of the pro forma Service Agreement with respect to the charges identified in this Section 3(b) below, and specified in Shipper's FTS Service Agreement, or (2) the Shipper and Transporter mutually agree to a negotiated rate in accordance with Section 34 (Negotiated Rates) of the General Terms and Conditions, and Transporter makes the appropriate filings with the Commission.

(1) Reservation Charge. The maximum Reservation Charge for each Month, assessed on each Dth of Transportation Demand specified in Shipper's FTS Service Agreement.

(2) Commodity Charge. The maximum Commodity Charge per Dth of gas actually delivered each Day during the Month to or for the account of Shipper.

(3) Overrun Charge. The applicable Overrun Charge per Dth of gas actually delivered on any Day during the Month in excess of Shipper's Transportation Demand.

(4) Surcharges. The surcharges applicable to this Rate Schedule.

(c) The charges and surcharges described above are subject to adjustment in accordance with the procedures set forth in Section 4 below and in Section 31 of the General Terms and Conditions.

(d) The Reservation Charge shall apply as of the date service is deemed to commence by the terms of Shipper's FTS Service Agreement.

(e) In addition to collecting the applicable charges and surcharges, Transporter shall retain from the gas tendered for transportation the effective Retainage Percentage set forth in the currently effective Section 1 (Rate Schedule FTS) of this Tariff, unless otherwise negotiated by Transporter and Shipper, and specified in Shipper's FTS Service Agreement.

4. RESERVATIONS

Transporter reserves the unilateral right from time to time to make any changes to, or to supersede, the rates, charges and any terms stated in this Rate Schedule and the applicability thereof, the General Terms and Conditions, and any other provisions of Transporter's Tariff subject to the provisions of the Natural Gas Act and the Commission's Regulations thereunder. Shipper reserves the right to protest any such changes.

5. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions are applicable to this Rate Schedule and are hereby made a part hereof.

RATE SCHEDULE ITS
INTERRUPTIBLE TRANSPORTATION SERVICE

1. AVAILABILITY

Service under this Rate Schedule is available from Transporter to any Shipper, provided that (i) Transporter has sufficient facilities and transportation capacity available to receive gas from or on behalf of Shipper and deliver gas to or for Shipper, (ii) Shipper has submitted a valid request for service under Section 3 (Requests for Service) of the General Terms and Conditions, and Transporter has awarded capacity to Shipper under the provisions of this Rate Schedule or through construction of facilities, (iii) Shipper has executed an ITS Service Agreement with Transporter, and (iv) Shipper complies with the provisions of this Rate Schedule and with all other applicable provisions of this Tariff.

2. APPLICABILITY AND CHARACTER OF SERVICE

(a) Service provided under this Rate Schedule shall be performed under Subpart B or G of Part 284 of the Commission's Regulations. Subject to the limitations set forth below, Transporter shall receive scheduled quantities from or on behalf of Shipper and shall deliver thermally equivalent scheduled quantities, less Retainage, to or for Shipper. Such service shall be provided on an interruptible basis and shall apply to all gas transported by Transporter for Shipper under this Rate Schedule, up to the Transportation Quantity set forth in Shipper's ITS Service Agreement.

(b) Service provided under this Rate Schedule shall have the priority specified in Section 7 (Capacity Allocation) of the General Terms and Conditions and shall be subject to interruption as provided in this Rate Schedule or in Section 16 (Interruptions of Service) of the General Terms and Conditions. Service under this Rate Schedule shall be subject to operational flow orders to the extent provided in this Rate Schedule or in Section 17 (Operational Flow Orders) of the General Terms and Conditions.

(c) Transporter shall not be obligated on any Day to accept gas in excess of the lesser of (i) Shipper's Transportation Quantity plus Retainage, or (ii) Shipper's Scheduled Daily Receipt Quantity. Transporter also shall not be obligated on any Day to deliver more gas to Shipper than the lesser of (i) Shipper's Transportation Quantity, (ii) Shipper's Scheduled Daily Delivery Quantity, or (iii) the quantity of gas Transporter receives for Shipper less Retainage. For the purpose of balancing any imbalances in Shipper's account, Shipper may deliver or take quantities in excess of the above limitations in accordance with the provisions of Section 6 (Nominating, Scheduling, and Monitoring) and Section 7 (Capacity Allocation) of the General Terms and Conditions.

(d) The interconnections at which service shall be made available under this Rate Schedule will be maintained on a Master List of Interconnections (MLI) posted by Transporter on

its Electronic Bulletin Board (EBB). As of May 1, 2006, the MLI will include one receipt meter and one delivery meter.

(e) During any Month, Shipper shall not be permitted to increase its existing flowing quantities under this Rate Schedule, regardless of the Transportation Quantity set forth in Shipper's ITS Service Agreement, if such increase would cause a reduction of existing quantities flowing on Transporter's system under any other Service Agreement of equal or higher priority. A scheduled temporary reduction in the quantities being transported, if requested by Shipper and approved by Transporter, shall not reduce the level of Shipper's existing quantities flowing on Transporter's system for purposes of this paragraph.

(f) Service rights under an ITS Service Agreement may not be released and assigned.

3. INTERRUPTIBLE TRANSPORTATION CAPACITY

Transporter, on a daily basis during a Month, shall post a notice on its EBB setting forth the interruptible capacity that it estimates is available.

4. RATE

(a) The unit rate charges to be paid by Shipper, as set forth in paragraph (b) below, shall be no higher than the applicable total effective maximum rate charges and no lower than the applicable total effective minimum rate charges set forth in the currently effective Section 2 (Rate Schedule ITS) of this Tariff, unless the Shipper and Transporter mutually agree to a negotiated rate in accordance with Section 34 (Negotiated Rates) of the General Terms and Conditions, and Transporter makes the appropriate filings with the Commission.

(b) For all service rendered under this Rate Schedule, Shipper each month shall pay Transporter the charges set forth below, unless (1) a discounted rate is otherwise mutually agreed to by Transporter and Shipper in accordance with Section 3 of the pro forma Service Agreement with respect to the charges identified in this Section 4(b) below, and specified in Shipper's ITS Service Agreement, or (2) unless the Shipper and Transporter mutually agree to a negotiated rate in accordance with Section 34 (Negotiated Rates) of the General Terms and Conditions, and Transporter makes the appropriate filings with the Commission.

(1) Commodity Charge. A Commodity Charge per Dth of gas actually delivered each Gas Day during the Month to or for the account of Shipper.

(2) Surcharges. The surcharges applicable to this Rate Schedule.

(c) The charges and surcharges described above are subject to adjustment in accordance with the procedures set forth in Section 5 below and in Section 31 of the General Terms and Conditions.

(d) In addition to collecting the applicable charges and surcharges, Transporter shall retain from the gas tendered for transportation the effective Retainage Percentage set forth in the currently effective Section 2 (Rate Schedule ITS) of this Tariff, unless otherwise negotiated by Transporter and Shipper, and specified in Shipper's ITS Service Agreement.

5. RESERVATIONS

Transporter reserves the unilateral right from time to time to make any changes to, or to supersede, the rates, charges and any terms stated in this Rate Schedule and the applicability thereof, the General Terms and Conditions, and any other provisions of Transporter's Tariff, subject to the provisions of the Natural Gas Act and the Commission's Regulations thereunder. Shipper reserves the right to protest any such changes.

6. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions are applicable to this Rate Schedule and are hereby made a part hereof, with the exception of Sections 4, 11, and 14.

RATE SCHEDULE IPP
INTERRUPTIBLE PAPER POOLS

1. AVAILABILITY

Service under this Rate Schedule is available from Central Kentucky Transmission Company (Transporter) to any Shipper, provided that (i) Shipper has submitted a valid request for service in accordance with Section 3 (Requests for Service) of the General Terms and Conditions, (ii) Shipper has executed an IPP Service Agreement with Transporter, and (iii) Shipper complies with the provisions of this Rate Schedule and with all other applicable provisions of this Tariff.

2. APPLICABILITY AND CHARACTER OF SERVICE

(a) Subject to the limitations set forth below, Transporter shall provide an accounting service for gas supplies pooled by Shipper pursuant to this Rate Schedule.

(b) In accordance with the provisions of this Rate Schedule, Shipper may aggregate or "pool" gas supplies for purposes of transportation from (i) any source delivered to Transporter's system at the Pooling Point specified in Section 3 of this Rate Schedule. Pooling under this Rate Schedule is interruptible, in accordance with the priorities described in Section 16 (Interruptions of Service) and subject to operational flow orders as set forth in Section 17 (Operational Flow Orders) of the General Terms and Conditions.

(c) Service rights under an IPP Service Agreement may not be released and assigned.

3. POOLING POINTS

(a) The Pooling Point under this Rate Schedule is Bybee, Kentucky.

(b) Transporter may from time to time change or add Pooling Points or areas to respond to market requirements by posting such change(s) on Transporter's Electronic Bulletin Board (EBB).

(c) No Shipper may be permitted more than one currently effective IPP Service Agreement.

4. OPERATING CONDITIONS

(a) For all receipt points or Pooling Points on Transporter's system, Shipper shall nominate quantities as follows:

(i) Shipper shall nominate quantities to be received at Pooling Points in accordance with the provisions of Section 6 (Nominating, Scheduling, and Monitoring) of the General Terms and Conditions, as modified by the procedure set forth below.

(ii) Shipper shall provide Transporter through the Transporter's EBB the following information: (a) For transactions to be received from Shipper's Pooling Location (pool market), the party receiving gas, the quantity of gas, and the ranking of each pool market nomination; (b) For transactions supplying gas to Shipper's Pooling Location (pool supply), the party supplying gas, the supply location, the quantity of gas, and the ranking of each pool supply nomination. Transporter shall allow Shipper to use Package IDs in creating nominations. Rankings should be within 1 and 999 with the number 1 indicating the highest priority, i.e., the last transaction to have its quantities affected and 999 indicating the lowest priority, i.e., the first transaction to have its quantities affected. Shipper's pool nominations that do not include a rank will be defaulted to a ranking of 50.

(b) An unlimited number of pool-to-pool transfers shall be permitted at the Pooling Point by any party, including Shippers, pool operators, or third party account administrators. Nominations for such transfers shall be submitted in accordance with the nomination procedures set forth in Section 6 (Nominating, Scheduling, and Monitoring) of the General Terms and Conditions. Transporter shall not unreasonably withhold approval of pool-to-pool transfers.

(c) In the event that pool supply and market quantities do not equal, Transporter shall use rankings provided on Shipper's pool nominations to bring supply and market quantities into balance for each nomination cycle.

5. RATE

No rate will be charged for service under this Rate Schedule. Transporter reserves the right to file pursuant to Section 4 of the Natural Gas Act to implement charges to recover any and all costs of providing service under this Rate Schedule. Before Transporter implements such a charge, Shipper shall have the right to cancel its IPP Service Agreement(s) that are subject to that charge.

6. PENALTIES

(a) If Shipper fails to interrupt service as directed by Transporter pursuant to Section 16 (Interruptions of Service) of the General Terms and Conditions and takes gas from or tenders gas to Transporter in excess of 103 percent of the lowered Scheduled Daily Receipt or Delivery Quantity (Lowered Quantity) set by Transporter's interruption order, Shipper shall be assessed and pay penalties of \$5.00 per Dth on the first three percent of quantities taken or tendered in excess of its Lowered Quantity, and \$10.00 per Dth for quantities taken or tendered in excess of 103 percent of its Lowered Quantity.

(b) If Shipper fails to comply with an operational flow order issued by Transporter pursuant to Section 17 (Operational Flow Orders) of the General Terms and Conditions, a penalty of \$5.00 per Dth per day shall be assessed to Shippers for all quantities in violation of that operational flow order.

7. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions are applicable to this Rate Schedule and are hereby made a part hereof, with the exception of Sections 4, 14, 19, 31, and 32.