

**BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE**

**October 23, 2014**

**IN RE: )  
)  
JOINT REQUEST OF CHATTANOOGA GAS )  
COMPANY AND VOLKSWAGEN GROUP OF )  
AMERICA CHATTANOOGA OPERATIONS, )  
LLC FOR APPROVAL OF SPECIAL )  
CONTRACT )  
)**

**Docket No. 14- 00118**

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**JOINT REQUEST OF CHATTANOOGA GAS COMPANY AND  
VOLKSWAGEN GROUP OF AMERICA CHATTANOOGA  
OPERATIONS, LLC FOR APPROVAL OF SPECIAL CONTRACT**

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Chattanooga Gas Company (“CGC” or “Company”) and Volkswagen Group of America Chattanooga Operations, LLC (“Volkswagen”) respectfully request that the Tennessee Regulatory Authority (“TRA” or “Authority”) review and approve, pursuant to TRA Rule 1220-4-1-.07, the special negotiated contract for natural gas services between CGC and Volkswagen (“Negotiated Contract”). A redacted version of the Negotiated Contract is attached hereto as Exhibit 1, and a complete, unredacted copy of the Negotiated Contract is being filed confidentially under seal as Exhibit 2.

In the fall of 2009 in Docket 09-00174, the TRA approved the special contract for gas extension work on the Volkswagen property to service the large manufacturing facility to be constructed in Chattanooga, Tennessee, finding that the uniqueness of Volkswagen, especially its size, warranted approval of the terms of the special contract. The special contract in part addressed the method for computing the allowable investment in the equipment for supplying natural gas to the Volkswagen property and for allowing

Volkswagen to pay the contribution in aid of construction ("CIAC") in monthly installments over ten (10) years. The TRA further found that other CGC customers would not be adversely impacted as a result of Volkswagen paying the CIAC in monthly installments. Pursuant to the terms of the TRA-approved special contract, Volkswagen continues to pay the CIAC on a monthly basis in the manner set forth in the special contract for gas extension work.

Volkswagen is a current customer of CGC, receiving services from CGC at Volkswagen's automotive manufacturing plant located at 8001 Volkswagen Drive, Chattanooga, Tennessee. The incentive package used to promote the Chattanooga site that Volkswagen ultimately chose for its manufacturing plant included CGC's agreement to pursue a special contract rate for Volkswagen through the TRA.

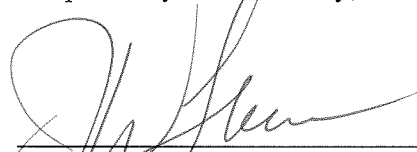
Volkswagen has brought significant economic development to Tennessee and has invested over \$1 billion in its operations in Chattanooga. Currently, Volkswagen directly employs over 2,300 people in manufacturing jobs and has indirectly caused the benefit of approximately 8,000 regional jobs and additional capital investment in support of the plant. Volkswagen recently announced that it will invest approximately \$600 million and create 2,000 new jobs to produce a new sport utility vehicle through the addition of a second line at the Chattanooga plant. As part of the investment in Hamilton County, Volkswagen will build a new research and development center that will employ an additional 200 people in Chattanooga. Volkswagen is one of the largest employers in the Chattanooga area.

The Negotiated Contract for natural gas services will allow CGC to furnish firm intrastate transportation service and other ancillary services such as the sale of natural gas

to Volkswagen under the terms and conditions of the Negotiated Contract. The quantities of industrial natural gas requirements set forth in the Negotiated Contract anticipate the total usage once the second line is constructed and is operating at the plant. Volkswagen will follow the terms and conditions of Rate Schedule T-2 (Interruptible Transportation Service With Firm Gas Supply Backup) in conjunction with the provisions of Rate Schedule F-1 (Commercial and Industrial Large Volume Firm Sales Service) of the CGC tariff except for certain rates and charges for firm intrastate delivery service and purchased gas which are set forth in the Negotiated Contract. CGC has agreed to provide Volkswagen with written notice of any petitions to the TRA to modify, revise, change, or amend Rate Schedules F-1, T-2, or T-1. CGC's other customers will not be adversely impacted by approval of this Negotiated Contract.

In light of the significance and the economic and community development impact of Volkswagen and its expansion project on the Chattanooga area and the State of Tennessee, CGC and Volkswagen respectfully request that the TRA expeditiously review and approve the attached Negotiated Contract pursuant to TRA Rule 1220-4-1-.07.

Respectfully submitted by,





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And

  
with permission 

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Chattanooga, TN 37450  
(423) 757-0222

*Attorney for Volkswagen Group of America  
Chattanooga Operations, LLC*

**CERTIFICATE OF SERVICE**

I hereby certify that a true and exact copy of the foregoing has been forwarded by  
hand delivery on this the 23<sup>rd</sup> day of October, 2014, to the following:

Vance Broemel, Esq.  
Office of the Tennessee Attorney General  
Consumer Advocate and Protection Division  
P.O. Box 20207  
Nashville, Tennessee 37202-0207

  
\_\_\_\_\_

## AGREEMENT

THIS NEGOTIATED CONTRACT is entered into this 21 day of October, 2014, by and between **VOLKSWAGEN Group of America Chattanooga Operations, LLC** ("Customer"), a Tennessee limited liability company, and **CHATTANOOGA GAS COMPANY** ("Company"), a Tennessee corporation.

## WITNESSETH:

WHEREAS, Customer is a customer of Company and currently receives intrastate natural gas transportation and ancillary service from Company at Customer's automotive manufacturing plant ("Plant") located at 8001 Volkswagen Drive, Chattanooga, TN 37416 (the "Site"); and

WHEREAS, Customer had other site options for the Plant in other states, but selected the Site such that Company agreed to pursue a special contract rate with the Tennessee Regulatory Authority ("Authority") as proposed in the incentive package prepared by Company and presented to Customer to promote the Site; and

WHEREAS, Company desires to continue to serve Customer and relies on the location of the Plant in Chattanooga, Tennessee being able to bring significant economic development to Tennessee to include direct employment of approximately 2,000 manufacturing jobs and an estimated \$1.0 billion investment and indirect benefit of approximately 8,000 regional jobs and an additional estimated \$1.0 billion capital investment supporting the Plant; and

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WHEREAS, Company is willing to furnish firm intrastate transportation service to Customer at the Plant under the terms and conditions of this Negotiated Contract once the same is approved by the Authority; and

WHEREAS, with respect to the volumes of gas to be transported by Company to Customer (as opposed to the volumes of gas to be sold by Company to Customer) hereunder, Customer has made, or will make, the necessary arrangements to acquire such volumes, and for the transportation of such volumes for delivery to Company at the city gate station from East Tennessee Natural Gas Company and/or Southern Natural Gas Company or any other available pipeline to Company near the Plant; and

WHEREAS, the parties desire to enter into this Negotiated Contract setting forth the terms and conditions under which Company will render such service to Customer, and

WHEREAS, this Negotiated Contract is entered into subject to the approval of the Authority pursuant to the rules and regulations governing public utilities in the State of Tennessee;

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements contained herein, Company and Customer hereby agree as follows:

1.

**TERM:** Customer agrees to purchase from Company, and Company agrees to sell to Customer, firm intrastate transportation service, as detailed in this Negotiated Contract, for the industrial natural gas requirements of Customer at the Plant, under the terms and conditions of this Negotiated Contract for an initial term ending May 31, 2022 ("Initial Term"), and thereafter such terms and conditions shall continue for successive terms of five (5) years (each such five

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year period shall constitute a "Renewal Term") until written notice of cancellation shall be given by either party to the other at least one hundred eighty (180) days prior to the end of the Initial Term or any Renewal Term.

2.

**SERVICE COMMENCEMENT:** Service under this Negotiated Contract shall commence on the later of (i) the date the Authority approves this Negotiated Contract, or (ii) another initial service date mutually agreed upon by the parties, which service commencement date will be requested in the Petition for Approval to be filed with the Authority.

3.

**QUANTITIES:** Customer's initial and potential maximum daily requirements of the Plant (from 10:00 a.m. to 10:00 a.m. local time) that are to be served under this Negotiated Contract (including in the aggregate both sales and transportation service) total Dekatherms ("DT") and DT, respectively. Additionally, Customer's initial and potential maximum hourly requirements total DT and DT, respectively. The Plant's natural gas consuming equipment is expected to include paint oven(s), package boiler(s), makeup air unit(s), thermal oxidizer(s), or other natural gas consuming equipment which may be installed at the Plant.

4.

**TRANSPORTATION SERVICE:** Customer agrees to purchase and Company agrees to furnish intrastate transportation service to deliver volumes purchased from others, in accordance with the provisions of Rate Schedule T-2 (Interruptible Transportation Service With Firm Gas Supply Backup) of Company's tariff filed with and approved by the Authority from time to time (the "Tariff"), to Customer on a firm basis, as that term similarly applies under the

rates and charges as set forth in this Negotiated Contract. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Tariff and the Rules and Regulations as filed with the Authority and approved from time to time ("Rules and Regulations").

5.

**SALES SERVICE:** Customer may buy natural gas from Company periodically. Gas thus sold (as opposed to gas transported) by Company to Customer hereunder shall be sold under the Terms and Conditions of Rate Schedule T-2 (Interruptible Transportation Service With Firm Gas Supply Backup) in conjunction with the provisions of Rate Schedule F-1 (Commercial and Industrial Large Volume Firm Sales Service) of the Tariff. The rate for intrastate delivery service shall be at the rates and charges as set forth in this Negotiated Contract. Customer and Company shall execute, in advance of such sales, the agreement in the form attached hereto as Exhibit A or such other form as to which the parties agree ("Rate Election of Service Agreement"), that specifies the volume (the "Specified Demand Volume")<sup>1</sup> that Company shall be obligated to make available for sale to Customer on a daily basis. Such an agreement shall be for not less than one year term consistent with the provisions of Rate Schedule F-1.

During each month the Rate Election of Service Agreement is in effect, Customer shall pay Company for gas service as follows:

- A. A Customer Base Use Charge of        per month; plus
- B. A Base Rate Demand Charge of        per month; plus

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<sup>1</sup> As used herein, the term "Specified Demand Volume" is synonymous with the term "Billing Demand," as that term is used in Rate Schedule F-1 (Commercial and Industrial Large Volume Firm Sales Service) of Company's Tariff.



- C. An Interstate Demand Purchased Gas Adjustment ("PGA") Charge calculated by multiplying Customer's Specified Demand Volume, as provided in the Rate Election of Service Agreement, by the Cumulative PGA/Refund Credits and Surcharges for Demand factor applicable to the F-1 Rate Schedule (Commercial and Industrial Large Volume Firm Sales Service); plus
- i. For commodity gas sold by Company to Customer, Customer shall pay:
- a. A Commodity Charge calculated by multiplying Customer's measured usage of commodity gas supplied and delivered by Company pursuant to Rate Schedule F-1 (Commercial and Industrial Large Volume Firm Sales Service) times the Cumulative Commodity PGA/Refund Credits and Surcharges for Commodity factor set forth in Company's then applicable Tariff for Rate Schedule F-1 (Commercial and Industrial Large Volume Firm Sales Service); plus
- b. A Commodity Distribution Charge calculated by multiplying Customer's measured usage of commodity gas supplied and delivered by Company pursuant to Rate Schedule F-1 (Commercial and Industrial Large Volume Firm Sales Service) times \_\_\_\_\_ per Dekatherm; plus
- ii. For commodity gas supplied by a Third Party Supplier and delivered to Customer by Company:
- a. A Commodity Distribution Charge calculated by multiplying Customer's measured usage of commodity gas supplied by the Third Party Supplier and delivered by Company times \_\_\_\_\_ per Dekatherm.

Except for the Base Rate Demand Charge of            per month and the Commodity Distribution Charge of:            per Dekatherm as stated above, all other provisions of Rate Schedule T-2 (Interruptible Transportation Service With Firm Gas Supply Backup) will apply unless specifically addressed in the Rate Election of Service Agreement.

The monthly billed amounts payable under this Negotiated Contract shall be in addition to any amounts for main extension charges or otherwise payable by Customer under separate contracts with Company.

For gas supplied and delivered by Company, Customer may elect to set the Specified Demand Volume pursuant to the Billing Demand provisions of Rate Schedule F-1 (Commercial and Industrial Large Volume Firm Sales Service), and Customer will be billed based on the metered volume of gas delivered to its facility with no adjustment for intrastate fuel use or lost and unaccounted gas.

6.

**VOLUMES TO BE TRANSPORTED:** The volumes to be transported and delivered by Company to Customer hereunder consist of quantities purchased by Customer from others and delivered to Company for Customer's account at the point of delivery at the city gate station from East Tennessee Natural Gas Company and/or Southern Natural Gas Company or any other pipeline connected to Company's system ("Pipeline") in accordance with the provisions of this Agreement.

7.

**DESIGNATION OF THIRD PARTY SUPPLIERS:** Customer will from time to time designate and furnish to Company in writing the name(s), address(es), e-mail(s) and telephone number(s) of a person or persons (each of whom is hereinafter referred to as a Third Party

Supplier ("Supplier")) who will advise Company of the volumes of gas allocable to Customer's account of the total volumes delivered to Company for the account of Customer and one or more other transportation customers of Company ("Deliveries"). Customer shall notify Company of the designation of a Supplier by submitting a Supplier Agreement, in the form attached hereto as Exhibit B, or such other form as to which the parties agree, which is executed by Customer and Supplier authorizing Supplier to transport gas on behalf of Customer. The designation of such Supplier shall be effective until Customer provides Company with an executed agreement for another Supplier. Suppliers are required to operate under the applicable terms and conditions relating to Suppliers as provided in Company's Tariff, Rate Schedule TPS Governing Suppliers.

8.

**RELIANCE UPON SUPPLIER:** Consistent with Rate Schedule TPS of Company's Tariff, Company shall be entitled to rely upon all information and advice given by a Supplier to Company regarding allocations of Deliveries for Customer's account but Company shall not be bound thereby if circumstances are contrary. Customer agrees, however, to indemnify and hold Company harmless from and against any and all claims, causes of action, actions, damages, injuries or losses Company may suffer or incur or which may be asserted against Company by Customer, or by any other person, firm or corporation, by reason of, or arising out of, the reliance by Company on advice or information given by a Supplier to Company concerning the allocation of Deliveries by the Pipeline to Company for Customer's account.

9.

**SALES, USE OR OTHER TAX AND FEES:** Without limiting the extent or generality of the terms of service applicable to this Negotiated Contract, Customer agrees to pay, indemnify and hold Company harmless against any applicable portion of Company's annual gross receipts

tax, and any sales, use or other tax or fee imposed by the city, state or government or any other taxing authority upon the purchase or use by Customer of gas delivered to Company pursuant to this Negotiated Contract not already incorporated in the rates and charges as set forth in this Negotiated Contract.

10.

**WARRANTY OF TITLE AND QUALITY:** Each party warrants that it will, at the time of delivery of gas to the other, have good title to or good right to deliver all such gas, and that it will deliver, or cause to be delivered, such gas free from all liens, encumbrances and claims whatsoever. Each party will, as to the gas it delivers or causes to be delivered to the other, indemnify and save the other harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of any adverse claims of any and all persons to said gas and/or to royalties, taxes, fees or charges thereon. Customer agrees to provide Company with any documentation which may be requested in writing by Company to evidence Customer's title to the gas transported. Company reserves the right, without penalty or liability, to refuse transportation of any gas in the event Customer fails to provide such documentation upon Company's written request. Customer warrants that all gas delivered to Company for transportation hereunder shall be of a merchantable quality and shall conform to the quality requirements set forth in the Tariff of Company and the Rules and Regulations.

11.

**CHARGES UNDER NEGOTIATED CONTRACT FOR TRANSPORTATION:** As reflected in Paragraph 5 of this Negotiated Contract, the charges payable each month by Customer for gas transported and delivered by Company to Customer hereunder shall be a Customer Base Use Charge of \_\_\_\_\_ per Service Month plus a Commodity Distribution

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Charge of            per DT of gas delivered to Customer. If Customer elects to have the right to purchase gas from Company and executes a Rate Election of Service Agreement in accordance with Paragraph 5 of this Negotiated Contract, the provisions and charges set forth in Paragraph 5 shall apply.

12.

**APPLICABILITY OF MONTHLY CUSTOMER CHARGES:** The Customer Base Use Charge and, if Customer elects to purchase gas, the Interstate Demand Purchased Gas Adjustment Charge computed in accordance with Paragraph 5, shall be due whether or not any gas is sold or transported hereunder (provided Company is required to maintain facilities for Customer in accordance with its obligations under the Rules and Regulations and the Tariff).

13.

**CHANGES TO RATES:** Company agrees not to seek revision of the rates set forth in this Negotiated Contract. If the Authority requires a revision of the rates, Customer shall have the right to terminate this Negotiated Contract within ninety (90) days after the rates are approved, by providing at least thirty (30) days prior written notice to Company. The parties to this Negotiated Contract also agree that if, at some future time, Company offers a standard tariff for which Customer would otherwise qualify, Customer shall have the right to select such alternate tariff in lieu of continuing to receive service under the negotiated charges detailed in Paragraphs 5 and 11 of this Negotiated Contract. For the avoidance of doubt, "rates" as referenced in this Paragraph 13 do not include taxes or fees under Paragraph 9 of this Negotiated Contract.

**SERVICE SUBJECT TO TARIFF AND OTHER REGULATORY PROVISIONS:**

All service hereunder is subject to the terms of service, Tariff and the Rules and Regulations of Company and the applicable Tariff provisions of Rate Schedule(s) F-1(Commercial and Industrial Large Volume Firm Sales Service), and/or T-2 (Interruptible Transportation Service With Firm Gas Supply Backup), and/or T-1 (Interruptible Transportation Service) . In the event of any conflict between the terms and provisions of this Negotiated Contract and such terms of service, and Company's Rules and Regulations and Tariff provisions, the terms and provisions of this Negotiated Contract shall govern, unless such terms of service, Rules and Regulations or Tariff provisions are approved by the Authority subsequent to the Authority's approval of this Negotiated Contract and by their terms explicitly prevail over any conflicting provisions of this Negotiated Contract.

In the event Company petitions the Authority to modify, revise, change, or amend Rate Schedule F-1 (Commercial and Industrial Large Volume Firm Sales Service), and /or Rate Schedule T-2 (Interruptible Transportation Service With Firm Gas Supply Backup), and/or Rate Schedule T-1 (Interruptible Transportation Service), Company shall give Customer written notice that the filing will be made. Company shall provide this notice on or before the day on which the filing occurs.

Should the Authority, the Department of Energy, Federal Energy Regulatory Commission, or any other regulatory or governmental authority having jurisdiction impose by statute, rule, order or regulation any terms or conditions, including state or local taxes, upon this Negotiated Contract, which are not mutually satisfactory to the parties (other than a rate change imposed by Company as discussed in Paragraph 13, in which case Paragraph 13 shall apply),

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then the party adversely affected may, within thirty (30) days of the issuance of such rule, order or regulation, and with thirty (30) days' prior written notification to the other party, terminate this Negotiated Contract. Customer agrees to comply with all terms and conditions of this Negotiated Contract and Company's Rules and Regulations and Tariff provisions, which terms and conditions are incorporated fully herein by reference and the applicable Rate Schedule as the same may be amended or modified from time to time.

15.

**PAYMENT:** Bills are due when rendered at the rates and charges provided herein and shall be paid in full to the requested return address provided on Company invoice within sixteen (16) days from the date mailed to Customer or otherwise delivered to Customer. Any failure to pay within such time shall be subject to late payment charges and other remedies as normally applicable to industrial customers of Company. By way of example and clarification, Exhibit C shows a sample calculation of charges due to Company by Customer under this Negotiated Contract. In the event of any conflict between (i) the terms and conditions stated in the body of this Negotiated Contract, and (ii) the sample calculation attached as Exhibit C, the terms and conditions stated in the body of this Negotiated Contract shall control.

16.

**POINT OF DELIVERY:** All gas delivered by Company hereunder shall be delivered to Customer at the outlet of Company's metering and regulating equipment installed upon Customer's premises in order to provide service under this Negotiated Contract (the "Point of Delivery"). The installation and payment terms applicable to such facilities are set forth in that certain Volkswagen Special Gas Extension Contract dated October 13, 2009 between Company and Customer (the "Extension Contract").

17.

**DELIVERY PRESSURE:** Company will provide delivery pressure of not less than 40 pounds per square inch gauge.

18.

**CHARACTER OF SERVICE:** All service under this Negotiated Contract will be on a firm intrastate basis. Company agrees to redeliver such gas to Customer's facilities unless prevented by a force majeure. Neither Company, nor Customer or its agents, shall be liable for damages to the other for any act, omission, or circumstance occasioned by or in consequence of any acts of God; strikes; lockouts; acts of the public enemy; wars; blockades; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; storms; floods; washouts; arrests and restraints of rules and people; civil disturbances; explosions; temporary failure of gas supply; temporary failure of firm transportation arrangements; the binding order of any court or governmental authority, which has been resisted in good faith by all reasonable legal means; acts of third parties; or any other cause, whether of the kind herein enumerated or otherwise, not within the control of the party, and which by the exercise of due diligence such party is unable to prevent or overcome ("force majeure"). Such cause or contingencies affecting the performance by Company or Customer, however, shall not relieve Company or Customer of liability in the event of its concurrent negligence, or in the event of its failure to use due diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting performance relieve either party from its obligations to make payments of amounts then due hereunder in respect of gas theretofore delivered.

In case the supply of gas is interrupted, curtailed or cut off by Company pursuant to the terms and provisions of this Negotiated Contract, the Rules and Regulations or the Tariff, or for



any other cause or reason authorized or prescribed by law, or by order, rule or directive of any governmental body having jurisdiction, or by force majeure, Company shall have no liability to Customer for damages of any nature whatsoever on account of such failure in service or any consequences resulting there from or from the restoration of service thereafter.

19.

**LEAKAGE OF GAS:** Customer agrees to give immediate and appropriate notice as provided in Paragraph 22 of this Negotiated Contract to Company by calling Chattanooga Gas Company's 24-hour Emergency Gas Leak number 1-877-427-4321 or 911 when any leakage of gas is discovered, and Customer agrees to take all commercially reasonable precautions, including without limitation:

- Customer personnel shall leave the area immediately if they detect a natural gas leak. Customer personnel shall not try to identify the source or to stop the leak themselves.
- Customer personnel shall open doors and windows to improve ventilation if it is possible to do so quickly and easily.
- Customer personnel shall not turn on or off lights or other electrical equipment.
- Customer personnel shall avoid touching anything that may cause a spark. This includes lighters, matches, cigarettes, flashlights, light switches and telephones in the area of the suspected leak. Customer personnel should even wait until they are away from the area to use a cell phone or two way radio.
- Customer personnel shall stay away from the area until a Chattanooga Gas or emergency personnel representative indicates it is safe to return.

Customer shall train and advise its personnel to ensure compliance with this Paragraph 19. Customer agrees not to use any flame or light of any character, electrical switches or other equipment that might produce a spark, or other igniting medium in the proximity of escaping gas or to do or suffer to be done any act which would ignite such gas and to shut off the flow of gas immediately.

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**RESPONSIBILITY AND LIABILITY:** Customer assumes full responsibility and liability for the maintenance and operation of the Plant and the Site, and shall indemnify and hold harmless Company from all liability and expense, including attorneys' fees, on account of any and all damages, claims and actions, including injury to and death of persons, arising from any act or omission of Customer, except in the event of Company's sole negligence. Company shall not, in any way, be responsible for the distribution, control or care of the gas beyond the point of its delivery to Customer, which point shall be Company's metering facilities, and shall not be liable for damages on account of injuries to persons or property resulting in any manner from the receiving, use or application by Customer of such gas, including without limitation as a result of a leakage of gas beyond the point of its delivery to Customer. UNLESS EXPRESSLY SET FORTH HEREIN OR IN COMPANY'S RULES AND REGULATIONS OR TARIFF, EXCEPT FOR EITHER PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, UNDER NO CIRCUMSTANCES SHALL EITHER PARTY HERETO BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES FOR LOST PROFITS OR COSTS OF PROCUREMENT OF SUBSTITUTE GOODS (INCLUDING, WITHOUT LIMITATION, COVER), REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, WARRANTY, STRICT LIABILITY OR TORT, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE TERMS OF THIS PARAGRAPH SHALL SURVIVE TERMINATION OF THIS NEGOTIATED CONTRACT.

**TERMINATION OF SERVICE:** Customer agrees that Company may terminate or suspend delivery of gas for any default in payments for gas delivered or for any breach by Customer of the conditions set out herein, if such default continues after Company has given Customer thirty (30) days written notice thereof. In addition, Customer may terminate or suspend service from Company if Customer shall have discontinued its operations and dismantled its Plant in which event Customer shall be relieved from its obligation to pay any future charges, including the Customer Base Use Charge, except as set forth in the Extension Contract. In the event of a default by Customer, other than for payment for service, which cannot be reasonably cured within thirty (30) days of written notice, additional time may be granted in Company's sole discretion, provided Customer has commenced the cure of such default within such thirty (30) days.

Customer also agrees that Company may, in its sole discretion, suspend service immediately and without notice in the event Customer fails to provide a safe environment for Company's facilities or fails to operate and maintain Customer's facilities in conformity with applicable codes and regulations. Any failure of Company to exercise any such right to discontinue service to Customer shall not prevent Company from exercising such right in respect to any breach or event which may subsequently occur. Either party will have the option, but not the obligation, to terminate this Negotiated Contract and without the payment of any penalties or charges (other than charges then due and payable up to the date of termination) if (i) the other party shall become insolvent or shall make an assignment for benefit of creditors, or a transfer in fraud of creditors, or (ii) the other party shall file a petition under any section of the National Bankruptcy Act, or under any similar law or statute of the United States or any State thereof, or

there shall be filed against such other party a petition in bankruptcy or insolvency or any similar proceeding, which shall not be dismissed within ninety (90) days, or such other party shall be judged bankrupt or insolvent in any similar proceeding filed against it; or (iii) a receiver or trustee shall be appointed for all or substantially all of the assets of such other party. A party will exercise its termination option by delivering to the other party, within six (6) months after obtaining actual knowledge of the occurrence of any one or more of such events, written notice of such termination identifying the termination date.

No termination or expiration of this Negotiated Contract or service from Company shall relieve Customer of its obligations to Company under the Extension Contract.

22.

**NOTICE:** All correspondence and notices required under this Negotiated Contract except notices of curtailment, "force majeure" or restoration of service, are to be addressed as follows:

To Customer:

Director of Purchasing  
Volkswagen Group of America,  
Chattanooga Operations, LLC  
8001 Volkswagen Drive  
Chattanooga, TN 37416

With Copy To:

Legal Department  
Volkswagen Group of America,  
Chattanooga Operations, LLC  
8001 Volkswagen Drive  
Chattanooga, TN 37416

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To Company:

Larry Buie  
Chattanooga Gas Company  
2207 Olan Mills Dr.  
Chattanooga, Tennessee 37421  
423-490-4300

Notices with respect to curtailment of gas or restoration of delivery of gas or with respect to "force majeure" shall be given by the parties in writing or by FAX or orally in person or by telephone, or by e-mail to the person or one of the persons designated from time to time by each party authorized to receive such notices in a form provided by Company. If Customer shall not have made such designation or, if made, Company is unsuccessful in its efforts promptly to establish communication with the person or one of the persons so designated, then in any such event said notice shall be given by Company to any person or persons who are on said premises or who answer Customer's telephone.

23.

**MISCELLANEOUS PROVISIONS:** No agent or employee of Company or Customer has any power to waive or modify any of the provisions of this Negotiated Contract or to make any promises or representations contrary to, expansive of, or inconsistent with the provisions hereof, unless agreed to in writing by both parties. This instrument constitutes the entire contract between the parties relating to the subject matter hereof. The parties may, however, enter into separate contracts for additional service under particular tariff provisions or rate schedules of Company. If they do so, such additional service shall not be governed by this instrument but by such other contract or contracts. This Negotiated Contract shall be binding upon the parties hereto, their successors or assigns, and shall be governed by the laws of the State of Tennessee.

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Venue for any civil action arising out of this Negotiated Contract shall be Hamilton County, Tennessee, unless otherwise provided by the Rules and Regulations or Tariff.

Each party represents and warrants that, as of the date hereof and the service commencement date, (i) it has all necessary power and authority to own, lease and operate its assets and to carry on its business as presently conducted and as it will be conducted pursuant to this Negotiated Contract; (ii) it has all necessary power and authority to enter into this Negotiated Contract and to perform its obligations hereunder, and the execution and delivery of this Negotiated Contract and the consummation of the transactions contemplated by this Negotiated Contract have been duly authorized by all necessary actions on its part; and (iii) this Negotiated Contract constitutes a legal, valid and binding obligation of such party, enforceable against it in accordance with its terms.

EXCEPT AS SPECIFICALLY SET FORTH IN THIS NEGOTIATED CONTRACT, COMPANY MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, WHETHER EXPRESS OR IMPLIED, REGARDING THE SERVICES PROVIDED BY COMPANY PURSUANT TO THIS NEGOTIATED CONTRACT OR ANY OTHER MATTER, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND IMPLIED WARRANTIES ARISING FROM COURSE OF DEALING OR COURSE OF PERFORMANCE.

24.

**SPECIAL NOTICE:** Subject to the provisions of Paragraph 14 hereof, the rates, terms and conditions stated in this Negotiated Contract are subject to approval of and to change by the Authority in the manner prescribed by law at any time. In the event of disapproval or any such

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change, the rates, terms and conditions approved by and/or prescribed by the Authority will be applied as of the effective date of such disapproval, approval or change, and not retroactively.

25.

**APPROVALS AND REGULATORY STATUS:** This Negotiated Contract is entered into pursuant to applicable Rules and Regulations of the Authority to support significant regional economic impact. The parties agree that good faith negotiation has determined the terms and provisions of this Negotiated Contract. Company is required to submit this Negotiated Contract to the Authority for approval. The Authority may disapprove the Negotiated Contract, in which case this Negotiated Contract shall no longer be effective and shall terminate. Customer agrees to cooperate in the filing of any such petition and in the submission of necessary information to seek approval of this Negotiated Contract. This Negotiated Contract shall be terminated if any necessary regulatory authority causes it to be revoked, canceled, or terminated. Customer agrees to cooperate with Company in good faith to secure all regulatory authority necessary to effectuate this Negotiated Contract, including, without limitation, granting Company permission to petition the Authority for entry of a protective order finding that the information filed is confidential.

26.

**CONFIDENTIALITY:** "Confidential Information" means any information relating to, or disclosed by one party to the other in the course of, the negotiation and implementation of the relationship contemplated by this Negotiated Contract, the content of negotiations between the parties, the terms and conditions of this Negotiated Contract to the extent granted confidential treatment by the Authority, technical and non-technical processes, formulas, data, designs, methods, techniques, drawings, products, inventions, improvements and methods, source codes,

sales, cost and other unpublished financial information, product and business plans, projections and marketing data. Confidential Information shall not include information (a) already lawfully known to or which is hereafter independently developed by the receiving party without reference to any Confidential Information belong to the disclosing party, (b) disclosed in published materials of the disclosing party, (c) generally known to the public, or (d) lawfully obtained from any third party without violation of any similar confidentiality obligation.

The parties acknowledge that during the performance of this Negotiated Contract, each party will have access to certain of the other party's Confidential Information. Both parties agree that all items of Confidential Information are proprietary to the disclosing party and shall remain the sole property of the disclosing party. The party receiving the Confidential Information (the "Receiving Party") from the other party (the "Disclosing Party") under this Negotiated Contract will: (i) use the Confidential Information only to perform its obligations under this Negotiated Contract; (ii) not reproduce the Disclosing Party's Confidential Information and will hold in confidence and protect the Disclosing Party's Confidential Information from dissemination to, and use by, any third party; (iii) restrict access to the Disclosing Party's Confidential Information to such of its personnel, agents, and/or consultants, if any, who have a need to have access and who have been advised of and have agreed in writing to treat such information in accordance with the terms of this Negotiated Contract; and (iv) return or destroy all Confidential Information of the Disclosing Party in its possession upon termination or expiration of this Negotiated Contract. The Receiving Party will protect the Disclosing Party's Confidential Information from unauthorized use, access, or disclosure in the same manner as the Receiving Party protects its own confidential or proprietary information of a similar nature and with no less than reasonable care.

pm 5/4



Each party may disclose Confidential Information (1) in response to an order of a court or other governmental body; provided, however, that the party making the disclosure pursuant to the order shall first have given notice to the other party; (2) as required by law or regulation to be disclosed; or (3) in order to establish a party's rights under this Negotiated Contract, including to make such court filings as may be required; provided, however, that in each case, the party required to disclose minimizes such disclosure to the extent legally permissible. Each party's obligations under this Paragraph 26 will survive for two (2) years after expiration or termination of this Negotiated Contract; provided that, with respect to Confidential Information that constitutes a trade secret, each party's obligations will continue for so long as such information continues to constitute a trade secret under applicable law.

27.

**ETHICAL STANDARDS:** Customer will conduct its business with, or on behalf of, Company in a manner that is consistent with AGL Resources Inc.'s Code of Business Conduct (the "**Business Code**"). Customer acknowledges that it has received a copy of the Business Code or will obtain a copy online and that if it has any questions regarding the Business Code, it will contact AGL Resources Inc.'s Executive Director of Corporate Ethics and Compliance at 404-584-3408. The Business Code is also available at [www.aglresources.com](http://www.aglresources.com).

28.

**PUBLICITY:** Unless otherwise specified in writing by Company, Customer will not use the name "Chattanooga Gas Company" or any mark, logo or trade name owned or used by Company or its affiliates, in any press release, marketing or promotional materials or presentations, in any medium whatsoever, except as may be required by law.

29.

**INDEPENDENT CONTRACTOR:** Company will perform its obligations under this Negotiated Contract as an independent contractor of Customer. Nothing herein will be deemed to constitute Company and Customer as partners, joint venturers, or principal and agent. Neither party has the authority to represent the other party as to any matters, except as expressly authorized in this Negotiated Contract. Neither party may create or incur any liability or obligation for or on behalf of the other party, except as described in this Negotiated Contract. With respect to its own personnel, each party is independently responsible for all obligations incumbent upon an employer.

30.

**ASSIGNMENT:** Customer shall not assign this Negotiated Contract, wholly or in part, without the prior written consent of Company. Any such assignment shall be binding upon Company only after proper written notice shall have been received by it.

31.

**THIRD PARTY BENEFICIARY:** Nothing in this Negotiated Contract, express or implied, is intended to confer any rights, benefits, remedies, obligations or liabilities on any person other than the parties or their respective successors or permitted assigns.

32.

**COUNTERPARTS:** This Negotiated Contract may be executed in one or more counterparts, each of which will be deemed an original but all of which taken together will constitute one and the same instrument.

pm 5/1

IN WITNESS WHEREOF, the parties hereto have caused this Negotiated Contract to be executed by their duly authorized officers as of the date first above written.

VOLKSWAGEN GROUP OF AMERICA  
CHATTANOOGA OPERATIONS, LLC

By: [Signature]  
Title: GM-Plant Engineering

WITNESS:

[Signature]

By: [Signature]

Title: Ulrich Heimann

WITNESS: EVP Finance & ITP

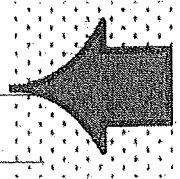
[Signature]

CHATTANOOGA GAS COMPANY

By: Wendell Dallen  
Title: Vice President, Operations

WITNESS:

[Signature]





Chattanooga Gas

Exhibit A  
CHATTANOOGA GAS

Election of Service

I, the undersigned, hereby elect to receive natural gas service at the following location:

Volkswagen Group of America  
Chattanooga Operations LLC  
(Customer Account Name)  
8001 Volkswagen Drive  
Chattanooga, TN 37416  
(Service Address)

28-9-33195  
(CG Account #)  
8001 Volkswagen Drive  
Chattanooga, TN 37416  
(Billing Address)

under Chattanooga Gas' rate schedule(s) as follows:

(Please initial besides only one of the following six rate options)

Chattanooga Gas Sales Gas

☐ 100% Firm (F-1)  
☐ 100% Interruptible (I-1)  
☐ Interruptible w/ some firm ☐ Dth/Day ☐ Dth/Hr. (1/18 of Daily) (F-1 / I-1)

3<sup>rd</sup> Party Transportation

☐ 100% Firm (F-1 / T-2)  
☐ 100% Interruptible (T-1)  
☐ Interruptible w/ some firm requirements ☐ Dth/Day ☐ Dth/Hr. (1/18 of Daily)  
(F-1 / T-2) + T-1  
☐ 100% Firm (T-3)

I understand this election is for a term extending from \_\_\_\_\_ through \_\_\_\_\_, and shall continue thereafter month after month unless a subsequent election is made to discontinue service in accordance with the Terms of the Tariff. I further agree to accept and be bound by all Terms and Conditions of the above designated rate schedule(s) and Rules and Regulations in connection with service hereunder, which are now or may hereafter be issued, promulgated, approved or otherwise made affective by the Tennessee Regulatory Authority or any other governmental body having jurisdiction thereof.

\_\_\_\_\_  
(Signature)  
  
\_\_\_\_\_  
(Name - Please Print)  
  
\_\_\_\_\_  
(Title)

Please E-mail to [mtclay@aglresources.com](mailto:mtclay@aglresources.com)



# Chattanooga Gas

## EXHIBIT B

### CHATTANOOGA GAS COMPANY THIRD PARTY SUPPLIER (TPS) AGREEMENT

THIS AGREEMENT executed by the undersigned Customer who will receive service (the "Customer") from CHATTANOOGA GAS COMPANY ("Company") and the undersigned Third Party Supplier ("Designated TPS") who will act on behalf of the Customer pursuant to the applicable provisions of the Company's Tariff.

WITNESSETH:

WHEREAS, the Customer desires to engage the Designated TPS to act on its behalf on the Company's system pursuant to the provisions of the Company's Tariff; and

WHEREAS, the Designated TPS desires to operate on behalf of the Customer pursuant to the Company's Tariff; and

WHEREAS, the Customer and the Designated TPS desire to execute this Agreement in order to set forth the terms and provisions of the agreements and understandings between them which will become effective from time to time.

NOW, THEREFORE, in order to induce the Company to permit the Designated TPS to operate on its system on behalf of the Customer and in consideration of the mutual covenants and agreements herein, the Customer and the Designated TPS hereby agree with one another and with the Company as follows:

1. The following information relates to the Customer and has been furnished by the Customer:

Customer's Name \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Address (es) where Gas Service is to be provided (if different from mailing address):  
\_\_\_\_\_  
\_\_\_\_\_

Chattanooga Gas Company Account No. of Customer: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

Effective Date: \_\_\_\_\_

2. The following information relates to the Designated TPS and has been furnished by the Designated TPS:

Designated TPS's Name: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Chattanooga Gas Company Account Number of Designated TPS: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

3. The following terms and provisions shall become effective during each period when a Current TPS Designation has been executed by the Customer and accepted by the Company:

A. During the period of this agreement, the Customer designates and authorizes the Designated TPS to secure services from the Company on behalf of the Customer from time to time and Designated TPS agrees to secure such services on behalf of Customer during such periods in accordance with all applicable provisions of the Company's Tariff.

- B. During the period of this agreement, the Customer authorizes the Company from time to time to disclose to the Designated TPS the Customer's Gas usage and requirements.
- C. By the execution of this Agreement the Customer will be deemed to warrant to the Company that Designated TPS herein has agreed to be the sole supplier of the Customer and the Designated TPS will be solely responsible for informing the Customer of any Daily Balancing Orders that may be issued by the Company from time to time.

IN WITNESS WHEREOF, the Undersigned Customer and Designated TPS have executed this Agreement as of the \_\_\_\_\_ day of \_\_\_\_\_, in the year of \_\_\_\_\_

_____ Customer	_____ Designated TPS
By: _____	By: _____
Title: _____	Title: _____

**Note:** Please E-mail to [mtclay@aglresources.com](mailto:mtclay@aglresources.com) the fully executed agreement to the Company. The Company reserves the right to require three days notice but will process these changes up to the day before on a "best efforts" basis. It is recommended Customers or their Designated TPS contact their CGC account manager to ensure these agreements are received and processed in time, particularly if submitted on short notice and/or faxed after hours or weekends/holidays.

## EXHIBIT C

### Sample Billing Calculation

Special Contract  
Dec 13

Usage in Dekatherms

Customer Charge	\$	\$
Demand Charge	\$	\$
Main Extension Charge	\$	\$
First 1,500 Dths	\$	\$
Next 2,500 Dths	\$	\$
Next 11,000 Dths	\$	\$
Over 15,000 Dths	\$	\$
		Total \$

F-1 Cumulative Commodity PGA Charge	\$	\$
		\$

Note: The F-1 Cumulative Commodity PGA factor is not applicable for gas purchased from a marketer and transported by the Company.

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\* The Cumulative PGA/Refund Credits and Surcharges factor for Demand and the Cumulative Commodity PGA factor used herein were factors that were in effect in December 2013. These factors have changed since then and remain subject to change in the future.