

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

LOUISVILLE GAS AND ELECTRIC)
COMPANY AND KENTUCKY UTILITIES)
COMPANY TARIFF FILINGS) CASE NO. 2001-00248
AUTHORIZING CERTAIN TRANSFERS)
OF UNPAID BALANCES OF FINAL BILLS)

O R D E R

Louisville Gas and Electric Company (LG&E) and Kentucky Utilities Company (KU) filed with the Commission on July 10, 2001 revised tariff sheets that would change their ability to transfer the balances of unpaid bills to any LG&E or KU customer who received benefit of service under the unpaid account. Likewise, LG&E or KU would be able to refuse service to similarly indebted prospective customers. The Commission suspended the implementation of the proposed tariff amendments and initiated Case No. 2001-248.

The Commonwealth of Kentucky ex. rel. A.B. Chandler, III, Attorney General, by and through the Utility and Rate Intervention Division (Attorney General), Metro Human Needs Alliance (MHNA), and People Organized and Working for Energy Reform (POWER) intervened.

Of particular concern to the intervenors was LG&E s and KU s provisions that a person who received the benefit of service under a previous account would be liable for the unpaid balance of that account. The concern was that benefit of service was too

broad and could result in LG&E s and KU s attempt to transfer balances to people who were not, and could not be, legally responsible for the unpaid balances.

All parties met in an informal conference on November 26, 2001. After negotiations, LG&E and KU proposed a provision from The Union Light, Heat and Power Company s (ULH&P) tariff regarding the transfer of unpaid balances in lieu of the currently proposed tariff amendments. The ULH&P tariff provision allows the utility to transfer the unpaid balance of an account to the account of an individual who was responsible for the previous account, rather than to a party who received the benefit of service.

LG&E, KU, the Attorney General, MHNA and POWER entered into a Settlement Agreement. The Settlement Agreement provides that the intervenors, LG&E, and KU agree that the proposed language is acceptable and that LG&E and KU will file the proposed language after the Commission approves the Settlement Agreement.

After due consideration of the proposed Settlement Agreement and being otherwise sufficiently advised, the Commission finds that the Settlement Agreement is fair and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The Settlement Agreement, attached hereto as Appendix A, is incorporated into this Order as if fully set forth herein.
2. Within 15 days of the date of this Order, LG&E and KU shall file with the Commission the proposed tariff sheets as contained in the attached Settlement Agreement.
3. This case is dismissed and removed from the Commission s docket.

Done at Frankfort, Kentucky, this 30th day of January, 2002.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE
KENTUCKY PUBLIC SERVICE COMMISSION

IN CASE NO. 2001-00248

DATED January 30, 2002

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into this 2nd day of January, 2002, by and between Louisville Gas and Electric Company ("LG&E"); Kentucky Utilities Company ("KU"); Commonwealth of Kentucky, ex. rel. A.B. Chandler, III, Attorney General, by and through the Utility and Rate Intervention Division ("AG"); Metro Human Needs Alliance ("MHNA"); and People Organized and Working for Energy Reform ("POWER").

WITNESSETH:

WHEREAS, LG&E and KU filed on July 10, 2001 with the Kentucky Public Service Commission ("Commission") revised tariff sheets which would change their respective Rules and Regulations Governing the Supply of Electric Service and LG&E's Rules and Regulations Governing the Supply of Gas Service to allow for the transfer of unpaid balances of final bills to the account of a customer that received benefit of service under that unpaid account, and to allow for the refusal of service to an applicant if a person residing in that premise is indebted to the applicable company for previous service;

WHEREAS, the Commission has established Case No. 2001-248 to review LG&E's and KU's tariff filings;

WHEREAS, the AG, MHNA and POWER have been granted intervention by the Commission in the forgoing proceeding and are the only parties to the proceeding;

WHEREAS, representatives of LG&E, KU, the AG, MHNA, POWER and the Commission Staff met on November 26, 2001 at the offices of the Commission for an informal conference in Case No. 2001-248 to discuss LG&E's and KU's tariff filings, and during the course of that conference the parties reached an unanimous settlement of all issues in the forgoing proceeding.

NOW, THEREFORE, for and in consideration of the premises and conditions set forth herein, the parties hereby agree as follows:

ARTICLE 1.0 Modification of LG&E's and KU's Proposed Tariff Changes filed in Case No. 20001-248

SECTION 1.1 LG&E and KU shall revise their proposed tariff changes filed in Case No. 2001-248 as set forth in Exhibit A to this Settlement Agreement to delete the proposed changes in their entirety and include the following language in its entirety:

Service will not be supplied or continued to any premises if the applicant or customer is indebted to the Company for service previously supplied at the same or any other premises until payment of such indebtedness shall have been made. Unpaid balances of previously rendered Final Bills may be transferred to any account for which the customer has responsibility and may be included on initial or subsequent bills for the account to which the transfer was made. Such transferred Final Bills, if unpaid, will be a part of the past due balance of the account to which they are transferred and will be subject to the Company's collection and disconnection procedures. Final Bills may be transferred regardless of whether they are for combination gas and electric or gas only or electric only charges. The Company shall have the right to transfer Final Bills between residential and commercial with residential characteristics (e.g., service supplying common use facilities of any apartment building) revenue classifications.

Service will not be supplied or continued to any premises if at the time of application for service the applicant is merely acting as an agent of a person or former customer who is indebted to the Company for service previously supplied at the same or other premises until payment of such indebtedness shall have been made. Service will not be supplied where the applicant is a partnership or corporation whose general partner or controlling stockholder is a present or former customer who is indebted to the Company for service previously supplied at the same premises until payment of such indebtedness shall have been made.

SECTION 1.2 Nothing in this Settlement Agreement, or in the approval thereof by the Commission, shall limit the rights of LG&E or KU to propose subsequent revisions to their tariffs subject to the Commission's review.

ARTICLE 2.0 Approval of Settlement Agreement

SECTION 2.1 Request for Approval by the Commission

Following the execution of this Settlement Agreement, the parties shall cause the Settlement Agreement to be filed with the Commission with a request to the Commission for consideration and approval of this Settlement Agreement as soon as reasonably possible.

SECTION 2.2 Recommendation for Approval to the Commission

The parties to this Settlement Agreement shall act in good faith and use their best efforts to recommend to the Commission that this Settlement Agreement be accepted and approved.

SECTION 2.3 Approval of Settlement Agreement in its Entirety

If the Commission issues a final order which accepts and approves this Settlement Agreement in its entirety, then: (a) the parties hereby waive their rights under KRS 278.400 to file an application for rehearing and their rights under KRS 278.410 to file a complaint in the Franklin Circuit Court regarding such order of the Commission; and (b) any and all claims or demands, asserted or unasserted, directly arising out of or in connection with the proceeding referenced in this Settlement Agreement shall be deemed compromised and settled under this Settlement Agreement and released and discharged by this Settlement Agreement.

SECTION 2.4 No Approval of Settlement Agreement in its Entirety

If the Commission does not accept and approve this Settlement Agreement in its entirety, then: (a) this Settlement Agreement shall be void and withdrawn by the parties hereto from further consideration by the Commission and none of the parties shall be bound by any of the provisions herein; and (b) neither the terms of this Settlement Agreement nor any matters raised

during the settlement negotiations shall be binding on any of the signatories to this Settlement Agreement or be construed against any of the signatories.

ARTICLE 3.0 Additional Provisions

SECTION 3.1

This Settlement Agreement shall in no way be deemed to divest the Commission of jurisdiction under Chapter 278 of the Kentucky Revised Statutes.

SECTION 3.2

This Settlement Agreement shall inure to the benefit of and be binding upon the parties hereto, their heirs, successors and assigns.

SECTION 3.3

This Settlement Agreement constitutes the complete agreement and understanding among the parties hereto, and any and all oral statements, representations or agreements made prior hereto or contained contemporaneously herewith shall be null and void and shall be deemed to have been merged into this Settlement Agreement.

SECTION 3.4

The signatories hereto warrant that they have informed, advised, and consulted with the respective parties hereto in regard to the contents and significance of this agreement and based upon the foregoing are authorized to execute this Settlement Agreement on behalf of the parties hereto.

SECTION 3.5

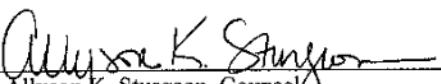
This Agreement is subject to the acceptance of and approval by the Public Service Commission.

SECTION 3.6

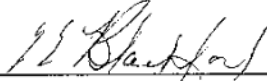
This Settlement Agreement is a product of all the parties, and no provision of this Settlement Agreement shall be strictly construed in favor of or against any party.

IN WITNESS WHEREOF, the parties hereto have hereunto affixed their signatures.

Louisville Gas and Electric Company
and Kentucky Utilities Company

By: 
Allyson K. Sturgeon, Counsel

Commonwealth of Kentucky, ex. rel. A.B. Chandler, III,
Attorney General, by and through the Utility and Rate
Intervention Division

By: 
Elizabeth E. Blackford,
Assistant Attorney General

Metro Human Needs Alliance and
People Organized and Working for
Energy Reform


By: 
Carol Markovitz Raskin, Counsel

EXHIBIT A

RULES AND REGULATIONS OR TERMS AND CONDITIONS

Applicable to All Classes of Electric Service

DISCONTINUANCE OF SERVICE

The Company is authorized to refuse or discontinue service to any Applicant or customer for (a) noncompliance with these Rules and Regulations, (b) for refusing or neglecting to provide reasonable access to the premises, (c) when the Applicant is indebted to the Company for service, (d) for noncompliance with any applicable state, municipal, or other code, rule or regulation, (e) for nonpayment of bills, or (f) for fraudulent or illegal use of service. The Company shall discontinue service when a dangerous condition is found to exist on the customer's premises. Service shall be so refused or discontinued in accordance with the provisions of Kentucky Public Service Commission Regulation 807 KAR 5:006 Sections 14 and 15 (as may be modified or replaced by any regulation hereafter adopted governing discontinuance of service), which is hereby incorporated herein as a part of these Rules and Regulations. A copy of such Commission Regulation shall be furnished to any Applicant or customer upon request. When service has been discontinued for any of the reasons stated above, service shall not be restored until the Company has been paid in full for the cost of service rendered (which may be estimated by the Company if actual usage cannot be determined) and reimbursed for the estimated cost to the Company incurred by reason of the discontinuance, and if service is restored, for re-connection. For any customer whose service has been discontinued for nonpayment of bills, \$10.50 shall be charged for reconnecting service during regular scheduled working hours and \$38.00 for reconnecting service during other than regular scheduled working hours.

~~The Company reserves the right to refuse to serve any applicant for service, if the applicant or any person receiving benefit of service residing in the premise, is indebted to the Company for any service previously provided at any location.~~

~~Unpaid balances of previously rendered final bills may be transferred to the account of any customer that received the benefit of service under that previous account.~~

Service will not be supplied or continued to any premises if the applicant or customer is indebted to the Company for service previously supplied at the same or any other premises until payment of such indebtedness shall have been made. Unpaid balances of previously rendered Final Bills may be transferred to any account for which the customer has responsibility and may be included on initial or subsequent bills for the account to which the transfer was made. Such transferred Final Bills, if unpaid, will be a part of the past due balance of the account to which they are transferred and will be subject to the Company's collection and disconnection procedures. Final Bills may be transferred regardless of whether they are for combination gas and electric or gas only or electric only charges. The Company shall have the right to transfer Final Bills between residential and commercial with residential characteristics (e.g., service supplying common use facilities of any apartment building) revenue classifications.

Service will not be supplied or continued to any premises if at the time of application for service the applicant is merely acting as an agent of a person or former customer who is indebted to the Company for service previously supplied at the same or other premises until payment of such indebtedness shall have been made. Service will not be supplied where the applicant is a partnership or corporation whose general partner or controlling stockholder is a present or former customer who is indebted to the Company for service previously supplied at the same premises until payment of such indebtedness shall have been made.

When service has been discontinued for any of the above reasons, the Company shall not be responsible for any damage that may result therefrom.

Discontinuance or refusal of service shall be in addition to, and not in lieu of, any other rights or remedies available to the Company.

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RULES AND REGULATIONS GOVERNING THE SUPPLY OF ELECTRIC SERVICE

General Rules (Continued)

of the following two procedures: (1) the monthly bill for electric service shall be divided by the total Kwh's delivered to the customer during the month by LG&E and the resulting cost per Kwh shall then be applied to the Kwh's of energy used by each end-user; or (2) such energy shall be resold at rates which are identical to the rates which would be charged by the Company for like and contemporaneous service.

20. Meter Readings and Bills. Bills for electric service will be rendered monthly unless otherwise specified. A month as referred to herein and in the Company's rate schedules means the period between two consecutive meter readings, such readings to be taken as nearly as feasible thirty days apart.

In the case of opening and closing bills when the total period between regular and special meter readings is less than thirty days the rate blocks and minimum charges of the applicable rate schedules will be prorated on the basis of the ratio of the actual number of days in such period to thirty days.

When Company is unable to read customer's meter after reasonable effort, or when Company experiences circumstances which make actual meter readings impossible or impracticable, customer may be billed on an estimated basis and the billing will be adjusted as necessary when the meter is read.

In the event Company's electric meter fails to register properly by reason of damage, accident, etc., the Company shall have the right to estimate the customer's consumption during the period of failure on the basis of such factors as the customer's connected load and his consumption during a previous corresponding period and during a test period immediately following replacement of the defective meter.

Where the Company serves a customer with both electric and gas service at the same service location, the Company will render a combined bill. Provided, however, a residential customer may request, and the Company will render, separate bills under the following conditions: (1) the customer is being threatened with disconnection for nonpayment or has already been disconnected for that reason and (2) the customer would be able to pay either the gas or electric portion of his bill and thus retain one service.

Bills are due and payable in their net amount at the office of the Company during business hours, or at other locations designated by the Company, within 15 days from the date of rendition thereof. In the event bill is not paid on or before the final day of the 15 day net payment period, the gross bill including forfeited discount or delayed payment charge shall become due and payable at the office of the Company.

~~Unpaid balances of previously rendered final bills may be transferred to the account of any customer that received the benefit of service under that previous account.~~

Failure to receive a bill does not exempt a customer from these provisions.

21. Readings of Separate Meters Not Combined. For billing purposes each meter upon the customer's premises will be considered separately and readings of two or more meters will not be combined except where combinations of meter readings are specifically provided for in the applicable

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~~2002~~ August 10, 2004
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Michael S. Beer, Vice President

RULES AND REGULATIONS GOVERNING THE SUPPLY OF ELECTRIC SERVICE

General Rules (Continued)

rate schedules, or where Company's operating convenience requires the installation of two or more meters upon the customer's premises instead of one meter.

22. Company's Right to Refuse or Discontinue Service. In accordance with and subject to the rules and regulations of the Public Service Commission of Kentucky, the Company shall have the right to refuse or discontinue to serve an applicant or customer under the following conditions:

- A. When Company's or Commission's rules and regulations have not been complied with. However, service may be discontinued or refused only after Company has made a reasonable effort to induce the customer to comply with its rules and then only after the customer has been given at least 10 days written notice of such intention, mailed to his last known address.
- B. When a dangerous condition is found to exist on the customer's or applicant's premises. In such case service will be discontinued without notice or refused, as the case might be. Company will notify the customer or applicant immediately of the reason for the discontinuance or refusal and the corrective action to be taken before service can be restored or initiated.
- C. When a customer or applicant refuses or neglects to provide reasonable access and/or easements to and on his premises for the purposes of installation, operation, meter reading, maintenance, or removal of Company's property. Customer shall be given 15 days written notice of Company's intention to discontinue or refuse service.
- D. When Applicant is indebted to Company for service furnished. Company may refuse to serve until indebtedness is paid.
- E. When customer or applicant does not comply with state, municipal or other codes, rules and regulations applying to such service.
- F. When directed to do so by governmental authority.

G. Service will not be supplied or continued to any premises if the applicant or customer is indebted to the Company for service previously supplied at the same or any other premises until payment of such indebtedness shall have been made. Unpaid balances of previously rendered Final Bills may be transferred to any account for which the customer has responsibility and may be included on initial or subsequent bills for the account to which the transfer was made. Such transferred Final Bills, if unpaid, will be a part of the past due balance of the account to which they are transferred and will be subject to the Company's collection and disconnection procedures. Final Bills may be transferred regardless of whether they are for combination gas and electric or gas only or electric only charges. The Company shall have the right to transfer Final Bills between residential and commercial with residential characteristics (e.g., service supplying common use facilities of any apartment building) revenue classifications.

Service will not be supplied or continued to any premises if at the time of application for service the applicant is merely acting as an agent of a person or former customer who is

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Michael S. Bear, Vice President

RULES AND REGULATIONS GOVERNING THE SUPPLY OF ELECTRIC SERVICE

General Rules (Continued)

~~indebted to the Company for service previously supplied at the same or other premises until payment of such indebtedness shall have been made. Service will not be supplied where the applicant is a partnership or corporation whose general partner or controlling stockholder is a present or former customer who is indebted to the Company for service previously supplied at the same premises until payment of such indebtedness shall have been made. The Company reserves the right to refuse to serve any applicant for service, if application or any person receiving benefit of service residing in the premise, is indebted to the Company for any service previously provided at any location.~~

- H. For non-payment of bills. The Company shall have the right to discontinue service for non-payment of bills after the customer has been given at least ten days written notice, separate from his original bill. Cut-off may be effected not less than 27 days after the mailing date of original bills unless, prior to discontinuance, a residential customer presents to Company a written certificate, signed by a physician, registered nurse, or public health officer, that such discontinuance will aggravate an existing illness or infirmity on the affected premises, in which case discontinuance may be effected not less than 30 days from the original date of discontinuance. The Company shall notify the customer, in writing, of state and federal programs which may be available to aid in payment of bills and the office to contact for such possible assistance.

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~~2002 August 10, 2004~~

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~~Issued October 30, 1992~~

Michael S. Beer, Vice President

RULES AND REGULATIONS GOVERNING THE SUPPLY OF ELECTRIC SERVICE

General Rules (Continued)

I. For fraudulent or illegal use of service. When Company discovers evidence that by fraudulent or illegal means a customer has obtained unauthorized service or has diverted the service for unauthorized use or has obtained service without same being properly measured, the service to the customer may be discontinued without notice. Within twenty-four (24) hours after such termination, the Company shall send written notification to the customer of the reasons for such discontinuance of service and of the customer's right to challenge the termination by filing a formal complaint with the Public Service Commission of Kentucky. The Company's right of termination is separate from and in addition to any other legal remedies which the utility may pursue for illegal use or theft of service. The Company shall not be required to restore service until the customer has complied with all rules of the Company and regulations of the Commission and the Company has been reimbursed for the estimated amount of the service rendered and the cost to the Company incurred by reason of the fraudulent use.

23. Temporary and Short Term Service. The customer shall pay the cost of all material, labor and expense incurred by the Company in supplying electric service for any temporary or short term use, in addition to the regular rates for service without prorating of rate blocks or minimum bills for service of less than thirty days in a regular meter reading period.

24. Charge for Disconnecting and Reconnecting Service. A charge of \$18.50 will be made to cover disconnection and reconnection of electric service when discontinued for non-payment of bills or for violation of the Company's rules and regulations, such charge to be made before reconnection is effected. If both gas and electric services are reconnected at the same time, the total charge for both services shall be \$18.50. No charge will be made under this rule 24 for customers qualifying for service reconnection pursuant to 807 KAR 5:006, Section 15, Winter Hardship Reconnection.

Residential and general service customers may request and be granted a temporary suspension of electric service. In the event of such temporary suspension, Company will make a charge of \$18.50 to cover disconnection and reconnection of electric service, such charge to be made before reconnection is effected. If both gas and electric services are reconnected at the same time, the total charge for both services shall be \$18.50.

25. Choice of Optional Rates. When two or more rate schedules are available for the same class of service and the customer is undecided as to which schedule will result in the lowest annual cost, the Company will assist the customer in the choice of the most favorable schedule, the customer then to designate the schedule he desires. In those cases in which the most favorable schedule is difficult to pre-determine, the customer will be given the opportunity to change to another schedule after trial of the schedule originally designated; provided, however, that, after the first such change, the Company may not be required to make a change in schedule more often than once in twelve months.

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Date Effective:

Michael S. Beer, Vice President

RULES AND REGULATIONS GOVERNING THE SUPPLY OF GAS SERVICE

General Rules (Continued)

20. METER READINGS AND BILLS

Bills for gas service will be rendered monthly unless otherwise specified. A month as referred to herein and in the Company's rate schedules means the period between two consecutive meter readings, such readings to be taken as nearly as feasible thirty days apart.

In the case of opening and closing bills when the total period between regular and special meter readings is less than thirty days, the rate blocks and minimum charges of the applicable rate schedules will be prorated on the basis of the ratio of the actual number of days in such period to thirty days.

When Company is unable to read customer's meter after reasonable effort, or when Company experiences circumstances which make actual meter readings impossible or impracticable, customer may be billed on an estimated basis and the billing will be adjusted as necessary when the meter is read.

In the event Company's gas meter fails to register properly by reason of damage, accident, etc., the Company shall have the right to estimate the customer's consumption during the period of failure on the basis of such factors as the customer's connected load, heating degree days, and consumption during a previous corresponding period and during a test period immediately following replacement of the defective meter.

Where the Company serves a customer with both electric and gas service at the same service location, the Company will render a combined bill. Provided, however, a residential customer may request, and the Company will render, separate bills under the following conditions: (1) the customer is being threatened with disconnection for non-payment or has already been disconnected for that reason and (2) the customer would be able to pay either the gas or electric portion of his bill and thus retain one service.

Bills are due and payable in their net amount at the office of the Company during business hours, or at other locations designated by the Company, within 15 days from date of rendition thereof. In the event bill is not paid on or before the final day of this 15 day net payment period, the gross bill including forfeited discount or delayed payment charge shall become due and payable at the office of the Company.

~~Unpaid balances of previously rendered final bills may be transferred to the account of any customer that received the benefit of service under that previous account.~~

Failure to receive a bill does not exempt a customer from these provisions.

1. READING OF SEPARATE METERS NOT COMBINED

For billing purposes each meter upon the customer's premises will be considered separately and readings of two or more meters will not be combined except where the Company's operating convenience requires the installation of two or more meters upon the customer's premises instead of one meter.

2. COMPANY'S RIGHT TO REFUSE OR DISCONTINUE SERVICE

In accordance with and subject to the rules and regulations of the Public Service Commission of Kentucky, the Company shall have the right to refuse or discontinue to serve an applicant or customer under the following conditions:

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Michael S. Beer, Vice President

RULES AND REGULATIONS GOVERNING THE SUPPLY OF GAS SERVICE

General Rules (Continued)

- A. When Company's or Commission's rules and regulations have not been complied with. However, service may be discontinued or refused only after Company has made a reasonable effort to induce the customer to comply with its rules and then only after the customer has been given at least 10 days written notice of such intention, mailed to his last known address.
- B. When a dangerous condition is found to exist on the customer's or applicant's premises. In such case, service will be discontinued without notice or refused, as the case might be. Company will notify the customer or applicant immediately of the reason for the discontinuance or refusal and the corrective action to be taken before service can be restored or initiated.
- C. When a customer or applicant refuses or neglects to provide reasonable access and/or easements to and on his premises for the purposes of installation, operation, meter reading, maintenance, or removal of Company's property. Customer shall be given 15 days written notice of Company's intention to discontinue or refuse service.
- D. When applicant is indebted to Company for service furnished. Company may refuse to serve until indebtedness is paid.
- E. When customer or applicant does not comply with state, municipal or other codes, rules and regulations applying to such service.
- F. When directed to do so by governmental authority.
- G. For non-payment of bills. The Company shall have the right to discontinue service for non-payment of bills after the customer has been given at least ten days written notice, separate from the original bill. Cut-off may be effected not less than 27 days after the mailing date of the original bill unless, prior to discontinuance, a residential customer presents to Company a written certificate, signed by a physician, registered nurse, or public health officer, that such discontinuance will aggravate an existing illness or infirmity on the affected premises, in which case discontinuance may be effected not less than 30 days from the original date of discontinuance. The Company shall notify the customer, in writing, of state and federal programs which may be available to aid in payment of bills and the office to contact for such possible assistance.

H. H.—Service will not be supplied or continued to any premises if the applicant or customer is indebted to the Company for service previously supplied at the same or any other premises until payment of such indebtedness shall have been made. Unpaid balances of previously rendered Final Bills may be transferred to any account for which the customer has responsibility and may be included on initial or subsequent bills for the account to which the transfer was made. Such transferred Final Bills, if unpaid, will be a part of the past due balance of the account to which they are transferred and will be subject to the Company's collection and disconnection procedures. Final Bills may be transferred regardless of whether they are for combination gas and electric or gas only or electric only charges. The Company shall have the right to transfer Final Bills between residential and commercial with residential characteristics (e.g., service supplying common use facilities of any apartment building) revenue classifications.

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Michael S. Beer, Vice President

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RULES AND REGULATIONS GOVERNING THE SUPPLY OF GAS SERVICE

General Rules (Continued)

Service will not be supplied or continued to any premises if at the time of application for service the applicant is merely acting as an agent of a person or former customer who is indebted to the Company for service previously supplied at the same or other premises until payment of such indebtedness shall have been made. Service will not be supplied where the applicant is a partnership or corporation whose general partner or controlling stockholder is a present or former customer who is indebted to the Company for service previously supplied at the same premises until payment of such indebtedness shall have been made. The Company reserves the right to refuse to serve any applicant for service, if application or any person receiving benefit of service residing in the premise, is indebted to the Company for any service previously provided at any location.

- i. For fraudulent or illegal use of service. When Company discovers evidence that by fraudulent or illegal means a customer has obtained unauthorized service or has diverted the service for unauthorized use or has obtained service without same being properly measured, the service to the customer may be discontinued without prior notice. Within twenty-four (24) hours after such termination, the Company shall send written notification to the customer of the reasons for such discontinuance of service and of the customer's right to challenge the termination by filing a formal complaint with the Public Service Commission of Kentucky. The Company's right of termination is separate from and in addition to any other legal

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Michael S. Beer, Vice President