

Columbia Gas[®]
of Kentucky

A NiSource Company

P.O. Box 14241
2001 Mercer Road
Lexington, KY 40512-4241

October 28, 2016

Ms. Talina Mathews
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602

RECEIVED

OCT 28 2016

PUBLIC SERVICE
COMMISSION

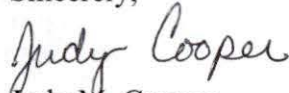
Re: Columbia Gas of Kentucky, Inc.
Gas Cost Adjustment Case No. 2016 – 00381

Dear Ms. Mathews:

Pursuant to the Commission's Order dated January 30, 2001 in Administrative Case No. 384, Columbia Gas of Kentucky, Inc. ("Columbia") hereby encloses, for filing with the Commission, an original and six (6) copies of data submitted pursuant to the requirements of the Gas Cost Adjustment Provision contained in Columbia's tariff for its **December** quarterly Gas Cost Adjustment ("GCA").

Columbia proposes to increase its current rates to tariff sales customers by \$0.2075 per Mcf effective with its December 2016 billing cycle on November 29, 2016. The increase is composed of an increase of \$0.4558 per Mcf in the Average Commodity Cost of Gas, an increase of \$0.0018 per Mcf in the Average Demand Cost of Gas, a decrease of (\$0.4702) per Mcf in the Balancing Adjustment, and an increase of \$0.2201 in the Actual Cost Adjustment. Pursuant to Case No. 2016-00060 Columbia has implemented a quarterly Actual Cost Adjustment and Balancing Adjustment effective with the June 2016 billing cycle. Please feel free to contact me at 859-288-0242 or jmcoop@nisource.com if there are any questions.

Sincerely,



Judy M. Cooper
Director, Regulatory Policy

Enclosures

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PUBLIC SERVICE
COMMISSION

BEFORE THE
PUBLIC SERVICE COMMISSION
OF KENTUCKY

COLUMBIA GAS OF KENTUCKY, INC.

CASE 2016 – 00381

GAS COST ADJUSTMENT AND REVISED RATES OF
COLUMBIA GAS OF KENTUCKY, INC. PROPOSED TO BECOME
EFFECTIVE DECEMBER 2016 BILLINGS

Columbia Gas of Kentucky, Inc.
Comparison of Current and Proposed GCAs

<u>Line No.</u>		<u>September-16 CURRENT</u>	<u>December-16 PROPOSED</u>	<u>DIFFERENCE</u>
1	Commodity Cost of Gas	\$3.0437	\$3.4995	\$0.4558
2	Demand Cost of Gas	\$1.4727	\$1.4745	\$0.0018
3	Total: Expected Gas Cost (EGC)	\$4.5164	\$4.9740	\$0.4576
4	SAS Refund Adjustment	\$0.0000	\$0.0000	\$0.0000
5	Balancing Adjustment	\$0.0000	(\$0.4702)	(\$0.4702)
6	Supplier Refund Adjustment	(\$0.0010)	(\$0.0010)	\$0.0000
7	Actual Cost Adjustment	(\$0.3788)	(\$0.1587)	\$0.2201
8	Performance Based Rate Adjustment	\$0.3668	\$0.3668	\$0.0000
9	Cost of Gas to Tariff Customers (GCA)	\$4.5034	\$4.7109	\$0.2075
10	Transportation TOP Refund Adjustment	\$0.0000	\$0.0000	\$0.0000
11	Banking and Balancing Service	\$0.0209	\$0.0209	\$0.0000
12	Rate Schedule FI and GSO			
13	Customer Demand Charge	\$6.8133	\$6.8133	\$0.0000

Columbia Gas of Kentucky, Inc.
Gas Cost Adjustment Clause
Gas Cost Recovery Rate
Dec - Feb 17

<u>Line No.</u>	<u>Description</u>		<u>Amount</u>	<u>Expires</u>
1	Expected Gas Cost (EGC)	Schedule No. 1	\$4.9740	02-28-17
2	Actual Cost Adjustment (ACA)	Schedule No. 2	(\$0.1587)	Various
3	Supplier Refund Adjustment (RA)	Schedule No. 4	(\$0.0010)	08-31-17
4	Balancing Adjustment (BA)	Schedule No. 3	(\$0.4702)	02-28-17
5	Performance Based Rate Adjustment (PBRA)	Schedule No. 6 Case No. 2016-00166	\$0.3668	05-31-17
6	Gas Cost Adjustment			
7	Dec - Feb 17		<u>\$4.7109</u>	
8	Expected Demand Cost (EDC) per Mcf			
9	(Applicable to Rate Schedule IS/SS and GSO)	Schedule No. 1, Sheet 4	<u>\$6.8133</u>	

DATE FILED: October 28, 2016

BY: J. M. Cooper

Columbia Gas of Kentucky, Inc.
Expected Gas Cost for Sales Customers
Dec - Feb 17

Schedule No. 1
 Sheet 1

Line No.	Description	Reference	Volume A/		Rate		Cost (5)
			Mcf (1)	Dth. (2)	Per Mcf (3)	Per Dth (4)	
Storage Supply							
Includes storage activity for sales customers only							
Commodity Charge							
1	Withdrawal			(5,143,000)		\$0.0153	\$78,688
2	Injection			17,000		\$0.0153	\$260
3	Withdrawals: gas cost includes pipeline fuel and commodity charges			5,126,000		\$3.0556	\$15,663,006
Total							
4	Volume	= 3		5,126,000			
5	Cost	sum(1:3)					\$15,741,954
6	Summary	4 or 5		5,126,000			\$15,741,954
Flowing Supply							
Excludes volumes injected into or withdrawn from storage.							
Net of pipeline retention volumes and cost. Add unit retention cost on line 18							
7	Non-Appalachian	Sch.1, Sht. 5, Ln. 4		1,161,000			\$3,657,150
8	Appalachian Supplies	Sch.1, Sht. 6, Ln. 4		116,000			\$438,000
9	Less Fuel Retention By Interstate Pipelines	Sch. 1,Sheet 7, Lines 21, 22		(149,000)			(\$441,996)
10	Total	7 + 8 + 9		1,128,000			\$3,653,154
Total Supply							
11	At City-Gate	Line 6 + 10		6,254,000			\$19,395,108
Lost and Unaccounted For							
12	Factor			-1.4%			
13	Volume	Line 11 * 12		(87,556)			
14	At Customer Meter	Line 11 + 13	5,773,824	6,166,444			
15	Less: Right-of-Way Contract Volume			1,675			
16	Sales Volume	Line 14-15		5,772,149			
Unit Costs \$/MCF							
Commodity Cost							
17	Excluding Cost of Pipeline Retention	Line 11 / Line 16				\$3.3601	
18	Annualized Unit Cost of Retention	Sch. 1,Sheet 7, Line 24				\$0.1196	
19	Including Cost of Pipeline Retention	Line 17 + 18				\$3.4797	
20	Uncollectible Ratio	CN 2013-00167				0.00568963	
21	Gas Cost Uncollectible Charge	Line 19 * Line 20				\$0.0198	
22	Total Commodity Cost	line 19 + line 21				\$3.4995	
23	Demand Cost	Sch.1, Sht. 2, Line 10				\$1.4745	
24	Total Expected Gas Cost (EGC)	Line 22 + 23				\$4.9740	

A/ BTU Factor = 1.0680 Dth/MCF

Columbia Gas of Kentucky, Inc.
GCA Unit Demand Cost
Dec - Feb 17

Schedule No. 1
 Sheet 2

<u>Line No.</u>	<u>Description</u>	<u>Reference</u>	
1	Expected Demand Cost: Annual Dec - Nov 2017	Sch. No.1, Sheet 3, Ln. 11	\$20,584,973
2	Less Rate Schedule IS/SS and GSO Customer Demand Charge Recovery	Sch. No.1, Sheet 4, Ln. 10	-\$221,323
3	Less Storage Service Recovery from Delivery Service Customers		-\$183,925
4	Net Demand Cost Applicable 1 + 2 + 3		\$20,179,725
	Projected Annual Demand: Sales + Choice		
	At city-gate		
	In Dth		14,827,000 Dth
	Heat content		1.0680 Dth/MCF
5	In MCF		13,882,959 MCF
	Lost and Unaccounted - For		
6	Factor		1.4%
7	Volume	5 * 6	194,361 MCF
8	Right of way Volumes		<u>3,246</u>
9	At Customer Meter	5 - 7 - 8	13,685,352 MCF
10	Unit Demand Cost (4/ 9)	To Sheet 1, line 23	\$1.4745 per MCF

Columbia Gas of Kentucky, Inc.
Annual Demand Cost of Interstate Pipeline Capacity
 Dec - Nov 2017

Schedule No. 1
 Sheet 3

Line No.	Description	Dth	Monthly Rate \$/Dth	# Months	Expected Annual Demand Cost
Columbia Gas Transmission Corporation					
Firm Storage Service (FSS)					
1	FSS Max Daily Storage Quantity (MDSQ)	220,880	\$1.5010	12	\$3,978,491
2	FSS Seasonal Contract Quantity (SCQ)	11,264,911	\$0.0288	12	\$3,893,153
Storage Service Transportation (SST)					
3	Summer	110,440	\$4.1850	6	\$2,773,148
4	Winter	220,880	\$4.1850	6	\$5,546,297
5	Firm Transportation Service (FTS)	20,014	\$6.1900	12	\$1,486,640
6	Subtotal	sum(1:5)			\$17,677,729
Columbia Gulf Transmission Company					
7	FTS - 1 (Mainline)	28,991	\$4.2917	12	\$1,493,048
Tennessee Gas					
8	Firm Transportation	20,506	\$4.5823	12	\$1,127,576
Central Kentucky Transmission					
9	Firm Transportation	28,000	\$0.5090	12	\$171,024
10	Operational and Commercial Services Charge		\$9,633	12	\$115,596
11	Total. Used on Sheet 2, line 1				\$20,584,973

**Columbia Gas of Kentucky, Inc.
Gas Cost Adjustment Clause**

Schedule No. 1
Sheet 4

**Expected Demand Costs Recovered Annually From Rate Schedule IS/SS and GSO Customers
Dec - Nov 2017**

Line No.	Description	Capacity			Units	Annual Cost
		Daily Dth (1)	# Months (2)	Annualized Dth (3) = (1) x (2)		
1	Expected Demand Costs (Per Sheet 3)					\$20,584,973
	City-Gate Capacity:					
	Columbia Gas Transmission					
2	Firm Storage Service - FSS	220,880	12	2,650,560		
3	Firm Transportation Service - FTS	20,014	12	240,168		
4	Central Kentucky Transportation	28,000	12	336,000		
5	Total			3,226,728	Dth	
6	Divided by Average BTU Factor			1.068	Dth/MCF	
7	Total Capacity - Annualized			3,021,281	Mcf	
	Monthly Unit Expected Demand Cost (EDC) of Daily Capacity					
8	Applicable to Rate Schedules IS/SS and GSO			\$6.8133	/Mcf	
	Line 1 / Line 7					
9	Firm Volumes of IS/SS and GSO Customers	2,707	12	32,484	Mcf	
10	Expected Demand Charges to be Recovered Annually from Rate Schedule IS/SS and GSO Customers				to Sheet 2, line 2	\$221,323
	Line 8 * Line 9					

Columbia Gas of Kentucky, Inc.
Non-Appalachian Supply: Volume and Cost
Dec - Feb 17

Schedule No. 1
 Sheet 5

Cost includes transportation commodity cost and retention by the interstate pipelines,
 but excludes pipeline demand costs.
 The volumes and costs shown are for sales customers only.

Line No.	Month	Total Flowing Supply Including Gas Injected Into Storage			Net Storage Injection Dth (4)	Net Flowing Supply for Current Consumption	
		Volume Dth (1)	Cost (2)	Unit Cost \$/Dth (3) = (2) / (1)		Volume Dth (5) = (1) + (4)	Cost (6) = (3) x (5)
1	Dec-16	497,000	\$1,517,000		0	497,000	
2	Jan-17	496,000	\$1,593,000		0	496,000	
3	Feb-17	168,000	\$550,000		0	168,000	
4	Total 1+2+3	1,161,000	\$3,660,000	\$3.15	0	1,161,000	\$3,657,150

A/ Gross, before retention.

Columbia Gas of Kentucky, Inc.
Appalachian Supply: Volume and Cost
Dec - Feb 17

Schedule No. 1
Sheet 6

<u>Line</u> <u>No.</u>	<u>Month</u>	<u>Dth</u> (2)	<u>Cost</u> (3)
1	Dec-16	36,000	\$132,000
2	Jan-17	41,000	\$155,000
3	Feb-17	39,000	\$151,000
4	Total 1 + 2 + 3	116,000	\$438,000

Columbia Gas of Kentucky, Inc.
Annualized Unit Charge for Gas Retained by Upstream Pipelines
Dec - Feb 17

Schedule No. 1
 Sheet 7

Retention costs are incurred proportionally to the volumes purchased, but recovery of the costs is allocated to quarter by volume consumed.

		<u>Units</u>	Dec - Feb 17	Mar - May 17	Jun - Aug 17	Sep - Nov 17	Annual Dec - Nov 2017
Gas purchased by CKY for the remaining sales customers							
1	Volume	Dth	1,277,000	3,375,000	4,357,000	2,484,000	11,493,000
2	Commodity Cost Including Transportation		\$4,098,000	\$9,870,000	\$12,867,000	\$7,258,000	\$34,093,000
3	Unit cost	\$/Dth					\$2.9664
Consumption by the remaining sales customers							
11	At city gate	Dth	6,255,000	2,436,000	559,000	1,826,000	11,076,000
12	Lost and unaccounted for portion		1.40%	1.40%	1.40%	1.40%	
At customer meters							
13	In Dth	(100% - 12) * 11	6,167,430	2,401,896	551,174	1,800,436	10,920,936
14	Heat content	Dth/MCF	1.0680	1.0680	1.0680	1.0680	
15	In MCF	13 / 14	5,774,747	2,248,966	516,081	1,685,801	10,225,595
16	Portion of annual	line 15, quarterly / annual	56.5%	22.0%	5.0%	16.5%	100.0%
Gas retained by upstream pipelines							
21	Volume	Dth	149,000	97,000	94,000	72,000	412,000
Cost							
22	Quarterly. Deduct from Sheet 1	3 * 21	To Sheet 1, line 9 \$441,996	\$287,742	\$278,843	\$213,582	\$1,222,163
23	Allocated to quarters by consumption		\$690,522	\$268,876	\$61,108	\$201,657	\$1,222,163
24	Annualized unit charge	23 / 15	To Sheet 1, line 18 \$0.1196	\$0.1196	\$0.1184	\$0.1196	\$0.1195

COLUMBIA GAS OF KENTUCKY, INC.

Schedule No. 1

Sheet 8

**DETERMINATION OF THE BANKING AND
BALANCING CHARGE
FOR THE PERIOD BEGINNING DECEMBER 2016**

<u>Line No.</u>	<u>Description</u>	<u>Dth</u>	<u>Detail</u>	<u>Amount For Transportation Customers</u>
1	Total Storage Capacity. Sheet 3, line 2	11,264,911		
2	Net Transportation Volume	9,408,012		
3	Contract Tolerance Level @ 5%	470,401		
4	Percent of Annual Storage Applicable to Transportation Customers		4.18%	
6	Seasonal Contract Quantity (SCQ)			
7	Rate		\$0.0288	
8	SCQ Charge - Annualized		<u>\$3,893,153</u>	
9	Amount Applicable To Transportation Customers			\$162,734
10	FSS Injection and Withdrawal Charge			
11	Rate		0.0306	
12	Total Cost		<u>\$344,706</u>	
13	Amount Applicable To Transportation Customers			\$14,409
14	SST Commodity Charge			
15	Rate		0.0192	
16	Projected Annual Storage Withdrawal, Dth		8,450,000	
17	Total Cost		<u>\$162,240</u>	
18	Amount Applicable To Transportation Customers			\$6,782
19	Total Cost Applicable To Transportation Customers			<u>\$183,925</u>
20	Total Transportation Volume - Mcf			16,760,000
21	Flex and Special Contract Transportation Volume - Mcf			(7,951,000)
22	Net Transportation Volume - Mcf	line 20 + line 21		8,809,000
23	Banking and Balancing Rate - Mcf.	Line 19 / line 22. To line 11 of the GCA Comparison		<u>\$0.0209</u>

**DETAIL SUPPORTING
DEMAND/COMMODITY SPLIT**

COLUMBIA GAS OF KENTUCKY
CASE NO. 2016- Effective December 2016 Billing Cycle

CALCULATION OF DEMAND/COMMODITY SPLIT OF GAS COST ADJUSTMENT FOR TARIFFS

	\$/MCF	
Demand Component of Gas Cost Adjustment		
Demand Cost of Gas (Schedule No. 1, Sheet 1, Line 23)	\$1.4745	
Demand ACA (Schedule No. 2, Sheet 1, Case No. 2016-00166, Case No. 2016-00285, & Case No. 2016-)	\$0.3376	
Refund Adjustment (Schedule No. 4, Case No. 2016-00285)	<u>(\$0.0010)</u>	
Total Demand Rate per Mcf	\$1.8111	<-- to Att. E, line 15
 Commodity Component of Gas Cost Adjustment		
Commodity Cost of Gas (Schedule No. 1, Sheet 1, Line 22)	\$3.4995	
Commodity ACA (Schedule No. 2, Sheet 1, Case No. 2016-00166, Case No. 2016-00285 & Case No. 2016-)	(\$0.4963)	
Balancing Adjustment	(\$0.4702)	
Performance Based Rate Adjustment (Schedule No. 6, Case No. 2016-00166)	<u>\$0.3668</u>	
Total Commodity Rate per Mcf	\$2.8998	
 CHECK:		
	\$1.8111	
	<u>\$2.8998</u>	
COST OF GAS TO TARIFF CUSTOMERS (GCA)	\$4.7109	
 Calculation of Rate Schedule SVGTS - Actual Gas Cost Adjustment		
Commodity ACA (Schedule No. 2, Sheet 1, Case No. 2016-00166, Case No. 2016-00285 & Case No. 2016-)	(\$0.4963)	
Balancing Adjustment	(\$0.4702)	
Performance Based Rate Adjustment (Schedule No. 6, Case No. 2016-00166)	<u>\$0.3668</u>	
Total Commodity Rate per Mcf	(\$0.5997)	

ACTUAL COST ADJUSTMENT
SCHEDULE NO. 2

COLUMBIA GAS OF KENTUCKY, INC.

STATEMENT SHOWING COMPUTATION OF
ACTUAL GAS COST ADJUSTMENT (ACA)
BASED ON THE THREE MONTHS ENDED AUGUST 31, 2016

Line No.	Month	Total Sales Volumes	Standby Service Sales	Net Applicable Sales	Average Expected Gas Cost	Gas Cost	Standby Service	Gas Left On	Total Gas Cost	Cost of Gas	(OVER)/ UNDER	Off System Sales	Capacity Release	Information Only
		Per Books	Mcf	Mcf	Rate	Recovery	Recovery	Recovery	Recovery	Purchased	RECOVERY	(Accounting)	Passback	Capacity Release
		(1)	(2)	(3)=(1)-(2)	(4) = (5/3)	(5)	(6)	(7)	(8)=(5)+(6)-(7)	(9)	(10)=(9)-(8)	(11)	(12)	(13)
1	June 2016	286,196	2,213	283,983	\$3.9002	\$1,107,605	\$28,857	(\$801)	\$1,137,263	\$876,328	(\$260,935)	\$106,145	\$0	(\$75,197)
2	July 2016	210,724	339	210,385	\$3.8453	\$809,000	\$23,367	(\$1,059)	\$833,426	\$1,906,087	\$1,072,661	\$101,938	\$0	(\$75,465)
3	August 2016	174,282	155	174,127	\$3.8427	\$669,108	\$18,807	(\$936)	\$688,852	\$2,576,488	\$1,887,636	\$103,241	\$0	(\$75,215)
4	TOTAL	671,202	2,707	668,495		\$2,585,714	\$71,031	(\$2,796)	\$2,659,541	\$5,358,903	\$2,699,362	\$311,324	\$0	(\$225,876)
5	Off-System Sales										(\$311,324)			
6	Capacity Release										\$0			
7	Gas Cost Audit										\$0			
8	TOTAL (OVER)/UNDER-RECOVERY										<u>\$2,388,039</u>			
9	Demand Revenues Received										\$1,052,628			
10	Demand Cost of Gas 1/										<u>\$3,543,842</u>			
11	Demand (Over)/Under Recovery										<u>\$2,491,214</u>			
12	Expected Sales Volumes for the Twelve Months End November 30, 2017										10,917,690			
13	DEMAND ACA TO EXPIRE NOVEMBER 30, 2017										<u>\$0.2282</u>			
14	Commodity Revenues Received										\$1,606,913			
15	Commodity Cost of Gas										<u>\$1,503,737</u>			
16	Commodity (Over)/Under Recovery										(\$103,175)			
17	Gas Cost Uncollectible ACA										<u>\$15,187</u>			
18	Total Commodity (Over)/Under Recovery										<u>(\$87,989)</u>			
19	Expected Sales Volumes for the Twelve Months End November 30, 2017										10,917,690			
20	COMMODITY ACA TO EXPIRE NOVEMBER 30, 2017										<u>(\$0.0081)</u>			
21	TOTAL ACA TO EXPIRE NOVEMBER 30, 2017										<u><u>\$0.2201</u></u>			

1/ Per final order in case no. 2004-00462 dated March 29, 2005, Demand Cost of Gas shown is net of customer sharing credits of 50% of Capacity Release and Off System Sales profits, and credit for recovery through the SVAS Balancing Charge on Sheet 7a of the tariff.

**STATEMENT SHOWING ACTUAL COST
 RECOVERY FROM CUSTOMERS TAKING STANDBY
 SERVICE UNDER RATE SCHEDULE IS AND GSO
 FOR THE THREE MONTHS ENDED AUGUST 31, 2016**

<u>LINE NO.</u>	<u>MONTH</u>	<u>SS Commodity Volumes</u> (1) Mcf	<u>Average SS Recovery Rate</u> (2) \$/Mcf	<u>SS Commodity Recovery</u> (3) \$
1	June 2016	2,213	\$2.8155	\$6,231
2	July 2016	339	\$2.3679	\$803
3	August 2016	155	\$2.3679	\$367
4	Total SS Commodity Recovery			<u>\$7,400</u>

<u>LINE NO.</u>	<u>MONTH</u>	<u>SS Demand Volumes</u> (1) Mcf	<u>Average SS Demand Rate</u> (2) \$/Mcf	<u>SS Demand Recovery</u> (3) \$
5	June 2016	3,312	\$6.8316	\$22,626
6	July 2016	3,312	\$6.8128	\$22,564
7	August 2016	2,707	\$6.8121	\$18,440
8	Total SS Demand Recovery			<u>\$63,631</u>
9	TOTAL SS AND GSO RECOVERY			<u><u>\$71,031</u></u>

Columbia Gas of Kentucky, Inc.
Gas Cost Uncollectible Charge - Actual Cost Adjustment
For the Three Months Ending August 31, 2016

Schedule No. 2
Sheet 3 of 4

<u>Line</u> <u>No.</u>	<u>Class</u>	<u>Jun-16</u>	<u>Jul-16</u>	<u>Aug-16</u>	<u>Total</u>
1	Actual Cost	\$ 4,018	\$ 13,874	\$ 6,858	\$ 24,750
2	Actual Recovery	<u>\$ 3,935</u>	<u>\$ 2,834</u>	<u>\$ 2,795</u>	<u>\$ 9,564</u>
3	(Over)/Under Activity	\$ 83	\$ 11,040	\$ 4,064	\$ 15,187

Columbia Gas of Kentucky, Inc.
Actual Cost Adjustment Summary of Rates
For the Period Beginning Billing Unit 1 December 2016

<u>Line</u>	<u>No.</u>	<u>Effective Month</u>	<u>Expiration Month</u>	<u>Case Number</u>	<u>ACA Rate</u>
	1	June 2016	May 2017	2016-00166	\$ 0.0233
	2	September 2016	August 2017	2016-00285	\$ (0.4021)
	3	December 2016	November 2017	2016-XXXXX	\$ 0.2201
	4	Cumulative Rate			\$ (0.1587)

BALANCING ADJUSTMENT

SCHEDULE NO. 3

COLUMBIA GAS OF KENTUCKY, INC.

**CALCULATION OF BALANCING ADJUSTMENT
 TO BE EFFECTIVE DECEMBER 1, 2017**

<u>Line No.</u>	<u>Description</u>	<u>Detail</u> \$	<u>Amount</u> \$
1	<u>RECONCILIATION OF A PREVIOUS BALANCING ADJUSTMENT (a)</u>		
2	Total adjustment to have been collected from		
3	customers in Case No. 2015-00036	(\$271,487)	
4	Less: actual amount collected	<u>(\$328,961)</u>	
5	REMAINING AMOUNT		\$57,474
6	<u>RECONCILIATION OF A PREVIOUS BALANCING ADJUSTMENT (a)</u>		
7	Total adjustment to have been collected from		
8	customers in Case No. 2016-00166	\$13,376	
9	Less: actual amount collected	<u>\$19,312</u>	
10	REMAINING AMOUNT		(\$5,936)
11	<u>RECONCILIATION OF PREVIOUS ACTUAL COST ADJUSTMENT (a)</u>		
12	Total adjustment to have been collected from		
13	customers in Case No. 2015-00270	(\$20,082,193)	
14	Less: actual amount collected	<u>(\$17,269,313)</u>	
15	REMAINING AMOUNT		(\$2,812,880)
16	<u>RECONCILIATION OF A PREVIOUS SUPPLIER REFUND ADJUSTMENT (a)</u>		
17	Total adjustment to have been distributed to		
18	customers in Case No. 2015-00270	(\$21,672)	
19	Less: actual amount distributed	<u>(\$13,873)</u>	
20	REMAINING AMOUNT		<u>(\$7,799)</u>
21	TOTAL BALANCING ADJUSTMENT AMOUNT		<u>(\$2,769,141)</u>
22	Divided by: projected sales volumes for the three months		
23	ended February 28, 2017		5,888,898
24	BALANCING ADJUSTMENT (BA) TO		
25	EXPIRE FEBRUARY 28, 2017		<u>\$ (0.4702)</u>

**Columbia Gas of Kentucky, Inc.
 Balancing Adjustment
 Supporting Data**

Case No. 2015-00036

Expires: August 31, 2016

	<u>Volume</u>	<u>Surcharge Rate</u>	<u>Surcharge Amount</u>	<u>Surcharge Balance</u>
Beginning Balance				(\$271,487)
March 2016	1,295,651	(\$0.1035)	(\$134,100)	(\$137,387)
April 2016	767,788	(\$0.1035)	(\$79,466)	(\$57,921)
May 2016	403,206	(\$0.1035)	(\$41,732)	(\$16,189)
June 2016	289,233	(\$0.1035)	(\$29,936)	\$13,746
July 2016	211,853	(\$0.1035)	(\$21,927)	\$35,673
August 2016	208,355	(\$0.1035)	(\$21,565)	\$57,238
September 2016	2,283	(\$0.1035)	(\$236)	\$57,474

TOTAL SURCHARGE COLLECTED

SUMMARY:

SURCHARGE AMOUNT	(\$271,487)
AMOUNT COLLECTED	(\$328,961)
REMAINING BALANCE	<u>\$57,474</u>

Columbia Gas of Kentucky, Inc.
Balancing Adjustment
Supporting Data

Case No. 2016-00166

Expires: August 31, 2016

	<u>Volume</u>	<u>Surcharge Rate</u>	<u>Surcharge Amount</u>	<u>Surcharge Balance</u>
Beginning Balance				\$13,376
June 2016	267,208	\$0.0280	\$7,482	\$5,894
July 2016	211,853	\$0.0280	\$5,932	(\$38)
August 2016	208,355	\$0.0280	\$5,834	(\$5,872)
September 2016	2,283	\$0.0280	\$64	(\$5,936)

TOTAL SURCHARGE COLLECTED

SUMMARY:

SURCHARGE AMOUNT	\$13,376
AMOUNT COLLECTED	<u>\$19,312</u>
REMAINING BALANCE	<u><u>(\$5,936)</u></u>

**Columbia Gas of Kentucky, Inc.
Actual Cost Adjustment YR2015
Supporting Data**

Case No. 2015-00270

Expires: August 31, 2016

	Tariff		Choice		Refund Balance		
	Volume	Refund Rate	Refund Amount	Volume		Refund Rate	Refund Amount
						(\$20,082,193)	
September 2015	178,371	(\$1.9667)	(\$350,802)	5,322	(\$1.8050)	(\$9,605)	(\$19,721,785)
October 2015	251,269	(\$1.9667)	(\$494,171)	7,162	(\$1.8050)	(\$12,928)	(\$19,214,687)
November 2015	510,543	(\$1.9667)	(\$1,004,085)	10,349	(\$1.8050)	(\$18,680)	(\$18,191,922)
December 2015	1,018,554	(\$1.9667)	(\$2,003,191)	16,203	(\$1.8050)	(\$29,247)	(\$16,159,484)
January 2016	1,615,883	(\$1.9667)	(\$3,177,957)	19,913	(\$1.8050)	(\$35,943)	(\$12,945,584)
February 2016	1,941,523	(\$1.9667)	(\$3,818,393)	21,793	(\$1.8050)	(\$39,336)	(\$9,087,856)
March 2016	1,298,180	(\$1.9667)	(\$2,553,131)	12,961	(\$1.8050)	(\$23,395)	(\$6,511,330)
April 2016	759,028	(\$1.9667)	(\$1,492,781)	8,759	(\$1.8050)	(\$15,811)	(\$5,002,738)
May 2016	397,270	(\$1.9667)	(\$781,311)	5,936	(\$1.8050)	(\$10,715)	(\$4,210,712)
June 2016	282,715	(\$1.9667)	(\$556,016)	6,517	(\$1.8050)	(\$11,764)	(\$3,642,931)
July 2016	208,786	(\$1.9667)	(\$410,619)	3,067	(\$1.8050)	(\$5,536)	(\$3,226,777)
August 2016	206,097	(\$1.9667)	(\$405,330)	2,259	(\$1.8050)	(\$4,077)	(\$2,817,370)
September 2016	2,283	(\$1.9667)	(\$4,490)	-	(\$1.8050)	\$0	(\$2,812,880)

SUMMARY:

REFUND AMOUNT (20,082,193)

LESS

AMOUNT REFUNDED (17,269,313)

TOTAL REMAINING REFUND (2,812,880.02)

Columbia Gas of Kentucky, Inc.
Supplier Refund
Supporting Data

Case No. 2015-00270

Expires: August 31, 2016

	<u>Volume</u>	<u>Refund Rate</u>	<u>Refund Amount</u>	<u>Refund Balance</u>
				(\$21,672)
September 2015	178,371	(\$0.0016)	(\$285)	(\$21,387)
October 2015	251,269	(\$0.0016)	(\$402)	(\$20,985)
November 2015	510,543	(\$0.0016)	(\$817)	(\$20,168)
December 2015	1,018,554	(\$0.0016)	(\$1,630)	(\$18,538)
January 2016	1,615,883	(\$0.0016)	(\$2,585)	(\$15,953)
February 2016	1,941,523	(\$0.0016)	(\$3,106)	(\$12,846)
March 2016	1,298,180	(\$0.0016)	(\$2,077)	(\$10,769)
April 2016	759,028	(\$0.0016)	(\$1,214)	(\$9,555)
May 2016	397,270	(\$0.0016)	(\$636)	(\$8,919)
June 2016	282,715	(\$0.0016)	(\$452)	(\$8,467)
July 2016	208,786	(\$0.0016)	(\$334)	(\$8,133)
August 2016	206,097	(\$0.0016)	(\$330)	(\$7,803)
September 2016	2,283	(\$0.0016)	(\$4)	(\$7,799)

SUMMARY:

REFUND AMOUNT (21,672)

AMOUNT ACTUALLY REFUNDED (13,873)

TOTAL REMAINING TO BE
 REFUNDED (7,799)

Columbia Gas of Kentucky, Inc.
Balancing Adjustment Summary of Rates
For the Period Beginning Billing Unit 1 December 2016

<u>Line No.</u>	<u>Effective Month</u>	<u>Expiration Month</u>	<u>Case Number</u>	<u>ACA Rate</u>
1	December 2016	March 2017	2016-XXXXX	\$ (0.4702)
2	Cumulative Rate			\$ (0.4702)

PIPELINE COMPANY TARIFF SHEETS

Currently Effective Rates
 Applicable to Rate Schedule FTS
 Rate Per Dth

	Base Tariff Rate 1/ 2/	TCRA Rates	EPCA Rates	OTRA Rates	CCRM Rates	Total Effective Rate 2/	Daily Rate 2/
Rate Schedule FTS							
Reservation Charge 3/	\$ 4.771	0.232	0.070	0.073	1.044	6.190	0.2035
Commodity							
Maximum	¢ 1.04	-0.07	0.84	0.00	0.00	1.81	1.81
Minimum	¢ 1.04	-0.07	0.84	0.00	0.00	1.81	1.81
Overrun							
Maximum	¢ 16.73	0.69	1.07	0.24	3.43	22.16	22.16
Minimum	¢ 1.04	-0.07	0.84	0.00	0.00	1.81	1.81

- 1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively.
- 2/ Excludes the Annual Charge Adjustment (ACA) Surcharge. An ACA Commodity surcharge per Dth shall be assessed where applicable pursuant to Section 154.402 of the Commission's Regulations and in accordance with Section 34 of the GTC of Transporter's FERC Gas Tariff. The ACA unit charge authorized for each fiscal year (commencing October 1) by the Commission and posted on its website (<http://www.ferc.gov>) is incorporated herein by reference.
- 3/ Minimum reservation charge is \$0.00.

Currently Effective Rates
 Applicable to Rate Schedule SST
 Rate Per Dth

		Base Tariff Rate 1/ 2/	TCRA Rates	EPCA Rates	OTRA Rates	CCRM Rates	Total Effective Rate 2/	Daily Rate 2/
Rate Schedule SST								
Reservation Charge 3/4/ Commodity	\$	4.601	0.232	0.070	0.073	1.044	6.020	0.1979
Maximum	¢	1.02	-0.07	0.84	0.00	0.00	1.79	1.79
Minimum	¢	1.02	-0.07	0.84	0.00	0.00	1.79	1.79
Overrun 4/								
Maximum	¢	16.15	0.69	1.07	0.24	3.43	21.58	21.58
Minimum	¢	1.02	-0.07	0.84	0.00	0.00	1.79	1.79

- 1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively.
- 2/ Excludes the Annual Charge Adjustment (ACA) Surcharge. An ACA Commodity surcharge per Dth shall be assessed where applicable pursuant to Section 154.402 of the Commission's Regulations and in accordance with Section 34 of the GTC of Transporter's FERC Gas Tariff. The ACA unit charge authorized for each fiscal year (commencing October 1) by the Commission and posted on its website (<http://www.ferc.gov>) is incorporated herein by reference.
- 3/ Minimum reservation charge is \$0.00.
- 4/ Shippers utilizing the Eastern Market Expansion (EME) facilities for Rate Schedule SST service will pay a total SST reservation charge of \$17.625. If EME customers incur an overrun for SST services that is provided under their EME Project service agreements, they will pay a total overrun rate of 58.97 cents. The applicable EME demand charge and EME overrun charge can be added to the applicable surcharges above to calculate the EME Total Effective Rates.

Currently Effective Rates
 Applicable to Rate Schedule FSS
 Rate Per Dth

	Base Tariff Rate 1/	Transportation Cost Rate Adjustment Current Surcharge		Electric Power Costs Adjustment Current Surcharge		Annual Charge Adjustment 2/	Total Effective Rate	Daily Rate
Rate Schedule FSS								
Reservation Charge 3/ \$	1.501	-	-	-	-	-	1.501	0.0493
Capacity 3/ ¢	2.88	-	-	-	-	-	2.88	2.88
Injection ¢	1.53	-	-	-	-	-	1.53	1.53
Withdrawal ¢	1.53	-	-	-	-	-	1.53	1.53
Overrun 3/ ¢	10.87	-	-	-	-	-	10.87	10.87

1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively.

2/ ACA assessed where applicable pursuant to Section 154.402 of the Commission's Regulations.

3/ Shippers utilizing the Eastern Market Expansion (EME) facilities for FSS service will pay a total FSS MDSQ reservation charge of \$4.130 and a total FSS SCQ capacity rate of 6.80 cents. If EME customers incur an overrun for FSS services that is provided under their EME Project service agreements, they will pay a total FSS overrun rate of 23.44 cents. The additional EME demand charges and EME overrun charges can be added to the applicable surcharges above to develop the EME Total Effective Rate.

RETAINAGE PERCENTAGES

Transportation Retainage	2.042%
Gathering Retainage	3.500%
Storage Gas Loss Retainage	0.150%
Ohio Storage Gas Lost Retainage	0.250%
Columbia Processing Retainage 1/	0.000%

1/ The Columbia Processing Retainage shall be assessed separately from the processing retainage applicable to third party processing plants set forth in Section 25.3 (f) of the General Terms and Conditions.

Currently Effective Rates
 Applicable to Rate Schedule FTS-1
 Rates in Dollars per Dth

Rate Schedule FTS-1	<u>Base Rate</u>	<u>Total Effective</u> <u>Rate</u>	<u>Daily Rate</u>
	(1)	(2)	(3)
	1/	1/	1/
<u>Market Zone</u>			
Reservation Charge			
Maximum	4.2917	4.2917	0.1411
Minimum	0.000	0.000	0.000
Commodity			
Maximum	0.0109	0.0109	0.0109
Minimum	0.0109	0.0109	0.0109
Overrun			
Maximum	0.1520	0.1520	0.1520
Minimum	0.0109	0.0109	0.0109

1/ Excludes the Annual Charge Adjustment (ACA) Surcharge. An ACA Commodity surcharge per Dth shall be assessed where applicable pursuant to Section 154.402 of the Commission's Regulations and in accordance with Section 31 of the GTC of Transporter's FERC Gas Tariff. The ACA unit charge authorized for each fiscal year (commencing October 1) by the Commission and posted on its website (<http://www.ferc.gov>) is incorporated herein by reference.

Currently Effective Rates
 Applicable to Rate Schedule FTS
 Rate per Dth

Rate Schedule FTS	Base Tariff Rate 2/	Total Effective Rate 2/	Daily Rate 2/
Reservation Charge 1/ Commodity	\$ 0.509	0.509	0.0167
Maximum	¢ 0.00	0.00	0.00
Minimum	¢ 0.00	0.00	0.00
Overrun	¢ 1.67	1.67	1.67

1/ Minimum reservation charge is \$0.00.

2/ Excludes the Annual Charge Adjustment (ACA) Surcharge. An ACA Commodity surcharge per Dth shall be assessed where applicable pursuant to Section 154.402 of the Commission's Regulations and in accordance with Section 31 of the GTC of Transporter's FERC Gas Tariff. The ACA unit charge authorized for each fiscal year (commencing October 1) by the Commission and posted on its website (<http://www.ferc.gov>) is incorporated herein by reference.

Central Kentucky Transmission Company
FERC Gas Tariff
First Revised Volume No. 1

Currently Effective Rates
Section 3. Retainage Percentage
Version 6.0.0

RETAINAGE PERCENTAGE

Transportation Retainage 0.663%

Issued On: March 1, 2016

Effective On: April 1, 2016

RATES PER DEKATHERM

COMMODITY RATES
 RATE SCHEDULE FOR FT-A

Base
 Commodity Rates

RECEIPT ZONE	DELIVERY ZONE							
	0	L	1	2	3	4	5	6
0	\$0.0032		\$0.0115	\$0.0177	\$0.0219	\$0.2668	\$0.2546	\$0.3030
L		\$0.0012						
1	\$0.0042		\$0.0081	\$0.0147	\$0.0179	\$0.2269	\$0.2313	\$0.2641
2	\$0.0167		\$0.0087	\$0.0012	\$0.0028	\$0.0734	\$0.1178	\$0.1305
3	\$0.0207		\$0.0169	\$0.0026	\$0.0002	\$0.0982	\$0.1358	\$0.1482
4	\$0.0250		\$0.0205	\$0.0087	\$0.0105	\$0.0454	\$0.0642	\$0.1041
5	\$0.0284		\$0.0256	\$0.0100	\$0.0118	\$0.0639	\$0.0633	\$0.0787
6	\$0.0346		\$0.0300	\$0.0143	\$0.0163	\$0.0984	\$0.0533	\$0.0324

Minimum
 Commodity Rates 1/, 2/

RECEIPT ZONE	DELIVERY ZONE							
	0	L	1	2	3	4	5	6
0	\$0.0032		\$0.0115	\$0.0177	\$0.0219	\$0.0250	\$0.0284	\$0.0346
L		\$0.0012						
1	\$0.0042		\$0.0081	\$0.0147	\$0.0179	\$0.0210	\$0.0256	\$0.0300
2	\$0.0167		\$0.0087	\$0.0012	\$0.0028	\$0.0056	\$0.0100	\$0.0143
3	\$0.0207		\$0.0169	\$0.0026	\$0.0002	\$0.0081	\$0.0118	\$0.0163
4	\$0.0250		\$0.0205	\$0.0087	\$0.0105	\$0.0028	\$0.0046	\$0.0092
5	\$0.0284		\$0.0256	\$0.0100	\$0.0118	\$0.0046	\$0.0046	\$0.0066
6	\$0.0346		\$0.0300	\$0.0143	\$0.0163	\$0.0086	\$0.0041	\$0.0020

Maximum
 Commodity Rates 1/, 2/, 3/

RECEIPT ZONE	DELIVERY ZONE							
	0	L	1	2	3	4	5	6
0	\$0.0039		\$0.0122	\$0.0184	\$0.0226	\$0.2675	\$0.2553	\$0.3037
L		\$0.0019						
1	\$0.0049		\$0.0088	\$0.0154	\$0.0186	\$0.2276	\$0.2320	\$0.2648
2	\$0.0174		\$0.0094	\$0.0019	\$0.0035	\$0.0741	\$0.1185	\$0.1312
3	\$0.0214		\$0.0176	\$0.0033	\$0.0009	\$0.0989	\$0.1365	\$0.1489
4	\$0.0257		\$0.0212	\$0.0094	\$0.0112	\$0.0461	\$0.0649	\$0.1048
5	\$0.0291		\$0.0263	\$0.0107	\$0.0125	\$0.0646	\$0.0640	\$0.0794
6	\$0.0353		\$0.0307	\$0.0150	\$0.0170	\$0.0991	\$0.0540	\$0.0331

Notes:

- 1/ Rates stated above exclude the ACA Surcharge as revised annually and posted on the FERC website at <http://www.ferc.gov> on the Annual Charges page of the Natural Gas section. The ACA Surcharge is incorporated by reference into Transporter's Tariff and shall apply to all transportation under this Rate Schedule as provided in Article XXIV of the General Terms and Conditions.
- 2/ The applicable F&LR's and EPCR's, determined pursuant to Article XXXVII of the General Terms and Conditions, are listed on Sheet No. 32.
- 3/ Includes a per Dth charge for the PS/GHG Surcharge Adjustment per Article XXXVIII of the General Terms and Conditions of \$0.0007.

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

FY 2016 GAS ANNUAL CHARGES
CORRECTION FOR ANNUAL CHARGES UNIT CHARGE
June 24, 2016

The annual charges unit charge (ACA) to be applied to in fiscal year 2017 for recovery of FY 2016 Current year and 2015 True-Up is **\$0.0013** per Dekatherm (Dth). The new ACA surcharge will become effective October 1, 2016.

The following calculations were used to determine the FY 2016 unit charge:

2016 CURRENT:

Estimated Program Cost \$60,356,000 divided by 46,470,081,828 Dth = 0.0012988142

2015 TRUE-UP:

Debit/Credit Cost (\$892,042) divided by 44,588,799,565 Dth = (0.0000200060)

TOTAL UNIT CHARGE = 0.0012788082

If you have any questions, please contact Norman Richardson at (202)502-6219 or e-mail at Norman.Richardson@ferc.gov.

PUBLIC

THIRD PARTY PAYMENT AGREEMENT

THIS THIRD PARTY PAYMENT AGREEMENT (this "Agreement") dated as of October 1, 2015 (the "Effective Date") by and COLUMBIA GAS TRANSMISSION, LLC, f/k/a Columbia Gas Transmission Corporation ("Owner-Operator"), and COLUMBIA GAS OF KENTUCKY, INC. ("CKY") under the following circumstances (CKY and Owner-Operator are individually referred to herein as a "Party" and collectively as the "Parties"):

- A. CKY owns all of the outstanding voting securities of Central Kentucky Transmission Company, a Delaware corporation ("Co-Owner"). Co-Owner is engaged in the interstate transportation of gas and owns a 25 percent undivided interest in Owner-Operator's line KA-1 North Interstate transmission pipeline and appurtenant facilities (the "Pipeline"). The Pipeline is Co-Owner's only asset subject to the jurisdiction of the Federal Energy Regulatory Commission (the "FERC"). CKY holds all of the shipping capacity on Co-Owner's portion of the Pipeline. The remaining 75 percent undivided interest in the Pipeline is owned by Owner-Operator.
- B. Owner-Operator and Co-Owner are parties to that certain Operating Agreement dated as of March 18, 2005, as amended by that certain Amendment to Operating Agreement dated as of April 25, 2005 and by that certain Second Amendment to Operating Agreement dated July 1, 2015 (the "Existing Operating Agreement") wherein Owner-Operator and Co-Owner have agreed to the terms and conditions regarding the provision of Operational Services and Commercial Services by Owner-Operator to Co-Owner. Capitalized terms used and not otherwise defined herein have the respective meanings given to such terms in the Existing Operating Agreement.
- C. Pursuant to the Existing Operating Agreement, Co-Owner pays Owner-Operator a Flat Monthly Charge for Operational Services equal to \$7,300, and a Flat Monthly Charge for Commercial Services equal to \$8,333. \$6,000 per month of the Flat Monthly Charge for Operational Services is recovered by Co-Owner through Co-Owner's tariff rates for shipping service on file with the FERC. The remaining \$1,300 of the Flat Monthly Charge for Operational Services and the \$8,333 Flat Monthly Charge for Commercial Services (collectively, such amount being referred to herein as the "Incremental Monthly Charges") is not being recovered by Co-Owner through rates or otherwise.
- D. To avoid the expense and delay in time that would be required for Co-Owner to file an application with FERC to increase Co-Owner's tariff rates so that Co-Owner could recover through rates the Incremental Monthly Charge, which would be paid entirely by CKY, CKY and Co-Owner desire instead to have CKY pay Owner-Operator monthly the amount of the Incremental Monthly Charge.
- E. Contemporaneously with the execution and delivery of this Agreement, Co-Owner and Owner-Operator are executing and delivering that certain Third Amendment to Operating Agreement dated as of the date hereof (the "Third Amendment") whereby Owner-Operator and Co-Owner are amending the Existing Operating Agreement to

provide that Owner-Operator will invoice CKY monthly for the Incremental Monthly Charge.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, and intending to be legally bound hereby, the Parties agree as follows:

1. Incorporation of Recitals; Definitions. The Recitals set forth hereinabove are incorporated into this Agreement as if restated and set forth in full. Capitalized terms used and not otherwise defined herein have the respective meanings given such terms in the Existing Operating Agreement, as amended by the Third Amendment (the "Operating Agreement"). As used herein, the term "Section" refers to a Section of this Agreement.

2. Invoicing by Owner-Operator. Unless and until Owner-Operator receives written notice from Co-Operator and CKY to invoice Co-Owner and CKY in a different manner, Owner-Operator shall invoice CKY each month for (a) \$1,300 of the Flat Monthly Charge for Operational Services and (b) all of the \$8,333 of the Flat Monthly Charge for the Commercial Services. Owner-Operator agrees to accept payment of all amounts from CKY made on Co-Owner's behalf. Notwithstanding anything herein to the contrary, the Parties agree that Co-Owner shall at all times during the term of this Agreement remain primarily liable for the Flat Monthly Charges under the Operating Agreement, including, without limitation, the Incremental Monthly Charges that shall be invoiced to CKY under this Agreement. In the event CKY fails to make any payment in whole or in part of any Incremental Monthly Charge that is properly due and payable under the Operating Agreement, CKY agrees that Owner-Operator shall have the right to seek collection of all such amounts that become properly due and payable under the Operating Agreement from either CKY or Co-Owner.

2. Payment by CKY. During the Term, CKY agrees to pay timely all invoices for Incremental Monthly Charges due and payable under the Operating Agreement, together with any interest and penalties for late payment accruing with respect to such Incremental Monthly Charges. CKY reserves the right to assert all defenses, counterclaims and offsets that Co-Owner could assert under the Amended Operating Agreement. CKY's payment obligations under this Agreement are specifically limited to payment of the Incremental Monthly Charges as and when the same become due under the Operating Agreement and CKY is not and shall not become obligated in any manner to perform any other obligations or make other payments that may become due or otherwise owed to Owner-Operator by Co-Owner or others pursuant to or arising out of the Operating Agreement. This Agreement does not constitute a guaranty or create any other instrument of suretyship.

3. Term; Termination.

a. The term of this Agreement ("Term") shall commence on the Effective Date and shall continue until the earlier of (i) termination of the Operating Agreement, or (ii) termination pursuant to Section 3.b. Termination is not an election of remedies for any breach or default of a Party's obligations under this Agreement, and shall discharge only those obligations that have not accrued as of the effective date of termination. Any right or duty of a Party based on either the performance or breach of this Agreement prior to the effective date of termination shall survive the Term.

b. This Agreement may be terminated:

- i. by CKY, for any reason or for convenience, upon thirty (30) days prior written notice to Owner-Operator; or
- ii. by Owner-Operator, upon fifteen (15) days prior written notice to CKY, in the event CKY fails to make any payment required to be made under this Agreement when due and such failure continues for a period of forty-five (45) days; or
- iii. by either party, upon written notice to the other, in the event such other Party files a voluntary petition in bankruptcy or reorganization or fails to have such a petition filed against it dismissed within thirty (30) days or admits in writing its insolvency or inability to pay its liabilities as they come due, or assigns its assets for the benefit of creditors, or suffers a receiver to be appointed for its assets or suspends its business;
- iv. immediately, without the requirement of notice by or to any Party, in the event that Co-Owner files a voluntary petition in bankruptcy or reorganization or fails to have such a petition filed against it dismissed within thirty (30) days or admits in writing its insolvency or inability to pay its liabilities as they come due, or assigns its assets for the benefit of creditors, or suffers a receiver to be appointed for its assets or suspends its business.

4. Notices. All notices required or permitted to be made pursuant to this Agreement shall be in writing and delivered by U.S. Mail, email, in person or by a nationally recognized overnight courier, to the Parties at the following respective addresses, or such other address as a Party may specify by written notice duly given pursuant to this Section:

If to CKY:

Columbia Gas of Kentucky, Inc.
2001 Mercer Road
Lexington, KY 40511
Attention: President
Phone: 859-288-0275

with a copy to:

Columbia Gas of Kentucky, Inc.
2001 Mercer Road
Lexington, KY 40511
Attention: Director of Regulatory
Phone: 859-288-0242

If to Owner-Operator:

Columbia Gas Transmission, LLC
5151 San Felipe
Suite 2400
Houston, TX 77056
Attention: Sr. Vice President, Commercial Operations
Phone: 713-386-3488

Notices shall be deemed received three business days after being deposited into the U.S. mail, or at the time transmitted by email, if such transmission is telephonically or digitally confirmed as having been received by the recipient, or when actually received if delivered by hand delivery or overnight courier.

5. Third-Party Beneficiaries. Co-Owner is expressly made a third-party beneficiary to this Agreement. There are no other third-party beneficiaries to this Agreement.

6. Counterparts: Entire Agreement. This Agreement may be executed in counterparts, each of which shall be deemed an original instrument, but all such counterparts together shall constitute one and the same agreement. This Agreement constitutes the entire agreement among the Parties pertaining to the subject matter hereof, and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties pertaining to the subject matter hereof.

7. Binding Agreement. Each Party hereby represents and warrants that this Agreement is a legal, valid and binding obligation of such Party and is enforceable against such Party in accordance with its terms.

8. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

9. Rules of Construction; No Waiver. Section headings and titles used in this Agreement are for convenience of reference only and in no way define, limit, extend or describe the scope or intent of any provisions of this Agreement. If any section, subsection, term or provision of this Agreement or the application thereof to any party or circumstances shall, to any extent, be invalid or unenforceable, the remainder of such section, subsection, term or provision and the application of the same to parties or circumstances other than those to which it is held invalid or unenforceable shall not be affected thereby, and shall be valid and enforceable to the fullest extent permitted by law. Amendments, modifications and waivers to this Agreement shall be made only by written instrument signed by both Parties. Any waiver by a party of any provision or condition of this Agreement shall not be construed or deemed to be a waiver of any other provision or condition of this Agreement, nor a waiver of a subsequent breach of the same provision or condition, whether such breach is of the same or a different nature as the prior breach.

10. Governing Law. This Agreement shall be construed and enforced in accordance with the internal laws of the State of Kentucky, without regard to any principles relating to conflicts of law that may direct the application of the laws of another jurisdiction.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed and delivered by their duly authorized officers as of the Effective Date.

COLUMBIA GAS TRANSMISSION, LLC

★ By: Stanley G. Chapman, III
Name: Stanley G. Chapman, III
Its: Executive Vice President and Chief Commercial Officer

COLUMBIA GAS OF KENTUCKY, INC.

By: Herbert A. Miller
Name: Herbert A. Miller
Its: President

PROPOSED TARIFF SHEETS

CURRENTLY EFFECTIVE BILLING RATES

<u>SALES SERVICE</u>	<u>Base Rate Charge</u> \$	<u>Gas Cost Adjustment^{1/}</u> <u>Demand</u> \$	<u>Commodity</u> \$	<u>Total Billing Rate</u> \$	
<u>RATE SCHEDULE GSR</u>					
Customer Charge per billing period	15.00			15.00	
Delivery Charge per Mcf	2.2666	1.8111	2.8998	6.9775	I
<u>RATE SCHEDULE GSO</u>					
<u>Commercial or Industrial</u>					
Customer Charge per billing period	37.50			37.50	
Delivery Charge per Mcf -					
First 50 Mcf or less per billing period	2.2666	1.8111	2.8998	6.9775	I
Next 350 Mcf per billing period	1.7520	1.8111	2.8998	6.4629	I
Next 600 Mcf per billing period	1.6659	1.8111	2.8998	6.3768	I
Over 1,000 Mcf per billing period	1.5164	1.8111	2.8998	6.2273	I
<u>RATE SCHEDULE IS</u>					
Customer Charge per billing period	1,007.05			1007.05	
Delivery Charge per Mcf					
First 30,000 Mcf per billing period	0.5443		2.8998 ^{2/}	3.4441	R
Over 30,000 Mcf per billing period	0.2890		2.8998 ^{2/}	3.1888	R
Firm Service Demand Charge					
Demand Charge times Daily Firm					
Volume (Mcf) in Customer Service Agreement		6.8133		6.8133	
<u>RATE SCHEDULE IUS</u>					
Customer Charge per billing period	477.00			477.00	
Delivery Charge per Mcf					
For All Volumes Delivered	0.8150	1.8111	2.8998	5.5259	I

1/ The Gas Cost Adjustment, as shown, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets 48 through 51 of this Tariff. The Gas Cost Adjustment applicable to a customer who is receiving service under Rate Schedule GS or IUS and received service under Rate Schedule SVGTS shall be \$4.9740 per Mcf only for those months of the prior twelve months during which they were served under Rate Schedule SVGTS.

2/ IS Customers may be subject to the Demand Gas Cost, under the conditions set forth on Sheets 14 and 15 of this tariff.

DATE OF ISSUE October 28, 2016
 DATE EFFECTIVE November 29, 2016 (Unit 1 December)

ISSUED BY *Herbert A. Miller Jr*
 TITLE *President*

CURRENTLY EFFECTIVE BILLING RATES
 (Continued)

<u>TRANSPORTATION SERVICE</u>	<u>Base Rate Charge</u> \$	<u>Gas Cost Adjustment^{1/}</u> <u>Demand</u> <u>Commodity</u> \$ \$	<u>Total Billing Rate</u> \$	
<u>RATE SCHEDULE SS</u>				
Standby Service Demand Charge per Mcf				
Demand Charge times Daily Firm				
Volume (Mcf) in Customer Service Agreement		6.8133	6.8133	
Standby Service Commodity Charge per Mcf		2.8998	2.8998	R
<u>RATE SCHEDULE DS</u>				
Administrative Charge per account per billing period			55.90	
Customer Charge per billing period ^{2/}			1007.05	
Customer Charge per billing period (GDS only)			37.50	
Customer Charge per billing period (IUDS only)			477.00	
<u>Delivery Charge per Mcf^{2/}</u>				
First 30,000 Mcf	0.5443		0.5443	
Over 30,000 Mcf	0.2890		0.2890	
- Grandfathered Delivery Service				
First 50 Mcf or less per billing period			2.2666	
Next 350 Mcf per billing period			1.7520	
Next 600 Mcf per billing period			1.6659	
All Over 1,000 Mcf per billing period			1.5164	
- Intrastate Utility Delivery Service				
All Volumes per billing period			0.8150	
Banking and Balancing Service				
Rate per Mcf		0.0209	0.0209	
<u>RATE SCHEDULE MLDS</u>				
Administrative Charge per account each billing period			55.90	
Customer Charge per billing period			200.00	
Delivery Charge per Mcf			0.0858	
Banking and Balancing Service				
Rate per Mcf		0.0209	0.0209	

1/ The Gas Cost Adjustment, as shown, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets 48 through 51 of this Tariff.

2/ Applicable to all Rate Schedule DS customers except those served under Grandfathered Delivery Service or Intrastate Utility Delivery Service.

DATE OF ISSUE October 28, 2016

DATE EFFECTIVE November 29, 2016 (Unit 1 December)

ISSUED BY *Herbert A. Miller Jr.*
 TITLE *President*

CURRENTLY EFFECTIVE BILLING RATES

(Continued)

<u>RATE SCHEDULE SVGTS</u>	<u>Base Rate Charge</u>
	\$
<u>General Service Residential (SGVTS GSR)</u>	
Customer Charge per billing period	15.00
Delivery Charge per Mcf	2.2666
<u>General Service Other - Commercial or Industrial (SVGTS GSO)</u>	
Customer Charge per billing period	37.50
Delivery Charge per Mcf -	
First 50 Mcf or less per billing period	2.2666
Next 350 Mcf per billing period	1.7520
Next 600 Mcf per billing period	1.6659
Over 1,000 Mcf per billing period	1.5164
<u>Intrastate Utility Service</u>	
Customer Charge per billing period	477.00
Delivery Charge per Mcf	\$ 0.8150

Billing Rate

Actual Gas Cost Adjustment ^{1/}

For all volumes per billing period per Mcf	(\$0.5997)	R
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RATE SCHEDULE SVAS

Balancing Charge – per Mcf	\$1.6251	I
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1/ The Gas Cost Adjustment is applicable to a customer who is receiving service under Rate Schedule SVGTS and received service under Rate Schedule GS, IS, or IUS for only those months of the prior twelve months during which they were served under Rate Schedule GS, IS or IUS.

DATE OF ISSUE October 28, 2016
 DATE EFFECTIVE November 29, 2016 (Unit 1 December)

ISSUED BY *Herbert A. Miller Jr.*
 TITLE *President*