Gasco Distribution Systems, Inc.

GASCO DISTRIBUTION SYSTEMS, INC.

OF ALBANY, KENTUCKY

PUBLIC SERVICE COMMISSION

RATES, RULES AND REGULATIONS FOR NATURAL GAS SERVICE

Issued: February 16, 1995; Effective: February 16, 1995

Issued By:

Gasco Distribution Systems, Inc., Albany Division

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PUBLIC SERVICE COMMISSION
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PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephan O Bell
SECRETARY OF THE COMMISSION

GASCO DISTRIBUTION SYSTEMS, INC.

RULES AND REGULATIONS GOVERING
THE DISTRIBUTION AND SALE OF GAS

SECTION 1 – RATES AND CHARGES

Rates

The rate for all consumption shall be:

RATE:		GCR:	BASE RATE:
Residential	$9.8320	$5.2120	$4.62
Commercial	$8.8320	$5.2120	$3.62

Monthly Service Charge – In addition to the charges determined from the contact rates, each residential customer, and space-heating Customer of up to 4,000 square feet, must pay a monthly service charge of $8.00 per each billing month. Each commercial Customer must pay a monthly service charge of $35.00 per month and all other Customers must pay $75.00 per month.

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RULES AND REGULATIONS GOVERNING
THE DISTRIBUTION AND SALE OF GAS

Special Charges. The following charges shall be applied under the following conditions:

a. Collection Charge - a charge of $25.00 will be levied when a Company representative makes a trip to the premises of a customer for the purpose of terminating service for an unpaid bill. The charge may be assessed if service is actually terminated or if the customer pays the delinquent bill to avoid termination. The charge may also be assessed if the Company's representative agrees to delay termination based on the customer's agreement to pay the delinquent bill by a specific date. A collection trip may be made only after written notice has been sent to the customer stating that if the bill is not paid by a certain date the service will be disconnected.

b. Reconnection Charge - a reconnection charge of $25.00 to be made by the Company and paid by the customer before or at the time the service is reconnected shall be assessed as approved by the Public Service Commission when:

(1) The customer's service has been disconnected for non-payment of bills or for violation of the Commission's or Company's Rules and Regulations, and the customer has qualified for and requested service to be reconnected. Customers qualifying for service reconnection under 807 KAR 5:006, Section 15 - Winter Hardship - shall be exempt from reconnect charges.

(2) The customer's service has been disconnected at the customer's request and at any time subsequently within twelve (12) months is reconnected at the same premise.

(3) Tie-in Charge - If a tie-in is required to restore service to the same Customer who had his/her service line cut and plugged as a result of repeated detection of unauthorized use of service, a charge of actual cost, or the company's best estimate of actual cost shall be assessed. Unauthorized use of service includes:
(a) Detection of turning on meter after non-pay turn off by Company, and;
(b) Detection of turning on meter and curb valve after non-pay turn off by Company,
(c) Detection of by-passing meter inlet and outlet connections after removal of meter by Company and;
(d) Other modifications by Customer of the meter intended to produce a metering of less volume of gas than actually used by the Customer.

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Original Sheet 2, con't.

c. Dishonored Check Charge - The Company may charge and collect a fee of $15.00 to cover the cost of handling an unsecured check; where a customer tenders in payment of an account a check which upon deposit by the company is returned as unpaid by the customer's financial institution.

d. Delayed Payment Charges - A delayed payment charge of five percent (5%) will be added to the amount of the monthly bill each month if not paid within fourteen (14) days after the date of mailing of the bill to Customer. The late payment charge is not applied to a prior month's late payment charge.

e. Remote Index Installation Charge - If a Customer requests that a remote index be installed at his/her premises, a charge of fifty dollars $50.00 shall be assessed.

Residential Termination Procedure for Non-Payment. The Company shall follow the termination procedure established by the Public Service Commission of Kentucky.

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Customer Classifications:

Applicability - Applicable for the distribution and sale of gas service from existing distribution lines of Company having sufficient capacity therefore, to Customers at one location who will guarantee payment of the minimum monthly charge for term of Agreement for Gas Service or twelve consecutive months, whichever is less. Company shall have the right to curtail deliveries of gas hereunder whenever and to the extent necessary in its sole judgment the protection of to its higher priority Customers, if any, may require. Company shall not be required to furnish gas service hereunder to any Customer or applicant except by written Agreement for Gas Service between Company and Customer.

Gas Sales:

Residential - Service to customers which consists of direct natural gas usage in a residential dwelling for space heating, air conditioning, cooking, water heating and other residential uses.

Commercial - Service to customers engaged primarily in the sale of goods or services including institutions and local and federal government agencies for uses other than those involving manufacturing or electric power generation.

Industrial - Service to customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product including the generation of electric power.

Gas Transportation:

Transportation Service: Service to industrial customers upon execution of a special contract specifying terms, conditions of service and rates.

Customer Inquiries - Customer may contact the Business Office at (606) 387-8076 during regular business hours (Mon.-Fri. 9:00 a.m. to 4: p.m.) for inquiries regarding service or billing.

Company's Right to Defer Service - Where Company's existing facilities are inadequate to serve a Customer for new or additional commercial or industrial load, Company specifically reserves the fight to defer service until such time as its facilities can be made adequate.

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SECTION II - SERVICE

1. Availability. Service is available in all territories where the Company's distribution facilities are located, to customers who contract for gas service under the terms and conditions stated herein, and subject to the Rules and Regulations filed by the Company and revised from time to time with the Public Service Commission of Kentucky, and any subsequent revision thereof, and to the lawful orders of regulatory authorities having jurisdiction.

2. Application for Service. Applications for service shall be made through any local office of Company. The application is not complete until the applicant has fulfilled all applicable tariff eligibility requirements and compiled with these rules. A separate application or contract shall be made for each separate location.

3. Turning on Gas. The Customer, after making proper application for service, shall notify the Company when he desires service to be established. In no case shall the Customer or his agent or employee turn on the gas at the curb or meter cock.

4. Assignment of Contract. The benefits and obligations of any service application or contract shall begin when Company commences to supply gas service. It shall inure to and be binding upon the successors and assigns, survivors and executors or administrators, as the case may be, of the original parties thereto, respectively, for the full term thereof. However, no application, agreement or contract for service may be assigned or transferred without the written consent or approval of Company.

When the gas supply has been disconnected for non-payment of bills or other violation of Company's Rules and Regulations, the service will not be restored at the same location or connected at another location, for the same or related occupants under a different contract or name when it appears to the Company that the change of name is a subterfuge designed to defraud or penalize Company.

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5. Continuity of Service. The Company will endeavor to supply gas continuously and without interruption. However, the Company shall not be responsible for damages or otherwise for failure to supply gas for any interruptions of the supply when such failure is without willful fault or neglect on its part.

The Company cannot and does not guarantee either a sufficient supply or an adequate or uniform pressure of the gas supplied and shall not be liable for any damage or loss resulting from inadequate or interrupted supply or from any pressure variations when such conditions are not due to willful fault or neglect on its part.

Neither Company nor Customer shall be liable in damages to the other for any act, omission or circumstance occasioned by or in consequence of any acts of God, strikes, lockouts affecting the company or its suppliers of gas, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, freezing of wells or lines of pipe, failure of wells and equipment vandalism, strikes, inability to obtain materials, contractors, supplies, breakage or accident to machinery or lines of pipe, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, and any other cause, whether of the kind herein enumerated or otherwise, not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. Failure to prevent or settle any strike or strikes shall not be considered to be a matter within the control of the party claiming suspension.

Without incurring any liability therefore, the Company may also suspend service after reasonable notice, for such period as may be reasonably necessary to make repairs to or changes in its plant, transmission or distribution systems or other property.

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6. Character of Service. The Company's supply of natural gas is received from local gas wells and from interstate pipeline suppliers.

7. Service Not to be Disturbed. No Customer shall attach or use any appliance which may result in the injection of air, water or other foreign matter into the Company's lines; and without prior approval from the Company, no Customer shall attach or use any appliance which will increase or decrease the pressure in the Company's lines intermittently to suet extent as to interfere with continuous service to other customers.

8. Exclusive Service. Except in cases where the customer has a special contract with the Company for reserve or auxiliary service, no other fuel service shall be used by the customer on the same installation in conjunction with the Company's service connection, wither by means of valves or any other connection.

The customer shall not sell the gas purchased from the Company to any other customer, company or person, and the customer shall not deliver gas purchased from the Company to any connection wherein said gas is to be used on premises not owned or controlled by the customer.

9. Access to Premises. The Company shall at all reasonable hours have access to meters, service connections and other property owned by it and located on customer's premises for purposes of installation, maintenance, meter reading, operation or removal of its property at the time service is to be terminated.

10. Customer's Liability . The customer shall assume all responsibility for the gas service in or on the customer's premises at and from the point of delivery of gas and for all the piping, appliances and equipment used in connection therewith which are not the property of the Company, and will protect and save the Company harmless from all claims

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10. (con't)

for injury or damage to persons or property occurring on the customer's premises or at and from the point of delivery of gas occasioned by such gas or gas service and equipment, except where said injury or damage will be shown to have been caused solely by the negligence of the Company.

11. Right-of-Way and Lines. The Company shall acquire any and all rights-of-way and easements necessary to cross property between Company's line and the location where gas is to be consumed. When the right-of-way is necessary to install lines or other facilities or equipment on the Company's side of the delivery point, the right-of-way shall be conveyed or otherwise assigned to Company's side of the delivery point, the right-of-way shall be conveyed or otherwise assigned to Company and shall, thereby, become the property of the Company. The Company shall also acquire the right of ingress and egress for any property in or over which any lines, facilities or equipment may be installed to accommodate delivery of gas to Customer. The Customer shall be responsible for the expense and installation of all lines (as well as any other facility or equipment) between the point of delivery and the Customer's premises.

12. Charges and Payment for Temporary Service. In addition to regular payments for gas used, the Customer shall pay all reasonable cost for all materials, labor, and other necessary expense incurred by the Company in supplying gas service to the Customer at his request for any temporary purpose or use.

13. Customer Indebted to Company. Service will not be supplied to any premises if at the time of application for service the applicant is indebted to Company for any service previously supplied at the same or other premises, until payment of such indebtedness or other arrangement satisfactory to the Company shall have been made.

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RULES AND REGULATIONS GOVERNING

14. Deposits. The Company may require a minimum cash deposit or other guaranty to secure payment of bills except for customers qualifying for service reconnection pursuant to 807 KAR 5:006, Section 15, Winter Hardship Reconnection. Service may be refused or discontinued for failure to pay the requested deposit. Interest, as prescribed by KRS 278.460, will be paid on all sums held on deposit. The interest will be applied as a credit to the customer's bill or will be paid to the customer on an annual basis. If the deposit is refunded or credited to the customer's bill prior to the deposit anniversary date, interest will be paid or credited to the customer's bill on a pro-rated basis. If interest is not paid to the customer or credited to the customer's bill annually, interest will be computed by a method which will result in an amount no less than that obtained by using a middle course method between simple and compound interest in compliance with the Commission Regulations. Interest on deposits computed in this manner will accrue until paid to the customer or credited to the customer's bill.

The deposit may be waived upon a customer's showing of satisfactory credit or payment history. Required deposits will be credited to the customer's bill between twelve and fifteen months after the month of deposit if the customer has established a satisfactory payment record for that period. If a deposit has been waived or returned and the customer fails to maintain a satisfactory payment record, a deposit may then be required. Upon termination of service, the deposit and any interest earned and owing will be credited to the final bill with any remainder refunded to the customer.

In determining whether a deposit will be required or waived, the following criteria may be considered:

(1) Previous payment history with the Company. If the customer has no previous history with the Company, statements from other regulated public utilities may be presented by the customer as evidence of good credit.

(2) Length of time the customer has resided or been located in the area.

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(3) Whether the customer owns the property where service is to be rendered.

(4) Whether another customer with a good payment history is willing to sign as a guarantor for an amount equal to the required deposit.

If a deposit is held longer than eighteen months, the deposit will be recalculated at the customer's request based on the customer's actual usage for the past twelve months. If the deposit on account differs from the recalculated amount by more than $10.00 for a residential customer or 10 percent for a non-residential customer, the Company may collect any underpayment and refunds, if any, will be credited to the customer's next utility bill. No refund will be made if the customer's bill is delinquent at the time of recalculation.

Once each year, a billing insert will be included with the bill advising the customer of the right to request a deposit recalculation.

Residential customers will pay equal deposits in the amount of $95.00. This amount does not exceed 2/12ths of the average bill.

Commercial and Industrial customer's deposits should be based upon actual usage of the customer at the same or similar premises for the most recent twelve month period, if such information is available. If usage information is not available, the deposit will be based on the average bills of similar customers and premises in the system. The deposit amount shall not exceed 2/12ths of the customer's actual or estimated annual bill.

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15. Right to Shut Off Gas. After notice pursuant to 807 KAR 5:006(14), the company shall have the right to discontinue service and the right to disconnect and remove from the premises of any consumer the meter and any other property belonging to the Company for any of the following reasons or purposes in accord with 807 KAR 5:006(14):

(1) Refusing reasonable access.
(2) Non-payment of bills for gas services.
(3) Failure to furnish or maintain required deposit for the account.
(4) Dangerous condition
(5) Theft of service or fraudulent representation or practice.
(6) Whenever deemed necessary by the Company for safety reasons.
(7) Violation of any PSC Rules and Regulations, any Service Agreement, or the General Terms and Conditions applicable to any such Agreement or these Tariffs.
(8) Customer Request.

16. Change of Address of Customer. When customer changes his address he should give oral notice, followed within three (3) days by written notice, thereof to Company prior to the date of change. Customer is responsible for all service supplied to the vacated premises until such notice has been received and the Company has had a reasonable time, but not less than three (3) days, to discontinue service.

17. Quantity of Gas Delivered by Meter. Gas will be measured by a meter which shall remain the property of the Company. It will be installed by the Company at Company expense. Subject to certain exceptions, enumerated below, consumption shall be determined on the basis of the meter registration and bills shall reflect the consumption so registered. Any mistake in reading the registration, however, shall not affect the liability for gas consumed as determined by a corrected reading of the registration.

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18. Gas Measurement. The gas consumed shall be measured by a meter or meters to be installed by the Company upon the customer's premises at a point most accessible or convenient for the Company and ail bills shall be calculated upon the registration of said meter or meters except as hereinafter provided. If more than one meter is installed for the same or different classes of service at different locations on the customer's premises, each meter shall be considered separately in calculating the amount of any bills, except in those cases where the Company elects to install duel metering facilities in order to assure accurate measurement of all gas consumed. Meter readings may be combined and one bill rendered under these conditions. Meters include all measuring instruments and equipment.

All residences, commercial buildings or other occupied buildings shall have separate meters even if under the same roof, except in cases of multi-occupants under the same roof with a common entrance or within an enclosure or mobile home park where it is unreasonable or uneconomical to measure each unit separately.

When customers are served from high pressure lines, the meters, regulators and safety devises shall be located as near to the Company's main as is practicable.

19. Measurement Base. The company, in accordance with 807 KAR 5:022, Section 8, utilizes an appropriate measurement base in all service areas. The rates of the company are based upon gas delivered to the customer on a basis of four (4) ounces per square inch above an assumed atmospheric pressure of fourteen and four-tenths (14.4) pounds per square inch or fourteen and sixty-five hundredths (14.65) pounds per square inch absolute pressure at an assumed temperature of sixty (60) degrees Fahrenheit; provided, however, the Company reserves the right to correct as necessary the actual temperatures to a sixty (60) degrees Fahrenheit basis in the cases of large volume industrial customers.

All gas measured at pressures higher than standard pressure for low pressure distribution systems shall be corrected to a pressure base of fourteen and sixty-five hundredths (14.65) pounds per square inch absolute.

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20. Character of Service. In accordance with 807 KAR 5:022, Section 16, the Company will normally supply natural gas having a heating value of approximately one thousand (1,000) BTU per cubic foot and a specific gravity of approximately sixty-two hundredths (0.62). However, when necessary to supplement the supply of natural gas, the company reserves the right, at its discretion, to supply and interchangeable mixture of vaporized liquified petroleum gas and air or a combination of same with natural gas.

21. Estimated Bill. When the meter is not read, the Company may estimate the quantity of gas consumed and render a bill for such quantity.

22. Correct Meter. A meter registering between two percent (2%) fast and two percent (2%) slow shall be deemed for all purposes to be registering correctly. A meter registering incorrectly shall be replaced by the Company at its expense.

23. Incorrect Meter Readings. If test results on Customer's meter show an average error greater than two percent (2%) fast or slow, or if a Customer has been incorrectly billed for any other reason, except in an instance where Company has filed a verified complaint with the appropriate law enforcement agency alleging fraud or theft by Customer, company shall immediately determine the period during which the error has existed, and shall recompute and adjust the Customer's bill to either provide a refund to customer or collect an additional amount of revenue from the underbilled Customer. Company shall readjust the account based upon the period during which the error is known to have existed or according 807 KAR 5:006(10)(2).

24. Meter Testing. Company shall make a test of any meter upon written request of Customer provided such request is not made more frequently than once each twelve months.

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Customer shall advance an amount based on meter capacity as follows: 500 cu. ft. per hour and under @ $20.00, over 500 cu. ft. per hour @ $30.00, and 1,500 cu. ft. per hour @ $50.00. If such tests show the meter to be more than 2% fast or slow, the amount advanced shall be refunded to the customer and adjustments made pursuant to Incorrect Meter Readings section herein. If the meter is found not to be more than 2% fast or slow, the amount advanced by Customer shall be retained by Company.

25. Billing Periods and Meter Readings. Bills for gas service will be rendered monthly unless otherwise specified. The term "month" for billing purposes shall mean the period between any two consecutive readings of the meter by the Company, such readings to be taken as near as practicable every thirty (30) days.

Bills are due upon rendition and payable within a period not exceeding ten (10) days after the date of mailing.

Service shall be subject to being discontinued for non-payment of bills after the customer has been given at least ten (10) days written notice separate from the original bill and not before twenty seven (27) days from the mailing date of the original bill.

The Company may not terminate service to a customer if a medical certificate is presented or if a Certificate of Need from the Cabinet for Human Resources is presented in accordance with 807 KAR 5:006, Section 14 (2) (c) and (3). Failure to receive a bill does not exempt customer from these provisions.

When the Company is unable to read the meter after a reasonable effort, or where the meter fails to operate, the customer will be billed on an estimated basis and the billing adjusted as necessary.

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The Company's billing form includes dates served; number of days in period; previous and present meter reading; Mcf usage; net amount due for service rendered; taxes, if applicable; adjustments, if any; special charges; total amount due; account number; billing date; cash receipt cut-off date; past due date; and service address.

26. Payment of Bills. Bills shall be paid by the Customer at any office of the Company during its regular office hours or to any one of the Company's authorized collecting agents during the regular office hours of such agent. A list of authorized agents, if any, will be made available to Customers upon the request or inquiry of any customer or applicant for service. Any remittance received by the Company by first class mail bearing U.S. Postal Office cancellation date corresponding with or previous to the last date of the net payment period will be accepted by the Company as within the net payment period.

27. Monitoring of Usage. The Company shall periodically as required by PSC Regulations monitor each customer's usage for unusual or irregular consumption. If monitoring determines a change in usage otherwise unexplained, it will notify the customer in writing of the change and attempt to determine the cause of the usage.

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SECTION III - PHYSICAL PROPERTY

28. Service Lines. The general term "service line" is commonly used to designate the complete line or connection between the Company's line and the Customer's location, up to and including the meter connection at Customer's location. It consists of two distinct parts, (a) the service line connection, and (b) the Customer service line.

(a) Service Line Connection

This service line connection consists of the connection at the main, necessary pipe and appurtenances to extend to the property line or the curb cock location, curb cock and curb box. This connection shall be made by the Company, or its representative without cost to the Customer and it remains the property of the Company.

(b) Customer Service Line

The Customer service line consists of the pipe from the outlet of the curb cock to and including the meter connection. The Customer's service line shall be installed at the Customer's expense, and any part of it not contained within the Customer's property at the location where service is to be furnished shall be conveyed to the Company and remain the property of the Company in accordance with Rule 10. The Company shall have the right to prescribe the specifications, size, location and termination points of the Customer's service line. The Customer shall remain liable for maintenance of, for imperfections

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in or for damage, injury or loss resulting, directly or indirectly, from the escape of gas from that part of the Customer service line contained within the Customer's property. The Company shall have no obligation to install, maintain or repair said Customer service line. The Company shall not provide or pay, directly or indirectly, the cost of Customer service lines when competing with another regulated natural gas company, unless such company offer to provide or pay for Customer service lines, directly or indirectly, or unless such assistance is essential to induce a prospective Customer to utilize natural gas rather than an alternate source of energy.

29. Pressure Regulators. Where service is provided from low pressure lines, the company shall furnish the necessary pressure regulator or regulators, which regulator or regulators shall remain the property of the Company.

Where service is provided from medium or high pressure lines, the Company shall at its expense provide and install a suitable regulator or regulators for reducing the pressure. The regulator or regulators shall be installed in the manner required by the Company, and they shall become the property of the Company.

The Company shall install and maintain, at its expense, substantial housing in size and design for the regulator or regulators and the meter in order to protect them from the weather and molestation. If it becomes necessary to construct, operate, and maintain a heater on the inlet side of the meter or high pressure regulator to maintain satisfactory operation of the regulator or regulators, the gas used in such heater shall be at the expense of the Customer and shall be taken from the outlet side of meter serving the Customer.

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30. Meters and Positive Shut off Drip. The Company shall furnish and install one meter and positive shut off drip if deemed necessary by Company of such size and type as the Company may determine will adequately serve the Customer's requirements, and such meter shall be and remain the property of the Company, and the Company shall have the right to replace it as the Company may deem it necessary. As indicated by Rule 11 above, Customer shall provide sufficient access to property to permit Company to install, maintain, repair or inspect the meter (as well as all other facilities or equipment) employed for Customer's service.

31. Daily Measurement at Customer's Facilities. In order to administer the provisions of any contract or special service arrangement, the Company may install and charge Customer for any additional gas measurement equipment Company deems necessary to record daily volumes consumed at Customer's facility. If Company determines that installation of such equipment is necessary, Customer's payment for and Company's installation of the equipment shall be a requirement for initiation and/or continuation of the service pursuant to this rate schedule.

In addition, Customer shall provide the necessary dedicated telephone service for the measuring system, shall pay all telephone company charges associated with such service including long distance charges, and shall be responsible for providing Company access to that telephone line on a continuous basis throughout the term of the service agreement. Company may terminate service hereunder if Customer fails to provide the necessary dedicated telephone service on a continuing basis.

32. Meter Location. The Company shall determine the location of the meter, which shall ordinarily be outside of any enclosed building and shall be accessible to the Company without the necessity of Customer presence or approval.

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32. (Con't)

When changes in a building or arrangements therein render the meter either inaccessible or exposed to hazards, the Company may require the Customer, at the Customer's expense, to relocate the meter together with any portion of the Customer's service line necessary to accomplish such relocation.

33. Only Company Can Connect Meter. The owner or Customer shall not permit anyone who is not authorized agent of the Company to reconnect or disconnect the Company's meters, regulators or gauges or in any way alter or interfere with the Company's meters, regulators or gauges.

34. Customer Piping. The Customer shall install, own, repair and maintain, at the Customer's expense, the Customer piping from the outlet of the meter to gas burning equipment. The Company shall have no obligation to install, maintain or repair said piping. The Company shall not provide or pay, directly or indirectly, for house piping when competing with another regulated natural gas company, unless such company offers to provide or pay for house piping, directly or indirectly, or unless such assistance is essential to induce a prospective Customer to utilize natural gas rather than an alternate source of energy.

35. Appliances. The Customer shall install and maintain all gas-burning equipment at the Customer's expense. The Company shall have no obligation to install, maintain, or repair appliances.

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36. Standards for Customer's Property. The Customer's service line, Customer piping, fittings, valves, connections, equipment venting and all associated equipment shall be installed with materials and workmanship which meet the reasonable requirements of the Company and shall be subject to inspection or test by the Company. The Company shall have no obligation to establish service until after such inspection and test demonstrates compliance with such requirements of the Company with respect to the facilities in place at the time of the test.

The first inspection or test at any premises, including both service lines and Customer piping, shall be without charge. In the case of leak, error, patent defect or other unsatisfactory condition resulting in the disapproval of the line or piping by the Company, the necessary correction shall be made at the Customer's expense; and then the lines and piping will be inspected and tested again by the Company.

37. Discontinuance of Supply on Notice of Defect in Customer's Property. If the Customer's service line, Customer piping, pressure regulators, fittings, valves, connections, equipment, venting and any other associated equipment on a Customer's premises are defective or in such condition as to constitute a hazard, the Company, upon notice to it of such defect or condition and reasonable notice to the Customer, may discontinue the supply of gas to such Customer until such defect or condition has been rectified by the Customer in compliance with the reasonable requirements of the Company.

38. No Responsibility for Materials or Workmanship. The Company is not responsible for maintenance of, or any imperfect material or defective or faulty workmanship in, the Customer's service line, Customer piping, pressure regulators, fittings, valves, connections, equipment, venting and any other associated equipment and is not responsible for any loss or damage arising from inadequate or improper maintenance or from imperfect material or defective or faulty workmanship.

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39. Inspection of Altered Piping. It shall be the duty of the Customer to notify the Company promptly of any additions, changes, alterations, remodeling or reconstruction affecting gas piping on the Customer's premises.

40. Stand-By Space Heating Service. The Company will not assume an obligation to furnish gas to a prospective or transportation Customer or to continue to furnish gas to a present Customer for the rate applicable to his service, after having been notified by the company to do so, the Company upon the giving of notice of at least three days shall shut off all service to the premises occupied by such Customer.

Availability. Available for use by commercial and industrial customers who:

(1) purchase all or part of their natural gas requirements from sources other than Gasco and who request Gasco to be available to supply natural gas at that place of utilization; or

(2) request Gasco to provide a standby energy source at their place of utilization.

Special Terms and Conditions. Service under this rate schedule shall be performed under a written contract between Company and the customer setting forth specific arrangements as to standby charge, maximum daily volumes of natural gas required by the customer from Company, points of delivery, methods of metering and other matters relating to individual customer circumstances.

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41. Extension of Distribution Main. The Company will extend its distribution mains without cost up to but not more than a distance of one hundred (100) feet for each prospective Customer who shall apply for and contract to use service for one (1) year or more and provides guarantee for such service.

Where a distribution main extension of more than one hundred (100) feet is requested for residential or domestic purposes and all or part of such distribution main extension is not deemed economically justified at Company's expense, based on a cost-benefit study, Company shall require the applicant or applicants to provide a contribution in aid of construction and/or enter into a line extension agreement and contribute or deposit with Company the estimated cost of that portion of the distribution main extension which is not deemed economically justified at Company's expense, based on such study. The line extension agreement deposit will be refunded at the average cost of one hundred (100) feet for each bona fide Customer connected to the distribution main extension who will utilize gas for base load purposes and as the major source of energy. The classification of Customer shall be determined by Company at the time Customer is connected to the distribution main extension. No refunds shall be paid after the expiration of ten (10) years from the date of the agreement.

Where a distribution main extension of more than one hundred (100) feet is requested for commercial or industrial purposes and all or part of such distribution main extension is not deemed economically justified at Company's expense, based on a cost-benefit study, Company shall require the applicant or applicants to provide a contribution in aid of construction and/or enter into a line extension agreement and contribute or deposit with Company the estimated cost of that portion of the distribution main extension which is not deemed economically justified at Company's expense, based on such study.

In no case shall the total of refunds exceed the amount deposited for the extension. Deposits will not draw interest. All extensions shall be the property of the Company.

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41. (Con't)

Where a main extension is deemed economically justified at the Company's expense, based upon a cost-benefit study, no deposit shall be required.

42. These Rules and Regulations are subject to and include as part thereof all orders, rules and regulations applicable to the Company from time to time issued or established by the Public Service Commission of Kentucky under its power.

43. The Company reserves the right to modify, alter or amend the foregoing Rules and Regulations and to made such further and other rules and regulations as experience may suggest and as the Company may deem necessary or convenient in the conduct of its business, and as the Public Service Commission of Kentucky may approve.

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Gasco Distribution Systems of Kentucky Inc.

SECTION IV - GAS COST RECOVERY

Determination of GCR - The Company shall file a Quarterly Report with the Commission which shall contain an updated Gas Cost Recovery Rate (GCR) and shall be filed at least thirty (30) days prior to the beginning of each calendar quarter. The GCR shall become effective for billing with the final meter readings of the first billing cycle of each calendar quarter.

The gas cost recovery rates are comprised of:

(1) The expected gas cost component (EGC), on a dollar per Mcf basis, which represents the average expected cost of gas supplies.

(2) The supplier refund adjustment (RA), on a dollar per Mcf basis, which reflects refunds received from suppliers during the reporting period, plus interest at the average 90 day commercial paper rate for the calendar quarter. In the event of any large or unusual refunds, the Company may apply to the Public Service Commission for the right to depart from the refund procedure herein set forth.

(3) The actual cost adjustment (ACA), on a dollar per Mcf basis, which compensates for difference between the previous quarter's expected gas cost and the actual cost of gas during that quarter.

(4) The balance adjustment (BA), on a dollar per Mcf basis, which compensates for any under or over collections which have occurred as a result of prior adjustments.

Billing - The gas cost recovery rate to be applied to bills of customers shall equal the sum of the following components:

$$GCR = EGC + RA + ACA + BA$$

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Definitions - For purposes of this tariff:

(a) "Average Expected Cost" means the cost of gas supplies, including associated transportation and storage charges, and propane which results from the application of suppliers' rates currently in effect, or reasonably expected to be in effect during the calendar quarter, on purchased volumes during the twelve month period ending with the reporting period to which the GCR will apply, divided by the corresponding sales volume. Where the calculations require the use of volumes used during a given period, and those volumes did
not exist for a particular source for the entire period, or the Company expects the volumes to change substantially, the Company expects the volumes to change substantially, the Company may make appropriate adjustments in its calculations. Any adjustments of this type shall be described in the quarterly Gas Cost Recovery Report.

(b) "GCR" means the quarterly updated gas cost recovery rate applicable to the monthly consumption of customers (sum of the expected gas cost component plus the supplier refund adjustment plus the actual adjustment plus the balancing adjustment; i.e., GCR = RA + ACA + BA).

(c) "Calendar Quarters" means each of the four three month periods of (1) August, September and October; (2) November, December and January; (3) February, March and April; and (4) May, June and July.

(d) "Reporting Period" means the three (3) month accounting period that ended approximately sixty (60) days prior to the filing date of the updated gas recovery rates; i.e., the calendar quarter preceding that during which the most recent Quarterly Report was flied.

Gas Cost Recovery Charges - The Gas Cost Recovery component shall be $2.40 per Mcf.

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Local Franchise Fee or Tax - There shall be added to the Customer's bill, as a separate item, an amount equal to the proportionate part of any license, occupation, franchise, or their similar fee and Sales tax now or hereafter imposed upon Company by state and local taxing authorities, whether imposed by ordinance, franchise or otherwise, and which fee or tax is based upon a percentage of the gross receipts, net receipts, or revenues of Company. Such amount shall be added exclusively to bills of Customers receiving service within the territorial limits of the authority imposing the fee or tax. Where more than one such fee or tax is imposed, each of the fees or taxes applicable to each Customer shall be added to the Customer's bill as a separately identified item.

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P.S.C. Ky. Adoption Notice No. 1

ADOPTION NOTICE

The undersigned GASCO DISTRIBUTION SYSTEMS OF KENTUCKY, INC. of ALBANY, Kentucky hereby adopts, ratifies and makes its own, in every respect as if the same had been originally filed and posted by it, all tariffs and supplements containing rates, rules and regulations for furnishing natural gas service at the city of Albany, Clinton County in the Commonwealth of Kentucky, and in effect on the 16th day of February, 1995, the date on which the public service business of the said Albany Gas Utility Company was taken over by it.

This notice is issued on the 3rd day of April, 1995, in conformity with 807 KAR 5:011, section 11 of the Regulations for the filing of Tariffs of Public Utilities with the Public Service Commission of Kentucky.

GASCO DISTRIBUTION SYSTEMS OF KENTUCKY, INC.

BY: Earl A Steel

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