FOR Entire Service Area

P.S.C. KY. NO. 1

ORIGINAL SHEET NO. 1

NATURAL ENERGY UTILITY CORPORATION

CANCELING P.S.C. KY. NO. ____

_____ SHEET NO. ____

RULES AND REGULATIONS

APPLICABILITY:

This tariff is in effect for all customers served along the lines of this company in the cities of Ashland, Westwood, Catlettsburg and rural areas in the counties of BOYD AND GREENUP, KY

AVAILABILITY:

Service is available for use by residential, commercial, and industrial customers.

DEFINITION OF CUSTOMER:

Customer means any person, corporation, firm or body politic applying for or receiving service.

SPECIAL CONDITIONS:

Customers with high load factor or high usage may be served by special contract, but such determination shall be at the discretion of the company, and with the approval of the Public Service Commission.

1) RULES and REGULATION

In addition to the Rules and Regulations prescribed by the Public Service Commission, all gas service rendered shall also be in accordance with the following Rules and Regulations adopted by the Company.

All customers shall complete an application for service and pay all fees and meet all conditions of service prior to initiation of gas service.

Each customer shall be separately metered.

Service may be discontinued for failure to comply with any of these Rules and Regulations or those of the PSC set forth in 807 KAR 5:006(14).

DATE OF ISSUE 05/20/02 (MONTH DAY YEAR) DATE EFFECTIVE 05/20/02 (MONTH DAY YEAR)

ISSUED BY H. Jay Freeman (NAME OF OFFICER) PRESIDENT (TITLE) 2560 Hoods Creek Pike (ADDRESS)

Issued Pursuant to Case No. 91-138 - December 18, 1991

PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE

MAY 20 2002

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

BY Thomas M. Dorman

EXECUTIVE DIRECTOR

FOR Entire Service Area

P.S.C. KY. NO. 2002-00192

ORIGINAL SHEET NO. 2

NATURAL ENERGY UTILITY CORPORATION

CANCELLING P.S.C. KY. NO. N

SHEET NO. O

RULES AND REGULATIONS

2) RATES:

The following rates are applicable for service rendered on a monthly basis:

Minimum bill: $11.7755 - covers 0-1 MCF
Cost Per MCF: $11.7755

A copy of the Company's billing format is attached on Sheet 21.

2(A) Any customer complaining to the Company about a bill or service shall be notified of his right to file a complaint with the PSC and with all other information required by 807 KAR 5:006(9).

3) CUSTOMER CLASSIFICATIONS:

Residential: Service to customers who 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 service including institutions and local and federal government agencies for uses other than those involving manufacturing or electric power generation.

a) Small Commercial: up to 50MCF/day

b) Large Commercial: more than 50MCF/day

DATE OF ISSUE 05/20/02 (MONTH DAY YEAR) DATE EFFECTIVE 04/01/06 (MONTH DAY YEAR)

ISSUED BY H. JAY FREEMAN (NAME OF OFFICER) MGR. (TITLE)

PUBLIC SERVICE COMMISSION OF KENTUCKY
EFFECTIVE
4/1/2006
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By
Executive Director

FOR Entire Service Area

P.S.C. KY. NO. 1

ORIGINAL SHEET NO. 3

NATURAL ENERGY UTILITY CORPORATION

CANCELLING P.S.C. KY. NO. ____

_____ SHEET NO. ____

RULES AND REGULATIONS

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.

Contract Rate: Rate available to any customer having a special contract with the company, and with the approval of the Public Service Commission.

Transportation Service: All Transportation service will be provided by Special Contract to any Commercial or Industrial customer with purchases of at least 500 MCF/month, which requests such service. The contracts shall be negotiated between the customer and the Company and subject to PSC approval.

4) 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 for injury or damage to persons or property occurring on the customers 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.

DATE OF ISSUE 05/20/02 (MONTH DAY YEAR) DATE EFFECTIVE 05/20/02 (MONTH DAY EFFECTIVE YEAR)

ISSUED BY H. JAY FREEMAN MGR. President

NAME OF OFFICER TITLE

PUBLIC SERVICE COMMISSION OF KENTUCKY

MAY 20 2002

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

BY Thomas M. Dorman

EXECUTIVE DIRECTOR

FOR Entire Service Area

P.S.C. KY. NO. 1

ORIGINAL SHEET NO. 4

NATURAL ENERGY UTILITY CORPORATION

CANCELLING P.S.C. KY. NO.

SHEET NO.

RULES AND REGULATIONS

5) MOVING CUSTOMERS:

When a customer moves within the service area of the company, he shall be billed out at his original location and billed in at his new location. Therefore, he may receive two bills for the month in which the move occurs. Notice of termination or relocation of service shall be at least 3 working days prior to the desired change.

6) REFUSAL OF SERVICE:

The Company reserves the right to refuse or to defer full service to an applicant where the existing mains are inadequate to serve the applicant's requirements without adversely affecting the service to the customers already connected and being served.

7) NOTICE OF ESCAPING GAS OR UNSAFE CONDITIONS:

Immediate notice must be given by the customer to the office or employees of the Company if any escaping gas or unsafe conditions are detected or any defects or improper installations are discovered in the piping and equipment of either the company or the customer which are on the customer's premises.

No flames or lights are to be taken near any escape of gas and the gas must be shut off at the meter cock or valve until the hazard is eliminated and the gas service is not to be turned on again except by a Company Employee.

The Company will not be responsible or assume any liability for any injury, loss or damage which may arise from the carelessness or negligence of the customer or his agent or representatives.

8) TURNING OFF GAS SERVICE AND RESTORING SAME:

The gas service may be turned off at the request of the customer when justified by the customer or his agent or any constituted authorities but no person, unless in the employ of the gas Company or having permission from the gas Company, shall turn the gas on or restore the service.

DATE OF ISSUE 05/20/02 (MONTH DAY YEAR) DATE EFFECTIVE 05/20/02 (MONTH DAY YEAR)

ISSUED BY H. JAY FREEMAN MGR. President
NAME OF OFFICER TITLE

PUBLIC SERVICE COMMISSION
KENTUCKY
EFFECTIVE
MAY 20 2002

PURSUANT TO 807 KAR 5:011
SECTION 9 (1)
BY Thomas M. Dorman
EXECUTIVE DIRECTOR

FOR Entire Service Area

P.S.C. KY. NO. 1

1st Revised SHEET NO. 5

NATURAL ENERGY UTILITY CORPORATION

CANCELLING P.S.C. KY. NO. 1

Original SHEET NO. 5

RULES AND REGULATIONS

9) SPECIAL CONTRACTS:

All industrial customers must execute a special contract subject to PSC approval to obtain service. All conditions of service and rates shall be contained in the contract.

(A) RENEWAL OF CONTRACT:

If, upon the expiration of any service agreement or service contract for a specified term, the customer continues to use the service, the service agreement or service contract (unless otherwise provided therein) will be automatically renewed and extended for successive periods of one year each, subject to termination at the end of any year upon written notice by either party in advance of the expiration date in accordance with terms set forth in the service agreement or service contract.

(B) ASSIGNMENT OF CONTRACT:

The benefits and obligations of any service application or contract shall begin when the company commences to supply gas service and 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, provided however, that no application, agreement or contract for service may be assigned or transferred without the written consent or approval of the Company.

11) MONTHLY BILLS:

1) 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 days.

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

3) Service shall be subject to being discontinued upon proper notification by the Company if bills are not paid in full per 807 KAR 5:006.

4) Failure to receive a bill within ten (10) days does not exempt a customer from these provisions. T

DATE OF ISSUE 03/13/06 (MONTH DAY YEAR) DATE EFFECTIVE 04/15/06 (MONTH DAY YEAR)

ISSUED BY H. JAY FREEMAN (NAME OF OFFICER) MGR. (TITLE)

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EFFECTIVE
4/15/2006
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By
Executive Director

FOR Entire Service Area

P.S.C. No. 1

ORIGINAL SHEET 6

Natual Energy Utility Corporation

CANCELLING SHEET

SHEET NO.

RULES AND REGULATIONS

5) When the meter fails to operate, an adjustment shall be made in accordance with 807 KAR 5:006 (10).

6) Each customers usage shall be monitored at least once annually in accordance with 807 KAR 5:006(10)(3):

a. Annual usage for the most recent 12 months will be compared to the preceding 12 months usage;

b. If annual usage for the two periods is substantially the same or if the difference is known to be attributable to circumstances common to all customers, such as weather, no further review will be made;

c. If the annual usage differs by more than 15% and cannot be attributed to a common cause, a comparison of the monthly records for the 12 month period will be made with the monthly records of the preceding year;

d. if the cause of the usage difference cannot be determined from a review of the records, contact will be made with the customer to determine changes that may affect usage such as appliances, number in household, etc.;

e. If no explanation can be made, the meter will be tested to determine if it has an error rate of greater than 2% fast or slow;

f. The customer will be notified of the findings and will be refunded or billed for the difference according to 807 KAR 5:006(10) (4) and 807 KAR 5:006(10) (5);

g. If any usage deviation is discovered during a meter reading, billing process or customer inquiry, an investigation will be made immediately.

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PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

BY
EXECUTIVE DIRECTOR

DATE OF ISSUE 05/20/02 DATE EFFECTIVE 05/20/02

ISSUED BY H. JAY FREEMAN MGR.

NAME OF OFFICER TITLE President

Natural Energy Utility Corporation

RULES AND REGULATIONS

12) SPECIAL CHARGES:

1) Collection Charge: A charge of $25.00 will be levied when a trip is made and the bill is collected or service terminated or a payment plan is established. 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.

2) Reconnection Charge: A reconnection charge of $50.00 to be made by the Company and paid by the customer before or at the time the service is reconnected, (except Winter Hardship Reconnections) shall be assessed as approved by the Public Service Commission when:

a) The customer's service has been disconnected for nonpayment 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 or;

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

3) Returned Check Fee: $15.00 will be charged for any dishonored check or other negotiable instrument, including electronic transfer. T

4) Late Payment Fee: 10% will be added to untimely paid bills. Additional penalty charges will not be assessed on unpaid penalties pursuant to 807 KAR 5:006(8)(3)(h).

13) CONTINUOUS OR UNIFORM SERVICE:

The Company shall supply gas continuously and without interruption and adopts and shall maintain, subject to the Commission's regulations, a standard pressure of 2oz as measured at the outlet side of the customers meters.

PUBLIC SERVICE COMMISSION
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4/15/2006
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FOR Entire Service Area

P.S.C. KY. NO. 1

ORIGINAL SHEET NO. 8

NATURAL ENERGY UTILITY CORPORATION

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

The above paragraph notwithstanding, the Company shall assume no liability for any damage or loss resulting from inadequate or interrupted supply or from any pressure variation.

14) PROTECTION OF COMPANY'S PROPERTY:

All meters, piping, and equipment furnished by and at the expense of the Company, which may at any time be in or on the customer's premises shall, unless otherwise expressly provided herein, be and remain the property of the Company, and the customer shall protect such property from loss or damage and no one who is not an agent of the Company shall be permitted to remove such property or to tamper with or damage same.

15) 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, either 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 to any connection wherein said gas is to be used on the premises not owned or controlled by the customer.

16) COMPANY'S EQUIPMENT AND INSTALLATION:

The Company shall furnish, install and maintain at its expense the necessary service connection. The location of this service connection will be made at the discretion and judgment of the Company.

The Company will furnish, install, and maintain at its expense the necessary meter, meter stand (including meter riser), regulators, and connections which will be located at or near the main service connection, property line or near the building, at the discretion or

DATE OF ISSUE 05/20/02 (MONTH DAY YEAR) DATE EFFECTIVE 05/20/02 (MONTH DAY YEAR)

ISSUED BY H. JAY FREEMAN MGR. Pres.
NAME OF OFFICER TITLE

PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE

MAY 20 2002

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

BY _____ EXECUTIVE DIRECTOR

RULES AND REGULATIONS

Judgment of the Company. Whenever practical, in the judgment of the Company, the location will be as near the supply main as possible and outside of buildings. Suitable sites or location for the meter, meter stand, including meter riser, regulator, and connections shall be provided by the customer, and the title to this equipment shall remain in the company, with the right to install, operate, maintain and remove same, and no charge shall be made by the customer for use of the premises as occupied or used.

17) CHARACTER OF SERVICE:

The Company will normally supply natural gas having a heating value of one thousand (1000) BTU (+/- 5%) per cubic foot and a specific gravity of approximately six-tenths (.6). However, when necessary to supplement the supply of natural gas, the Company reserves the right, at its discretion, to supply an interchangeable mixture of vaporized liquefied petroleum gas and air or a combination of same with natural gas.

18) MEASUREMENT BASE:

The Company, utilizes the following measurement base in all service areas. The rates of the Company are based upon gas delivered to the customer on a basis of four 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 reserved the right to correct as necessary the actual temperatures to a sixty (60) degree Fahrenheit basis in the cases of large volume 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.

PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE MAY 20 2002

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

BY EXECUTIVE DIRECTOR

FOR Entire Service Area

P.S.C. KY. NO. 1

ORIGINAL SHEET NO. 10

NATURAL ENERGY UTILITY CORPORATION

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

19) POINT OF DELIVERY OF GAS:

The point of delivery of gas supplied by the Company shall be at the point where the gas passes from the pipes of the Company's service connection into the customer's service line or pipe of the customer, or at the outlet of the meter, whichever is nearest the delivery main of the Company.

20) METERING:

Unless otherwise specified, a domestic, commercial or industrial consumer shall be interpreted to mean a customer served through an individual meter.

A multiple unit dwelling shall be interpreted to mean two or more consumers or dwelling units, such as apartments, trailers or mobile homes within a trailer park.

A master meter shall be interpreted to mean one meter servicing a trailer or Mobile Home Park or a multiple unit dwelling.

Anytime a master meter is used for rendering service, the Company shall require the execution of a service agreement in writing, which agreement, among other things, shall specify the number of customers served through such master meter.

21) OWNER'S CONSENT TO OCCUPY:

In case the customer is not the owner of the premises or of the intervening property between the premises and the Company's service connection, the cost of obtaining any necessary easements or right of ways shall be apportioned according to 807 KAR 5:022 AND 807 KAR 5:006(5)(3).

DATE OF ISSUE 05/20/02 (MONTH DAY YEAR) DATE EFFECTIVE 05/20/02 (MONTH DAY YEAR)

ISSUED BY H. JAY FREEMAN (NAME OF OFFICER) MGR. President (TITLE)

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OF KENTUCKY
EFFECTIVE

MAY 20 2002

PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

BY _____
EXECUTIVE DIRECTOR

FOR Entire Service Area

P.S.C. KY. NO. 1

ORIGINAL SHEET NO. 11

NATURAL ENERGY UTILITY CORPORATION

CANCELLING P.S.C. KY. NO. ____

_____ SHEET NO. ____

RULES AND REGULATIONS

22) DISTRIBUTION MAIN EXTENSIONS:

The Company will make extensions to existing distribution mains in its service areas in accordance with 807 KAR 5:022.

Title to all extensions covered by agreements shall be and remain in the Company and in no case shall the amount of the refunds exceed the original contribution.

Nothing contained herein shall be construed as to prohibit the Company from making at its expense extensions to its distribution mains should its judgment so dictate, provided like extensions are made for other customers or subscribers under similar conditions.

23) CUSTOMER'S EQUIPMENT AND INSTALLATION:

The customer shall furnish, install and maintain at his expense the necessary customer's service line extending from the Company's service connection at the curb or property line to the meter riser at the inlet side of the meter at the building or place of utilization of the gas.

The installation of the customer's service line shall be made in accordance with the requirements of the PSC and the Company's specifications covering location, installation, kind and size of pipe, type of pipe coating and method of connecting the joints of pipe. All service lines owned by the customer shall have a minimum cover whenever practical of twelve inches of soil and be of new material meeting the Company's specifications. Where this requirement cannot be fulfilled due to existing substructure, etc., less cover may be permitted if permission is obtained from the Company's inspector. The

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PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

MAY 20 2002

PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

BY Thomas M. Dorman
EXECUTIVE DIRECTOR

FOR Entire Service Area

P.S.C. KY. NO. 1

ORIGINAL SHEET NO. 12

NATURAL ENERGY UTILITY CORPORATION

CANCELLING P.S.C. KY. NO.

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RULES AND REGULATIONS

Customer's service line shall be properly supported on undisturbed or well compacted soil, so that the pipe will not be subject to excessive external loading by the backfill. The location shall be the point of easiest access to the Company from its facilities and the Company shall be consulted and its approval be obtained before the installation is made.

In the installation of the service line, the customer shall not install any tees or branch connection and must leave the trench open and pipe uncovered until it is examined by an inspector of the Company and shown to be free from any irregularity or defect. The customer shall not make any change in or interfere with his service line without the written consent of the Company.

In all cases where practical the customer's service line shall not be installed entering a building underground but shall be brought up out of the ground with a riser and entrance made to the building through the wall or foundation a minimum of six inches above ground.

The customer shall furnish, and maintain at his expense the necessary house piping, connections, and appliances and same shall be installed in accordance with applicable requirements and specifications. N
equally qualified agency.

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ISSUED BY H. JAY FREEMAN (NAME OF OFFICER) MGR. President (TITLE)

PUBLIC SERVICE COMMISSION
OF KENTUCKY
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MAY 20 2002

PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

BY
EXECUTIVE DIRECTOR

FOR Entire Service Area

P.S.C. KY. NO. 1

ORIGINAL SHEET NO. 13

NATURAL ENERGY UTILITY CORPORATION

CANCELLING P.S.C. KY. NO. ____

SHEET NO. ____

RULES AND REGULATIONS

Suitable pressure regulators shall be installed by, or at the expense of, the customer on all heating appliances and special equipment which have an hourly input of 50,000 BTU or higher; pressure regulators shall also be installed on all appliances with lower inputs where provided or recommended by the manufacturer or where necessary, at the discretion of the Company, to provide better and safer gas utilization and service.

All of the customer's service line, piping, connections, and appliances shall be suitable for the purposes thereof and shall be maintained by the customer at his expense at all times in a good, safe, and serviceable condition.

The Company shall not assume any responsibility and shall not be held liable in any way for the making of a periodic inspection of the customer's service line, piping, connections or appliances, or for the customer's failure to properly and safely install, operate, and maintain same.

DATE OF ISSUE 05/20/02 (MONTH DAY YEAR) DATE EFFECTIVE 05/20/02 (MONTH DAY YEAR)

ISSUED BY H. JAY FREEMAN (NAME OF OFFICER) MGR. Pres. (TITLE)

PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE MAY 20 2002

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

BY Thomas M. Dorman EXECUTIVE DIRECTOR

FOR Entire Service Area

P.S.C. KY. NO.

1st Revised SHEET NO. 14

Natural Energy Utility Corporation

CANCELLING P.S.C. KY. NO.1 T

Original SHEET NO. 14

RULES AND REGULATIONS

BUDGET PAYMENT PLAN REQUIRED BY 807 KAR 5:006(13)(2)(A)

A budget plan is available for the convenience of its customers. The plan is designed to help equalize payment for gas service over a period of months, normally June through May. On the last month of the budget payment period (May), appropriate adjustments shall be made relative to any difference in the customer's total payments and actual usage billing amounts. Any resultant overpayment shall be refunded on the May bill or future bills thereafter until refunded. Any resultant underpayment shall appear on the May bill and be due with the payment of such bill. The customer's accounts will be reviewed periodically and the monthly payment amount may be adjusted during the budget period. The Company shall designate the budget payment amount.

To be accepted as a budget customer, the account balance must be paid in total before the customer is put on the budget payment. It is understood that this budget payment plan will continue until the customer notifies the Company in writing or by telephone to discontinue the plan or the customer defaults in payment of such plan.

PARTIAL PAYMENT PLAN

Residential and Commercial customers may negotiate a partial payment plan in accordance with 807 KAR 5:006(13)(2).

WINTER HARDSHIP RECONNECTION

Qualifying customers may have service reconnected pursuant to 807 KAR 5:006(15)

DATE OF ISSUE 03/16/06 (MONTH DAY YEAR) DATE EFFECTIVE 04/15/06 (MONTH DAY YEAR)

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PUBLIC SERVICE COMMISSION OF KENTUCKY
EFFECTIVE
4/15/2006
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By
Executive Director

FOR Entire Service Area

P.S.C. KY. NO. 1

1st Revised SHEET NO. 15

Natural Energy Utility Corporation

CANCELLING P.S.C. KY. NO.1 T

Original SHEET NO. 15

RULES AND REGULATIONS

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 other similar fee or tax now or hereafter agreed to or imposed upon the Company by 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 the 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 charges or taxes applicable to each customer shall be added to the customer's bill as separately identified items.

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SECTION 9 (1)

By
Executive Director

FOR Entire Service Area

P.S.C. KY. NO. 1

Revised SHEET NO. 16(c)

Natural Energy Utility Corporation

CANCELLING P.S.C. KY. NO. 1

Revised SHEET NO. 16(b)

RULES AND REGULATIONS

CUSTOMER DEPOSITS

1. All residential and commercial customers shall pay a deposit at the time of application for service.

A. The deposit for residential customers shall be calculated utilizing two-twelfths (2/12ths) of the average annual bill. The actual calculation of the deposit for each customer shall be in accordance with the requirements of 807 KAR 5:006 (7)(1)(b). T

1(a) The deposit for commercial customers shall be calculated utilizing 2/12ths of the average annual bill. The actual calculation of the deposit for each customer shall be in accordance with the requirements of 807 KAR 5:006(7)(1)(a).

b. The deposit may be waived upon showing of a satisfactory credit and payment history with the Company.

c. The deposit shall be retained for twelve months. At the end of the initial twelve month period, the deposit shall be refunded, unless an additional deposit may be required as provided by 807 KAR 5:006(7)(2).

d. Interest of 6% per year shall be calculated beginning on the date of deposit and the interest shall be credited to the customer's account at the beginning of each calendar year. Upon termination of service, the deposit plus any unpaid interest shall be refunded to the customer. If the customer is delinquent in his bill on this date, the interest shall be applied to the delinquent amount.

e. If a customer fails to maintain a satisfactory credit standing after the refund of the deposit, an additional deposit may be required as specified in (1) a,b,c and d above.

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6/30/2006
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By _____
Executive Director

FOR Entire Service Area

P.S.C. KY. NO. 1

1st Revised SHEET NO. 17

Natural Energy Utility Corporation

CANCELLING P.S.C. KY. NO.1 T

Original SHEET NO. 17

RULES AND REGULATIONS

PURCHASED GAS COST ADJUSTMENT CLAUSE

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 for service rendered on or after the first day of each calendar quarter.

The Gas Cost Recovery Rate is comprised of:

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

2. The Actual Cost Adjustment (ACA), on a dollar-per-Mcf basis, compensates for over- or under-collection of gas cost resulting from differences between expected gas cost and the actual cost of gas. For purposes of determining the GCR, the ACA for the application period shall equal the sum of the ACA for the reporting period and for the three (3) preceding calendar quarters. This may also be used to compensate for any over or under recoveries remaining from previous actual and/or refund adjustments after a 12 month period.

3. The supplier refund adjustment (RA) on a dollar-per-Mcf basis, which reflects the refunds received from suppliers during the reporting period plus interest at a rate equal to one-half of one percent below the average 90-day commercial paper rate for the twelve-month period. 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.

PUBLIC SERVICE COMMISSION OF KENTUCKY
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DATE OF ISSUE 03/13/06 (MONTH DAY YEAR) DATE EFFECTIVE 04/15/06 (MONTH DAY YEAR)

ISSUED BY H. JAY FREEMAN (NAME OF OFFICER) MGR. (TITLE)

FOR Entire Service Area

P.S.C. KY. NO. 1

1st Revised SHEET NO. 18

Natural Energy Utility Corporation

CANCELLING P.S.C. KY. NO.1 T

Original SHEET NO. 18

RULES AND REGULATIONS

PURCHASED GAS COST ADJUSTMENT CLAUSE
(Continued)

Billing

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

$$GCR = EGC + RA + ACA$$

The GCR will be added to or subtracted from the tariff rates prescribed by the Commission Order on the Company's latest general rate case or last legally effective rate and will be included in the tariff rates stated on each applicable rate sheet within this tariff.

Definitions

For the purposes of this tariff:

a. "Average Expected Cost" is the cost of purchased gas which results from the application of supplier rates currently in effect, or reasonably expected to be in effect during the calendar quarter, on purchased volumes for the most recently available twelve-month period, divided by the corresponding sales volume. In the event that line loss exceeds 5 percent, purchased volumes for the twelve-month period shall be calculated as: sales volumes - .95. 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 may make appropriate adjustments to its calculations. Any adjustments of this type shall be described in the quarterly Gas Cost Recovery Report.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
4/15/2006
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)
By
Executive Director

DATE OF ISSUE 03/16/06 DATE EFFECTIVE 04/15/06
MONTH DAY YEAR MONTH DAY YEAR

ISSUED BY H. JAY FREEMAN MGR.
NAME OF OFFICER TITLE

FOR Entire Service Area

P.S.C. KY. NO. 1

1st Revised SHEET NO. 19

Natural Energy Utility Corporation

CANCELLING P.S.C. KY. NO.1 T

Original SHEET NO. 19

RULES AND REGULATIONS

PURCHASED GAS COST ADJUSTMENT CLAUSE
(Continued)

b. "GCR" means the quarterly updated gas cost recovery rate and is the sum of the expected gas cost component plus the supplier refund adjustment plus the actual cost adjustment; i.e., GCR = EGC + RA + ACA

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

d. "Reporting Period" means the three-month accounting period that ended approximately sixty (60) days prior to the filing date of the updated gas cost recovery rates, i.e., the calendar quarters ended March 31, June 30, September 30, and December 31 of each year.

Interim Gas Cost Adjustment

The Company may apply to the Public Service Commission for an interim PGA in addition to the quarterly GCA should any significant change in supplier rates occur.

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PUBLIC SERVICE COMMISSION
OF KENTUCKY
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SECTION 9 (1)

By
Executive Director

FOR Entire Service Area

P.S.C. No. 1

1st Revised SHEET 20

Natural Energy Utility Corporation CANCELLINGP.S.C.KY.NO.1 T

Original SHEET NO. 20

RULES AND REGULATIONS

SAMPLE BILLING FORM

NATURAL ENERGY UTILITY CORPORATION
2560 Hoods Creek Pike ♦ Ashland, KY 41102 ♦ (606) 324-3920

ACCOUNT	123456	1/1/06 - 1/31/06		
SERVICE AT	1010 S. BROADWAY ST.			
CODE	PRESENT	PREVIOUS	USAGE	CHARGES
WAT	120000	113000	7000	30.00

CLASS	AMOUNT DUE AFTER DUE DATE	DUE DATE	PAY THIS AMOUNT
R	33.00	2/13/06	30.00

TEMP - RETURN
SERVICE REQUESTED

AUTO - PRESORT
FIRST CLASS MAIL
U.S. POSTAGE PAID
ASHLAND, KY 41101
PERMIT NO. 10

ACCOUNT		DUE DATE
123456		2/13/06
AMOUNT DUE AFTER DUE DATE	PENALTY AFTER DUE DATE	PAY THIS AMOUNT
33.00	3.00	30.00

PLEASE RETURN THIS STUB WITH PAYMENT

JOHN Q. PUBLIC
1010 N. MAIN ST.
ANYTOWN, US 12345-1234

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SECTION 9 (1)

By
Executive Director