Sentra Corporation

SENTRA CORPORATION

OF

120 PROSPEROUS PLACE, SUITE 201
LEXINGTON, KENTUCKY 40509

Rates, Rules and Regulations for Supplying
Natural Gas

to

Fountain Run, Kentucky

and

Other areas served by the Company in Kentucky

Filed with the
PUBLIC SERVICE COMMISSION
OF
KENTUCKY

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PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: [illegible]
SECRETARY OF THE COMMISSION

ISSUED: December 1, 1998

EFFECTIVE: December 1, 1998

ISSUED BY SENTRA CORPORATION

BY: [illegible]
William G. Barr III
Vice President

RULES AND REGULATIONS

1. COMMISSION'S RULES AND REGULATIONS

All gas service provided by the Company shall be in accordance with the Kentucky Public Service Commission law and the acts, rules, regulations and forms which have been adopted by the Commission and all amendments thereto and modifications and deviations thereof which may be made or approved by the Commission.

2. COMPANY'S RULES AND REGULATIONS

In addition to the Rules and Regulations prescribed by the Commission, all gas service provided shall, also be in accordance with these Rules and Regulations adopted by Company. The Company's Rules and Regulations shall not conflict with the rules of the Commission or those approved by the Commission for Company.

3. APPROVALS FOR SUBDIVISION PRIOR TO DISTRIBUTION MAINS

Before Distribution Mains are installed in new subdivisions, the subdivider shall record a plot or plan of the subdivision in the County Court Clerk's Office of the county in which same is located and shall furnish a copy of said plot or plan, so recorded, to Company. In the event it is required that plans for a proposed subdivision be submitted to a city, county or city-county planning and zoning commission, for approval, such approval must be obtained before Distribution Mains are installed in said subdivision.

4. 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 complied with these rules. A separate application or contract shall be made for each separate location.

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5. 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 right to defer service until such time as its facilities can be made adequate.

6. ACCESS TO PREMISES

Company and its authorized employees shall have free access at all reasonable times to all of the premises in which gas supplied by Company is used or is to be used. Any employee of Company whose duties require entering a Customer's premises will wear a distinguishing uniform or other insignia, and/or show a badge or other identification which will verify employment with the Company.

7. RIGHT-OF-WAY

Customer, without reimbursement, will make or procure conveyance to Company of right-of-way satisfactory to it across the property owned or controlled by Customer for Company's distribution mains, extensions thereof, or appurtenances necessary or incidental to the supplying of service to Customer. No service line shall be installed across private property other than the premises of the building to be supplied with gas, except after special investigation and approval by Company.

8. TURNING ON GAS

Customer, after making proper application for service, shall notify Company when to establish service. In no case shall Customer or Customer's agent or employee turn on the gas at the curb or meter.

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9. 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.

10. 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

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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. The line extension agreement deposit will be refunded annually, based upon the incremental volumes, if any, sold directly from the distribution main extension which are over and above those volumes used to determine the portion of the distribution main extension to be done at Company's expense. The refund shall be determined by multiplying such incremental volumes by the applicable base rates. No refunds shall be paid after the expiration of ten (10) years from the date of the agreement. In no case shall the total of refunds exceed the amount deposited for the distribution main extension. Deposits will not draw interest. All distribution main extensions shall be the property of Company. Where a distribution main extension is deemed economically justified at Company's expense, based upon a cost-benefit study, no deposit shall be required.

11. EXTENSION OF SERVICE LINES

When Company initiates service to a new Residential or Commercial Customer, Company will install, own, operate and maintain the service line at the premises of Residential and Commercial Customers, if such premises are not connected to a Company main by a service line.

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With respect to Residential and Commercial Customers that occupy premises already connected to a Company main by a service line, Company shall be responsible for operating and maintaining the Customer Service Line, and when Company determines that replacement of such Customer Service Lines is necessary, Company shall be responsible for installing the service line, and shall thereafter own the service line. If it becomes necessary for Company to replace a service line, Company shall use its best efforts to replace the line, during normal working hours and as soon as practical, after Company is made aware of the need for the replacement of the service line.

When the length of the service line required between the property line and the meter is 100 feet or less, Company will assess no charge for the service line installation.

When the length of required service line exceeds the 100 feet, Company may require Customer to contribute toward the cost of the service line installation an amount equal to the estimated cost per foot for each lineal foot of service line beyond the 100 feet. Contributions by Customers toward Company's cost of furnishing and installing service lines in accordance with this section are non-refundable.

12. COMPANY OBLIGATION TO RESTORE PROPERTY

In the event that Company is required to undertake any excavation on Customer's property in connection with the installation, repair, maintenance or replacement of a service line, Company shall make reasonable efforts to restore the property to its original conditions pursuant to generally accepted utility standards for such construction operations.

13. PROTECTION OF COMPANY'S PROPERTY

All meters, piping and other appliances and equipment furnished by or at the expense of Company, which may at any time be in or on Customer's premises shall, unless otherwise

expressly provided herein, be and remain the property of Company. Customer shall protect such property from loss or damage.

14. CUSTOMER'S LIABILITY

Customer shall assume all responsibility for the gas service in or on 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 Company. Customer will protect and save Company harmless from all claims for injury or damage to persons or property occurring on 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 Company.

15. METER TESTING AND MEASUREMENT OF NATURAL GAS

Volumetric Measurement Base is one (1) cubic foot of gas at a pressure base of fourteen and seventy-three one-hundredths (14.73) pounds per square inch absolute (thirty (30) inches of mercury), a temperature base of sixty degrees (60°) Fahrenheit, (520° F. absolute) and without adjustment for water vapor content.

Average Absolute Atmospheric (Barometric) Pressure is assumed to be fourteen and four-tenths (14.4) pounds to the square inch, irrespective of actual elevation of location of the delivery point above sea level or variations in actual barometric pressure from time to time.

Flowing Temperature. Company shall determine the temperature of the natural gas flowing through the meter or meters by recorder, or as read from established tables for the location involved.

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Specific Gravity of the natural gas shall be determined by Company, or at Customer's option by joint test, at the commencement of deliveries and as often as deemed necessary.

Supercompressibility. The deviation of the gas from the laws for ideal gases shall be determined by Company, or jointly at Customer's option, in one of the following ways:

a. The deviation factors shall be computed by approved methods or read from standard tables, in accordance with Report No. 3 of the Gas Measurement Committee of the American Gas Association, as amended, expanded or superseded from time to time. Such computations or selection of factors from tables shall be based on the composition of the gas and conditions at point of measurement, and the factors used to be checked by tests of the gas made with such reasonable frequency as found necessary; or

b. The deviation factors shall be determined by tests of the gas made with such reasonable frequency as found necessary.

Measuring Equipment. Unless otherwise agreed upon, Company will install, maintain and operate, measuring stations equipped with displacement or flow meters and other necessary measuring equipment by which the volumes of gas delivered shall be determined. The gas delivered shall be measured in accordance with the latest approved methods in use in the industry generally. Orifice meters shall be installed and operated, and gas volumes computed in a practical and appropriate manner, in accordance with Report No. 3 of the Gas Measurement Committee of the American Gas Association, as amended, expanded or superseded from time to time. Displacement meter readings shall be adjusted for pressure and temperature conditions. Customer may install check measuring equipment, provided that such equipment shall be so installed as not to interfere with the operations of Company. Company and Customer, in the presence of each other, shall have access to the other's measuring equipment at all reasonable times, but the reading, calibrating and adjusting thereof and the changing of charts shall be done

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only by Customer, unless otherwise agreed upon. Both Company and Customer shall have the right to be present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating or adjusting done in connection with the other's measuring equipment. The records from such measuring equipment shall remain the property of Customer, but upon request, each will submit to the other its records and charts, together with calculations, for inspection, subject to return within thirty (30) days after receipt thereof. Company shall exercise reasonable care in the installation, maintenance and operation of its equipment so as to avoid any inaccuracy in the determination of the volume of gas delivered.

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 or the meter is not scheduled for a periodic test. Customer shall advance an amount based on meter capacity as follows: 500 cu. ft. per hour and under @$10.00, over 500 cu. ft. per hour @$20.00, and 1,500 cu. ft. per hour @$30.00. 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 Correction of Metering Errors 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.

Correction of Metering Errors. If upon periodic test, request test, or complaint test a meter in service is found to be more than two percent (2%) fast, additional tests shall be made to determine the average error of the meter. Said tests shall be made in accordance with commission regulations applicable to the type of meter involved.
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

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of revenue from the underbilled Customer. Company shall readjust the account based upon the period during which the error is known to have existed. If the period during which the error existed cannot be determined with reasonable precision, the time period shall be estimated using such data as elapsed time since the last meter test, if applicable, and historical usage data for Customer. If that data is not available, the average usage of similar Customer loads shall be used for comparison purposes in calculating the time period. If Customer and Company are unable to agree on an estimate of the time period during which the error existed, the commission shall determine the issue. In all instances of Customer overbilling, Customer's account shall be credited or the overbilled amount refunded at the discretion of Customer within thirty (30) days after the final meter test results. Company shall not require Customer repayment of any underbilling to be made over a period shorter than a period coextensive with the underbilling.

Failure of Measuring Equipment. In the event any measuring equipment is out of service, or is found registering inaccurately and the error is not determinable by test, previous recordings or deliveries through such equipment shall be estimated:

a. By using the registration of any check meter or meters if installed and accurately registering, or, in the absence of (a):

b. By correcting the error if the percentage of error is ascertainable by calibration, special test or mathematical calculation, or, in the absence of both (a) and (b), then:

c. By estimating the quantity of delivery based on deliveries during periods under similar conditions when the meter was registering accurately.

The estimated readings shall be used in determining the volume of gas delivered for any known or agreed-upon applicable period. In case the period is not known or agreed-upon, such estimated deliveries shall be used in determining the volume of gas delivered during the latter half of the period beginning on the date of the immediately preceding test and

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ending on the date the measuring equipment was adjusted to record accurately; the recordings of the measuring equipment during the first half of said period shall be considered accurate in computing deliveries.

Preservation of Records. The complete record of tests of each meter shall be continuous for at least two (2) periodic test periods and shall in no case be less than two (2) years.

Standard Delivery Pressure. Company, in accordance with 807 KAR 5:022, Section 13(14): Standard Pressure adopts seven (7) inches water column as its standard pressure as measured at the outlet of Customer's meter.

When conditions warrant, and Customer and Company mutually agree, certain Customers may receive gas at pressures higher than the standard pressure. In these cases either indices compensated for the delivery pressure or pressure factors corresponding to delivery pressure will be used to adjust volumes of gas billed.

The above paragraphs notwithstanding Company shall assume no liability from any damage or loss resulting from inadequate or interrupted supply or from any pressure variation when such conditions are not due to willful fault or neglect on its part.

16. QUALITY

Processing. The gas delivered shall be natural gas; provided, however, that:

a. Company may extract or permit the extraction of moisture, helium, natural gasoline, butane, propane or other hydrocarbons (except methane) from said natural gas, or may return thereto any substance extracted from it. Company, in order to conserve and utilize other available gases, may blend such gases with said natural gas; provided, however, that such blending shall not extend to a degree which, in

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Customer's judgment reasonably exercised, would materially affect the utilization of the gas delivered.

b. Company may subject or permit the subjection of said natural gas to compression, cooling, cleaning or other processes to such an extent as may be required in its transmission from the source thereof to the point or points of delivery.

Heat Content. The natural gas delivered shall contain an average total heating value for any twelve (12) months period of not less than one thousand (1,000) Btu per cubic foot. Such heating value shall be determined by tests at the beginning of deliveries, or from recording calorimeters located at such place or places as may be selected by Company. Such calorimeters shall be periodically checked, using a reference sample of gas of known heating value, or such other method as may be mutually agreed upon. Customer shall not be required to accept natural gas having a total heating value of less than nine hundred fifty (950) Btu per cubic foot, but acceptance by Customer shall not relieve Company of its obligation to supply natural gas having the said average total heating value of one thousand (1,000) Btu per cubic foot.

The unit of volume for the purpose of determining total heating value shall be one (1) cubic foot of gas saturated with water vapor at a temperature of sixty degree (60°) Fahrenheit and an absolute pressure equivalent to thirty (30) inches of mercury at thirty-two degrees (32°) Fahrenheit and under standard gravity (32.174 ft. per second per second).

Freedom From Objectional Matter. The gas delivered:

a. shall be commercially free from dust or other solid or liquid matter which might interfere with its merchantability or cause injury to or interference with proper operation of the lines, regulators, meters, and other equipment of Customer;

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b. shall not contain more than a trace of hydrogen sulfide per one hundred (100) cubic feet of gas, as determined by methods prescribed in Standards for Gas Service, Circular of the National Bureau of Standards No. 405, Page 134 (1934 Edition), and shall be considered free from hydrogen sulfide if a strip of white filter paper, moistened with a solution containing five percent (5%) by weight of lead acetate, is not distinctly darker than a second paper freshly moistened with the same solution, after the first paper has been

c. exposed to the gas for one (1) minute in an apparatus of approved form, through which the gas is flowing at the rate of approximately five (5) cubic feet per hour, the gas not impinging directly from a jet upon the test paper;

d. shall not contain more than twenty (20) grains of total sulfur per one hundred (100) cubic feet; and

e. can be measured to determine the usability of the product or the interchangeability of one gas with another gas by using a utilization factor known as the Wobbe Index. The Wobbe Index factor is calculated by dividing the saturated Btu value by the square root of the specific gravity of the sample of gas. An acceptable value for the Wobbe Index factor is one thousand three hundred (1,300) plus or minus six percent (6%).

In the event the gas contains more than a trace of hydrogen sulfide per one hundred (100) cubic feet or more than twenty (20) grains of total sulfur per one hundred (100) cubic feet, by test prescribed by the Bureau of Standards or other recognized method, Company, upon the request of Customer, shall reduce the hydrogen sulfide content to not more than a trace per one hundred (100) cubic feet and the total sulfur content to twenty (20) grains or less per one hundred (100) cubic feet.

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17. POSSESSION OF GAS AND WARRANTY OF TITLE

Control of Gas. Company shall be deemed to be the owner and in control and possession of the natural gas purchased on behalf of Customer until it has been physically delivered to Customer at the point or points of delivery, after which Customer shall be deemed to be the owner and in control and possession thereof.

Division of Responsibility. Customer purchasing gas from Company shall have no responsibility with respect to any natural gas until it is physically delivered to Customer, or on account of anything which may be done, happen or arise with respect to said gas before such delivery; and Company shall have no responsibility with respect to said gas after such delivery to Customer, or on account of anything which may be done, happen or arise with respect to said gas after such delivery.

Warranty of Title. Company agrees that it will, and it hereby does, warrant that it will at the time of physical delivery of gas purchased on behalf of Customer, have good title to all gas delivered by it to Customer, free and clear of all liens, encumbrances and claims whatsoever, that it will at such time of delivery have good right and title to sell said gas as aforesaid, that it will indemnify Customer and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any or all persons to said gas.

18. FORCE MAJEURE

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,

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explosions, 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.

Such causes or contingencies affecting the performance hereunder by either Company or Customer, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and to remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting such performance relieve either party from its obligations to make payments of amounts then due hereunder in respect of gas theretofore delivered.

19. RECONNECTION OF SERVICE

If service is discontinued at the request of any Customer, Company may refuse service to such Customer, at the same premises within eight (8) months, unless it shall first receive payment of forty dollars ($40.00, current monthly customer charge of $5.00 times 8 months) for residential and industrial customers reconnect fee and eighty dollars ($80.00, current minimum charge of $10.00 times 8 months) for commercial customers reconnect fee.

Company will charge a reconnect fee of fifteen dollars ($15) when service has been disconnected for nonpayment of bills or for violation of Company's Rules and Regulations and Customer has qualified for and requested the service to be reconnected. Customers exempt from the reconnect fee must qualify under the Commission's Winter Hardship Reconnection Rules, as stated:

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A. During the months from November through March, Customer or Customer's agent:

1. Presents a certificate of need from the Cabinet for Human Resources, State Department for Social Insurance, including a certification that a referral for weatherization services has been made in accordance with subsection (C) of this section;

2. Pays one-third (1/3) of the outstanding bill or $200, whichever is less; and

3. Agrees to a repayment schedule which would permit Customer to become current in the payment of Customer's bill as soon as possible but no later than October 15. However, if, at the time of application for reconnection, Customer has an outstanding bill in excess of $600 and agrees to a repayment plan that would pay current charges and makes a good faith reduction in the outstanding bill consistent with Customers ability to pay, then such plan shall be accepted. In addition to payment of current charges, repayment schedules shall provide an option to Customer to select at least one (1) payment of arrearage per month.

4. Company shall not require a new deposit from Customer whose service is reconnected due to paragraphs (1), (2), or (3) of this subsection.

B. Certificate of need for reconnection. Federal and statewide energy assistance programs are administered by the Kentucky Cabinet for Human Resources, Department for Social Insurance. A Customer who is eligible for energy assistance under the department's guidelines or is certified as household with gross income at or below 130 percent of the poverty level, may obtain a certificate of need from the department to be used in obtaining a service reconnection from Company.

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C. Weatherization program. Customers obtaining a certificate of need under this regulation shall agree to accept referral to and utilize weatherization services which are administered by the Cabinet for Human Resources. The provision and acceptance of weatherization services is contingent on the availability of funds and other program guidelines. Weatherization services include, but are not limited to, weather stripping, insulation and caulking.

D. Customers who are current in their payment plans under subsection A(3) of this section shall not be disconnected.

20. CUSTOMER DEPOSITS

Company may require from any Customer a minimum cash deposit or other guaranty to secure payment of bills, except from those Customers qualifying for service reconnection under the Winter Hardship Reconnection Rules, as stated on Sheet Numbers 15, 16 and 17 of this tariff. Service may be refused or discontinued for failure to pay the requested deposit.

All Customer's deposits shall be based upon actual usage of Customer at the same or similar premises for the most recent 12-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 amount of cash deposit shall not exceed two-twelfths (2/12) of Customer's actual or estimated annual bill.

A deposit would normally be required, unless waived at Company's discretion, if any of the following circumstances exist:

a. New business
b. Previous service with bad debt account
c. Transient or seasonal employment

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d. Disconnected due to non-pay
e. Renting, short-term employment
f. Unemployed and no regular income
g. Student
h. Unable or unwilling to provide identification, or
i. Unsatisfactory Credit History

If a deposit has been waived or returned and Customer fails to maintain a satisfactory payment record, a deposit may then be required. Company may require a deposit in addition to the initial deposit if Customer's classification of service changes or if there is a substantial change in usage.
Company will refund the deposit to Customer after twelve (12) consecutive months of good credit and payment history. Upon termination of service, the deposit, any principal amounts, and any interest earned and owing will be credited to the final bill with any remainder refunded to Customer.

Company shall issue to every Customer from whom a deposit is received a receipt of deposit showing, the name of Customer, location of the service or Customer account number, date and amount of the deposit, and informing Customer that they can request a recalculation of the deposit after eighteen (18) months based on actual usage. 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, Company may collect any underpayment and shall refund any overpayment by check or credit to Customer's bill. No refund will be made if Customer's bill is delinquent at the time of the recalculation.

Interest will be paid on all sums held in deposit at the rate of four (4%) percent annually. The interest will be applied as a credit to Customer's bill or will be paid to Customer on an annual basis, except if Customer's bill is delinquent on the anniversary of the deposit date, Company shall not be required to refund or credit interest. If the deposit is refunded

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or credited to Customer's bill prior to the deposit anniversary date, interest will be paid or credited to Customer's bill on a prorated basis. If interest is not credited to Customer's bill or paid to Customer annually, interest will be computed by a method which will result in interest being paid on all funds, including interest, held without being paid or credited. Interest on deposits will continue to accrue until credited to Customer's bill or paid to Customer.

21. BILLING

Bills will be rendered and be payable once each month. Company may read any meter once each month, but ordinarily it will read meters of the Customers once each two months. As to any Customer whose meter is read once each two months, the consumption for the first month of each bimonthly meter reading period shall be determined by calculation on the basis of Customer's previous usage -- considering factors such as variations in weather, number of days in the period, the trend in seasonal usage, etc., in order to provide as nearly accurate a bill as possible without actually reading the meter. Customer's consumption for the second month of each bimonthly meter reading period shall be determined by actual measurement taken from Customer's meter, subtracting therefrom the calculated consumption for the first month of the bimonthly meter reading period. The bill for each month shall be the result of applying to the consumption, determined as aforesaid, the applicable rates and charges contained in this tariff.

A customer shall be liable for unbilled service up to 2 years from the date of service, unless the customer obtained service through fraud, theft, or deception.

All Other Rate Schedules

On or before the tenth (10th) day following the date of the final monthly meter reading for each billing month, Company shall render to Customer a statement of the total

amount of gas delivered during the preceding billing month and the amount due, with the exception of Delivery Service Customers.

When information necessary for billing purposes is in the control of Customer, Customer shall furnish such information to Company on or before the fifth (5th) day following the date of final meter reading of each month.

Both Company and Customer shall have the right to examine, at reasonable times, books, records, and charts of the other to the extent necessary to verify the accuracy of any statement, charge or computation made under or pursuant to any of the provisions hereof.

A customer shall be liable for unbilled service up to 2 years from the date of service, unless the customer obtained service through fraud, theft, or deception.

22. PAYMENT

Customer shall pay Company at its General Office, 120 Prosperous Place, Suite 201, Lexington, Kentucky 40509, or at such other address as Company shall designate on or before the twentieth (20th) day following the date of the final monthly meter reading for the gas delivered hereunder during the preceding billing month.

If presentation of a bill by Company is delayed after the tenth (10th) day following the date of final monthly meter reading, then the time of payment shall be extended accordingly unless Customer is responsible for such delay.

If presentation of a bill by Company is delayed after the tenth (10th) day following the date of final monthly meter reading, then the time of payment shall be extended accordingly unless Customer is responsible for such delay.

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SECRETARY OF THE COMMISSION

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23. TERMINATION

The Company reserves the right to discontinue furnishing gas service to a Customer with at least ten (10) days written notice from the Company to the Customer, irrespective of any claim pending against the Company, upon the occurrence of any one of the following events:

a. For non-payment of tariff approved charges.

b. For failure to comply with any of the Company's Gas tariffs as filed with the Commission, or with any of the conditions or obligations of any agreements with the Company for the purchase of gas.

Notice of discontinuance shall be considered to be given a Customer when a copy of such notice is left with the Customer, or left at the premises where his bill is rendered, or posted in the United States mail, addressed to the Customer's last post office address shown on the records of the Company. Company shall diligently attempt to induce Customer to make all payments owed or to comply with all applicable terms and conditions of service prior to discontinuing service.

24. LATE PAYMENT PENALTY

A Late Payment Penalty of five percent (5%) may be assessed, only once on any bill for rendered services, excluding Residential Customers, if Customer fails to pay bill by the due date shown on Customer's bill. Any payment received will first be applied to the bill for service rendered. Additional penalty charges shall not be assessed on unpaid penalty charges.

If prior to the due date of payment, Customer in good faith disputes the bill in part or total, and pays to Company such amounts as it concedes to be correct, and at any time thereafter within ten (10) days of a demand made by Company, furnishes a surety bond in an amount and with surety satisfaction to Company, guaranteeing payment to Company of the amount ultimately found due upon such bills after a final determination which may be reached either by agreement or judgment of the courts, as may be the case, then Company shall not be entitled to suspend further delivery of gas unless and until default be made in the conditions of such bond.

25. RETURNED CHECK FEE

If Customer's check tendered in payment of a bill for service is returned by a bank as unpaid, Customer will be charged a fee of fifteen dollars ($15.00) to cover the cost of further processing of the account.

26. BILL ADJUSTMENT AND MONITORING OF CUSTOMER USAGE

Bill Adjustment. If upon periodic test, request test, or complaint test a meter in service is found to be more than two (2) percent fast, additional tests shall be made to determine the average error of the meter. Said tests shall be made in accordance with commission regulations applicable to the type of meter involved.

If test results on Customer's meter show an average error greater than two (2) percent fast or slow, or if 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 of theft by Customer, Company shall immediately determine the period during which the error has existed, and shall recompute and adjust 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 know to have existed. If the period during which the

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error existed cannot be determined with reasonable precision, the time period shall be estimated using such data as elapsed time since the last meter test, if applicable, and historical usage data for Customer. If that data is not available, the average usage of similar customer loads shall be used for comparison purposes in calculating the time period. If Customer and Company are unable to agree on an estimate of the time period during which the error existed, Commission shall determine the issue. In all instances of Customer overbilling, Customer's account shall be credited or the overbilled amount refunded at the discretion of Customer within thirty (30) days after final meter test results. Company shall not require Customer repayment of any underbilling to be made over a period shorter than a period coextensive with the underbilling.

Monitoring Usage. Company shall monitor Customers' usage at least annually. The procedures shall be designed to draw Company's attention to unusual deviations in Customer's usage and shall provide for reasonable means by which Company can determine the reasons for the unusual deviation. If Customer's usage is unduly high and the deviation is not otherwise explained, Company shall test Customer's meter to determine whether the meter shows an average error greater than two (2) percent fast or slow.

If Company's procedure for monitoring usage indicates that an investigation of Customer's usage is necessary, Company shall notify Customer in writing either during or immediately after the investigation of the reasons for the investigation, and of the findings of the investigation. If knowledge of a serious situation requires more expeditious notice, Company shall notify Customer by the most expedient means available.

Customer Notification. If a meter is tested and it is found necessary to make a refund or back bill Customer, Customer shall be notified in compliance with 807 KAR 5:006, Section 10 (5).

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Customer accounts shall be considered to be current while a dispute is pending pursuant to this section, as long as Customer continues to make payments for the disputed period in accordance with historic usage, or if that data is not available, the average usage of similar customer loads, and stays current on subsequent bills.

27. BUDGET PLAN

Twelve Month Equal Payment Plan

At the request of any qualified Residential Customer who uses gas as the primary source of space heating, monthly budget payments for such Customers shall be made as follows:

Monthly budget payments shall be based on an amount equivalent to 1/12 of Customer's estimated annual gas utility service bill and such payments shall commence with bills payable during the month of August.

The last payment under this budget plan will end with the June payments. Payments due in July will be for the difference between the amount applicable to actual gas consumed during the twelve month period and the amount actually paid during the eleven months of August through June of each year.

If during the billing months of April, May or June, the account balance of Customer is less than the monthly budget payment, then such Customer shall pay the account balance instead of the monthly budget payment. If during the billing months of April, May, June or July, Customer's account balance reflects a credit, that amount shall be refunded upon request.

The monthly budget payment, which shall be based on the estimated annual gas utility service bill of Customer, shall not be construed by Customer as a guaranty of assurance that the total actual charges will not exceed such estimate. Company may, at any time,

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submit a revised estimate to Customer whenever, in Company's judgment, such revision is deemed advisable. (Budgets will be reviewed and recalculated at least twice a year.)

The billing, under this budget plan of payment, is for the convenience of Customer. Bills will be rendered at the regular billing dates and will show the amount budget Customers are to pay. The bill will also show the actual gas used and the amount calculated at the applicable rate contained in Company's tariff. In addition, such bills will show the balance of Customer's account.

This budget plan will be canceled and the total account balance shall become due, or in the event of a credit balance, such balance shall be refunded, under the following circumstances:

a. Discontinuance of service at Customer's request;

b. Discontinuance of this budget plan at Customer's request; or

c. If Customer fails to pay bills as rendered under the budget payment plan, Company reserves the right to revoke the plan, restore Customer to regular billing and require immediate payment of any deficiency.

28. CHANGES IN CONTRACTED VOLUMES

Changes in contracted volumes shall be made in any one of the following ways:

a. In the event Customer shall desire an increase in the then effective contracted volumes, Customer shall notify Company by January 1, of any year as to the total amount of increase required and shall on or before March 1, of any year execute a contract to become effective November 1, of such year which shall specify the total amount required.

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b. In the event Customer shall desire a decrease in the then effective contracted volumes, after the expiration of the development period, Customer shall notify Company on or before March 1, in any year of the desire to decrease to become effective November 1, of such year, and Company would grant such decrease providing the desired decrease does not exceed Company's ability to offset such decreases against reductions in contracted volumes from its supplier(s), or Customer and Company may mutually agree to the decrease providing Company can otherwise utilize such decrease.

c. For increases or decreases in effective contracted volumes requested on shorter notice than in A or B above, Company shall, giving consideration to all pertinent factors, use its best efforts to comply with such requests.

29. OPERATING INFORMATION AND ESTIMATES

Upon request of Company, Customer shall from time to time submit estimates of the daily, monthly and annual volumes of gas required, including peak day requirements, together with such other operating data as company may require in order to plan its operations.

30. SEASONAL CURTAILMENT OF SERVICE

If, in Company's judgement, it is necessary to limit the delivery of natural gas for the protection of monthly and seasonal volumes in order to supply market requirements based on gas supply available, Company shall curtail or discontinue in whole or in part gas service to its industrial and commercial Customers in the manner prescribed on Sheet Numbers 30 through 35 of this tariff. In so curtailing or discontinuing service Company shall curtail monthly and seasonal volumes to such Customers by ordering curtailment of deliveries to such Customers by giving notice to each such Customer of the percentage

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curtailment of each priority applicable to Customer as described in said sheets of this tariff. Such curtailment shall be ordered as to the affected Commercial and Industrial Customers.

Company shall not be liable for any loss, cost, damage, injury, or expense that may be sustained by Customer by reason of partial or complete curtailment, interruption or discontinuance of gas service.

31. Purchased Gas Adjustment Clause

The Customer rates authorized herein are based upon the wholesale cost of gas to the Company as computed by its supplier delivered at the pipeline meter station. For the purpose of this purchased gas adjustment clause, this rate shall be considered as the base rate for purchased gas. In the event there is an increase in this base rate, the Company shall file with the Kentucky Public Service Commission the following information:

a. A copy of the tariff effecting the change in the base rate and a statement relative to the effective date of such proposed change;

b. A statement setting out the details of gas purchased under the provision of the base rate for the previous 12 months showing the billing under the base rate and under the proposed revised rate applicable to this service;

c. A statement setting out the details of gas sold for the previous 12 months;

d. A balance sheet as of the end of the latest 12 month period and a statement of operating expenses and revenues in the same detail as reported to the Commission in the Company's annual report; and

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e. Such other information as the Commission may request for proper determination of the purchased gas adjustment.

Upon receipt of this information, the Commission will review the effect of the revised rate on the operation of the Company and will issue its ORDER setting out the purchased gas adjustment that the Company shall apply to its rates.

32. 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 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 terrorial limits of the authority imposing the fee or tax. Where more than one such fee or tax isimposed, each of the fees or taxes applicable to each Customer shall be added to the Customer's bill as a separately identified item.

In the event all or any part of such tax liability is not finally determined, or if reimbursement from Customer has been deficient, then the amount of such reimbursement required in respect of such tax liability not finally determined or deficient shall, when possible, be set forth for all months in any calendar year(s) in a statement to be rendered by Company to Customer by April 1, of the year following the final determination and Customer shall pay the amount due pursuant to such statement on or before May 1, of such following year.

Customers receiving service in the following municipalities or political subdivisions shall pay a local franchise fee or tax based on the following effective rates:

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Municipality or Political Subdivision		Local Franchise Fee or Tax
City of Fountain Run, Kentucky		2%

Exception:
Those volumes delivered unde rthe Delivery Service Rate Schedule are exempt from the above-mentioned taxes.

33. Situations Not Covered by These Rules and Regulations

For situations not covered by the above, the President of the Company or its designated representative is authorized to determine what procedure should be followed in compliance with the rules and regulations.

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VOLUMETRIC LIMITATIONS AND CURTAILMENT PROVISIONS

1. **Definitions**

A. Maximum Monthly Volume
A statement showing Maximum Monthly Volume applicable to commercial and industrial Customers will be furnished each Customer. Commercial and industrial Customers hereunder are those having a monthly consumption of 1,000 Mcf or more in any one month, excluding commercial service for buildings where people reside on either a permanent or temporary basis. The Maximum Monthly Volume represents the maximum volume of gas that Company is obligated to deliver to Customer in any one month.

B. Authorized Monthly Volume
When Customer's Maximum Monthly Volume is reduced as a result of the provisions of Section 2 herein, the reduced volume shall thereafter constitute Customer's Authorized Monthly Volume and shall continue as Customer's Authorized Monthly Volume until changed by notice from Company.

C. Maximum Seasonal Volume
Shall mean: (i) for the winter season, the total Authorized Monthly Volume for the billing months of November through March, and (ii) for the summer season, the total Authorized Monthly Volume for the billing months of April through October. Customer shall be billed and shall pay for all volumes taken hereunder in excess of Customer's Authorized Monthly Volume at the applicable rate therefore, together with any applicable charges, pursuant to Section 3 herein.

D. Human Needs
Shall mean Residential Customers and all Customers whose facilities are used for residential (C) dwellings on either a permanent or temporary basis (such as, but not limited to, apartment buildings, correctional institutions, hospitals, nursing homes, hotels and motels). Those whose requirements can be met by installed

alternate fuel facilities will be required to utilize such facilities prior to curtailing other loads in Priority 1, as that term is defined in Section 2, herein.

E. Alternate Fuel Capability
Shall mean a situation in which an alternate fuel could have been utilized, whether or not the facilities for such use have actually been installed.

Curtailment Provisions

F. Gas Supply Deficiency Curtailment
If, from time to time and in Company's sole judgment, Company's gas supply is not adequate to deliver its market requirements, including the Maximum Monthly Volumes of each Customer, Company shall order curtailment of deliveries to Customers by giving notice to each Customer of the percentage curtailment ordered for each priority applicable to Customer as described herein. Such notice will be given as much in advance as possible. Provided, however, the provisions herein for curtailment shall in no way limit or restrict Company from curtailing and interrupting daily deliveries as provided for in other provisions of this tariff.

G. Priorities of Curtailment
Company may curtail or discontinue service, in whole or in part, monthly or seasonal volumes in accordance with the following priorities commencing with the highest numbered Priority and proceeding in ascending order, without incurring thereby any liability for any subsequent loss or damage which the Customer may sustain by reason of such curtailment or discontinuance, in order to conserve the supply of gas for existing domestic uses and uses deemed to be necessary to the protection of public health and safety and to avoid undue hardship:

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VOLUMETRIC LIMITATIONS AND CURTAILMENT PROVISIONS

PRIORITIES OF SERVICE

Priority 1: Residential loads and "Human Needs" as herein defined.

Priority 2: Remaining commercial loads not previously curtailed in Priority 4.

Priority 3: Remaining industrial loads not curtailed in Priorities 4, 5 and 6.

Priority 4: After 100% curtailment of all loads in Priorities 5 and 6, all commercial and industrial loads of 1,000 Mcf and larger in any month will be curtailed on a pro rata basis, except that curtailment of commercial loads will not exceed 40% during the winter period November through March and 15% during the remaining months.

Priority 5: After 100% curtailment of all loads in Priority 6 and prior to curtailment of loads in Priority 4, all industrial loads of 1,000 Mcf and larger in any month having alternate fuel capability will be curtailed on a pro rata basis except where the Commission has granted an extension of time.

Priority 6: All industrial boiler fuel loads of 1,000 or more in any month shall be curtailed up to 100% prior to curtailment of loads in Priority 5

H. Curtailment Resulting from Operating Conditions
If, due to necessity to make modifications, tests, replacements, or repairs (excluding repairs arising from the occurrence of a force majeure) to Company's facilities, as determined in Company's sole judgment or to the facilities of Company's supplier of gas, the gas available for delivery by Company is insufficient to meet all of Company's authorized sales on any day, then Company, upon providing as much notice as possible under all of the circumstances, shall order curtailment by Customers to the extent required.

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VOLUMETRIC LIMITATIONS AND CURTAILMENT PROVISIONS

Penalty Provision for Takes in Excess of Authorized Monthly Volumes

I. Penalty for Excess Takes at the End of the Five-Month Period Ending with the March Billing Month
If, at the end of the five-month period ending with the March billing month, Customer has exceeded the sum of its Authorized Monthly Volumes for such period, then Customer shall pay a penalty computed at the rate of ten dollars ($10.00) per Mcf for all volumes taken in excess of one hundred three percent (103%) of the sum of Customer's Authorized Monthly Volumes. Provided, however, to the extent that a Customer exceeds the sum of its Authorized Monthly Volumes for such period, the penalty shall not apply to the excess volumes authorized pursuant to the provision of Section 5 herein.

J. Penalty for Excess Takes at the End of the Seven-Month Period Ending with the October Billing Month
If, at the end of the seven-month period ending with each October billing month, Customer has exceeded the sum of its Authorized Monthly Volumes for such period, then Customer shall pay a penalty computed at the rate of $10.00 per Mcf for all volumes taken in excess of one hundred and two percent (102%) of the sum of Customer's Authorized Monthly Volumes. Provided, however, to the extent that a Customer exceeds the sum of its Authorized Monthly Volumes for such period, the penalty shall not apply to the excess volumes authorized pursuant to the provision of Section 5 herein.

4. **Disposition of Penalties**

As of December 31 of each year, Company shall total all penalties then collected from all Customers resulting from the provisions of Section 3 hereof applicable to the contract period of the same year. As of December 31 of each year, Company shall also total the penalties paid to its supplier(s) for volumes taken in excess of the volumes authorized by

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supplier(s) for the contract period of the same year. Company shall return to all Customers penalties collected in excess of those penalties paid to Company's supplier(s). The total amount of such penalties to be returned shall be divided by the total volume of sales to all Customers during the contract period. The result of such computation shall represent the factor to be multiplied by each Customer's total purchase volumes during such contract period to determine the amount to be returned to each Customer as a credit on the invoice to Customer for the January billing month. All references to "contract period" in this Section shall mean a twelve-month period ended October 31.

5. **Availability of Excess Gas**

If, in Company's sole judgment, sufficient gas supply is available to permit deliveries in addition to the Maximum Monthly Volumes in any month, Company will provide all Customers with as much advance notice as possible of the amount of such additional gas anticipated to be available. Such gas shall be apportioned and offered by Company to all Customers on the basis of the total of Maximum Monthly Volumes for all Customers for that month. Notwithstanding the provision of this Section 5, Company shall not be obligated to deliver to Customer in any month a quantity of gas in excess of the Maximum Monthly Volumes.

6. **Minimum Monthly Bill and Other Charges, Assessments and Penalties**

The provisions of Sections 1 through 5 above shall not serve to reduce any charges, assessments or penalties otherwise payable or applicable under provisions of any rate schedule. Provided, however, that if Customer is assessed penalties as the result of takes in excess of Customer's reduced Maximum Monthly Volumes as provided for in Section 3 herein, to the extent such reduced Maximum Monthly Volumes result in the imposition of a minimum bill, such minimum bill shall be decreased by that portion of the volume of curtailment under Section 2 herein for which Customer was penalized, which is below the level of volumes necessary to meet minimum bill requirements times the applicable rate of such rate schedule

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7. **Suspension of Deliveries During Gas Supply Emergencies**

Company may request that transportation Customers allow the use of their Customer-owned gas to supply higher priority end-usages. Should transportation Customers refuse to allow the use of their gas during emergencies and the ability of Company to serve essential human needs is threatened, Company may delay delivery of Customer-owned gas and utilize the gas to serve essential human needs when significant relief would be provided by the use of such gas, until such time as the supply threat to essential human needs has been resolved. Company shall notify the Commission that it has delayed transportation gas deliveries under this provision without Customer's agreement. Transportation Customers shall be compensated for the use of transportation gas voluntarily supplied or otherwise used in an emergency to assist Company. The level of compensation shall be determined through negotiation with the transportation Customer. Such compensation shall be limited to (i) the reasonable costs associated with alternate fuels, or (ii) the price difference associated with resupplying gas to Customer. Compensation is not intended to reflect damages, whether consequential or otherwise, that may result from the use of Customer-owned gas. Transportation Customers or Company may request that the Commission waive the foregoing compensation limit for the purpose of negotiating contingency emergency supply agreements. Any such agreement must be approved by the Commission unless otherwise specified in this tariff.

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Issued by authority of an ORDER of the Kentucky Public Service Commission in Case No. 97-427, dated November 17, 1998

SCHEDULE OF RATES

CLASSIFICATION OF SERVICE

RATE SCHEDULE FOR RESIDENTIAL & COMMERCIAL:

Applicable to:		Entire service territory of Company.			
Available to:		All residential and commercial Customers.			
Character of Service:		Firm service within reasonable limits to provide the service and subject to Volumetric Limitations and Curtailment Provisions as contained in Sheets 30 through 35 of this Tariff.			
Rate:			Base Rate	Gas Cost Recovery Rate[1]	Total
		All Mcf	$2.1440	$3.9764	$6.1204
Monthly Customer Charge:		$5.00 per month			

[1] The Gas Cost Recovery Rate, as shown is subject to a Gas Cost Adjustment determined in accordance with the " Gas Cost Adjustment Clause" as set forth on Sheets 27 and 28 of this Tariff.

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SCHEDULE OF RATES

CLASSIFICATION OF SERVICE

RATE SCHEDULE FOR INDUSTRIAL:

Applicable to:		Entire service territory of Company.			
Available to:		All industrial Customers.			
Character of Service:		Firm service within reasonable limits to provide the service and subject to Volumetric Limitations and Curtailment Provisions as contained in Sheets 30 through 35 of this Tariff.			
Rate:			Base Rate	Gas Cost Recovery Rate[2]	Total
		All Mcf	$1.3197	$3.9764	$5.2961
Monthly Customer Charge:		$10.00 per month			

[2] The Gas Cost Recovery Rate, as shown is subject to a Gas Cost Adjustment determined in accordance with the " Gas Cost Adjustment Clause" as set forth on Sheets 27 and 28 of this Tariff.

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SCHEDULE OF RATES

CLASSIFICATION OF SERVICE

RATE SCHEDULE FOR DELIVERY SERVICE:

Applicable to:		Entire service territory of Company.
Available to:		This rate schedule is available to any commercial or industrial Customer throughout the territory served by Company provided: 1. Customer has executed a Contract with Company for Delivery Service, and 2. Customer has normal annual requirements of not less than 1,000 Mcf at any delivery point
Character of Service:		Subject to terms and conditions of Contract and Volumetric Limitations and Curtailment Provisions as contained in Sheets 30 through 35 of this Tariff.
Rate:		$1.3197 per Mcf for all gas delivered each billing month
Monthly Customer Charge:		Commercial: $5.00 per month Industrial: $10.00 per month

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