



a PPL company

Mr. Ralph Bowling
Vice President – Power Production
Louisville Gas and Electric Company
Kentucky Utilities Company
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January 7, 2013

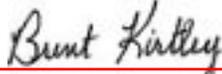
**RE: *Louisville Gas and Electric Company’s Application
For Adjustments in its Electric and Gas Rates -
Case No. 2012-00222***

Dear Mr. Bowling:

On June 29, 2012, Louisville Gas and Electric Company (“LG&E”) filed an application with the Kentucky Public Service Commission (“Commission”) requesting an increase in its gas and electric rates, including the rates contained in the special contract under which Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities (“KU”), on behalf of their Electric Generation Businesses, receive natural gas sales and transportation service under a special contract for their Cane Run, Mill Creek, and Paddy’s Run facilities.

On November 19, 2012, LG&E filed a Settlement Agreement, Stipulation, and Recommendation with the Commission proposing rates lower than those originally proposed on June 29. On December 20, 2012, after evidentiary hearings, the Commission issued its Order in Case No. 2012-00222, approving the rates submitted by LG&E in the Stipulation and Recommendation, including the rates contained in the aforementioned special contract.

Under the portion of the special contract for service to the Cane Run and Mill Creek facilities, which incorporates by reference sales service provided under LG&E’s Firm Industrial Gas Rate IGS, the following rates shall apply:

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH 
EFFECTIVE 1/1/2013
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

Mr. Ralph Bowling
Vice President – Power Production
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Monthly Sales Customer Charge: \$175.00
Monthly Demand Charge: \$ 10.86 per Mcf
Distribution Charge: \$0.3210 per Mcf

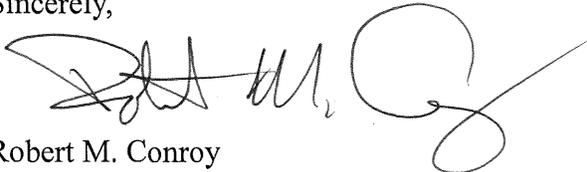
Under the portion of the special contract for service to the Paddy's Run facility, which incorporates by reference transportation service provided under LG&E's Firm Transportation Service (Non-Standby) Rate FT, the Commission's Order approved text changes to the terms and conditions of the Rate FT tariff, including a decrease in the daily balancing tolerance from 10% to 5% for the purpose of applying the Utilization Charge for Daily Imbalances, as well as other clarifications and related matters. A copy of the approved Rate FT tariff is enclosed.

Please note, however, that the current Monthly Transport Charge of \$781.00, the current Distribution Cost Component of \$0.0487 per Mcf, the current Demand Charge of \$2.43 per Mcf, and the current Utilization Charge for Daily Imbalances of \$0.1833, remain unchanged. Also, the new Administrative Charge and Distribution Charge approved for Rate FT, as well as the new Gas Cost True-Up Charge, and the Minimum Daily Threshold and Tolerance Charge approved in the Commission's Order of December XX, 2012, are not applicable to the special contract between LG&E and the LG&E/KU Electric Generation Businesses.

All other provisions of your contract not specifically mentioned herein, remain the same as those in effect prior to the date of the Commission's Order of December 20, 2012, and all other Tariffs and Riders applicable to this contract will continue to apply.

If you have any questions regarding this matter, please contact me.

Sincerely,



Robert M. Conroy

Enclosure

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Kirtley</i>
EFFECTIVE 1/1/2013 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

Louisville Gas and Electric Company

P.S.C. Gas No. 9, Original Sheet No. 30

Standard Rate

FT

Firm Transportation Service (Transportation Only)

APPLICABLE

In all territory served.

AVAILABILITY OF SERVICE

Available to existing commercial and industrial customers who consume at least 50 Mcf each day at each individual Delivery Point during each month of the twenty-four (24) months prior to the March 31 service request date, have purchased natural gas elsewhere, obtained all requisite authority to transport such gas to Company's system through the system of Company's Pipeline Transporter, and have requested Company to utilize its system to transport, by displacement, such customer-owned gas to Customer's place of utilization. Customers electing to transfer from another service shall notify Company on or before March 31 and execute a contract by April 30 in order to receive service hereunder beginning November 1 of that same year. The Contract Year shall include the twelve monthly billing periods from November 1 through October 31, of the following calendar year. Service under this rate schedule shall be for a term of one (1) year and year to year thereafter. Unless otherwise permitted herein, Customer or Company may terminate service hereunder effective November 1 by giving written notice to the other by the preceding April 30.

For new customers whose historical gas consumption is not available, Company will determine Customer's eligibility for service hereunder based upon data provided by Customer and such other information as may be available to Company. Company may allow such new customers to begin service hereunder prior to the November 1 date specified above for existing customers.

Any such transportation service hereunder shall be conditioned on Company being granted a reduction in billing demands by its Pipeline Transporter corresponding to the Customer's applicable transportation quantities.

Transportation service hereunder will be subject to the terms and conditions herein set forth and to the availability of adequate capacity on Company's system to perform such service without detriment to its other customers.

Service under this rate schedule shall not be available to customers with a Maximum Daily Quantity ("MDQ") in excess of 20,000 Mcf/day. In the event that Customer's MDQ exceeds 20,000 Mcf/day, Company may terminate service under this rate schedule upon thirty (30) days prior written notice. Additionally, customers using gas to generate electricity for use other than as standby electric service, irrespective of the size of the Customer's MDQ, are not eligible for service under this rate schedule.

CHARACTER OF SERVICE

Transportation service under this rate schedule shall be considered firm from the Receipt Point at Company's interconnection with its Pipeline Transporter ("Receipt Point") to the Delivery Point at the Customer's place of utilization ("Delivery Point"), subject to paragraph 6 of the Special Terms and Conditions.

Date of Issue: January 7, 2013

Date Effective: January 1, 2013

Issued By: Lonnie E. Bellar, Vice President, State Regulation and Rates, Louisville, Kentucky

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

Issued by Authority of an Order of the KPSC in Case No. 2012-00222 dated December 20, 2012

Louisville Gas and Electric Company

P.S.C. Gas No. 9, Original Sheet No. 30.1

Standard Rate

FT

Firm Transportation Service (Transportation Only)

Due to the physical configuration of Company's system, and in order to maintain system integrity and reliability, unless otherwise permitted or directed by Company in its sole discretion, the Pipeline Transporter shall be Texas Gas Transmission, LLC.

Company's sole obligation hereunder is to redeliver Customer's gas from the Receipt Point to the Delivery Point. Accordingly, Company has no obligation to deliver to the Customer a volume of gas, either daily or monthly, which differs from the volume delivered to Company at the Receipt Point.

Company will provide service to meet imbalances only on an as-available basis. For purposes used herein, "Imbalances" are defined as the difference between the volume of gas delivered by the Customer to the Receipt Point and the volume of gas taken by Customer at the Delivery Point. When Company can provide such service, the Utilization Charge for Daily Imbalances shall apply to daily imbalances in excess of $\pm 5\%$ of the delivered volume of gas as set forth herein. Company shall issue an Operational Flow Order as set forth herein during periods when service cannot be provided to meet daily imbalances.

Customers served under this rate may elect to become a member of an FT Pool pursuant to Rider PS-FT.

RATE

In addition to any and all charges billed directly to Company by other parties related to the transportation of customer-owned gas, and any other charges set forth herein, the following charges shall apply.

Administrative Charge: \$400.00 per Delivery Point per month

Distribution Charge Per Mcf: \$0.43

Gas Cost True-Up Charge: The Gas Cost True-Up Charge is applicable only to a former sales Customer that has elected transportation service hereunder. Such Customer shall pay this charge for the first eighteen billing periods that Customer is served under Rate FT. The charge (or credit) per Mcf shall be applied to all volumes delivered by Company pursuant to Rate FT in order to recover from (or refund to) transferring sales customers any under- or over-collected gas costs as reflected in the GCAA, GCBA, and PBRRC components of the Gas Supply Clause ("GSC") applicable to gas sold during those periods when the transferring customer was a sales customer. The Gas Cost True-Up Charge amount shall be revised with each of Company's quarterly Gas Supply Clause filings.

For customers electing service under Rate FT effective November 1, 2011, the Gas Cost True-Up Charge shall be:

\$0.0146 per Mcf for Bills Rendered On and After November 1, 2012

For customers electing service under Rate FT effective November 1, 2012, the Gas Cost True-Up Charge shall be:

\$0.0508 per Mcf for Bills Rendered On and After November 1, 2012

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TARIFF BRANCH
<i>Brent Kirtley</i>
1/1/2013
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

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Louisville Gas and Electric Company

P.S.C. Gas No. 9, Original Sheet No. 30.2

Standard Rate

FT

Firm Transportation Service (Transportation Only)

Minimum Daily Threshold Requirement and Charge: When Customer's daily usage falls below the Minimum Daily Threshold Requirement, Customer will be charged a Minimum Daily Threshold Charge equal to the difference between the Minimum Daily Threshold Requirement and the Customer's actual consumption in Mcf for that day multiplied by the Distribution Charge hereunder. The Minimum Daily Threshold Requirement is equal to the minimum daily volume of 50 Mcf. Such Minimum Daily Threshold Charge shall be accumulated for each day of the applicable month and billed during that month in accordance with the following formula:

Minimum Daily Threshold Charge =

(Minimum Daily Threshold minus Customer Usage on Given Day) times the Distribution Charge

Such daily amount shall be accumulated for each day of the month and the total will be applied to Customer's bill.

Payment of the Minimum Daily Threshold Charge is not a remedy for Customer's failure to meet the Minimum Daily Threshold Requirement for service under Rate FT. In the event that Customer does not meet the Minimum Daily Threshold Requirement for one-hundred twenty (120) days during a given Contract Year, service to Customer under Rate FT may be discontinued by Company. Customer will receive thirty (30) days prior written notice that Customer will be removed from Rate FT and returned to firm sales service under either Rate CGS or IGS as applicable.

Other: In the event that Customer is determined to be the cause of any billing disadvantages or other penalties imposed on Company by Pipeline Transporter, then Customer shall pay such penalties, fees, or charges as determined by Company and in accordance with the payment provisions of this rate schedule in addition to any and all other charges due hereunder.

ADJUSTMENT CLAUSES

The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Demand Side Management Cost Recovery Mechanism	Sheet No. 86
Franchise Fee and Local Tax	Sheet No. 90
School Tax	Sheet No. 91

DUE DATE OF BILL

Customer's payment will be due within sixteen (16) business days (no less than twenty-two (22) calendar days) from the date of the bill.

LATE PAYMENT CHARGE

If full payment is not received by the due date of the bill a 1% late payment charge will be assessed on the current month's charges.

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EXECUTIVE DIRECTOR

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Brent Kirtley

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

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Louisville Gas and Electric Company

P.S.C. Gas No. 9, Original Sheet No. 30.3

Standard Rate

FT

Firm Transportation Service (Transportation Only)

IMBALANCES

Company will calculate on a daily and monthly basis the Customer's imbalance resulting from the difference between the metered usage of the Customer and the volumes that the Customer has delivered into Company's system. This will be calculated as follows:

$$\text{Imbalance} = \text{Metered Usage} - \text{Delivered Volume}$$

Company will also determine the imbalance percentage. This percentage will be calculated as follows:

$$\text{Imbalance \%} = \frac{(\text{Metered Usage} - \text{Delivered Volumes})}{\text{Delivered Volume}}$$

The term "day" or "daily" shall mean the period of twenty-four (24) consecutive hours beginning at 10:00 a.m., Eastern Clock Time.

CASH-OUT PROVISION FOR MONTHLY IMBALANCES

If the monthly imbalance is negative (an over-delivery into Company's system), Company shall purchase the monthly imbalance from Customer at a price per Mcf which is determined by multiplying the appropriate percentage specified below times the lowest daily mid-point price posted in "Platts Gas Daily" for Dominion South Point during the month in which the imbalance occurred. The appropriate percentage shall be dependent on the Customer's monthly imbalance percentage to be applied as follows:

When Total Net
Negative Imbalance
Percentage is:

0% to ≤5%
>5% to ≤10%
>10% to ≤15%
>15% to ≤20%
>20%

The following percentage shall be
multiplied by the above-referenced
"Platts Gas Daily" price for Dominion South Point:

100%
90%
80%
70%
60%

If the monthly imbalance is positive (an under-delivery into Company's system), Customer shall be billed for the monthly imbalance from Company at a price per Mcf which is determined by multiplying the appropriate percentage specified below times the highest daily mid-point price posted in "Platts Gas Daily" for Dominion South Point during the month in which the imbalance occurred. The appropriate percentage shall be dependent on the Customer's monthly imbalance percentage to be applied as follows:

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1/1/2013

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

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Louisville Gas and Electric Company

P.S.C. Gas No. 9, Original Sheet No. 30.4

Standard Rate

FT

Firm Transportation Service (Transportation Only)

When Total Net
Positive Imbalance
Percentage is:

The following percentage shall be
multiplied by the above-referenced
"Platts Gas Daily" price for Dominion South Point:

0% to \leq 5%	100%
>5% to \leq 10%	110%
>10% to \leq 15%	120%
>15% to \leq 20%	130%
>20%	140%

The monthly imbalance percentages stated above will be used to calculate the cash-out price for imbalances that fall within each category. For example, a Customer with a monthly imbalance percentage of 9% will cash-out at the 0% to 5% price for 5% of the imbalance and at the 5% to 10% price for 4% of the imbalance.

All such adjustments shall be shown and included on the Customer's monthly bill. The billing of these charges shall not be construed as a waiver by Company of any other rights or remedies it has under law, the regulations of the PSC of Kentucky, or this rate schedule, nor shall it be construed as an exclusive remedy for failure to comply with the provisions of this rate schedule.

VARIATIONS IN MMBTU CONTENT

All gas delivered by Company will be measured and billed on an Mcf basis. Pipeline Transporter delivers to and bills Company on an MMBtu basis. The reconciliation of the actual deliveries by Pipeline Transporter and the Customer's estimated deliveries by Pipeline Transporter occurs through the operation of the cash-out provision. Changes in billings of the cash-out provision caused by variations in the MMBtu content of the gas shall be corrected on the following bill.

UTILIZATION CHARGE FOR DAILY IMBALANCES

Should an imbalance exceed \pm 5% of the delivered volume of gas on any day when an Operational Flow Order (as described below) has not been issued, then Company shall charge the Utilization Charge for Daily Imbalances times the recorded imbalance greater than \pm 5% of the delivered volume of gas for each daily occurrence. The Utilization Charge for Daily Imbalances is the sum of the following:

Daily Demand Charge:	\$0.1501 per Mcf
Daily Storage Charge:	<u>\$0.1833</u>
Utilization Charge for Daily Imbalances:	\$0.3334 per Mcf

Note: The Daily Demand Charge may change with each filing of the GSCC.

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

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Louisville Gas and Electric Company

P.S.C. Gas No. 9, Original Sheet No. 30.5

Standard Rate

FT

Firm Transportation Service (Transportation Only)

These charges are in addition to any other charges set forth herein. The Utilization Charge for Daily Imbalances will not be applied to daily imbalances which do not exceed $\pm 5\%$ of the delivered volume. Company shall not have an obligation to provide balancing service for any volumes of gas hereunder.

OPERATIONAL FLOW ORDERS

Company shall have the right to issue an Operational Flow Order ("OFO") which will require actions by Customer to alleviate conditions that, in the sole judgment of Company, jeopardize the operational integrity of Company's system. Customer shall be responsible for complying with the directives contained in the OFO.

Notice of an OFO shall be provided to Customer at least twenty-four (24) hours prior to the beginning of the gas day for which the OFO is in effect and shall include information related to the OFO. Customer shall respond to an OFO by adjusting its deliveries to Company's system as directed in the OFO within the specified timeframe. If Customer is a member of an FT Pool, it is the responsibility of the FT Pool Manager, not Company, to convey OFOs to Customers in its FT Pool.

Upon issuance of an OFO, Company will direct Customer to comply with one of the following conditions: (a) Customer must take delivery of an amount of natural gas from Company that is no more than the daily amount being delivered by the Pipeline Transporter to Company for Customer; or (b) Customer must take delivery of an amount of natural gas from Company that is no less than the daily amount being delivered by the Pipeline Transporter to Company for Customer. Customer shall respond to an OFO by either adjusting its deliveries to Company's system or its consumption at its facility. All volumes taken by Customer in excess of volumes delivered by Pipeline Transporter to Company for Customer in violation of the above "condition (a)" OFO shall constitute an unauthorized receipt by Customer from Company. All volumes taken by Customer less than volumes delivered by Pipeline Transporter to Company for Customer in violation of "condition (b)" OFO shall constitute an unauthorized delivery by Customer to Company. Customer shall be subject to the OFO Charge on the day for which the OFO was violated, plus the applicable UCDI charges and any other charges under this rate schedule for such unauthorized receipts or deliveries that occur

Company may, in its sole discretion, issue an OFO to an individual Customer or an individual Pool Manager taking service under Rider PS-FT without issuing an OFO to all Customers taking service under Rate FT or without issuing an OFO to all Pool Managers taking service under Rider PS-FT.

The OFO Charge shall be equal to \$15.00 plus the mid-point price posted in "Platts Gas Daily" for Dominion South Point per Mcf on the day for which the OFO was violated, plus any other charges under this rate schedule.

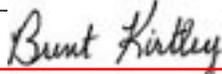
Company will not be required to provide service under this rate schedule for any Customer that does not comply with the terms or conditions of an OFO. Payment of OFO Charges hereunder shall not be considered an exclusive remedy for failure to comply with the OFO. Payment of the payment of such charges be considered a substitute for any other remedy available to Company.

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Date Effective: January 1, 2013

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KENTUCKY PUBLIC SERVICE COMMISSION
JEFF DORRCHEN EXECUTIVE DIRECTOR
TARIFF BRANCH

EFFECTIVE 1/1/2013
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

Louisville Gas and Electric Company

P.S.C. Gas No. 9, Original Sheet No. 30.6

Standard Rate

FT

Firm Transportation Service (Transportation Only)

OPTIONAL SALES AND PURCHASE TRANSACTION

Customer may agree to sell its natural gas supplies to Company, and Company may agree to purchase natural gas supplies from Customer pursuant to Company's Curtailment Rules. If Company purchases natural gas from Customer, such gas will not be redelivered to Customer, and Customer shall discontinue or otherwise interrupt the usage of such natural gas.

RETURN TO FIRM SALES SERVICE

Return to firm sales service is contingent upon the ability of Company to secure the appropriate quantities of gas supply and transportation capacity with Company's Pipeline Transporter, as determined solely by Company.

REMOTE METERING

Remote metering service shall be required as a prerequisite to the Customer obtaining service under this rate schedule. The remote metering devices will allow Company and Customer to monitor the Customer's usage on a daily basis and allow Company to bill the Customer.

The Customer shall be responsible for the cost of this remote metering equipment and the cost of its installation.

The Customer shall be responsible for making any necessary modifications to its facilities, including, but not limited to, any modifications of Customer's piping, in order to facilitate the installation and operation of such remote metering.

The Customer shall be responsible for providing the necessary and adequate electric and telephone service to provide remote metering by October 1 of the year that the Customer's Rate FT service becomes effective. Electric and telephone services installed for this equipment shall conform to Company's specifications. The Customer shall be responsible for maintaining the necessary and adequate electric and telephone service to provide remote metering.

SPECIAL TERMS AND CONDITIONS

1. Service under this rate schedule shall be performed under a written contract between Customer and Company setting forth specific arrangements as to the volumes to be transported by Company for Customer, Delivery Points, timing of receipts and deliveries of gas by Company, and any other matters relating to individual Customer circumstances.
2. As further described below, Customer shall specify to Company the daily volume of gas required by Customer. Such volume shall be stated in ~~Mcf/day~~ and converted to MMBtu/day using a standard conversion factor as may be specified by Company from time to time. At least ten (10) days prior to the beginning of each month, Customer shall provide Company with a schedule setting forth daily volumes of gas to be delivered into ~~Company~~

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EXECUTIVE DIRECTOR

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Brent Kirtley

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Louisville Gas and Electric Company

P.S.C. Gas No. 9, Original Sheet No. 30.7

Standard Rate

FT

Firm Transportation Service (Transportation Only)

SPECIAL TERMS AND CONDITIONS (continued)

system for Customer's account. Any changes in nominated volumes, as well as any other information required to effectuate the delivery of such gas to Company by the Pipeline Transporter, shall be provided by Customer to Company no later than 10:00 a.m. Eastern Clock Time on the day prior to the day(s) for which volumes are scheduled to flow. Only those volumes actually confirmed by Company and scheduled on the Pipeline Transporter are considered nominated volumes. Company shall not be obligated to accept from Customer daily nominations, or changes thereto, that are made after the daily deadline for such nominations as set forth above or that are made on weekend days or holidays as such are observed by Company. Company will not be obligated to utilize its underground storage capacity for purposes of this service.

3. In no case will Company be obligated to deliver gas, including both gas transported and gas sold, to Customer in greater volumes or at greater rates of flow than those specified in the written contract between Customer and Company. The maximum daily volume that Company shall be obligated to deliver shall be referred to as the Maximum Daily Quantity ("MDQ"). The MDQ is the maximum daily volume of gas, as determined by Company, based on Customer's historical daily metered volumes. In the event that historical daily metered volumes are not available, Company will determine the MDQ based upon data provided by Customer and/or monthly metered data. Once historical daily metered data becomes available, the MDQ will be subject to revision by Company on an annual basis.
4. Volumes of gas transported hereunder will be determined in accordance with Company's measurement base as set forth in the Terms and Conditions of this Tariff.
5. All volumes of natural gas received by Company for Customer shall meet the specifications established by Pipeline Transporter.
6. Company will have the right to curtail or interrupt the transportation or delivery of gas to any Customer hereunder when, in Company's judgment, such curtailment is necessary to enable Company to respond to an emergency or force majeure condition.
7. Should Customer be unable to deliver sufficient volumes of transportation gas to Company's system, Company will not be obligated hereunder to provide standby quantities for purposes of supplying such Customer requirements.
8. Company shall not be required to render service under this rate schedule to any Customer that fails to comply with any and all of the terms and conditions of this rate schedule.

TERMS AND CONDITIONS

Service under this rate is subject to Company's Terms and Conditions governing the supply of gas service as incorporated in this Tariff, to the extent that such Terms and Conditions are not in conflict with nor inconsistent with the specific provisions hereof.

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