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January 22, 2009

RECEIVED

JAN 22 2009

PUBLIC SERVICE  
COMMISSION

Jeff Derouen  
Executive Director  
Public Service Commission  
211 Sower Blvd.  
Frankfort, KY 40601

Re: Case No. 2008-00394

Dear Mr. Derouen:

Pursuant to the Commission's Order dated November 25, 2008, Kentucky Frontier Gas, LLC files the attached tariffs. The Order directs Frontier to file in its own name the existing utility tariffs or such other tariffs as it proposes. Frontier filed Adoption Notices to adopt the rate tariffs and rules and regulations of all affected companies on January 12, 2009.

Frontier now proposes to adopt all existing rates, fees and charges for the affected gas providers and to implement new tariffs to standardize all non-economic rules and regulations for gas service.

\*The first section of the filed tariffs includes the Contents pages numbered C-1 etc.

\*The second section includes the Rate schedules on pages numbered R-1 etc. These tariffs recite the existing gas rates, deposits and non-recurring charges currently in effect for each of the affected gas providers.

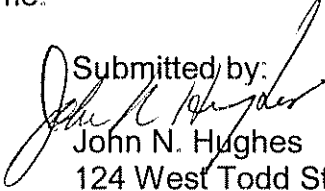
\*The third section on pages numbered U-1 etc has Rules & Regulations. The 7 existing sets of rules for the gas providers had most or all of these provisions, but the language is standardized and expanded to fit the broader scope of operations that Frontier now controls.

\*The fourth section on pages numbered X-1 etc is the procedure for Gas Cost Adjustment.

\*The existing rules are in effect until any new rules are approved. The 7 existing sets of rules have differences like billing periods, procedures for Budget Billing, meter testing and other aspects of gas service. Frontier proposes to consolidate and standardize these rules to ease the transition from 7 entities to one entity for Frontier employees and customers.

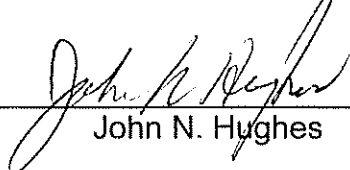
Frontier plans to standardize deposits and non-recurring charges as well as gas rates to the extent practical after it has historical data to develop such rates. These will be addressed in later filings.

If there are any questions, please contact me.

Submitted by:  
  
John N. Hughes  
124 West Todd St.  
Frankfort, KY 40601  
(502) 227 7270  
Attorney for Kentucky  
Frontier Gas, LLC

Certificate:

I certify that a copy of this Response was served on Kim Gevedon, Box 216, West Liberty, KY 41472 the 22<sup>st</sup> day of January, 2009 by first class mail.

  
\_\_\_\_\_  
John N. Hughes

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**KENTUCKY FRONTIER GAS, LLC**

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PO BOX 408  
PRESTONSBURG, KENTUCKY 41653

RATES & CHARGES  
AND  
RULES & REGULATIONS

FOR  
NATURAL GAS SERVICE

AT  
ALL AREAS SERVED

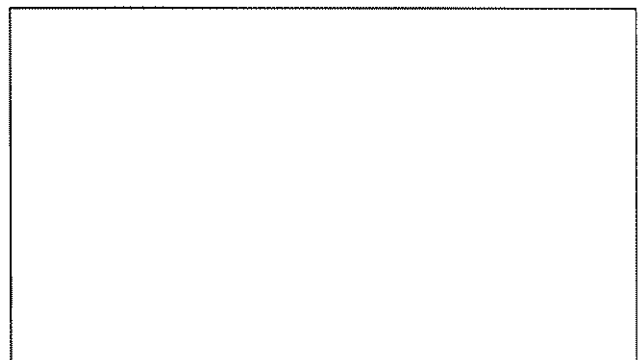
FILED WITH THE  
PUBLIC SERVICE COMMISSION  
OF  
KENTUCKY

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ISSUED January 15, 2009      EFFECTIVE March 1, 2009

BY \_\_\_\_\_  
TITLE          Manager, Kentucky Frontier Gas LLC

BY AUTHORITY OF ORDER OF PSC OF KENTUCKY  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_



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Kentucky Frontier Gas, LLC has consolidated the operations of several natural gas utilities and farm tap suppliers in Kentucky. This tariff details the conditions of service for all Customers served by Kentucky Frontier Gas.

I. RATES & CHARGES

- A. Monthly Charges and Commodity Rates
- B. Deposits
- C. Other Charges

II. RULES & REGULATIONS FOR NATURAL GAS SERVICE

GENERAL - Rules Applicable to All Natural Gas Services

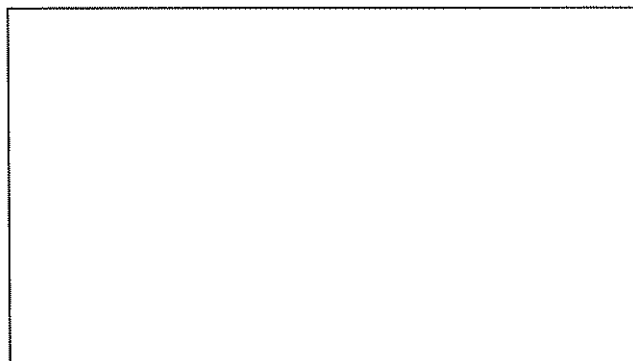
- A. General Statement
- B. Application for Gas Service
- C. Choice of Rates
- D. Temporary or Intermittent Service
- E. Deposits
- F. Monthly Bills
- G. Budget Billing Plan
- H. Measurement of Gas Service
- I. Discontinuance of Service at Customer's Request
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- K. Restoration of Service
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- P. Diversion of Natural Gas
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- R. Access for Company's Employees and Agents
- S. Reallocation or Resale of Natural Gas
- T. Customer's Installation
- U. Protection of Sub-Surface Facilities
- V. Shortage of Natural Gas Supply
- W. Liability
- X. Indemnity to Company
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[Reserved]

AM. Delivery Pressure

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A. Procedure

B. Billing Calculation

C. Definitions

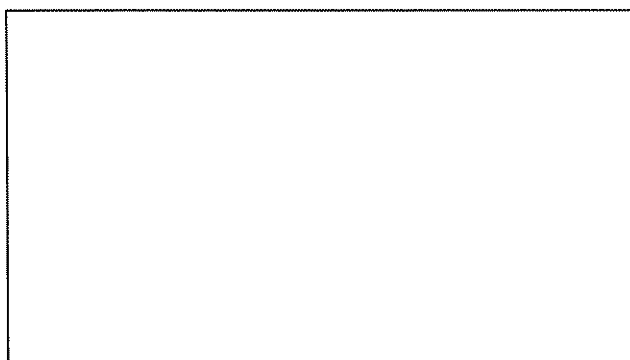
D. Interim Gas Cost Adjustments

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**RATES AND CHARGES**

**A. MONTHLY CHARGES & COMMODITY RATES**

*These entities have identical rates:*

**ALERT OIL & GAS**

**APPLICABILITY:** For all classes of customers served by farm taps along pipelines operated by Alert Oil & Gas Company, Inc. in the communities of Jonancy, Robinson Creek, Hurricane and Pikeville in Pike County, and whose rate schedule is not otherwise governed by a producer contract.

**HUEYSVILLE GAS**

**APPLICABILITY:** For all classes of customers served by farm taps along pipelines operated by Hueysville Gas in the Hueysville area, and whose rate schedule is not otherwise governed by a producer contract.

**KLC ENTERPRISES**

**APPLICABILITY:** For all classes of customers served by farm taps along pipelines operated by KLC Enterprises in the Cedar Creek area, and whose rate schedule is not otherwise governed by a producer contract.

**MONTHLY RATES:**

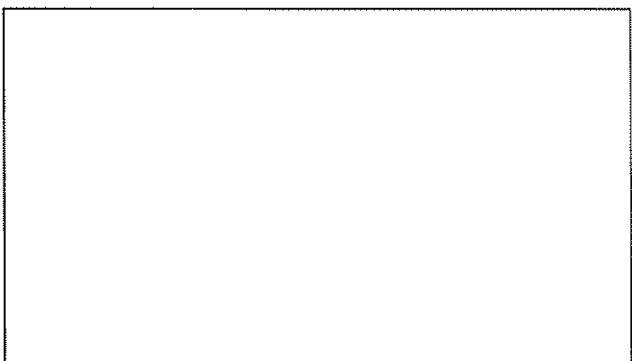
	<u>Base Rate</u>	<u>GCCR Gas Cost</u>	<u>Total</u>
First 1 MCF	\$ *	\$ *	\$7.45 – minimum bill
Over 1 MCF	\$ *	\$ *	\$7.45

*\*rate components are not specified*

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RATES AND CHARGES

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**A. MONTHLY CHARGES & COMMODITY RATES**

**BELFRY GAS**

APPLICABILITY: For all Residential and Commercial customers historically served by Belfry Gas in the community of Belfry and other territory served.

MONTHLY RATES:

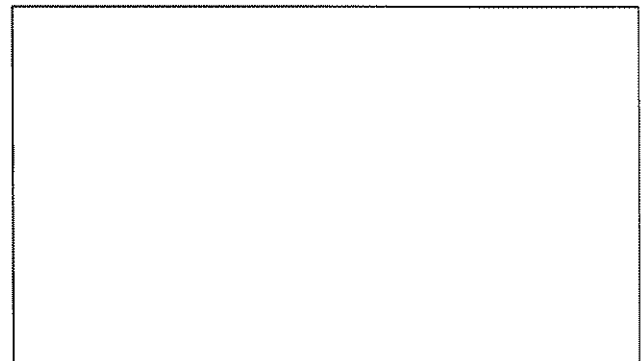
	<u>Base Rate</u>	<u>GCCR Gas Cost</u>	<u>Total</u>
First 1 MCF	\$4.2667	\$11.6201	\$15.8868 – minimum bill
Over 1 MCF	\$2.7182	\$11.6201	\$14.3383

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RATES AND CHARGES

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**A. MONTHLY CHARGES & COMMODITY RATES**

**EAST KENTUCKY UTILITIES aka FLOYD COUNTY GAS**

APPLICABILITY: For all Residential and Commercial customers historically served by East Kentucky Utilities or Floyd County Gas in the communities of Wayland, Estill, Lackey, Garrett, Hueysville, Allen, Dwale and other territory served.

MONTHLY RATES:

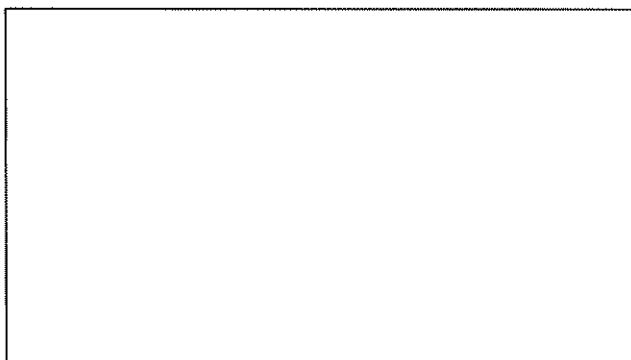
	<u>Base Rate</u>	<u>GCRR Gas Cost</u>	<u>Total</u>
First 1 MCF	\$10.00	\$8.3513	\$18.3513 – minimum bill
Over 1 MCF	\$5.2553	\$8.3513	\$13.6066

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RATES AND CHARGES

**A. MONTHLY CHARGES & COMMODITY RATES**

**MIKE LITTLE GAS COMPANY**

APPLICABILITY: For all Residential and Commercial customers historically served by Mike Little Gas in the communities of Melvin, Byro, Weeksbury, Langley, Goble Roberts and other territory served.

MONTHLY RATES:

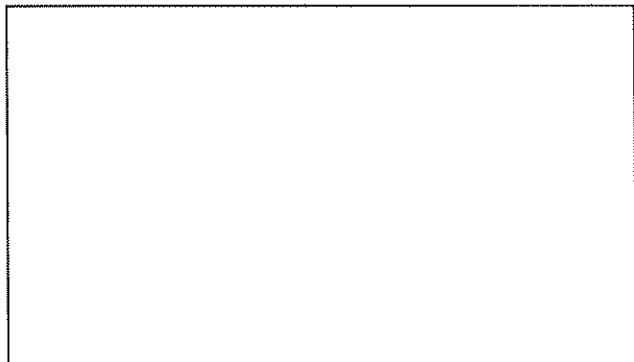
	<u>Base Rate</u>	<u>GCRR Gas Cost</u>	<u>Total</u>
First 1 MCF	\$5.50	\$12.9553	\$18.4553 – minimum bill
Over 1 MCF	\$4.3271	\$12.9553	\$17.2824

Surcharge: In addition to the above rates, a surcharge of \$0.696 per MCF is added to all bills except in the Goble Roberts area, for Kentucky West Virginia Gas Company FERC Docket TQ-89-46-000.

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**RATES AND CHARGES**

**A. MONTHLY CHARGES & COMMODITY RATES**

**QUALITY NATURAL GAS**

APPLICABILITY: For all classes of customers served by farm taps along pipelines operated by Quality Natural Gas, LLC in Floyd, Knott, Letcher, Martin, Perry and Pike counties, and whose rate schedule is not otherwise governed by a producer contract.

MONTHLY RATES:

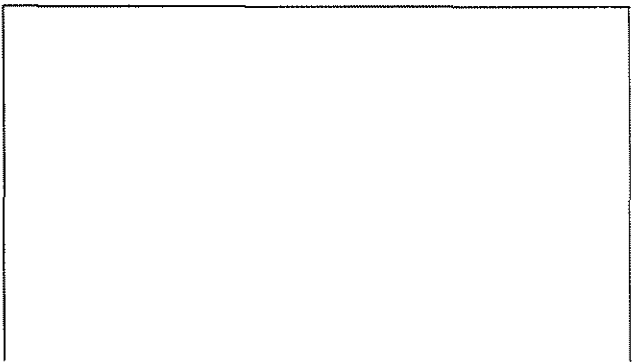
	<u>Base Rate</u>	<u>GCCR Gas Cost</u>	<u>Total</u>
First 1 MCF	\$ *	\$ *	\$13.05 – minimum bill
Over 1 MCF	\$ *	\$ *	\$13.0537

*\*rate components are not specified*

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RATES AND CHARGES

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**B. DEPOSITS**

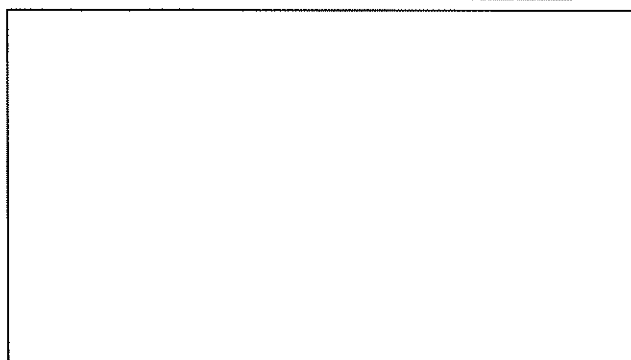
Alert Gas	\$100.00
Hueysville Gas	\$100.00
KLC	\$100.00
Quality Natural Gas	\$100.00
Belfry Gas	\$ 50.00
East Kentucky Utilities or Floyd County Gas	\$150.00
Mike Little Gas	\$100.00

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RATES AND CHARGES

**C. OTHER CHARGES**

Alert Gas, Hueysville Gas, KLC Enterprises, Quality Natural Gas

New Service Tap	\$150.00 at application for service
Reconnection Charge	\$ 40.00 following disconnect for non-pay
Reconnection Charge	\$ 50.00 within 12 months of Customer disconnect
Returned Check Charge	\$ 25.00
Trip Charge	\$ 15.00 for trip to collect delinquent bill
Late Payment Charge	10% of current bill after Past Due Date

Belfry Gas

Connection Fee	\$ 35.00 at application for service
Meter Relocation Fee	\$ 35.00 for meter relocated at Customer request
Reconnection Charge	\$ 35.00 following disconnect for non-pay
Reconnection Charge	\$ 50.00 within 12 months of Customer disconnect
Returned Check Charge	\$ 25.00
Transfer Charge	\$ 20.00 to transfer service to another location
Trip Charge	\$ 15.00 for trip to collect delinquent bill
Late Payment Charge	10% of current bill after Past Due Date

East Kentucky Utilities or Floyd County Gas

Connection Charge	\$ 75.00 for temporary or mobile home service
	\$ 25.00 if meter loop is in place
Reconnection Charge	\$ 35.00 following disconnect for non-pay
Reconnection Charge	\$ 50.00 within 12 months of Customer disconnect
Returned Check Charge	\$ 20.00
Transfer Charge	\$ 25.00 to transfer service to another location
Trip Charge	\$ 15.00 for trip to collect delinquent bill
Late Payment Charge	10% of current bill after Past Due Date

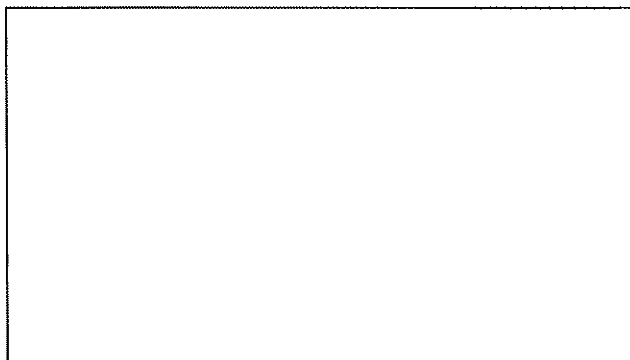
Mike Little Gas

Connection Charge	\$ 65.00 at application for service
Reconnection Charge	\$ 50.00 within 12 months of any disconnect
Returned Check Charge	\$ 12.50
Trip Charge	\$ 35.00 for trip to collect delinquent bill
Late Payment Charge	10% of current bill after Past Due Date

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RULES AND REGULATIONS

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**A. GENERAL STATEMENT**

Kentucky Frontier Gas, LLC has consolidated the operations of several natural gas utilities and farm tap suppliers in Kentucky. This tariff details the conditions of service for all Customers served by Kentucky Frontier Gas operations.

The following Rules and Regulations are filed with the Public Service Commission of Kentucky, hereinafter referred to as "Commission", as part of the natural gas tariff of the gas utility operations of Kentucky Frontier Gas, LLC, hereinafter "Company" or "the utility". These Rules and Regulations set forth the terms and conditions under which natural gas service is supplied and govern all classes of service in all systems and territories served by the utility. Service furnished by the Company is also subject to the Rules of the Commission.

Copies of this tariff are available for any Customer's inspection at the offices of the Company. They are subject to termination, change, or modification, in whole or in part, at any time.

Any waiver at any time of the Company's rights or privileges under these Rules & Regulations will not be deemed a waiver as to any later breach of these rules.

**B. APPLICATION FOR GAS SERVICE**

Application for natural gas service may be made at any office of the Company. The Company may refuse service to any Customer who fails to comply with these Rules & Regulations. The Company will not furnish service to any applicant who owes the Company any past due amount for service at any location, until all such indebtedness is paid in full.

The Company may require any applicant to sign a Service Contract before service is supplied. The use of natural gas service constitutes an agreement under which the Customer receives natural gas service, agrees to pay the Company therefore in accordance with the applicable Tariff rate schedule, and agrees to comply with the Rules and Regulations of the utility. The benefits and obligations of the agreement for service may not be assigned without written consent of the Company. A separate agreement will be made for each class of service at each separate location.

A Customer is defined as any individual, enterprise or legal entity classified as either a Residential or Commercial purchasing natural gas from the Company at each point of delivery, under each rate classification, contract or schedule.

**C. CHOICE OF RATES**

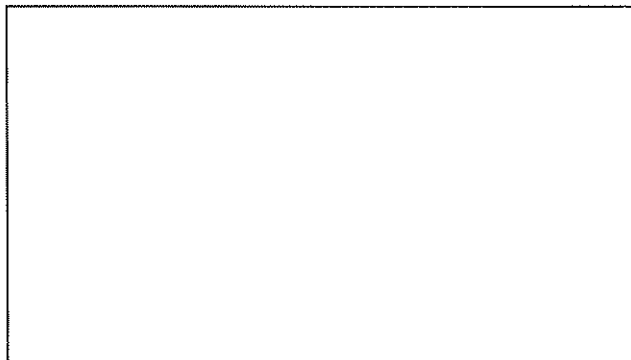
A schedule of rates is available at the offices of the Company. When two or more rate schedules apply to a customer's service requirements, the Company will assist in selecting the most suitable rate. Applicant is responsible for the final selection of said rate, and Company assumes no liability for that selection.

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RULES AND REGULATIONS

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**D. TEMPORARY OR INTERMITTENT SERVICE**

If service to Customer is to be temporary or intermittent in usage, service will be supplied in accordance with the applicable rate schedule. Service to mobile homes and trailers may be considered by the Company as temporary. All costs of main or service construction will be paid in advance by the Customer. If service is provided for more than 24 months the Company will refund any construction costs in excess of those allowed under the Service Extension Policy.

**E. DEPOSITS**

The Company requires each Customer to make a minimum cash deposit to initiate or re-establish gas service, or if there is a substantial increase in usage. The deposit amount should approximate 2 months of average gas usage. Such deposit is not an advance payment or partial payment of any bill for service, but is security for payment of bills for service, to be applied against unpaid bills only in event service is discontinued.

Simple interest on such deposits will be calculated at a rate not less than as prescribed by the Commission for the period elapsed from date of deposit to date refunded, provided that such period is not less than six months, and provided further that such deposits will not draw interest after the date on which Company notifies Customer that deposit will be refunded or after service is discontinued. Interest will be paid annually either by refund or credit to Customer's bill, except that no refund or credit will be made if Customer's bill is delinquent on the anniversary date of the deposit.

Deposits shall be refunded after a 10-year period if the Customer has had no delinquency resulting in the issuance of a written Notification of Discontinuance of Service.

Deposits will be refunded when service is discontinued, or at the option of the Company at any other time prior to the end of the deposit holding period, upon proof that person claiming deposit is legally entitled to same. On discontinuance of service, the Company reserves the right to apply the Customer's deposit and any interest accrued thereon against unpaid bills for service, and only the remaining balance of the deposit, if any, will be refunded.

In cases where the Applicant for new service is in default of payment of bills for any service previously rendered to Applicant, a settlement of the old account, or arrangement satisfactory to the company for its settlement, will be required before the new service is rendered.

The Company may waive the deposit upon a Customer's showing of satisfactory credit and payment histories with Company and others, established income or local property ownership and no recent bankruptcy, or a suitable co-signor.

**F. MONTHLY BILLS**

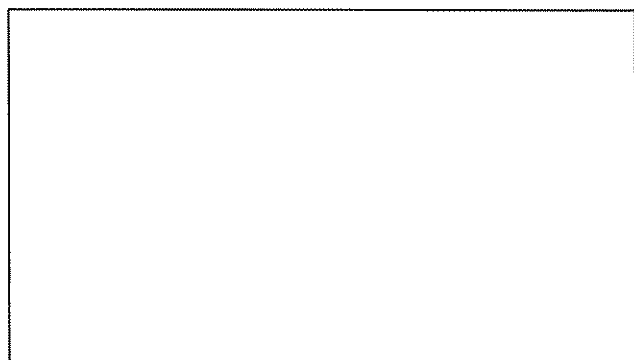
Bills for service will be rendered monthly. The term "month" for billing purposes means the period between any two consecutive regular readings by the Company of the meters at the Customer's

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RULES AND REGULATIONS

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premises, such readings to be taken as nearly as may be practicable every thirty days. The timing of the meter cycle is selected by the Company.

If an initial or final bill is for a period less than the monthly billing period described above, the billing will include the monthly minimum charge plus actual gas usage from the prior meter reading.

If the Company is unable to read a meter after reasonable effort, the Customer will be billed on an estimated usage based on the best available information. When Company for any reason submits a bill to a Customer for utility service which contains an estimated reading or a no-charge, Company will include on such bill a notice informing Customer that the bill contains an estimate or no-charge.

Any Franchise Fee or similar tax shall be added to the customer's bill as a separate item. Such fees are often agreed to or imposed upon utilities by local taxing authorities, and are typically based upon a percentage of the gross receipts. Such amount shall be added only to bills of customers receiving service within the territorial limits of the authority imposing the fee. Where more than one such charge is imposed, each of the charges applicable to each customer shall be added to the customer's bill as separately identified items.

All bills for service, including any excise tax, sales tax, franchise fee or the like imposed by governmental authority, are due and payable at an office of the Company, or to an authorized agent of the Company, not later than the Past Due Date shown on the bill. All bills are due upon presentation. The Past Due Date is usually 15 days after the date the bill was prepared.

The bill will be considered as received by the Customer when mailed to, or left at, the location where service is used or at some other location that has been mutually agreed upon. If the Customer fails to receive a bill, the Company, upon request, will issue a duplicate. However, failure to receive a bill in no way exempts the Customer from payment, before delinquent date, for service rendered.

Customer usage is monitored during the billing process and any significant deviation from normal usage pattern will be assessed. Company will re-read or test meters and review billing calculations as part of its investigation. Company will inform Customer if any significant billing adjustment is needed.

If a Customer gives notice at the Company's office prior to the time that payment is due that the correctness of the bill is disputed, stating reasons, the Company will investigate the complaint. However, such notice disputing correctness of a bill shall not be sufficient reason for withholding payment. If the bill is found to be incorrect, the Company will refund the amount of overpayment or credit the amount of overpayment to the next bill rendered.

**G. BUDGET BILLING PLAN**

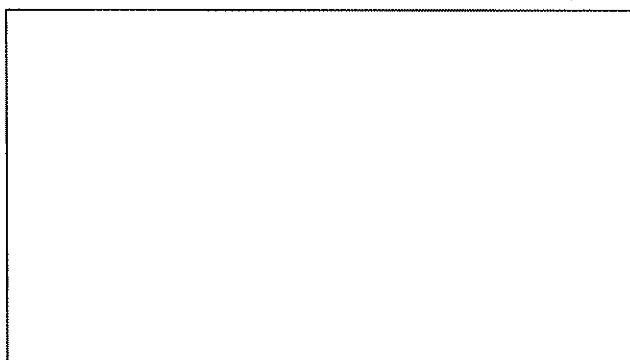
Customers may elect, at their option, to pay monthly bills for service on a Budget Billing Plan. This option is available to Residential customers and small Commercial accounts at the option of the Company, which customers have a suitable 12-month payment history and all accounts are paid in full.

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**RULES AND REGULATIONS**

Customer shall make an application and sign a payment agreement for Budget Billing, acknowledging average usage and the calculated monthly payment.

The monthly amount to be paid under Budget Billing is calculated from the past twelve months' gas usage at the current gas rates rate, divided by 11 and rounded to the nearest dollar. Said monthly payment shall be made for eleven successive months beginning with the July billing month. The twelfth month's payment is a settlement amount equal to the difference between the total of the prior eleven months' payments and the actual billings for the twelve month period.

If the settlement amount is a credit balance the Company will issue a check to the Customer in the amount of the credit balance, or the Customer may elect to have the credit applied to future billings. If the settlement amount is a debit balance owed by the Customer, the total balance will be due and payable on the due date shown on the bill for the settlement month, except that in the event the debit balance exceeds \$100, the Customer may elect to pay the debit over a two month period with at least one half of the total debit balance payable in the settlement month. The Customer may continue on the Budget Billing Plan for succeeding years, in which case the settlement month for each year will occur in twelve month cycles starting with the beginning month.

If a Customer electing Budget Billing Plan fails to pay the budget billing obligation in any month, normal collection procedures shall be applicable for the outstanding budget billing amount. Upon termination of service of a Customer on the Budget Billing Plan, the entire balance amount of the account for actual usage shall be due and payable by Customer to Company if a debit balance exists or shall be refunded by Company to Customer if a credit balance exists.

The monthly budget billing amount will be adjusted for changes in the Company's base rates and for unusual changes in Purchased Gas Cost Adjustment due to major purchase gas cost changes from the Company's gas suppliers. No adjustment in monthly budget billing amounts will be made for normal Gas Cost Adjustment changes. Changes in Gas Cost Adjustment levels shall be considered unusual when such changes would result in a 10% or more increase or decrease in Customer's anticipated annual billing for gas service.

**H. MEASUREMENT OF GAS SERVICE**

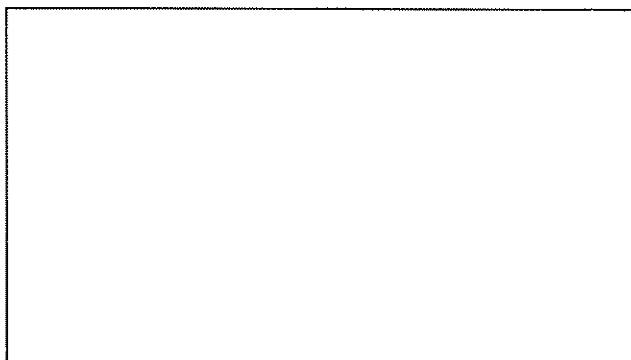
The Company will install, own and maintain the service connection and metering equipment necessary for measuring the natural gas supplied. The Point of Delivery to the Customer is the outlet of the Company's meter. The location of the service connection and meter are at the discretion of the Company.

Each class of natural gas service supplied will be metered and billed separately. All service to a Customer under one applicable rate schedule will be measured by a single meter installation and meter readings of one meter installation shall not be combined with meter readings of another meter installation for billing purposes, unless specifically allowed under the applicable tariff. Adjoining

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**RULES AND REGULATIONS**

properties may be combined on a single meter installation at the Customer's expense, and served as a single Customer where such properties are controlled, occupied, and used for commercial purposes by a single enterprise engaged in the pursuit of a single business.

Service to the same Customer at different premises will be considered as service to separate Customers.

Standard delivery pressure and temperature of natural gas supplied by the Company is four (4) ounces per square inch above average atmospheric pressure, which is assumed to be 14.40 psia in the Company service area and sixty (60) degrees Fahrenheit. Where necessary, the volume of gas as registered on the service meter shall be adjusted to the foregoing conditions for billing purposes.

Customer shall not bypass, adjust, alter or tamper with Company meters or regulators for any reason, such actions being cause for immediate discontinuance of service. Customer shall not construct any addition or structure over utility-owned mains, service lines, or meters, and shall not enclose exposed portion of gas service facilities with any unventilated enclosure. Customer shall immediately notify Company of any leak or defect observed in Company's facilities.

**I. DISCONTINUANCE OF SERVICE AT CUSTOMER'S REQUEST**

A Customer wishing to discontinue or transfer service should give at least three days notice to Company to that effect, unless otherwise specified in the rate or contract applicable, in order to allow time for final meter reading and disconnection of service. Where such notice is not received by the Company, the Customer will be liable for service until final reading of the meter. Notice to discontinue service will not relieve a Customer from any minimum or guaranteed payment under any contract or applicable rate.

**J. DISCONTINUANCE OF SERVICE BY COMPANY**

Company may discontinue service upon not less than 10 days' written notice to Customer, and to any Customer designated third party, of Company's intention to discontinue service:

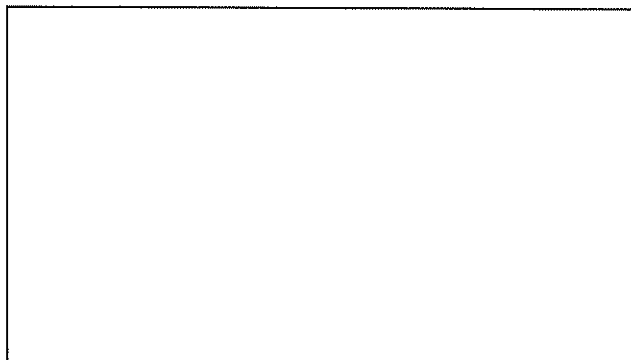
- 1) If Customer fails to pay, or make arrangements for payment of, bills for service rendered as provided in these rules. Qualifying customers may enter into a Partial Payment Plan in accordance with 807 KAR 5:006(13) (2).
- 2) If Customer fails to comply with Company's Rules and Regulations after due notice of such failure is given by Company and reasonable time is allowed for compliance.
- 3) If Customer's use of service is detrimental to the natural gas service being furnished by Company to other Customers in the immediate vicinity or supplied from the same distribution system.

If discontinuance is for nonpayment of bills, the customer shall be given at least 10 days written notice, separate from the original bill, and cut-off shall be effected not less than twenty seven (27) days after the mailing date of the original bill, unless, prior to discontinuance, a residential customer presents to the utility a written certificate, signed by a physician, registered nurse, or public health officer, that such

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discontinuance will aggravate an existing illness or infirmity on the affected premises, in which case discontinuance may be effected not less than thirty (30) days from the date the utility notifies the customer, in writing, of state and federal programs which may be available to aid in payment of bills and the office to contact for such possible assistance.

Discontinuance of service under (1) will not occur if: Customer makes full payment of outstanding bill, such payment to be made by cash or bona fide check to a Company representative or field employee unless Customer has twice previously tendered payment with check which was returned to the Company by the banking institution unpaid, and the second such check was returned within the most recent twelve month period, in which cases payment by cash or certified check is required to avoid termination.

Discontinuance of service shall only occur between 8:00 am and 4:00 pm, Monday through Thursday. Service may not be terminated on the day prior to, or the day of, a legal holiday.

Company may discontinue service at any time without notice:

- 1) If a condition or installation of any part of the Customers' gas piping or any appliance is found to be dangerous to life, health, or safety of any person. Company does not assume responsibility for, and will not be held liable for, ascertaining such condition.
- 2) Upon the receipt of a lawful request or order of the properly constituted authority applicable to Customer's gas service.
- 3) If service is found to have been restored by someone other than Company and the original cause for the discontinuance has not been cured. The Company does not assume responsibility and will not be held responsible for ascertaining such condition.
- 4) If Company metering and regulating equipment has been bypassed, adjusted, altered or tampered with.

**K. RESTORATION OF SERVICE**

Service which has been terminated due to failure to pay or make arrangements for payment of bills for service rendered will be restored if Customer pays all applicable collection and/or reconnection charges.

Where service has been discontinued as set forth in these rules, Company shall restore such service within 24 hours after elimination by Customer of the cause for discontinuance, unless extenuating circumstances prevent restoration. Extenuating circumstances includes, but is not limited to, the requirement that the Customer or a responsible individual designated by the Customer be at the premises at the time of restoration of service.

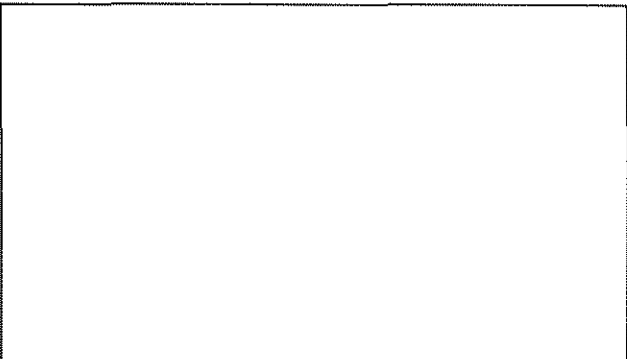
Qualifying customers for Winter Hardship Reconnection may have service reconnected pursuant to 807 KAR 5:006 (14) and (15) if conditions of the regulation are met.

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**L. CONNECTION & RECONNECTION FEE**

The Company may charge the Customer a Connection or Reconnection Fee as set forth herein for the following services:

- 1) Initial Connection of gas service to a Customer;
- 2) Reconnection of gas service to a Customer who has requested discontinuance of service at the same premises within the past twelve months; and
- 3) Reconnection of gas service to a Customer whose service has been discontinued by the Company for any reason stated herein within the past twelve months.

**M. METER TRANSFER FEE**

The Company may charge a Meter Transfer Fee as set forth herein:

- 1) For transfer of service at the same premises from one tenant to another, when the gas service is not otherwise changed or interrupted. Such Fee will be charged to the new Customer.
- 2) For transfer of service to a Customer from one premises to another.

**N. RETURNED CHECK CHARGE**

The Company may charge a Returned Check Charge as set forth herein for each check that is returned to the Company as uncollectable by its bank.

**O. LATE PAYMENT CHARGE AND TRIP CHARGE**

The Company may charge a Late Payment Charge on all bills not paid by the Past Due Date marked on the bill. Penalties are assessed only once on a past due amount.

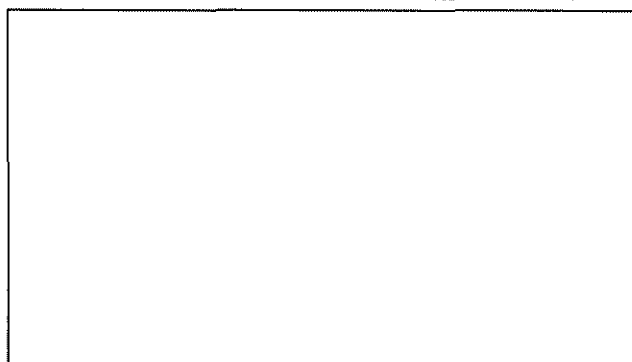
The Company may charge a Trip Charge when an extra trip is made by a Company employee to collect a delinquent bill after proper notice.

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**P. DIVERSION OF NATURAL GAS**

The existence of natural gas consuming devices installed ahead of the meter or any tampering or interfering with pipes, regulators or equipment connected to Company's distribution system or the damage to, alteration, or obstruction of any meter (including the breaking of meter seals and increasing regulator pressure) which will permit or make possible the use of natural gas without its proper registration on Company's meter shall constitute prima facie evidence of diversion of natural gas by the Customer in whose name service is being rendered, or by the person benefiting from the use of such diverted natural gas. In the event that a Company check meter registers more natural gas in the same interval of time than does the meter installed at Customer's premises after such meters have been tested and found to be registering within the limits of accuracy prescribed by the Commission, such fact shall also constitute prima facie evidence of diversion of natural gas.

In such instances, Company will, in any reasonable manner, compute the amount of diverted natural gas and shall have the right to enter Customer's premises and make an actual count of all natural gas consuming devices to aid in such computation. Where Company is unable to make such count, the computation will be based on any other available information, or estimated. Such computation will be made for the period beginning with the date on which Customer began using natural gas at the location where the diversion occurred, unless evidence proves the diversion commenced a later date, and ending with the date on which said diversion ceases. Bills for natural gas diverted, based upon the aforesaid computation, under the applicable rate effective during the period of diversion, plus the cost of investigating and confirming such diversion and disconnecting service, shall be due and payable upon presentation.

If service has been discontinued for diversion of natural gas, Company will not render service to Customer, or to any other person for Customer's use, at the same or any other location until:

- 1) Customer has paid all bills as set forth preceding, and
- 2) Customer has paid to Company or others the installation cost of such entrance and service equipment as is necessary to prevent further diversion of natural gas.

The foregoing rules pertaining to diversion of natural gas are not in any way intended to affect or modify any action or prosecution under Kentucky statutes.

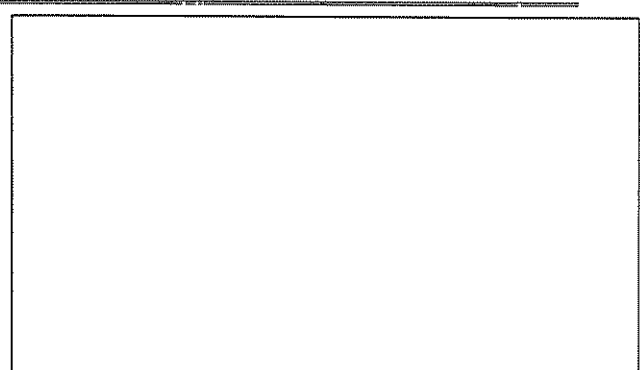
**Q. EASEMENTS**

Receipt of natural gas service by Customer shall be construed as an agreement with the property owner, granting to Company at no charge an easement for gas mains, services, meters, and other equipment of Company necessary to render service to Customer. If requested by Company and before or after service is connected, Customer will execute Company's standard form of right-of-way agreement, granting to Company, at no expense therefore, satisfactory easements for suitable location of Company's mains, services, meters and metering equipment, and other appurtenances on or across lands owned or controlled by Customer, and will furnish space and shelter satisfactory to Company for all apparatus of

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Company located on Customer's premises. In the event that Customer shall divide premises by sale in such manner that one parcel shall be isolated from streets where Company's gas mains are accessible, Customer shall grant or reserve an easement for gas service over parcel having access to gas mains for the benefit of the isolated parcel.

**R. ACCESS FOR COMPANY'S EMPLOYEES AND AGENTS**

Customer will at no charge provide access to its premises at all reasonable times for authorized employees and agents of the Company for any proper purpose incidental to the supplying of natural gas service.

**S. REALLOCATION OR RESALE OF NATURAL GAS**

Natural gas service supplied by the Company is for the exclusive use of the customer. The customer is expressly forbidden to re-allocate or resell gas for any purpose.

**T. CUSTOMER'S INSTALLATION**

The Customer shall furnish, install and maintain at his expense all lines and equipment from the Point of Delivery to the place of gas utilization. Before purchasing equipment or beginning construction of a proposed installation, Customer shall confer with the Company to determine if the type of service, capacity, and pressure desired by Customer is available, to determine if extensions of, or additions to, Company's facilities will be required; and to secure definite location of the Company's meter and point of delivery. The Company must also be notified in advance before any additions to or alterations of existing installations which will materially affect the existing gas consumption.

If required, any Customer-installed buried line shall be at least 1-inch diameter pipe (only US DOT-approved coated steel or PE) from the meter to all appliances. The size cannot be reduced until it enters a room with an appliance, where it may be reduced to the same size as the appliance connection. A stopcock shall be installed at the building wall if applicable, and at each appliance.

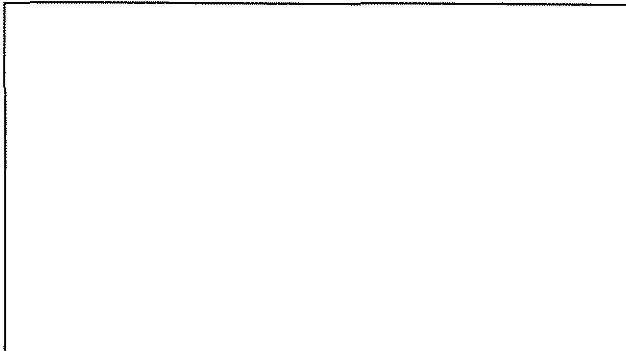
All gas piping and other natural gas appliances and equipment on the Customer's side of the point of delivery will be furnished, installed and maintained at all times by the Customer in conformity with good practice, the requirements of PSC or any public body having jurisdiction or appropriate gas piping codes, and in accordance with the Company's Rules and Regulations. However, Company accepts no liability for injury or damage caused by defects in Customer's piping or equipment.

No equipment or apparatus will be connected to Company's distribution system, the operation of which may cause such an abnormal pressure variation in said system as to impair or endanger the natural gas service supplied to other customers on said system or to adversely affect operation of Company's metering or pressure regulating equipment. In the event that equipment having a high instantaneous demand such as a gas engine is to be connected, Customer shall provide adequate pulsation or surge tank, shut off valves and other protective devices as may be required by Company. Customer shall, in

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every case, confer with Company before any equipment or apparatus requiring extremely close regulation of pressure or quality of gas is connected to Company's distribution systems.

When the Company is required by order of proper authorities to move or alter its existing distribution system, thereby necessitating a change in the location of the service line and the point of delivery, the Company will designate a new point of delivery to which the Customer, at its expense, will bring the customer-owned piping.

Service will be delivered to the Customer for each premise at one point of delivery to be designated by the Company. For the mutual protection of the Customer and the Company, only authorized employees of the Company are permitted to make connections between the Company's facilities and the Customer's gas service piping.

The Company reserves the right to require the Customer to reimburse the Company for any cost due to a change in meters or other apparatus or in their locations made at the request of the Customer. Meters and other Company equipment will be removed or relocated only by Company employees.

**U. PROTECTION OF SUB-SURFACE FACILITIES**

Customer shall consult Company regarding necessity of changing location of gas service before building any improvement, addition, or structure over the gas service pipe. Customer shall notify Company or the appropriate One-Call center before operating or permitting the operation of any power excavating or ditching equipment in the proximity of Company's underground gas service on Customer's premises.

**V. SHORTAGE OF NATURAL GAS SUPPLY**

In case of emergency causing a shortage of supply, Company shall have the right to grant preference to that service, which, in its sole opinion, is most essential to the public welfare. In general, the curtailment sequence would normally be:

- 1) Industrial and Commercial customers, except schools.
- 2) Schools.
- 3) Residential Customers.

**W. LIABILITY**

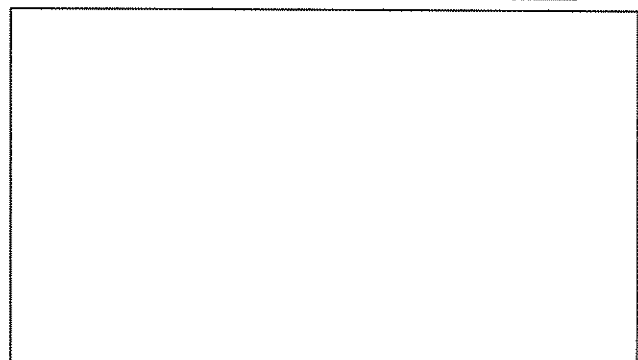
All mains, services, apparatus, instruments, meters, regulators, and materials supplied by Company at its expense or under its standard policies will be and remain the property of the Company. Company's property shall not be worked upon or interfered with by Customer or other unauthorized person.

The Customer shall be responsible for any damage to or loss of Company's property located on Customer's premises, caused by or arising out of the acts, omissions or negligence of Customer or others, or the misuse or unauthorized use of Company's property by Customer or others. The cost of making good such loss and/or repairing such damage shall be paid by the Customer. Customer shall be

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held responsible for injury to Company's employees if caused by Customer's act, omissions or negligence.

The Customer shall be responsible for any injury to persons or damage to property occasioned or caused by the acts, omissions or negligence of the Customer or any of its agents, employees, or licensees, in installing, maintaining, operating, or using any of the Customer's piping, equipment, machinery, or apparatus and for injury and damage caused by defects in same.

Company shall not be liable for injury to persons, damage to property, monetary loss, or loss of business caused by accidents, acts of God, fires, floods, strikes, wars, authority or orders of government, or any other causes and contingencies beyond its control.

**X. INDEMNITY TO COMPANY**

Customer shall hold the Company harmless and indemnify it against all claims and liability for injury to persons or damage to property when such damage or injury results from the facilities located on Customer's side of the point of delivery, unless caused by the negligence or wrongful acts of Company's agents or employees.

**Y. INSIDE GAS SERVICES RENDERED BY COMPANY**

The Company will not perform installation or maintenance services on customer facilities downstream of the meter. Some health- and safety-related services are provided by Company free of charge to its customers. Such services are limited to the following:

- 1) Response to gas leak complaints regardless of cause.
- 2) Response to fires regardless of cause.
- 3) Restore service when outage is caused by Company.
- 4) Bill investigations, meter and meter reading investigations, and routine maintenance of Company facilities.

**Z. COMPLAINTS**

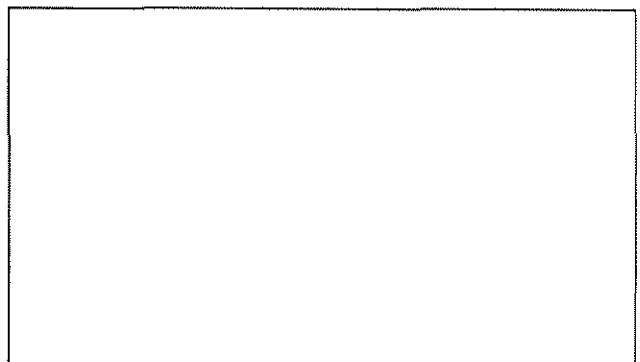
The Company will investigate promptly all complaints made by its Customers and will keep a record of all written complaints which record will include: name and address of complainant, date, nature of complaint, and adjustment or disposition made. This record will be kept at least three years after the date of the complaint.

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**RULES AND REGULATIONS**

**RESIDENTIAL SERVICE**

**AA. DEFINITION OF RESIDENTIAL SERVICE**

Residential Service is the furnishing of natural gas for the exclusive use of the individual customer for domestic purposes: for cooking, water heating, space heating, clothes drying, and incineration, in a private home or individual living unit where only one household is served through a single meter. Service to buildings adjacent to the residence including garages, barns, and other minor buildings for use of the residents may also be served through the residential meter. Each family dwelling place or housekeeping unit shall be considered as a separate living unit if separately metered.

Where two or more separate living units in a private residence or apartment building are offered for rent and the entire building is supplied through one meter, such building shall be classified as a commercial establishment and shall not be entitled to a residential schedule.

Except as specifically provided herein, Residential Service rates are not applicable to service for commercial enterprises as defined herein.

**COMMERCIAL SERVICE**

**AB. DEFINITION OF COMMERCIAL SERVICE**

Commercial Service is the furnishing of natural gas for the exclusive use of the individual customer for cooking, water heating, space heating, heat applications, and miscellaneous purposes to commercial establishments.

Any entity engaged in the operation of an enterprise, whether or not for profit, shall be considered a Commercial customer. Such enterprises will include but not be limited to retail and wholesale merchants, professional services, offices, restaurants, clubs, lodges, hotels and motels; apartment buildings, rooming houses, assisted living and multi-unit dwellings where more than one living unit is served through one meter; schools, government, churches and charitable institutions; mobile home parks, camp grounds, greenhouses, dairies, manufacturing, agriculture, livestock production, mining, oil and gas extraction, construction, communication, transportation, natural gas engine service, gas-fired power back-up service, and other uses.

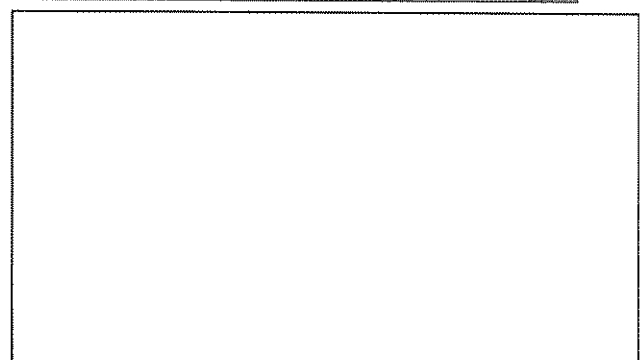
These enterprises may also be supplied under a large commercial rate if such exists. Large Commercial service is defined as any Commercial customer using 18,000 mcf per year or more.

Where the total load of a customer served at one point of delivery cannot be combined under one classification for billing purposes due to restrictions in the applicable schedule, customer shall so arrange the piping so that each class of service can be separately metered and billed under the applicable schedule.

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**FARM TAP SERVICE**

**AC. FARM TAP SERVICE RULES**

Farm Tap Service is the furnishing of natural gas to Residential and Commercial customers not from a typical distribution system operated at 60 psig or lower, but from a direct connection to a high-pressure transmission or gathering pipeline operated by Company or others. In addition to the Rules & Regulations which apply to all customers, these rules and regulations apply specifically to Farm Tap customers:

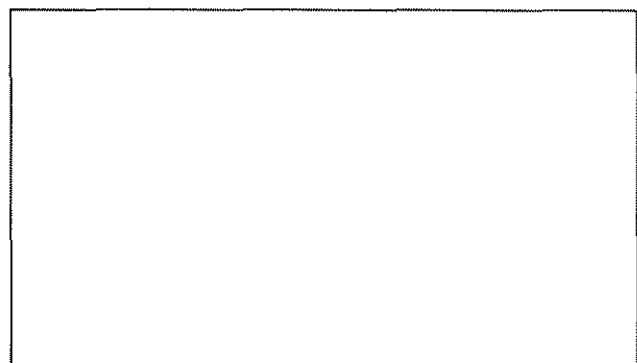
- 1) All service connections to a high-pressure pipeline shall be subject to the special requirements, consent and approval of the Owner of the pipeline, and of the Company if not the pipeline Owner.
- 2) Prior to initiating service, an application and service agreement specific to the owner of the pipeline shall be executed by Customer and approved by Owner and Company. Customer shall pay Farm Tap Fee and deposit as required.
- 3) The pipeline Owner shall make the tap on the pipeline.
- 4) The Company will install regulators, meter, equipment and connections as necessary to provide service to Customer, which equipment shall be installed on Customer's premises at or as near the pipeline as is practical. Customer shall provide suitable meter location at no cost to Company or pipeline Owner, who each shall have the right of ingress, egress and regress to and from this location at any time without charges from Customer.
- 5) Customer shall install and maintain any service line and facilities extending from the outlet of the meter.
- 6) Customer shall promptly notify Company of any leaks in the pipeline or tap facility.
- 7) If the farm tap Customer's gas rate schedule is not otherwise governed by an existing producer or right-of-way contract, then the Customer shall pay the rates in this tariff applicable to service off the pipeline supplying gas.

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**STANDARDS OF SERVICE**

**AD. UTILITY SYSTEM OPERATION & MAINTENANCE**

The Company will construct, operate, and maintain its natural gas delivery systems in such manner as to furnish safe, adequate, and continuous natural gas service in accordance with the Rules & Regulations and the Operations & Maintenance Plan of the Company.

The Company will exercise reasonable diligence and care to furnish and deliver a continuous and sufficient supply of natural gas and to avoid any shortage or interruption. However, the Company shall not be liable for interruption, shortage, or insufficiency in the supply of natural gas, or for any injury, loss, or damage caused thereby, if same is due to causes beyond the control of the Company. These causes include but are not limited to accidents, breakdown of equipment, operations of supply pipelines and gas production facilities, storms and acts of God, civil disorders and authority and orders of government.

The Company will have the right to temporarily suspend the delivery of natural gas whenever necessary for the purpose of making repairs or improvements to its system. Whenever possible, the utility shall plan its work to minimize the disruption of service.

Interruptions of service will not relieve Customer from any charges for service actually provided by Company, nor will accidents to or failures of Customer's equipment or facilities not due to fault of Company, relieve Customer of payment of minimum charges under the rate or contract applicable.

**AE. TESTING EQUIPMENT**

Meters will be tested using a certified bell prover. Pressure gauges used for gas measurement will be verified annually. The reference instruments used in calibrating the bell prover, pressure gauges, and other equipment shall have a higher degree of accuracy than the equipment being tested, which accuracy shall be traceable to the National Bureau of Standards.

**AF. METER ACCURACY**

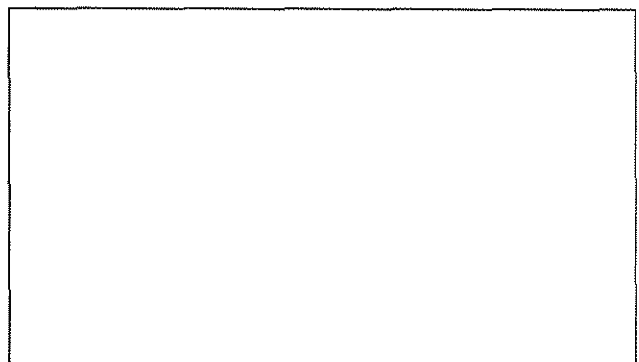
The Company will exercise reasonable means to determine and maintain the general accuracy of all natural gas meters in use. All meters will be tested for accuracy of adjustment and registration before installation and will be tested periodically in accordance with the test schedule set forth by the Company. If inaccuracy is found such meters shall be adjusted to register within one per cent of accuracy when metering gas at twenty per cent (20%) of its rated capacity at one-half inch of water column differential pressure.

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**AG. ROUTINE METER TEST SCHEDULES**

The Company will routinely test its natural gas meters in accordance with the following schedule:

- 1) Diaphragm meters for Residential and small Commercial service (capacity smaller than 500 cfh) will be tested at least once every ten (10) years.
- 2) All larger meters (capacity 500 cfh or more) will be tested at least once every five (5) years.

Alternatively, the Company may use a statistical sampling method to test meters.

**AH. OTHER METER TESTS**

The Company may test any of its meters at any time.

Upon written request of a Customer, the Company will test the accuracy of the service meter installed at Customer's premises. Any meter so tested will be considered accurate if the accuracy of the meter is within 2% plus or minus the calibrated test meter. There will be no charge to the Customer if the meter has not been tested within the past 12-month period, or if the meter proves to be inaccurate.

If any meter so tested is found to be more than 2% fast, the Company will adjust the natural gas used, as measured by such meter, by such percentage that the meter was found to be in error. The Company will re-bill the adjusted amount for a period of one-half the elapsed time since the last previous test, but not for more than six months. The Company will refund to Customer the difference between the amount paid by the Customer and the adjusted bills.

If any meter so tested is found to be more than 2% slow, the Company will similarly adjust the natural gas used for one-half the untested period up to six months, and may collect from the Customer the difference between the amount paid by the Customer and the adjusted bills.

If any meter is found not to register any gas usage for any period, the Company may collect for the natural gas estimated to be used but not registered on the meter. Estimated use shall be calculated by averaging the amounts used under similar weather or operating conditions during the period immediately preceding or subsequent to the period of non-registration, or over a corresponding period in a previous year. The period of time for which collection for non-registered gas service may be made shall be limited only by the date on which the meter is determined to have become defective.

**AI. BILLING**

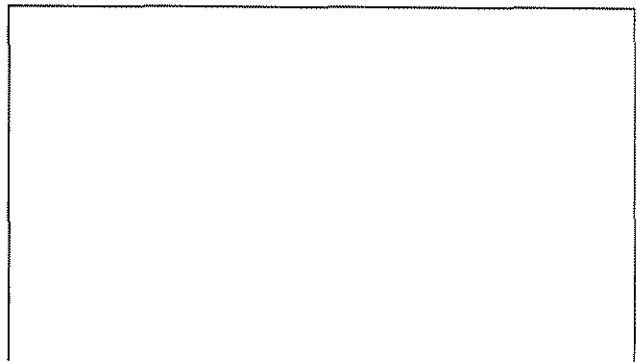
The Company will exercise all reasonable means to assure accurate computation of all bills for natural gas service. If billing errors occur, Company shall refund to Customer the amount of any overcharge and shall have the right to collect from Customer the amount of any undercharge, retroactive a maximum of six months prior to the date of such billing error.

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**AJ. DEFINITION OF A CUBIC FOOT OF GAS**

- 1) For purpose of testing natural gas, a standard cubic foot of gas shall be taken to be that amount of gas which occupies a volume of one cubic foot, dry, at a temperature of 60 degrees Fahrenheit and under an absolute pressure of 14.73 pounds per square inch.
- 2) For the purpose of volumetric measurement of gas to a Customer, a cubic foot of gas shall be taken to be the amount of gas which occupies a volume of 1 cubic foot under the conditions existing in such Customer's meter as and where installed. When gas is metered at a pressure in excess of 4 ounces above average local atmospheric pressure, a suitable correction factor shall be applied to provide for measurement of gas as if delivered and metered at a pressure of 4 ounces above average local atmospheric pressure.

**AK. HEATING VALUE**

The Company will endeavor to maintain a consistent average heating value of natural gas sold by the Company. Each individual system has different sources of supply which range in heating value from 1,000 to 1,200 BTU per standard cubic foot. If necessary to supplement the supply of natural gas, the Company may, at its sole discretion, supply a mixture of liquefied natural gas, liquefied petroleum gases and air to deliver a mixture compatible with the gas-using equipment in each system.

**AL. THERM BILLING**

[Reserved]

**AM. DELIVERY PRESSURE**

The Company will maintain the gas pressure at the outlet of the meter with as little variation as practicable. For most customers, gas will be delivered at a standard pressure as close as practicable to 4 ounces per square inch above the average local atmospheric pressure.

Gas may be delivered at higher pressure at Customer's request or where operating conditions are such that the Company deems a higher pressure is necessary. Each Customer shall install and maintain at its expense any such additional pressure or flow-regulating equipment. Company reserves the right to specify the pressure at the delivery meter.

**AN. SERVICE EXTENSION POLICY**

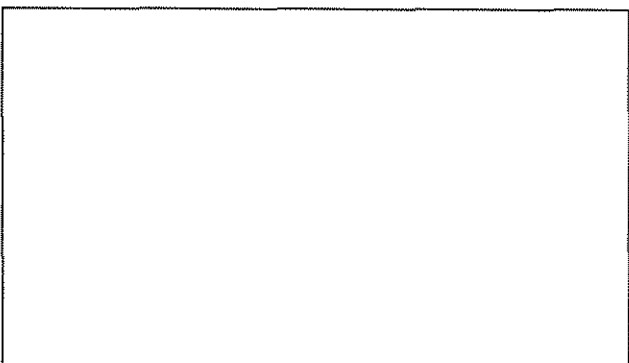
The Company will make extensions from its existing distribution mains in all of its service areas in accordance with 807 KAR 5:022, Section 9. All extensions will be made dependent on the economic feasibility of the extension. Title to all extensions shall be and remain with the Company. In the event a deposit is placed with the Company, the amount of the refund shall not exceed the original deposit. Nothing shall be construed as to prohibit the Company from making at its expense greater extensions to

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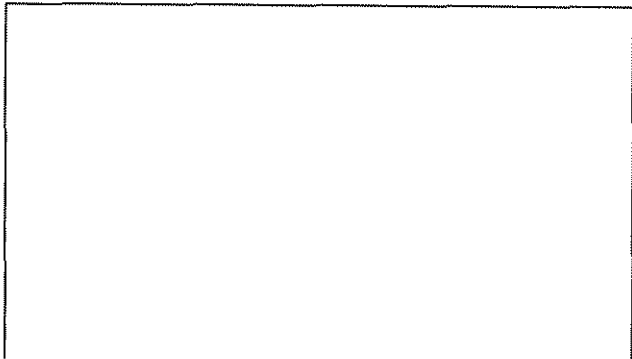
its distribution mains or the granting of more favorable terms than prescribed, should its judgment so dictate, provided like extensions are made for other customers or subscribers under similar conditions.

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PURCHASED GAS COST ADJUSTMENT

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**PURCHASED GAS COST ADJUSTMENT**

**A. PROCEDURE**

The Company shall file a quarterly report with the Commission which shall contain an updated Gas Cost Recovery Rate (GCRR), as calculated in accordance with the provisions set forth in the Definitions section hereinafter, and which shall be filed at least 30 days prior to the beginning of each calendar quarter. The GCRR shall become effective for billing for service rendered on or after the first day of each calendar quarter.

**B. BILLING**

The Gas Cost Recovery Rate GCRR to be applied to bills of customers shall equal the sum of the following components:

$$GCRR = EGCA + ACA + RA$$

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

**C. DEFINITIONS**

For purposes of this tariff:

a. The "Gas Cost Recovery Rate" (GCRR) represents the adjustment calculated quarterly at a time 30 days prior to the beginning of the next calendar quarter and which is to be used for all gas sales during the next calendar quarter. It is the sum of the Expected Gas Cost Component plus the Actual Cost Adjustment plus the Supplier Refund Adjustment as defined and calculated as follows in (b) - (e) hereinafter; i.e.,  $GCRR = EGCA + ACA + RA$ .

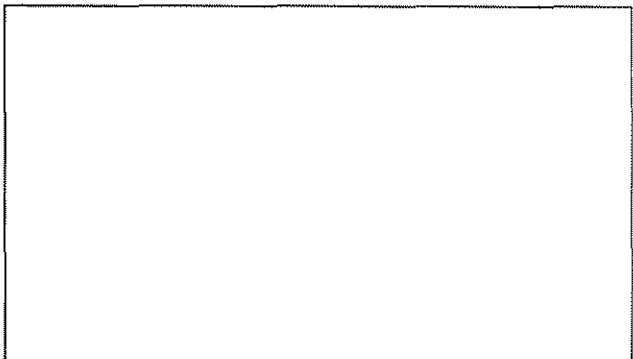
b. The "Expected Gas Cost Component" (EGCA), on a dollar-per-Mcf basis, represents the average expected cost of purchased gas for the next calendar quarter based on 12 months of actual usage. The average expected cost is the cost of purchased gas which results from the application of supplier rates currently in effect, or reasonably expected to be in effect during the calendar quarter, on purchased volumes for the most recently available 12-month period, divided by the corresponding sales volume.

In the event that line loss exceeds 5 percent, purchased volumes for the 12-month period shall be calculated as:  $\text{sales volumes} \div 0.95$ .

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

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ISSUED January 15, 2009 EFFECTIVE March 1, 2009  
BY \_\_\_\_\_  
TITLE Manager, Kentucky Frontier Gas LLC  
BY AUTHORITY OF ORDER OF PSC OF KENTUCKY  
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change substantially, the Company may make appropriate adjustments to its calculations. Any adjustment of this type shall be described in the quarterly Gas Cost Recovery Rate application.

c. The "Actual Cost Adjustment" (ACA) on a dollar-per-Mcf basis compensates for differences between previous quarters' expected gas cost and the actual cost of gas. The ACA shall equal the sum of the ACA for the reporting period and for the 3 preceding calendar quarters. This may also be used to compensate for any over- or under-recoveries remaining from previous actual or refund adjustments after a 12-month period.

d. The "Supplier Refund Adjustment" (RA) on a dollar-per-Mcf basis 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 12-month period. In the event of any large or unusual refunds, the Company may apply to the Commission for the right to depart from the refund procedure herein set forth.

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

f. "Reporting Period" means the 3-month accounting period that ended approximately 60 days prior to the filing date of the updated GCRR for the calendar quarters ended March 31, June 30, September 30 and December 31 of each year.

g. "Next Calendar Quarter" means the calendar quarter beginning approximately 30 days from the required filing date of the updated GCRR.

**D. INTERIM GAS COST ADJUSTMENTS**

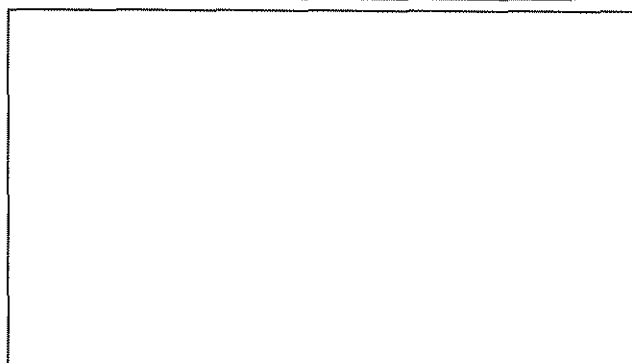
Should any significant change in supplier rate occur between the regularly-scheduled quarterly adjustments, the Company may apply to the Commission for an interim purchased gas cost adjustment.

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PURCHASED GAS COST ADJUSTMENT

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