

RATE IMBS

INTERRUPTIBLE MONTHLY BALANCING SERVICE

AVAILABILITY

Interruptible monthly gas balancing service available (1) to customers receiving service under Rate FT-L, Rate IT and special contract interruptible transportation agreements who are acting as their own pool operator for supply management purposes, and (2) to pool operators designated by Rate FT-L, Rate IT and special contract interruptible transportation customers to manage their gas supplies on their behalf, and as a part of an aggregated customer pool. For purposes of this tariff, a pool operator shall aggregate the requirements of all of its pools' member customers and thereafter such aggregated pool shall be treated as a single customer for supply management purposes.

CHARACTER OF SERVICE

The service provided under this tariff is a "reasonable efforts," interruptible gas balancing service that requires a general obligation by the pool operator to balance daily pool usage with pool deliveries into the Company's city gate stations. No daily imbalance charges or penalties will be levied on the pool operators, except when Operational Flow Orders (OFO) have been issued. However, pool operators are under an ongoing obligation to work with the Company in a good faith manner to respond to both formal and informal system management requests, to strive to maintain relatively close daily balances, and to closely track their daily loads throughout the month. For purposes of this tariff, an OFO is as defined in Rate FRAS, Sheet No. 44. OFOs will be issued on an ongoing basis for pool operators who disregard their obligation to provide gas supplies in quantities that reasonably match their daily loads. OFOs shall be issued for operational reasons only. In the event a pool operator violates this tariff or the aggregation agreement, the Company may assess such a violator for all direct incremental gas supply, capacity, storage or penalty costs incurred due to the violation. In addition, if the violations are part of a pattern of non-compliance, or of a magnitude that merits additional action be taken, the Company may take steps to suspend or permanently remove a pool operator from participation upon notice. The Company shall have the right to limit or terminate the availability of this service to pool operators guilty of excessive abuse of the system; i.e., engaging in extreme and/or continued violations of the tariff terms and conditions including this general balancing requirement. For purposes of administering this tariff, the daily and monthly usage of all customers within an individual pool will be combined into single daily/monthly pool usage number, which will be matched against the pool operator's total daily/monthly deliveries to its individual transportation pool.

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SERVICE DESCRIPTION

Transportation customers who avail themselves of the service under this rate schedule must conform to the monthly imbalance carry over tolerance level shown below.

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Issued by authority of an Order of the Kentucky Public Service Commission dated March 27, 2019 in Case No. 2018-00261.

Issued: April 5, 2019

Effective: March 29, 2019

Issued by Amy B. Spiller, President /s/ Amy B. Spiller

SERVICE DESCRIPTION (Contd.)

	Allowed Monthly Under-Run %	Allowed Seasonal Monthly Over-Run		Charge on All Throughput	
		May Through November %	December Through April %		
All Pools	0	8	10	\$0.1097 per Mcf	(I)
Pool operators shall be held to a monthly balancing requirement within the monthly imbalance carry over tolerance level. Pool operators shall be subject to a general obligation to balance pool requirements and deliveries on a daily basis unless an OFO has been issued.					

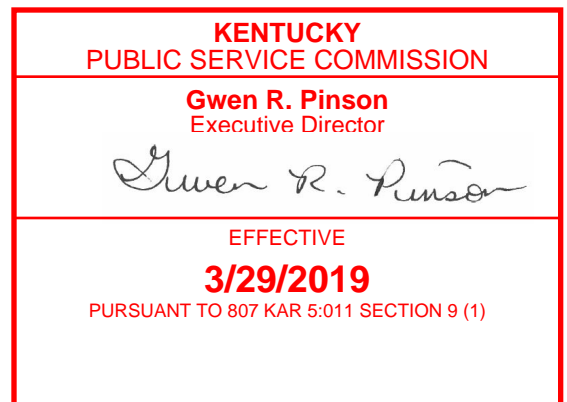
On days when OFOs have been issued, any net imbalances may result in unauthorized overrun/underrun charges or penalty charges being levied against the responsible pool operator. Such charges shall be calculated in accordance with the "Net Monthly Bill" provision of this rate. In order to minimize daily imbalance charges and penalties on OFO days, as well as end of month imbalance "cash-outs," pool operators are encouraged to participate in the Company's inter-pool imbalance trading/transfer service. Daily imbalance trades/transfers made through the Company's EBB must be completed within two (2) business days from the date that the trade or transfer applies. Monthly imbalance trades to comply with the monthly balancing requirements of Rate IMBS must be completed within two (2) business days following the end of the month.

NET MONTHLY BILL

- Net monthly imbalances will be calculated for billing purposes as the net of:
- a) actual deliveries, as adjusted for unaccounted for losses,
 - b) plus or minus imbalance trades,
 - c) plus or minus unauthorized daily or monthly OFO overrun/underrun volumes,
 - d) plus monthly imbalance carryover,
 - e) minus actual metered usage on an aggregated pool basis.

The Net Monthly Imbalance percentage will be determined by dividing the net monthly imbalance as measured at the burner tip by the aggregated pool usage for the month.

Pool operators receiving balancing services under this rate schedule shall be subject to the following charges:



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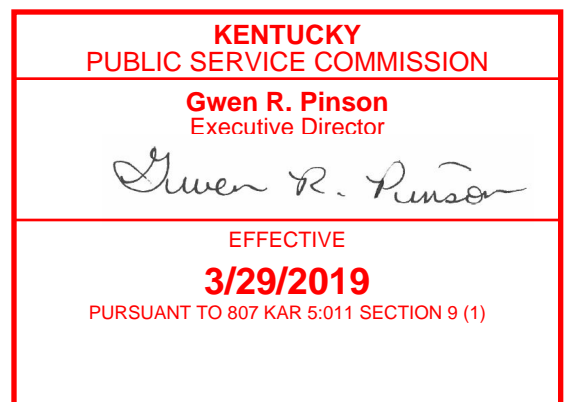
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NET MONTHLY BILL (Contd.)

- (2) End of month "cash-out" charges for volumes over/under-delivered outside of pool operator's selected option tolerance levels, as follows:
 - (a) Over-deliveries are defined as monthly deliveries into the Company's city gate stations, plus the prior month's carryover volumes that exceed the pool's aggregated metered usage for the month as adjusted for shrinkage back to the city gate, and as adjusted for the pool's elected monthly carry over tolerance percentage. Over-deliveries beyond the pool's elected monthly carry over tolerance percentage shall be cashed out to the pool operator at the first of the month index published in *Inside F.E.R.C. Gas Market Report*, "Prices of Spot Gas Delivered to Pipelines," Columbia Gulf Transmission Co., Mainline Index, first publication of the month following the delivery month, plus Columbia Gulf and Columbia Gas Transmission pipelines' commodity transportation costs, plus fuel, to the Company's city gate. For actual billing purposes a burner tip rate equivalent to that described above will be applied to the volumes delivered in excess of the elected monthly carry over tolerance percentage, as measured at the burner tip. (T)
 - (b) Under-deliveries are defined as monthly deliveries into the Company's city gate stations, plus the prior month's carryover volumes, that are less than the pool's aggregated metered usage for the month, as adjusted for shrinkage back to the city gate. Under deliveries shall be cashed out at the first of the month index published in *Inside F.E.R.C. Gas Market Report*, "Prices of Spot Gas Delivered to Pipelines," Columbia Gulf Transmission Co., Mainline Index, first publication of the month following the delivery month, plus Columbia Gulf and Columbia Gas Transmission pipelines' commodity transportation costs, plus fuel, to the Company's city gate. For actual billing purposes a burner tip rate equivalent to that described above will be applied to the under-delivered volumes, as measured at the burner tip. (T)

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto are subject to the jurisdiction of the Kentucky Public Service Commission, and to the Company's Rules and Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.



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