

**COLUMBIA GAS OF KENTUCKY, INC.**

**GENERAL TERMS, CONDITIONS, RULES AND REGULATIONS  
APPLICABLE TO DELIVERY RATE SCHEDULES ONLY**

**1. DELIVERIES OF CUSTOMER-OWNED GAS**

Subject to the limitations of Company's pipeline capacity in its system, Company will accept deliveries of Customer's gas at the point(s) of receipt, less applicable retainage, for redelivery to Customer's facilities, in Mcf. Such gas volumes delivered to Company and redelivered to Customer shall be limited to the annual and maximum daily transportation volumes for each facility or, at Company's discretion, lesser volumes if Customer's expected requirements are projected to be less than stated contract quantities. These volume levels shall represent the actual expected requirements of Customer's facilities and may be exceeded only with the prior consent of Company.

The volumes of Customer-owned gas transported by Company, including banked volumes, to Customer at its facilities during each monthly billing cycle will be considered the first gas through the meter, as explained in Section 4, herein.

**2. AUTHORIZED DAILY VOLUME**

Customers Authorized Daily Volume on any day consists of the sum of Customer's transported volumes (as determined herein) plus any contracted Daily Standby Service Volume the Customer has contracted for. Delivery of Customer's Authorized Daily Volume is firm, with no planned interruption, except as provided in Section 3 herein. Company may, but is not obligated, to provide additional gas volume that is in excess of the Authorized Daily Volume. These additional daily volumes shall be on a best efforts basis, and will be based on information available to Company. Consumption at Customer's facility in excess of the Authorized Daily Volume is interruptible service. In the event actual gas deliveries to Customer are in excess of the Authorized Daily Volume on any day on which the Company requires Customer to limit gas consumption to that Authorized Daily Volume, Customer shall be liable for all penalties, fines and charges incurred by Company as a result of Customer's deliveries in excess of its Authorized Daily Volume.

For purposes of this section, the portion of Customer's Authorized Daily Volume attributable to transported gas delivered to Company shall consist of two parts. The first part shall consist of volumes delivered at receipt points where the upstream transporter, producer, or other delivering entity does not report deliveries to Company on a daily basis. The portion of Customer's Authorized Daily Volumes attributable to this part shall be determined by dividing the volume of gas delivered to Customer in the month by the number of days in that month.

The second part shall consist of volumes delivered by upstream transporters which report Customer's deliveries to Company on a daily basis. If the upstream transporter's reporting system is acceptable to Company, Company may, at its option, utilize such system to determine Customer's deliveries on any day. If Company elects not to utilize such reporting system, it shall determine Customer's deliveries using the best information available, as determined by Company.

CANCELLED  
DEC 27 2016  
KENTUCKY PUBLIC  
SERVICE COMMISSION

**PUBLIC SERVICE COMMISSION  
OF KENTUCKY**

EFFECTIVE

8/29/2007

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

September 2007 Billing Cycle  
, 2007)

By  esident

Executive Director  
dated August 29, 2007

**DATE OF ISSUE:** September 10, 2007

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**Issued by:** Herbert A. Miller, Jr.

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(Continued)**

**5. BANKING AND BALANCING SERVICE**

**A. Election** Customers must subscribe to the Banking and Balancing Service set forth on Rate Schedule DS and MLDS to be eligible for the provisions of this service described herein. Customers without daily metering equipment must subscribe to the Banking and Balancing Service. Daily usage and measurement can be obtained from an electronic meter device, or a charted meter device.

**B. Cash-Out** Customers who have installed daily metering equipment and who choose not to subscribe to Banking and Balancing Service will be placed on a daily cash-out provision, defined as follows. On days when Customer's deliveries are less than their usage, the Company will sell gas to the Customer at the current month's average indexed price, as reported in PLATTS *Gas Daily* in the monthly report titled "Prices of Spot of Gas Delivered to Pipelines", under the column heading "Index" for "Columbia Gas Transmissions Corp., Appalachia", adjusted for Columbia Gas Transmission Corporation's FTS Retainage and commodity charges, times 120%. On days when Customer's deliveries are greater than their usage, Company may, at its option, purchase the excess deliveries at the current month's average indexed price, as reported in PLATTS *Gas Daily* in the monthly report titled "Prices of Spot of Gas Delivered to Pipelines", under the column heading "Index" for "Columbia Gas Transmissions Corp., Appalachia", adjusted for Columbia Gas Transmission Corporation's FTS Retainage and commodity charges, times 80%.

**C. Volume Bank** Under the Banking and Balancing Service, Company has established a system to account for Customer's volumes received by Company but not delivered to Customer at its facilities during the same monthly billing cycle. Such undelivered volumes shall be called a volume bank and Customer shall be permitted to receive such banked volumes at a later date at Company's discretion. Customer will use its best effort to notify Company of a planned or expected significant change in its volume bank level before that change occurs. Customer may not utilize banked volumes during any period in which a consumption limitation or interruption has been imposed pursuant to Section 3 herein. The availability of Banking and Balancing Service under this Section is contingent upon the policies, practices, and procedures of Company's interstate pipeline suppliers. Company reserves the right to request Commission approval to modify the banking system, if the policies, practices, procedures of one or more of such interstate pipeline suppliers make it impracticable for Company to continue the Banking and Balancing Service system established herein.

**D. Imbalances** The total volume bank of Customer shall not at any time exceed a 'bank tolerance' of five percent (5%) of Customer's Annual Transportation Volume. If, at any time, Customer's volume bank exceeds the bank tolerance, Company will purchase the excess deliveries at the current month's average indexed price, as reported in PLATTS *Gas Daily* in the monthly report titled "Prices of Spot of Gas Delivered to Pipelines", under the column heading "Index" for "Columbia Gas Transmission Corp., Appalachia", adjusted for Columbia Gas Transmission Corporation's FTS Retainage and commodity charges, times 80%. In addition, if the Customer's exceeded bank tolerance causes the Company to incur a storage overrun penalty, Customer is subject their proportionate share of any pipeline penalty.

Any volumes of gas that are delivered by Company to Customer in any monthly billing cycle that are in excess of: (A) Customer's volume bank from the previous month, plus (B) any volumes delivered to Company by Customer for that billing cycle, plus (C) any Standby Service volumes available to Customer, shall be considered a deficiency in deliveries. All deficiencies in deliveries to Columbia will be billed to the Customer at the current month's average indexed price, as reported in PLATTS *Gas Daily* in the monthly report titled "Prices of Spot of Gas Delivered to Pipelines", under the column heading "Index" for "Columbia Gas Transmission Corp., Appalachia", adjusted for Columbia Gas Transmission Corporation's FTS Retainage and commodity charges, times 120%.

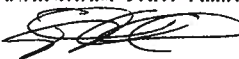
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Company may also, on its own initiative, take such actions as are necessary to (1) immediately bring Customer's deliveries and consumption into balance or (2) reduce Customer's volume bank to a level which is equal or less than the bank tolerance permitted under this section. The Company further reserves the right to set limitations prior to, or during the course of a month, on how much gas can be scheduled by the Customer in an effort to control Customer's banking activity.

**E. Balancing Service Interruption ("BSI")** Customers without Daily Metering are subject to Columbia's issuance of Balancing Service Interruptions (BSIs) that will direct Customers or their Agent to schedule confirmed supply volumes to match Columbia's estimate of their daily usage adjusted for contracted standby sales quantities and/or any balancing service quantities that may be available from Columbia. Columbia shall provide a BSI percentage and direct Customers or their Agents to schedule confirmed supply volume equal to plus or minus 3% of the BSI percentage times the Customers' Maximum Daily Volume (MDV). This is referred to as the BSI volume. Balancing Service Interruptions may require the scheduling of a BSI volume in excess of Customers' MDV when forecasted operating conditions exceed the Company's design criteria. Failure to comply with a BSI will result in the billing of the charges below assessed against the BSI difference. The BSI difference is defined as the shortfall between the BSI volume and actual daily supply deliveries during a cold weather BSI, and the overage between the BSI volume and the actual daily supply deliveries during a warm weather BSI.

- (A) Twenty-five dollars (\$25) per Mcf times the BSI difference; and
- (B) The payment of all other charges incurred by Columbia as a result of Customer noncompliance on the date of the BSI difference.

Customers with Daily Metering are subject to Columbia's issuance of BSIs that will direct Customers or their Agents to adjust usage to match confirmed supply volumes or adjust confirmed supply to match usage adjusted for contracted standby sales quantities and/or balancing services quantities available from the Company. Failure to comply with a BSI will result in the billing of the following charges to the BSI difference, which is defined as the difference between the actual daily usage and the confirmed supply volume, plus or minus 3%:

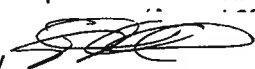
- (A) Twenty-five dollars (\$25) per Mcf times the BSI difference; and
- (B) The payment of all other charges incurred by Columbia as a result of Customer noncompliance on the date of the BSI difference.

**F. Monthly Bank Transfers** Monthly bank transfers will be permitted between one Customer/Agent ("transferor") and another Customer/Agent ("transferee") located within the same Columbia Gas Transmission Market Area and having confirmed deliveries on the same transmission pipeline. Transfers may also be permitted, solely at the discretion of the Company, between a transferor and a transferee located in different Columbia Gas Transmission Market Areas and having confirmed deliveries on the same transmission pipeline. All such transfers may only be requested once a month to be effective for the upcoming billing cycle and must be requested within three (3) business days after the conclusion of the Customers' monthly billing cycle.

**G. Termination of Service** In the event service hereunder is terminated, Company will deliver to Customer volumes of Customer's gas which Company is holding pursuant to this Volume Bank section during the three monthly billing cycles following the date of termination. However, should Customer fail to take delivery of its entire Volume Bank within the three-month period, Company may, at its option, retain and purchase the undelivered banked volumes. In addition, if Customer owes Company any outstanding gas transportation charges, or other charges which are due, Company may, at its option, offset said unpaid charges by retaining as necessary, banked volumes that would have otherwise been delivered to Customer upon termination of service. The value assigned to such retained bank volumes which are purchased or retained will be the cost of Company's least expensive gas supply at the time the gas was delivered to Company.

**6. HEAT CONTENT ADJUSTMENT**

When Company receives Customer's gas from an interstate pipeline on a dekatherm (one million Btu) basis, Company will make a heat content adjustment in accordance with the procedures set forth below in order to deliver to Customer volumes of gas, in Mcf, equal in heat content to the gas delivered to Company for the account of Customer. The average monthly heating value of gas measured and calculated by the pipeline which delivers Customer's gas to Company will be used each billing month to establish the heating value of the gas delivered by Company to Customer. However, if locally produced gas or gas from pipelines other than the delivering pipeline is introduced into Company's pipeline, either by Customer or by Company, it may raise a question as to the applicability of the heating value determined by the delivering pipeline, either

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