

**AMRP RIDER  
ACCELERATED MAIN REPLACEMENT PROGRAM RIDER**

**APPLICABILITY**

Applicable to all customers receiving service under the Company's Rate Schedules GS, IS, IUS, SVGTS, DS and SAS.

**CALCULATION OF ACCELERATED MAIN REPLACEMENT RIDER REVENUE REQUIREMENT**

The AMRP Rider Revenue Requirement includes the following:

- a. AMRP-related Plant In-Service not included in base gas rates minus the associated AMRP-related accumulated depreciation and accumulated deferred income taxes;
- b. Retirement and removal of plant related to AMRP construction;
- c. The rate of return on the net rate base is the overall rate of return on capital authorized in the Company's latest base gas rate case, grossed up for federal and state income taxes;
- d. Depreciation expense on the AMRP = related Plant In-Service less retirement and removals;
- e. Property taxes related to the AMRP; and
- f. Reduction for savings in Account No. 887 – Maintenance of Mains,

**ACCELERATED MAIN REPLACEMENT PROGRAM FACTORS**

All customers receiving service under Rate Schedules GSR, GSO, IS, IUS, SVGTS, DS, GDS and SAS shall be assessed a monthly charge in addition to the Customer Charge component of their applicable rate schedule that will enable the Company to complete the accelerated main replacement program.

Rider AMRP will be updated annually in order to reflect the expected impact on the Company's revenue requirements of forecasted net plant additions and subsequently adjusted to true up the actual costs with the projected costs. A filing to update the projected costs for the upcoming calendar year will be submitted annually by October 15 to become effective with meter readings on and after the first billing cycle of January. The allocation of the program costs shall be based on the revenue distribution approved by the Commission. Company will submit a balancing adjustment annually by March 31 to true-up the actual costs, as offset by operations and maintenance expense reductions, during the most recent twelve months ended December with the projected program costs for the same period. The balancing adjustment true-up to the rider will become effective with meter readings on and after the first billing cycle of June.

The charges for the respective gas service schedules effective December 27, 2016 are:

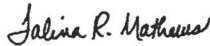
Rate GSR, Rate SVGTS - Residential Service	\$ 0.00	R
Rate GSO, Rate GDS, Rate SVGTS - Commercial or Industrial Service	\$ 0.00	R
Rate IUS, Rate IUDS	\$ 0.00	R
Rate IS, Rate DS <sup>1/</sup> , Rate SAS	\$ 0.00	R

<sup>1/</sup> - Excluding customers subject to Flex Provisions of Rate Schedule DS



DATE OF ISSUE            January 6, 2017  
DATE EFFECTIVE        December 27, 2016  
ISSUED BY                /s/ Herbert A. Miller, Jr.  
TITLE                        President

Issued pursuant to an Order of the Public Service Commission in Case No. 2016-00162 dated December 22, 2016

<b>KENTUCKY  PUBLIC SERVICE COMMISSION</b>
<b>Talina R. Mathews</b> EXECUTIVE DIRECTOR 
EFFECTIVE <b>12/27/2016</b> PURSUANT TO 807 KAR 5:011 SECTION 9 (1)