

RIDER ASRP

ACCELERATED SERVICE REPLACEMENT PROGRAM RIDER



APPLICABILITY

Applicable to all customers receiving service under the Company's sales and transportation rate schedules.

CALCULATION OF ACCELERATED SERVICE REPLACEMENT RIDER REVENUE REQUIREMENT

The ASRP Rider revenue requirement includes the following:

- a. ASRP-related Plant In-Service not included in base gas rates minus the associated ASRP-related accumulated depreciation and accumulated deferred income taxes;
- b. Retirement and removal of plant related to ASRP construction;
- c. The rate of return on the net rate base is the overall rate of return on capital, using the capital structure and debt rates from the most recent base gas rate case and using a 9.7% ROE, grossed up for federal and state income taxes;
- d. Depreciation expense on the ASRP-related Plant In-Service less retirements and removals;
- e. Property taxes related to ASRP and;
- f. Operation and Maintenance Costs for reconnaissance and relocation of meters.

ACCELERATED SERVICE REPLACEMENT PROGRAM FACTORS

All customers receiving service under Rate RS and Rate GS shall be assessed a separate monthly charge that will enable the Company to complete the service replacement program. This monthly charge is in addition to the Customer Charge component of their applicable rate schedule, as well as any other applicable monthly charges. Customers receiving service under Rate DGS, Rate FT-L, Rate IT and Rate SSIT will be assessed a separate throughput charge in addition to their commodity delivery charge, for that purpose.

Rider ASRP will be updated annually, to reflect the anticipated impact on the Company's revenue requirements of net plant additions and projected operations and maintenance expense during the upcoming calendar year. Such adjustments to the Rider will become effective with the first billing cycle of January, and will reflect the allocation of the required revenue increase based on the revenue distribution approved by the Commission. After each year, the Company will submit a balancing adjustment to true-up the actual costs with the projected program costs for the preceding year. Any balancing adjustment will become effective with the first billing cycle on or after the effective date of the change.

The charges for the respective gas service schedules for the revenue month beginning January 2017 are: (T)

Rate RS, Residential Service	\$0.78/month	(I)
Rate GS, General Service	\$0.77/month	(I)
Rate DGS, Distributed Generation Service	\$0.00020/CCF	(I)
Rate FT-L, Firm Transportation Service – Large	\$0.00020/CCF	(I)
Rate IT, Interruptible Transportation Service	\$0.00019/CCF	(I)
Rate SSIT, Spark Spread Interruptible Transportation Rate	\$0.00019/CCF	(I)

KENTUCKY PUBLIC SERVICE COMMISSION
Talina R. Mathews EXECUTIVE DIRECTOR
EFFECTIVE 1/3/2017 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

Issued by authority of an Order of the Kentucky Public Service Commission dated December 16, 2016 in Case No. 2016-00228
 Issued: December 19, 2016
 Effective: January 3, 2017
 Issued by James P. Henning, President /s/ James P. Henning