

For Entire service area
Community, Town or City

P.S.C. NO. _____

_____ SHEET NO. _____

CANCELLING P.S.C. NO. _____

SHEET NO. _____

PUBLIC GAS COMPANY

Name of Issuing Corporation

RULES AND REGULATIONS

PURCHASED GAS COST ADJUSTMENT CLAUSE

Determination of GCR

The Company shall file a quarterly report with the Commission which shall contain an updated Gas Cost Recovery Rate (GCR) and shall be filed at least thirty (30) days prior to the beginning of each calendar quarter. The GCR shall become effective for billing for service rendered on or after the first day of each calendar quarter.

The Gas Cost Recovery Rate is comprised of:

1. The expected gas cost component (EGC) on a dollar-per-Mcf basis, which represents the average expected cost of purchased gas.
2. The Actual Cost Adjustment (ACA), on a dollar-per-Mcf basis, compensates for over- or under-collection of gas cost resulting from differences between expected gas cost and the actual cost of gas. For purposes of determining the GCR, the ACA for the application period and for the three (3) preceding calendar quarters. This may also be used to compensate for any over or under recoveries remaining from previous actual and/or refund adjustments after a 12 month period.
3. The supplier refund adjustment (RA) on a dollar-per-Mcf basis, which 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 twelve-month period. In the event of any large or unusual refunds, the Company may apply to the Public Service Commission for the right to depart from the refund procedure herein set forth.

CANCELLED
JAN 1 2018
KENTUCKY PUBLIC SERVICE COMMISSION

DATE OF ISSUE 8-22-2000

DATE EFFECTIVE September 25, 2000

ISSUED BY Mark G. Enderle
Name of Officer

TITLE Treasurer
PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

Mark G. Enderle

SEP 25 2000

PURSUANT TO 807 KAR 5.011,
SECTION 9(1)

BY Stephan O. Bell
SECRETARY OF THE COMMISSION

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RULES AND REGULATIONS

Billing

The gas cost recovery rate to be applied to bills of customers shall equal the sum of the following components:

$GCR = EGC + RA + ACA$

The GCR will be added to or subtracted from the tariff 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.

Definitions

For the purposes of this tariff:

- a. "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 twelve-month period, divided by the corresponding sales volume. In the event that line loss exceeds 5 percent, purchased volumes for the twelve-month period shall be calculated as: sales volumes divided by .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 change substantially, the Company may make appropriate adjustments to its calculations. Any adjustments of this type shall be described in the quarterly Gas Cost Recovery Report.
- b. "GCR" means the quarterly updated gas cost recovery rate and is the sum of the expected gas cost component plus the supplier refund adjustment plus the actual cost adjustment; i.e., $GCR = EGC + RA + ACA$.
- c. "Calendar Quarters" means each of the four three-month periods of (1) November, December, and January; (2) February, March, and April; (3) May, June, and July; (4) August, September, and October.
- d. "Reporting Period" means the three-month accounting period that ended approximately sixty (60) days prior to the filing date of the updated gas cost recovery rates, i.e., the calendar quarters ended January 31, July 31, and October 31 of each year.

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Interim Gas Cost Adjustment

The Company may apply to the Public Service Commission for an interim PGA in addition to the quarterly GCA should any significant change in supplier rates occur.

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