

SECTION VI - BILLING AND PAYMENT

1. Billing Periods - Time and Place for Payment of Bills.

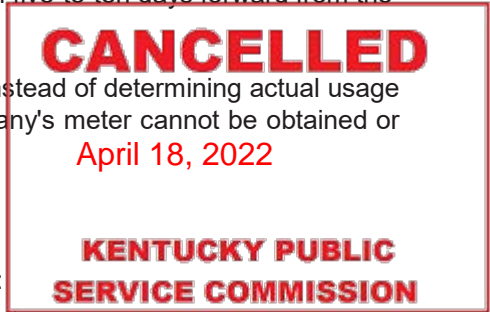
Bills ordinarily are rendered regularly at monthly intervals, but may be rendered more or less frequently at Company's option. Bills may be rendered by hand delivery, mail, electronically, or by any other reasonable means. Non-receipt of bills by customer does not release or diminish the obligation of Customer with respect to payment thereof. (T)

The word "month" as it pertains to the supply of service shall mean the period of approximately thirty days between meter readings as fixed and made by Company. Meters are ordinarily read at monthly intervals but may be read more or less frequently at Company's option but no less than quarterly. Company shall have the right to establish billing districts for the purpose of reading meters and rendering bills to customers at various dates. A change or revision of any Rate Schedule shall be applicable to all bills on which the initial monthly meter reading was taken on or after the effective date of such change or revision, except as otherwise ordered by the Kentucky Public Service Commission.

Bills are due on the date indicated thereon as being the last date for payment of the net amount, or as otherwise agreed to, and bills are payable only at the Company's offices or authorized agencies for collection. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5% is due and payable. If a partial payment is made, the amount will be applied to items of indebtedness in the same order as they have accrued, except that any payment received shall first be applied to the bill for service rendered.

Customers current on their account may participate upon request in the Adjusted Due Date Program. The Adjusted Due Date Program is available to Duke Energy Kentucky electric customers who have an analog meter. This service allows a customer to adjust the due date of the energy bill five-to-ten days forward from the original due date. The due date can be changed once every 12 months. (T)

The Company may issue interim bills based on average normal usage instead of determining actual usage by reading the meter. Interim bills may also be used when access to Company's meter cannot be obtained or emergency conditions exist.



2. Information on Customer Bills.

Every bill rendered by the Company for metered service will clearly state:

- (a) The beginning and ending meter readings for the billing period and the dates thereof.
- (b) The amount of energy usage.
- (c) The amount due for the energy used, any adjustments, including assessed late payment charges, and the gross amount of the bill.

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SECTION VI - BILLING AND PAYMENT (Contd.)

2. Information on Customer Bills. (Contd.)

- (d) The rate code under which the customer is billed.
- (e) The date of the last day payment can be made without a late payment charge being assessed.
- (f) Any previous balance.
- (g) The address, phone number, and business hours of the Company.
- (h) The date of the next scheduled meter reading.
- (i) The date after which received payments are not reflected in the bill.
- (j) The type of service rendered (gas or electric).
- (k) The amount, and identification, of any tax or fee the Company is authorized either by state law or order of the Commission to collect.

3. Charge for Restoring Service for Non-Payment of Bill and Unlawful Use of Service.

Company may charge and collect in advance the sum as specified on Tariff Sheet "Charge for Reconnection of Service" for reconnecting a customer's service after service is disconnected because of non-payment of bill when due or when service is discontinued because of fraudulent use, except as may be provided by 807 KAR 5:006, Section 16, Winter Hardship Reconnection.

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4. Temporary Discontinuance of Service.

If any customer on a residential rate, because of absence or otherwise, shall notify Company in writing or by telephone to discontinue service, Company will make no minimum charge for any full meter reading period during the period of discontinuance; provided, however, that Company may charge and collect the sum as specified on Tariff Sheet "Charge for Reconnection of Service" prior to reconnecting a service which was discontinued at customer's request within the preceding twelve months.

5. Selection of Rate Schedule.

When a prospective customer makes application for service, Company will, upon request, assist in the selection of the Rate Schedule most favorable to customer or the service requested. The selection will be based on the prospective customer's statement as to the class of service desired, the amount and manner of use, and any other pertinent information.



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6. Change to Optional Rate Schedule.

A customer being billed under one of two or more optional Rate Schedules applicable to his class of service may elect to be billed on any other applicable Rate Schedule by notifying Company in writing, and Company will bill customer under such elected Schedule from and after the date of the next meter reading. However, a customer having made such a change of Rate Schedule may not make another such change within the next twelve months.

7. Availability of Budget Billing.

Company has available to its customers a "Budget Billing Plan" which minimizes billing amount fluctuations over a twelve month period. The Company may exercise discretion as to the availability of such a plan to a customer based on reasonable criteria, including but not limited to:

- (a) Customer's recent payment history.
- (b) The amount of the delinquent account.
- (c) Customer's payment performance in respect to any prior arrangements or plans.
- (d) Any other relevant factors concerning the circumstances of the customer including health and age.

If the customer fails to pay bills as rendered under the Budget Payment Plan, the Company reserves the right to revoke the plan, restore the customer to regular billing and require immediate payment of any deficiency.

Failure to receive a bill in no way exempts customer from the provisions of these terms and conditions.

Budget Billing Plan Description:

Annual Plan:

- The Annual Plan provides 11 months of equal payments by using 12 months of customer's usage, dividing the usage by 11, and using the result to calculate the bill.
- Month 12 is a settle-up month between the billed amounts and customer bills based on actual usage.
- A bill message is sent after 6 months with a suggested new bill amount if the budget bill amounts compared to the actual bill amounts exceeds a Company set threshold; however, Customer must contact Company to change the amount.
- The budget bill amount is changed as needed after the 12 month review.



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7. Availability of Budget Billing (Contd.)

Quarterly Plan:

- The Quarterly Plan provides 3 months of equal payments starting by using 12 months of customer's usage, dividing the usage by 12, and using the result to calculate the bill.
- However, to prevent a settle-up month, reviews occur after 3, 6, 9, and 12 months on the plan and continue every 3 months thereafter.
- The budget bill amount is changed as needed after each review. The change is automatic and the customer does not need to contact Company.
- A bill message is sent after each review with a new bill amount if the budget bill amounts compared to the actual bill amounts exceeds a Company set threshold.

8. Installment Plans.

The Company shall negotiate and accept reasonable installment plans at the request of residential customers who have received a termination notice according to the regulations governing failure to pay, except the Company shall not be required to negotiate an installment plan with a customer who is delinquent under a previous payment plan.

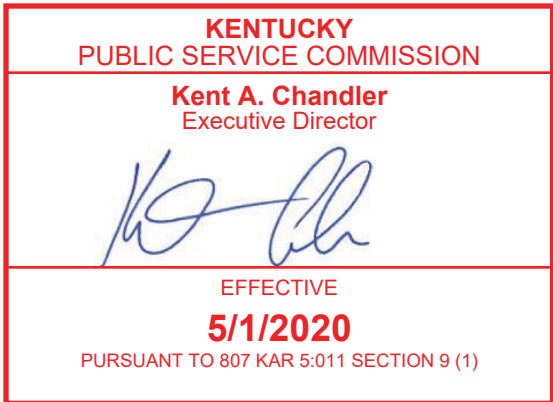
9. Pick Your Due Date.

Pick Your Due Date lets a customer choose what day their bill is due each month. This change in the due date may result in one billing period with a longer or shorter cycle, which could affect the amount of the first bill the customer receives.

Eligibility: All active, eligible residential and non-residential accounts with an AMI-MDM certified meter will be able to request enrollment and select their preferred due date. Account status must be Active or Pending with no active installment plan or regulated charges more than 23 days past due. Consolidated billing accounts are not eligible for this program.

Program Details:

- a) Customers who enroll in the program can pick their monthly due date
- b) Due dates can be changed once each 12 months
- c) If the due date falls on a holiday or weekend, the payment will be due the next business day.
- d) Customers should contact the Company for additional details or to enroll



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SECTION VI – BILLING AND PAYMENT (Contd.)

10. Bill Format.

The Company has included as Appendix A to these Service Regulations an example of the Company's customer bill format.

11. Landlord Programs

The Company will provide an Automatic Landlord Transfer Agreement program available to Landlords, property managers, or other property owners to provide continuity in service when a tenant notifies the Company to discontinue service by automatically switching the account to the Landlord until a new tenant sets up service or the Landlord requests to discontinue service. The program is not applicable in situations where a tenant has been disconnected for nonpayment or the Company has been notified of a safety issue that warrants the termination of service. The provisions of the Automatic Landlord Transfer Agreement are outlined below.

Eligibility and Enrollment

1. Eligibility to enroll in the Automatic Landlord Transfer Agreement requires any delinquent balance associated to the Landlord to be paid.
2. Landlord must provide in writing a list of properties they wish to enroll in the program on a contract provided by the Company.
3. The Landlord is responsible for requesting the enrollment of additional properties or removing properties from the program as necessary and will be responsible for all charges associated to the properties enrolled while service is/was in their name.
4. Requests to remove properties from the contract or to terminate the contract in its entirety requires written notification to the Company two weeks in advance of the necessary changes.
5. The Landlord is responsible for notifying the Company of any changes in mailing address.
6. The Company shall maintain the discretion to remove a Landlord from the program for failure to pay.



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