PSC No. 12

Cancelling PSC No. 11

DELTA NATURAL GAS COMPANY, INC.

3617 Lexington Road

Winchester, Kentucky

Rates, Rules and Regulations for Furnishing

NATURAL GAS SERVICE

in

Entire Service Area of the Company

Filed with the

PUBLIC SERVICE COMMISSION OF KENTUCKY

Issued	Effective
November 8, 2010	See footnotes below

Issued by

GLENN R. JENNINGS,
CHAIRMAN OF THE BOARD
PRESIDENT AND CEO

(1) Base Rate effective 10/22/10 per Order dated 10/21/10 in Case No. 2010-00116
(2) GCR Rate effective 10/25/10 (Final Meter Reads) per Order dated 10/15/10 in Case No. 2010-00377

KENTUCKY
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JEFF R. DEROUEN
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Bunt Kirtley
EFFECTIVE
10/22/2010
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

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CLASSIFICATION OF SERVICE – RATE SCHEDULES
RESIDENTIAL

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 17.

AVAILABILITY

Available for use by residential customers.

CHARACTER OF SERVICE

Firm - within the reasonable limits of the Company's capability to provide such service.

RATES

	Base Rate	+	Gas Cost Recovery Rate (GCR) **	=	Total Rate	
Customer Charge *	$ 20.90000				$ 20.90000	
All Ccf ***	$ 0.43185		$ 0.43787		$ 0.86972	/Ccf

* The customer charge includes $0.20 collected under Delta's Energy Assistance Program Tariff Rider as set forth on Sheet No. 38 of this tariff.

** The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Ccf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 13 and 14 of this tariff.

*** Residential rates are also subject to the "Conservation/Efficiency Program Cost Recovery Component (CEPRC)" of .01508/Ccf. The CEPRC is an adjustment determined in accordance with the Conservation/Efficiency Program Cost Recovery as set forth on Sheets 39 – 42 of this tariff.

Residential rates are also subject to a Pipe Replacement Program charge of $2.21, as determined in accordance with the Pipe Replacement Program Rider as set forth on Sheet 43 of this tariff.

KENTUCKY
PUBLIC SERVICE COMMISSION
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EXECUTIVE DIRECTOR
Talina R. Mathews
EFFECTIVE
10/31/2016
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

DATE OF ISSUE: September 26, 2016
DATE EFFECTIVE: October 31, 2016
ISSUED BY: John B. Brown, Chief Operating Officer, Treasurer and Secretary
John B. Brown
Issued by Authority of an Order of the Public Service Commission of KY in Case No. 2016-00350 dated October 18, 2016

CLASSIFICATION OF SERVICE – RATE SCHEDULES
SMALL NON-RESIDENTIAL*

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 17.

AVAILABILITY

Available for use by small non-residential customers.

CHARACTER OF SERVICE

Firm - within the reasonable limits of the Company's capability to provide such service.

RATES

	Base Rate	+	Gas Cost Recovery Rate (GCR) **	=	Total Rate	
Customer Charge *	$ 31.20000				$ 31.20000	
All Ccf ***	$ 0.43185		$ 0.43787		$ 0.86972	/Ccf

TERMS AND CONDITIONS

For a customer that is utilizing transportation service and has under deliveries of transportation gas to Delta's system, and/or requests to revert to the Small Non-Residential or Interruptible Service rate schedule, Delta may require a written contract providing for a continuance of service under the Small Non-Residential or Interruptible Service rate schedule for a minimum term of twelve months beginning with the date service reverts to the Small Non-Residential or Interruptible Service rate schedule.

* Meter no larger than AL425

** The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Ccf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 13 and 14 of this tariff.

Small Non-Residential rates are also subject to a Pipe Replacement Program charge of $4.19 as determined in accordance with the Pipe Replacement Program Rider as set forth on Sheet 43 of this tariff.

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CLASSIFICATION OF SERVICE – RATE SCHEDULES
LARGE NON-RESIDENTIAL*

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 17.

AVAILABILITY

Available for use by large non-residential customers.

CHARACTER OF SERVICE

Firm - within the reasonable limits of the Company's capability to provide such service.

RATES

	Base Rate	+	Gas Cost Recovery Rate (GCR) **	=	Total Rate	
Customer Charge	$ 131.00000				$ 131.00000	
1 - 2,000 Ccf	$ 0.43185		$ 0.43787		$ 0.86972	/Ccf
2,001 - 10,000 Ccf	$ 0.26696		$ 0.43787		$ 0.70483	/Ccf
10,001 - 50,000 Ccf	$ 0.18735		$ 0.43787		$ 0.62522	/Ccf
50,001 - 100,000 Ccf	$ 0.14735		$ 0.43787		$ 0.58522	/Ccf
Over 100,000 Ccf	$ 0.12735		$ 0.43787		$ 0.56522	/Ccf

TERMS AND CONDITIONS

For a customer that is utilizing transportation service and has under deliveries of transportation gas to Delta's system, and/or requests to revert to the Large Non-Residential or Interruptible Service rate schedule, Delta may require a written contract providing for a continuance of service under the Large Non-Residential or Interruptible Service rate schedule for a minimum term of twelve months beginning with the date service reverts to the Large Non-Residential or Interruptible Service rate schedule.

* Meter larger than AL425

** The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Ccf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 13 and 14 of this tariff.

Large Non-Residential rates are also subject to a Pipe Replacement Program charge of $31.97, as determined in accordance with the Pipe Replacement Program Rider as set forth on Sheet 43 of this tariff.

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CLASSIFICATION OF SERVICE – RATE SCHEDULES
INTERRUPTIBLE SERVICE

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 17.

AVAILABILITY

Available for use by interruptible customers.

CHARACTER OF SERVICE

Interruptible - within the reasonable limits of the Company's capability to provide such service.

RATES

	Base Rate	+	Gas Cost Recovery Rate (GCR) **	=	Total Rate	
Customer Charge	$ 250.00000				$ 250.00000	
1 - 10,000 Ccf	$ 0.16000		$ 0.43787		$ 0.59787	/Ccf
10,001 - 50,000 Ccf	$ 0.12000		$ 0.43787		$ 0.55787	/Ccf
50,001 - 100,000 Ccf	$ 0.08000		$ 0.43787		$ 0.51787	/Ccf
Over 100,000 Ccf	$ 0.06000		$ 0.43787		$ 0.49787	/Ccf

Special Conditions - All customers having a connected load in excess of 2,500,000 Btu input per hour may be required to enter into an Interruptible Sales Agreement. Determinations of those customers so required shall be based on peak day use as well as annual volume and shall be at the sole discretion of the Company. In order to provide a fair opportunity to compete with other motor fuels, the customer charge and Pipe Replacement Program charge may be waived by Delta at its sole discretion for compressed natural gas fueling station customers.

Any customer required to enter into an Interruptible Agreement shall be permitted to purchase or transport gas under the Interruptible Rate Schedule as set forth on Sheet No. 5. Gas requirements, minimum charges and other specific information shall be set forth in the Agreement.

Interruptible rates are also subject to a Pipe Replacement Program charge of $229.44, as determined in accordance with the Pipe Replacement Program Rider as set forth on Sheet 43 of this tariff.

** The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Ccf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 13 and 14 of this tariff.

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CLASSIFICATION OF SERVICE – RATE SCHEDULES
INTERRUPTIBLE SERVICE

TERMS AND CONDITIONS

For a customer that is utilizing transportation service and has under deliveries of transportation gas to Delta's system, and/or requests to revert to the Small Non-Residential, Large Non-Residential or Interruptible Service rate schedule, Delta may require a written contract providing for a continuance of service under the Small Non-Residential, Large Non-Residential or Interruptible Service rate schedule for a minimum term of twelve months beginning with the date service reverts to the Small Non-Residential, Large Non-Residential or Interruptible Service rate schedule.

KENTUCKY
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EFFECTIVE
4/23/2012
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

CLASSIFICATION OF SERVICE – RATE SCHEDULES
TRANSPORTATION OF GAS FOR OTHERS ON SYSTEM UTILIZATION

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 17.

AVAILABILITY

Available to small non-residential, large non-residential, interruptible and compressed natural gas fueling station customers who have purchased natural gas elsewhere, obtained all requisite authority to transport such gas to Delta's facilities and request Delta to utilize its facilities to transport such customer-owned gas to place of utilization. Any such transportation service shall be subject to the terms and conditions set forth herein and to the reserved right of Delta to decline to initiate such service whenever, in Delta's sole judgment, the performance of the service would be contrary to good operating practice or would have a detrimental impact on other customers of Delta. Such detrimental impact may include under deliveries of transportation gas to Delta's system or switching by the transportation customer to Delta's Small Non-Residential, Large Non-Residential or Interruptible Service rate schedules. (T) (T)

RATE

A transportation charge comprised of the following components will be applied to each Ccf, or in the case of measurement based on heating value, each dekatherm (Dth) of gas transported hereunder:

(1) Delta's Base Rate for gas sold as set forth in Delta's Small Non-Residential, Large Non-Residential and Interruptible Rate Schedules; plus

(2) Where the pipeline suppliers transportation, compression or other similar charges are billed to Delta, the cost per Ccf or Dth, as applicable, of such charges; plus

(3) A take-or-pay recovery component of $(0.0000)

(4) For compressed natural gas fueling station customers, in order to provide a fair opportunity to compete with other motor fuels, Delta may negotiate at Delta's sole discretion with such customers a fixed base rate that is no more than the maximum Base Rate set forth in Delta's Interruptible Service Rate Schedule, but is no less than the minimum Base Rate set forth in Delta's Interruptible Service Rate Schedule. (T) (T) (T) (T) (T)

KENTUCKY
PUBLIC SERVICE COMMISSION
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EFFECTIVE
3/30/2015
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

DATE OF ISSUE: April 1, 2015
DATE EFFECTIVE: March 30, 2015
ISSUED BY: John B. Brown, Chief Financial Officer, Treasurer and Secretary
Issued by Authority of an Order of the Public Service Commission of KY in Case No. 2013-00365 dated March 30, 2015

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE
RATE SCHEDULES

TRANSPORTATION OF GAS FOR OTHERS ON SYSTEM UTILIZATION

GAS SOLD TO CUSTOMER

Monthly gas deliveries to customer in excess of scheduled transportation volumes will be billed by Delta and paid by customer in accordance with Delta's Standby Service Rate Schedule.

TERMS AND CONDITIONS

Service hereunder shall be performed under a written contract between customer and Delta setting forth specific arrangements as to term of the contract, volumes to be transported, points of delivery, methods of metering, timing of receipts and deliveries of gas by Delta, timing constraints relative to under deliveries and/or switching to Delta's Small Non-Residential, Large Non-Residential or Interruptible Service rate schedules, the availability of discounts in special situations and any other matters relating to individual customer circumstances.

At least ten (10) days prior to the beginning of each month, customer shall provide Delta with a schedule setting forth daily volumes of gas to be delivered into Delta's facilities for customer's account. Customer shall give Delta at least twenty-four (24) hours prior notice of any subsequent changes to scheduled deliveries. Delivery of gas transported hereunder will be effected as nearly as practicable on the same day as the receipt thereof. Delta will not be obligated to utilize underground storage capacity in performance of the service provided herein.

All gas volumes delivered hereunder shall shrink by 2% to cover line loss and measurement differences when no compression is being used in the transportation. When compression is required in the transportation, all gas volumes delivered hereunder shall shrink an additional amount equivalent to fuel usage.

It shall be the customer's responsibility to make all necessary arrangements, including regulatory approvals, required to deliver gas transported under this tariff.

Delta reserves the right to refuse to accept gas that does not meet Delta's quality specifications.

KENTUCKY
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Bunt Kirtley
EFFECTIVE
10/22/2010
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

DATE OF ISSUE November 8, 2010 DATE EFFECTIVE Oct 10
ISSUED BY Glenn R. Jennings Glenn R. Jennings TITLE Cha e Board
Name of Officer President and CEO
Issued by authority of an Order of the Public Service Commission of KY in
CASE NO. 2010-00116 DATED October 21, 2010

CLASSIFICATION OF SERVICE – RATE SCHEDULES
TRANSPORTATION OF GAS FOR OTHERS ON SYSTEM UTILIZATION

Volumes of gas transported hereunder will be determined in accordance with Delta's measurement base.

Customer owned gas transported hereunder for an interruptible customer will be subject to interruption in accordance with normal interruption procedures applicable to such rate schedule. Such customers must agree in writing to cause deliveries of customer-owned gas into Delta's facilities to cease upon notification by Delta of the necessity to interrupt or curtail the use of gas.

Delta shall have the right at any time to curtail or interrupt the transportation or delivery of gas to interruptible customers hereunder when, in Delta's sole judgment, such curtailment or interruption is necessary to enable Delta to maintain deliveries to customers of higher priority or to respond to any emergency. During such periods, Delta shall have the right to purchase any transportation gas delivered into Delta's system for the account of the customer at the actual cost the customer paid for such gas.

Delta may execute special transportation contracts with anyone after said contract has been filed with and accepted by the Public Service Commission.

This transportation is available to any customer with a daily nominated volume (the level of daily volume in Ccf as requested by the customer to be transported and delivered by the Company) which averages a minimum of 250 Ccf of gas per day for the billing period on an individual service at the same premise who has purchased their own supply of natural gas and require transportation by the Company to the point of utilization subject to suitable service being available from existing facilities. In order to provide a fair opportunity to compete with other motor fuels, this (T)
minimum volume requirement may be waived by Delta at is sole discretion for compressed natural gas fueling station (T)
customers. (T)

For a customer that is utilizing transportation service and has under deliveries of transportation gas to Delta's system, and/or requests to revert to the Small Non-Residential, Large Non-Residential or Interruptible Service rate schedule, Delta may require a written contract providing for a continuance of service under the Small Non-Residential, Large Non-Residential or Interruptible Service rate schedule for a minimum term of twelve months beginning with the date service reverts to the Small Non-Residential, Large Non-Residential or Interruptible Service rate schedule.

DATE OF ISSUE: April 1, 2015
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ISSUED BY: John B. Brown, Chief Financial Officer, Treasurer and Secretary
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KENTUCKY
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EFFECTIVE
3/30/2015
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CLASSIFICATION OF SERVICE
RATE SCHEDULES

TRANSPORTATION OF GAS FOR OTHERS
OFF SYSTEM UTILIZATION

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 17.

AVAILABILITY

Available to any person whose facilities connect or can be made to connect with Delta's facilities or who can cause their natural gas to be delivered to Delta's facilities and who desires gas to be transported by Delta to a place of utilization not connected to Delta's facilities. Further, the person or persons desiring such transportation shall have executed a contract with Delta as set forth under the terms and conditions of this tariff.

RATE

(I) The charge for service under this tariff shall be $0.2826 per 1,000 cu.
(I) ft. of gas transported, or, in the case of measurement based upon heating value, shall be $0.2826 per dekatherm. Any additions or modifications of the facilities required to perform this service shall be at the sole expense of the customer.

TERMS AND CONDITIONS

Specific details relating to volumes, delivery points and other matters shall be covered by a separate contract.

Delta shall reserve the right to purchase all or part of the gas to be transported at the same price the transporter would have received at the delivery point less Delta's applicable transportation charges, shrinkage and compressor fuel costs.

Delivery of gas transported hereunder will be effected as nearly as practicable on the same day as the receipt thereof. Delta will not be obligated to utilize underground storage capacity in performance of the service provided herein.

All gas volumes delivered hereunder shall shrink by 2% to cover line loss and measurement differences when no compression is being used.

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DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE
RATE SCHEDULES

TRANSPORTATION OF GAS FOR OTHERS
OFF SYSTEM UTILIZATION

the transportation. When compression is required in the transportation, all gas volumes delivered hereunder shall shrink an additional amount equivalent to fuel usage.

It shall be the customer's responsibility to make all necessary arrangements, including regulatory approvals, required to deliver gas transported under this tariff.

Delta reserves the right to refuse to accept gas that does not meet Delta's quality specifications.

Volumes of gas transported hereunder will be determined in accordance with Delta's measurement base.

Delta shall have the right at any time to curtail or interrupt the transportation or delivery of gas hereunder when, in Delta's sole judgment, such curtailment or interruption is necessary to enable Delta to maintain deliveries to retail customers of higher priority or to respond to any emergency.

Delta may execute special transportation contracts with anyone after said contract has been filed with and accepted by the Public Service Commission.

This transportation is available to any customer with a daily nominated volume (the level of daily volume in Mcf as requested by the customer to be transported and delivered by the Company) which averages a minimum of 25 Mcf of gas per day for the billing period.

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DATE OF ISSUE November 8, 2010 DATE EFFECTIVE Oct 10
ISSUED BY Glenn R. Jennings Glenn R. Jennings TITLE Cha e Board
Name of Officer President and CEO
Issued by authority of an Order of the Public Service Commission of KY in
CASE NO. 2010-00116 DATED October 21, 2010

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE
RATE SCHEDULES

STANDBY SERVICE RATE SCHEDULE

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 17.

AVAILABILITY

Available for use by commercial and industrial customers who:

(1) purchase all or part of their natural gas requirements from sources other than Delta and who request Delta to be available to supply natural gas at that place of utilization; or

(2) request Delta to provide a standby energy source at their place of utilization.

CHARACTER OF SERVICE

Firm - within the reasonable limits of Delta's capability to provide such service unless otherwise specified in a contract between Delta and the customer.

RATES

Customer shall pay Delta a standby charge to be set forth in a contract between Delta and the customer that has been filed with and accepted by the Public Service Commission. In addition, monthly natural gas usage will be billed by Delta and paid by the customer in accordance with the charges set forth in Delta's General Service or Interruptible Rate Schedule under which it sells gas to the customer.

SPECIAL TERMS AND CONDITIONS

Service under this rate schedule shall be performed under a written contract between Delta and the customer setting forth specific arrangements as to standby charge, maximum daily volumes of natural gas required by the customer from Delta, points of delivery, methods of metering and other matters relating to individual customer circumstances.

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CLASSIFICATION OF SERVICE
RATE SCHEDULES

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 with the final meter readings of the first billing cycle of each calendar quarter.

The gas cost recovery rates are comprised of:

(1) The expected gas cost component (EGC), on a dollar per Ccf basis, which represents the average expected cost of gas supplies and may include fixed price, forward price and indexed price purchases. The purchases are less amounts injected into underground storage. The EGC includes withdrawals from underground storage at the average unit cost of working gas. The EGC includes the uncollectible gas costs portion of bad debt. In an effort to mitigate price volatility, the Company may contract with gas suppliers at fixed prices, at locked-in prices for gas to be delivered at future dates (forward price) and at index-based prices. These efforts can include the monthly or periodic layering of forward purchase volumes to help moderate the volatility of gas prices. The Company may consider published futures prices as well as price trends and price expectations at the time such decisions are made. Depending upon the circumstances, this volume can be up to the annual projected system requirements including storage needs. (T)

(2) The supplier refund adjustment (RA), on a dollar per Ccf basis, which reflects refunds received from suppliers during the reporting period, plus interest at the average 90 day commercial paper rate for the calendar quarter. 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.

(3) The actual adjustment (AA), on a dollar per Ccf basis, compensates for difference between the previous quarter's expected gas cost and the actual cost of gas during that quarter.

(4) The balance adjustment (BA), on a dollar per Ccf basis, which compensates for any under or over collections which have occurred as a result of prior adjustments.

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CLASSIFICATION OF SERVICE
RATE SCHEDULES

GAS COST ADJUSTMENT CLAUSE

BILLING

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

$$GCR = EGC + RA + AA + BA$$

DEFINITIONS

For purposes of this tariff:

(T)

(a) "Average Expected Cost" means the cost of gas supplies, adjusted for injections/withdrawals into storage and the uncollectible gas costs portion of bad debt. Cost of gas supplies include associated transportation and storage charges, and propane which results from the application of suppliers' rates currently in effect, or reasonably expected to be in effect during the calendar quarter, on purchased volumes during the twelve month period ending with the reporting period to which the GCR will apply, divided by the corresponding sales volume. 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 in 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 applicable to the monthly consumption of customers (sum of the expected gas cost component plus the supplier refund adjustment plus the actual adjustment plus the balancing adjustment;
i.e., GCR = EGC + RA + AA + BA).

(c) "Calendar Quarters" means each of the four three-month periods of (1) August, September and October; (2) November, December and January; (3) February, March and April; and (4) May, June and July.

(d) "Reporting Period" means the three (3) month accounting period that ended approximately sixty (60) days prior to the filing date of the updated gas recovery rates; i.e., the calendar quarter preceding that during which the most recent Quarterly Report was filed.

INTERIM GAS COST ADJUSTMENT FILINGS

The Company may make application for Interim Gas Cost Adjustments subject to the approval of the commission.

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10/22/2010
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CLASSIFICATION OF SERVICE
RATE SCHEDULES

SPECIAL CHARGES

The following charges shall be applied under the following conditions:

Collection Charge - A charge of $20.00 will be levied when a Company representative makes a trip to the premises of a customer for the purpose of terminating service. The charge may be assessed if service is actually terminated or if the customer pays the delinquent bill to avoid termination. The charge may also be assessed if the Company's representative agrees to delay termination based on the customer's agreement to pay the delinquent bill by a specific date. A collection trip may be made only after written notice has been sent to the customer stating that if the bill is not paid by a certain date the service will be disconnected.

Reconnection Charge - A reconnection charge of $60.00 to be made by the Company and paid by the customer before or at the time the service is reconnected shall be assessed as approved by the Public Service Commission when:

(1) The customer's service has been disconnected for non-payment of bills or for violation of the Commission's or Company's Rules and Regulations, and the customer has qualified for and requested service to be reconnected. Customers qualifying for service reconnection under 807 KAR 5:006, Section 15 -Winter Hardship- shall be exempt from reconnect charges.

(2) The customer's service has been disconnected at the customer's request and at any time subsequently within twelve (12) months is reconnected at the same premise.

Bad Check Charge - The Company may charge and collect a fee of $15.00 to cover the cost of handling an unsecured check; where a customer tenders in payment of an account a check which upon deposit by the Company is returned as unpaid by the customer's financial institution.

Request Test Charge - Pursuant to 807 KAR 5:006, Section 18, the Company shall make a test of any meter upon written request of any customer provided such request is not made more frequently than once each twelve (12) months. The customer shall be given the opportunity of being present at such request tests. If such tests show that the meter was not more than two percent (2%) fast, the Company may make a reasonable

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SPECIAL CHARGES

charge for the test. The test charge is based upon meter size and is as follows:

1,000 cubic feet per hour and under	$ 4.00
Over 1,000 to 10,000	$ 8.00
Over 10,000	$12.00

Gas Light Charge - Monthly consumption of unmetered gas used for an outdoor gas light, as approved by the Company, will be calculated to be 1,500 cubic feet per month per mantle for upright mantles and for each pair of inverted mantles. On special models of gas lights where gas consumption is greater than those referred to above, the Company shall estimate, based on the manufacturer's suggested usage, the monthly consumption to the closest 100 cubic feet and bill customer that equal amount each month. Such consumption shall be billed under the appropriate rate schedule applicable to the customer.

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DELTA NATURAL GAS COMPANY, INC.
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1. APPLICABILITY

Applicable within all service areas served by Delta namely: Owingsville, Sharpsburg, Salt Lick, Midland, Bath County; Estill County; Camargo, Jeffersonville, Montgomery County; Frenchburg, Menifee County; Kingston Terrill, Berea, Madison County; Stanton, Clay City, Powell County; Garrard County; Annville, Jackson County; Beattyville, Lee County; North Middletown, Bourbon County; Nicholasville, Wilmore, Jessamine County; Clearfield, Farmers, Rowan County; Middlesboro, Pineville, Bell County; Barbourville, Knox County; Williamsburg, Corbin, Whitley County; London, Laurel County; Manchester, Burning Springs, Oneida, Clay County; Leslie County; Lexington, Fayette County; Fleming County; Clark County; Mt. Olivet, Robertson County; Sardis, Mason County; and environs of each.

2. COMMISSION'S RULES AND REGULATIONS

All gas service rendered by the Company shall be in accordance with the Administrative Regulations by which gas utilities are governed by the Public Service Commission of Kentucky and all amendments thereto and modifications thereof which may be made by the Commission.

3. COMPANY'S RULES AND REGULATIONS

In addition to the Rules and Regulations prescribed by the Public Service Commission, all gas service rendered shall also be in accordance with the Rules and Regulations adopted by the Company.

4. FILING OF RATES, RULES AND REGULATIONS

A copy of all schedules of rates, rules and regulations under which gas service is rendered is on file for the public's benefit with the Public Service Commission of Kentucky. A copy of such rates, rules and regulations, together with the law, rules and regulations of the Public Service Commission of Kentucky is available for public inspection in the principal office of the Company.

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5. NO EXCEPTIONS TO RULES AND REGULATIONS

No agent, representative or employee of the Company shall make any promise, agreement or representation not incorporated in or provided for by the Rules and Regulations of the Public Service Commission of Kentucky or of this Company and neither has any agent, representative or employee of the Company any right or power to amend, modify, alter or waive any of the said Rules and Regulations except as hereinafter provided.

6. RULES AND REGULATIONS MAY BE AMENDED

The Company reserves the right to amend or modify its Rules and Regulations or to adopt such additional Rules and Regulations as the Company deems necessary in the proper conduct of its business, subject to the filing with and acceptance of same by the Public Service Commission of Kentucky.

7. SUPERSEDE PREVIOUS RULES AND REGULATIONS

These Rules and Regulations replace and supersede all previous Rules and Regulations under which the Company has previously supplied gas service.

8. CUSTOMER CLASSIFICATIONS

Residential:	Service to customers which consists of direct natural gas usage in a residential dwelling for space heating, air conditioning, cooking, water heating and other residential uses.
Small Non-Residential	Service to customers engaged primarily in the sale of goods or services including institutions and local and federal government agencies for uses other than those involving manufacturing or electric power generation with a meter no larger than an AL425.
Large Non-Residential:	Service to commercial and industrial customers including institutions and local and federal government agencies with a meter larger than an AL425.

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9. APPLICATION FOR SERVICE

A written application or contract, properly executed, may be required before the Company is obligated to render gas service. The Company shall have the right to reject for valid reasons any such application or contract. All applications for service shall be made in the legal name of the party desiring the service.

Applications for service are not transferable and new occupants of premises will be required to make application for service before commencing the use of gas. Customers who have been receiving gas service shall notify the Company when discontinuance of service is desired and shall pay for all gas until such notice has been given in person, in writing or by telephone and final meter reading is made by the Company.

When a customer moves within the service area of the Company, the customer shall be billed out at the original location and billed in at the new location. Therefore, the customer may receive two bills for the month in which the move occurs.

In case the customer is not the owner of the premises, it shall be the customer's responsibility to obtain from the property owner or owners the necessary consent to install and maintain in, on or over said premises all such piping and other equipment as are required or necessary to install service line for supplying gas service to the customer whether the piping and equipment be the property of the customer or the Company.

10. REFUSAL OF SERVICE

The Company reserves the right to refuse or to defer full service to an applicant where the existing mains are inadequate to serve the applicant's requirements without adversely affecting the service to customers already connected and being served.

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11. RENEWAL OF CONTRACT

If, upon the expiration of any service agreement or service contract for a specified term, the customer continues to use the service, the service agreement or service contract (unless otherwise provided therein) will be automatically renewed and extended for successive periods of one year each, subject to termination at the end of any year upon written notice by either party in advance of the expiration date in accordance with the terms set forth in the service agreement or service contract.

12. CUSTOMER'S LIABILITY

The customer shall assume all responsibility for the gas service in or on the customer's premises at and from the point of delivery of gas and for all the piping, appliances and equipment used in connection therewith which are not the property of the Company, and will protect and save the Company harmless from all claims for injury or damage to persons or property occurring on the customer's premises or at and from the point of delivery of gas occasioned by such gas or gas service and equipment, except where said injury or damage will be shown to have been caused solely by the gross negligence of the Company.

13. ACCESS TO PROPERTY

The Company shall at all reasonable hours have access to meters, service connections and other property owned by it and located on customer's premises for purposes of installation, maintenance, meter reading, operation or removal of its property at the time service is to be terminated. Any employee of the Company whose duties require the employee to enter the customer's premises shall wear a distinguishing uniform or other insignia, identifying the employee as an employee of the company, or carry a badge or other identification which will identify the employee as an employee of the Company, the same to be shown by the employee upon request.

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14. CONTINUOUS OR UNIFORM SERVICE

The Company will endeavor to supply gas continuously and without interruption. However, the Company shall not be responsible for damages or otherwise for failure to supply gas for any interruptions of the supply when such failure is without willful fault or neglect on its part.

The Company cannot and does not guarantee either a sufficient supply or an adequate or uniform pressure of the gas supplied and shall not be liable for any damage or loss resulting from inadequate or interrupted supply or from any pressure variations when such conditions are not due to willful fault or neglect on its part.

15. EXCLUSIVE SERVICE

Except in cases where the customer has a special contract with the Company for reserve or auxiliary service, no other fuel service shall be used by the customer on the same installation in conjunction with the Company's service connection, either by means of valves or any other connection.

The customer shall not sell the gas purchased from the Company to any other customer, company or person, and the customer shall not deliver gas purchased from the Company to any connection wherein said gas is to be used on premises not owned or controlled by the customer.

16. DEPOSITS

The Company may require a minimum cash deposit or other guaranty to secure payment of bills except from customers qualifying for service reconnection pursuant to 807 KAR 5:006, Section 15, Winter Hardship Reconnection. Service may be refused or discontinued for failure to pay the requested deposit. Interest, as prescribed by KRS 278.460, will be paid on all sums held on deposit. The interest will be applied as a credit to the customer's bill or will be paid to the customer on an annual basis. If the deposit is refunded or credited to the customer's bill prior to the deposit anniversary date, interest will be paid or credited to the customer's bill on a pro-rated basis. If

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interest is not paid to the customer or credited to the customer's bill annually, interest will be computed by a method which will result in an amount not less than that obtained by using the middle course method between simple and compound interest in compliance with the Commission Order dated October 31, 1989 in Case No. 89-057. Interest on deposits computed in this manner will accrue until paid to the customer or credited to the customer's bill.

The deposit may be waived upon a customer's showing of satisfactory credit or payment history. Required deposits will be credited to the customer's bill between twelve and fifteen months after the month of deposit if the customer has established a satisfactory payment record for that period. If a deposit has been waived or returned and the customer fails to maintain a satisfactory payment record, a deposit may then be required. Upon termination of service, the deposit and any interest earned and owing will be credited to the final bill with any remainder refunded to the customer.

In determining whether a deposit will be required or waived, the following criteria may be considered:

(1) Previous payment history with the Company. If the customer has no previous history with the Company, statements from other regulated public utilities may be presented by the customer as evidence of good credit.

(2) Length of time the customer has resided or been located in the area.

(3) Whether the customer owns the property where service is to be rendered.

(4) Whether another customer with a good payment history is willing to sign as a guarantor for an amount equal to the required deposit.

If a deposit is held longer than eighteen months, the deposit will be recalculated at the customer's request based on the customer's actual usage for the past twelve months. If the

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deposit on account differs from the recalculated amount by more than $10.00 for a residential customer or 10 percent for a non-residential customer, the Company may collect any underpayment and refunds, if any, will be credited to the customer's next utility bill. No refund will be made if the customer's bill is delinquent at the time of recalculation.

Once each year, a billing insert will be included with the bill advising the customer of the right to request a deposit recalculation.

Residential and small non-residential customers with meters up through AL425 will pay equal deposits in the amount of $95.00. This amount shall not exceed 2/12ths of the average annual bill.

Large non-residential customer's deposits shall be based upon actual usage of the customer at the same or similar premises for the most recent twelve month period if such information is available. If usage information is not available, the deposit will be based on the average bills of similar customers and premises in the system. The deposit amount shall not exceed 2/12ths of the customer's actual or estimated annual bill.

17. MONTHLY CUSTOMER CHARGE

A monthly customer charge shall be rendered against every meter installed unless service is discontinued in one customer's name and is not to be re-served at the location.

Special permission may be obtained from the local distribution supervisor for waiving of the monthly customer charge only when initial service is being rendered and no gas except test gas has been passed by the meter.

A full monthly customer charge will be rendered whenever service has been used for more than fifteen (15) days of a billing month, even if the consumption of the customer is zero (0).

If service is used less than fifteen (15) days in a given billing month and any consumption is recorded, the normal billing procedure shall apply.

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18. MONTHLY BILLS

Bills for gas service will be rendered monthly unless otherwise specified. The term "month" for billing purposes shall mean the period between any two consecutive readings of the meter by the Company, such reading to be taken as near as practicable approximately every thirty (30) days.

Bills are due upon rendition and payable within a period not exceeding ten (10) days after the date of mailing.

Service shall be subject to being discontinued for non-payment of bills after the customer has been given at least ten (10) days written notice separate from the original bill and not before twenty seven (27) days from the mailing date of the original bill.

The Company may not terminate service to a customer if a medical certificate is presented or if a Certificate of Need from the Cabinet for Human Resources is presented in accordance with 807 KAR 5:006, Section 14 (2)(c) and (3).

Failure to receive a bill does not exempt a customer from these provisions.

When the Company is unable to read the meter after a reasonable effort, or where the meter fails to operate, the customer will be billed on an estimated basis and the billing adjusted as necessary.

The Company's billing form includes dates served; number of days in period; previous and present meter reading; Ccf usage; net amount due for service rendered; taxes, if applicable; adjustments, if any; special charges; total amount due; account number; billing date; due date; and service address.

19. BUDGET PAYMENT PLAN

The Company has a budget payment plan available for its residential and small non-residential customers whereby a customer may elect to pay a monthly amount for the budget year in lieu of monthly billings for actual usage. The monthly budget

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payment will be determined by the Company based, under normal circumstances, on a minimum of one-twelfth of the estimated annual usage, subject to review and adjustment during the budget year. The normal budget year is the 12 months from August through July, with any amounts to be settled being rolled into the subsequent budget year.

The customer's account may be adjusted through a series of levelized adjustments on a monthly basis if usage or changes in rates indicate that the account will not be current upon payment of the last budget amount.

To be accepted as a budget customer, the account balance must be paid in total before the customer is put on a budget payment plan. It is understood that this budget payment plan will continue until the customer notifies the Company in writing or by telephone to discontinue the plan or if the customer fails to pay bills as rendered under the budget payment plan. The Company reserves the right to revoke the plan and restore the customer to regular billing and require immediate payment of any deficiency.

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

20. LOCAL FRANCHISE FEE OR TAX

There shall be added to the customer's bill, as a separate item, an amount equal to the proportionate part of any license, occupation, franchise or other similar fee or tax now or hereafter agreed to or imposed upon the Company by local taxing authorities, whether imposed by ordinance, franchise or otherwise, and which fee or tax is based upon a percentage of the gross receipts, net receipts, or revenues of the Company. Such amount shall be added exclusively to bills of customers receiving service within the territorial limits of the authority imposing the fee or tax. Where more than one such fee or tax is imposed, each of the charges or taxes applicable to each customer shall be added to the customer's bill as separately identified items.

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21. COMPANY-OWNED SERVICE LINES

The Company will install, own, operate and maintain the service line at the premises of residential and commercial customers, if such premises are not connected to a Company main by a service line. With respect to residential and commercial customers that occupy premises already connected to a Company main by a service line, the Company shall be responsible for operating and maintaining the customer service line and when the Company determines that replacement of such customer service line is necessary the Company shall be responsible for installing the service line and shall thereafter own the service line.

Any customer accepting gas service under this section shall be deemed to have granted the Company an easement across his property for such service. No service line shall be installed across private property other than the premises of the building to be supplied with gas; except after special investigation and approval by the Company.

When the length of the service pipe required between the property line and the meter is 100 feet or less, the Company will assess no charge for the service pipe installation.

When the length of required service pipe exceeds 100 feet, the Company may require the applicant to contribute toward the cost of the service line installation an amount equal to the estimated cost per foot for each lineal foot of service beyond 100 feet. Contributions by customers toward the Company's cost of furnishing and installing service lines in accordance with this section are non-refundable.

In the event that the Company is required to undertake any excavation on a customer's property in connection with the installation, repair, maintenance or replacement of a service line, the Company shall make reasonable efforts to restore the property to its original condition pursuant to generally accepted utility standards for such construction operations.

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ISSUED BY Glenn R. Jennings Glenn R. Jennings TITLE Cha e Board
Name of Officer President and CEO
Issued by authority of an Order of the Public Service Commission of KY in
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22. COMPANY'S EQUIPMENT AND INSTALLATION

The Company shall furnish, install and maintain at its expense the necessary service connection. The location of this service connection will be made at the discretion and judgment of the Company.

The Company will furnish, install and maintain at its expense the necessary meter, meter stand (including meter riser), regulator and connections which will be located at or near the main service connection, property line or near the building, at the discretion or judgment of the Company. Suitable site or location for the meter, meter stand, (including meter riser), regulator and connections shall be provided by the customer and the title to this equipment shall remain in the Company with the right to install, operate, maintain and remove same and no charge shall be made by the customer for use of the premises as occupied or used.

23. PROTECTION OF COMPANY'S PROPERTY

All meters, piping and other appliances and equipment furnished by and at the expense of the Company, which may at any time be in or on the customer's premises shall, unless otherwise expressly provided herein, be and remain the property of the Company and the customer shall protect such property from loss or damage and no one who is not an agent of the Company shall be permitted to remove such property or to tamper with or damage same.

24. CUSTOMER'S EQUIPMENT AND INSTALLATION

The customers shall furnish, install and maintain at their expense the necessary housepiping, connections and appliances and same shall be installed in accordance with the requirements and specifications of "INSTALLATION OF GAS PIPING AND GAS EQUIPMENT" as compiled and approved by the American National Standards Institute, the National Board of Fire Underwriters, The American Gas Association and other similar bodies, which is now contained in the National Fuel Gas Code (ANSI Z 223.1-1980) and any revisions thereof which are herewith incorporated by reference as a part of the Company's Rules and Regulations wherever applicable and when not in conflict with the requirements of the constituted authorities.

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All appliances must be approved by a standard testing laboratory or agency and installed in accordance with the manufacturer and/or NFPA 54 guidelines.

Suitable pressure regulators shall be installed by, or at the expense of, the customer on all heating appliances and special equipment which have an hourly input of 50,000 BTU or higher; pressure regulators shall also be installed on all appliances with lower inputs where provided or recommended by the manufacturer or where necessary, at the discretion of the Company, to provide better and safer gas utilization and service.

All of the customer's piping, connections and appliances shall be suitable for the purposes thereof and shall be maintained by the customer at his expense at all times in a good, safe and serviceable condition.

The Company shall inspect the condition of the meter and service connections before making service connections to a new customer pursuant to 807 KAR 5:006, Section 13(3). The Company shall not assume any responsibility and shall not be held liable in any way for the making of any periodic inspection of the customer's piping, connections or appliances or for the customer's failure to properly and safely install, operate and maintain same.

25. NOTICE OF ESCAPING GAS OR UNSAFE CONDITIONS

Immediate notice must be given by the customer to the office or employees of the Company if any escaping gas or unsafe conditions are detected or any defects or improper installations are discovered in the piping and equipment of either the Company or the customer which are on the customer's premises.

No flames or lights are to be taken near any escape of gas and the gas must be shut off at the meter cock or valve until hazard is eliminated and the gas service is not to be turned on again except by a Company employee.

The Company will not be responsible or assume any liability for any injury, loss or damage which may arise from the carelessness or negligence of the customer or his agents or representatives.

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26. TURNING OFF GAS SERVICE AND RESTORING SAME

The gas service may be turned off at the meter when justified by the customer or his agent or any constituted authorities but no person, unless in the employ of the Company or having permission from the Company, shall turn the gas on or restore service.

27. CHARACTER OF SERVICE

In accordance with 807 KAR 5:022, Section 16, the Company will normally supply natural gas having a heating value of approximately one thousand seventy (1,070) BTU per cubic foot and a specific gravity of approximately sixty-two hundredths (0.62). However, when necessary to supplement the supply of natural gas, the Company reserves the right, at its discretion, to supply an interchangeable mixture of vaporized liquified petroleum gas and air or a combination of same with natural gas.

28. MEASUREMENT BASE

The Company, in accordance with 807 KAR 5:022, Section 8, utilizes an appropriate measurement base in all service areas. The rates of the Company are based upon gas delivered to the customer on a basis of four (4) ounces per square inch above an assumed atmospheric pressure of fourteen and four-tenths (14.4) pounds per square inch or fourteen and sixty-five hundredths (14.65) pounds per square inch absolute pressure at an assumed temperature of sixty (60) degrees Fahrenheit; provided, however, the Company reserves the right to correct as necessary the actual temperatures to sixty (60) degrees Fahrenheit basis in the cases of large volume industrial customers.

All gas measured at pressures higher than standard pressure for low pressure distribution systems shall be corrected to a pressure base of fourteen and sixty-five hundredths (14.65) pounds per square inch absolute.

29. GAS MEASUREMENT

The gas consumed shall be measured by a meter or meters to be installed by the Company upon the customer's premises at a point

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most accessible or convenient for the Company and all bills shall be calculated upon the registration of said meter or meters except as hereinafter provided. If more than one meter is installed for the same or different classes of service at different locations on the customer's premises, each meter shall be considered separately in calculating the amount of any bills, except in those cases where the Company elects to install dual metering facilities in order to assure accurate measurement of all gas consumed. Meter readings may be combined and one bill rendered under these conditions. Meters include all measuring instruments and equipment.

All residences, commercial buildings or other occupied buildings shall have separate meters even if under the same roof, except in cases of multi-occupants under the same roof with a common entrance or within an enclosure or mobile home park where it is unreasonable or uneconomical to measure each unit separately.

When customers are served from high pressure lines, the meters, regulators and safety devises shall be located as near to the Company's main as is practicable.

30. METERING

Unless otherwise specified, a residential, commercial or industrial consumer shall be interpreted to mean a customer served through an individual meter.

A multiple unit dwelling shall be interpreted to mean two or more consumers or dwelling units, such as apartments, trailers or mobile homes within a trailer park.

A master meter shall be interpreted to mean one meter servicing a trailer or mobile home park or a multiple unit dwelling; the Company reserves the right to charge a minimum monthly rate per mobile home or trailer or individual consumer within a multiple unit dwelling served through a master meter.

Any time a master meter is used for rendering services, the Company shall require the execution of a service agreement in writing, which agreement, among other things, shall specify the number of customers served through such master meter.

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31. POINT OF DELIVERY OF GAS

The point of delivery of gas supplied by the Company shall be at the point where the gas passes from outlet of the meter to customer's yard line or house piping.

32. MCF
"Mcf" is defined as 1,000 cubic feet at the measurement base.

33. CCF
"Ccf" is defined as 100 cubic feet at the measurement base.

34. DTH
"Dth" is defined as 1,000,000 BTUs.

35. DELTA
"Delta" or "the Company" shall mean Delta Natural Gas Company, Inc.

36. CUSTOMER'S DISCONTINUANCE OF SERVICE
Reference 807 KAR 5:006, Section 12.

37. COMPANY'S DISCONTINUANCE OF SERVICE FOR CAUSE
Reference 807 KAR 5:006, Section 14.

38. SPECIAL RULES AND CUSTOMERS SERVED FROM TRANSMISSION MAINS AND GATHERING MAINS

Applicability - These special rules for customers served from transmission mains and gathering mains shall be applicable to the Company's service area set forth in the Company's rules and regulations as filed with and approved by the Public Service Commission.

Transmission Mains - In addition to the standard Rules and Regulations as applicable to 807 KAR 5:022, Section 7, the following special Rules and Regulations shall apply to all customers served directly from the high pressure transmission mains.

All meters, regulators, equipment and connections necessary to serve the customer from high pressure transmission line shall be

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installed on the customer's premises at or as near the transmission line as is practicable.

Suitable site or location for the equipment owned by the Company or the owner of the line shall be provided and furnished by the customer without any expense to the Company. The Company shall have the right of ingress, egress and regress to and from this location at any time without any expense or charges from the customer.

The customers' yard line extending from the outlet of the meter shall be installed and maintained by the customers at their expense.

The customer shall notify the Company promptly of any leaks in the transmission line or equipment, also, of any hazards or damages to same.

Gathering Lines - The following sections of 807 KAR 5:022 shall not apply to natural gas service to the Company's customers being served pursuant to KRS 278.485 or other retail customers being provided natural gas service directly from transmission or gathering lines:

- Section 9, subsections 2(b) through (f), subsections (16) and (17);
- Section 13, subsections (14), (15) and (16);
- Section 14, subsection (22);
- Section 15; and
- Section 16.

The Company shall make all reasonable efforts to prevent interruptions of service and if interruptions occur, shall endeavor to reestablish service with the shortest possible delay consistent with the safety of its consumers and the general public. Planned interruptions shall always be preceded by adequate notice to all affected customers.

The Company shall provide service to gathering line customers pursuant to 807 KAR 5:026. Customers requesting service from a gathering line shall complete Form 910 "Application for Service on Gathering System." Prospective gathering line customers shall

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be advised (1) of the possibility of service interruptions due to the unprocessed nature of the gas, and (2) that upon the discontinuance of the gathering of gas through the gathering line or low flowing pressures resulting from the depletion of the wells feeding that gathering line or other reasons affecting pressure and/or volumes of gas, service is subject to interruption or discontinuance.

39. SPECIAL PROVISIONS - LARGE VOLUME CUSTOMERS

Industrial, commercial or other customers using large volumes of gas on a varying basis shall install and maintain at their expense adequate piping and suitable regulating and control equipment to provide reasonable and practical limitation of intermittence or fluctuation in the pressure, volume or flow of gas and shall so regulate and control their operations and the use of gas hereunder so as not to interfere with gas service being furnished to them or to any other customers or with the proper and accurate metering of gas at their existing location or any other location.

40. MONITORING OF CUSTOMER USAGE

The Company monitors each customer's usage on a monthly basis in order to detect unusual deviations in individual customer consumption. Prior to each monthly billing, the Company compares the customer's current consumption with prior usage. Should an unusual deviation in the customer's consumption be found, the Company makes a reasonable attempt to determine the reason for the unusual deviation including re-reading the meter and testing the meter if required.

If the cause for usage deviation cannot be determined from analysis of the customer's meter reading and billing records the Company will contact the customer by telephone or in writing to determine whether there have been changes such as different number of household members or work staff, additional or different appliances, changes in business volume or known leaks in the customer's service line.

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The Company will notify the customer of the investigation, its findings and any refunds or backbilling in accordance with 807 KAR 5:006, Section 10 (4) and (5).

41. DISTRIBUTION MAIN EXTENSIONS

The Company will make extensions from its existing distribution mains in all of its service areas in accordance with 807 KAR 5:022, Section 9.

All extensions will be made dependent on the economic feasibility of the extension. Title to all extensions shall be and remain with the Company. In the event a deposit is placed with the Company, the amount of the refund shall not exceed the original deposit.

Nothing contained herein shall be construed as to prohibit the Company from making at its expense greater extensions to its distribution mains or the granting of more favorable terms than herein prescribed, should its judgment so dictate, provided like extensions are made for other customers or subscribers under similar conditions.

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CLASSIFICATION OF SERVICE
RATE SCHEDULES

WEATHER NORMALIZATION ADJUSTMENT CLAUSE APPLICABLE TO RESIDENTIAL AND SMALL NON-RESIDENTIAL GENERAL SERVICE RATE SCHEDULES

WEATHER NORMALIZATION ADJUSTMENT (WNA)

The sales to residential and small non-residential customers shall be increased or decreased monthly by an amount hereinafter described as the Weather Normalization Adjustment (WNA).

DETERMINATION OF WNA

A Weather Normalization Adjustment Factor (WNAF) shall be utilized during the December through April billing months to calculate the non-gas portion of the bills of all residential and small non-residential heating customers. During the remainder of the year, May through November, the monthly bills shall be computed solely on actual consumption.

WEATHER NORMALIZATION ADJUSTMENT WILL BE CALCULATED USING THE FOLLOWING FORMULA:

WNA = WNAF * Actual Ccf * Base Rate Charge

An average daily base load will be determined separately for residential and small non-residential customers. The average daily base load will remain the same for the WNA December - April billing months. WNA will be billed for 5 billing periods.

An Average Monthly Base Load (AMBL) for residential or small non-residential customers will be calculated by using total Ccf for two month non-heat usage (August/September) divided by total number of residential or small non-residential customers billed for the two month period.

AMBL = CCF / NUMBER OF CUSTOMER

To calculate the Average Daily Base Load (ADBL), divide the Average Monthly Base Load by the average number of days in the two-month non-heat billing cycle.

ADBL = AMBL / AVERAGE # DAYS

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Base Load (BL) is determined by multiplying the Average Daily Base Load per residential or small non-residential customer by the number of days in the billing cycle times the number of residential or small non-residential customers in the billing cycle.

BL = ADBL * # DAYS IN BILLING CYLCE * # CUSTOMERS IN BILLING CYCLE

The heat load is then determined by subtracting the residential or small non-residential customer's base load from the total Ccf billed in the billing cycle.

HL = CCF BILLED IN CYCLE - BL

A Heating Degree Factor (HDF) is then determined by dividing the Normal Degree-Days (NDD) for the billing cycle by the Actual Degree-Days (ADD) in the billing cycle.

HDF = NDD / ADD

The Weather Normalization Adjustment Consumption (WNAC) is computed by multiplying the Heating Degree Factor times the Heat Load and adding the Base Load to that number.

WNAC = HDF * HL + BL

The Weather Normalization Adjustment Factor is then calculated by dividing the WNA Consumption by the total Ccf billed in the cycle.

WNAF = WNAC / CCF

The WNAF will be recomputed monthly based on company averages. If the WNAF is less than 1.0, the customer's billed amount will be less than the actual amount would have been. If the WNAF is greater than 1.0 the customer's billed amount will be more than the actual amount would have been. The customer's bill is calculated by multiplying the actual Ccf usage by the WNAF times the base rate charge as set forth on Sheet No. 2 of this tariff.

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DATE OF ISSUE November 8, 2010 DATE EFFECTIVE Oct .0
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Issued by authority of an Order of the Public Service Commission of KY in
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CLASSIFICATION OF SERVICE
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RIDER FOR GAS TECHNOLOGY INSTITUTE RESEARCH AND DEVELOPMENT

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 17. This tariff applies to all gas sold by Delta under Delta's residential (Tariff Sheet No. 2), small non-residential (Tariff Sheet No. 3), large non-residential (Tariff Sheet No. 4) and interruptible (Tariff Sheet No. 5-6) rate schedules. It also applies to transportation by Delta under Delta's on system transportation (Tariff Sheet No. 7-9) rate schedule.

GTI R&D Unit Charge

The intent of the Gas Technology Institute Research and Development (GTI R&D) Unit Charge is to maintain the Company's level of contribution at the calendar year 2003 funding amount of approximately $12,347. The Unit Charge will be billed effective February 1, 2005 at the rate of $0.0002 per Ccf.

WAIVER PROVISION

The GTI R&D Unit Charge may be reduced for one or more classifications of service or rate schedules at any time by the Company by filing notice with the Commission. Any such waiver shall not increase the GTI R&D Unit Charge to the remaining classifications of service or rate schedules without Commission approval.

REMITTANCE OF FUNDS

All funds collected under this rider will be remitted to Gas Technology Institute on an annual basis. The amounts so remitted shall be reported to the Commission annually.

TERMINATION OF THIS RIDER

Participation in the GTI R&D funding program is voluntary on the part of the Company. The Company may terminate this rider at any time by filing a notice of rescission with the Commission.

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CLASSIFICATION OF SERVICE
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ENERGY ASSISTANCE PROGRAM RIDER
APPLICABLE TO RESIDENTIAL RATE SCHEDULE

ENERGY ASSISTANCE PROGRAM

An Energy Assistance Program ("EAP") surcharge of $0.20 per month will be applied to all residential bills rendered under the Residential
(T) Rate Schedule. It has been added to Delta's existing customer charge as set forth on Sheet No. 2 of this tariff. Proceeds from the EAP surcharge will help fund a bill credit to enrolled low-income customers. It is available to eligible residential customers in the Company's service territory subject to enrollment through local community action agencies and subject to available funding. Delta's operating expenses associated with the program were considered in determining rates in Case No. 2007-00089.

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CLASSIFICATION OF SERVICE
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CONSERVATION/EFFICIENCY PROGRAM COST RECOVERY APPLICABLE TO RESIDENTIAL RATE SCHEDULE

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 17. This tariff applies to all gas sold by Delta under Delta's residential tariff (Tariff Sheet No. 2).

CONSERVATION/EFFICIENCY PROGRAM COST RECOVERY COMPONENT (CEPRC)

Delta's Conservation/Efficiency Program (the Program) is a demand-side management program established to promote conservation and the efficient use of natural gas by Delta's residential customers.

The prices to residential customers shall be increased monthly by an amount hereinafter described as the Conservation/Efficiency Program Cost Recovery Component (CEPRC), which allows Delta to recover costs associated with the Program.

DETERMINATION OF CEPRC

The Company shall file an annual report with the Commission which shall contain updated CEPRC rates at least thirty (30) days prior to the effective date of the new rates. The annual amount computed under the Conservation/Efficiency Program Cost Recovery Component shall be collected based on the CEPRC amount divided by the expected usage for the upcoming program year. For purposes of determining the CEPRC, the program year is defined as the twelve months ended October 31, with rates effective as of the following February 1. The amounts billed under the CEPRC will be computed solely on actual consumption.

The CEPCR is calculated using the following formula:

$$\mathbf{CEPRC = CEPCR + CEPLS + CEPI + CEPBA}$$

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CONSERVATION/EFFICIENCY PROGRAM COST RECOVERY
APPLICABLE TO RESIDENTIAL RATE SCHEDULE

Whereby:

CEPCR = CONSERVATION/EFFICIENCY PROGRAM COST RECOVERY

The CEPCR shall include all actual costs which have been approved by the Commission for each twelve month period for conservation/efficiency programs of the Company "approved programs". Such program costs shall include the cost of planning, developing, implementing, monitoring, and evaluating CEP programs. In addition, all costs incurred including, but not limited to, costs for consultants, employees and administrative expenses, will be recovered through the CEPCR.

CEPLS = CEP REVENUE FROM LOST SALES

Revenues from lost sales due to CEP programs implemented on and after the effective date of this tariff will be recovered as follows:

The estimated reduction in customer usage (in Ccf) as a result of the approved programs for the previous twelve months shall be multiplied by the non-variable revenue requirement per Ccf for purposes of determining the lost revenue to be recovered hereunder. Non-variable revenue requirement is base rate charged to the applicable rate class under this tariff.

The aggregate lost revenues attributable to the program participant shall be divided by the estimated residential sales (in Ccf) for the upcoming twelve-month period to determine the applicable CEPLS surcharge.

Recovery of revenues from lost sales calculated for a twelve-month period shall be included in the CEPLS until the implementation of new base rates pursuant to a general rate case.

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CONSERVATION/EFFICIENCY PROGRAM COST RECOVERY APPLICABLE TO RESIDENTIAL RATE SCHEDULE

Revenues collected hereunder are based on engineering estimates of energy savings, actual program participation and estimated sales for the upcoming twelve-month period. At the end of each such period, any difference between the lost revenues actually collected hereunder and the lost revenues determined after any revisions of the engineering estimates and actual program participation are accounted for shall be reconciled in future billings under the CEP Balance Adjustment (CEPBA) component.

CEPI = CEP INCENTIVE

For all Conservation/Efficiency Programs, the CEP incentive amount shall be computed by multiplying the net resource savings estimated from the approved programs times fifteen (15) percent. Net resource savings are defined as program benefits less utility program costs and participant costs where program benefits will be calculated on the basis of the present value of Delta's avoided commodity costs over the expected life of the program.

The CEP incentive amount shall be divided by the expected Ccf sales for the upcoming twelve month period to determine the CEPI. CEP incentive amounts will be assigned for recovery purposes to the rate classes whose programs created the incentive.

CEPBA = CEP BALANCE ADJUSTMENT

The CEPBA shall be calculated on a twelve month basis and is used to reconcile the difference between the amount of revenues actually billed through the CEPCR, CEPLS, CEPI and previous application of the CEPBA and the revenues which should have been billed.

The program has an October year-end with rates effective February 1.

The CEPBA is the sum of the following components:

- The amount estimated to be recovered during the current program year from February 1 through October 31

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CONSERVATION/EFFICIENCY PROGRAM COST RECOVERY APPLICABLE TO RESIDENTIAL RATE SCHEDULE

- The amount estimated to be recovered during the prior program year from November 1 through January 31 less actual recovery.

- The balance adjustment amounts determined on the basis of the above paragraphs (1) and (2) shall include interest to be calculated at a rate equal to the average of the "3-month Commercial Paper Rate" for the immediately preceding 12-month period.

The balance adjustment amounts, plus interest, shall be divided by the expected Ccf sales for the upcoming twelve-month period to determine the CEPBA for each rate class.

Modifications to CEPRC

The filing of modifications to the CEPRC which require changes in the CEPCR component shall be made at least two months prior to the beginning of the effective period for billing. Modifications to other components of the CEPRC shall be made at least thirty days prior to the effective period for billing. Each filing shall include the following information as applicable:

(1) A detailed description of each CEP program, the total cost of each program over the previous twelve month period and budgeted costs for the next program year, an analysis of expected resource savings, information concerning the specific CEP or efficiency measures to be installed, and any applicable studies which have been performed, as available.

(2) A statement setting forth the detailed calculation of the CEPCR, CEPLS, CEPI, CEPBA and CEPRC.

Each change in the CEPRC shall be placed into effect with bills rendered on and after the effective date of such change.

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CERTIFICATION OF SERVICE
RATE SCHEDULES

PIPE REPLACEMENT PROGRAM ("PRP") RIDER

APPLICABILITY

Applicable to all customers receiving service under the Company's Rate Schedules, Residential, Small Non-Residential, Large Non-Residential and Interruptible Services.

CALCULATION OF PIPE REPLACEMENT RIDER REVENUE REQUIREMENT

The PRP Rider Revenue Requirement includes the following:

a. PRP-related plant in service not included in base gas rates minus the associated PRP-related accumulated depreciation and accumulated deferred income taxes;
b. Retirement and removal of plant related to PRP construction;
c. The weighted average cost of capital 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 and PSC assessment;
d. Depreciation expense on the PRP-related plant in service less retirement and removals;
(N) e. Reduction for savings in operating and maintenance expense;
(N) f. Increased property tax expense on the PRP-related plant in service.

PIPE REPLACEMENT PROGRAM FACTORS

All customers receiving service under Delta's Residential, Small Non-Residential, Large Non-Residential and Interruptible Service Rate Schedules 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 pipe main replacement program.

(N) The PRP Rider will be updated annually, in order to reflect the impact on the Company's revenue requirements of net plant additions as well as a balancing adjustment for the preceding program year. Such adjustment to the Rider will become effective with meter readings on and after the first billing cycle of May, and will reflect the allocation of the required revenue increase based on the revenue distribution approved by the Commission.

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