KENTUCKY FRONTIER GAS, LLC

RATES,

RULES

AND

REGULATIONS

DISTRIBUTION SYSTEM

DATE OF ISSUE June 21, 2013
DATE EFFECTIVE June 21, 2013
ISSUED BY Robert Oxford, Member-Manager

Issued by Authority of an Order of the
Public Service Commission of KY
in Case No. 2011-00443 dated June 21, 2013

KENTUCKY
PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN
EXECUTIVE DIRECTOR
TARIFF BRANCH
Bunt Kirtley
EFFECTIVE
6/21/2013
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

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RULES & REGULATIONS

I. RATES AND CHARGES

A. APPLICABILITY

For all non-farm tap Residential and Commercial customers in all areas served by Kentucky Frontier Gas distribution systems, including in Floyd County the communities of Auxier, Cliff and around Prestonsburg; Price, Cow Creek, Endicott, Allen, Dwale, Estill, Garrett, Hueysville, Lackey, Middle Creek, Minnie and Wayland; Melvin, Bevinsville, Bypro, Weeksbury, Langley and Goble Roberts; in Pike County the communities of Belfry and Forest Hills, Toler, Hardy, Sharondale, Jerry Bottom, Leckieville, Murphys Bottom, Huddy, Stone and Phelps; in Magoffin County the communities of Salyersville, Mashfork, Falcon, Marshallville, Ivyton, Burning Fork and along Abbott Creek; and Elk Creek, Lickburg, Wheelersburg, Flat Fork, Jellicoe, Mine Fork, Maggard, Coon Creek, Buffalo Creek, Lakeville, Sublett, Royalton, Oakley, Swampton and Half Mountain; the Blaine community in Lawrence County; the Dema community in Knott County; the Oil Springs community in Johnson County; and other customers in surrounding areas of Johnson, Knott, Letcher, Martin and Perry counties.

B. MONTHLY CHARGES & COMMODITY RATES

	Base Rate	GCRR Gas Cost	Total	
Residential & Commercial				
Monthly Customer charge	$10.00			
All Ccf	$0.42023	$0.53890	$ 0.95913	(I)
Large Commercial				
Monthly Customer charge	$50.00			
All Ccf	$0.34454	$0.53890	$ 0.88344	(I)

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Gas Cost Reconciliation Rates

Beginning November 1, 2013 through October 31, 2014, the following gas cost reconciliation rates will be added to the PGA rates for customers in the indicated service areas:

Auxier Road	($ 0.2666) per MCF	(N)
Belfry	$ 0.3115 per MCF	
Cow Creek/Sigma	($ 0.1377) per MCF	
BTU	($ 1.0690) per MCF	
East Kentucky	$ 0.2348 per MCF	
Mike Little	$ 0.0661 per MCF	
Peoples	$ 0.0762 per MCF	

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C. OTHER CHARGES

Turn On Fee	$50.00 to initiate service at a location for seasonal/temporary turn on.
Reconnection Fee	$50.00 to restore service within 12 months of disconnection/termination for non-payment;
Relocate Meter	$150.00 – move meter at customer request.
Transfer Service Fee	$30.00 to change tenants (change to new customer).
Returned Check Charge	$30.00 for a check returned for insufficient funds
Late Payment Charge	10% of the current monthly charges.
Service (Trip) Charge	$50.00 for any special trip made to collect delinquent bills/terminate service.
Special Meter Reading Chg	$50.00 for reread
Meter Test fee	$225.00 for customer requested immediate test if the test shows that the meter is within the limits established by 807 KAR 5:022(8)(3)(a)1
Pipeline Replacement Pgm	$1.25 per meter per distribution customer per month
AMR surcharge	$1.00 per meter per customer (distribution and farm tap) per month

D. DEPOSITS

Residential Customer A deposit equal to two-twelfths of the estimated annual bill is required of all new customers unless waived as specified in Section II E. The deposit shall be refunded after the first 12 months of service if the customer has no more than two late payments within that period and no delinquency resulting in the issuance of a written Notification of Discontinuation of Service.

Commercial Customer A deposit of two twelfths of the annual estimated bill.

Seasonal Customer Any customer requesting seasonal service, that is service for only a portion of a calendar year, shall be charged a deposit equal to two twelfths of the estimated annual bill of a similar full time residential or commercial customer.

RATES & CHARGES

Interest will accrue on all deposits at the rate prescribed by law beginning on the date of the deposit. Interest accrued will be refunded to the customer or credited to the customer's bill on an annual basis. If interest is paid or credited to the customer's bill prior to twelve (12) months from the date of deposit or the last interest payment date, the payment or credit shall be on a prorated basis.

II. RULES AND REGULATIONS – ALL CUSTOMERS

A. GENERAL STATEMENT

Kentucky Frontier Gas, LLC has consolidated the operations of several natural gas utilities in Kentucky. This tariff details the conditions of service for all Customers served by Kentucky Frontier Gas operations.

The following Rules and Regulations are filed with the Public Service Commission of Kentucky, referred to as "PSC" or "Commission", as part of the natural gas tariff of the gas utility operations of Kentucky Frontier Gas, LLC, hereinafter "Company" or "the utility". These Rules and Regulations set forth the terms and conditions under which natural gas service is supplied and govern all classes of service in all systems and territories served by the utility. Service furnished by the Company is also subject to the Rules of the PSC. Copies of this tariff are available for any Customer's inspection at the offices of the Company. They are subject to termination, change, or modification, in whole or in part, at any time. Any waiver at any time of the Company's rights or privileges under these Rules & Regulations will not be deemed a waiver as to any later breach of these rules.

1) COMMISSION'S RULES & 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.

2) COMPANY'S RULES & REGULATIONS In addition to the Rules & 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.

3) 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.

B. APPLICATION FOR GAS SERVICE

Application for natural gas service may be made at the office of the Company. The Company may refuse service to any Customer who fails to comply with these Rules & Regulations. The

Company will not furnish service to any applicant who owes the Company any past due amount for service at any location, until all such indebtedness is paid in full.

The Company may require any applicant to sign a Service Contract before service is supplied. The use of natural gas service constitutes an agreement under which the Customer receives natural gas service, agrees to pay the Company therefore in accordance with the applicable Tariff rate schedule, and agrees to comply with the Rules and Regulations of the utility. The benefits and obligations of the agreement for service may not be assigned without written consent of the Company. A separate agreement will be made for each class of service at each separate location.

A Customer is defined as any individual, enterprise or legal entity classified as either a Residential or Commercial purchasing natural gas from the Company at each point of delivery, under each rate classification, contract or schedule.

In cases where the Applicant for new service is in default of payment of bills for any service previously rendered to Applicant, a settlement of the old account, or arrangement satisfactory to the Company for its settlement, will be required before the new service is rendered.

C. CHOICE OF RATES

A schedule of rates is available at the office of the Company. When two or more rate schedules apply to a customer's service requirements, the Company will assist in selecting the most suitable rate. Applicant is responsible for the final selection of said rate, and Company assumes no liability for that selection.

D. TEMPORARY OR INTERMITTENT SERVICE

If service to Customer is to be temporary or intermittent in usage, service will be supplied in accordance with the applicable rate schedule. Service to mobile homes and trailers may be considered by the Company as temporary. All costs of main or service construction will be paid in advance by the Customer. If service is provided for more than 24 months the Company will refund any construction costs in excess of those allowed under the Service Extension Policy.

RULES & REGULATIONS

E. DEPOSITS

The Company requires Customers to make a minimum cash deposit to initiate or re-establish gas service. The Company may waive the deposit upon a Customer's showing of satisfactory credit and payment histories with Company and others, established income or local property ownership and no recent bankruptcy, or a suitable co-signor. Such deposit is not an advance payment or partial payment of any bill for any bill for service, but is security for payment of bills for service to be applied against any unpaid bills only in the event service is discontinued.

If a deposit has been waived or returned and the customer fails to maintain a satisfactory payment record, a deposit will be required. If a customer has a substantial change in usage, an additional deposit will be required. An additional or subsequent deposit will not be required of a residential customer whose payment record is satisfactory unless the customer's classification of service changes or the deposit is recalculated at the customer's request in accordance with Public Service Commission rules and regulations.

Interest on such deposits will be calculated at a rate prescribed by the PSC for the period elapsed from date of deposit to date refunded. Interest will be paid annually and upon refund of deposit.

Deposits will be refunded when service is discontinued, or at the end of the one year deposit holding period as specified in Section 1D, upon proof that person claiming deposit is legally entitled to same. On discontinuance of service, the Company reserves the right to apply the Customer's deposit and any interest accrued thereon against unpaid bills for service, and only the remaining balance of the deposit, if any, will be refunded.

F. MONTHLY BILLS

Bills for service will be rendered monthly. The term "month" for billing purposes means the period between any two consecutive regular readings by the Company of the meters at the Customer's premises, such readings to be taken as nearly as may be practicable every thirty days. The timing of the meter cycle is selected by the Company.

If an initial or final bill is for a period less than the monthly billing period described above, the billing will include the monthly minimum charge plus actual gas usage from the prior meter reading.

If the Company is unable to read a meter after reasonable effort, the Customer will be billed on an estimated usage based on the best available information. When Company for any reason submits a bill to a Customer for utility service which contains an estimated reading or a no-charge, Company will include on such bill a notice informing Customer that the bill contains an estimate or no-charge.

All bills for service, including any excise tax, sales tax, franchise fee or the like imposed by governmental authority, are due and payable at the office of the Company, or to an authorized agent of the Company, not later than the due date shown on the bill. All bills are due upon presentation.

The bill will be considered as received by the Customer when mailed to, or left at, the location where service is used or at some other location that has been mutually agreed upon. If the Customer fails to receive a bill, the Company, upon request, will issue a duplicate. However, failure to receive a bill in no way exempts the Customer from payment, before delinquent date, for service rendered.

Customer usage is monitored during the billing process and any significant deviation from normal usage pattern will be assessed. Company will re-read or test meters and review billing calculations as part of its investigation. Company will inform Customer if any significant billing adjustment is needed.

If a Customer gives notice at the Company's office prior to the time that payment is due that the correctness of the bill is disputed, stating reasons, the Company will investigate the complaint. The Company shall maintain the account pursuant to 807 KAR 5:006(12).

G. BUDGET BILLING PLAN

Residential customers may elect at their option to pay monthly bills for service on a Budget Billing Plan. Customers indebted to Company shall not qualify until arrearage is paid in full. Customer shall make an application and sign a payment agreement for Budget Billing, acknowledging average usage and the calculated monthly payment.

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The monthly amount to be paid under Budget Billing is calculated from the past twelve months' gas usage at the current gas rates rate, divided by 11 and rounded to the nearest dollar. When the past twelve month's gas usage is unavailable, the calculation will be made using an estimate of twelve months of gas usage for a similarly situated customer. Said monthly payment shall be made for eleven successive months beginning with the July billing month. The twelfth month's payment is a settlement amount equal to the difference between the total of the prior eleven months' payments and the actual billings for the twelve month period.

If the settlement amount is a credit balance the Company will issue a check to the Customer in the amount of the credit balance, or the Customer may elect to have the credit applied to future billings. If the settlement amount is a debit balance owed by the Customer, the total balance will be due and payable on the due date shown on the bill for the settlement month, except that in the event the debit balance exceeds $100, the Customer may elect to pay the debit over a two month period with at least one half of the total debit balance payable in the settlement month. The Customer may continue on the Budget Billing Plan for succeeding years, in which case the settlement month for each year will occur in twelve month cycles starting with the beginning month.

If a Customer electing Budget Billing Plan fails to pay the budget billing obligation in any month, normal collection procedures shall be applicable for the outstanding budget billing amount. Upon termination of service of a Customer on the Budget Billing Plan, the entire balance amount of the account for actual usage shall be due and payable by Customer to Company if a debit balance exists or shall be refunded by Company to Customer if a credit balance exists.

The monthly budget billing amount will be adjusted for changes in the Company's base rates and for unusual changes in Purchased Gas Cost Adjustment due to major purchase gas cost changes from the Company's gas suppliers. No adjustment in monthly budget billing amounts will be made for normal Gas Cost Adjustment changes. Changes in Gas Cost Adjustment levels shall be considered unusual when such changes would result in a 10% or more increase or decrease in Customer's anticipated annual billing for gas service.

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H. PARTIAL PAYMENT PLAN

Qualifying customers may enter into a partial payment plan in accordance with 807 KAR 5:006(14)(2).

I. WINTER HARDSHIP RECONNECTION

Qualifying customers may have service reconnected pursuant to 807 KAR 5:006 (15) and (16) if conditions of the regulation are met.

J. MEASUREMENT OF GAS SERVICE

All deliveries of gas through Company facilities shall be metered.

The Company will install, own and maintain suitable metering equipment necessary for measuring the natural gas supplied. The Point of Delivery to the Customer is the outlet of the Company's meter.

Each class of natural gas service supplied will be metered and billed separately. All service to a Customer under one applicable rate schedule will be measured by a single meter installation and meter readings of one meter installation shall not be combined with meter readings of another meter installation for billing purposes, unless specifically allowed under the applicable tariff. Adjoining properties may be combined on a single meter installation at the Customer's expense, and served as a single Customer where such properties are controlled, occupied, and used for commercial purposes by a single enterprise engaged in the pursuit of a single business.

Service to the same Customer at different premises will be considered as service to separate Customers.

Standard delivery pressure and temperature of natural gas supplied by the Company is four (4) ounces per square inch above average atmospheric pressure, which is assumed to be 14.73 psia in the Company service area and sixty (60) degrees Fahrenheit. All meters shall be temperature-compensated. Where necessary, the volume of gas as registered on the service meter shall be adjusted to the foregoing conditions for billing purposes.

Customer shall not bypass, adjust, alter or tamper with Company meters or regulators for any reason, such actions being cause for immediate discontinuance of service. Customer shall not construct any addition or structure over utility-owned mains, service lines, or meters, and shall not enclose exposed portion of gas service facilities with any unventilated enclosure. Customer shall immediately notify Company of any leak or defect observed in Company's facilities.

K. DISCONTINUANCE OF SERVICE AT CUSTOMER'S REQUEST

A Customer wishing to discontinue or transfer service should give at least three days' notice to Company to that effect, unless otherwise specified in the rate or contract applicable, in order to allow time for final meter reading and disconnection of service. Where such notice is not received by the Company, the Customer will be liable for service until final reading of the meter. Notice to discontinue service will not relieve a Customer from any minimum or guaranteed payment under any contract or applicable rate.

L. DISCONTINUANCE OF SERVICE BY COMPANY

Company may discontinue service upon not less than ten days' written notice to Customer, and to any Customer designated third party, of Company's intention to discontinue service:

1) If Customer fails to pay, or make arrangements for payment of, bills for service rendered as provided in these rules.

2) If Customer fails to comply with Company's Rules and Regulations after due notice of such failure is given by Company and reasonable time is allowed for compliance.

3) If Customer's use of service is detrimental to the natural gas service being furnished by Company to other Customers in the immediate vicinity or supplied from the same distribution system.

If discontinuance is for nonpayment of bills, the customer shall be given at least 10 days written notice, separate from the original bill, and cut-off shall be effected not less than twenty seven (27) days after the mailing date of the original bill, unless, prior to discontinuance, a residential customer presents to the utility a written certificate, signed by a physician, registered nurse, or

public health officer, that such discontinuance will aggravate an existing illness or infirmity on the affected premises, in which case discontinuance may be effected not less than thirty (30) days from the date the utility notifies the customer, in writing, of state and federal programs which may be available to aid in payment of bills and the office to contact for such possible assistance.

Discontinuance of service under (1) will not occur if: Customer makes full payment of outstanding bill, such payment to be made by cash or bona fide check to a Company representative or field employee unless Customer has twice previously tendered payment with check which was returned to the Company by the banking institution unpaid, and the second such check was returned within the most recent twelve month period, in which cases payment by cash or certified check is required to avoid termination.

Discontinuance of service shall only occur between 8:00 am and 4:00 pm, Monday through Thursday. Service may not be terminated on the day prior to, or the day of, a legal holiday.

Company may discontinue service at any time without notice:

1) If a condition or installation of any part of the Customers' gas piping or any appliance is found to be dangerous to life, health, or safety of any person. Company does not assume responsibility for, and will not be held liable for, ascertaining such condition.

2) If service is found to have been restored by someone other than Company and the original cause for the discontinuance has not been cured. The Company does not assume responsibility and will not be held responsible for ascertaining such condition.

3) If Company metering and regulating equipment has been bypassed, adjusted, altered or tampered with.

M. RESTORATION OF SERVICE

Service which has been terminated due to failure to pay or make arrangements for payment of bills for service rendered will be restored if Customer pays all applicable collection and/or reconnection charges as stated in Charges for Rendering Service.

Where service has been discontinued as set forth in these rules, Company shall restore such service within 24 hours after elimination by Customer of the cause for discontinuance, unless

extenuating circumstances prevent restoration. Extenuating circumstances includes, but is not limited to, the requirement that the Customer or a responsible individual designated by the Customer be at the premises at the time of restoration of service.

N. CONNECTION & RECONNECTION FEE

The Company shall charge the Customer a Connection or Reconnection Fee as set forth herein for the following services:

1) Initial Connection of gas service to a Customer;

2) Reconnection of gas service to a Customer who has requested discontinuance of service at the same premises within the past twelve months; and

3) Reconnection of gas service to a Customer whose service has been discontinued by the Company for any reason stated herein within the past twelve months.

O. METER TRANSFER FEE

The Company shall charge a Meter Transfer Fee as set forth herein:

1) For transfer of service at the same premises from one tenant to another, when the gas service is not otherwise changed or interrupted. Such Fee will be charged to the new Customer.

2) For transfer of service to a Customer from one premises to another.

P. RETURNED CHECK CHARGE

The Company shall charge a Returned Check Charge as set forth herein for each check that is returned to the Company as uncollectable by its bank.

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Q. LATE PAYMENT CHARGE

The Company shall charge a Late Payment Charge on all bills not paid within 15 days of the billing date. Charges are assessed only once on a past due amount.

R. DIVERSION OF NATURAL GAS

The existence of natural gas consuming devices installed ahead of the meter or any tampering or interfering with pipes, regulators or equipment connected to Company's distribution system or the damage to, alteration, or obstruction of any meter (including the breaking of meter seals and increasing regulator pressure) which will permit or make possible the use of natural gas without its proper registration on Company's meter shall constitute prima facie evidence of diversion of natural gas by the Customer in whose name service is being rendered, or by the person benefiting from the use of such diverted natural gas. In the event that a Company check meter registers more natural gas in the same interval of time than does the meter installed at Customer's premises after such meters have been tested and found to be registering within the limits of accuracy prescribed by the PSC, such fact shall also constitute prima facie evidence of diversion of natural gas.

In such instances, Company will, in any reasonable manner, compute the amount of diverted natural gas and shall have the right to enter Customer's premises and make an actual count of all natural gas consuming devices to aid in such computation. Where Company is unable to make such count, the computation will be based on any other available information, or estimated. Such computation will be made for the period beginning with the date on which Customer began using natural gas at the location where the diversion occurred, unless evidence proves the diversion commenced a later date, and ending with the date on which said diversion ceases. Bills for natural gas diverted, based upon the aforesaid computation, under the applicable rate effective during the period of diversion, plus the cost of investigating and confirming such diversion and disconnecting service, shall be due and payable upon presentation.

If service has been discontinued for diversion of natural gas, Company will not render service to Customer, or to any other person for Customer's use, at the same or any other location until:

1) Customer has paid all bills as set forth preceding, and

2) Customer has paid to Company or others the installation cost of such entrance and service equipment as is necessary to prevent further diversion of natural gas.

The foregoing rules pertaining to diversion of natural gas are not in any way intended to affect or modify any action or prosecution under the statutes of the Commonwealth of Kentucky.

S. EASEMENTS

Receipt of natural gas service by Customer shall be construed as an agreement with the property owner, granting to Company an easement for gas mains, services, meters, and other equipment of Company necessary to render service to Customer. If requested by Company and before or after service is connected, Customer will execute Company's standard form of right-of-way agreement, granting to Company, at no expense therefore, satisfactory easements for suitable location of Company's mains, services, meters and metering equipment, and other appurtenances on or across lands owned or controlled by Customer, and will furnish space and shelter satisfactory to Company for all apparatus of Company located on Customer's premises. In the event that Customer shall divide premises by sale in such manner that one parcel shall be isolated from streets where Company's gas mains are accessible, Customer shall grant or reserve an easement for gas service over parcel having access to gas mains for the benefit of the isolated parcel.

T. ACCESS FOR COMPANY'S EMPLOYEES AND AGENTS

Customer will provide access to its premises at all reasonable times for authorized employees and agents of the Company for any proper purpose incidental to the supplying of natural gas service. An employee of the Company whose duties require him to enter the customer's premises shall wear a distinguishing uniform or other insignia, identifying him as an employee of the utility, and show a badge or other identification that shall identify him as an employee of the Company.

U. REALLOCATION OR RESALE OF NATURAL GAS

Natural gas service supplied by the Company is for the exclusive use of the customer. The customer is expressly forbidden to re-allocate or resell gas for any purpose.

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V. CUSTOMER'S INSTALLATION

The customer shall furnish, install, own and maintain at his expense the necessary customer's service line extending from the Company's service disconnect at the customer's property to the meter riser at the inlet side of the meter. Company shall have no responsibility or liability for piping on the outlet side of the meter

The materials, installation, location and testing of the house line downstream of the outlet side of the KFG meter must meet the requirements and specifications contained in the National Fuel Gas Code, ANSI Z223.1-Section 5.7, NFPA 54.

The Customer, before purchasing equipment or beginning construction of a proposed installation, shall confer with the Company to determine if the type of service, capacity, and pressure desired by Customer is available, to determine if extensions of, or additions to, Company's facilities will be required; and to secure definite location of the Company's meter and point of delivery. The Company must also be notified in advance before any additions to or alterations of existing installations which will materially affect the existing gas consumption.

If required, any Customer-installed buried line shall be at least 1-inch diameter pipe (only API-rated coated steel or PE) from the meter to all appliances, without reduction in size except it may be reduced at the entrance to the room to the same size as the appliance connection. A stopcock shall be installed at the building wall if applicable, and at each appliance.

All gas piping and other natural gas appliances and equipment on the Customer's side of the point of delivery will be furnished, installed and maintained at all times by the Customer in conformity with good practice, the requirements of any public body having jurisdiction or appropriate gas piping codes, and in accordance with the Company's Rules and Regulations. However, Company accepts no liability for injury or damage caused by defects in Customer's piping or equipment.

No equipment or apparatus will be connected to Company's distribution system, the operation of which may cause such an abnormal pressure variation in said system as to impair or endanger the natural gas service supplied to other customers on said system or to adversely affect operation of Company's metering or pressure regulating equipment. In the event that equipment having a high instantaneous demand such as a gas engine is to be connected, Customer shall provide adequate pulsation or surge tank, shut off valves and other protective devices as may be required

by Company. Customer shall, in every case, confer with Company before any equipment or apparatus requiring extremely close regulation of pressure or quality of gas is connected to Company's distribution systems.

When the Company is required by order of proper authorities to move or alter its existing distribution system, thereby necessitating a change in the location of the service line and the point of delivery, the Company will designate a new point of delivery to which the Customer, at its expense, will bring the customer-owned piping.

Service will be delivered to the Customer for each premise at one point of delivery to be designated by the Company. For the mutual protection of the Customer and the Company, only authorized employees of the Company are permitted to make connections between the Company's facilities and the Customer's gas service piping.

The Company reserves the right to require the Customer to reimburse the Company for any cost due to a change in meters or other apparatus or in their locations made at the request of the Customer. Meters and other Company equipment will be removed or relocated only by Company employees.

W. COMPANY FURNISHED EQUIPMENT:

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), regulators, 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. Whenever practical, in the judgment of the Company, the location will be as near the supply main as possible and outside of buildings. Suitable sites 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

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X. PROTECTION OF SUB-SURFACE FACILITIES

Customer shall consult Company regarding necessity of changing location of gas service before building any improvement, addition, or structure over the gas service pipe. Customer shall notify the Company or the appropriate One-Call center before excavating (with hand and/or power equipment) in the proximity of Company's underground gas service on Customer's premises.

Y. SHORTAGE OF NATURAL GAS SUPPLY

In case of emergency causing a shortage of supply, Company shall have the right to grant preference to that service, which, in its sole opinion, is most essential to the public welfare. In general, the curtailment sequence would normally be:

1) Industrial and Commercial customers, except schools.
2) Schools.
3) Residential Customers.

Z. LIABILITY

All mains, services, apparatus, instruments, meters, regulators, and materials supplied by Company at its expense or under its standard policies will be and remain the property of the Company. Company's property shall not be worked upon or interfered with by Customer or other unauthorized person.

The Customer shall be responsible for any damage to or loss of Company's property located on Customer's premises, caused by or arising out of the acts, omissions or negligence of Customer or others, or the misuse or unauthorized use of Company's property by Customer or others. The cost of making good such loss and/or repairing such damage shall be paid by the Customer. Customer shall be held responsible for injury to Company's employees if caused by Customer's act, omissions or negligence.

The Customer shall be responsible for any injury to persons or damage to property occasioned or caused by the acts, omissions or negligence of the Customer or any of its agents, employees, or licensees, in installing, maintaining, operating, or using any of the Customer's piping, equipment, machinery, or apparatus and for injury and damage caused by defects in same.

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Company shall not be liable for injury to persons, damage to property, monetary loss, or loss of business caused by accidents, acts of God, fires, floods, strikes, wars, authority or orders of government, or any other causes and contingencies beyond its control.

AA. INDEMNITY TO COMPANY

Customer shall hold the Company harmless and indemnify it against all claims and liability for injury to persons or damage to property when such damage or injury results from the facilities located on Customer's side of the point of delivery, unless caused by the negligence or wrongful acts of Company's agents or employees.

BB. INSIDE GAS SERVICES RENDERED BY COMPANY

The Company will not perform installation or maintenance services on customer facilities downstream of the meter. Some health- and safety-related services are provided by Company free of charge to its customers. Such services are limited to the following:

1) Response to gas leak complaints regardless of cause.

2) Response to fires regardless of cause.

3) Restore service when outage is caused by Company.

4) Bill investigations, meter and meter reading investigations, and routine maintenance of Company facilities.

CC. COMPLAINTS

The Company will investigate promptly all complaints made by its Customers and will keep a record of all written complaints which record will include: name and address of complainant, date, nature of complaint, and adjustment or disposition made. This record will be kept at least three years after the date of the complaint.

III. TYPES OF SERVICE

A. RESIDENTIAL SERVICE

Residential Service is the furnishing of natural gas for the exclusive use of the individual customer for domestic purposes: for cooking, water heating, space heating, clothes drying, and incineration, in a private home or individual living unit where only one household is served through a single meter. Service to buildings adjacent to the residence including garages, barns, and other minor buildings for use of the residents may also be served through the residential meter. Each family dwelling place or housekeeping unit shall be considered as a separate living unit if separately metered.

Where two or more separate living units in a private residence or apartment building are offered for rent and the entire building is supplied through one meter, such building shall be classified as a commercial establishment and shall not be entitled to a residential schedule, if different.

Rates specific to Residential Service are not applicable to service for commercial enterprises.

B. COMMERCIAL SERVICE

Commercial Service is the furnishing of natural gas for the exclusive use of the individual customer for cooking, water heating, space heating, heat applications, and miscellaneous purposes to commercial establishments, regardless of volumetric gas usage.

Any entity engaged in the operation of an enterprise, whether or not for profit, shall be considered a Commercial customer. Such enterprises will include but not be limited to retail and wholesale merchants, professional services, offices, restaurants, clubs, lodges, hotels and motels; apartment buildings, rooming houses, assisted living and multi-unit dwellings where more than one living unit is served through one meter; schools, government, churches and charitable institutions; mobile home parks, camp grounds, greenhouses, dairies, manufacturing, agriculture, livestock production, mining, oil and gas extraction, construction, communication, transportation, natural gas engine service, gas-fired power back-up service, and other uses. These enterprises may also be supplied under an industrial or large commercial rate if such exists.

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Where the total load of a customer served at one point of delivery cannot be combined under one classification for billing purposes due to restrictions in the applicable schedule, customer shall so arrange the piping so that each class of service can be separately metered and billed under the applicable schedule.

C. LARGE COMMERCIAL SERVICE

Large Commercial Service is the furnishing of natural gas for the exclusive use of the individual customer for cooking, water heating, space heating, heat applications, and miscellaneous purposes to commercial establishments with large gas requirements.

A Large Commercial customer is defined as a Commercial entity which has historically used, or could reasonably be expected to use, more than 12,000 MCF of gas per year.

The total load of a customer served to a building or group of contiguous and related buildings may be combined under this classification for billing purposes. Such building groups will include but not be limited to a school campus, a courthouse complex, a correctional facility and a medical or long-term care facility.

D. TRANSPORTATION SERVICE

Transportation Service is available to any person whose facilities connect or can be made to connect with the Company's facilities or who can cause their natural gas to be delivered to the company's facilities and who desires gas to be transported by the Company to a place of utilization not connected to the Company's facilities. Further, the person or persons desiring such transportation shall have executed a contract with the Company specifying the terms, rates and conditions of service.

RATE

The charge for service under this tariff shall be set forth in the contract for service.

TERMS AND CONDITIONS

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

RULES & REGULATIONS

The Company 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 applicable transportation charges, shrinkage and compressor fuel cost.

Delivery of gas transported will be effected as nearly as practicable on the same day as the receipt.

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

The Company reserves the right to refuse to accept gas that does not meet quality specifications.

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

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.

E. SPECIAL CONTRACTS

Commercial or industrial customers using 500 MCF per month or more may have service provided by special contract specifying all terms and conditions for service and rates, subject to approval by the PSC. Any Commercial or industrial customer without a special contract shall be charged the applicable tariff rate.

RULES & REGULATIONS

IV. STANDARDS OF SERVICE

A. UTILITY SYSTEM OPERATION & MAINTENANCE

The Company will construct, operate, and maintain its natural gas delivery systems in such manner as to furnish safe, adequate, and continuous natural gas service in accordance with the Rules & Regulations and the Operations & Maintenance Plan of the Company.

The Company will exercise reasonable diligence and care to furnish and deliver a continuous and sufficient supply of natural gas and to avoid any shortage or interruption. However, the Company shall not be liable for interruption, shortage, or insufficiency in the supply of natural gas, or for any injury, loss, or damage caused thereby, if same is due to causes beyond the control of the Company. These causes include but are not limited to accidents, breakdown of equipment, operations of supply pipelines and gas production facilities, storms and acts of God, civil disorders and authority and orders of government.

The Company will have the right to temporarily suspend the delivery of natural gas whenever necessary for the purpose of making repairs or improvements to its system. Whenever possible, the utility shall plan its work to minimize the disruption of service.

Interruptions of service will not relieve Customer from any charges for service actually provided by Company, nor will accidents to or failures of Customer's equipment or facilities not due to fault of Company, relieve Customer of payment of minimum charges under the rate or contract applicable.

B. TESTING EQUIPMENT

Meters will be tested using a certified bell prover. Pressure gauges used for gas measurement will be verified annually. The reference instruments used in calibrating the bell prover, pressure gauges, and other equipment shall have a higher degree of accuracy than the equipment being tested, which accuracy shall be traceable to the National Bureau of Standards.

C. METER ACCURACY

The Company will exercise reasonable means to determine and maintain the general accuracy of all natural gas meters in use. All meters will be tested for accuracy of adjustment and registration before installation and will be tested periodically in accordance with the test schedule set forth by the Company and in accordance with applicable regulations. If inaccuracy is found such meters shall be adjusted to register within one-half (1/2) of one (1) percent, plus or

minus when passing gas at twenty (20) percent of its rated capacity at one-half inch of water column differential pressure.

D. ROUTINE METER TEST SCHEDULES

The Company will routinely test its natural gas meters in accordance with the following schedule in accordance with applicable regulations:

1) Diaphragm meters for Residential and small Commercial service (capacity smaller than 500 cfh) will be tested at least once every ten (10) years.
2) All larger meters (capacity 500 cfh or more) will be tested at least once every five (5) years.

E. OTHER METER TESTS

The Company may test any of its meters at any time.

Upon written request of a Customer, the Company will test the accuracy of the service meter installed at Customer's premises. Any meter so tested will be considered accurate for the purposes of the customer request test if the accuracy of the meter complies with 807 KAR 5:022(8)(3)(a)1.

If any meter so tested is found to be more than 2% fast, the Company will adjust the natural gas used, as measured by such meter, by such percentage that the meter was found to be in error. The Company will re-bill the adjusted amount for a period of one-half the elapsed time since the last previous test, but not for more than six months. The Company will refund to Customer the difference between the amount paid by the Customer and the adjusted bills. There will be a fee of $225.00 charged to a customer who requests an immediate test of a meter if that meter is found to be operating within the allowable limits of 807 KAR 5:022(8)(3)(a)1.

If any meter so tested is found to be more than 2% slow, the Company will similarly adjust the natural gas used for one-half the untested period up to six months, and may collect from the Customer the difference between the amount paid by the Customer and the adjusted bills.

If any meter is found not to register any gas usage for any period, the Company may collect for the natural gas estimated to be used but not registered on the meter. Estimated use shall be calculated by averaging the amounts used under similar weather or operating conditions during the period immediately preceding or subsequent to the period of non-registration, or over a corresponding period in a previous year. The period of time for which collection for non-

registered gas service may be made shall be limited only by the date on which the meter is determined to have become defective.

F. BILLING

The Company will exercise all reasonable means to assure accurate computation of all bills for natural gas service. If billing errors occur, Company shall refund to Customer the amount of any overcharge and shall have the right to collect from Customer the amount of any undercharge due to the billing error in accordance with Public Service Commission rules and regulations.

G. DEFINITION OF A CUBIC FOOT OF GAS

1) For purpose of testing natural gas, a standard cubic foot of gas shall be taken to be that amount of gas which occupies a volume of one cubic foot, dry, at a temperature of 60 degrees Fahrenheit and under an absolute pressure of 14.73 pounds per square inch.

2) For the purpose of volumetric measurement of gas to a Customer, a cubic foot of gas shall be taken to be the amount of gas which occupies a volume of 1 cubic foot under the conditions existing in such Customer's meter as and where installed. When gas is metered at a pressure in excess of 4 ounces above average local atmospheric pressure, a suitable correction factor shall be applied to provide for measurement of gas as if delivered and metered at a pressure of 4 ounces above average local atmospheric pressure.

H. HEATING VALUE

The Company will endeavor to maintain a consistent average heating value of natural gas sold by the Company. Each individual system has different sources of supply which range in heating value from 1,000 to 1,200 BTU per standard cubic foot. If necessary to supplement the supply of natural gas, the Company may, at its sole discretion, supply a mixture of liquefied natural gas, liquefied petroleum gases and air to deliver a mixture compatible with the gas-using equipment in each system.

I. THERM BILLING [Reserved]

RULES & REGULATIONS

J. DELIVERY PRESSURE

The Company will maintain the gas pressure at the outlet of the meter with as little variation as practicable. For most customers, gas will be delivered at a pressure as close as practicable to 4 ounces per square inch above the average local atmospheric pressure.

Gas may be delivered at higher pressure at Customer's request or where operating conditions are such that the Company deems a higher pressure is necessary. Each Customer shall install and maintain at its expense any such additional pressure or flow-regulating equipment. Company reserves the right to specify the pressure at the delivery meter.

K. SERVICE EXTENSION POLICY

All extensions of Company systems to serve new Customers or to increase gas deliveries to existing Customers shall be made under the Rules and Regulations of the PSC.

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 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 prescribed, should its judgment so dictate, provided like extensions are made for other customers or subscribers under similar conditions.

L. LOCAL FRANCHISE 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.

RULES & REGULATIONS

V. PURCHASED GAS COST ADJUSTMENT (Non-farm tap rates)

A. PROCEDURE

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:

EGC - the Expected Gas Cost component, on a dollar per MCF basis, which represents the average expected cost of gas supplies and may include fixed price, forward price and indexed price purchases. The purchases are reduced by any 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.

RA - The supplier Refund Adjustment, on a dollar per MCF 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.

AA - The Actual Adjustment, on a dollar per MCF basis, compensates for difference between the previous quarter's expected gas cost and the actual cost of gas during that quarter.

KENTUCKY
PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN
EXECUTIVE DIRECTOR
TARIFF BRANCH
Bunt Kirtley
EFFECTIVE
6/21/2013
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

BA - The Balancing Adjustment, on a dollar per MCF basis, which compensates for any under or over collections which have occurred as a result of prior adjustments.

B. BILLING CALCULATION

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

GCR = EGC + RA + AA + BA

C. DEFINITIONS

"Average Expected Cost" means the cost of gas supplies, 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.

"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).

"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.

"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.

RULES & REGULATIONS

D. INTERIM GAS COST ADJUSTMENT

Should any significant change in supplier rate occur between the regularly-scheduled quarterly adjustments, the Company may apply to the Commission for an interim purchased gas cost adjustment.

RULES & REGULATIONS

VI. PIPELINE REPLACEMENT PROGRAM (PRP)

Applicable to all utility customers receiving service from Kentucky Frontier Gas, LLC (T)

A. CALCULATION OF PIPELINE REPLACEMENT RIDER SURCHARGE:

The PRP surcharge is based on the annual cost of replacing older metal pipe on the Frontier distribution systems.

B. PIPELINE REPLACEMENT PROGRAM FACTORS

All customers receiving service from Frontier, except farm tap customers, 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 pipeline replacement program. (T)

The PRP Rider will be updated annually in order to reflect the impact of net plant additions from pipeline replacements. Such adjustment to the Rider will become effective with meter readings on and after the first billing cycle of May, and will reflect allocation of the required increase based on the distribution approved by the Commission.

VII. AMR & METER UPGRADE PROGRAM

Applicable to all utility customers receiving service from Kentucky Frontier Gas LLC. (T)

All customers receiving service from Frontier, including farm tap customers, 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 Automated Meter Reading (AMR) and meter upgrade program . (T)

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