

RATE SSIT

SPARK SPREAD INTERRUPTIBLE TRANSPORTATION RATE

AVAILABILITY

Interruptible local delivery service for natural gas to be used in commercial gas fired electric generators and available to any customer who: (1) is certified as an Exempt Wholesale Generator or Independent Power Producer with the Federal Energy Regulatory Commission; (2) signs a contract with the Company for service under this Rate SSIT; (3) arranges for the delivery of gas into the Company's system for customer's sole use at one point of delivery where distribution mains are adjacent to the premise to be served; and (4) utilizes natural gas transported under this tariff as its primary fuel source in a combustion gas turbine unit(s) or combined cycle unit(s) for the purpose of generating electricity for sale into the wholesale electric market. Service under this tariff will be provided by displacement and on a "reasonable efforts" basis. The Company reserves the right to decline requests to initiate or continue service hereunder whenever, in the Company's sole judgment, rendering service will be detrimental to the operation of the Company's system or impair its ability to supply gas to customers receiving service under the provisions of Rate RS, Rate GS, Rate FT-L, Rate IT, or other special contract arrangements. This tariff schedule shall not preclude the Company from entering into special arrangements with Commission approval, which are designed to meet unique circumstances.

The service provided hereunder will be interruptible local gas delivery service provided on a "reasonable efforts" basis from the Company's city gate receipt points to the outlet side of Customer's meter. The Company, to insure its ability to reliably supply gas to customers receiving service under the provisions of Rate RS, Rate GS, Rate FT-L, and Rate IT, as well as under interruptible special contract arrangements, shall have the right for operational reasons to designate the city gate receipt points where the customer is required to deliver gas into the Company's system.

In order to receive service under this tariff, Customer must have in place throughout the term of this agreement a gas storage/balancing service agreement with an upstream supplier under which that supplier will balance customer's hourly and daily usage with deliveries into the Company's system. The Company will install at Customer's expense metering equipment that will allow it to monitor customer's hourly and daily usage

NET MONTHLY BILL

The Net Monthly Bill is determined as follows:

All gas delivered is billed in units of 1000 cubic feet (MCF).

Administrative Charge per month: \$430.00

Facilities Charge per month:

Monthly amount required to amortize over the term of the contract, the incremental costs that the Company incurs in order to construct facilities to bring service to Customer, including the costs of such facilities as mains and service installations, metering and regulating equipment, and telemetric and flow control equipment.

Issued by authority of the Kentucky Public Service Commission in accordance with TFS2006-01494 dated September 29, 2006.

NET MONTHLY BILL (Contd.)

Delivery Charge:

Company will deliver the arranged-for gas, less shrinkage, which is equal to the Company's system average unaccounted-for percentage, at a variable Spark Spread Rate determined as follows:

The transportation rate (\$ per MCF) shall be the greater of $(\text{Heat Rate} / 1,000) \times 0.0204$ or $(\text{Spark Spread} - 10.00) \times (51.4 / \text{Heat Rate})$

Where:

Spark Spread = Electric Price – (Gas Price x Heat Rate / 1,000)

Heat Rate = Average heat rate at High Heating Value (HHV), subject to annual audit.

Electric Price = Weighted Average Index in \$/MWh for "Into Cinergy" as listed in Megawatt Daily.

Gas Price = Columbia Gas Appalachian midpoint in \$/MMBtu as listed in Gas Daily.

Examples (Heat Rate = 8000):

<u>Electric Price</u> \$/MWH	<u>Gas Price</u> \$MMBTU	<u>Spark Spread</u> \$/MWH	<u>Transportation Rate</u> \$/MCF
\$ 25.00	\$4.000	\$ (7.00)	\$0.1632
\$ 50.00	\$4.000	\$ 18.00	\$0.1632
\$ 75.00	\$4.000	\$ 43.00	\$0.2120
\$100.00	\$4.000	\$ 68.00	\$0.3727
\$125.00	\$4.000	\$ 93.00	\$0.5333
\$150.00	\$4.000	\$118.00	\$0.6939
\$175.00	\$4.000	\$143.00	\$0.8545
\$200.00	\$4.000	\$168.00	\$1.0152
\$225.00	\$4.000	\$193.00	\$1.1758

Plus all delivered gas shall be subject to an adjustment per CCF as set forth on Sheet No. 63, Rider AMRP, Accelerated Main Replacement Program.

MINIMUM BILL PROVISION

Customer will be subject to a monthly "minimum bill" equal to the Monthly Administrative Charge and Facilities Charge, as noted above.

Issued by authority of the Kentucky Public Service Commission in accordance with TFS2006-01494 dated September 29, 2006.

Issued: October 6, 2006

Effective: October 1, 2006

Issued by Sandra P. Meyer, President

UNAUTHORIZED DELIVERIES

In the event customer fails to interrupt transportation deliveries at Company's request, any excess deliveries through customer's meter will be considered unauthorized deliveries that are subject to the flow through of pipeline penalty charges to the extent that they are incurred by the Company, and in addition thereto, shall be paid for as specified under the "Charges For Unauthorized Deliveries" provision of this rate schedule. The charges for such unauthorized deliveries shall be billed directly to the customer. However, Company may at its sole discretion physically discontinue service to the customer if customer refuses to interrupt service when requested by Company. Further, Company may temporarily or permanently discontinue service if customer fails to operate in accordance with the Company's directives and limitations regarding service under this tariff.

CHARGES FOR UNAUTHORIZED DELIVERIES

Any customer taking unauthorized deliveries shall be billed an amount reflective of the general service rate, Rate GS, Sheet No. 31, including the expected gas cost component of the gas cost recovery rate or Company's highest cost gas, and one month's pipeline and supplier related demand charges on the volume difference (this charge shall not be imposed more frequently than once in any 30 day period) and/or the cost of operating the Company's propane peak shaving plant, and/or, if so required to effectuate compliance with the interruptible provisions of this schedule, the cost incurred by the Company to valve-off the service. In any event, customer shall reimburse the Company for any interstate pipeline penalty charges resulting from such unauthorized deliveries.

BALANCING

For purposes of this tariff a "pool" shall be defined as one or more customers taking service under Rate SSIT that are joined together for supply management purposes. A "pool operator" has a contractual responsibility to manage the aggregated gas supply requirements of all Rate SSIT customers that comprise its pool. All supply management responsibilities of individual customers are transferred to the pool operator once a customer becomes a part of a pool, as the aggregated balancing requirements of all pool members are treated under this tariff as though they were a single customer with its own supply management responsibilities. Because of the large hourly and daily usage likely to flow under this tariff, pool operator is required to contract with the pipelines designated by the Company for hourly and daily deliveries that correspond with their actual burn of gas delivered under this tariff.

LATE PAYMENT CHARGE

Payment of the total amount due must be received in the Company's office by the due date shown on the bill. When not so paid, an additional amount equal to five percent (5%) of the unpaid balance is due and payable.

TERMS AND CONDITIONS

The customer shall enter into a written agreement with the Company. Such agreement shall set forth specific arrangements as to the transportation services provided as well as the level of firm gas required by customer and any other circumstances relating to the individual customer.

The Company's "reasonable efforts" is defined as the right, at any time, to curtail or interrupt the delivery or transportation of gas under this tariff when, in the judgment of the Company, such curtailment or interruption is necessary to enable the Company to maintain deliveries to higher priority customers or to respond to any emergency.

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TERMS AND CONDITIONS (Contd.)

Pool operator agrees upon request by Company to produce, in a timely manner, proof of the purchase of the natural gas transported, any necessary regulatory approvals, and any and all transportation arrangements with all interstate pipelines, intrastate pipelines, or others involved in transporting the pool gas' supplies.

Company will not be liable for any costs and/or penalties charged by pipelines, or suppliers, because of pool operator's over or under deliveries into the pipeline, or pool customers' failure to take deliveries through customer's meters that in the aggregate match the amount of gas transported by the pool operator to the Company's city gate.

The Company will provide customer, and/or its designated pool operator by electronic or other available means of communication, its best available operating data on gas deliveries to individual customers and for the combined pool on an hourly and daily basis. Hourly/daily operational information shall include information on hourly/daily gas flows provided by Automatic Meter Reading (AMR), equipment, telemetry, or any other means the Company has available to provide the customer, or its designated pool operator with its best estimate of hourly/daily gas deliveries for individual customer's and the pool's combined accounts.

In order to administer the provisions of this tariff and monitor customer's hourly/daily usage, the Company will install remote metering equipment on customer's meter site. Customer will be responsible for payment of the cost of such telemetric equipment, either through a lump sum payment, or at the Company's option, through a monthly facilities charge designed to reimburse the Company for the costs of such equipment. Customer will also be responsible for providing the Company with access to a telephone service at customer's metering site, or such other equipment or utilities which may be necessary, and shall also be responsible for the monthly charges for such telephone service or other necessary equipment or utilities.

The primary term of contract shall be a minimum of ten (10) years. After completion of the primary term, such contract shall continue unless cancelled by either party upon thirty (30) days written notice.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.