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**RATE IMBS**

**INTERRUPTIBLE MONTHLY BALANCING SERVICE**

**AVAILABILITY**

Interruptible monthly gas balancing service available (1) to customers receiving service under Rate FT-L, Rate IT and special contract interruptible transportation agreements who are acting as their own pool operator for supply management purposes, and (2) to pool operators designated by Rate FT-L, Rate IT and special contract interruptible transportation customers to manage their gas supplies on their behalf, and as a part of an aggregated customer pool. For purposes of this tariff, a pool operator shall aggregate the requirements of all of its pools' member customers and thereafter such aggregated pool shall be treated as a single customer for supply management purposes.

**CHARACTER OF SERVICE**

The service provided under this tariff is a "reasonable efforts," interruptible, gas balancing service that requires a general obligation by the pool operator to balance daily pool usage with pool deliveries into the Company's city-gate stations. It further provides that no daily imbalance charges or penalties will be levied on the pool operators, except when operational flow orders (OFO) have been issued. However, pool operators are under an ongoing obligation to work with the Company in a good faith manner to respond to both formal and informal system management requests, and to strive to maintain relatively close daily balances and additionally closely track their daily loads throughout the month. For purposes of this tariff an OFO is as defined in Rate FRAS, Sheet No. 44. OFO's will be issued on an ongoing basis for pool operators who disregard their obligation to provide gas supplies in quantities that reasonably match their daily loads. OFO's shall be issued for operational reasons only. In the event a pool operator violates this tariff or the aggregation agreement, the Company may assess such a violator for all direct incremental gas supply, capacity, or storage or penalty costs incurred due to the violation. In addition, if the violations are part of a pattern of non compliance, or of a magnitude that merits additional action be taken, the Company may take steps to suspend or permanently remove a pool operator from participation upon notice. The Company shall have the right to limit or terminate the availability of this service to pool operators guilty of excessive abuse of the system; i.e., engaging in extreme and/or continued violations of the tariff terms and conditions including this general balancing requirement. For purposes of administering this tariff, the daily and monthly usage of all customers within an individual pool will be combined into single daily/monthly pool usage number, which will be matched against the pool operator's total daily/monthly deliveries to its individual transportation pool(s).

**SERVICE DESCRIPTION**

Transportation customers who avail themselves of the service under this rate schedule must, with the agreement of their supplier, select a monthly imbalance carry over tolerance level from the following options:

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**SERVICE DESCRIPTION (Contd.)**

	Allowed Monthly Under-Run %	Allowed Seasonal Monthly Over-Run		Charge on All Throughput
		May Through November %	December Through April %	
Option 1	0	5	7	\$0.015 per Mcf
Option 2	0	6	8	\$0.020 per Mcf
Option 3	0	8	10	\$0.025 per Mcf

Pool operators who select one or more of the balancing services contemplated under this Rate IMBS shall be held to a monthly balancing requirement within the monthly imbalance carry over tolerance level selected. Pool operators shall be subject to a general obligation to balance pool requirements and deliveries on a daily basis unless an OFO has been issued.

On days when OFO's have been issued, pool operators are required to operate on a "gas-in equals gas-out" basis. Any net imbalances on these OFO days may result in unauthorized overrun/underrun charges, or penalty charges being levied against the responsible pool operator. Such charges shall be calculated in accordance with the "Charges for Unauthorized Deliveries" provision of Rate IT, Interruptible Transportation Service. In order to minimize daily imbalance charges and penalties on OFO days, as well as end of month imbalance "cash-outs," pool operators are encouraged to participate in the Company's inter-pool imbalance trading/transfer opportunities and related electronic bulletin board (EBB) services. Daily imbalance trades/transfer made through the Company's EBB must be completed within four (4) business days from the date that the trade or transfer applies. Monthly imbalance trades to comply with the monthly balancing requirements of Rate IMBS must be made within four (4) business days after the end of the month. The pool or pool operator receiving gas that has been traded or transferred will be billed a fee in accordance with Rate GTS for each transaction.

**NET MONTHLY BILL**

Net monthly imbalances will be calculated for billing purposes as the net of:

- a) actual deliveries,
- b) plus or minus imbalance trades,
- c) plus or minus unauthorized daily or monthly OFO overrun/underrun volumes,
- d) plus monthly imbalance carryover,
- e) minus actual metered usage on an aggregated pool basis, as adjusted for unaccounted for losses.

The Net Monthly Imbalance percentage will be determined by dividing the net monthly imbalance as measured at the burner tip by the burner tip equivalent total aggregated pool deliveries for the month.

Pool operators receiving balancing services under this rate schedule shall be subject to the following charges:

**NET MONTHLY BILL (Contd.)**

- (1) Unauthorized overrun/underrun charges as described above and resulting from pool operator's failure to comply with daily operational flow orders except as provided above.
- (2) End of month "cash-out" charges for volumes over/under-delivered outside of pool operator's selected option tolerance levels, as follows:

**DEFINITIONS**

- (a) Over-deliveries are defined as monthly deliveries into the Company's city-gate stations, plus the prior month's carryover volumes that exceed the pool's aggregated metered usage for the month as adjusted for shrinkage back to the city-gate, and as adjusted for the pool's elected monthly carry over tolerance percentage. Over-deliveries beyond the pool's elected monthly carry over tolerance percentage shall be cashed out to the pool operator at the first of the month index published in *Inside F.E.R.C. Gas Market Report*, "Prices of Spot Gas Delivered to Pipelines," Columbia Gulf Transmission Co., Mainline Index, first publication of the month following the delivery month, plus Columbia Gulf and Columbia Gas Transmission pipelines' commodity transportation costs, plus fuel, to the Company's city-gate. For actual billing purposes a burner tip rate equivalent to that described above will be applied to the volumes delivered in excess of the elected monthly carry over tolerance percentage, as measured at the burner tip.
- (b) Under-deliveries are defined as monthly deliveries into the Company's city-gate stations, plus the prior month's carryover volumes, that are less than the pool's aggregated metered usage for the month, as adjusted for shrinkage back to the city-gate. Under deliveries shall be cashed out at the first of the month index published in *Inside F.E.R.C. Gas Market Report*, "Prices of Spot Gas Delivered to Pipelines," Columbia Gulf Transmission Co., Mainline Index, first publication of the month following the delivery month, plus Columbia Gulf and Columbia Gas Transmission pipelines' commodity transportation costs, plus fuel, to the Company's city-gate. For actual billing purposes a burner tip rate equivalent to that described above will be applied to the under-delivered volumes, as measured at the burner tip.


**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 the Company's Rules and Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

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