

**CURTAILMENT PLAN FOR
MANAGEMENT OF
AVAILABLE GAS SUPPLIES**

AVAILABILITY

Available in entire territory to which tariff Ky.P.S.C. Gas No. 1 applies.

APPLICABILITY

In the event of an emergency which necessitates curtailment of gas service, Duke Energy Kentucky, Inc. shall curtail gas service to its customers in the manner set forth herein, except where the Public Service Commission of Kentucky (Commission) or other authority having jurisdiction in the matter orders otherwise.

DEFINITIONS

Special Gas Service Contract Customers:

A customer who purchases gas, off-peak and firm, under a Special Gas Service Contract. Such a customer shall not qualify as a Domestic or Non-Domestic Customer.

Domestic Customers:

Customers which use gas in private homes, boarding houses, apartment houses, hotels, motels, restaurants, food processors, hospitals and places of like kind where the element of human welfare is the predominating requirement.

Non-Domestic Customers:

All other customers not defined as Domestic Customers or Special Gas Service Contract Customers.

Winter Period:

The consecutive customer billing months of November and December, of one year and the months of January, February and March in the next year.

Summer Period:

The consecutive customer billing months of April, May, June, July, August, September and October.

Winter Base Volumetric Limitation:

A Non-Domestic Customer's total gas usage during the billing months of January, February, March, November and December of 1972.

Summer Base Volumetric Limitation:

A Non-Domestic Customer's total gas usage during the billing months of April, May, June, July, August, September and October of 1972.

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DEFINITIONS (Contd.)

Adjusted Winter Volumetric Limitation:

A Non-Domestic Customer's winter base volumetric limitation for the gas usage during a winter period as adjusted from time to time by Duke Energy Kentucky, Inc. to reflect pro rata curtailment.

Adjusted Summer Volumetric Limitation:

A Non-Domestic Customer's summer base volumetric limitation for the gas usage during the summer period as adjusted from time to time by Duke Energy Kentucky, Inc. to reflect pro rata curtailment.

ORDER OF CURTAILMENT

- (1) The Special Gas Service Contract Customer will be curtailed to the extent of its off-peak usage limitation noted in the customer's contract whenever:
 - (a) Duke Energy Kentucky, Inc. cannot supply the Special Gas Service Contract customer its full requirements in excess of such customer's Contract Demand without incurring penalties under tariffs of Duke Energy Kentucky, Inc.'s supplier, or without having to purchase additional volumes of gas at premium rates, or without Duke Energy Kentucky, Inc. operating its peak load manufacturing facilities.
 - (b) Duke Energy Kentucky, Inc.'s supplier curtails delivery and as a result Duke Energy Kentucky, Inc. determines that it cannot supply the total requirements of its customers.

The off-peak gas of the Special Gas Service Contract Customer shall be fully curtailed before curtailment is imposed upon other customers; however, since all the contracted for firm gas is considered necessary for plant protection, it will not be curtailed prior to other customer curtailment.

- (2) Where additional curtailment is necessary after full curtailment of the off-peak of the Special Gas Service Contract Customers, Duke Energy Kentucky, Inc. shall, after giving reasonable notice, curtail those Non-Domestic Customers which use 50,000 cubic feet or more of gas per day on a pro rata basis by adjusting their Winter and/or Summer Base Volumetric Limitations downward to the extent necessary to limit the total usage to the gas supply available to Duke Energy Kentucky, Inc.. The resulting volumes will be the Non-Domestic Customer's adjusted Winter and/or Summer Volumetric Limitation. For plant protection the adjusted Winter and Summer Volumetric Limitations shall not be less than 20% of the respective Winter and Summer Base Volumetric Limitation. A Non-Domestic Customer consuming over 50,000 cubic feet or more of gas per day and having more than one metering location may, upon mutual agreement with Duke Energy Kentucky, Inc., combine his adjusted Volumetric Limitation at one or more locations only for curtailment purposes. Such customer must notify Duke Energy Kentucky, Inc. in writing and receive Duke Energy Kentucky, Inc.'s written consent of the accounts to be effected and the volumes to be combined.

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ORDER OF CURTAILMENT (Cont'd)

- (3) Where additional curtailment of gas service is necessary, after curtailment in curtailment with paragraph (2) above, then gas service to Non-Domestic Customers using under 50,000 cubic feet of gas per day shall be curtailed on a pro rata basis in the same manner provided in the above paragraph (2).
- (4) Where additional curtailment is necessary the Domestic Customer will then be curtailed on a pro rata basis.

CARRY-OVER AND ADJUSTMENT OF BASE VOLUMETRIC LIMITATION

No carry-over of volumes will be permitted from the Winter to Summer Period or from the Summer to Winter Period. In the establishment of the Winter and Summer Base Volumetric Limitations a customer may request an investigation as to the proper maximum volumes so determined. If such investigation discloses that the volumetric limitations do not reasonably reflect the normal usage of his equipment that was connected in 1972 or authorized by Duke Energy Kentucky, Inc. to be installed at a later date, such limitation will be adjusted accordingly. Such request must be made within 60 days of the approval of this curtailment plan and absent such a request the Base Volumetric Limitations will not be subject to any increase.

PENALTIES

Special Gas Service Contract Customers will be subject to penalties as set forth in their contract. As to the Non-Domestic Customers, after the end of the Winter Period and Summer Period the actual gas usage of each Non-Domestic Customer for the period during which curtailment was required shall be compared respectively to the Adjusted Winter and Summer Volumetric Limitations, and in addition to the Non-Domestic Customer's regular monthly bill, a penalty shall be charged if such usage exceeds the respective Adjusted Winter or Summer Volumetric Limitation. The penalty amount will be based on the same penalty rate applicable to Duke Energy Kentucky, Inc. from its sold supplier of natural gas, the Columbia Gas Transmission Corporation. As of June 1, 1975 the penalty as stated in the Columbia Gas Transmission Corporation's FPC filed tariff is ten dollars (\$10.00) for each 1,000 cubic feet overrun.

ACTION FOR EXCESSIVE USAGE

During periods of curtailment, where it appears to Duke Energy Kentucky, Inc. through its procedure of monitoring monthly usage of Non-Domestic Customers being curtailed, that a Non-Domestic Customer's usage will significantly exceed his adjusted Winter or Summer Volumetric Limitation, Duke Energy Kentucky, Inc. will give such customer notice to cease such excessive usage and, in the event such customer does not cease, Duke Energy Kentucky, Inc. may disconnect gas service to such customer.

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PENALTY REFUND

Penalties collected from Duke Energy Kentucky, Inc.'s customers will be added to the refunds received from Duke Energy Kentucky, Inc.'s supplier and held for redistribution and shall be refunded to all customers in accordance with Duke Energy Kentucky, Inc.'s gas cost adjustment provision. If Duke Energy Kentucky, Inc. incurred penalties from its supplier as a result of volumetric overruns, the amount of such penalties shall be subtracted from the total penalties collected by Duke Energy Kentucky, Inc. from its customers to determine the amount of penalties to be refunded.

BILLING OF PENALTIES

Penalties, as provided above, shall be reflected in the customers service bill for the Winter Period on the May bill and for the Summer Period on the December bill. Five percent (5%) will be added to the penalty amount if not paid on or before fourteen (14) calendar days after mailing date of the bill.

EMERGENCIES

In the event of a short-term emergency situation where immediate deliveries of additional gas are needed to prevent irreparable injury to life or property of an existing customer, Duke Energy Kentucky, Inc. shall, at its option, have the right to deliver additional volumes of gas to meet such emergency needs in excess of any limited volumes specified herein, without imposition of penalties where the emergency volumes are repaid by reduction of future gas purchases by the customer within ninety (90) days after termination of the emergency period.

EXEMPTION

No exemptions from this Plan, other than emergency deliveries, as defined above, shall be granted except by Order of the Commission, directly through its duly designated Staff, or other authority having jurisdiction in this matter.

AMENDMENT, MODIFICATION OR CLARIFICATION

Due to governmental order or rapid changes in gas supply it may be necessary to amend, modify or clarify this Curtailment Plan. This Plan may be so amended, modified or clarified by filing a Motion with the Commission.

AVAILABILITY OF THE PLAN

Copies of this Plan, together with the address and telephone number of the Commission shall be kept at each business office of Duke Energy Kentucky, Inc. and shall be made available to any customer upon request.

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