

TERMS AND CONDITIONS OF SERVICE

4. DEPOSITS.

The Company may require a minimum cash deposit or other guaranty to secure payment of bills except for 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. Upon request from a residential customer the deposit will be returned after 18 months if the customer has established a satisfactory payment record; but commercial deposits will be retained during the entire time that the account remains active.

A. Interest

Interest will be paid on all sums held on deposit at the rate indicated in KRS 278.460. 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.

The Company will not pay interest on deposits after discontinuance of service to the Customer. Retention by the Company, prior to final settlement of any deposit or guaranty is not a payment or part payment of any bill for service. The Company shall have a reasonable time in which to obtain a final reading and to ascertain that the obligations of the Customer have been fully performed before being required to return any deposits.

B. Criteria for Waiver of Deposit Requirement

The Company may waive any deposit requirement based upon the following criteria which shall be considered by the Company cumulatively.

- 1. Satisfactory payment history.
2. Statement from another utility showing satisfactory payment history.
3. Another customer with satisfactory payment history is willing to sign as a guarantor for an amount equal to the required deposit.
4. Providing evidence of Surety Bond.

C. Method of Determination

1. Calculated Deposits

- a. Residential customers shall pay a calculated amount based upon actual usage data of the customer at the same or similar premises for the most recent 12-month period, if such information is available. If the actual usage data is not available, the deposit amount shall be based on the average bills of similar customers and premises in the customer class. The deposit shall not exceed 2/12 of the customer's actual or estimated annual bill.
b. Commercial customers shall pay a calculated amount based upon actual usage data of the customer at the same or similar premises for the most recent 12-month period, if such information is available. If the actual usage data is not available, the deposit amount shall be based on the typical bills of similar customers and premises in the customer class. The deposit shall not exceed 2/12 of the customer's actual or estimated annual bill.

D. Additional Deposit Requirement

If a deposit has been waived or returned and the customer fails to maintain a satisfactory payment record, the customer may be required to pay a deposit. If a change in usage or classification of service has occurred, the customer may be required to pay an additional deposit equal to 2/12 of the annual usage.

E. Recalculation of Customers Deposit

When a deposit is held longer than 18 months, the customer may request that the deposit be recalculated based on the customer's actual usage. If the amount of deposit on the 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 shall refund any overpayment by check or credit to the customer's bill. No refund will be made if the customer's bill is delinquent at the time of the recalculation.

PUBLIC SERVICE COMMISSION OF KENTUCKY

MAR 07 1996

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PURSUANT TO 807 KAR 5:011, SECTION 9 (1)

(Cont'd on Sheet No. 2-3)

BY: [Signature]

Table with columns: DATE OF ISSUE (January 30, 1996), DATE EFFECTIVE (February 26, 1992), ISSUED BY (E. K. WAGNER), DIRECTOR OF RATES, ASHLAND, KENTUCKY, ADDRESS.

Issued pursuant to Public Service Commission Regulation 807KAR5:006 effective February 26, 1992

TERMS AND CONDITIONS OF SERVICE (Cont'd)

5. PAYMENTS.

Bills will be rendered by the Company to the Customer monthly or in accordance with the tariff selected applicable to the Customer's service.

A. Equal Payment Plan

Residential Customers have the option of paying a fixed amount each month under the Company's Equal Payment Plan. The monthly payment amount will be based on one-twelfth of the Customers estimated annual usage. The payment amount is subject to periodic review and adjustment during the budget year to more accurately reflect actual usage. The normal plan period is 12 months which may commence in any month.

In the last month of the plan, if the actual usage during the plan period exceeds the amount billed, the Customer will be billed for the balance due. If an overpayment exists, the amount of overpayment will either be refunded to the customer or credited to the last bill of the period. If a customer discontinues service with the Company under the equal payment plan, any amounts not yet paid shall become payable immediately.

If a Customer fails to pay bills as rendered under the equal payment plan, the Company reserves the right to revoke the plan, restore the Customer to regular billing and require immediate payment of any deficiency.

B. All Payments

All bills are payable at the business offices or authorized collection agencies of the Company within the time limits specified in the tariff. Failure to receive a bill will not entitle a Customer to any discount or to the remission of any charge for non-payment within the time specified. The word "month" as used herein and in the tariffs is hereby defined to be the elapsed time between 2 successive meter readings approximately 30 days apart. In the event of the stoppage of or the failure of any meter to register the full amount of energy consumed, the Customer will be billed for the period based on an estimated consumption of energy in a similar period of like use.

The tariffs of the Company are net if the account of the Customer is paid within the time limit specified in the tariff applicable to his service. To discourage delinquency and encourage prompt payment within the specified time limit, certain tariffs contain a delayed payment charge which may be added in accordance with the tariff under which service is provided. Any one delayed payment charge billed against the Customer for non-payment of bill or any one forfeited discount applied against the Customer for non-payment of bill may be remitted, provided the Customer's previous accounts are paid in full and provided no delayed payment charge or forfeited discount has been remitted under this clause during the preceding 6 months.

(Cont'd on Sheet No. 2-4)

CANCELLED  
PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
MAY 20 2005 EFFECTIVE  
MAR 27 1996

PURSUANT TO 807 KAR 5:011,  
SECTION 9 (1)  
BY: *[Signature]*  
FOR THE PUBLIC SERVICE COMMISSION

DATE OF ISSUE January 30, 1996 DATE EFFECTIVE February 26, 1992  
ISSUED BY E. K. WAGNER DIRECTOR OF RATES ASHLAND, KENTUCKY  
NAME TITLE ADDRESS  
Issued pursuant to Public Service Commission Regulation 807KAR5:006 effective February 26, 1992

EXPERIMENTAL DEMAND-SIDE MANAGEMENT ADJUSTMENT CLAUSE (Cont'd.)  
(Tariff Experimental D.S.M.C.)

RATE. (Cont'd.)

- 5. The DSM adjustment shall be filed with the Commission ten (10) days before it is scheduled to go into effect, along with all the necessary supporting data to justify the amount of the adjustments which shall include data and information as may be required by the Commission.
- 6. Copies of all documents required to be filed with the Commission under this regulation shall be open and made available for public inspection at the office of the Public Service Commission pursuant to the provisions of KRS 61.870 to 61.884.
- 7. The resulting range for each customer sector per KWH during the three-year Experimental Demand-Side Management Plan is as follows:

CUSTOMER SECTOR

	<u>RESIDENTIAL</u> (\$ Per Kwh)	<u>COMMERCIAL</u> (\$ Per KWH)	<u>INDUSTRIAL*</u> (\$ Per KWH)
Floor Factor =	0.000052	0.000124	- 0 -
Ceiling Factor =	0.000400	0.000564	- 0 -

- 8. The DSM Adjustment Clause factor (\$ Per KWH) for each customer sector which fall within the range defined in Item 7 above is as follows:

CUSTOMER SECTOR

	<u>RESIDENTIAL</u>	<u>COMMERCIAL</u>	<u>INDUSTRIAL*</u>
<u>DSM (c)</u>	\$ <u>356,484</u>	\$ <u>339,553</u>	\$ <u>- 0 -</u>
S (c)	1,577,664,000	986,545,000	- 0 -
Adjustment Factor \$	0.000226	0.000344	- 0 -



PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

APR 01 2002

\*The Industrial Sector has been discontinued pursuant to the Commission's Order dated September 28, 1999, PURSUANT TO 807 KAR 5.011, SECTION 9 (1)

BY Stephan Bue  
SECRETARY OF THE COMMISSION

DATE OF ISSUE February 14, 2002 DATE EFFECTIVE April 1, 2002  
 ISSUED BY Errol K. Wagner DIRECTOR OF REGULATORY SERVICES FRANKFORT, KENTUCKY  
 NAME TITLE ADDRESS  
 Issued by authority of an Order of the Public Service Commission in Case No. 2002-0047 dated March 25, 2002

**EXPERIMENTAL DEMAND-SIDE MANAGEMENT ADJUSTMENT CLAUSE (Cont'd.)**  
**(Tariff Experimental D.S.M.C.)**

RATE. (Cont'd.)

5. The DSM adjustment shall be filed with the Commission ten (10) days before it is scheduled to go into effect, along with all the necessary supporting data to justify the amount of the adjustments which shall include data and information as may be required by the Commission.
6. Copies of all documents required to be filed with the Commission under this regulation shall be open and made available for public inspection at the office of the Public Service Commission pursuant to the provisions of KRS 61.870 to 61.884.
7. The resulting range for each customer sector per KWH during the three-year Experimental Demand-Side Management Plan is as follows:

CUSTOMER SECTOR			
	<u>RESIDENTIAL</u>	<u>COMMERCIAL</u>	<u>INDUSTRIAL*</u>
	(\$ Per Kwh)	(\$ Per KWH)	(\$ Per KWH)
Floor Factor =	(0.000029)	(0.000015)	- 0 -
Ceiling Factor =	0.000230	0.000406	- 0 -

8. The DSM Adjustment Clause factor (\$ Per KWH) for each customer sector which fall within the range defined in Item 7 above is as follows:

CUSTOMER SECTOR			
	<u>RESIDENTIAL</u>	<u>COMMERCIAL</u>	<u>INDUSTRIAL*</u>
DSM (c)	\$ <u>57,884</u>	\$ <u>62,785</u>	\$ - 0 -
S (c)	575,487,000	321,459,600	- 0 -
Adjustment Factor \$	0.000101	0.000196	- 0 -



PUBLIC SERVICE COMMISSION  
 OF KENTUCKY  
 EFFECTIVE

**SEP 27 2001**

\*The Industrial Sector has been discontinued pursuant to the Commission's Order dated September 28, 1999.

PURSUANT TO 807 KAR 0011,  
 SECTION 9(1)  
 BY: Stephan D. Bell  
SECRETARY OF THE COMMISSION

DATE OF ISSUE October 4, 2001 DATE EFFECTIVE September 27, 2001

ISSUED BY Errol K. Wagner DIRECTOR OF REGULATORY SERVICES FRANKFORT, KENTUCKY  
NAME TITLE ADDRESS

**NET MERGER SAVINGS CREDIT (N.M.S.C.)**

**APPLICABLE.**

To Tariffs R.S., R.S.-L.M.-T.O.D., Experimental R.S.-T.O.D., S.G.S., M.G.S., Experimental M.G.S.-T.O.D., L.G.S., Q.P., C.I.P.-T.O.D., C.S.-I.R.P., M.W., O.L., and S.L.

**RATE.**

The Net Merger Savings Credit shall provide for a monthly adjustment to base rates on a rate per KWH of monthly consumption. The Net Merger Savings Credit shall be calculated according to the following formula:

$$\text{Net Merger Savings Credit} = \text{M.S.F.} + \text{B.A.F.}$$

Where:

(M.S.F.) Is the Merger Savings Factor per KWH which is based on the total Company net savings that are to be distributed to the Company's Kentucky retail jurisdictional customers in each 12-month period.

	Net Savings to be Distributed	Merger Savings Factor (M.S.F.)	Balancing Adjustment Factor (B.A.F.)
Year 1*	\$1,463,815	.021¢ per Kwh	0 ¢
Year 2	2,553,660	.037¢ per Kwh	.0007¢ per Kwh
Year 3	3,184,645	.045¢ per Kwh	
Year 4	3,695,003	.051¢ per Kwh	
Year 5	4,037,167	.055¢ per Kwh	
Year 6	4,299,432	.057¢ per Kwh	
Year 7	4,504,920	.059¢ per Kwh	
Year 8	4,626,369	.059¢ per Kwh	
Year 9	5,242,785	.066¢ per Kwh	

\*The Net Merger Savings Credit will begin in the first full billing month available following thirty days from the consummation of the merger and will continue until the effective date of a Commission order changing the Company's base rates after Year 8 of this tariff.

(B.A.F.) Is the Balancing Adjustment Factor per KWH for the second through the twelfth months of the current distribution year which reconciles any over- or under-distribution of the net savings from prior periods. The B.A.F. will be determined by dividing the difference between amounts which were expected to be distributed and the amounts actually distributed from the application of the Net Merger Savings Credit from the previous year by the expected Kentucky retail jurisdictional KWH. The final B.A.F. will be applied to customer billings in the second month following the effective date of a Commission order changing the Company's base rates after Year 8 of this tariff.

**TERMS OF DISTRIBUTION.**

1. The total distribution to the Company's customers will, in no case, be less than the sum of the amounts shown for the first eight years above.
2. On or before the 21st of the first month of each distribution year following Year 1, the Company will file with the Commission a status report of the Net Merger Savings Credit. Such report shall include a statement showing the amounts which were expected to be distributed and the amounts actually distributed in previous periods, along with a calculation of the B.A.F. which will be implemented with customer billings in the second month of that distribution year to reconcile any previous over-or under-distributions.
3. The Net Merger Savings Credit shall be applied to the customer's bill following the rates and charges for electric service, but before application of the school tax, the franchise fee, sales tax or similar items.

*Ca/02*

PUBLIC SERVICE COMMISSION  
 OF KENTUCKY  
 EFFECTIVE

**OCT 26 2001**

DATE OF ISSUE October 4, 2001 DATE EFFECTIVE October 26, 2001

ISSUED BY E.K. WAGNER DIRECTOR OF REGULATORY AFFAIRS ASHLAND, KENTUCKY  
 NAME TITLE ADDRESS

PURSUANT TO 807 KAR 5:011,  
 SECTION 9 (1)  
 BY: Stephan D. Bell  
 SECRETARY OF THE COMMISSION

Issued by authority of an Order of the Public Service Commission in Case No.99-149 dated