

COLUMBIA GAS OF KENTUCKY, INC.

**SMALL VOLUME AGGREGATION SERVICE
(SVAS)
RATE SCHEDULE (Continued)**

MARKETER CHARGE

Each Marketer shall pay Columbia \$0.05 per Mcf for all volumes delivered to the Marketer's Aggregation Pool during each billing month.

BALANCING CHARGE

Columbia will provide the Marketer with a Balancing Service on a daily and seasonal basis that balances the Marketer's Daily Demand Requirements and the consumption of the Marketer's Aggregation Pool. The Marketer shall pay Columbia a throughput-based Balancing Charge equal to the Purchased Gas Demand Cost less a credit for assigned capacity as set forth below.

The Purchased Gas Demand Cost is the Demand Rate Component of Columbia's most recent Gas Cost Adjustment Clause report. The credit is the projected annual cost of assigned FTS capacity less estimated annual storage commodity costs (storage injection, withdrawal, shrinkage, and commodity transportation cost) divided by the estimated, annualized usage of customers served under Rate Schedule SVGTS.

The charge set forth on Sheet No. 7a shall be calculated quarterly in accordance with Columbia's Gas Cost Adjustment Clause report.

DAILY DELIVERY REQUIREMENT

Columbia shall calculate the Daily Delivery Requirement for each Marketer's Aggregation Pool on or about the 20th of each month. The Daily Delivery Requirement shall be calculated by Columbia by determining the estimate of the normalized annual consumption of all Customers that will be in the Marketer's Aggregation Pool during the following month, and dividing that aggregate sum by 365. Columbia shall convert the quotient to a Dth basis using Columbia's annual average Btu Content, and shall adjust for Company Use and Unaccounted For. The resultant quantity shall be the Daily Delivery Requirement for each Marketer's Aggregation Pool.

Columbia may reduce the Daily Delivery Requirement in the months of October, November and April to meet operation needs. Marketers are required to deliver gas supplies to Columbia at the Primary Firm City Gate Delivery Points designated in the Marketer's assigned firm transportation capacity on a daily basis, in an amount equal to the Daily Delivery Requirement of the Marketer's Aggregation Pool, unless directed otherwise by Columbia. In order to support reliable service on Columbia's system, Columbia may require the marketer to deliver gas to a secondary delivery point.

If, on any day, a Marketer delivers gas supply that is either greater or less than its Daily Delivery Requirement the Marketer will be charged a fee equal to 30% of the price reported in Platts Gas Daily in the Daily Price Survey titled "Prices of Spot Gas Delivered to Pipelines", under the column heading "Midpoint" for "Columbia Gas, Appalachia," adjusted for Columbia Gas Transmission Corporation's FTS Retainage, and commodity charges for the day in question, multiplied by the difference in Dth, plus a charge for all other costs incurred by Columbia that result from the Marketer's failure to deliver gas as required, including a proportionate share of any pipeline penalties and/or costs

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ISSUED BY: Herbert A. Miller, Jr.

President