Duke Energy Kentucky, Inc. 4580 Olympic Blvd. Erlanger, Kentucky 41018

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SECTION IX - GAS SPACE HEATING REGULATIONS

1. Gas Space Heating Regulations.

The Company shall not be required to supply gas for new or additional space heating equipment installed from and after the effective date hereof unless the consumer present or prospective, makes written application to the Company for such supply at a specific address and receives written approval from the Company therefor. An approval for the use of gas for space heating is not transferable from one premise to another except by written approval from the Company.

If any consumer fails to install gas-fired space heating equipment pursuant to said approval within one year from the date of issuance thereof fails to demonstrate to the Company's satisfaction before the expiration of said period that he intends to avail himself of the use of such gas under such approval with due diligence, the Company may cancel, nullify and void such approval.

The Company need not issue an approval for the utilization of gas for space heating purposes in a commercial or industrial building for new or additional heating equipment having a total rated input capacity in excess of 1,000,000 Btu per hour, unless the applicant shall install standby facilities having a capacity satisfactory to the Company and shall agree in writing with the Company to use such standby facilities and discontinue the use of gas for space heating when and for such periods of time as the Company may request. In the event the use of gas for space heating by such consumer is not promptly discontinued at the request of the Company, the latter, upon discovery thereof, is authorized to discontinue all gas service to such consumer until such time as the gas space heating equipment has been disconnected. Where such action is necessary on the part of the Company it may cancel, nullify and void such approval.

Should any consumer fail to comply with these gas space heating regulations, the Company, upon discovery thereof, and after giving ten days notice to such consumer, is authorized to disconnect his gas service until such time as these regulations are complied with.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 29, 2009 in Case No. 2009-00202.

Issued: September 29, 2010 Effective: September 30, 2010

Issued by Julie Janson, President