

Texas Gas Service Company, a Division of ONE Gas, Inc.

Rules of Service – ALL CUSTOMERS

**RULES OF SERVICE**

**TEXAS GAS SERVICE ALL CUSTOMERS**

Incorporated and environs areas of: Alamo, Aledo, Alton, Andrews, Anthony, Austin, Barstow, Bayou Vista, Beaumont, Bee Cave, Borger, Breckenridge, Brownsville, Bryson, Buda, Cedar Park, Clint, Combes, Crane, Creedmoor, Cuero, Dell City, Donna, Dripping Springs, Edcouch, Edinburg, El Paso, Elsa, Galveston, Georgetown, Gonzales, Graford, Graham, Groves, Harlingen, Hidalgo, Horizon City, Hudson Oaks, Hutto, Jacksboro, Jamaica Beach, Jarrell, Kyle, La Feria, La Joya, La Villa, Laguna Vista, Lakeway, Lockhart, Los Fresnos, Luling, Lyford, Marble Falls, McAllen, McCamey, Mercedes, Millsap, Mineral Wells, Mission, Monahans, Mustang Ridge, Nederland, Nixon, Palm Valley, Palmhurst, Palmview, Pecos, Penitas, Pflugerville, Pharr, Port Arthur, Port Isabel, Port Neches, Primera, Progreso, Pyote, Rancho Viejo, Raymondville, Rio Hondo, Rollingwood, San Benito, San Elizario, San Juan, Santa Rosa, Shiner, Skellytown, Socorro, Sunset Valley, Thorntonville, Vinton, Weatherford, Weslaco, West Lake Hills, Wickett, Willow Park, Wink, and Yoakum, Texas; the environs of Bastrop, Texas; and the unincorporated areas of: Bayview, Canutillo, Fabens, Jermyn, Jim Hogg County, Jonah, Laguna Heights, Monte Alto, Olmito, Palo Pinto, Perrin, Possum Kingdom, Punkin Center, San Carlos, Starr County, and Whitt, Texas.

Effective for Consumption On and After January 27, 2026

Communications Regarding this Tariff Should Be Addressed To:

Customer Relations

401 N. Harvey

Oklahoma City, OK 73102

[customerrelations@onegas.com](mailto:customerrelations@onegas.com)

(405) 551-6752

Supersedes and Replaces Rules of Service for Incorporated and Unincorporated Areas of the West-North Areas Except Incorporated Aledo, Breckenridge, Bryson, Graford, Graham, Hudson Oaks, Jacksboro, Millsap, Mineral Wells, Weatherford and Willow Park (January 27, 2023), Incorporated Aledo, Breckenridge, Bryson, Graford, Graham, Hudson Oaks, Jacksboro, Millsap, Mineral Wells, Weatherford and Willow Park (February 27, 2023), Rio Grande Valley (January 30, 2024), and Central-Gulf (November 27, 2024)

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# Texas Gas Service Company, a Division of ONE Gas, Inc.

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### SECTION 1 — GENERAL STATEMENT AND DEFINITIONS

1.1

#### TARIFF APPLICABILITY

Texas Gas Service Company, a Division of ONE Gas, Inc. (the “Company”) operates as a Gas utility under Texas Utilities Code § 101.003(7) within the State of Texas. This Tariff applies to all areas served by the Company comprised of the incorporated and environs areas of: Alamo, Aledo, Alton, Andrews, Anthony, Austin, Barstow, Bayou Vista, Beaumont, Bee Cave, Borger, Breckenridge, Brownsville, Bryson, Buda, Cedar Park, Clint, Combes, Crane, Creedmoor, Cuero, Dell City, Donna, Dripping Springs, Edcouch, Edinburg, El Paso, Elsa, Galveston, Georgetown, Gonzales, Graford, Graham, Groves, Harlingen, Hidalgo, Horizon City, Hudson Oaks, Hutto, Jacksboro, Jamaica Beach, Jarrell, Kyle, La Feria, La Joya, La Villa, Laguna Vista, Lakeway, Lockhart, Los Fresnos, Luling, Lyford, Marble Falls, McAllen, McCamey, Mercedes, Millsap, Mineral Wells, Mission, Monahans, Mustang Ridge, Nederland, Nixon, Palm Valley, Palmhurst, Palmview, Pecos, Penitas, Pflugerville, Pharr, Port Arthur, Port Isabel, Port Neches, Primera, Progreso, Pyote, Rancho Viejo, Raymondville, Rio Hondo, Rollingwood, San Benito, San Elizario, San Juan, Santa Rosa, Shiner, Skellytown, Socorro, Sunset Valley, Thorntonville, Vinton, Weatherford, Weslaco, West Lake Hills, Wickett, Willow Park, Wink, and Yoakum, Texas; the environs of Bastrop, Texas; and the unincorporated areas of: Bayview, Canutillo, Fabens, Jermyn, Jim Hogg County, Jonah, Laguna Heights, Monte Alto, Olmito, Palo Pinto, Perrin, Possum Kingdom, Punkin Center, San Carlos, Starr County, and Whitt, Texas.

Service under this Tariff is subject to the original jurisdiction of the municipalities in the Company's area of service and the Railroad Commission of Texas. The Company will provide service to any person and/or business within its areas of service in accordance with the rates, terms and conditions provided for in its Tariff and regulations.

1.2

#### RATE SCHEDULES

All Customers shall be served under rate schedules filed with the municipality or Railroad Commission of Texas. Customers shall be assigned to rate schedules in accordance with the class of the particular Customer, the usage which will be made of the Gas and that Customer's volume requirements. The Company shall advise an Applicant or Customer regarding the most economical rate for their usage if more than one (1) rate is applicable. A Customer assigned to a rate schedule shall remain on that schedule for a minimum of one (1) year except that an assignment made in error may be corrected immediately. In the event of a question regarding the Customer's classification, the questions shall be resolved by reference to the coding of the Customer's primary business in the latest edition of the Standard Industrial Classification Manual of the United States Government's Office of Management and Budget.

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#### DEFINITIONS

The following definitions shall apply to the indicated words as used in this Tariff:

Adder:

Shall mean the Company's incremental cost to purchase Natural Gas.

Aggregation Areas:

Shall mean aggregation pools established by the Company within geographic, operational, administrative, and/or other appropriate parameters, for the purposes of nominating and imbalances.

Agricultural Service:

Service to Consumers engaged in agricultural production.

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Applicant:

Any person, organization or group of persons or organizations making a formal request either orally or in writing for Gas service from the Company.

Atmospheric Pressure:

The pressure exerted by the weight of the atmosphere, which at sea level has a mean value of roughly 14.70 pounds per square inch (psi). A table containing the average Atmospheric Pressure of each location served by the Company is shown in Section 13.

Automated Meter Reading (AMR):

The process of remotely reading a Gas meter.

Average Day Usage:

The Gas demand of a given Customer for Gas in any one (1) Month divided by 30. Gas demand is considered to be equivalent to consumption during each billing Month, provided however, that when service has been curtailed, demand shall be considered to be actual consumption plus estimated curtailment during the period.

Blanket Builder:

A builder or someone acting for a builder who requests the installation of service lines.

Btu:

Shall mean British thermal unit(s) and shall be computed on a temperature base of 60 degrees Fahrenheit and at the standard pressure base of the applicable area and on a gross-real-dry basis and shall not be corrected for real water vapor as obtained by means commonly acceptable to the industry, and "MMBtu" shall mean one million (1,000,000) Btu.

Commercial Service:

Service to Consumers engaged primarily in the sale or furnishing of goods and services and any usage not otherwise provided for.

Commission or The Commission:

The Railroad Commission of Texas.

Common Billing Pressure:

A Common Billing Pressure of 14.65 psi is used to determine an equitable measurement of volume of Natural Gas consumed for Customers who live in areas with varying Atmospheric Pressure.

Compressed Natural Gas (CNG) Service:

Service to any non-residential Customer of the Company for usage where the Customer purchases Natural Gas which will be compressed and used as a motor fuel. This service will be separately metered and does not include compression by the Company beyond normal meter sales pressure.

Company:

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Constant Factor:

A factor that is calculated by dividing the Standard Serving Pressure by a Common Billing Pressure of 14.65 psi. This factor will be further adjusted for non-residential Customers who have requested an elevated meter pressure above the Standard Serving Pressure. The Constant Factor is multiplied by the change in

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meter readings shown on the Customer's bill to calculate a Billed Ccf volume also shown on the Customer's bill. A table containing the Constant Factor of each location served by the Company is shown in Section 13.

Consumer:

Any person or organization receiving Gas service from the Company for his or her own appliances or equipment whether or not the Gas is billed directly to him or her. (For example, a rental unit where the utilities are part of the rent, the landlord is a Customer and the tenant is a Consumer.)

Consumption Period:

Shall mean a volumetric billing period.

Cumulative Tolerance Limit:

Shall mean the percent of aggregate historical annual deliveries of a Qualified Supplier's Aggregation Area pool of Customers for the most recent year ended on June 30. The Company, at its sole discretion, may make adjustments to the Cumulative Tolerance Limit.

Customer:

Any person or organization now being billed for Gas service whether used by him or her, or by others.

Day or Gas Day:

Shall mean the 24-hour period commencing at 9:00 a.m. Central Standard Time on one (1) calendar day and ending at 9:00 a.m. Central Standard Time the following calendar day.

Dekatherm (Dth):

Shall mean one million (1,000,000) Btu's (1 MMBtu). This unit will be on a dry basis.

Domestic Service:

Service to any Consumer which consists of Gas service used directly for heating, air conditioning, cooking, water heating and similar purposes whether in a single or multiple dwelling unit.

Electric Generation Service:

Service to non-residential Customers operating electric generation assets including bulk power system assets, co-generation facilities, distributed generation, and/or backup power systems. This service may also be provided to those known Customers who use thermal energy to produce electricity with recapture of by-product heat in the form of steam, exhaust heat, etc. for industrial process use, space heating, food processing or other purposes.

Electronic Document:

Any document sent electronically via email or the internet.

Electronic Flow Measurement (EFM):

An electronic means of obtaining readings on a Gas meter.

Electronic Fund Transfer (EFT):

The process to convert a paper check or electronic bill payment request to an electronic transfer. Paper checks received by the Company or their agents are destroyed.

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Electronic Radio Transponder (ERT): A device that assists with remotely reading a Gas meter.

Excess Flow Valve (EFV): A safety device installed on a Natural Gas service line. The EFV is designed to automatically shut off the flow of Natural Gas in the service line and mitigate the impact of a significant break, puncture or severance in the line. EFVs are not designed to shut off the flow of Gas in the event the line breaks at the connection of a Gas appliance in a residence or in the Customer's piping system (interior or exterior) on the Customer's side of the Gas meter.

Expedited Service: Customer request for same day service or service during non-business hours for connection or reconnection of Gas service.

Firm Service: Services offered to Customers (regardless of service class) under schedules or contracts that anticipate no interruptions. Service may be interrupted or curtailed at the discretion of the Company during Force Majeure events or at the direction of a regulatory or government agency.

Force Majeure: If either the Company or Customer is rendered unable, wholly or in part, by reason of Force Majeure or any other cause of any kind not reasonably within its control, other than financial, to perform or comply with their obligations hereunder, then such party's obligations or conditions shall be suspended during the continuance of such inability and such party shall be relieved of liability for any damage or loss for failure to perform the same during such period; provided, however, obligations to make payments when due hereunder shall not be suspended. The term "Force Majeure" as used herein means acts of God; strikes, lockouts, or other industrial disturbances; acts of the public enemy; wars; blockades; insurrections; riots; epidemics; pandemics; landslides; lightning; earthquakes; fires; storms; floods; washouts; arrests and restraints of the government, or any agency thereof, either federal or state, civil or military; civil disturbances; explosions; breakage or accident to machinery or lines of pipe; freezing of wells or lines of pipe; shortage of Gas supply, whether resulting from inability or failure of a supplier to deliver Gas; partial or entire failure of Natural Gas wells or Gas supply; depletion of Gas reserves; mandatory testing or maintenance necessary for compliance and safe operation, and any other causes, whether of the kind herein enumerated or otherwise. If due to a Force Majeure the Company curtails or temporarily discontinues the receipt or delivery of Gas hereunder, Customer agrees to hold Company harmless from any loss, claim, damage, or expense that Customer may incur by reason of such curtailment or discontinuance.

Gas or Natural Gas: Shall mean the effluent vapor stream in its Natural, gaseous state, including gas-well Gas, casing head Gas, residue Gas

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resulting from processing both casing head Gas and gas-well Gas, and all other hydrocarbon and non-hydrocarbon components thereof.

General Rate Schedule:

A rate schedule available to all Customers of the appropriate class or classes for usages indicated therein.

Industrial Service:

Service to Consumers engaged primarily in a process which changes raw or unfinished materials into another form of product. This classification shall embrace all Consumers included in Division A (except Major Groups 01 and 02) and Division D of the Standard Industrial Classification Manual.

Irrigation or Irrigation Pumping Service:

(SIC Division A - Major Group 01) who use Gas for operating engine-driven pumping equipment.

Master Meter:

A single large volume Gas measurement device by which Gas is metered and sold to a single purchaser who distributes the Gas to one (1) or more additional persons downstream from that meter. Master Meter operators shall comply with the minimum safety standards in 49 CFR Part 192.

Mcf:

Shall mean one thousand (1,000) cubic feet of Gas.

Month:

Shall mean the period beginning at 9:00 a.m. Central Standard Time on the first Day of each calendar Month and ending at 9:00 a.m. Central Standard Time on the first Day of the next succeeding calendar Month.

Monthly Tolerance Limit:

Shall mean five percent (5%) of the aggregate deliveries for a Qualified Suppliers Aggregation Area pool of Customers for such Month.

Optional Rate Schedule:

A General Rate Schedule which may be selected by a Customer in lieu of another general schedule but which may require installation of special equipment.

Overtime Rate:

The fee charged by the Company to perform work outside its normal business hours or on holidays and includes changes to previously scheduled work that must be performed outside the Company's normal business hours.

Payment in Kind (PIK):

Shall mean a reimbursement for lost and unaccounted for Gas.

PDA:

Shall mean a predetermined allocation method.

Pipeline System:

Shall mean the current existing utility distribution facilities of the Company located in the State of Texas.

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<u>Point of Delivery:</u>	Shall mean the point or points where Gas is delivered from the Pipeline System to Customer.
<u>Point of Receipt:</u>	Shall mean the point or points where the Company shall receive Gas into the Pipeline System from Customer.
<u>Point Operator:</u>	Shall mean the person or entity that controls the Point of Receipt or Point of Delivery.
<u>Public Authority Service:</u>	Service to Customers that are any qualifying public authority, public and parochial schools and colleges, and to all facilities operated by governmental agencies not specifically provided for in other rate schedules or special contracts.
<u>Qualified Supplier:</u>	Shall mean an approved supplier of Natural Gas for transportation to Customers through the Company's Pipeline System.
<u>Regulatory Authority:</u>	The City Council or equivalent municipal governing body of each respective city in the Company's area of service, or the Railroad Commission of Texas, as applicable.
<u>Safe Access:</u>	This term, used throughout the Company's Rules of Service, shall mean that Company representatives shall have free access to Company-owned assets, including but not limited to meters, service lines, and all other equipment relating to Company's service and the Company shall upon request, also have access to Customer Natural Gas appliances and equipment to perform safety inspections as may be deemed necessary by the Company during the performance of routine maintenance and/or in response to emergency situations without threat or harm from the Customer, Customer representatives or animals on the property.
<u>Special Rate Schedule:</u>	A rate schedule designed for a specific Customer.
<u>Standard Serving Pressure:</u>	The Standard Serving Pressure at a Customer's meter shall be 4 ounces (0.25 psi) or 7" Water Column above the standard Atmospheric Pressure in the area served. A table containing the Standard Serving Pressure of each location served by the Company is shown in Section 13.
<u>System:</u>	Any group of interconnected pipelines and appurtenances owned or operated by the Company and independent from any other such group of facilities.
<u>Tariff:</u>	Shall mean every rate schedule, or provision thereof, and all terms, conditions, rules and regulations for furnishing Gas service filed with the Regulatory Authorities or agencies having jurisdiction over the Company or the services provided hereunder.

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Temporary Service:

Any service which will not be utilized continuously at the same location for a period of two (2) or more years.

Transportation Form:

Shall mean the Company approved selection of Transportation Service document.

Transportation Rate Schedule:

A rate schedule designed for service to any Customer for the transportation of Customer-owned Natural Gas through the Company's distribution System.

Transportation Service:

The transportation by the Company of Natural Gas owned by someone other than the Company through the Company's distribution System.

Week:

Shall mean a period of seven (7) consecutive Days beginning at 9:00 a.m. Central Standard Time on each Monday and ending at the same time on the next succeeding Monday.

Year:

Shall mean a period of 365 consecutive Days, or 366 consecutive Days when such period includes a February 29.

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SECTION 2 — [Reserved for Future Rules]

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SECTION 3 — RATES AND UTILITY CHARGES

Current Rate Schedules are on file with each applicable Regulatory Authority and available on the Company's website at [https://www.texasgasservice.com/rateinformation/home.](https://www.texasgasservice.com/rateinformation/home)

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SECTION 4 — CONDITIONS OF SERVICE

4.1 PROVISION OF SERVICE

The Company will provide Gas service to any person or organization located within the Company's service area from the Company's facilities or in certain cases, the facilities of its supplier, in accordance with the provisions of this Tariff and other applicable Rate Schedules.

The Customer shall make or procure, and hereby agrees to make or procure, conveyance to the Company of perpetual right-of-way across the property owned or controlled by the Customer that is required to install Natural Gas facilities and is in a location and condition satisfactory to the Company, provides clear access to Company's facilities, and enables Safe Access for the Company to provide service to Customer's property or the premises of the Consumer.

4.2 USE OF NATURAL GAS EQUIPMENT AND APPLIANCES

The Customer shall provide notice to the Company of the installation of any Natural Gas appliance or equipment located on the Customer's property upon the Company's request. Customer notice shall be provided electronically or verbally when requested. Appliances and Equipment may include, but not be limited to: furnace, clothes dryer, water heater, tankless water heater, stove/oven, generator, pool heater, fireplace, fire pit, grill, commercial/industrial boilers, etc.

4.3 FEES AND CHARGES

All fees and charges assessed by the Company to provide and maintain utility services are as provided for in this Tariff. If the Customer elects Transportation Service, the commodity cost of Gas shall be determined between the Customer and the Customer's selected supplier.

4.4 RESALE OF GAS

Gas delivered by the Company shall not be redelivered or resold for the use thereof by others unless otherwise expressly agreed to in writing by the Company; provided, however, that those Customers receiving Gas for redistribution to the Customer's tenants may separately meter each tenant's distribution point for the purpose of prorating the Customer's actual amount of Gas delivered among the various tenants on a per unit basis.

4.5 CONTINUITY OF SERVICE

a) Service interruptions:

- i) The Company shall make all reasonable efforts to prevent interruptions of Firm Service. When interruptions occur, the Company shall re-establish service within the shortest possible time consistent with prudent operating principles so that the smallest number of Customers are affected.
- ii) The Company shall make reasonable provisions to meet emergencies resulting from failure of service and shall issue instructions to its employees covering procedures to be followed in the event of an emergency in order to prevent or mitigate interruption or impairment of service.
- iii) In the event of a national emergency or local disaster resulting in disruption of normal service, the Company may, in the public interest, interrupt service to other Customers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.
- iv) Curtailment of Firm Service will be done in accordance with Texas Administrative Code Title 16, Part 1, Chapter 7, Subchapter D, Rule §7.455 Curtailment Standards.

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- b) Record of interruption: Except for momentary interruptions, which do not cause a major disruption of service, the Company shall keep a complete record of all interruptions, both emergency and scheduled. This record shall show the cause of interruptions, date, time duration, location, approximate number of Customers affected, and, in cases of emergency interruptions, the remedy and steps taken to prevent recurrence, if applicable.

Report to Railroad Commission of Texas: The Commission shall be notified in writing within 48 hours of interruptions in service affecting the entire System or any major division thereof lasting more than four (4) hours. The notice shall also state the Company's belief as to the cause of such interruptions. If any service interruption is reported to the Commission otherwise (for example, as a curtailment report or safety report), such other report is sufficient to comply with the terms of this Section.

- c) The Company does not guarantee uninterrupted service to any Customer and shall not be liable for damages resulting from any loss of service to any Customer.

#### 4.6 AVAILABILITY OF TARIFFS

A copy of this Tariff and other Rate Schedules can be requested through TGS's customer service number at 1-800-700-2443 (non-emergency number) or requested under the 'Contact Us' section of [www.texasgasservice.com](http://www.texasgasservice.com) and are available on the Company's website at <https://www.texasgasservice.com/rateinformation/home>.

#### 4.7 CUSTOMER INFORMATION

The Company shall:

- a) Maintain a current set of maps showing the physical locations of its facilities. All distribution facilities shall be labeled to indicate the size or any pertinent information which will accurately describe the Company's facilities. These maps, or such other maps as may be required by the Regulatory Authority, shall be kept by the Company in a central location and will be available for inspection by the Regulatory Authority during normal working hours. Each business office or service center shall have available up-to-date maps, plans or records of its immediate area, with such other information as may be necessary to enable the Company to advise Applicants and others entitled to the information as to the facilities available for serving that locality;
- b) Assist the Customer or Applicant in selecting the most economical rate schedule;
- c) In compliance with applicable law or regulations, notify Customers affected by a change in rates or schedule or classification;
- d) Post a notice in a conspicuous place in each business office of the utility where applications for service are received informing the public that copies of the rate schedules and rules relating to the service of the utility as filed with the Commission are available for inspection;
- e) Upon request inform its Customers as to the method of reading meters;
- f) Make available, during normal business hours, such additional information on rates and services as any Customer or Applicant may reasonably request; and
- g) Provide to new Customers, at the time service is initiated or as an insert in the first billing, a pamphlet or information packet containing the following information. The Company may provide this notification to Customers electronically. This information shall be provided in English and Spanish as necessary to

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adequately inform the Customers; provided, however, the Regulatory Authority upon application and a showing of good cause may exempt the Company from the requirement that the information be provided in Spanish:

- i) the Customer's right to information concerning rates and services and the Customer's right to inspect or obtain at reproduction cost a copy of the applicable Tariffs and service rules;
- ii) the Customer's right to have their meter checked without charge under Section (7) of the Commission's Rule 7.45, if applicable;
- iii) the time allowed to pay outstanding bills;
- iv) grounds for termination of service;
- v) the steps the Company must take before terminating service;
- vi) how the Customer can resolve billing disputes with the Company and how disputes and health emergencies may affect termination of service;
- vii) information on alternative payment plans offered by the Company;
- viii) the steps necessary to have service reconnected after involuntary termination;
- ix) the appropriate Regulatory Authority with whom to register a complaint and how to contact such authority;
- x) the hours, addresses and telephone numbers of utility offices where bills may be paid and information may be obtained; and
- xi) the Customer's right to be instructed by the Company how to read their meter.

h) At least once each calendar year, the Company shall notify Customers that information is available upon request, at no charge to the Customer, concerning the items listed in subsection (g) above. This notice may be accomplished by use of a billing insert or a printed statement upon the bill itself. The Company may provide this notification to Customers electronically.

4.8

### CUSTOMER COMPLAINTS

Upon complaint to the Company by residential or small commercial Customers either at its office, by letter, by telephone or by email, the Company shall promptly make a suitable investigation and advise the complainant of the results thereof. The Company shall keep a record of all complaints which shall show the name and address of the complainant, the date and nature of the complaint, and the adjustment or disposition thereof for a period of one (1) year subsequent to the final disposition of the complaint.

4.9

### COMPANY RESPONSE

Upon receipt of a complaint, either by letter, by telephone or by email from the Regulatory Authority on behalf of a Customer, the utility shall make a suitable investigation and advise the Regulatory Authority and complainant of the results thereof. An initial response must be made by the next working day. The Company must make a final and complete response within 15 days from the date of the complaint, unless additional time is granted within the 15-day period. The Commission encourages all Customer complaints to be made in writing to assist the

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Regulatory Authority in maintaining records of the quality of service of the Company; however, telephone communications will be acceptable.

4.10 **LIMITATION OF LIABILITY**

**THE CUSTOMER ASSUMES ALL RESPONSIBILITY FOR ALL FACILITIES AND THEIR INSTALLATION, MAINTENANCE, OPERATION, FUNCTIONALITY, TESTING AND CONDITION THEREOF ON THE CUSTOMER'S SIDE OF THE POINT OF DELIVERY OF GAS TO THE PROPERTY OF THE CUSTOMER OR TO THE PREMISES OF THE CONSUMER, AS DEFINED IN SECTION 12.11. THE COMPANY IS NOT LIABLE TO A CUSTOMER, AND CUSTOMER SHALL INDEMNIFY, HOLD HARMLESS, AND DEFEND THE COMPANY AND ITS EMPLOYEES OR AGENTS FROM ANY AND ALL CLAIMS OR LIABILITY FOR DAMAGES OF ANY KIND OR NATURE INCLUDING, BUT NOT LIMITED TO, PERSONAL INJURY, DAMAGE TO PROPERTY, ANY INCIDENTAL, CONSEQUENTIAL, BUSINESS INTERRUPTION, OR OTHER ECONOMIC OR OTHER DAMAGES OR LOSSES IN ANY MANNER DIRECTLY, INDIRECTLY OR ARISING FROM, OR CAUSED BY ACTS OR OMISSIONS OF ANY PERSON OR PARTY ON THE CUSTOMER'S SIDE OF SAID POINT OF DELIVERY OF GAS TO THE PROPERTY OF THE CUSTOMER OR TO THE PREMISE OF THE CONSUMER, AS DEFINED IN SECTION 12.11.**

The Company shall be liable to the Customer or Consumer only for personal injury or property damages directly caused by the negligent acts or omissions of the Company or its employees occurring on the Company's side of the Point of Delivery. The Company shall not be liable or responsible for damages of any kind or nature including, but not limited to, personal injury, property damages, or any other loss or damages arising from or caused by the acts or conduct, negligence or intentional act or omission of any person, other than an employee of the Company, who adjusts, repairs, disconnects, changes, alters, or tampers with the Company's meter or facilities in any way.

In no event shall the Company or its employees be liable for any indirect, incidental, consequential, business interruption, or other economic damages or losses of Customer, Consumer, or third parties including, but not limited to, lost time, lost money, lost profits, or out of pocket expenses whether in contract, tort, or otherwise, and whether such damages are seen or unforeseen in any manner, directly or indirectly, arising from, caused by, or growing out of the interruption or termination of Gas utility service.

If the Company becomes unable to provide Gas utility service, either wholly or in part, by an event of Force Majeure, the obligations affected by the event of Force Majeure will be suspended only during the continuance of that inability. The Company will remedy its inability to provide Gas utility service as soon as possible.

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SECTION 5 — INITIATION OF SERVICE

5.1 REGULAR SERVICE

Application for service can be made by telephone or through the internet. Each Applicant must comply with the appropriate requirements of this Tariff before service shall be instituted. No written agreement shall be required for residential service under the standard provisions of this Tariff. Commencement of service by the Company and the use of Gas service by the Customer shall be evidence of such agreement. Any Customer requesting service under any special provision of this Tariff must execute a written agreement for service in the form prescribed by the Company designating those provisions which shall apply. Each Applicant may be required to produce two (2) forms of verifiable identification: (1) a government-issued identification card bearing a photograph of Applicant; and (2) verifiable proof of their right to occupy a specific service address as of a specific date of occupancy.

5.2 RESPONSE TO REQUEST FOR SERVICE

Every Gas utility must serve each qualified Applicant for service within its area of service as rapidly as practical. As a general policy, those applications not involving line extensions, service lines or new facilities should be filled within seven (7) working days. Those applications for individual residential service requiring line extensions or service lines should be filled within 90 days unless unavailability of materials or other causes beyond the control of the Company result in unavoidable delays. In the event the residential service is delayed in excess of 90 days after an Applicant has met credit requirements and made satisfactory arrangements for payment of any required construction charges, a report must be made to the Regulatory Authority listing the name of the Applicant, location and cause for delay. Unless such delays are due to causes which are reasonably beyond the control of the utility, a delay in excess of 90 days may be found to constitute a refusal to serve.

5.3 SPECIAL CONTRACTS

Under certain special conditions, the Company may agree to rates, terms or conditions of service other than those provided in this Tariff. Such service must be established under the terms of a special contract or service agreement. To the extent that the provisions of any special contract are at variance with this Tariff, the provisions of the contract shall apply.

5.4 TEMPORARY SERVICE

Temporary Service shall be furnished under the same rate schedules applicable to regular service of a similar kind.

5.5 FEES AND CHARGES

The Company shall charge a non-refundable fee to each Applicant to compensate for the cost involved in initiation or reconnection of service, or when service is transferred from one name to another at any location, or whenever a meter is reset or relocated on the same premises at the request of the Customer, all as specified in Section 15 of this Tariff.

Whenever the Applicant requests expedited service, the Company will accomplish the work as expeditiously as possible, and the Customer will be charged at the Company's approved rate for service work. Expedited service and the charges therefore shall be made only on request of the Applicant. However, the Company shall not be obligated to provide Expedited Service when the personnel and resources to do so are not reasonably available. Whenever service is furnished from the facilities of a third party and the Company must pay any special fees to that third party, the Company may, at its option, pass that charge plus 20 percent (20%) for handling through to the Applicant requesting service. See Section 15 relating to fees.

**SECTION 6 — REFUSAL OF SERVICE**

**6.1 COMPLIANCE BY APPLICANT**

The Company may decline to serve an Applicant for whom service is available from previously installed facilities until such Applicant has complied with the state and municipal regulations and approved rules and regulations of the Company on file with the Commission governing the service applied for or for the following reasons:

- a) If the Applicant's installation or equipment is known to be hazardous or of such character that satisfactory and safe service cannot be given. The existence of an unsafe condition, such as a leak in the Applicant's piping system, shall be in the Company's sole opinion of endangerment to life or property;
- b) If the Applicant is indebted to the Company for the same kind of service as that applied for; provided, however, that in the event the indebtedness of the Applicant for service is in dispute, the Applicant shall be served upon complying with the applicable deposit requirement;
- c) For refusal to make a deposit if Applicant is required to make a deposit under this Tariff;
- d) Failure to pay fees, advances or contributions required for service under this Tariff;
- e) Delinquency in payment for Gas service by another occupant if that person still resides at the premises to be served;
- f) To any Applicant who refuses the Company or Company's representatives Safe Access to or entry for observation of Customer-owned Natural Gas facilities or appliances and/or whose Natural Gas facilities or appliances do not comply with the applicable provision of this Tariff.
- g) Failure of the Applicant to furnish any service or meter location specified for service under this Tariff; or
- h) Failure of the Applicant to provide satisfactory identifying information as required by the Federal Trade Commission's Red Flag Rules and the Company's Identity Theft Prevention Program.

**6.2 APPLICANT'S RE COURSE**

In the event that the Company shall refuse to serve an Applicant under this Section, the Company must inform the Applicant of the basis of its refusal and that the Applicant may file a complaint with the municipal Regulatory Authority or Commission, whichever is appropriate. The right to refuse service shall terminate when the Applicant has complied with the Company's requirements or corrected the cause for the refusal to serve.

**6.3 INSUFFICIENT GROUNDS FOR REFUSAL TO SERVE**

The following shall not constitute sufficient cause for refusal of service to a present Customer or Applicant:

- a) Delinquency in payment for service by a previous occupant of the premises to be served;
- b) Failure to pay for merchandise or charges for non-utility service purchased from the utility;
- c) Failure to pay a bill to correct previous underbilling due to misapplication of rates more than six (6) months prior to the date of application;
- d) Violation of the Company's rules pertaining to operation of nonstandard equipment or unauthorized attachments which interfere with the service of others unless the Customer has first been notified and been afforded reasonable opportunity to comply with these rules;

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- e) Failure to pay a bill of another Customer as guarantor thereof unless the guarantee was made in writing to the Company as a condition precedent to service; and
- f) Failure to pay the bill of another Customer at the same address except where the change of Customer identity is made to avoid or evade payment of the Company's bill.

SECTION 7 — DISCONTINUANCE OF SERVICE

7.1 CUSTOMER-REQUESTED DISCONTINUANCE

The Customer shall be responsible for all charges and amounts billed from the time Customer gives notice of their intention to discontinue service until the Company has read the meter, or for five (5) working days from the date of such notice, whichever is the shorter period of time.

7.2 DUE DATE OF BILL

The due date of the bill for the Company's service shall not be less than 15 days after issuance, or such other period of time as may be provided by order of the Regulatory Authority. A bill for the Company's service is delinquent if unpaid by the due date.

7.3 DELINQUENT ACCOUNT

A Customer's utility service may be disconnected if the bill or other charges authorized by this Tariff or the applicable rate schedules have not been paid or a deferred payment plan pursuant to this Tariff has not been entered into within five (5) working days after the bill has become delinquent and proper notice has been given. Proper notice consists of a deposit in the United States mail, postage prepaid, or hand delivery to the Customer at least five (5) working days prior to the stated date of disconnection, with the words "TERMINATION NOTICE" or similar language prominently displayed on the notice. The notice shall be provided in English and Spanish as necessary to adequately inform the Customer, and shall include the date of termination, the hours, address, and telephone number where payment may be made, and a statement that if a health or other emergency exists, the Company may be contacted concerning the nature of the emergency and the relief available, if any, to meet such emergency. If a representative of the Company makes an attempt to collect a past due amount, a collection fee per visit shall be assessed to such Customers as specified in Section 15.

7.4 REASONS FOR DISCONNECTION

The Company's service may be disconnected for any of the following reasons:

- a) Without notice for the presence of what the Company considers to be an unsafe condition on the Consumer's premises or if an emergency exists or where a known dangerous condition exists for as long as the condition exists;
- b) Without notice for willful destruction or damage to or tampering with or bypassing the Company's meter or equipment by the Consumer or by others with knowledge or negligence of the Consumer;
- c) Within five (5) working days after written notice for violation of the Company's rules pertaining to the use of service in a manner which interferes with the service of others or the operation of nonstandard equipment, if a reasonable attempt has been made to notify the Customer and the Customer is provided with a reasonable opportunity to remedy the situation;
- d) Without notice if failure to curtail by such Consumer endangers the supply to Consumers in higher priority classes pursuant to applicable Commission rules;
- e) Five (5) working days after written notice from the Company for refusal to grant Company personnel or its designee's Safe Access to the Consumer's premises at any reasonable time for any lawful purpose;
- f) Five (5) working days after written notice from the Company for use, sale or delivery of Gas in violation of the provisions of this Tariff or violation of any applicable laws, orders or ordinances, provided that disconnection may be made without notice if the violation creates an unsafe condition;

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- g) For Customers on Transportation Service, the Company may discontinue service upon request of a Qualified Supplier, provided however, that the Qualified Supplier represents to the Company that notice has been given to the Customer by the Qualified Supplier of delinquency in payment at least five (5) working days prior to Qualified Supplier's request for disconnection, and provided that Qualified Supplier agrees to indemnify and hold harmless the Company from any potential resulting liability;
- h) Failure to pay a delinquent account or failure to comply with the terms of a deferred payment plan for installment payment of a delinquent account;
- i) Failure to comply with deposit or guarantee arrangements where required by this Tariff; or
- j) Within five (5) working days after written or electronic notice, for Consumers enrolled in e-bill, that any payment including paper check, electronic transfer payment, and debit or credit card payment, that has been rejected or returned to the Company by the bank.

7.5

DISCONNECTION NOT ALLOWED

The Company's service may not be disconnected for any of the following reasons:

- a) Within a period of five (5) working days after mailing of the notice or the day following the date indicated in the notice, whichever is the later time.
- b) After full payment of the delinquent bill except when there is not sufficient time to advise Company's service personnel of receipt of the payment.
- c) Delinquency in payment for service by a previous occupant of the premises.
- d) Failure to pay for merchandise or charges for non-utility service by the Company.
- e) Failure to pay for a different type or class of utility service unless fee for such service is included on the same bill.
- f) Failure to pay the account of another Customer as guarantor thereof, unless the Company has in writing the guarantee as a condition precedent to service.
- g) Failure to pay charges arising from an underbilling occurring due to any misapplication of rates more than six (6) months prior to the current billings.
- h) Failure to pay charges arising from an underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due.
- i) Failure to pay an estimated bill other than a bill rendered pursuant to an approved meter reading plan, unless the Company is unable to read the meter due to circumstances beyond its control.
- j) The Company may not discontinue service to a delinquent residential Customer permanently residing in an individually metered dwelling unit when that Customer establishes that discontinuance of service will result in some person residing at that residence becoming seriously ill or more seriously ill in the service is discontinued. Any Customer seeking to avoid termination of service under this Section must make a written request supported by a written statement from a licensed physician. Both the request and the statement must be received by the Company not more than five (5) working days after the date of delinquency of the bill. The prohibition against service termination provided by this Section shall last 20

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days from the date of receipt by the Company of the request and statement or such lesser period as may be agreed upon by the Company and the Customer. The Customer who makes such request shall sign an installment agreement which provides for payment of such service along with timely payments for subsequent monthly billings.

- k) The Company shall not disconnect a delinquent residential Customer for a billing period in which the Company receives a written pledge, letter of intent, purchase order, or other written notification from an energy assistance provider that it is forwarding sufficient payment to continue service.

7.6 TIME OF DISCONNECTIONS

Unless a dangerous condition exists, or unless the Customer requests disconnection, service shall not be disconnected before 7:00 a.m. or after 7:00 p.m. on any day, or on Friday, Saturday, Sunday, Holiday, or day before a Holiday unless Company personnel are available the following day for the purpose of making collections or reconnecting service.

7.7 SUSPENSION OF DISCONNECTIONS DURING EXTREME WEATHER EMERGENCY

Except where there is a known dangerous condition or a use of Natural Gas service in a manner that is dangerous or unreasonably interferes with service to others, the Company shall not disconnect Natural Gas service in the following circumstances:

- a) The Company shall not disconnect a delinquent residential Customer during an extreme weather emergency. An extreme weather emergency means a day when the previous day's highest temperature did not exceed 32 degrees Fahrenheit and the temperature is predicted to remain at or below that level for the next 24 hours according to the nearest National Weather Station for the county where the Customer takes service. In accordance with Texas Utilities Code §105.023, the Office of the Attorney General of Texas on its own initiative or at the request of the Commission may file suit to recover a civil penalty for a violation of this paragraph. The table in this paragraph contains a classification system to be used by a court when such a suit is filed.

**Classification System**

<b>Violation Factors</b>	<b>Factor Value (1-4)</b>	<b>Points Tally</b>
Customer is disconnected in violation of 16 TAC Section 7.460, subsection (ab)(1) of this Section for 24 hours or more	4	
Customer is disconnected in violation of 16 TAC Section 7.460, subsection (ab)(1) of this section for less than 24 hours, but more than 12 hours	3	
Customer is disconnected in violation of 16 TAC Section 7.460, subsection (ab)(1) of this section for 12 hours or less	2	
Demand for collection of full payment of bills due is made during an extreme weather emergency	3	
The temperature is 10 degrees or less during the period of disconnection	4	
The temperature is more than 10 degrees but less than or equal to 20 degrees during the period of disconnection	3	
The temperature is more than 20 degrees but less than or equal to 32 degrees during the period of disconnection	2	
Repeat violations based on Company's history of compliance	3	
Good faith effort to remedy violation	-2	
No effort to remedy violation during the extreme weather emergency	4	
		<b>Total</b>
		<b>Penalty maximum per violation</b>
10 points or more = Class A violation		More than \$5,000 <sup>1</sup>
7-9 points = Class B violation		\$5,000.00
4-6 points = Class C violation		\$4,000.00
1-3 points = Class D violation		\$3,000.00

The Company shall defer collection of the full payment of bills that are due during an extreme weather emergency until after the emergency is over and shall work with Customers to establish a payment schedule for deferred bills.

Beginning in the September or October billing periods, the Company shall give notice as follows:

a) The Company shall provide a copy of Railroad Commission of Texas Rule 7.460, Suspension of

<sup>1</sup> Pursuant to Utilities Code §105.023(f), the required classification system shall provide that a penalty in an amount that exceeds \$5,000 may be recovered only if the violation is included in the highest class of violations in the classification system.

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Gas Utility Service Disconnection During an Extreme Weather Emergency, to the social service agencies that distribute funds from the Low-Income Home Energy Assistance Program within the Company's areas of service. The Company may provide a copy electronically.

- b) The Company shall provide a copy of Railroad Commission of Texas Rule 7.460, Suspension of Gas Utility Service Disconnection During an Extreme Weather Emergency, to any other social service agency of which the Company is aware that provides financial assistance to low-income Customers in the Company's areas of service. The Company may provide a copy electronically.
- c) The Company shall provide a copy of Railroad Commission of Texas Rule 7.460, Suspension of Gas Utility Service Disconnection During an Extreme Weather Emergency, to all residential Customers of the Company and Customers who are owners, operators or managers of Master Metered systems. Owners, operators or managers of Master Metered systems shall provide a copy of this rule to all their Customers. The Company may provide a copy electronically.

7.8 RECONNECTION OF SERVICE

- a) When service has been disconnected for non-payment, the Company shall require that the Customer pay the total amount of their account then due plus the prescribed reconnect fee or make satisfactory arrangements for that payment before service is reinstated. In addition, the Company shall require that the Customer re-establish satisfactory credit in accordance with this Tariff.
- b) If disconnection has been made by the Company for reasons other than non-payment, service shall not be reinstated until the condition for which it was terminated has been corrected to the Company's satisfaction. The Customer shall also be required to pay a reconnect fee before service is turned on. When service has been disconnected at the Customer's request for a period of one (1) year or more, the request for service shall be treated as a new application. When service has been disconnected for less than one (1) year, the request shall be treated in the same manner as a disconnection for non-payment.
- c) The Company shall restore service as soon as feasible after receipt of a reconnection request and compliance with the requirements of this Tariff. The Company shall charge a non-refundable reconnection fee for all Customers in accordance with Section 15. The restoration of service will be accomplished as expeditiously as scheduling permits. If the Customer requests service after hours or earlier than reconnection would otherwise be scheduled, the Company shall offer expedited service in accordance with Section 15. Customer shall be advised that an additional fee will be charged and must agree to pay such charge. In the event the Company is required to make more than one (1) call because the reason for disconnection has not been properly corrected, the reconnect fee may be charged for each call made. No fee shall be charged for any reconnection made after disconnection due to Company's operation. See Section 15 for fees.

7.9 RIGHT OF ENTRY TO DISCONNECT SERVICE

The Company shall have the right to enter the Consumer's premises, with Safe Access, at any reasonable time to shut off service in accordance with this Tariff and to remove its meter and any other Company property. If the Company is required to take legal action to enforce its rights hereunder, the Company shall be entitled to recover all of its necessary expenses and fees including, but not limited to attorneys' fees, police escort fees, the cost to discontinue service at the main, and/or the cost to relocate the meter at the Customer's expense.

7.10 ABANDONMENT OF SERVICE

The Company may not abandon a Customer without written approval from the Regulatory Authority. The Company will comply with Commission Rule 7.465.

SECTION 8 — SECURITY DEPOSITS

8.1 ESTABLISHMENT OF CREDIT FOR RESIDENTIAL APPLICANT

The Company may require a residential Applicant for service to satisfactorily establish credit, but such establishment of credit shall not relieve the Customer from complying with the rules and Tariff requirements for prompt payment of bills.

8.2 DEPOSIT REQUIRED

- a) The Company shall require a security deposit from any present or prospective Customer in accordance with this Tariff to guarantee payment of bills and
- b) From any present Customer who during the last 12 consecutive months has on more than one (1) occasion paid its utility bill after becoming delinquent.

8.3 RESIDENTIAL DEPOSIT NOT REQUIRED

A residential Applicant shall not be required to pay a deposit:

- a) if the residential Applicant has been a Customer of any utility for the same kind of service within the last two (2) years and is not delinquent in payment of any such utility service account and during the last 12 consecutive months of service did not have more than one (1) occasion in which a bill for such utility service was paid after becoming delinquent and never had service disconnected for nonpayment;
- b) if the residential Applicant furnishes in writing a satisfactory guarantee to secure payment of bills for the service required; or
- c) if the residential Applicant furnishes in writing a satisfactory credit rating by appropriate means, including, but not limited to, the production of generally acceptable credit cards, letters of credit references, the names of credit references which may be quickly and inexpensively contacted by the Company, or ownership of substantial equity.
- d) All Applicants for residential service who are 65 years of age or older will be considered as having established credit if such Applicant does not have an outstanding balance with the Company or another utility for the same utility service which accrued within the last two (2) years. No cash deposit shall be required of such Applicant under these conditions.
- e) Each Gas utility shall waive any deposit requirement for residential service for an Applicant who has been determined to be a victim of family violence as defined in Texas Family Code, §71.004, by a family violence center, by treating medical personnel, by law enforcement agency personnel, or by a designee of the Attorney General in the Crime Victim Services Division of the Office of the Attorney General. This determination shall be evidenced by the Applicant's submission of a certification letter developed by the Texas Council on Family Violence and made available on its web site.

8.4 OTHER EXEMPTIONS FROM DEPOSIT

The Company may not require a deposit if:

- a) The Applicant has been a Customer for the same kind of service within the last two (2) years and does not have more than one (1) occasion in which a bill for service from any such utility service account was delinquent and never had service disconnected for nonpayment;
- b) The Applicant furnishes a letter of credit acceptable and satisfactory to the Company; or

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- c) The application for service is made for or guaranteed by an agency of the federal, state or local government.

8.5 RE-ESTABLISHMENT OF CREDIT

Every Applicant who has previously been a Customer of the Company and whose service has been discontinued for nonpayment of bills shall be required before service is rendered to pay all amounts due to the Company or execute a written deferred payment agreement, if offered, and re-establish credit as provided in Section 8.6.

8.6 AMOUNT OF DEPOSIT

The required deposit shall not exceed an amount equivalent to one-sixth (1/6) of the estimated annual billings. If actual use is at least twice the amount of the estimated billings, a new deposit requirement may be calculated and an additional deposit may be required within two (2) days. If such additional deposit is not made, the Company may disconnect service under the standard disconnection procedure for failure to comply with deposit requirements.

8.7 INTEREST ON DEPOSITS

- a) Each utility which requires deposits to be made by its Customers shall pay a minimum interest on such deposits according to the rate as established by law. If a refund of deposit is made within 30 days of receipt of deposit, no interest payment is required. If the Company retains the deposit more than 30 days, payment of interest shall be made retroactive to the date of deposit.
- b) Payment of interest to the Customer shall be annually or at the time the deposit is returned or credited to the Customer's account.
- c) The deposit shall cease to draw interest on the date it is returned or credited to the Customer's account.

8.8 RECORDS OF DEPOSITS

- a) The Company shall keep records to show:
  - i) the name and address of each depositor;
  - ii) the amount and date of the deposit; and
  - iii) each transaction concerning the deposit.
- b) The Company shall issue a receipt of deposit to each Applicant from whom a deposit is received and shall provide means whereby a depositor may establish claim if the receipt is lost.
- c) A record of each unclaimed deposit must be maintained for at least four (4) years, during which time the Company shall make a reasonable effort to return the deposit.

8.9 REFUND OF DEPOSITS

Deposits on residential accounts returned to the Customer in accordance with Section 8.6 above shall be applied in the first calendar quarter following the month in which the good payment record is established. Whenever the deposit of any Customer is returned to the Customer, the Company shall pay all previously unpaid interest with the payment.

- a) If service is not connected or after disconnection of service, the Company shall promptly and automatically refund the Customer's deposit plus accrued interest on the balance, if any, in excess of the

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unpaid bills for service furnished. The transfer of service from one premise to another within the Company's area of service shall not be deemed a disconnection within the meaning of these rules and no additional deposit may be demanded unless permitted by these rules.

b) When a residential Customer has paid bills for service for 12 consecutive residential bills without having service disconnected for nonpayment of bill and without having more than two (2) occasions in which a bill was delinquent and when the Customer is not delinquent in the payment of the current bills, the Company shall promptly and automatically refund the deposit plus accrued interest to the Customer in the form of cash, check or credit to a Customer's account.

8.10 ACCEPTABLE FORMS OF DEPOSIT

Any one of the following forms of credit security may be accepted from Customers and Applicants for service:

- a) A cash deposit of as much as one-sixth (1/6) the estimated annual billings for service requested; but no less than the minimum deposit set forth in Section 15;
- b) For commercial Customers only, a nontransferable, irrevocable letter of credit from an established financial institution, payable for as much as one-sixth (1/6) the estimated annual billings for services requested and, which can be drawn on for a minimum of two (2) years; but no less than the minimum deposit set forth in Section 15; or
- c) For commercial Customers only, a surety bond issued by a reputable insurance company which can be drawn on for a minimum of two (2) years.

8.11 DEPOSITS FOR TEMPORARY OR SEASONAL SERVICE

The Company may require a deposit for temporary or seasonal service and for weekend or seasonal residences sufficient to reasonably protect it against the assumed risk, provided such a policy is applied in a uniform and nondiscriminatory manner.

8.12 SALE OR TRANSFER OF COMPANY

Upon the sale or transfer of the Company or operating units thereof, the Company shall file with the Commission under oath, in addition to other information, a list showing the names and addresses of all Customers served by the Company or unit who have to their credit a deposit, the date such deposit was made, the amount thereof, and the unpaid interest thereon.

8.13 COMPLAINT

The Company shall direct its personnel engaged in initial contact with an Applicant or Customer for service seeking to establish or re-establish credit under the provisions of these rules to inform the Customer, if dissatisfaction is expressed with the Company's decision, of the Customer's right to file a complaint with the Regulatory Authority thereon.

8.14 FRANCHISE AGREEMENTS

To the extent the terms of a franchise agreement are inconsistent with this Section, the terms of the franchise agreement control. Applicable to Customers inside the corporate limits of an incorporated municipality that imposes a franchise fee to Company for the Gas service provided to Customer.

**SECTION 9 — BILLING AND PAYMENT OF BILLS**

**9.1 RENDERING OF BILLS**

Bills for Gas service shall be rendered monthly, unless otherwise authorized or unless service is rendered for a period less than a month. Bills shall be rendered as promptly as possible following the reading of meters.

Bills shall be due and payable in full on or before the due date, which shall be stated on the face of the bill and shall not be earlier than 15 days after the bill is mailed (including electronic mail). Bills shall be considered to have been rendered when deposited in the United States Mail with postage prepaid thereon or, when the Customer has elected to receive billings via electronic mail, when the electronic document has been sent. Payment shall be considered received when the correct amount has been received through a Company-authorized payment method. If not paid by the date due, the bill shall be considered delinquent.

**9.2 REQUIRED BILL INFORMATION**

The Customer's bill must show all the following information. The information must be arranged and displayed in such a manner as to allow the Customer to compute their bill with the applicable rate schedule. The applicable rate schedule must be mailed to the Customer on request of the Customer.

- a) if the meter is read by the utility, the date and reading of the meter at the beginning and end of the period for which rendered;
- b) the number and kind of units billed;
- c) the applicable rate schedule title or code;
- d) the total base bill;
- e) the total of any adjustments to the base bill and the amount of adjustments per billing unit;
- f) a distinct marking to identify an estimated bill.

**9.3 ESTIMATED BILLS**

Where there is good reason for doing so, estimated bills may be submitted, provided that an actual meter reading is taken at least every six (6) months. For the second consecutive month in which the meter reader is unable to gain access to the premises to read the meter on regular meter reading trips, or in months where meters are not read otherwise, the utility must provide the Customer with a postcard or phone call, and request that the Customer read the meter and return the card or a picture of the meter dial to the utility if the meter is of a type that can be read by the Customer without significant inconvenience or special tools or equipment. If such a postcard is not received by the utility in time for billing, the utility may estimate the meter reading and render the bill accordingly.

**9.4 DISPUTED BILLS**

- a) In the event of a dispute between the Customer and the Company regarding the bill, the Company must make such investigation as is required by the particular case and report the results to the Customer. If the Customer wishes to obtain the benefits of subsection b) of this Section, notification of the dispute must be given to the Company prior to the date the bill becomes delinquent. In the event the dispute is not resolved, the Company shall inform the Customer of the complaint procedures of the appropriate Regulatory Authority.

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b) Notwithstanding any other subsection of this Section, the Customer shall not be required to pay the disputed portion of the bill which exceeds the amount of that Customer's average usage for the billing period at current rates until the earlier of the following: resolution of the dispute or the expiration of the 60-day period beginning on the day the disputed bill is issued. For purposes of this Section only, the Customer's average usage for the billing period shall be the average of the Customer's usage for the same billing period during the preceding two (2) years. Where no previous usage history exists, the average usage shall be estimated on the basis of usage levels of similar Customers and under similar conditions.

9.5 PAYMENT RE-PROCESSING FEE

The Company may charge or add to the Customer's account and collect a fee (as provided in Section 15) to recover costs for reprocessing any payment, including paper check, electronic transfer payment, and debit and credit card payment, that has been rejected or returned to the Company by the bank for any reason other than bank error.

9.6 ELECTRONIC BILLING STATEMENTS

The Customer may at their option receive bills via electronic mail. Customers shall provide current, accurate and complete information to the Company and shall update their information as necessary so that it remains current, accurate and complete. The Company may verify Customer information at any time.

9.7 PAYMENT OPTIONS

The Company, at its option and discretion, may contract with payment vendors to provide various payment options and authorize these vendors to accept payments from Customers on the Company's behalf. Payment options may be electronic, telephonic, in person, or by mail and may include automatic bank draft, credit/debit card, check or cash. Contracted payment vendors may charge Customers an additional fee for the use of that payment option and the contracted payment vendor shall be solely responsible for collecting any fee from the Customer.

9.8 DEFERRED PAYMENT PLANS

The Company, at its sole discretion, may offer a deferred payment plan for delinquent Customer accounts. Deferred payment plans shall conform to the following guidelines:

a) Every deferred payment plan entered into due to the Customer's inability to pay the outstanding bill in full must provide that service will not be discontinued if the Customer pays current bills and a reasonable amount of the outstanding bill and agrees to pay the balance in reasonable installments until the bill is paid.

b) For purposes of determining reasonableness, the following shall be considered:

- i) size of delinquent account;
- ii) Customer's ability to pay;
- iii) Customer's payment history;
- iv) time that the debt has been outstanding;
- v) reasons why debt has been outstanding; and
- vi) other relevant factors concerning the circumstances of the Customer.

c) A deferred payment plan, if reduced to writing, shall state immediately preceding the space provided for the Customer's signature and in bold-face print at least two (2) sizes larger than any other used that, "If you are not satisfied with this agreement, do not sign. If you are satisfied with this agreement, you give up your right to dispute the amount due under the agreement except for the Company's failure or refusal to comply with the terms of this agreement."

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- d) A deferred payment plan may include a one-time penalty up to five percent (5.0%) for late payment on the original amount of the outstanding bill except in cases where the outstanding bill is unusually high as a result of the Company's error (such as an inaccurately estimated bill or an incorrectly read meter). A deferred payment plan shall not include a finance charge.
- e) If a Customer for utility service has not fulfilled the terms of a deferred payment agreement or refuses to sign the same if it is reduced to writing, the utility shall have the right to disconnect pursuant the disconnection rules in this Tariff, and under such circumstances, it shall not be required to offer a subsequent negotiation of a deferred payment agreement prior to disconnection.
- f) The Company shall not refuse a Customer participation in a deferred payment plan on the basis of race, color, creed, sex, marital status, age, or any other form of discrimination prohibited by law.

9.9

AVERAGE PAYMENT PLAN

Any residential or non-residential Customer with annual usage less than 500 Ccf may elect to participate in the Company's Average Payment Plan ("APP Plan"). The terms, conditions, and other information regarding the Average Payment Plan are set forth herein by reference.

- a) TERMS AND CONDITIONS
  - i) The Average Payment Plan ("Plan") is available to residential and qualifying non-residential Customers that have a minimum of six (6) months consumption history available at the premise. Residential and non-residential Customers may request participation in the Plan at any time during the year. Requests for participation can be made by telephone or in writing.
  - ii) A Customer's account should be current at the time the Customer elects to participate in the Plan and at all times during Plan enrollment, which means the account does not have a previous balance and the current billing is not past due.
  - iii) Service is not available under this Plan for a term of less than 12 months.
- b) AVERAGE PAYMENT AMOUNT
  - i) Each month under the Plan, a Customer's average payment amount will be computed by averaging the amount actually billed to the Customer's account during the last 12 months (current + 11), plus or minus one-twelfth (1/12) of the Average Payment Plan settlement amount and then rounded to the nearest dollar. In the event 12-months history is not available, the Company may estimate the missing months in order to determine the appropriate average payment amount.
  - ii) The average payment amount is identified as a separate item on the Gas bill so the participating Consumer will know the amount to pay.
  - iii) Gas costs and/or rate changes shall be factored into the monthly average payment calculations on a rolling basis.

SECTION 10 — FACILITIES AND EQUIPMENT

10.1 STANDARDS OF CONSTRUCTION

The Company is to construct, install, operate, and maintain its plant, structures, equipment, and lines in accordance with the provisions of such codes and standards that are generally accepted by the industry as modified by rule or regulation of the Regulatory Authority or otherwise by law, and in such a manner to best accommodate the public and prevent interference with service furnished by other public utilities insofar as practical.

10.2 COMPANY-OWNED FACILITIES

The Company shall maintain all facilities owned by it and shall be responsible for the safe conduct and handling of the Gas until it passes the Point of Delivery. The Company's representative shall have the right to enter the Customer's premises, with Safe Access, at any reasonable time, in the event of an emergency at any time, to read the meter or make any necessary inspection, repair, adjustment, or replacement of any property owned by the Company.

- a) Tampering is prohibited. No one other than a Company representative or other person authorized by the Company shall be permitted to repair or remove the Company's meter or facilities, or make connections or alterations to the Company's meters or facilities or any of the property of the Company on or about Customer's premises. Any seals placed by the Company on meters or regulators shall not be broken or disturbed by anyone other than authorized representatives of the Company. Any unauthorized tampering with the Company's meter or facilities is in violation of this restriction and such tampering shall be considered cause for immediate discontinuance of service by the Company.
- b) The Customer shall take all reasonable precautions when excavating, digging or constructing around or near Company-owned Natural Gas facilities to include calling 811 to identify the location of buried Natural Gas lines prior to digging or constructing in the vicinity of Natural Gas facilities.
- c) In case of loss or damage to the Company's property from the negligence or willful acts of the Customer or Consumer or the Customer's or Consumer's representatives, including but not limited to the failure to call 811 to identify the location of Gas lines before digging, the Customer will reimburse the Company for all costs of repairing or replacing the damaged property, including any costs of collection such as attorney's fees.

10.3 CUSTOMER-OWNED FACILITIES

- a) The Customer shall maintain all facilities owned by them and shall be responsible for the safe conduct and handling of the Gas after it passes the Point of Delivery. Any facilities downstream of the meter not installed by the Company shall remain the property and responsibility of the Customer. Whenever the condition of the facility is such that replacement is required, the work shall be done by the Company pursuant to the provisions of Section 10.8 of this Tariff. New facilities will continue to be installed pursuant to Sections 10.5 and 10.6 of this Tariff.
- b) The Customer shall remove, repair or adjust any Customer-owned property which may pose a threat of damage to the property of the Company. The Customer shall take all reasonable means to assure that no one other than an employee of the Company shall adjust, repair, disconnect or change the meter or other Company facilities in any way.
- c) Nothing in this Section shall make the Company responsible for the safe upkeep of any Customer or Consumer-owned facilities.

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10.4 LEAKS

The Customer or Consumer shall give the Company notice of any leaking or escaping Gas as soon as it is detected. Upon receipt of this notice, the Company shall investigate the matter as promptly as feasible under the circumstances. If the Company's test indicates leakage in the Customer's or Consumer's facilities, the Company shall have the right to disconnect service immediately until the Customer or Consumer has had the condition corrected. If leakage is found to be from Company-owned facilities, the Company shall have the right to disconnect service for a reasonable period of time until the leakage can be corrected by the Company. The Company shall have the right to disconnect service immediately if any of the Customer's or Consumer's appliances or equipment is, in the Company's opinion, operating in an unsafe manner.

10.5 MATERIALS OR EQUIPMENT FURNISHED BY THE COMPANY

- a) The Company shall furnish and install at its expense, the service pipe from the Company's existing main to the property line nearest the meter and the equipment related thereto, including meter valve and service regulator. Although affixed to or buried in the Customer's property, the entire service line and meter set shall become the property of the Company and shall be operated and maintained by the Company.
- b) Whenever the meter is located at any point other than the property line, the Company shall determine the estimated cost of that portion of the service between the property line and the meter set. This estimate shall be based on the size and footage to be installed and charged in accordance with Section 11 and other applicable provisions of this Tariff. This estimated amount shall be contributed by the Applicant to the Company before construction, unless the Applicant is a qualified Blanket Builder.

10.6 MATERIALS OR EQUIPMENT FURNISHED BY THE APPLICANT

- a) The Applicant shall furnish and install at their expense: all piping, equipment and appliances required to conduct and utilize the Gas furnished by the Company, to include any conversions of existing equipment and appliances required to conduct and utilize the Gas furnished by the Company from the outlet of the meter set, to the point(s) of utilization, and any portions of the service line and meter set not furnished by the Company, as described in Section 10.5.
- b) The Applicant shall be responsible for the adequacy, safety and compliance with applicable codes and ordinances of piping, conversion equipment and appliances. No action of the Company, in accordance with this Tariff, shall release the Applicant of the responsibility for the Customer-owned facilities, equipment or appliances installed or furnished by them. All piping, installations, and conversion equipment owned by the Applicant shall comply with all applicable federal, state, and county requirements and municipal ordinances, or local rules, and shall be properly designed for the pressures and volumes to be handled. Where there are no applicable local, state or federal requirements, the most current International Fuel Gas Code shall apply.

10.7 RELOCATION OF COMPANY FACILITIES

- a) A charge of not more than the actual cost may be made for relocating a meter or other Company equipment on the same premises at the request of the Customer or Consumer.
- b) If the Company shall for its own convenience and not for the safety or convenience of the Customer, change the Point of Delivery or change the location of its equipment on private property, the Company shall bear the expense.
- c) If the Company shall change the Point of Delivery or change the location of its equipment on private property due to encroachment by Customer-owned property, the Customer shall bear the expense.

10.8 REPLACEMENT OF CUSTOMER-OWNED PIPING

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- a) When repair or replacement of Customer-owned piping becomes necessary due to deterioration of the Company's line, damage to the Company's line (except when caused by Customer or Customer's agent), relocation of the Company's distribution main, or for other safety reasons determined by the Company, the Company may relocate the Natural Gas meter to the exterior of the building wall, as close as possible to the existing stub out (where piping exits the structure), and may replace the service piping up to the stub out. The Company will then own and be responsible for all service piping from the main line up to the Company's meter. The Customer will then own and be responsible for all piping from the meter to and within the building.
- b) The Customer may be billed for all costs of the meter relocation and pipeline replacement.

SECTION 11 — EXTENSION OF FACILITIES

11.1 LINE EXTENSION AND CONSTRUCTION CHARGES

- a) Every utility must file its extension policy. The policy must be consistent, nondiscriminatory, and is subject to the approval of the Regulatory Authority. No contribution in aid of construction may be required of any Customer except as provided for in the extension policy.
- b) The Company shall install the necessary facilities to provide service to Applicants whose premises are located beyond the Company's existing distribution facilities in accordance with the provisions of this Section. The expenditure for such extensions must either be cost justified or the Applicant(s) and Company must mutually agree to terms that justify the installation.
- c) Determination of whether a proposed extension is cost justified shall be made based on the following economic model: the Maximum Allowable Investment (MAI) shall be equal to the expected number of new premises times the annual base revenue per new premise based on current Tariff rates times ten; or  $MAI = \text{Expected New Premises} \times \text{Annual Base Revenue} \times 10$ . The calculation of the MAI shall reflect the impact of related economic factors including, but not limited to, future residential growth, future commercial growth and operational efficiencies.

11.2 RESIDENTIAL MULTI-UNIT LINE EXTENSION AND CONSTRUCTION CHARGES

- a) The Company shall install the necessary facilities to provide service to Applicants for residential multi-unit projects pursuant to the provisions in Section 11.1 above.
- b) Multi-unit structures are defined as having four (4) or more individual units under one (1) roof.

11.3 DESIGN AND COST OF FACILITIES

As soon as practical after a completed application for service is received, the Company shall determine the extent of the facilities required to serve the new Customer and the cost thereof. This cost shall include all amounts to be spent for System improvements necessary to deliver the required Gas, in accordance with the Company's current practice. Whenever the Company chooses to install facilities of greater capacity than would be required to serve the new Customer for which the application is being made or to permit supply from another source, the estimate of costs shall be based on only the size and capacity normally used to serve requirements similar to that of the Applicant.

11.4 ALLOWANCE FOR NEW BUSINESS

The Company shall also determine the number of existing permanent Customers located along the route of the extension expected to be served therefrom. To be included, the occupant of each premise must request service and demonstrate capability for using such service through a major Gas burning appliance. Single or groups of individually owned mobile homes shall be included only if the wheels and hitch have been removed from each mobile home and/or substantial improvements have been made to the property. Mobile home parks may be served either through a Master Meter or individual meters served by a Company-owned System, provided that required mains can be installed and dedicated streets or rights-of-way have been provided to the Company for installation of facilities as evidenced by agreement executed on the Company's form. An allowance to be determined by the Company may be given for each Customer whose premises exist at the time of application to be served from the proposed main extension. In order to qualify for this allowance, the Customer must file an application and agree to initiate Gas service upon completion of the Company's facilities.

11.5 ADVANCES

The mutually agreed upon terms will determine the amount and term of any advance required. The Applicant shall have 30 calendar days after notification of the amount required to execute an extension agreement on the

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Company's form and pay the required advance. At the end of that time, the Company may revise its estimates to reflect any changes in costs or conditions which will affect the amount of the advance. The Company may waive or reduce collection of any advance based on an economic analysis of the project.

#### 11.6 CONSTRUCTION OF FACILITIES

As soon as practical after the advance has been paid or it has been determined that no advance will be required, and the permits for construction have been obtained, the Company shall begin construction of the required facilities and thereafter prosecute the work with reasonable diligence. The Company shall not be responsible for delays in the construction of the facilities occasioned by events or conditions reasonably beyond the Company's control.

#### 11.7 REVIEW OF ADVANCES

The Company shall review each extension agreement on the first anniversary of the signing of that agreement. Upon the Applicant(s) request if the extension provided for in the agreement has not been installed through no fault of the Company, the agreement shall be considered to be terminated and a complete refund made to the Applicant(s). Once the extension has been installed and service has been initiated, the Company shall thereafter review the extension agreement at each subsequent anniversary of the execution date. At each review, the number of Customers then served directly from the extension shall be compared with the number served on the last prior anniversary date. A refund, shall be given for each additional Customer served, based on mutually agreed upon terms provided that the total of the refunds given does not exceed the cost of the extension of facilities.

#### 11.8 REFUND LIMITATIONS

The Company may, at its sole option, make a refund at any time. In no case, however, shall a refund be given unless the number of Customers then served is greater than the number for whom refunds have previously been given. No refund shall be given which shall cause the total refunds to be greater than the total amount of the advance. No interest shall be paid on any advance made under the provisions of this Section. At the end of the term, any remaining amount of the advance shall be retained by the Company as a contribution in aid of construction.

#### 11.9 DELIVERY OF REFUNDS

Upon Applicant(s) request, when a refund is due, a check in the appropriate amount and a letter setting forth the method of calculation of the refund and the balance remaining un-refunded shall be made to the person or business in whose name the extension agreement is made or to their assignee. If that letter is returned undelivered, the check shall be cancelled and the next review made without regard to that refund. All sums described in this Section which are returned undelivered and remain unclaimed in the Company's possession for a period of six (6) months following expiration of the term of the extension agreement shall be retained by the Company and considered a contribution in aid of construction.

SECTION 12 — METERS

12.1 METER REQUIREMENTS

- a) All Gas sold by the Company must be charged for by meter measurements, except where otherwise provided for by applicable law, regulation of the Regulatory Authority, or Tariff.
- b) Unless otherwise authorized by the Regulatory Authority, the Company must provide and install and will continue to own and maintain all meters necessary for measurement of Gas delivered to its Customers.
- c) The Company may not furnish, set up, or put in use any meter which is not reliable and of a standard type which meets generally accepted industry standards; provided, however, special meters not necessarily conforming to such standard types may be used for investigation, testing, or experimental purposes.

12.2 METER READING

Meters shall be read as nearly as may be practical on the same day of each calendar month. Whenever a reading of a general service meter is missed or the meter is not registering, the Company shall estimate the amount of Gas used during the period. Such estimates shall be based on either:

- a) That Customer's use of Gas during the same period(s) in previous years;
- b) That Customer's normal use of Gas during preceding months; or
- c) The use of a similar Customer for the period missed.

If practical, an actual reading shall be made after two (2) consecutive estimated bills. All meters in Special Service shall be read at least once a month. Whenever such a meter fails to register or is misread, the amount of Gas used during the preceding period shall be estimated using data applicable to that Special Service Customer only. The Company will make a special reading of any meter upon request and may assess a service charge in accordance with Section 15. The time of the special reading shall be agreed upon with the Customer so that they may be present. If the original reading was in error (subject to consumption between the two (2) readings) the service charge will be refunded to the Customer.

12.3 METER LOCATION

The Company shall have the sole right to determine the location of the meter in accordance with the needs of the service.

Each Applicant shall furnish and subsequently maintain a suitable location on his or her premises, with Safe Access, for the Company's meter and related facilities at a point selected by the Company. Meters shall be located where they will be safely accessible for reading and service, adequately ventilated, and not subject to damage. Meters shall not be located within any enclosed area unless the enclosure is solely intended as a meter house or in the Company's opinion, conditions prohibit installation outside. It may be necessary for the Company to install bollards or guard posts around the meters for safety.

12.4 METER RECORDS

The Company must keep the following records:

- a) The Company must keep a record of all its meters, showing the Customer's address and date of the last test.

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- b) All meter tests must be properly referenced to the meter record provided for therein. The record of each test made on request of a Customer must show the identifying number and constants of the meter, the standard meter and other measuring devices used, the date and kind of test made, by whom made, the error (or percentage of accuracy) at each load tested, and sufficient data to permit verification of all calculations.
- c) In general, each meter must indicate clearly the units of service for which charge is made to the Customer.

12.5 METER ACCURACY

The accuracy limit of all Company meters is established at two percent (2%) fast or slow. Any meter found to be registering outside of the limits of accuracy shall immediately be removed or repaired. As long as the meter is operating within the limits of accuracy, it shall be the conclusive determination as to the quantities of Gas delivered to the Customer on whose service it is set.

12.6 PERIODIC TESTS

The Company shall make periodic tests of meters, associated devices and instruments to assure their accuracy. Such tests shall be scheduled within the calendar year or earlier, when the interval is stated in years; or within the calendar month, or earlier when the interval is stated in months. The basic periodic test interval shall be no longer than provided for in the manufacturer's recommendations, a copy of which is available upon request.

12.7 ACCESS TO THE METER

The Customer shall permit the Company Safe Access to the meter at all reasonable times for reading thereof and at all reasonable times for reading, maintenance, testing, disconnection or replacement. Upon the Customer's failure or refusal to grant such access, the Company may issue a written notice to the Customer, advising them the situation must be corrected and access granted within five (5) working days and that failure to do so can result in the disconnection of service and removal of the meter. Additional fees may apply and will be assessed to such Customer as specified in Section 15.

12.8 METER TESTING AT CUSTOMER REQUEST

- a) The Company must, upon request of a Customer, make a test of the accuracy of the meter serving that Customer. The Company must inform the Customer of the time and place of the test and permit the Customer or his authorized representative to be present if the Customer so desires. If no such test has been performed within the previous four (4) years for the same Customer at the same location, the test is to be performed without charge. If such a test has been performed for the same Customer at the same location within the previous four (4) years, the Company is entitled to charge a fee for the test not to exceed \$15 or such other fee for the testing of meters as may be set forth in Section 15 of this Tariff properly on file with the Regulatory Authority. The Customer must be properly informed of the result of any test on a meter that serves him or her.
- b) Notwithstanding subsection (a) of this Section, if the meter is found to be more than nominally defective, to either the Customer's or the Company's disadvantage, any fee charged for a meter test must be refunded to the Customer. More than nominally defective means a deviation of more than two percent (2.0%) from accurate registration.

12.9 BILLING ADJUSTMENTS DUE TO METER ERROR

- a) If any meter test reveals a meter to be more than nominally defective, the Company must correct previous readings consistent with the inaccuracy found in the meter for the period of either:
  - i) the last six (6) months; or

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- ii) the last test of the meter, whichever is shorter. Any resulting underbillings or overbillings are to be corrected in subsequent bills, unless service is terminated, in which event a monetary adjustment is to be made. This requirement for a correction may be foregone by the Company if the error is to the Company's disadvantage.
- b) If a meter is found not to register for any period of time, the Company may make a charge for units used but not metered for a period not to exceed three (3) months previous to the time the meter is found not to be registering. The determination of amounts used but not metered is to be based on consumption during other like periods by the same Customer at the same location, when available, and on consumption under similar conditions at the same location or of other similarly situated Customers, when not available.

**12.10 PROVISIONS FOR SPECIAL SERVICE**

The following modifications shall apply to the provisions of this Section for all Special Service rate schedules and service under special written agreements:

- a) Turbine meters shall be tested at least once each calendar year. Orifice meters shall be tested at a minimum: every six (6) months for 0-500 Mcf/d; every three (3) months for volumes 500-2,000 Mcf/d; and every month for volumes 2,000 Mcf/d and greater. Should the Customer so elect, tests shall be made in the presence of his or her representative.
- b) Whenever a meter is found to be registering above or below the limits of accuracy, adjustment of the bill (either up or down) shall be limited to the monthly billing subsequent to the last meter test. The adjustment shall be made upon the basis of the best data available, using the first of the following methods, whichever is most appropriate:
  - i) by using registration of Customer's check meter(s);
  - ii) by correcting the error, if the percentage of error is ascertainable by calibration test or mathematical calculation; or
  - iii) by estimating the quantity of Gas delivered by comparison with deliveries during the preceding period under similar conditions when accurate registration was obtained.

**12.11 POINT OF DELIVERY**

The Point of Delivery of Gas sold by the Company to the Customer shall be at the outlet side of the Company's meter, provided that in those cases in which the Customer owns a section of the underground pipe between the Customer's property line and the meter, the Point of Delivery shall be at the property line. The title of all Gas sold by the Company to the Consumer shall pass from the Company at the Point of Delivery. The point(s) of delivery and point(s) of redelivery for Transportation Service shall be as provided in the contract entered into between the Customer and the Company.

**12.12 CONNECTION TO COMPANY FACILITIES**

No Consumer shall make any connection or alteration of any kind on any of the Company's facilities upstream of the Company's meter or shall permit any other person to make such connection or alteration.

**12.13 MULTIPLE METERS**

Each Customer or group of Customers located on the same lot or tract of land may be served from a single meter location. The Company may, at its option, permit additional meter locations to simplify installation of facilities or provide better service. Whenever more than one (1) meter location is permitted for the same Customer, the Company shall bill the usage through each meter separately, provided that any combined billings in effect at the time of adoption of this Tariff may be continued until the affected Customer discontinues service or upon order by the Regulatory Authority.

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12.14 INDIVIDUALLY METERED SYSTEMS

The Company shall not render service to any Customer through a meter not connected to a System owned by the Company or one of the Company's suppliers.

12.15 MASTER METERS

The Company shall provide service through a Master Meter into the piping systems of others to be distributed to more than one (1) Consumer, except when the Gas served is resold to those Consumers on either a commodity or separate cost of service basis; provided, however, that those Customers purchasing Gas for redistribution to the Customer's own tenants only on the Customer's premises may separately meter each tenant distribution point for the purpose of prorating the Consumer's actual purchase price of Gas delivered among the various tenants on a per unit basis, and further provided that the provisions of this Section shall not preclude the Company from supplying Natural Gas to a third party for resale to the public as fuel for Natural Gas powered vehicles (NGV's).

SECTION 13 — GAS MEASUREMENT

## 13.1

PRESSURE

The standard serving and measurement pressure at Customer meters shall be 4 ounces (0.25 psi) or 7" Water Column above the standard Atmospheric Pressure in the area served.

To achieve a common pressure base throughout the state for Customer billing, the Company will convert the Customer's Standard Serving Pressure to a Common Billing Pressure by multiplying by a Constant Factor, shown below. The Constant Factor is determined by dividing the Customer's Standard Serving Pressure by 14.65. For Customers with the Standard Serving Pressure of 4 ounces at their meter, the Constant Factor shown below will be on their monthly bill as a component of calculating the billed volumes. For Customers with a serving pressure more than 4 ounces at their meter, the Constant Factor will be adjusted to accommodate the increased pressure at the meter. The Atmospheric Pressure and Standard Serving Pressure, determined to be the average in the cities and environs of the Company's area of service, are listed below:

Cities and their Environs	Atmospheric Pressure PSI	Standard Serving Pressure PSI	Constant Factor
Alamo	14.40	14.65	1.0000
Aledo	14.40	14.65	1.0000
Alton	14.40	14.65	1.0000
Andrews	13.10	13.35	0.9113
Anthony	12.80	13.05	0.8908
Austin	14.40	14.65	1.0000
Barstow	13.50	13.75	0.9386
Bastrop	14.40	14.65	1.0000
Bayou Vista	14.70	14.95	1.0205
Bayview	14.40	14.65	1.0000
Beaumont	14.70	14.95	1.0205
Bee Cave	14.40	14.65	1.0000
Borger	13.10	13.35	0.9113
Breckenridge	14.15	14.65	1.0000
Brownsville	14.40	14.65	1.0000
Bryson	14.40	14.65	1.0000
Buda	14.40	14.65	1.0000
Canutillo	12.80	13.05	0.8908
Cedar Park	14.40	14.65	1.0000
Clint	12.80	13.05	0.8908
Combes	14.40	14.65	1.0000
Crane	13.50	13.75	0.9386
Creedmoor	14.40	14.65	1.0000
Cuero	14.48	14.73	1.0055
Dell City	12.80	13.05	0.8908
Donna	14.40	14.65	1.0000
Dripping Springs	14.40	14.65	1.0000
Edcouch	14.40	14.65	1.0000

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Edinburg	14.40	14.65	1.0000
El Paso	12.80	13.05	0.8908
Elsa	14.40	14.65	1.0000
Fabens	12.80	13.05	0.8908
Galveston	14.70	14.95	1.0205
Georgetown	14.40	14.65	1.0000
Gonzales	14.48	14.73	1.0055
Graford	14.40	14.65	1.0000
Graham	14.15	14.65	1.0000
Groves	14.70	14.95	1.0205
Harlingen	14.40	14.65	1.0000
Hidalgo	14.40	14.65	1.0000
Horizon City	12.80	13.05	0.8908
Hudson Oaks	14.40	14.65	1.0000
Hutto	14.40	14.65	1.0000
Jacksboro	14.40	14.65	1.0000
Jamaica Beach	14.70	14.95	1.0205
Jarrell	14.40	14.65	1.0000
Jermyn	14.40	14.65	1.0000
Jim Hogg County	14.40	14.65	1.0000
Jonah	14.40	14.65	1.0000
Kyle	14.40	14.65	1.0000
La Feria	14.40	14.65	1.0000
La Joya	14.40	14.65	1.0000
La Villa	14.40	14.65	1.0000
Laguna Heights	14.40	14.65	1.0000
Laguna Vista	14.40	14.65	1.0000
Lakeway	14.40	14.65	1.0000
Lockhart	14.48	14.73	1.0055
Los Fresnos	14.40	14.65	1.0000
Luling	14.48	14.73	1.0055
Lyford	14.40	14.65	1.0000
Marble Falls	14.40	14.65	1.0000
McAllen	14.40	14.65	1.0000
McCamey	13.50	13.75	0.9386
Mercedes	14.40	14.65	1.0000
Millsap	14.40	14.65	1.0000
Mineral Wells	14.40	14.65	1.0000
Mission	14.40	14.65	1.0000
Monahans	13.50	13.75	0.9386
Monte Alto	14.40	14.65	1.0000
Mustang Ridge	14.40	14.65	1.0000

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Nederland	14.70	14.95	1.0205
Nixon	14.48	14.73	1.0055
Olmito	14.40	14.65	1.0000
Palm Valley	14.40	14.65	1.0000
Palmhurst	14.40	14.65	1.0000
Palmview	14.40	14.65	1.0000
Palo Pinto	14.40	14.65	1.0000
Pecos	13.50	13.75	0.9386
Penitas	14.40	14.65	1.0000
Perrin	14.40	14.65	1.0000
Pflugerville	14.40	14.65	1.0000
Pharr	14.40	14.65	1.0000
Port Arthur	14.70	14.95	1.0205
Port Isabel	14.40	14.65	1.0000
Port Neches	14.70	14.95	1.0205
Possum Kingdom	14.40	14.65	1.0000
Primera	14.40	14.65	1.0000
Progreso	14.40	14.65	1.0000
Punkin Center	14.40	14.65	1.0000
Pyote	13.50	13.75	0.9386
Rancho Viejo	14.40	14.65	1.0000
Raymondville	14.40	14.65	1.0000
Rio Hondo	14.40	14.65	1.0000
Rollingwood	14.40	14.65	1.0000
San Benito	14.40	14.65	1.0000
San Carlos	14.40	14.65	1.0000
San Elizario	12.80	13.05	0.8908
San Juan	14.40	14.65	1.0000
Santa Rosa	14.40	14.65	1.0000
Shiner	14.48	14.73	1.0055
Skellytown	13.02	13.27	0.9058
Socorro	12.80	13.05	0.8908
Starr County	14.40	14.65	1.0000
Sunset Valley	14.40	14.65	1.0000
Thorntonville	13.50	13.75	0.9386
Vinton	12.80	13.05	0.8908
Weatherford	14.40	14.65	1.0000
Weslaco	14.40	14.65	1.0000
West Lake Hills	14.40	14.65	1.0000
Whitt	14.40	14.65	1.0000
Wickett	13.50	13.75	0.9386
Willow Park	14.40	14.65	1.0000

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Wink	13.50	13.75	0.9386
Yoakum	14.48	14.73	1.0055

The Consumer and the Company may, at the Company's option, agree to a higher serving pressure. Service regulators shall be set as close as practical to the Standard Serving Pressure under a load condition of approximately ten percent (10%) of meter capacity. Increases in serving pressure because of the inadequacy of the Consumer's facilities shall not be permitted.

13.2 UNIT OF MEASUREMENT

The standard unit of measurement shall be one hundred (100) cubic feet (Ccf). A cubic foot shall be defined as the amount of Gas which occupies a volume of one (1) cubic foot at the Standard Serving Pressure and at a temperature of 60 degrees Fahrenheit.

Whenever the Company delivers Gas at any pressure other than the Standard Serving Pressure, volumes shall be corrected to the Common Billing Pressure in the manner provided in this Tariff, provided however, that such correction may be made to any other standard provided in the rate schedules or special agreement under which the Customer is served. The Company may, at its sole option, waive the correction of measurement for temperature deviation.

13.3 BILLING UNIT

Unless otherwise specified on the rate schedules or by special agreement, Customers shall be billed on the basis of Ccf measured at or corrected to the Common Billing Pressure. The index of the meter shall be the sole determinant of volumes passing through the meter. In those cases in which heating value is used as the billing unit, the calculation of the heating value in BTU's shall be made in accordance with Section 13.7 of this Tariff.

13.4 PRESSURE CORRECTION - STANDARD METERING

Whenever Gas is delivered to any Customer served under a rate schedule which provides for standard metering, the Company shall correct actual volumes measured to volumes which would have been measured if the Gas had been delivered at the Standard Serving Pressure. Corrections shall be made by one of the following methods.

- a) The Company may install pressure or pressure and temperature compensating measurement equipment whenever the cost of this equipment is justified by the volumes served. Such measurements shall be equipped with devices which mechanically or electronically correct the actual measured volumes in accordance with Boyle's Law. Variations in actual atmospheric pressure shall not be considered.
- b) The Company may use factor billing whenever the volumes to be delivered are too small to justify special metering. The factor shall be determined by dividing the actual serving pressure by the Standard Serving Pressure, both expressed in absolute units based on the standard atmospheric pressure in the area as specified in Section 13.1 hereof. This factor shall be applied to the measured volumes to determine the correct number of billing units.

13.5 METERING - SPECIAL POSITIVE DISPLACEMENT

Whenever Gas is delivered to any Customer served under a rate schedule which provides for special metering and positive displacement or turbine type metering is used, all volumes shall be determined in accordance with the recommendations of the manufacturer of the meter. Meters may be read in actual volumes which shall then be corrected to the standard billing unit or may be furnished with devices designed to correct the actual volumes to the standard billing units. The following criteria shall be used in the correction of volumes or design and calibration of correcting devices.

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- a) Pressure correction shall be made in accordance with Boyle's Law. Calculations based on pressure reading on a continuously recording chart shall use the average pressure indicated thereon applied to the measured volumes. Correcting devices shall be set at the specified serving pressure and the service regulators shall be adjusted as close to that pressure as practical. Corrections for deviations from Boyle's Law ("supercompressibility") may be made whenever the volumes delivered justify the cost of making such corrections.
- b) The flowing temperature of the Gas shall be assumed to be 60 degrees Fahrenheit unless temperature correction is provided. Corrections shall be made in accordance with Charles' Law.
- c) Whenever a continuously recording instrument is used, the average temperature indicated thereon shall be applied to the measured volumes. The specific gravity of the Gas shall be assumed to be the value last indicated by test or reported by the upstream pipeline supplier prior to the installation of the metering facilities. Whenever subsequent reports or test indicate significant changes in gravity, volume calculations shall be changed prospectively to reflect the new gravity.

13.6 METERING - SPECIAL ORIFICE

Whenever Gas is delivered to any Customer served under a rate schedule with provisions for special metering and orifice metering is used, all volumes shall be determined in accordance with the recommendations for measuring Gas contained in the American Gas Association's Gas Measurement Committee Report No. 3, Orifice Metering of Natural Gas (1992), and subsequent revisions thereof. Orifice meter charts shall be calculated using a standard integrating device or other method recognized in the industry. The following criteria shall be used in the correction of volumes or design and calibration of orifice metering:

- a) Correction for deviation of Gas from Boyle's Law shall be made in accordance with Report No. 3.
- b) Temperature of Gas passing the meter shall be assumed to be 60 degrees Fahrenheit unless suitable equipment has been installed to measure actual flowing temperature. The arithmetical average of the temperature recorded during each meter charge period while the Gas is flowing shall be used in the computations of volumes during the period.
- c) The standard atmospheric pressure for the area served shall be used for measurement irrespective of any variation in the actual barometric pressure.
- d) The specific gravity of the Gas shall be assumed to be the value last obtained in a spot test made with a gravity balance, impact type unit or other acceptable method. Tests shall be made as frequently as found necessary to assure accurate measurement.

13.7 BTU MEASUREMENT

The heating value of Gas for use in billing shall be defined as the gross thermal value of one (1) cubic foot of Gas at a pressure of 14.73 psi and temperature of 60 degrees Fahrenheit on a dry basis. The number of billing units delivered shall be determined by multiplying the heating value determined in accordance with this Section by the volumes delivered during the period, expressed in the same units and measured at, or corrected to 14.73 psi and 60 degrees Fahrenheit, and multiplying by the factor necessary to convert the heating value/measurement units to the billing units provided in the appropriate rate schedule. The heating value of the Gas shall be determined using one of the following methods:

- a) Processing a continuous sample of the main stream at the meter location through a recording calorimeter of a standard type;

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- b) Analysis of gas samples accumulated from the main stream at the meter location in a sample bottle of an approved type;
  - i) passing the sample through a recording calorimeter of a standard type;
  - ii) passing the sample through a flow calorimeter of a standard type; or
  - iii) passing the sample through a chromatograph to determine the chemical composition and calculating the total heating value from the sum of the constituents.

13.8 CUSTOMER-INSTALLED AND OPERATED METERS

A Customer may install and operate a meter or any other device to measure Gas volumes, pressure, temperature, BTU content or specific gravity downstream of the Point of Delivery. Unless expressly otherwise agreed to by the Company and Customer, however, the Company's meter and equipment shall be the sole determinant of volumes for the Company's billing purposes.

SECTION 14 — QUALITY OF GAS

14.1 HEATING VALUE

Gas delivered to Consumers in all areas shall have an average gross heating value of at least 900 British Thermal Units per cubic foot measured when saturated with water vapor at a pressure of 14.73 psi and temperature of 60 degrees Fahrenheit. Gas of lesser heating value may be delivered for short periods, provided that the average heating value for the calendar month in which the reduction occurs is equal to or greater than the standard and that the burning characteristics of the Gas are not significantly altered.

14.2 CHARACTER OF GAS

All Gas furnished to Consumers in the Company's area of service shall be of merchantable quality suitable for use in standard Gas burning appliances. Merchantable quality shall mean that the Gas must be commercially free from dust, resins, water and hydrocarbons in liquid form at the pressure and temperature at which the Gas is delivered.

14.3 ODORIZATION

All Gas shall be odorized with a chemical odorant at a sufficient rate to make it readily detectable. Gas containing enough natural odorant as prescribed by the Railroad Commission of Texas need not be odorized unless the odorant level drops below the acceptable level.

SECTION 15 — SERVICE FEES AND DEPOSIT AMOUNTS

15.1 ADJUSTMENTS TO FEES AND CHARGES

All fees and charges shall be adjusted by taxes and fees (including franchise fees) where applicable. All fees and charges (excluding advances, contributions in aid of construction and deposits) shall be adjusted by the amount which represents the actual gross receipts, occupation, revenue taxes and franchise fees paid by Texas Gas Service Company, a Division of ONE Gas, Inc.

15.2 LEAKAGE AND PRESSURE INVESTIGATION

When a Customer or Consumer smells or detects Natural Gas and contacts the Company, the Company shall provide to the Consumer, at no-charge to the Customer or Consumer, leakage and pressure investigations to ensure that unsafe conditions do not exist. Where leakage or unsafe conditions are determined by the Company to be in the Customer's or Consumer's piping or equipment, the Customer or Consumer will be so advised and service will be discontinued until such time that all leakage and other unsafe conditions have been properly corrected by the Customer or Consumer. In addition, when service is initiated, Gas air adjustments on a standard domestic and commercial Gas range and water heater will be made. Any other work performed on any Consumer's appliances or house piping will be on a charge basis.

15.3 SERVICE WORK ON CHARGE BASIS

The Company may have personnel available for and may undertake other service work on the Consumer's premises on a charge basis, as time permits. Charges shall be made at the Company's standard rate and such service work and any associated revenues and costs shall be considered non-utility.

15.4 EXPEDITED SERVICE REQUEST

A Customer may request an expedited service, upon availability. Charges may apply.

15.5 SPECIFIC SERVICE TIME REQUEST

A no access fee may be charged to a Customer who requests a specific time for service if the Company agrees to the time and sends appropriate personnel to the appointed location and the Customer is not present to allow access to the premises.

15.6 SERVICE FEES

All fees and charges shall be adjusted by taxes and fees (including franchise fees) where applicable.

a)	<u>Connection Fee</u>	A connection fee shall be charged to any Applicant for the cost involved in initiation of service. This fee shall be charged when a meter is set and/or Gas turned on.	\$40.00
b)	<u>Read-In Fee</u>	A read-in fee shall be charged to any Applicant for the cost involved in initiation of service. This fee shall be charged when only a meter reading is required.	\$20.00
c)	<u>Special Handling &amp; Expedited Service</u>	In addition to initiation of service fee, a fee may be charged to any Applicant whose request to initiate service cannot be worked during normal business hours or requires special handling. Applicant must be advised that an additional fee will be charged and must agree to pay such charge.	
		<u>Special Handling Fee</u> - The Company may, at Applicant or Customer's request, provide special handling in order to meet the Applicant or Customer's requirements. Special handling <u>does not</u> include calling the Applicant/Customer in advance or a.m. or p.m. scheduling.	\$20.00

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	<u>Expedited Service Fee and Overtime Rate</u> - The Applicant or Customer's request for expedited service may be scheduled at any time to fit the Company's work schedule, and an Expedited Service charge shall be collected. The Company shall not be obligated to provide Expedited Service when the personnel and resources to do so are not reasonably available.	\$75.00
d)	<u>Services from Others</u>  Whenever service is furnished from the facilities of others and the Company must pay any special fees to the supplying Company, the Applicant may be requested to reimburse the Company for such charge.	Actual cost plus 20% for handling
e)	<u>Customer-Requested Meter Test</u>  Positive Displacement Up to 1,500 cubic feet per hour Over 1,500 cubic feet per hour  -----  Orifice Meters All sizes	\$165.00 \$230.00  -----  \$200.00
f)	<u>Payment Re-processing Fee</u>  A fee will be charged to the Customer for the recovery of costs associated to the reprocessing of any payment, including paper check, electronic transfer payment and debit/credit card payment that has been rejected or returned by the bank for any reason.	\$25.00
g)	<u>Collection Fee</u>  A Collection Fee shall be charged to any Customer whose failure to respond to a termination notice necessitates the dispatch of a Company representative to attempt collection of payment from Customer.	\$20.00
h)	<u>Reconnect Fees</u>  A reconnect fee shall be charged to any Customer whose service is terminated and then re-initiated unless terminated in error by the Company. This fee is the same as the Standard Initiation Fee charged for new service. Related, non-routine services including but not limited to high bill investigations and building meter loops may be charged.  Regular Labor Rate After Hours Rate	\$40.00  \$55.00 \$75.00
i)	<u>Special Read Fee</u>  A special read fee shall be charged for Customer-requested reading of a meter of which estimated billing has been made. This is not in connection with Section 12.8.	\$20.00
j)	<u>Meter Exchange Fee - Customer Request</u>  A fee will be charged for Customer-requested meter exchanges when a meter is working properly or done for the Customer's convenience.	\$200.00
k)	<u>Meter Tampering Fee - Residential</u>  A fee will be charged to Customers who knowingly tamper with Company property (i.e. broken meter locks, broken stop cocks, tampered meter dials, and broken meter blind seals). May be charged in tandem with Unauthorized Consumption Fee in situations that include both Tampering and Unauthorized Consumption.	\$200.00

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l)	<u>Unauthorized Consumption Fee</u>	Charges for the replacement of an illegally broken meter seal or locking device, and/or a bypass of the meter, to the Customer who could be reasonably expected to benefit from Gas service received through said meter. May be charged in tandem with Meter Tampering Fee in situations that include both Tampering and Unauthorized Consumption.	\$32.00 plus expenses
m)	<u>No Access Fee</u>	A fee charged to a Customer who schedules an appointment but fails to appear.	\$20.00
n)	<u>Meter Removal Fee</u>	A fee will be charged to the Customer to remove the meter due to tampering, accessibility issues, and other reasons deemed necessary by the Company in accordance with this Tariff.	\$28.00
o)	<u>Account Research Fee</u>	An hourly fee will be charged for Customer account information requiring research of accounting/billing information.	\$25.00
p)	<u>Police Escort Fee</u>	A fee charged when the Company is required to use law enforcement personnel to escort it into locked sites or sites requiring animal control in order for the Company to access a meter or other equipment.	Actual cost
q)	<u>Excess Flow Valve Installation Fee</u>	Pursuant to Code of Federal Regulations, §192.383(d) a fee for installation of an Excess Flow Valve (EFV) will be assessed when a Customer requests such installation on the Customer's service line. The Efv will be installed at a date mutually agreeable to both Company and Customer, but after January 1, 2018. The Company reserves the sole right to conduct any required maintenance that may result from the installation. The Customer shall be assessed a one-time installation fee.	\$400.00

**15.7 DEPOSIT AMOUNTS**

a)	<u>Advanced Deposit</u>	Estimated expenditure to serve the premises of new business beyond the existing distribution facilities of the Company.	Actual cost
b)	<u>Residential Customer Deposit</u>	A deposit will be required from any new or current residential Customer to mitigate credit exposure. Current Customers may be assessed deposits due to delinquent bill payment behavior.	Minimum \$125.00
c)	<u>Non-Residential Customer Deposit</u>	A deposit will be required from any new or current non-residential Customer to mitigate credit exposure. Current Customers may be assessed deposits due to delinquent bill payment behavior.	Minimum \$250.00

SECTION 16 — TAPPING FEES

16.1 TAPPING FEES

The Company may, at its option, extend lines to serve a group of new Customers outside or inside the incorporated by the use of Contribution In Aid of Construction (CIAC). Unless not economical or reasonable, the Company shall allow payment of the CIAC amount in the form of a monthly Tapping Fee charged to the existing and subsequent Customers in the area to be served. The fee will continue to be charged to all Customers connecting to the Extension of Facilities each month until the Company recovers the amount of CIAC required to serve the area. At least fifty percent (50%) of the existing homes in the area must be under contract for service for this type of Extension of Facilities to be available to the area.

The monthly per Customer Tapping Fee will be equal to the Monthly Amortization of the CIAC divided by the number of Customers participating in the program.

The Tapping Fee will usually be set within the first six (6) months of billing the first Customer receiving Gas from this extension. In some cases, this period could be extended.

In order to calculate the monthly Amortization of the CIAC, the following steps are to be followed:

1. Calculate the Required Rate Base

Required Rate Base = Cost of Mains, services and yard lines

2. Calculate the Revenue Requirement

Revenue Requirement = (Required Rate Base x return on capital) + related Federal Income Taxes + Depreciation

Note: Depreciation = Required Rate Base x currently authorized rate by Component

3. Calculate the Annual Revenues to be received from Customers

Annual Revenue = Number of Customers x the average annual revenue per Customer

Note: The Number of Customers includes Customers connected to the System and Customers contracted to connect to the System within the first six (6) months of billing the first Customers receiving Gas from the System.

4. Calculate the Justified Rate Base

The Justified Rate Base is the Rate Base that is backed into by using the revenue requirement model described in Step 2 above. The model backs into the Justified Rate Base by calculating the return, Federal Income Taxes and Depreciation for a given investment level, such that the sum of the return, Federal Income Taxes and Depreciation equals the Annual Revenues calculated in Step 3 above.

5. Calculate the Contribution In Aid of Construction (CIAC)

CIAC = Required Rate Base – Justified Rate Base

6. Calculate the CIAC monthly payment

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CIAC monthly payment is determined by using an amortization table. The variables include number of payments, interest rate and the outstanding CIAC.

7. Calculate the Monthly Tapping Fee

Monthly Tapping Fee = CIAC monthly payment divided by the number of Customers used in Step 3 above.

8. If the Monthly Tapping fee is not economical or reasonable, a one-time lump sum CIAC amount may be required. This CIAC amount would then reduce the amount in Step 5 above, and the Monthly Tapping Fee would then be re-calculated less the one-time fee.

CIAC will change over time based upon additional capital investments (principally to tie in new Customers) and for reductions based upon the tapping fee payments. The interest rate changes annually and is based upon Chase Bank (or its successors prime rate plus two percent).

For each project undertaken, the Company will file with the respective Regulatory Authority an initial Tapping Fee Rider showing the amount and calculation of the Tapping Fee. For each project undertaken, the Company will file with the Regulatory Authority an annual reconciliation report, detailing the application of the Tapping Fee to principal and interest and the outstanding CIAC balance.