

PART 1 OF GENERAL RULES AND REGULATIONS FOR NATURAL GAS SERVICE

1. DEFINITIONS

(a) Consumer, Consumer and Applicant are used interchangeably and mean a person or organization utilizing services or who wants to utilize services of Consumers Gas Company, Inc.

(b) Company means Consumers Gas Company, Inc., its successors and assigns.

(c) Cubic Foot of Gas: Unless otherwise expressly provided by rate schedule or written contract (or agreement), the amount of gas necessary to fill a cubic foot of space when the gas is at a gauge pressure of four (4) ounces above atmospheric pressure of 14.65 psia at 60 Fahrenheit.

(d) Service Line: The pipe and attached fittings which convey gas from Company's mains to the property line of Consumer's premises.

(e) Yard Line: The pipe and attached fittings which convey gas from the Consumer's property line to and including the stopcock on the riser for the Consumer's meter.

(f) Consumer's Housepiping: All pipe and attached fittings which convey gas from the outlet side of the meter to the Consumer's connection for gas appliances.

(g) Point of Delivery: The point where the gas is measured for delivery into Consumer's piping.

2. APPLICATION OF RULES

(a) Unless otherwise expressly stated, these rules apply to all Consumers regardless of classification, except insofar as they are changed by or are in conflict with any statute of the State of Texas, valid municipal ordinance, valid final order of any court or of the Railroad Commission of Texas, or written contract executed by Company, in which case such statute, ordinance, order or contract shall control to the extent that it is applicable to the consumer(s) in question. Whenever possible, these rules shall be construed harmoniously with such laws, contracts, ordinances, and orders.

(b) The use of gas service shall constitute an agreement by the Consumer to utilize such service in accordance with the applicable rules of the Company as set forth herein.

(c) These rules, and all subsequently enacted rules, may be abrogated, modified, or added to in whole or in part, by the company and such rules as abrogated, modified, or added to, shall become effective when filed with the appropriate regulatory authority.

3. CLASSIFICATION FOR RATE AND CONTRACT PURPOSES

For purposes of determining rates, Consumers shall be classified as either Residential, Commercial or Large Volume Consumers as defined in Company's applicable rate schedules. Service by Company to Consumers classified herein as Residential and Commercial is available without a written contract between Consumer and Company at the standard rates and charges applicable to such Consumers from time to time. Company shall have no obligation to deliver more than 5,000 cubic feet of gas in any day to any Consumer not having a written gas sales contract with Company. A contract may be

required from Large Volume Consumers using less than 5,000 cubic feet per day, provided this requirement shall be uniformly applied to all such Consumers within each municipal rate jurisdiction. In the case of existing Consumers, the maximum gas usage during any one day shall be obtained from records of the Company, except in cases where the existing Consumer will be purchasing increased volumes of gas from Company because of expansions or for any other reason, in which event the Company may estimate usage by such Consumer. Also in the case of new Consumers, the Company may estimate usage by the Consumer. Any such estimates made by Company shall be binding on Consumer in determining rate classification and whether or not a contract is required. Company's obligation to provide service to any Large Volume Consumer is contingent upon Company's determination that there will be an adequate supply of gas to serve such Large Volume Consumer, and that existing facilities are of adequate capacity and suitable pressure.

4. LIMITATION OF USE

All gas delivered through Company's meters is for use only at the point of delivery and shall not be redelivered or resold to others without Company's written consent.

5. SERVICE CONNECTIONS

(a) Tap Charge: Unless otherwise prohibited by applicable ordinance or rule, Company may impose a reasonable charge for the connection of a new Consumer to its distribution mains. The service areas where a tap charge is to be collected and the amount and conditions under which such charge will be imposed are set out in the Schedule of Miscellaneous Service Charges filed with the appropriate regulatory authorities.

(b) Service Line: Company shall install and maintain all service lines and, to the extent permitted by applicable ordinance or rule, shall be entitled to make a reasonable charge for such installation as set out in the Schedule of Miscellaneous Service Charges filed with appropriate regulatory authorities. A service line may be used to supply a single building or single group of buildings which may or may not be located on a single lot, such as a group of factory buildings, hospital buildings, or institutional buildings, all under one ownership or control. However, gas service supplied to Consumer for use at separate lots physically divided by other private or public property (including streets, alleys and other public ways) must be separately metered and billed. More than one service line to supply a Consumer's premises may be constructed by agreement between Company and Consumer.

(c) Yard Line: Company shall install yard lines if so requested by Consumer. To the extent permitted by applicable ordinance or rule, Company shall be entitled to make a reasonable charge for such installation as set out in the Schedule of Miscellaneous Service Charges filed with the appropriate regulatory authorities.

(d) Housepiping: Consumer shall be responsible for installing and maintaining Consumer's housepiping. Company may refuse service to any consumer whose housepiping is inadequate or unsafe, but Company shall have no responsibility for inspecting or testing Consumer's housepiping, determining whether or not Consumer has complied with applicable safety codes, or in any way establishing or enforcing housepiping specifications. Information relating to piping may be obtained at the Company's local offices.

(e) Gas Main Extensions: Company shall extend its gas mains to provide new or additional service and shall be entitled to make a reasonable charge for such installation as set out in the Schedule of Miscellaneous Service Charges filed with appropriate regulatory authorities. Gas main extensions shall be made at Company's expense only where the probable expected use of all facilities necessary for such service and paid for by Company will provide a reasonable and compensatory return to Company on the value of such facilities. Otherwise, gas main extensions shall be made only under the following conditions:

(1) Individual Residential and Commercial Consumers -- upon payment of the fee for gas main extension set out in the Schedule of Miscellaneous Service Charges or upon execution of a Gas Main Extension Contract between Company and Consumer.

(2) Developers of Residential or Business Subdivisions -- upon execution of Company's Gas Main Extension Contract or Predevelopment Gas Main Extension Contract, or under special circumstances where, in Company's opinion, such forms are not appropriate, upon execution of a special agreement providing for reimbursement to Company for cost of the necessary gas main extension.

(3) Large Volume Consumers -- upon execution of a special agreement providing for reimbursement to Company for the cost of the necessary gas main extension.

6. ADDITIONAL CHARGES RELATING TO GAS SERVICE

Charges for services other than delivering natural gas may be made in accordance with the Schedule of Miscellaneous Service Charges filed with the appropriate regulatory authorities.

7. APPLICATION FOR SERVICE

Where no written contract for service is necessary, any application by telephone, in person, or in writing may be made to request initiation of service. Upon request, Consumer shall provide information necessary for purposes of rate classification, billing, and determining whether a deposit will be required.

8. REFUSAL TO INSTITUTE SERVICE AND TERMINATION OF SERVICE.

(a) Refusal of Service.

(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 rules, regulations or laws, and with approved rules and regulations of the Company on file with the appropriate regulatory authority governing the service applied for, or for the following reasons:

(A) the applicant's installation or equipment is known to be hazardous or of such character that satisfactory service cannot be given;

(B) the applicant is indebted to any utility 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) the applicant refuses to make a deposit if applicant is required to make a deposit under these rules;

(D) where an unsafe condition exists at any point on Consumer's premises;

(E) for use of gas in violation of Company's rules;

(F) in the event Company's representatives are refused access to such premises for any lawful purpose;

(G) when Company's property on the Consumer's premises is tampered with, damaged or destroyed.

(2) Applicant's Recourse. In the event that the Company shall refuse to serve an applicant under the provisions of these rules, the Company shall inform the applicant of the basis of its refusal and that the applicant may file a complaint with the appropriate regulatory authority thereon.

(3) Insufficient Grounds for Refusal to Serve. The following shall not constitute sufficient cause for refusal of service to a present residential or commercial Consumer 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 Company'

(C) failure to pay a bill to correct previous underbilling due to misapplication of rates more than six months prior to the date of application;

(D) violation of the Company's rules pertaining to the operation of nonstandard equipment of unauthorized attachments, which interfere with the service of others, unless the Consumer has first been notified and been afforded reasonable opportunity to comply with these rules;

(E) failure to pay a bill of another Consumer 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 Consumer at the same address except where the change of Consumer identity is made to avoid or evade payment of a utility bill.

(b) Discontinuance of Service.

(1) Bills are due and payable when rendered; the bill shall be past due not less than 15 days after issuance or such other period of time as may be provided by order of the appropriate regulatory authority. A bill for utility service is delinquent if unpaid by the due date.

(2) The Company may offer an inducement for prompt payment of bills by allowing a discount in the amount of 5% for payment within 10 days of their issuance. In the event of any inconsistency between these Rules and Regulations and the applicable rate tariff, the rate tariff shall control.

(3) A Consumer's utility service may not be terminated unless the Company has made a reasonable effort to offer the Consumer the option of paying a delinquent bill in installments. A Consumer's utility service may be disconnected if the bill has not been paid or a suitable written arrangement for payment in installments entered into within 5 working days after the bill has become delinquent and if proper notice has been given. Proper notice shall consist of a mailing or hand delivery thereof at least five working days prior to a stated date of disconnection. Said notice shall be provided in English (and Spanish, if the Company has any Spanish speaking Consumers) and shall include:

- a) the words Disconnect Notice or similar language prominently displayed;
- b) the reason service is to be terminated;
- c) what Consumer must do to prevent termination;
- d) in the case of a past-due bill, the amount past due and the hours, address, and telephone number where payment may be made; and
- e) 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.
- f) Utility service may be disconnected for any of the following reasons.
- g) failure to pay a delinquent account or failure to comply with the terms of a written agreement for installment payment of a delinquent account;
- h) 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 Consumer and the Consumer is provided with a reasonable opportunity to remedy the situation;
- i) failure to comply with deposit or guarantee arrangements where required by these rules and regulations;
- j) without notice where a known dangerous condition exists for as long as the condition exists;
- k) tampering with the Company's meter or equipment or bypassing the same;
- l) for use of gas in violation of Company's rules;
- m) in the event Consumer's premises are vacated;
- n) in the event Company's representatives are refused access to such premises for any lawful purpose;

- o) when Company's property on the Consumer's premises is tampered with, damaged or destroyed;
- p) for use of gas in violation of any law, ordinance or regulation;
- q) for fraudulent misrepresentation in relation to the consumption of gas or any other fraud practiced by Consumer, with regard to the matters referred to in these rules or Consumer's contract.

(5) Utility service may not be disconnected for any of the following reasons:

- r) delinquency in payment for service by a previous occupant of the premises;
- s) failure to pay for merchandise or charges for non-utility service by the Company;
- t) failure to pay for a different type or class of utility service unless the fee for such service is included on the same bill;
- u) failure to pay the account of another Consumer as guarantor thereof, unless the Company has in writing the guarantee as condition precedent to service;
- v) failure to pay charges arising from any underbilling occurring due to any misapplication of rates more than six months prior to the current billing;
- w) failure to pay charges arising from any underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due; and
- x) failure to pay an estimated bill other than a bill rendered pursuant to any approved meter reading plan, unless the Company is unable to read the meter due to circumstances beyond its control.

(6) Unless a dangerous condition exists, or unless the Consumer requests disconnection, service shall not be disconnected on a day, or on a day immediately preceding a day, when personnel of the Company are not available to the public for the purpose of making collections and reconnecting service.

(7) The Company shall not abandon a Consumer without written approval from the regulatory authority.

(8) The Company shall not discontinue service to a delinquent residential Consumer permanently residing in an individually metered dwelling unit when that Consumer establishes that discontinuance of service will result in some person residing at that residence becoming seriously ill or more seriously ill if service is discontinued. Any Consumer seeking to avoid termination of service under this provision must make a written request to the Company supported by a written statement from a licensed physician. Both the request and the statement must be received by the Company within five working days of the issuance of the utility bill. The prohibition against service termination as provided herein shall last twenty (20) 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 Consumer. The Consumer who makes such request shall sign an installment agreement which provides for payment of such service along with timely payments for subsequent monthly billings.

(9) The Railroad Commission of Texas (RRC) regulates all natural gas utilities in Texas. The RRC has adopted Emergency Rule 7. 60 (valid through April 30, 2001) to insure that gas consumers are not disconnected due to failure to pay their gas bills when the temperature is so cold that it could affect the customer's health. Rule 7. 60 can be summarized as follows:a) Except where there is a known dangerous condition or a use of natural gas in a manner that is dangerous or unreasonably interferes with service to others, a provider (Consumers Gas) shall not disconnect natural gas service to:b) Any customer on a day when the previous day's temperature in the county where the customer takes service fell below 40 degrees F. and the National Weather Service predicts that the temperature in that county will fall below that level during the next 24 hours; orc) A delinquent residential customer for a billing period in which the provider receives a pledge, letter of intent, purchase order, or other notification from an energy assistance provider that it is forwarding sufficient payment to continue service; ord) A delinquent residential customer on a day, or on a day immediately preceding a day, when personnel of the provider are not available for the purpose of receiving payment or making collections and reconnecting service.

(10) Residential customers of Consumers Gas may avoid disconnection of gas service (where Rule 7. 60 does not apply) for failure to pay a delinquent gas bill in the following ways:

a) The customer can execute a deferred payment agreement. Under that agreement, the residential customer has the option to pay her delinquent bill in not more than three (3) equal installments without interest, provided that it is the customer's first delinquent bill in the preceding twelve (12) months. Under the Plan, current bills must be paid before they become delinquent.

b) The customer can give notice to the provider (Consumers Gas) that disconnection of gas service would cause a person at the customer's residence to become seriously ill or more seriously ill, provided that the customer executes a deferred payment agreement (see previous paragraph) and provides a written request not to disconnect service supported by a written statement from a licensed medical doctor. This will have the effect of suspending disconnection of gas service for twenty (20) days (assuming Rule 7. 60 is not otherwise applicable).

9. LOCATION OF METERS

Wherever practical and if requested by the Consumer, all new meter installations shall be installed near the building in which Consumer's gas appliances are located. All meters shall be accessible at all times for inspection, reading, and change out for testing. Whenever the Company shall permanently discontinue the delivery of gas to any of Consumer's premises, it shall have the right at any reasonable time thereafter to enter upon the premises and remove its meter and related equipment.

10. METER TESTS AND BILL ADJUSTMENTS WITH RESPECT TO METER ACCURACY

(a) Meter Requirement.

(1) Use of meter. All gas sold by the Company shall be charged for my meter measurements, except where otherwise provided for by applicable law, regulation of the regulatory authority or tariff.

(2) Installation by Company. Unless otherwise authorized by the regulatory authority, the Company shall provide and install and will continue to own and maintain all meters necessary for measurement of gas delivered to its Consumers.

(3) Standard type. The Company shall 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.

(b) Meter records. The Company shall keep the following records:

(1) Meter equipment records. The Company shall keep a record of all its meters, showing the Consumer's address and date of the last test.

(2) Records of meter tests. All meter tests must be properly referenced to the meter record provided for therein. The record of each test made on request of a Consumer must show the identifying number and constants of the meter, the standard meter and other measuring devices used, and 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) Meter readings.

(1) Meter unit location. In general, each meter must indicate clearly the units of service for which charge is made to the Consumer.

(d) Test for Accuracy.

(1) The Company shall, upon request of a Consumer make a test of the accuracy of the meter serving that Consumer. The Company shall inform the Consumer of the time and place of the test, and permit the Consumer or his authorized representative to be present if the Consumer so desires. If no such test has been performed within the previous four years for the same Consumer at the same location, the test shall be performed without charge. If such a test has been performed for the same Consumer at the same location within the previous four years, the Company may charge a fee for the test as set forth in the Company's tariff properly on file with the regulatory authority. The Consumer must be properly informed of the result of any test on a meter that serves him.

(2) Notwithstanding Paragraph (1), above, if the meter is found to be more than nominally defective, to either Consumer's or the Company's disadvantage, any fee charged for a meter test must be refunded to the Consumer. More than nominally defective means a deviation of more than 2% from accurate registration.

(3) If any meter test requested by a Consumer reveals a meter to be more than nominally defective, the Company shall correct previous readings consistent with the inaccuracy

found in the meter for the period of either (i) the last six months, or (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 waived by the Company if the error is to the Company's disadvantage.

(4) 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 months previous to the time the meter is found not be registering. The determination of amounts used but not metered is to be based on consumption during other like periods by the same Consumer at the same location when available, and on consumption under similar conditions at the same location or of other similarly situated Consumers when not available.

(e) Meter Exchange.

(1) The Company follows the practice of testing and repairing its meters on periodic schedules in accordance with good operating practice. the perio

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dic meter test interval is based on the results of accuracy tests of its meters randomly sampled of varying ages. The period of presumed accuracy is the period during which not less than 70% of the randomly sampled meters exhibit accuracy in the range of 2% fast to 2% slow.

PART 2 OF GENERAL RULES AND REGULATIONS FOR NATURAL GAS SERVICE

11. DEPOSITS FROM CONSUMERS TO GUARANTEE PAYMENTS OF BILLS

(a) Establishment of Credit for Residential Applicants.

(1) The Company may require a residential applicant for service to satisfactorily establish credit but such establishment of credit shall not relieve the Consumer from complying with rules for prompt payment of bills. Subject to these rules, a residential applicant shall not be required to make a deposit;

(A) if the residential applicant has been a Consumer of any utility for the same kind of service within the last two years and is not delinquent in payment of any such utility service account and during the last twelve consecutive months of service did not have more than one occasion in which a bill for such utility service was paid after becoming delinquent and never had service disconnected for nonpayment; or

(B) if the residential applicant furnishes in writing a satisfactory guarantee to secure payment of bills for the service required;

(C) if the residential applicant demonstrates a satisfactory credit rating by appropriate means, including but not limited to, the production of generally acceptable credit cards,

letters of credit reference, the names of credit references which may be quickly and inexpensively contacted by the utility, or ownership of substantial equity.

(b) Re-establishment of credit.

Every applicant who has previously been a Consumer 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 the Company or execute a written deferred payment agreement, if offered, and reestablish credit as provided herein.

(c) Amount of deposit and interest for residential service and exemption from deposit.

(1) The required residential deposit shall not exceed an amount equivalent to one-sixth of the estimated annual billings (rounded up to the nearest \$5.00). 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 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. Estimated Annual Billings as such term is used in this Section shall be either (i) the 12-month billing history at the service address involved (if a billing history is available for the service address), or (ii) the average annual residential bill in the Division serving the Consumer (if a billing history is not available at the service address); provided, that such average annual residential bill determined pursuant to clause ii hereof, shall be determined periodically but no less frequently than annually.

(2) All applicants for residential service who are sixty-five years of age or older will be considered as having established credit if such applicant does not have an outstanding account balance with the Company or another utility for the same utility service which accrued within the last two years. No cash deposit shall be required of such applicant under these conditions.

(3) The Company shall pay a minimum interest on such deposits according to the rate as established by law; provided, if refund of deposit is made within thirty days of receipt of deposit, no interest payment shall be made. If the Company retains the deposit more than thirty days, payment of interest shall be made retroactive to the date of deposit.

(A) payment of interest to the Consumer shall be annually or at the time the deposit is returned or credited to the Consumer's account.

(B) the deposit shall cease to draw interest on the date it is returned or credited to the Consumer's account.

(d) For commercial and large volume Consumers, Company may require a deposit where the applicant is unable to establish good credit by standards generally accepted as evidence of credit worthiness. The amount of any deposit, where required, shall be in an amount sufficient to protect Company but shall not exceed the amount of the estimated highest two (2) months' billing. Interest shall be paid at the legal rate on all deposits. Deposits shall be refunded after three (3) years of prompt payment, with refund including

any interest to be made in cash or by credit to the Consumer's bill. Deposits may be refunded sooner if Consumer can establish a record of credit worthiness which would have entitled him to initial service without a deposit and otherwise has a record of prompt payment.

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

(f) Records of deposits.

(1) The Company shall keep records to show:

(A) the name and address of each depositor;

(B) the amount and date of the deposit; and

(C) each transaction concerning the deposit.

(2) 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.

(3) A record of each unclaimed deposit shall be maintained for at least four years, during which time the Company shall make a reasonable effort to return the deposit.

(g) Refund of deposit.

(1) If service is not connected or after disconnection of service, the Company shall promptly and automatically refund the Consumer's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished. The transfer of service from one premises to another within the service area of the Company shall not be deemed a disconnection within the meaning of these rules, and no additional deposit may be demanded unless permitted by these rules.

(2) When the residential Consumer has paid bills for service for twelve consecutive residential bills without having service disconnected for nonpayment of bills and without having more than two occasions in which a bill was delinquent and when the Consumer is not delinquent in the payment of the current bills, the Company shall promptly and automatically refund the deposit plus accrued interest to the Consumer in the form of cash or credit to a Consumer's account. Deposits may be refunded sooner if Consumer can establish a record of credit worthiness which would have entitled him to install service without a deposit and otherwise has a record of prompt payment.

(h) Upon 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 Consumers 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.

(i) Complaint by applicant or Consumer. The Company shall direct its personnel engaged in initial contact with an applicant or Consumer for service seeking to establish or re-establish credit under the provisions of these rules to inform the Consumer, if dissatisfaction is expressed with the Company decision, of the Consumer's right to file a complaint with the regulatory authority thereon.

12. DISCONTINUANCE BY CONSUMER

A Consumer who wishes to discontinue the use of gas (provided he otherwise has the right to do so) must give notice of his intent to do so to Company at its nearest office. Consumer shall be obligated to pay for all service which is rendered by the Company (including applicable minimum charges therefor) prior to time Company receives such notice.

13. RECORDS OF GAS SUPPLIED Company shall keep accurate records of the amount of gas registered by its meters, and such records shall be accepted at all times and in all places as prima facie evidence of the true amount of gas consumed.

14. ESCAPING GAS Immediate notice must be given to Company by Consumer of any escaping gas on Consumer's premises. No flame shall be taken near the point where gas is escaping and as an added precaution, the gas should immediately be shut off at the meter by Consumer. Company shall not be liable for any damage or loss caused by the escape of gas from Consumer's housepiping or Consumer's appliances.

15. DAMAGE AND REPAIR TO AND TAMPERING WITH COMPANY'S FACILITIES

Consumer shall immediately notify Company in the event of damage to Company's property on Consumer's premises. Consumer shall not permit anyone other than authorized employee of Company to adjust, repair, connect, or disconnect, or in any way tamper with the meter, lines or any other equipment of Company used in serving Consumer's premises.

16. ACCESS TO PREMISES The Company's representatives shall have the right at all reasonable hours to enter upon the premises and property of Consumer to read the meter; and to remove, to inspect, or to make necessary repairs and adjustment to, or replacements of, service lines, meter loop, and any property of the Company located thereon, and for any other purpose connected with Company's operation. The Company's representatives shall have the right at all times to enter upon the premises and property of Consumer in emergencies pertaining to Company's service. All dogs and other animals which might hinder the performance of such operations on the Consumer's property shall be kept away from such operations by the Consumer upon notice by the Company representatives of their intention to enter upon the Consumer's premises.

17. NON-LIABILITY

(a) The Company shall not be liable for any loss or damage caused by variation in gas pressure, defects in pipes, connection and appliances, escape or leakage of gas, sticking

of valves or regulators, or for any other loss or damage not caused by the Company's negligence arising out of or incident to the furnishing of gas to any Consumer.

(b) Company shall not be liable for any damage or injury resulting from gas or its use after such gas leaves the point of delivery other than damage caused by the fault of the Company in the manner of installation of the service lines, in the manner in which such service lines are repaired by the Company, and in the negligence of the Company in maintaining its meter loop. All other risks after the gas left the point of delivery shall be assumed by the Consumer, his agents, servants, employees, or other persons.

(c) The Company agrees to use reasonable diligence in rendering continuous gas service to all Consumers, but the Company does not guarantee such service and shall not be liable for damages resulting from any interruption to such service.

(d) Company shall not be liable for any damage or loss caused by stoppage or curtailment of the gas supply pursuant to order of a governmental agency having jurisdiction over Company or Company's suppliers, or caused by an event of force majeure. The term force majeure as employed herein means acts of God; strikes, lockouts, or other industrial disturbances; acts of the public enemy; wars; blockages; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; storms; floods; washouts; arrests and restraints of the government, 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; and any other causes; whether of the kind herein enumerated or otherwise.

18. TEMPORARY INTERRUPTION OF SERVICE

(a) The Company shall make all reasonable efforts to prevent interruptions of service. When interruptions occur, the Company shall reestablish service within the shortest possible time consistent with prudent operating principles so that the smallest number of Consumers are affected.

(b) 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.

(c) In the event of national emergency or local disaster resulting in disruption of normal service, the Company may, in the public interest, interrupt service to other Consumers 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.

(1) 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 such interruptions, date, time duration, location, approximate number of Consumers affected, and, in cases of emergency interruptions, the remedy and steps taken to prevent recurrence.

(2) Report to Commission.

The Commission shall be notified in writing within forty-eight hours of interruptions in service affecting the entire system or any major division thereof lasting more than four hours. The notice shall also state 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 paragraph.

19. WAIVER OF RULES

No agent or representative of the Company is authorized to add to, alter, waive, or otherwise change any of the foregoing rules except by agreement in writing signed by an officer in the Company.

20. BILLING

(a) 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.

(b) The Consumer's bill must show all the following information:

(1) If the meter is read by the Company, the date and reading of the meter at the beginning and end of the period for which rendered;

(2) The number and kind of units billed;

(3) The applicable rate schedule, title or code;

(4) The total base bill;

(5) The total of any adjustments to the base bill and the amount of adjustments per billing unit;

(6) The date by which the Consumer must pay the bill in order to avoid penalty;

(7) The total amount due after addition of any penalty for nonpayment within a designated period; and

(8) A distinct marking to identify an estimated bill. The information required above shall be arranged and displayed in such a manner as to allow the Consumer to compute his bill with the applicable rate schedule. The applicable rate schedule must be mailed to the Consumer on request of the Consumer. The Company may exhaust its stock of non-conforming bill forms existing on the effective date hereof before compliance is required with this section.

(c) Where there is a good reason for doing so, estimated bills may be submitted provided that an actual meter reading is taken at least every six 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 Company shall provide the Consumer with a postcard and request that the Consumer read the meter and return the card to the utility if the meter is of a type that can be read by the Consumer without significant inconvenience or special tools or equipment. If such a postcard is not received by the Company in time for billing, the Company may estimate the meter reading and render the bill accordingly.

(d) Disputed bills.

(1) In the event of a dispute between the Consumer and the Company regarding the bill, the Company shall forthwith make such investigation as is required by the particular case and report the results thereof to the Consumer. If the Consumer wishes to obtain the benefit of subsection (2) hereunder, 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 Consumer of the complaint procedures of the appropriate regulatory authority.

(2) Notwithstanding any other provisions of these rules and regulations, the Consumer shall not be required to pay the disputed portion of the bill which exceeds the amount of that Consumer's average usage for the billing period at current rates until the earlier of the following: (1) resolution of the dispute; or (2) the expiration of the sixty day period beginning on the day the disputed bill is issued. For purposes of this section only, the Consumer's average usage for the billing period shall be the average of the Consumer's usage for the same billing period during the preceding two years. Where no previous usage history exists, the average usage shall be estimated on the basis of usage levels of similar Consumers and under similar conditions.

21. NEW CONSTRUCTION

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

(b) Response to request for residential and commercial service. The Company shall serve each qualified residential and commercial applicant for service within its service area as rapidly as practical. As a general policy, those applications not involving line extensions or new facilities should be filled within seven working days from the date all antecedent requirements are met. Those applications for individual residential service requiring line extensions should be filled within ninety days unless unavailability of materials, insufficient pipeline capacity, or other causes beyond the control of the Company result in unavoidable delays. In the event that residential service is delayed in excess of ninety 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 Company, a delay in excess of ninety days may be found to constitute a refusal to serve.

22. CURTAILMENT POLICY

The Company adopts and shall adhere to the curtailment program set forth in Rule 2 of Texas Railroad Commission Gas Utilities Division Docket No. 489 as well as all other rules and regulations adopted from time to time by governmental agencies having authority over the operations of Company.

23. CONSUMER RELATIONS

(a) Information to Consumers. The Company shall:

- (1) Maintain a current set of maps showing the physical location of its facilities. All distribution facilities shall be labeled to indicate the size or any pertinent information which will accurately describe the utility'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 upto-date maps, plans or records of its immediate area, with such other information as may be necessary to enable the utility to advise applicants and other entitled to the information as to the facilities available for serving that locality;
- (2) Assist the Consumer or applicant in selecting the most economical rate schedule;
- (3) In compliance with applicable law or regulations, notify Consumers affected by a change in rates or schedule or classification;
- (4) 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 current rate schedules and rules relating to the service of the Company, as filed with the Commission, are available for inspection;
- (5) Furnish such additional information on rates and services as the Consumer may reasonably request;
- (6) Upon request, inform its Consumers as to the method of reading meters; and
- (7) As required by law or the rules of the appropriate regulatory authority, provide its Consumers with Consumer service information. A sample of the Consumer Service Information mail-out is attached hereto. At least once each calendar year, the Company shall notify its Consumers that Consumer service information is available on request and without charge.

(b) Consumer Complaints.

Upon complaint to the Company by residential or small commercial Consumers either at its office, by letter, or by telephone, the Company shall promptly make a suitable investigation and advise the complainant of the results thereof. The Company shall make its initial response to the Consumer no later than the end of the business day following the date of the complaint. 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 and disposition thereof for a period of two years subsequent to the final disposition of the complaint.

(c) Company Response.

Upon receipt of a complaint, either by letter or by telephone, from the regulatory authority on behalf of a Consumer, the Company shall make a suitable investigation and advise the regulatory authority and complainant of the results thereof. An initial response shall be made not later than the next business day following receipt of the complaint. The Commission encourages all Consumer complaints to be made in writing to assist the regulatory authority in maintaining records of the quality of service of the Company.

(d) Deferred Payment Plan.

The Company may, but is not required to, offer a written deferred payment plan for delinquent residential accounts. If such a plan is offered, it shall conform to the following guidelines:

(1) Every deferred payment plan entered into due to the Consumer's inability to pay the outstanding bill in full must provide that service will not be discontinued if the Consumer 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.

(2) For purposes of determining reasonableness under these rules the following shall be considered: size of delinquent account; Consumer's ability to pay; Consumer's payment history; time that the debt has been outstanding; reasons why the debt has been outstanding; and other relevant factors concerning the circumstances of the Consumer.

(3) A deferred payment plan offered by the Company shall state, immediately preceding the space provided for the Consumer's signature and in bold face print at least two 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 utility's failure or refusal to comply with the terms of this agreement.

(4) A deferred payment plan may include a one time five percent penalty 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.

(5) If a Consumer for utility service has not fulfilled terms of a deferred payment agreement or refuses to sign the same, the Company shall have the right to disconnect pursuant to disconnection rules herein and, under such circumstance, it shall not be required to offer a subsequent negotiation of a deferred payment plan prior to disconnection.

(6) If the Company institutes a deferred payment plan it shall not refuse a Consumer participation in such a program on the basis of race, color, creed, sex or marital status.