

**ORDINANCE NO. 20090618-074**

**AN ORDINANCE SETTING RATES AND ESTABLISHING TARIFFS FOR THE PROVISION OF NATURAL GAS SERVICE BY TEXAS GAS SERVICE COMPANY, A DIVISION OF ONEOK, INC. WITHIN THE CITY OF AUSTIN; DECLARING THIS ORDINANCE TO BE A FINAL DETERMINATION OF RATES; REQUIRING ACCEPTANCE BY TEXAS GAS SERVICE COMPANY OF THE RATES PRESCRIBED HEREIN; AND ESTABLISHING AN EFFECTIVE DATE.**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

**PART 1. FINDINGS.**

The Council finds:

- (A) On February 11, 2009, Texas Gas Service Company ("TGS") filed its Statement of Intent to increase its annual revenue by \$3,563,868 within its Central Texas Service Area ("CTXSA"), which, in addition to the City of Austin ("City"), includes the cities of Cedar Park, Kyle, Rollingwood, Sunset Valley, Westlake, and certain unincorporated areas in central Texas.
- (B) In accordance with the Gas Utility Regulatory Act, Utilities Code, §104.107, the City suspended the TGS' proposed effective date of March 18, 2009, for a period not to exceed 90 days from TGS' proposed effective date, to June 16, 2009.
- (C) In order to provide the City and TGS sufficient time to conclude discussions regarding TGS' Statement of Intent without the need for a contested proceeding, TGS agreed to extend its proposed effective date from March 18, 2009, to March 27, 2009 thereby extending the 90-day suspension period to June 25, 2009.
- (D) TGS provided adequate public notice of its proposed increase in rates in accordance with the Gas Utility Regulatory Act.
- (E) A public hearing was conducted in accordance with applicable law on June 18, 2009.
- (F) A base rate revenue increase in the amount of \$1,050,000 per annum, which corresponds to an annual base rate revenue requirement for the CTXSA of \$42,654,625, is reasonable and consistent with the requirements of the Gas

Utility Regulatory Act, will permit TGS a reasonable opportunity to earn a reasonable return on its invested capital, and will yield a fair return upon the adjusted value of TGS' property used and useful in rendering service to the public.

- (G) Consistent with the City's continued interest in promoting the conservation of natural resources, the City approves a new "Green Saver" tariff intended to encourage customers to improve the energy efficiency of their homes and businesses.
- (H) To improve the energy-efficiency efforts intended to be fostered by the "Green Saver" tariff, the City and TGS will continue in good faith to discuss possible changes to that tariff that would improve the program, with the goal of reaching agreement on any necessary amendments to the Green Saver tariff within 120 days following the effective date of this ordinance.
- (I) TGS and the City will continue in good-faith to discuss TGS' proposal for a "fixed-gas-cost" pilot program intended to allow certain customers to pay a pre-set price for gas purchases made by TGS and resulting changes to TGS' "Gas Cost Adjustment" tariff that would address the details of a fixed-gas-cost pilot program, with the goal of reaching agreement on a tariff within 120 days following the effective date of this ordinance.
- (J) The tariffs and specific rates and charges, and customer service rules appended to this ordinance are reasonable and in the public interest.
- (K) The costs of the City's rate consultants, attorneys, and technical staff to conduct investigations, present evidence, advise and represent the City of Austin in these rate-making proceedings are reasonable and necessary expenses, as are the rate case expenses incurred by TGS in this proceeding.

**PART 2.** The City is the regulatory body with exclusive original jurisdiction over the rates, operations, and services of Texas Gas Service Company, a division of ONEOK, Inc., within the municipality.

**PART 3.** An increase in the amount of \$1,050,000 in TGS' annual base-rate revenue, as determined on a systemwide basis for the CTXSA, is approved within the City of Austin.

**PART 4.** Except to the extent approved in Attachments 1 and 2 and this ordinance, the City denies TGS' request for rates, tariffs, and charges as proposed in TGS' Statement of Intent and rate increase request filed with the City on February 11, 2009.

**PART 5.** The rates, tariffs, charges, schedules, and service rules appended to this ordinance as "Attachment 1" for natural gas service provided by TGS within the City of Austin, are reasonable and are hereby approved. Said rates, tariffs, charges, schedules, and service rules approved and adopted in accordance with this ordinance are those under which TGS shall be authorized to render service and to collect charges from its customers for the provision of natural gas service within the corporate limits of the City of Austin until such time as they may be changed, modified, amended, or withdrawn with the approval of the City Council, and shall apply to all natural gas service rendered within the City of Austin beginning with the effective date of this ordinance or the effective date as specifically applicable to the rate, tariff, charge, or rule appended to this ordinance in "Attachment 1".

**PART 6.** The proposed depreciation and amortization rates set forth on the Depreciation and Amortization Expense summary appended to this ordinance as "Attachment 2" are approved by this ordinance.

**PART 7.** TGS' return on equity shall be assumed to be 10.50% with a capital structure of 49% Long-term Debt and 51% Equity. This return on equity and capital structure produces an overall rate of return of 8.40%. TGS' incremental federal income tax rate shall be assumed to be 35%.

**PART 8.** TGS shall be allowed to recover its costs of stored gas through its Gas Cost Adjustment ("GCA") clause and to earn a return on its investment in stored-gas inventories at the overall rate of return of 8.40% as set forth in Part 7 above and as set forth in the GCA tariff appended to this ordinance. The return on the Company's investment in stored gas shall be calculated for each month of the year based upon this authorized rate of return and the arithmetic average of the beginning and ending balances of gas in storage inventory for the prior calendar month, the same method for quantifying a utility's investment in stored gas that was approved by the Railroad Commission of Texas for CenterPoint Energy in GUD No. 9791.

**PART 9.** TGS shall file, no later than June 28, 2009, an acceptance of the rate provisions of this ordinance. Failure to accept the rates prescribed herein within the specified time, or an attempted acceptance under protest or with qualifications or any appeal of this ordinance, shall render the rate provisions of this ordinance void and the rates in effect prior to passage of this ordinance shall remain without change. Any failure of TGS to accept the rate provisions or TGS' appeal of this ordinance shall constitute a final determination and decision as of the date of passage of this ordinance that the rates in effect prior to the passage of this ordinance shall remain in effect.

**PART 10.** TGS Company shall file with the City a revised schedule of rates and tariffs setting forth those rates, tariffs, and charges based upon the provisions of this ordinance.

**PART 11.** The costs of rate consultants, attorneys, and technical staff to conduct investigations, present evidence, advise, and represent the City of Austin in this rate-making proceeding shall be reimbursed to the City of Austin by TGS no later than 30 days after the effective date of this ordinance. The total amount of rate case expenses of the City and TGS shall be amortized by TGS over a period of three years and recovered through base rates.


**PART 12.** Nothing in this ordinance shall be construed as limiting or modifying in any manner the right and power of the City under the law to regulate the rates and charges of TGS Company.

**PART 13.** This ordinance takes effect on June 29, 2009.



**PASSED AND APPROVED**

\_\_\_\_\_, June 18, 2009

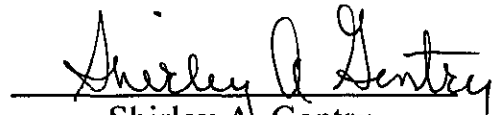
**APPROVED:**

  
\_\_\_\_\_  
David Allan Smith  
City Attorney

§  
§  
§

  
  
\_\_\_\_\_  
for Will Wynn  
Mayor

**ATTEST:**

  
\_\_\_\_\_  
Shirley A. Gentry  
City Clerk

**TEXAS GAS SERVICE COMPANY**  
**Central Texas Service Area**

**RATE SCHEDULE WNA**  
**Page 1 of 2**

**WEATHER NORMALIZATION ADJUSTMENT CLAUSE**

**A. APPLICABILITY**

The Weather Normalization Adjustment Clause (WNA) shall apply to the following general service rate schedules of Texas Gas Service Company in the incorporated areas of the Central Texas Service Area which includes Austin, Cedar Park, Kyle, Rollingwood, Sunset Valley and West Lake Hills: 10, 20, 22, 40, 42, and 48. The WNA shall be effective during the September through May billing cycles.

**B. PURPOSE**

The WNA refunds over-collections or surcharges under-collections of revenue due to colder or warmer than normal weather, as established in the Company's most recent rate filing.

**C. WNA MECHANISM**

In order to reflect weather effects in a timely and accurate manner, the WNA adjustment shall be calculated separately for each billing cycle and rate schedule. The weather factor, determined for each rate schedule in the most recent rate case, shows the effect of one heating degree day on consumption for that rate schedule. During each billing cycle, the weather factor is multiplied by the difference between normal and actual heating degree days for the billing period and by the number of customers billed. This WNA volume adjustment is priced at the current cost of service rate per Ccf to determine a WNA revenue adjustment, which is spread to the customers in the billing cycle on a prorata basis. The WNA for each billing cycle and rate schedule shall be based on the following formula:

$$\text{WNA Rate} = \frac{\text{WNAD}}{\text{CV}}, \text{ where}$$

WNAD = Weather Normalization Adjustment Dollars to be collected from each billing cycle and rate schedule. This factor shall be based on the following formula:

$$\text{WNAD} = (\text{HDD}_{\text{Diff}} * \text{CB} * \text{WF}) * \text{COS}_{\text{rate}}, \text{ where}$$

$\text{HDD}_{\text{Diff}} = (\text{Normal}_{\text{HDD}} - \text{Actual}_{\text{HDD}})$ , the difference between normal and actual heating degree days for the billing period.

CB = Number of customers billed for the billing period.

WF = Weather factor determined for each rate schedule in the most recent rate case.

CV = Current Volumes for the billing period.

**WEATHER NORMALIZATION ADJUSTMENT CLAUSE  
(Continued)**

**D. FILING WITH THE CITIES AND THE RAILROAD COMMISSION OF TEXAS (RRC)**

The Company will file with the Cities and the RRC monthly reports showing the rate adjustments for each applicable rate schedule. Supporting documentation will be made available for review upon request. By each October 1, the Company will file with the Cities and the RRC an annual report verifying the past year's WNA collections or refunds.

**TEXAS GAS SERVICE COMPANY**  
**Central Texas Service Area**

**RATE SCHEDULE 1C**

**CONSERVATION ADJUSTMENT CLAUSE RATE**

**A. APPLICABILITY**

The Conservation Adjustment Clause ("CAC") rate, calculated pursuant to Rate Schedule CAC, shall apply to the following rate schedules listed below for all incorporated areas served by the Company in its Central Texas Service Area which includes Austin, Cedar Park, Kyle, Rollingwood, Sunset Valley and West Lake Hills, Texas.

**B. CURRENT CAC RATE**

<u>Rate Schedule</u>	<u>Customer Class</u>	<u>*Conservation Rate</u>
10	Residential Service	\$ .0205
20	Commercial	\$ .0052
22	Large Volume Commercial	\$ .0254
30	Industrial	\$ .0122
32	Large Volume Industrial	\$ .0000

**\*The Conservation Rate will change annually pursuant to Rate Schedule CAC.**

**Supersedes Same Sheet Dated**  
**January 2, 2007 (Austin & Sunset Valley)**

**Meters Read On and After**  
**June 30, 2009**

**COST OF GAS CLAUSE**

**A. APPLICABILITY**

This Cost of Gas Clause shall apply to all general service rate schedules of Texas Gas Service Company ("The Company") in all incorporated areas served by the Company in its Central Texas Service Area which includes Austin, Cedar Park, Kyle, Rollingwood, Sunset Valley and West Lake Hills, Texas.

**B. DEFINITIONS**

1. Cost of Gas - The rate per billing unit or the total calculation under this clause, consisting of the Commodity Cost, the Reconciliation Component, any surcharges or refunds, Uncollectible Cost of Gas, and the revenue associated fees (including franchise fees) and taxes.
2. Commodity Cost - The Cost of Purchased Gas multiplied by the Purchase Sales Ratio plus an adjustment for any known and quantifiable under or over collection prior to the end of the reconciliation period.
3. Cost of Purchased Gas - The estimated cost for gas purchased by the Company from its suppliers or the estimated weighted average cost for gas purchased by the Company from all sources where applicable. Such cost shall include not only the purchase cost of natural gas, but shall also include all reasonable costs for services such as gathering, treating, processing, transportation, capacity and/or supply reservation, storage, balancing including penalties, and swing services necessary for the movement of gas to the Company's city gate delivery points. The Cost of Purchased Gas shall also include gains or losses from the utilization of natural gas financial instruments that are executed by the Company for the purpose of mitigating price volatility. Companies affiliated with the Company shall not be allowed to charge fees for transactions related to natural gas financial instruments utilized for purposes in this Cost of Gas Clause and hence can not realize a profit in this regard. The Cost of Purchased Gas may also include costs related to the purchase and transportation of Renewable Natural Gas (RNG).
4. Reconciliation Component - The amount to be returned to or recovered from customers each month from October through June as a result of the Reconciliation Audit.
5. Reconciliation Audit - An annual review of the Company's books and records for each twelve-month period ending with the production month of June to determine the amount of over or under collection occurring during such twelve-month period. The audit shall determine: (a) the total amount paid for gas purchased by the Company (per Section B (3) above) to provide service to its general service customers during the period, (b) the revenues received from operation of the provisions of this Cost of Gas Clause reduced by the amount of revenue associated fees (including franchise fees) and taxes paid by the Company on those revenues, (c) the total amount of refunds made to customers during the period and any other revenues or credits received by the Company as a result of relevant gas purchases or operation of this Cost of Gas Clause, (d) the total amount accrued for imbalances under the transportation rate schedule(s) net of franchise fees and applicable taxes, (e) the total amount of Uncollectible Cost of Gas during the period, (f) the total amount of Pipeline Integrity costs during the period and (g) an adjustment, if necessary, to remove lost and unaccounted for gas costs during the period for volumes in excess of five (5) percent of purchases.



**COST OF GAS CLAUSE**  
**(Continued)**

6. Purchase/Sales Ratio - A ratio determined by dividing the total volumes purchased by general service customers during the twelve (12) month period ending June 30 by the sum of the volumes sold to general service customers. For the purpose of this computation all volumes shall be stated at 14.65 psia. Such ratio as determined shall in no event exceed 1.0526 i.e.  $1/(1 - .05)$  unless expressly authorized by the applicable regulatory authority.
7. Reconciliation Account - The account maintained by the Company to assure that over time it will neither over nor under collect revenues as a result of the operation of the Cost of Gas Clause. Entries shall be made monthly to reflect, (a) the total amounts paid to the Company's supplier(s) for gas applicable to general service customers as recorded on the Company's books and records, (per Section B(3) above) (b) the revenues produced by the operation of this Cost of Gas Clause, (c) refunds, payments, or charges provided for herein or as approved by the regulatory authority, (d) amounts accrued pursuant to the treatment of imbalances under any transportation rate schedule(s), (e) total amount of Uncollectible Cost of Gas during the period, and (f) total amount of Pipeline Integrity costs during the period.
8. Uncollectible Cost of Gas – the amounts actually written off after the effective date of this rate schedule related to cost of gas.
9. Pipeline Integrity Costs – the costs incurred in order to comply with the Texas Railroad Commission's Pipeline Integrity Assessment and Management Plan rule, 16 Tex. Admin. Code §8.101 and any other future Railroad Commission rules related to integrity management plans.

**C. COST OF GAS**

In addition to the cost of service as provided under its general service rate schedules, the Company shall bill each general service customer for the Cost of Gas incurred during the billing period. The Cost of Gas shall be clearly identified on each customer bill.

**D. DETERMINATION AND APPLICATION OF THE RECONCILIATION COMPONENT**

If the Reconciliation Audit reflects either an over recovery or under recovery of revenues, such amount, plus or minus the amount of interest calculated pursuant to Section E below, if any, shall be divided by the general service sales volumes, adjusted for the effects of weather, growth, and conservation for the period beginning with the October billing cycle through the June billing cycle preceding the filing of the Reconciliation Audit. The Reconciliation Component so determined to collect any revenue shortfall or to return any excess revenue shall be applied, subject to refund, for a nine (9) month period beginning with the October billing cycle and continuing through the next June billing cycle at which time it will terminate.

**COST OF GAS CLAUSE**  
**(Continued)**

**E. INTEREST ON FUNDS**

Concurrently with the Reconciliation Audit, the Company shall determine the amount by which the Cost of Gas was over or under collected for each month within the period of audit. The Company shall debit or credit to the Reconciliation Account for each month of the reconciliation period: (1) an amount equal to the outstanding over collected balance multiplied by interest of 6% per annum compounded monthly; or, (2) an amount equal to the outstanding under collected balance multiplied by interest of 6% per annum compounded monthly. The Company shall also be allowed to recover a carrying charge calculated based on the arithmetic average of the beginning and ending balance of gas in storage inventory for the prior calendar month times the authorized rate of return.

**F. SURCHARGE OR REFUND PROCEDURES**

In the event that the rates and charges of the Company's supplier are retroactively reduced and a refund of any previous payments is made to the Company, the Company shall make a similar refund to its general service customers. Similarly, the Company may surcharge its general service customers for retroactive payments made for gas previously delivered into the system. Any surcharge or refund amount will be included in the Reconciliation Account.

Refunds or charges shall be entered into the Reconciliation Account as they are collected from or returned to the customers. For the purpose of this Section F, the entry shall be made on the same basis used to determine the refund or charge component of the Cost of Gas and shall be subject to the calculation set forth in Section (E) Interest on Funds, above.

**G. COST OF GAS STATEMENT**

The Company shall file a Cost of Gas Statement with the Regulatory Authority by the beginning of each billing month. The Cost of Gas Statement shall set forth (a) the estimated Cost of Purchased Gas; (b) that cost multiplied by the Purchase/Sales Ratio; (c) the amount of the cost of gas caused by any surcharge or refund; (d) the Reconciliation Component; (e) the revenue associated fees (including franchise fees) and taxes to be applied to revenues generated by the Cost of Gas; (f) the Cost of Gas calculation, including the gains and losses from hedging activities for the month; and (g) the beginning and ending date of the billing period. The statement shall include all data necessary for the Regulatory Authority to review and verify the calculations of the Cost of Gas.

**H. ANNUAL RECONCILIATION REPORT**

The Company shall file an Annual Reconciliation Report with the Regulatory Authority which shall include but not necessarily be limited to:

1. A tabulation of volumes of gas purchased and costs incurred listed by account or type of gas, supplier and source by month for the twelve months ending June 30.
2. A tabulation of gas units sold to general service customers and related Cost of Gas Clause revenues.
3. A description of all other costs and refunds made during the year and their effect on the Cost of Gas Clause to date.

**COST OF GAS CLAUSE**  
**(Continued)**

**H. ANNUAL RECONCILIATION REPORT (cont'd)**

4. A description of the hedging activities conducted each month during the twelve months ending June 30, including the types of transaction used, resulting gains and losses, any changes in the hedging program implemented during the period and the rationale for the changes. The report should include the customer impact of hedging activities stated as costs to the average residential and commercial customer during the period.
5. A description of the imbalance payments made to and received from the Company's transportation customers within the service area, including monthly imbalances incurred, the monthly imbalances resolved, and the amount of the cumulative imbalance. The description should reflect the system imbalance and imbalance amount for each supplier using the Company's distribution system during the reconciliation period.
6. A description of uncollectible cost of gas during the period and its effect on the Cost of Gas Clause to date.
7. A description of pipeline integrity costs during the period and its effect on the Cost of Gas Clause to date.

This report shall be filed concurrently with the Cost of Gas Statement for October. If the Regulatory Authority thereafter determines that an adjustment to the Reconciliation Component is required, such adjustment shall be included in the Reconciliation Component for the next annual Reconciliation Audit following the date of such determination.

This Rate Schedule Replaces Cost of Gas Clause:  
1-INC dated 9/8/08 (Austin), 1-INC dated 6/2/08  
(Sunset Valley, Rollingwood, West Lake Hills and  
Cedar Park) and 1-INC dated 12/29/03 (Kyle)

Meters Read On and After  
June 30, 2009

**RESIDENTIAL SERVICE RATE**

**APPLICABILITY**

Applicable to a residential customer in a single dwelling, or in a dwelling unit of a multiple dwelling or residential apartment, for domestic purposes. A residential consumer includes an individually-metered residential unit or dwelling that is operated by a public housing agency acting as an administrator of public housing programs under the direction of the U.S. Department of Housing and Urban Development. This rate is only available to full requirements customers of Texas Gas Service Company.

**TERRITORY**

All incorporated areas served by the Company in its Central Texas Service Area which includes Austin, Cedar Park, Kyle, Rollingwood, Sunset Valley and West Lake Hills, Texas.

**COST OF SERVICE RATE**

During each monthly billing period:

A customer charge per meter per month of	\$9.75 plus -
All Ccf per monthly billing period @	\$ .08257 per Ccf.

**OTHER ADJUSTMENTS**

In addition to the Cost of Service charges set forth above, each customer's bill shall include the following:

1. The Cost of Gas for the billing month determined in accordance with the provisions of the Cost of Gas Clause, Rate Schedule 1-INC.
2. Adjustments in accordance with the provisions of the Weather Normalization Adjustment Clause, Rate Schedule WNA.
3. Adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC, if applicable.
4. Adjustments in accordance with the provisions of the Relocation Cost Recovery Rate Schedule RCR, if applicable.
5. All applicable taxes and fees (including franchise fees).

**CONDITIONS**

1. Subject in all respects to applicable laws, rules, and regulations from time to time in effect.
2. Residential service shall have priority in supply.

This Rate Schedule replaces Residential Rate Schedules:  
10 dated 7/1/93(Austin & Sunset Valley), 14 dated 10/30/08  
(West Lake Hills), 15 dated 7/1/93 (Cedar Park), 16 dated 7/1/93  
(Rollingwood), and 10 dated 12/29/03(Kyle)

Meters Read On and After  
June 30, 2009

**COMMERCIAL SERVICE RATE**

**APPLICABILITY**

Applicable to any qualifying commercial customer whose annual average consumption is less than 3,100 Ccf per monthly billing period and to any customer not otherwise specifically provided for under any other rate schedule. This rate is only available to full requirements customers of Texas Gas Service Company.

**TERRITORY**

All incorporated areas served by the Company in its Central Texas Service Area which includes Austin, Cedar Park, Kyle, Rollingwood, Sunset Valley and West Lake Hills, Texas.

**COST OF SERVICE RATE**

During each monthly billing period:

A customer charge per meter per month of	\$12.75 plus -
All Ccf per monthly billing period @	\$ .13010 per Ccf.

**OTHER ADJUSTMENTS**

In addition to the Cost of Service charges set forth above, each customer's bill shall include the following:

1. The Cost of Gas for the billing month determined in accordance with the provisions of the Cost of Gas Clause, Rate Schedule 1-INC.
2. Adjustments in accordance with the provisions of the Weather Normalization Adjustment Clause, Rate Schedule WNA.
3. Adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC, if applicable.
4. Adjustments in accordance with the provisions of the Relocation Cost Recovery Rate Schedule RCR, if applicable.
5. All applicable taxes and fees (including franchise fees).

**CONDITIONS**

1. Subject in all respects to applicable laws, rules, and regulations from time to time in effect.
2. Delivery of gas hereunder may be interrupted or curtailed at the discretion of the Company, in case of shortage or threatened shortage of gas supply from any cause whatsoever, to conserve gas for residential and other customers served.

This Rate Schedule replaces Commercial Rate Schedules:  
20 dated 7/1/93 (Austin & Sunset Valley), 24 dated 10/30/08  
(West Lake Hills), 25 dated 7/1/93 (Cedar Park), 26 dated  
7/1/93 (Rollingwood), and 20 dated 12/29/03 (Kyle)

Meters Read On and After  
June 30, 2009

**LARGE VOLUME COMMERCIAL SERVICE RATE**

**APPLICABILITY**

Applicable to any qualifying commercial customer whose annual average consumption exceeds 3,100 Ccf per monthly billing period. This rate is only available to full requirements customers of Texas Gas Service Company.

**TERRITORY**

All incorporated areas served by the Company in its Central Texas Service Area which includes Austin, Cedar Park, Kyle, Rollingwood, Sunset Valley and West Lake Hills, Texas.

**COST OF SERVICE RATE**

During each monthly billing period:

A customer charge per meter per month of	\$80.00 plus -
All Ccf per monthly billing period @	\$ .10898 per Ccf

**OTHER ADJUSTMENTS**

In addition to the Cost of Service charges set forth above, each customer's bill shall include the following:

1. The Cost of Gas for the billing month determined in accordance with the provisions of the Cost of Gas Clause, Rate Schedule 1-INC.
2. Adjustments in accordance with the provisions of the Weather Normalization Adjustment Clause, Rate Schedule WNA.
3. Adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC, if applicable.
4. Adjustments in accordance with the provisions of the Relocation Cost Recovery Rate Schedule RCR, if applicable.
5. All applicable taxes and fees (including franchise fees).

**CONDITIONS**

1. Subject in all respects to applicable laws, rules, and regulations from time to time in effect.
2. Delivery of gas hereunder may be interrupted or curtailed at the discretion of the Company, in case of shortage or threatened shortage of gas supply from any cause whatsoever, to conserve gas for residential and other customers served.

**INDUSTRIAL SERVICE RATE**

**APPLICABILITY**

Applicable to any qualifying industrial customer whose annual average consumption is less than 10,000 Ccf per monthly billing period. Service under this rate schedule is available to any qualifying customer whose primary business activity at the location served is included in one of the following classifications of the Standard Industrial Classification Manual of the U.S. Government.

Division B - Mining - all Major Groups  
Division D - Manufacturing - all Major Groups  
Divisions E and J - Utility and Government - facilities generating power  
for resale only

**TERRITORY**

All incorporated areas served by the Company in its Central Texas Service Area which includes Austin, Cedar Park, Kyle, Rollingwood, Sunset Valley and West Lake Hills, Texas.

**COST OF SERVICE RATE**

During each monthly billing period:

A customer charge per meter per month of	\$40.00 plus -
All Ccf per monthly billing period @	\$ .10675 per Ccf.

**OTHER ADJUSTMENTS**

In addition to the Cost of Service charges set forth above, each customer's bill shall include the following:

1. The Cost of Gas for the billing month determined in accordance with the provisions of the Cost of Gas Clause, Rate Schedule 1-INC.
2. Adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC, if applicable.
3. Adjustments in accordance with the provisions of the Relocation Cost Recovery Rate Schedule RCR, if applicable.
4. All applicable taxes and fees (including franchise fees).

**CONDITIONS**

1. Subject in all respects to applicable laws, rules, and regulations from time to time in effect.
2. Delivery of gas hereunder may be interrupted or curtailed at the discretion of the Company, in case of shortage or threatened shortage of gas supply from any cause whatsoever, to conserve gas for residential and other customers served.

**LARGE VOLUME INDUSTRIAL SERVICE RATE**

**APPLICABILITY**

Applicable to any qualifying industrial customer whose annual average consumption exceeds 10,000 Ccf per monthly billing period. This rate is only available to full requirements customers of Texas Gas Service Company. Service under this rate schedule is available to any qualifying customer whose primary business activity at the location served is included in one of the following classifications of the Standard Industrial Classification Manual of the U.S. Government.

Division B - Mining - all Major Groups  
Division D - Manufacturing - all Major Groups  
Divisions E and J - Utility and Government - facilities generating power  
for resale only

**TERRITORY**

All incorporated areas served by the Company in its Central Texas Service Area which includes Austin, Cedar Park, Kyle, Rollingwood, Sunset Valley and West Lake Hills, Texas.

**COST OF SERVICE RATE**

During each monthly billing period:

A customer charge per meter per month of	\$80.00 plus -
All Ccf per monthly billing period @	\$ .10064 per Ccf.

**OTHER ADJUSTMENTS**

In addition to the Cost of Service charges set forth above, each customer's bill shall include the following:

1. The Cost of Gas for the billing month determined in accordance with the provisions of the Cost of Gas Clause, Rate Schedule 1-INC.
2. Adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC, if applicable.
3. Adjustments in accordance with the provisions of the Relocation Cost Recovery Rate Schedule RCR, if applicable.
4. All applicable taxes and fees (including franchise fees).

**CONDITIONS**

1. Subject in all respects to applicable laws, rules, and regulations from time to time in effect.
2. Delivery of gas hereunder may be interrupted or curtailed at the discretion of the Company, in case of shortage or threatened shortage of gas supply from any cause whatsoever, to conserve gas for residential and other customers served.



**PUBLIC AUTHORITY SERVICE RATE**

**APPLICABILITY**

Applicable to any qualifying public authority customer whose annual average consumption is less than 2,900 Ccf per monthly billing period. Applicable to qualifying 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. This rate is only available to full requirements customers of Texas Gas Service Company.

**TERRITORY**

All incorporated areas served by the Company in its Central Texas Service Area which includes Austin, Cedar Park, Kyle, Rollingwood, Sunset Valley and West Lake Hills, Texas.

**COST OF SERVICE RATE**

During each monthly billing period:

A customer charge per meter per month of	\$20.00 plus -
All Ccf per monthly billing period @	\$ .11838 per Ccf.

**OTHER ADJUSTMENTS**

In addition to the Cost of Service charges set forth above, each customer's bill shall include the following:

1. The Cost of Gas for the billing month determined in accordance with the provisions of the Cost of Gas Clause, Rate Schedule I-INC.
2. Adjustments in accordance with the provisions of the Weather Normalization Adjustment Clause, Rate Schedule WNA.
3. Adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC, if applicable.
4. Adjustments in accordance with the provisions of the Relocation Cost Recovery Rate Schedule RCR, if applicable.
5. All applicable taxes and fees (including franchise fees).

**CONDITIONS**

1. Subject in all respects to applicable laws, rules, and regulations from time to time in effect.
2. Delivery of gas hereunder may be interrupted or curtailed at the discretion of the Company, in case of shortage or threatened shortage of gas supply from any cause whatsoever, to conserve gas for residential and other customers served.

Supersedes Same Sheet Dated  
July 1, 1993 (CTX except West Lake Hills)  
and Rate Sch 44 dated 10/30/08 (West Lake Hills)

Meters Read On and After  
June 30, 2009

**LARGE VOLUME PUBLIC AUTHORITY SERVICE RATE**

**APPLICABILITY**

Applicable to any qualifying public authority customer whose annual average consumption exceeds 2,900 Ccf per monthly billing period. Applicable to qualifying 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. This rate is only available to full requirements customers of Texas Gas Service Company.

**TERRITORY**

All incorporated areas served by the Company in its Central Texas Service Area which includes Austin, Cedar Park, Kyle, Rollingwood, Sunset Valley and West Lake Hills, Texas.

**COST OF SERVICE RATE**

During each monthly billing period:

A customer charge per meter per month of	\$80.00 plus -
All Ccf per monthly billing period @	\$ .11041 per Ccf.

**OTHER ADJUSTMENTS**

In addition to the Cost of Service charges set forth above, each customer's bill shall include the following:

1. The Cost of Gas for the billing month determined in accordance with the provisions of the Cost of Gas Clause, Rate Schedule 1-INC.
2. Adjustments in accordance with the provisions of the Weather Normalization Adjustment Clause, Rate Schedule WNA.
3. Adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC, if applicable.
4. Adjustments in accordance with the provisions of the Relocation Cost Recovery Rate Schedule RCR, if applicable.
5. All applicable taxes and fees (including franchise fees).

**CONDITIONS**

1. Subject in all respects to applicable laws, rules, and regulations from time to time in effect.
2. Delivery of gas hereunder may be interrupted or curtailed at the discretion of the Company, in case of shortage or threatened shortage of gas supply from any cause whatsoever, to conserve gas for residential and other customers served.

Supersedes Same Sheet Dated  
July 1, 1993

Meters Read On and After  
June 30, 2009

**PUBLIC SCHOOLS SPACE HEATING SERVICE RATE**

**APPLICABILITY**

Applicable to public schools for space heating purposes. This rate is only available to full requirements customers of Texas Gas Service Company.

**TERRITORY**

All incorporated areas served by the Company in its Central Texas Service Area which includes Austin, Cedar Park, Kyle, Rollingwood, Sunset Valley and West Lake Hills, Texas.

**COST OF SERVICE RATE**

During each monthly billing period:

A customer charge per meter per month of	\$40.00 plus -
All Ccf per monthly billing period @	\$ .11689 per Ccf.

**OTHER ADJUSTMENTS**

In addition to the Cost of Service charges set forth above, each customer's bill shall include the following:

1. The Cost of Gas for the billing month determined in accordance with the provisions of the Cost of Gas Clause, Rate Schedule I-INC.
2. The billing shall reflect adjustments in accordance with the provisions of the Weather Normalization Adjustment Clause, Rate Schedule WNA.
3. Adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC, if applicable.
4. Adjustments in accordance with the provisions of the Relocation Cost Recovery Rate Schedule RCR, if applicable.
5. All applicable taxes and fees (including franchise fees).

**CONDITIONS**

1. Subject in all respects to applicable laws, rules, and regulations from time to time in effect.
2. Delivery of gas hereunder may be interrupted or curtailed at the discretion of the Company, for peak shaving purposes or, in case of shortage or threatened shortage of gas supply from any cause whatsoever, to conserve gas for any or all customers.

**CONSERVATION ADJUSTMENT CLAUSE**

**A. APPLICABILITY**

The Conservation Adjustment Clause (CAC) shall apply to all rate schedules of Texas Gas Service Company (Company) in all incorporated areas served by the Company in its Central Texas Service Area which includes Austin, Cedar Park, Kyle, Rollingwood, Sunset Valley and West Lake Hills, Texas. The CAC rate shall be adjusted annually and applied to subsequent usage for each customer class.

**B. COMPUTATION OF CAC RATE**

The CAC rate for a given year will be separately calculated for each individual customer class according to the following:

$$\text{CAC Rate} = \frac{(\text{BCD} + \text{PYUC}) \text{ or } (\text{BCD} - \text{PYOC})}{\text{NV}}$$

BCD = Budgeted conservation dollars for each individual rate class during the upcoming fiscal year. These dollars will be submitted for the City of Austin's approval 30 days prior to the beginning of the upcoming fiscal year. If no action is taken by the City of Austin within 30 days, the budget will automatically be approved.

PYUC = Accumulated under collection from prior years for each individual rate class, or the actual amount collected in prior years minus the actual amount disbursed in prior years.

PYOC = Accumulated over collection from prior years for each individual rate class, or the actual amount collected in prior years minus the actual amount disbursed in prior years.

NV = Actual volumes from the prior fiscal year (normalized for weather and growth/attrition) listed in Ccf for each rate class.

**C. FILING WITH THE CITY OF AUSTIN**

The following documents will be filed with the City of Austin:

- a) A schedule indicating the new CAC rates for each of the effected rate classes, to be filed within 30 days of implementation.
- b) An annual report of the prior fiscal year collections and disbursements, to be filed within 90 days of the prior fiscal year end.

**COMPRESSED NATURAL GAS SERVICE RATE**

**APPLICABILITY**

Applicable to any non-residential customer for usage where customer purchases natural gas which will be compressed and used as a motor fuel. Service will be separately metered. This rate does not include compression by the Company beyond normal meter sales pressure.

**TERRITORY**

All incorporated areas served by the Company in its Central Texas Service Area which includes Austin, Cedar Park, Kyle, Rollingwood, Sunset Valley and West Lake Hills, Texas.

**COST OF SERVICE RATE**

During each monthly billing period:

A customer charge per meter per month of	\$25.00 plus -
All Ccf per monthly billing period @	\$ .07018 per Ccf

**OTHER ADJUSTMENTS**

In addition to the Cost of Service charges set forth above, each customer's bill shall include the following:

1. The Cost of Gas for the billing month determined in accordance with the provisions of the Cost of Gas Clause, Rate Schedule 1-INC.
2. Adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC, if applicable.
3. Adjustments in accordance with the provisions of the Relocation Cost Recovery Rate Schedule RCR, if applicable.
4. All applicable taxes and fees (including franchise fees).

**CONDITIONS**

1. Subject in all respects to applicable laws, rules, and regulations from time to time in effect.
2. Delivery of gas hereunder may be interrupted or curtailed at the discretion of the Company, in case of shortage or threaten shortage of gas supply from any cause whatsoever, to conserve gas for residential and other customers served.
3. The Company's ABC Plan is not available to customers taking this service.
4. This rate does not include any road use fees, permits, or taxes etc. It provides for the delivery of uncompressed natural gas only.
5. Customer must provide affidavit to the Company certifying that the gas delivered will be compressed for use as motor fuel.
6. Compressor station subject to inspection by Company engineers.

**GREEN SAVER TARIFF**

**A. APPLICABILITY**

Applicable to the residence of any residential customer who (a) occupies an Austin Energy Green Building certified Green Home, minimum three stars, and that uses natural gas for water heating and space heating, or (b) has an energy audit conducted by an auditor certified by Austin Energy (AE), or by an auditor with a Home Energy Rating System certificate, a PE (professional engineer) certification, or a LEED (Leadership in Energy and Environmental Design) certificate.

Applicable to a small commercial customer who occupies an office building that is currently certified three star by the Austin Green Building Program. Applicability is limited to the customer's office(s) in that certified office building.

**B. TERRITORY**

All areas served by the Company in its Central Texas Service Area whose regulatory body has adopted the Conservation Adjustment Clause for service provided within the corporate limits of each city served by the Company. The Central Texas Service Area includes Austin, Cedar Park, Kyle, Rollingwood, Sunset Valley, and West Lake Hills, Texas.

**C. RATE**

During each monthly billing period for a period of twenty-four (24) months, a credit per meter per month of \$2.00 will be given to each customer qualifying for this tariff. The credit will be billed during the next billing cycle after the documentation has been submitted and approved by the Company.

All amounts credited to customers shall be recorded and included in the Company's submittal in the annual budget and reconciliation process outlined in the Company's Conservation Adjustment Clause.

**D. CONDITIONS**

1. Subject in all respects to applicable laws, rules, and regulations from time to time in effect.
2. The customer must provide to the Company proof of qualification under the applicable criteria set forth in Section A above.
3. Eligibility for the "Green Saver" rate will be limited to the number of participants included in the applicable line item in the annual Conservation Program budget submitted to the City each year.

**PIPELINE SAFETY PROGRAM FEES**

**TEXAS ADMINISTRATIVE CODE**

**TITLE 16** ECONOMIC REGULATION

**PART 1** RAILROAD COMMISSION OF TEXAS

**CHAPTER 8** PIPELINE SAFETY REGULATIONS

**SUBCHAPTER C** REQUIREMENTS FOR NATURAL GAS PIPELINES ONLY

**Rule 8.201** Pipeline Safety Program Fees

(a) Pursuant to Texas Utilities Code, 121.211, the Commission establishes a pipeline safety inspection fee, to be assessed annually against operators of natural gas distribution pipelines and pipeline facilities and natural gas master metered pipelines and pipeline facilities subject to the Commission's pipeline safety jurisdiction under Texas Utilities Code, Chapter 121. The total amount of revenue estimated to be collected under this section does not exceed the amount the Commission estimates to be necessary to recover the costs of administering the pipeline safety program under Texas Utilities Code, Chapter 121, excluding costs that are fully funded by federal sources, for any fiscal year.

(b) The Commission hereby assesses each operator of a natural gas distribution system an annual pipeline safety program fee of \$0.50 for each service (service line) reported to be in service at the end of each calendar year by each system operator on the Distribution Annual Report, Form F7100.1-1, to be filed on March 15 of each year.

(1) Each operator of a natural gas distribution system shall calculate the total amount of the annual pipeline safety program fee to be paid to the Commission by multiplying the number of services listed in Part B, Section 3, of Department of Transportation (DOT) Distribution Annual Report, Form F7100.1-1, due to be filed on March 15 of each year, by \$0.50.

(2) Each operator of a natural gas distribution system shall remit to the Commission on March 15 of each year, the amount calculated under paragraph (1) of this subsection.

(3) Each operator of a natural gas distribution system shall recover, by a surcharge to its existing rates, the amount the operator paid to the Commission under paragraph (1) of this subsection. The surcharge:

PIPELINE SAFETY PROGRAM FEES

(Continued)

(A) shall be a flat rate, one-time surcharge;

(B) shall not be billed before the operator remits the pipeline safety program fee to the Commission;

(C) shall be applied in the billing cycle or cycles immediately following the date on which the operator paid the Commission;

(D) shall not exceed \$0.50 per service or service line *(For calendar year 2008 the annual pipeline safety program fee, effective with meters read on and after March 31, 2008, Texas Gas Service Company will bill all customers a one-time customer charge per bill of \$0.46, based on \$0.50 per service line)* ; and

(E) shall not be billed to a state agency, as that term is defined in Texas Utilities Code, 101.003.

(4) No later than 90 days after the last billing cycle in which the pipeline safety program fee surcharge is billed to customers, each operator of a natural gas distribution system shall file with the Commission's Gas Services Division and the Safety Division a report showing:

(A) the pipeline safety program fee amount paid to the Commission;

(B) the unit rate and total amount of the surcharge billed to each customer;

(C) the date or dates on which the surcharge was billed to customers; and

(D) the total amount collected from customers from the surcharge.

(5) Each operator of a natural gas distribution system that is a utility subject to the jurisdiction of the Commission pursuant to Texas Utilities Code, Chapters 101-105, shall file a generally applicable tariff for its surcharge in conformance with the requirements of 7.315 of this title, relating to Filing of Tariffs.

(6) Amounts recovered from customers under this subsection by an investor-owned natural gas distribution system or a cooperatively owned natural gas distribution system shall not be included in the revenue or gross receipts of the system for the purpose of calculating municipal franchise fees or any tax imposed under Subchapter B, Chapter 182, Tax Code, or under Chapter 122, nor shall such amounts be subject to a sales and use tax imposed by Chapter 151, Tax Code, or Subtitle C, Title 3, Tax Code.

(c) The Commission hereby assesses each master meter system an annual inspection fee of \$100 per master meter system.

(1) Each operator of a natural gas master meter system shall pay the annual inspection fee of \$100 per master meter system no later than June 30 of each year.



PIPELINE SAFETY PROGRAM FEES  
(Continued)

(2) The Commission shall send an invoice to each affected natural gas master meter operator no later than April 30 of each year as a courtesy reminder. The failure of a natural gas master meter operator to receive an invoice shall not exempt the natural gas master meter operator from its obligation to remit the annual pipeline safety program fee on June 30 each year.

(3) Each operator of a natural gas master meter system shall recover as a surcharge to its existing rates the amounts paid to the Commission under this subsection.

(4) No later than 90 days after the last billing cycle in which the pipeline safety program fee surcharge is billed to customers, each master meter operator shall file with the Commission's Gas Services Division and the Safety Division a report showing:

- (A) the pipeline safety program fee amount paid to the Commission;
- (B) the unit rate and total amount of the surcharge billed to each customer;
- (C) the date or dates on which the surcharge was billed to customers; and
- (D) the total amount collected from customers from the surcharge.

(d) If an operator of a natural gas distribution system or a natural gas master meter system does not submit payment of the annual inspection fee to the Commission within 30 days of the due date, the Commission shall assess a late payment penalty of 10 percent of the total assessment due under subsection (b) or (c) of this section, as applicable, and shall notify the operator.

**Source Note:** The provisions of this 8.201 adopted to be effective September 8, 2003, 28 TexReg 7682; amended to be effective November 24, 2004, 29 TexReg 10733; amended to be effective May 15, 2005, 30 TexReg 2849; amended to be effective December 19, 2005, 30 TexReg 8428; amended to be effective April 18, 2007, 32 TexReg 2136; amended to be effective November 12, 2007, 32 Tex Reg 8121

**RELOCATION COST RECOVERY**

**A. APPLICABILITY**

This Relocation Cost Recovery ("RCR") rate schedule shall apply to the following rate schedules for all incorporated areas served by the Company in its Central Texas Service Area which includes Austin, Cedar Park, Kyle, Rollingwood, Sunset Valley and West Lake Hills, Texas: 10, 20, 22, 30, 32, 40, 42, 48, CNG-1 and T-1.

**B. PURPOSE**

Section 104.112 of the Texas Utility Code, effective on September 1, 1999, allows recovery of the costs of relocating natural gas facilities to accommodate construction or improvement of a highway, road, street, public way, or other public work by or on behalf of the United States, this state, a political subdivision of this state, or another entity having the power of eminent domain that are not reimbursed by the entity requiring the relocation. This rate schedule establishes the cost recovery provisions consistent with Subchapter C, Chapter 104, Texas Utilities Code. RCR rates shall be established through applications filed with the regulatory authority (Section E) consistent with this rate schedule.

**C. COMPUTATION OF RCR RATE**

The RCR rate for a given recovery period will be calculated according to the following formula:

$$\text{RCR Rate} = \frac{\text{CPRC} + \text{PPRC}}{\text{NV}}$$

CPRC = Relocation costs for the current recovery period.

PPRC = Under collection or over collection from any prior RCR rates.

NV = Normalized volumes (in Ccf) for the recovery period (for the applicable rate schedules).

Recovery Period = No less than one year or more than three years.

RCR rates may be revised each quarter.

All applicable fees and taxes will be added to the RCR rates.

**RELOCATION COST RECOVERY**  
(continued)

**D. BILLING**

The RCR rate, pursuant to Rate Schedule RCR-RIDER, shall be included as a separate adjustment (per Ccf rate) to the base bill for the rate schedules listed in Section A above.

**E. FILING WITH THE REGULATORY AUTHORITY**

No less than thirty-five days before implementation of an RCR rate, the Company shall file an application with the appropriate regulatory authority that shall include the following:

1. Documentation demonstrating the requirement of each relocation.
2. Documentation demonstrating the entity requesting each relocation.
3. Schedules showing the costs incurred for each project, considering the costs of comparable facilities.
4. The RCR rate to be implemented with supporting calculations.
5. Documentation demonstrating that reasonable efforts were made to receive reimbursement from the entity requiring each relocation, if applicable.
6. A schedule showing RCR collections, including any over or under collections from prior RCR rate applications.

RELOCATION COST RECOVERY RATE

A. APPLICABILITY

The Relocation Cost Recovery ("RCR") rate, as set forth in Section (B) below and pursuant to Rate Schedule RCR, shall apply to the rate schedules as listed in Section A of Rate Schedule RCR for all incorporated areas served by the Company in its Central Texas Service Area which includes Austin, Cedar Park, Kyle, Rollingwood, Sunset Valley and West Lake Hills, Texas.

B. CURRENT RCR RATE

<u>Effective Date</u>	<u>RCR Rate</u>
Meters Read On and After December 02, 2008 (9 <sup>th</sup> RCR Filing)	<u>\$ 0.0093 per Ccf (Note 1)</u>
Total RCR Rate	<u>\$ 0.0093 per Ccf</u>

All applicable fees and taxes will be added to the above rate.

Note 1: The 9<sup>th</sup> filing RCR rate is applicable to Austin, Cedar Park, Rollingwood, Sunset Valley and West Lake Hills only. Future Central Texas Service Area RCR rate filings will be filed with all the cities listed in Section A above.

TEXAS GAS SERVICE COMPANY  
Texas Tariff - Central Texas Service Area

GAS TARIFF

CENTRAL TEXAS SERVICE AREA

Incorporated Areas of Austin, Cedar Park, Kyle, Rollingwood, Sunset Valley and West Lake Hills, TX

Effective for Meters Read On and After June 30, 2009

Supersedes and Replaces "Municipalities of the Central Texas Service Area Utility Service Regulations" dated and previously effective 6/6/06 and "Kyle Service Area Utility Service Regulations" dated and previously effective 12/29/03

TEXAS GAS SERVICE COMPANY

Communications Regarding this Tariff  
Should Be Addressed To:

Texas Gas Service Company  
5613 Avenue F  
Austin, Texas 78751

Meters Read On and After  
June 30, 2009

TABLE OF CONTENTS

<u>Section</u>	<u>Description</u>
1	General Statement
2	Reserved for Future Rules
3	Rates and Utility Charges
4	Conditions of Service
5	Initiation of Service
6	Metering and Delivery of Gas
7	Installation of Equipment
8	Extension of Facilities
9	Customer Owned Systems
10	Security Deposits
11	Gas Measurement
12	Meter Reading and Accuracy
13	Billing and Payment of Bills
14	Curtailments
15	Quality of Gas
16	Service Work
17	Maintenance of Equipment
18	Discontinuance of Service
19	Re-establishment of Service
20	Notice
21	Average Bill Calculation Plan
22	Fees and Cash Deposits

GENERAL STATEMENT

1.1 TARIFF APPLICABILITY

Texas Gas Service Company is a gas utility operating within the State of Texas. This Tariff applies to Texas Gas Service Company's Central Texas service area, comprising the Cities of Austin, Cedar Park, Kyle, Rollingwood, Sunset Valley and West Lake Hills. This Tariff supersedes and replaces all tariffs previously approved and applied in said cities.

Service under this Tariff is subject to the original jurisdiction of the municipalities in the Central Texas service area and the Railroad Commission of Texas. The Company will provide service to any person and/or business within its service area 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. 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 the Applicant or Customer regarding the most advantageous rate for his usage if more than one rate is applicable. A Customer assigned to a rate schedule shall remain on that schedule for a minimum of one 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 Management and Budget.

1.3 DEFINITIONS

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

Agricultural Service and  
Irrigation or Irrigation  
Pumping Service:

Service to Consumers engaged in agricultural production (SIC Division A - Major Group 01) who use gas for operating engine-driven pumping equipment.

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.

Average Day Usage:

The gas demand of a given Customer for gas in any one 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.

GENERAL STATEMENT (Continued)

1.3 DEFINITIONS (Continued)

<u>Blanket Builder:</u>	A builder or someone acting for a builder who is invoiced for the installation of yardlines.
<u>Commercial Service:</u>	Service to Consumers engaged primarily in the sale or furnishing of goods and services and any usage not otherwise provided for.
<u>Commission or The Commission:</u>	The Railroad Commission of Texas.
<u>Company:</u>	Texas Gas Service Company, a division of ONEOK, Inc.
<u>Consumer:</u>	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.)
<u>Customer:</u>	Any person or organization now being billed for gas service whether used by him or her, or by others.
<u>Domestic Service:</u>	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.
<u>Electronic Document:</u>	Any document sent electronically via email or internet.
<u>Electronic Fund Transfer (EFT):</u>	The process to convert a paper check or electronic bill payment request to an electronic transfer. Paper checks received by Company or their agents are destroyed.



GENERAL STATEMENT (Continued)

1.3 DEFINITIONS (Continued)

Electronic Radio Transponder (ERT)  
Automated Meter Reading (AMR):

A device that remotely reads a gas meter.

Expedited Service:

Customer request for same day service or service during non-business hours for connect or reconnect of gas service.

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.

Optional Rate Schedule:

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

Overtime Rate:

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

Power Generation Service:

Service to Consumers for the purpose of generating electricity. This service may be further divided into direct generation in which the gas is used to power the prime mover and indirect generation in which the gas is burned in a boiler and the generator is steam powered.

Regulatory Authority:

The City Council or equivalent municipal governing body of each respective city in the Central Texas Service Area, or the Railroad Commission of Texas, as applicable.

GENERAL STATEMENT (Continued)

1.3 DEFINITIONS (Continued)

<u>Service Area:</u>	The area receiving gas utility service provided by the Company under the terms of this Tariff.
<u>Special Rate Schedule:</u>	A rate schedule designed for a specific Customer.
<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>Temporary Service:</u>	Any service which will not be utilized continuously at the same location for a period of two or more years.
<u>Transportation Rate Schedule:</u>	A rate schedule designed for service to any Customer for the transportation of Customer-owned natural gas through the Company's distribution system.
<u>Transportation Service:</u>	The transportation by the Company of natural gas owned by someone other than the Company through the Company's distribution system.

Section 2. [Reserved for future rules]

Section 3: RATES AND UTILITY CHARGES

Please see current Rate Schedules on file with each applicable Regulatory Authority.

CONDITION OF SERVICE

4.1 PROVISION OF SERVICE

The Company will provide gas service to any person or organization located within the Central Texas Service Area from Company's facilities, or in certain cases, the facilities of its supplier, in accordance with the provisions of this Tariff, including the Company's Rate Schedules and Rules of Service.

4.2 FEES AND CHARGES

All fees and charges made by the Company to provide and maintain utility services 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.

4.3 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 service. When interruptions occur, the Company will reestablish service within the shortest possible time consistent with prudent operating principles so that the smallest number of Customers is affected.

CONDITION OF SERVICE (Continued)

4.5 CONTINUITY OF SERVICE (continued)

- ii) The Company shall make reasonable provisions to meet emergencies resulting from failure of service, and will 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 emergency or 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.
- 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.
- c) 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 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 paragraph.
- d) The procedure under which curtailments of service will be made is described in Section 14 of this Tariff.
- e) 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 TARIFF

A copy of this Tariff including all applicable rate schedules shall be kept in the Company's Central Texas Office and its Division Office in Austin. The Tariff shall be available for examination in the referenced locations to any Customer or Applicant requesting it, during Company's normal business hours and upon reasonable notice to Company, and notice to this effect shall be posted in the Company's office. Upon the request of any Customer or Applicant, the Company shall make copies of the Tariff which may be purchased by the Customer or Applicant at the Company's Central Texas office. The Company may charge for each copy a fee which is not in excess of the Company's reasonable cost to reproduce the material.

CONDITION OF SERVICE (Continued)

4.7 CUSTOMER INFORMATION

The Company shall make available, during normal business hours at its local office, such additional information on Rates and Services as any Customer or Applicant may reasonably request. Upon any Customer's request, the Company shall inform the Customer how to read the Customer's meter. The Company shall annually provide each Customer with notice of the availability of a concise description in English and Spanish of the Customer's rights and the Company's obligations under this Tariff. A new Customer shall be provided with a description at the time service is initiated.

4.8 CUSTOMER COMPLAINTS

Upon complaint to the Company by a Customer either at the Company's office, in writing, or by telephone, the Company shall promptly make a suitable investigation and advise the complainant of the results thereof. It shall keep a record which shows the name and address of all complainants, the date and nature of each complaint, and the adjustment or disposition thereof for a period of one year subsequent to the final disposition of the complaint. However, complaints which require no further action by the Company need not be recorded. Each complainant shall be advised of his or her right to file the complaint with the Regulatory Authority if not satisfied by the Company.

Upon receipt of a complaint, either in writing or by telephone, from the Regulatory Authority on behalf of a Customer, the Company will make a suitable investigation and advise the Regulatory Authority and complainant of the results thereof. An initial response must be made by the next business day. The Company will 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.

4.9 LIMITATION OF LIABILITY

The Customer assumes all responsibility on the Customer's side of the point of delivery for the service supplied or taken. The Company is not liable to a Customer, Consumer or to any other person for property damage, personal injury, business damage, or other loss resulting from a negligent or non-negligent act of the Company that causes an interruption or failure of service. The Customer or Consumer shall release and hold the Company harmless with respect to any such claim.

A Customer and/or Consumer shall be liable for any loss or damage to the Company or to Company's property from any negligent act or omission of any person other than an employee of the Company that adjusts, repairs, disconnects, changes or alters the Company's meter or facilities in any way. The Customer or Consumer shall release and hold the Company harmless with respect to any such claim.

The Customer shall make or procure conveyance to the Company of perpetual right-of-way satisfactory to the Company, across the property owned or controlled by the Customer, for clear access to Company's facilities and to provide service to Customer and/or Consumers.

## 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 an identification card bearing a photograph of Applicant and verifiable proof of their right to occupy a specific service address as of a specific date of occupancy.

### 5.2 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.

### 5.3 TEMPORARY SERVICE

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

### 5.4 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 22.1 of this Tariff.



INITIATION OF SERVICE (Continued)

5.4 FEES AND CHARGES (Continued)

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. 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 through to the Applicant requesting service. See Section 22.1 relating to fees for the above.

5.5 ESTABLISHMENT OF CREDIT

Each Applicant for service shall be required to make a security deposit in accordance with Section 10 of this Tariff to establish and maintain a satisfactory credit standing. The amount of deposit required shall be computed in the same manner for the same class of service; provided however, that a deposit shall be waived if:

- a) The Applicant has been a Customer for the same kind of service within the last two years and did not have more than one occasion in which a bill for service from any such utility service account was delinquent and no disconnection for non-payment was made;
- b) The Applicant furnishes an acceptable letter of credit;
- c) The Applicant demonstrates a satisfactory credit rating by presentation of satisfactory credit references capable of quick, inexpensive verification (applicable to residential Customers only);
- d) The Applicant is 65 years of age or older and has had no outstanding balance for natural gas utility service which accrued within the last two years (applicable to residential Customers only);
- e) The application is made for and in the name of an organization with an acceptable credit rating from an agency providing a credit rating service on a national basis;
- f) The application is made for or guaranteed by an agency of the federal, state or local government.
- g) The Applicant has been determined to be a victim of family violence as defined in Texas Family Code, §71.004. 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; or

INITIATION OF SERVICE (Continued)

5.6 GROUND FOR REFUSAL TO SERVE

The Company may refuse service to any Applicant for any of the following reasons:

- a) Failure to pay fees, advances or contributions or to make any deposit required for service under this Tariff;
- b) Failure of the Applicant to furnish any service or meter location specified for service under this Tariff;
- c) Existence of an unsafe condition such as a leak in the Applicant's piping system which, in Company's sole opinion, may endanger life or property;
- d) The Applicant is indebted to the Company for the same class of utility service at the same or another service location within the Company's system; or
- e) Delinquency in payment for gas service by another occupant if that person still resides at the premises to be served.

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.

5.7 REASONABLE TIME

The Company shall have a reasonable amount of time to institute service following application therefore or execution of an agreement for service. The time may vary depending on approvals and permits required, the extent of the facilities to be built, and the Company's workload at the time.

METERING AND DELIVERY OF GAS

6.1 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 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. It may be necessary for the Company to install bollards or guard posts around the meters for safety.

6.2 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.

6.3 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 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.

6.4 CONNECTION TO COMPANY FACILITIES

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

## INSTALLATION OF EQUIPMENT

### 7.1 EQUIPMENT FURNISHED BY THE COMPANY

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. 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 8 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. Although affixed to or buried in the Customer's property, the entire service and meter set shall become the property of the Company and shall be operated and maintained by the Company.

### 7.2 EQUIPMENT FURNISHED BY THE APPLICANT

The Applicant shall furnish and install at his or her expense, all piping and equipment required to conduct and utilize the gas furnished, from the outlet of the meter set to the point(s) of utilization and those portions of the service line and meter set not furnished by the Company as described in Paragraph 7.1 above. The adequacy, safety and compliance with applicable codes and ordinances shall be the responsibility of the Applicant and no action of the Company in accordance with this Tariff shall release the Applicant of the responsibility for the facilities installed by him or her.

### 7.3 STATUTES, CODES, AND ORDINANCES

All piping and installations owned by the Applicant shall comply with all applicable legal requirements, whether federal, state, county, municipal, or otherwise, and shall be properly designed for the pressures and volumes to be handled. In those locations where there are no applicable state or local requirements, the applicable provisions of the National Fuel Gas Code 54, ANSI Z223.1, and any amendments thereto shall apply.

### 7.4 CHECKS AND TESTS

The Company shall have the right to check new installations prior to initiation of service and to make any test of the Applicant's facilities it deems necessary.

### 7.5 REFUSAL TO SERVE

The Company shall refuse service to any Applicant who refuses entry for observation or whose facilities do not comply with the applicable provisions of this Tariff. The right to refuse service shall terminate with the correction of the condition(s) which was cause for refusal. Initiation of service, however, shall not be considered to be acceptance or approval by the Company of such facilities.

## EXTENSION OF FACILITIES

### 8.1 EXTENSION OF MAINS

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) must make a refundable advance in the amount necessary to justify the installation.

### 8.2 DESIGN AND COST OF FACILITIES

As soon as practical after an application for service is received, the Company shall determine the extent of the facilities required to serve the new business and the cost thereof. This cost shall include all amounts to be spent for system improvements necessary to deliver the required gas, such as mains, regulator and meter stations, upgrading and/or reinforcement, all 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 business 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.

### 8.3 ALLOWANCE FOR NEW BUSINESS

The Company shall also determine the number of existing potential permanent Customers located along the route of the extension expected to be served there from. 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 potential 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.

EXTENSION OF FACILITIES (Continued)

8.4 ADVANCES

The difference between the total cost of facilities as determined in Paragraph 8.2 above and the initial allowance if any, shall constitute the required advance. All advances must be made in cash. The Applicant shall have 90 calendar days after notification of the amount required to execute an extension agreement on the 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 collection of any advance based on an economic analysis of the project.

8.5 CONSTRUCTION OF FACILITIES

As soon as practical after the advance has been paid or it has been determined that no advance will be required, 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. Whenever the construction of the new facilities requires the acquisition of rights-of-way across the Applicant(s) land(s), these rights-of-way shall be provided by the Applicant(s) in the Company's name and on its form at no cost to the Company (except for fees involved in the recording of documents).

8.6 REVIEW OF ADVANCES

The Company shall review each extension agreement on the first anniversary of the signing of that agreement. 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 its second through fifth "in-service" anniversary dates. 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 equal to the standard amount then being given as specified in Paragraph 8.3 hereof, shall be given for each additional Customer served, provided that the total of the refunds given does not exceed the cost of the extension of facilities.

EXTENSION OF FACILITIES (Continued)

8.7 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 five year period, any remaining amount of the advance shall be retained by the Company as a contribution in aid of construction.

8.8 DELIVERY OF REFUNDS

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 unrefunded shall be made to the person or business in whose name the extension agreement is made or to his or her 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 Paragraph which are returned undelivered and remain unclaimed in the Company's possession for a period of six months following expiration of the five year period of the extension agreement shall be retained by the Company and considered a contribution in aid of construction.

CUSTOMER-OWNED SYSTEMS

9.1 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.

9.2 MASTER METERS

The Company shall provide service through a master meter into the piping systems of others to be distributed to more than one 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 9 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).



## SECURITY DEPOSITS

### 10.1 REQUIREMENTS

The Company shall require a security deposit from any present or prospective Customer in accordance with Paragraph 5.5 and 19.1 of this Tariff to guarantee payment of bills, and from any present Customer who during the last 12 consecutive months has on more than one occasion paid its utility bill after becoming delinquent. The amount of the deposit shall not exceed one-sixth of the estimated annual billings for similar Customers. However, the deposit requirement may, at the option of the Company be based on annual usage experienced at the particular address with application of one-sixth of the annual amount as determined as the required deposit. 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. The deposit shall be refunded to residential Customers when the Customer has paid 12 consecutive bills without having service disconnected for non-payment, and without having one or more occasion in which a bill was delinquent or a payment was returned, and the Customer is not currently delinquent.

### 10.2 RECEIPTS

The Company shall maintain such records as may be necessary to permit any Customer to receive any deposit return to which he or she is entitled without presentation of the receipt. A record of any unclaimed deposits shall be maintained by the Company for at least 4 years.

### 10.3 INTEREST

The Company shall pay interest on all security deposits for the time held at the rate as set by the Public Utility Commission annually except when:

- a) The deposit is held 30 days or less;
- b) Notice is sent to the Customer's last known address that the deposit is no longer required;
- c) The service to which the deposit relates has been discontinued; or
- d) All or any part of the deposit has been applied to a delinquent account.

Interest on deposits earned during the preceding year shall be paid to the Customer during the first quarter of each calendar year. Payment shall be made either by check or as a credit on the monthly bill at the Company's option.

### 10.4 RETURN OF DEPOSITS

Deposits on residential accounts returned to the Customer in accordance with Paragraph 10.1 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.

SECURITY DEPOSITS (Continued)

10.5 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 22.2;
- b) 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 22.2; or
- c) A surety bond issued by a reputable insurance company which can be drawn on for a minimum of two years .

## GAS MEASUREMENT

### 11.1 PRESSURE

The standard serving and measurement pressure shall be 4 ounces (0.25 psig) or 7" Water Column above the standard atmospheric pressure in the area served. Standard serving pressure and the atmospheric pressure determined to be the average in the Central Texas Service Area, are 14.40 psia and 14.65 psig, respectively. 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 10 percent of meter capacity. Increases in serving pressure because of the inadequacy of the Consumer's facilities shall not be permitted.

### 11.2 UNIT OF MEASUREMENT

The standard unit of measurement shall be one hundred cubic feet (Ccf). A cubic foot shall be defined as the amount of gas which occupies a volume of one cubic foot at 14.65 psig 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 standard serving 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.

### 11.3 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 standard serving pressure. The index of the meter shall be the sole determinant of volumes passing through the meter. Whenever the meter reads directly in hundreds or smaller units, a reading of one-half a billing unit or more (500 Cf or more) shall be considered a whole billing unit. Readings of less than one-half a unit shall be disregarded for billing. 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 Paragraph 11.7 of this Tariff.

### 11.4 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.

GAS MEASUREMENT (Continued)

11.4 PRESSURE CORRECTION - STANDARD METERING (continued)

- 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 Paragraph 11.1 hereof. This factor shall be applied to the measured volumes to determine the correct number of billing units.

11.5 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.

- 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. Whenever a continuously recording instrument is used, the average temperature indicated thereon shall be applied to the measured volumes.
- c) 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.

GAS MEASUREMENT (Continued)

11.6 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.

11.7 BTU MEASUREMENT

The heating value of gas for use in billing shall be defined as the gross thermal value of one cubic foot of gas at a pressure of 14.73 psia 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 psia 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;

GAS MEASUREMENT (Continued)

11.7 BTU MEASUREMENT (continued)

- 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.

11.8 CUSTOMER-OWNED 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 Company's billing purposes.

## METER READING AND ACCURACY

### 12.1 METERING 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:

- 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 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 payment of a service charge will be made in accordance with Section 22.1. The time of the special reading shall be agreed upon with the Customer so that he or she may be present. If the original reading was in error (subject to consumption between the two readings) the service charge will be refunded to the Customer.

### 12.2 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, or replacement of the meter. 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 10 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 22.1.

### 12.3 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.

### 12.4 METER TESTING AT CUSTOMER REQUEST

The Company shall have the right to remove and/or test the meter used to determine the quantity of gas delivered. The Customer may request that the Company make a special test of the meter through which he or she is served. Requests for such tests shall be made in writing and the Company shall have 10 days after receipt of the request to remove the meter for testing or to test the meter in place. Tests on removed meters shall be conducted within a reasonable time. If the test is to be performed after the period of presumed accuracy listed by the manufacturer or if the test is to be performed for a residential or small

METER READING AND ACCURACY (Continued)

12.4 METER TESTING AT CUSTOMER REQUEST (Continued)

commercial Customer for whom no such test have been performed within the previous four (4) years for the same Customer at the same location, no service charge will be assessed. Otherwise, the Customer shall pay a service charge for such test as specified in Section 22.1.

12.5 BILLING ADJUSTMENTS - GENERAL SERVICE

Whenever it has been determined that a meter reading and the subsequent billing has been in error, the Company shall recalculate the affected bill(s). If the date and amount of the error can be definitely fixed, the Company shall refund or may bill the affected Customer for the entire difference between the actual bills rendered and the amount which should have been billed. If a meter is found to have registered inaccurately (such as a meter found to be registering fast or slow), the Company shall refund or bill an amount equal to the difference between the actual bills rendered and the amount which would have been billed if the meter had been 100 percent accurate during the time since the last previous test or the last six months, whichever is less. If the meter is found not to have registered, then the rebilling shall be limited to a three-month period 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. Undercharges billed to the Customer may be repaid in a series of equal installments over a reasonable period of time. This Paragraph shall not apply to meter errors found as a result of routine testing in the Company's or its designee's meter shop.

12.6 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) Orifice and turbine meters shall be tested at least four times per year at intervals not to exceed 120 days. 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:



METER READING AND ACCURACY (Continued)

12.6 PROVISIONS FOR SPECIAL SERVICE (continued)

- 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.

12.7 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.

BILLING AND PAYMENT OF BILLS

13.1 RENDERING OF BILLS

Bills for all service shall be rendered monthly as promptly as feasible after the meter has been read. 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 fifteen (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 at the appropriate Company office or one of its authorized pay stations. If not paid in full by the date due, the bill shall be considered delinquent.

13.2 BILLING PERIOD

Bills shall be rendered at regular monthly intervals unless otherwise authorized or unless service is rendered for a period of less than a month.

13.3 ESTIMATED BILLS

In the event any meter cannot be read at the end of the billing period, the Company shall bill the Customer on the basis of an estimated consumption determined in accordance with Paragraph 12.1 of this Tariff. The next bill based on actual reading after an estimated bill shall make any corrections necessary to bring the Customer's account to a current status for the actual consumption.

13.4 DISPUTED BILLS

- a) In the event of a dispute between the Customer and the Company regarding the bill, the Company will 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 Paragraph b) of this subsection, 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.
- 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 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.

BILLING AND PAYMENT OF BILLS (Continued)

13.5 PAYMENT RE-PROCESSING FEE

The Company may charge or add to the Customer's account and collect a fee (as provided in Section 22.1 d) to recover costs for reprocessing 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 for any reason other than bank error.

13.6 E-BILL

The Customer may at its option receive bills and notices via electronic mail, thereby eliminating paper bills and notices.

13.7 BILLING OF MISCELLANEOUS SERVICES

The Company may utilize its billing system to bill and process payments to a third party financial institution for financing the purchase of natural gas appliance related equipment, and related repairs. Additionally, the Company may enter into an agreement with a financial institution and the Customer in connection with the above. The decision whether to utilize the billing system in this manner or enter into third party agreements to facilitate the transactions described above shall lie within the Company's sole discretion.

13.8 ALTERNATIVE PAYMENT OPTIONS

The Company may, at its option and discretion, contract with vendors to provide various payment options to Customers for paying their bills for gas service and to collect such payments. These alternative payment options may be performed electronically, telephonically, and/or in person and may include payment by automatic bank draft, credit card, check or cash.

## CURTAILMENTS

### 14.1 CURTAILMENTS

Whenever the capacity of the Company's system(s) or limitations of the gas supplied to the Company from any source, is not sufficient to meet its total service commitments, interruptions or curtailments of service shall be made at such times and to the extent necessary to reduce the anticipated demand to the available supply. All such interruptions and curtailments shall be made in accordance with the provisions of this Section.

### 14.2 PRIORITY CLASSES

All Customers served by the Company shall be classified into one of the following priority groups.

- a) Gas sold for use in residences and by hospitals, schools, universities, colleges, churches, public safety buildings, multi-family dwellings and apartments, for uses other than electric generation.
- b) Gas sold for agricultural purposes.
- c) This category consists of the following:
  - 1. gas sold to small commercial and small industrial Customers using 200 MCF or less on an average day;
  - 2. gas sold to industrial Customers as plant protection gas, which is defined as the minimum gas required to prevent physical harm to the plant facilities or danger to plant personnel, including but not limited to gas for pilot lights. This includes the protection of such material in process as would otherwise be destroyed, but shall not include gas required to maintain plant production;
  - 3. gas sold to commercial or industrial Customers used to provide water heating, heating and cooling for human comfort in the plant or office areas; and/or
  - 4. gas sold for use in power generating plants for start up, safety and flame stabilization.
- d) Gas sold to commercial Customers using more than 200 MCF, but less than 1,500 MCF on an average day.
- e) Gas sold to small industrial Customers using more than 200 MCF and less than 3,000 MCF on an average day, provided such user has no economically feasible alternate fuel.

CURTAILMENTS (Continued)

- f) This category consists of the following:
  - 1. gas sold to industrial Customers for feedstock use where the gas volume is more than 200 MCF and less than 3,000 MCF on an average day; feedstock being defined as natural gas used for its chemical properties as a raw material in creating an end product. Any such Customer must prorate its demand for gas and must maximize its use of all other sources of gas; and/or
  - 2. small public utility electric generating systems which use less than 3,000 MCF on an average day.
- g) Gas sold for use in existing power generating plants for the generation of electricity which is used to serve Customers whose usage falls within the descriptions above and small commercial and industrial Customers using 20,000 KWH or less on an average day.
- h) This category consists of the following:
  - 1. gas sold for use by commercial Customers in excess of 1,500 MCF on an average day;
  - 2. small industrial Customers not qualifying under any of the above.
- i) All gas sold for use in existing power generating plants for the generation of electricity not included in any of the above.
- j) This category consists of the following:
  - 1. gas sold to large users of gas, in excess of 3,000 MCF on an average day, for fuel for which alternate fuels are not technically feasible, such as in applications requiring precise temperature controls and precise flame characteristics.
  - 2. gas sold for feedstock as defined above, in excess of 3,000 MCF on an average day.
- k) Gas sold for any use, including boiler fuel and other indirect flame applications, in excess of 3,000 MCF on an average day and any other use which does not qualify under a preceding priority.

CURTAILMENTS (Continued)

14.3 METHOD OF CURTAILMENT

Curtailement shall be ordered ratably insofar as feasible within each priority group served by the same system: provided however, that the Company may provide by rate schedule for two or more subgroups within any priority class other than Priorities A and B. Total curtailement during any calendar year shall be made to the end, insofar as feasible, that all Customers within a priority group or subgroup served by the same system may be curtailed in the same proportion that each Customer's total requirements during the year bears to the total requirements of all Consumers in that priority group or subgroup.

14.4 CLASS AND GROUP CURTAILMENTS

No curtailement shall be applied to any Customer at any time when any Consumer in a lower (I.E., higher numbered) priority group or subgroup, who is served by the same system, has not been directed by the Company to effect full curtailement of service.

14.5 NOTIFICATION AND PENALTIES

The Company shall notify in advance each Customer to be curtailed under the provisions of this Section, the extent and amount of the curtailement required from him. If, after notification, any Customer (other than a Customer in Priority A) fails to curtail during the required period or to the amount required, such Customer shall pay any penalty provided for in the rate schedules under which he or she is served. In addition, the Company shall have the right to disconnect any Customer who fails to curtail as notified without further notice if service to Consumers in Priority A and B is threatened.

14.6 SUSPENSION OF THIS SECTION

This curtailement procedure may be suspended by the Company during any emergency when life or property is endangered. See Section 4.5.

QUALITY OF GAS

15.1 HEATING VALUE

Gas delivered to Consumers in all service 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 psia and temperature of 60 degrees Fahrenheit. Gas of lesser heating value may be delivered for short periods, providing 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.

15.2 CHARACTER OF GAS

All gas furnished to Consumers in the Central Texas Service Area 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.

15.3 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.

SERVICE WORK

16.1 CERTAIN SERVICES PROVIDED AT NO CHARGE

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.

16.2 OTHER SERVICE

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 in the Service Area and such work and the associated revenues and costs shall be considered non-utility.

16.3 EXPEDITED SERVICE

A Customer may request expedited service initiation. (See Section 22 – Fees and Deposits).

16.4 NO ACCESS

Charged to any Customer who requests a specific time for service, if the Company agrees to the time, sends appropriate personnel to the appointed location and the Customer is not present to allow access to the premises. (See Section 22 – Fees and Deposits)



MAINTENANCE OF EQUIPMENT

17.1 MAINTENANCE BY COMPANY

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 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.

17.2 MAINTENANCE BY THE CUSTOMER

The Customer shall maintain all facilities owned by him or her and shall be responsible for the safe conduct and handling of the gas after it passes the point of delivery. 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. 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, 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.

17.3 LEAKS - RIGHT TO DISCONNECT FOR

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 it 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.

17.4 FACILITIES CURRENTLY OWNED BY THE CUSTOMER

Any facilities downstream of the meter installed by the Customer 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 subsection 17.7 of this Tariff. New facilities will continue to be installed pursuant to subsections 7.1 and 7.2 of this Tariff.

MAINTENANCE OF EQUIPMENT (Continued)

17.5 RESPONSIBILITY

Nothing in this Section shall make the Company responsible for the safe upkeep of any Customer or Consumer owned facilities.

17.6 RELOCATION OF COMPANY FACILITIES

- a) A charge of not more than 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.

17.7 REPLACEMENT OF CUSTOMER-OWNED PIPING

- a) When repair or replacement of Customer-owned piping becomes necessary due to deterioration of the line, damage to the line (except when caused by Customer or Customer's agent), relocation of the Company's distribution main, or for other safety reasons, the Company will relocate Customer's meter to the exterior of the building wall, as close as possible to the existing stub out (where piping exits the structure), and will replace the service piping up to the stub out. The Company will own and be responsible for all service piping from the main line to the meter, and Customer will own and be responsible for all piping from the meter to the building.
- b) The Customer will be billed for all costs of the meter relocate and pipeline replacement.
- c) In the absence of any provision contained in a deed of dedication authorizing the Company to install the service piping and meter on the Customer's premises, the owner of the premises shall execute an agreement establishing the meter location, authorizing the Company to install or replace the line, and granting Company access for such work. If the Customer or owner of the premises refuses to give Company personnel or Company-authorized personnel appropriate access to the property for purposes of installation, the Customer will retain responsibility for his/her facilities and shall bear the expense of any replacement or repairs.

DISCONTINUANCE OF SERVICE

18.1 BY CUSTOMER

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

18.2 FOR NON-PAYMENT

The Company shall have the right to discontinue service to any Customer for non-payment of bills or other charges authorized by this Tariff or the applicable rate schedules, following the due date specified in Section 13.1 hereof. Before discontinuing service for non-payment, the Company shall mail a separate written notice to the Customer in English and Spanish with the words "TERMINATION NOTICE" or similar language prominently displayed. This notice shall include a telephone number to contact the Company, the amount of the delinquent bill and the date by which the bill must be paid to avoid disconnection, and a statement of how to contact the Company in case of illness or other 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 22.1.

No Customer shall be disconnected for non-payment:

- a) Within a period of 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) Before 7:00 AM or after 7:00 PM 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 reconnecting service.

DISCONTINUANCE OF SERVICE (Continued)

18.2 FOR NON-PAYMENT (Continued)

- d) If within 5 working days after the date of delinquency of the bill the Company receives a written request from the Customer not to discontinue service for health reasons and the request is accompanied by a written statement from a licensed physician. Upon receipt of such request, the Company will suspend termination of service for a period up to 20 days. The Customer shall sign an installment agreement which provides for payment of such service along with timely payments for subsequent monthly billings.

18.3 SPECIAL CONDITIONS

The Company shall have the right to discontinue service to any Consumer 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;
- b) Without notice for willful destruction or damage to or tampering with the Company's property by the Consumer or by others with knowledge or negligence of the Consumer;
- c) Within 5 working days after written notice if the Consumer uses his or her equipment in any way which causes or creates a potential for adverse affect on the Company's service to others;
- d) Without notice if failure to curtail by such Consumer endangers the supply to Consumers in Priority Class A or B;
- e) 5 working days after written notice from the Company for refusal to grant Company personnel or its designee's access to the Consumer's premises at any reasonable time for any lawful purpose;
- f) 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;
- g) For Customers acquiring their own supplies of gas, the Company may discontinue service upon request of a Supplier, provided however, that the Supplier represents to the Company that notice has been given to the Customer by the Supplier of delinquency in payment at least 5 working days prior to Supplier's request for disconnection, and provided that Supplier agrees to indemnify and hold harmless the Company from any potential resulting liability;

DISCONTINUANCE OF SERVICE (Continued)

18.3 SPECIAL CONDITIONS (continued)

- h) If a Customer fails to uphold the terms of an individual installment agreement or contract; or
- i) Within 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.

18.4 RIGHT OF ENTRY

The Company shall have the right to enter the Consumer's premises 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 and/or the cost to relocate the meter at the Customer's expense.

18.5 ABANDONMENT OF SERVICE

Unless requested by the Customer, service shall not be abandoned (permanent disconnection of any Customer other than a temporary Customer) without permission of the Regulatory Authority. Failure of the Customer to request reinstitution of service within a reasonable period of time after disconnection shall be considered a request for permanent discontinuance of service.

RE-ESTABLISHMENT OF SERVICE

19.1 FOR NON-PAYMENT

When service has been disconnected for non-payment, the Company shall require that the Customer pay the total amount of his account then due plus the prescribed reconnect fee or make satisfactory arrangements for that payment before service is reinstituted. In addition, the Company shall require that the Customer reestablish satisfactory credit in accordance with Section 5 of this Tariff.

19.2 FOR OTHER REASONS

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 year or more, the request for service shall be treated as a new application. When service has been disconnected for less than one year, the request shall be treated in the same manner as a disconnection for non-payment.

19.3 RECONNECTION

The Company shall restore service as soon as feasible after receipt of a reconnection request and compliance with the requirements of this Section. The Company shall charge a non-refundable reconnection fee for all Customers in accordance with Section 22.1. 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 22.1. 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 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 22.1 for fees.

NOTICE

20.1   GENERAL

Notice is required for all matters in this Tariff other than billing and payment of bills, which shall be deemed to have been given by the Customer when a letter with postage prepaid has been deposited in the United States Mail addressed to the Company at the office specified on the front sheet of this Tariff, and to the Customer when addressed to Customer at his or her last known service address, or to either party when directly communicated to the other party in person or by telephone.

AVERAGE BILL CALCULATION PLAN

21.1 DESCRIPTION-RESIDENTIAL

Any residential Customer may elect to participate in the Company's Average Bill Calculation Plan ("ABC Plan"), or as such ABC Plan may be modified from time to time for payment of charges for gas service. In the event the Company modifies the ABC Plan, the Company shall notify individual Customers of those changes when the Customer requests enrollment. In general, the conditions under which a Customer may participate in the ABC Plan are set forth below:

- a) The Company reserves the right to adjust the monthly ABC Plan payments of any Customer at any time for changes in conditions or rates;
- b) The Company shall advise each Customer participating in the ABC Plan of the monthly ABC Plan payment to be paid by the Customer. Each participating Customer will receive a regular monthly gas bill that reflects actual consumption and the charges for that billing month and the amount of any debit or credit balance before the payment of that month's ABC Plan payment. The Customer shall continue to pay the monthly ABC Plan payment amount each month for gas service, notwithstanding the current gas service charge shown on the bill;
- c) In addition to the monthly ABC Plan payment any other charges incurred by the Customer shall be paid monthly when due;
- d) Interest shall neither be charged to the Customer on accrued on ABC Plan debit balances nor paid by the Company on accrued ABC Plan credit balances;
- e) Any amount due to the Customer or the Company will be settled and paid at the time a Customer, for any reason, ceases to be a participant in the ABC Plan;
- f) Any Customer's participation in the ABC Plan may be discontinued by the Company if the monthly plan payment has not been paid on or before the due date of the monthly payment;
- g) If any Customer in the ABC Plan shall cease, for any reason, to participate in the ABC Plan, then the Company may deny that Customer's reentry into the ABC Plan until the following August.



FEES AND DEPOSITS

22.1 FEES

a) Initiation of Service

- i) Connect (Section 5.4) \$25.00

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.

- ii) Read-In (Section 5.4) \$10.00

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.

- iii) Special Handling & Expedited Service (Section 5.4 and 19.3)

In addition to initiation of service fee above, 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. These charges include:

- 1) Special Handling \$6.00

The Company may, at Applicant or Customer's request, provide special handling in order to meet the Applicant or Customer's requirements. Special handling does not include calling the Applicant/Customer in advance or A.M. or P.M. scheduling

- 2) Expedited Service and Overtime Rate \$67.50

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.

FEES AND DEPOSITS (Continued)

22.1 FEES (Continued)

- b) Services - Others As stated below

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.

- c) Customer Requested Meter Test (Section 12.4)

Positive Displacement	<u>Charge</u>
Up to 1500 cubic feet per hour	\$80.00
Over 1500 cubic feet per hour	\$100.00

Orifice Meters

All sizes	\$100.00
-----------	----------

- d) Payment Re-processing Fee (Section 13.5) \$25.00

- e) Collection Fee (Section 18.2) \$10.00

A Collection Fee shall be charged to any Customer whose failure to respond to a termination notice results in the dispatch of a Company representative to attempt collection of payment from Customer.

- f) Reconnect Fees (Section 19.3) \$25.00

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.

- (i) Regular Labor and After Hours Rates (see Section 22.1 a) (iii) \$45.00 (Regular)  
\$67.50 (After Hours)  
Charge for non-routine services including but not limited to repeat high bill investigations and building meter loops.

FEES AND DEPOSITS (Continued)

22.1 FEES (Continued)

- g) Special Read (Section 12.1) \$10.00

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 12.4.

- h) Meter Exchange (Customer Request) (Section 17.6) \$100.00 without ERT  
\$150.00 with ERT

A fee will be charged for customers requested meter exchanges when a meter working properly or done for the Customers convenience.

- i) Meter Tampering – Residential (Section 17.2) \$100.00

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).

- j) Unauthorized Consumption (Section 17.2) \$20 plus expenses

Charges for the replacement of an illegally broken meter seal or locking device to the Customer who could be reasonably expected to benefit from gas service received through said meter.

- k) No Access Fee (Section 16.4) \$10.00

A fee charged to a Customer who schedules an appointment but fails to appear.

- l) Meter Removal Fee (Section 12.2) \$50.00

- m) Account Research Fee \$25.00/hr

A fee will be charged for Customer account information requiring research of accounting/billing information.

- n) Police Escort Fee (Section 12.2)
- |              |             |
|--------------|-------------|
| Regular Time | \$52.00/hr  |
| Overtime     | \$132.60/hr |
| Holiday      | \$158.60/hr |

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. Company will charge the stated amounts or current rate charged by the entity providing the police escort for this service

FEES AND DEPOSITS (Continued)

22.2 DEPOSITS

a) Advances (Section 8.4)

As stated below

Estimated expenditure to provide service to the premises of new business beyond the existing distribution facilities of the Company.

b) Customer Deposits: (Section 10.1)

As stated below

Minimum deposit residential: \$75.00

Minimum non residential deposit: \$250.00

---

GENERAL TERMS AND CONDITIONS  
FOR TRANSPORTATION

ARTICLE 1  
DEFINITIONS

- 1.1 "Affiliate" shall mean any person, entity, or business section, or division that directly or through one or more intermediaries' controls, is controlled by, or is under common control with the entity in question.
- 1.2 "Agreement" shall mean the agreement to which the General Terms and Conditions for Transportation apply.
- 1.3 "Btu" shall mean British thermal unit(s) and shall be computed on a temperature base of sixty degrees (60°) Fahrenheit and a pressure base of fourteen and sixty-five hundredths (14.65) psia 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.
- 1.4 "Commission" shall mean the Railroad Commission of Texas.
- 1.5 "Company" shall mean Texas Gas Service, a division of ONEOK, Inc., when it is acting as Company on the Pipeline System.
- 1.6 "Cumulative Tolerance Limit" shall mean five percent (5%) of aggregate historical annual deliveries of a Qualified Supplier's 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 to reflect changes to the pool of customers and other known changes to anticipated deliveries that the Company determines to be reasonably reliable and accurate.
- 1.7 "Customer" shall mean a consumer which subscribes to natural gas services provided by Texas Gas Service.
- 1.8 "Dekatherm" (Dth) shall mean 1,000,000 Btu's (1 MMBtu). This unit will be on a dry basis.
- 1.9 "Day" shall mean the 24-hour period commencing at 9:00 a.m. (central clock time) on one calendar day and ending at 9:00 a.m. (central clock time) the following calendar day.
- 1.10 "Dry" shall mean the heating value calculation being determined with no water vapor present.
- 1.11 "Effective Date" shall mean the date specified in the Agreement.

**TEXAS GAS SERVICE COMPANY**  
**Central Texas Service Area**

**RATE SCHEDULE T-GTC**

**Page 2 of 19**

- 
- 1.12 "Gas" or "natural gas" shall mean the effluent vapor stream in its natural, gaseous state, including gas-well gas, casing head gas, residue gas resulting from processing both casing head gas and gas-well gas, and all other hydrocarbon and non-hydrocarbon components thereof.
- 1.13 "Gas Transportation Order" shall mean a completed Exhibit A relating to the applicable gas transportation service Agreement.
- 1.14 "Gross Heating Value" or "Gross" shall mean the amount of energy transferred as heat per mass or mole from the complete combustion of the gas with oxygen (from air), at a base temperature in which all water formed by the reaction condenses to liquid.
- 1.15 "Mcf" shall mean one thousand (1,000) cubic feet of Gas.
- 1.16 "Month" shall mean the period beginning at 9:00 a.m. central clock time on the first Day of each calendar month and ending at 9:00 a.m. Central clock time on the first Day of the next succeeding calendar month, except where references not involving Gas measurement volumes are involved, in which case the calendar month shall be deemed to be referred to.
- 1.17 "Monthly Tolerance Limit" shall mean ten percent (10%) of the aggregate deliveries for a Qualified Suppliers pool of customers for such month.
- 1.18 "PDA" shall mean a predetermined allocation method.
- 1.19 "Pipeline System" shall mean the current existing utility distribution facilities of Company located in the State of Texas.
- 1.20 "Point of Delivery" shall mean the point or points where Gas is delivered from the Pipeline System to or for the account of Customer and are shown on the applicable Gas Transportation Order.
- 1.21 "Point Operator" shall mean the person or entity that controls the Point of Receipt or Point of Delivery.
- 1.22 "Point of Receipt" shall mean the point or points where Company shall receive Gas into the Pipeline System from Customer, as described on the applicable Gas Transportation Order.
- 1.23 "Psia" shall mean pounds per square inch, absolute.
- 1.24 "Psig" shall mean pounds per square inch, gauge.
- 1.25 "Qualified Supplier" shall mean a supplier of natural gas for transportation to customers through the Company's pipeline system that meets the requirements of and has executed a Supplier Service Agreement.

- 1.26 "Real" shall mean the division of the ideal heating value by the compressibility of the gas. This creates an ideal Gross Heating Value per Real cubic foot.
- 1.27 "Supplier Service Agreement" shall mean a contract setting forth the requirements and terms upon which a supplier of natural gas may make deliveries of customer owned gas into the Company's pipeline system for delivery to one or more of the Company's customers receiving service under this tariff.
- 1.28 "Tariff" 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 Company or the services provided hereunder.
- 1.29 "Week" shall mean a period of seven (7) consecutive Days beginning at 9:00 a.m. central clock time on each Monday and ending at the same time on the next succeeding Monday.
- 1.30 "Year" shall mean a period of three hundred sixty-five (365) consecutive Days, or three hundred sixty-six (366) consecutive Days when such period includes a February 29.

**ARTICLE 2**  
**RESTRICTIONS AND RESERVATIONS**

- 2.1 It is understood and agreed that Customer has only the right to transportation service in the Pipeline System and all equipment, including (but not in any way limited thereto) all pipe, valves, fittings, and meters comprising the Pipeline System and all other property and capacity rights and interests, shall at all times during the term of the Agreement remain the property of Company. Customer agrees not to cause or permit any liens or encumbrances to be filed with respect to the Pipeline System by reason of Customer's actions. Customer's Gas shall at all times remain the property of Customer, and Company shall have no right or property interest therein.
- 2.2 Company reserves the right in its sole discretion to remove, relocate, expand, or rebuild, without approval of Customer, any portion of the Pipeline System. Customer shall make no alterations, additions, or repairs to or on the Pipeline System, nor shall Customer bear any cost of any alterations, additions, repairs, maintenance or replacements made to or on said Pipeline System.
- 2.3 Customer agrees not to connect or cause the connection of any third party to the Pipeline System for any purpose without the express written approval and consent of Company to be granted in Company's sole discretion. Customer further agrees not to transport or cause to be transported any Gas for any third party. If either of these conditions is breached by Customer, Company shall have the right and option, notwithstanding any other provision of the Agreement or the General Terms and Conditions for Transportation, to terminate the Agreement including the Exhibits thereto immediately and without further obligation to Customer.

- 2.4 Company presently is transporting Gas to third parties on the Pipeline System and shall have the right in the future to transport additional Gas for such purposes and to transport Gas to additional third parties as it may desire, and Company shall have the right to make additional connections to the Pipeline System as may be required to serve presently existing and new customers, all of which is subject to the provisions of the Agreement. Company's transportation of Gas hereunder shall not obligate Company in any manner beyond the terms of the Agreement and the Exhibits attached thereto.
- 2.5 Company shall own any and all liquids which are recovered from the Pipeline System and may use, sell or transfer all liquids without having to account in any manner, or pay any monies or other consideration to Customer.
- 2.6 The Company reserves the unilateral right from time to time to seek regulatory approval to make any changes to, or to supersede, the rates, charges and any terms stated in the tariffs, rate schedules, the agreements, and the General Terms and Conditions.

**ARTICLE 3**  
**OPERATIONS**

- 3.1 Customer shall deliver its Gas into the Pipeline System at the Points of Receipt described on the applicable Gas Transportation Order, as it now exists and as it may be amended. Customer shall have no right to require Gas to be received at any particular Point of Receipt and Company may delete such points or modify the capacity thereof from time to time and at any time in its sole discretion with no further obligation to Customer with respect to such Point of Receipt. All supplies of Gas delivered to the Pipeline System must comply with the terms and conditions of the Agreement and the exhibits attached thereto. In no event shall Company be required to expand, modify, construct, rearrange, or change the operations of the Pipeline System in order to receive Gas from or on behalf of Customer or in order to deliver Gas to Customer at any existing Points of Delivery.
- 3.2 Customer shall advise (in a method and format approved by Company in its sole discretion) Company with respect to each Day, Week and Month the name of each supplier with whom it has a contract (and the name of the individual with such supplier responsible for Customer's account), which source of supply is delivering to Company, how much Gas is nominated to be delivered to Company from each source of supply (i.e., each well, plant, or other desired Point of Receipt) and the anticipated deliveries at each Point of Delivery. Customer's nomination shall be in good faith, in balance between Points of Receipt and Points of Delivery, and shall be based on Customer's commercially reasonable best efforts to estimate usage for Hour, Day, Week, and Month. Customer will cause their Qualified Supplier to act as their agent in the nomination process. Qualified Supplier shall not intentionally nominate more or less Gas than is anticipated for consumption by Customer(s), except as may be needed for balancing purposes to the extent Company accepts such nomination. Qualified Supplier shall submit nominations to



the Company's gas scheduling department in accordance with their currently effective nomination process which can be provided to the parties upon request. Customer and Qualified Supplier shall exercise commercially reasonable best efforts to deliver to the Pipeline System Dths of Gas that Company is to deliver from the Pipeline System to Customer during any particular Hour, Day, Week and Month, including but not limited to volumes needed for peak Day usage for Customer's facilities.

- 3.3 Before the start of the Gas Day, the Point Operator and Company shall establish a predetermined allocation (PDA) method to specify how Gas received or delivered by Company shall be allocated in accordance with confirmed nominations at such point. Only one PDA methodology shall be applied per allocation period.
- 3.4 Customer's Gas shall be delivered to Customer from the Pipeline System at the Points of Delivery. To the extent that Customer's acts or omissions cause Company to incur, directly or indirectly, fees, charges, expenses, or penalties from a supplier or transporter for failure to satisfy such supplier's or transporter's balancing or nomination requirements, then Customer agrees to reimburse Company for such fees, charges, expenses, or penalties, and defend, indemnify, and hold Company harmless with respect thereto. Any fees, charges, expenses or penalties which were determined to be in error will be credited back to the Customer.
- 3.5 The Point of Receipt and Point of Delivery may be, or may later become points through which other quantities of Gas are being measured; therefore, the measurement of Gas under the Agreement may involve the allocation of Gas deliveries. In such event, each party hereto will furnish, or cause to be furnished, to the other all data required to accurately account for all Gas.
- 3.6 Except as may be set forth on a Gas Transportation Order, Company shall receive and deliver Gas hereunder as nearly as practicable at uniform hourly and daily rates of flow. It is recognized that it may be physically impracticable, because of measurement, Gas control limitations and other operating conditions, to stay in zero (0) imbalance each hour and each Day; therefore, the daily and hourly quantities received may, due to the aforementioned reasons, vary above or below the daily and hourly quantities delivered. If the quantities received and the quantities delivered hereunder should create an imbalance at the end of any hour, Day, Week, or Month, then Company and Customer shall adjust receipts and/or deliveries at any time to the end that the quantities received and delivered shall be kept as near to zero (0) imbalance as practicable.
- 3.7 Imbalances

Customer must designate no more than one Qualified Supplier. The Qualified Supplier shall act on behalf of the Customer to procure gas supplies, deliver gas supplies to points of receipt designated in the Gas Transportation Order, and shall act as the Customer's agent with respect to nominations, operational notices required under the Gas Transportation Agreement or applicable tariffs and with respect to resolution of imbalances under this Rate Schedule.

(A) The following cash out provisions shall be applied to the Qualified Supplier for its aggregate pool of Customers that are being provided service pursuant to a Rate Schedule or some other form of transportation service:

- 1) Qualified Supplier shall not deliver into the Pipeline System more Dths of Gas than Company delivers to the aggregate pool of Customers at the Points of Delivery during a Month. At the end of the Month in which an over-delivery occurred and exceeded the Monthly Tolerance Limit or the Cumulative Tolerance Limit, Qualified Supplier shall sell such excess Gas to Company at 95% of Inside FERC's FOM Houston Ship Channel index price.
- 2) If Company receives less Dths of Gas than are delivered to the aggregate pool of Customers at the Points of Delivery in excess of the Monthly Tolerance Limit or Cumulative Tolerance Limit in any particular Month, then Qualified Supplier shall purchase such under-delivered volumes at 105% of Inside FERC's FOM Houston Ship Channel index price.

The Company will provide monthly imbalance statements along with calculations of the cash out charges in accordance with the aforementioned cash out provisions to the Qualified Supplier each month. Payments for cash out charges will be due each month within 15 business days of the imbalance statement date. The Company may elect at its sole discretion to accrue the monthly cash out provisions each month and only require periodic settlement rather than monthly payments.

The monthly transport payments shall not be abated with respect to a Month in which under-deliveries occurred except as provided in Article 9 and Article 10 hereof.

- 3.8 Customer and Company shall exercise their commercially reasonable best efforts to comply with all of the standards established by the North American Energy Standards Board, Inc. ("NAESB"), but in no event shall either party be required to comply with the NAESB standards if such compliance has a material adverse affect upon such party.
- 3.9 In the event Customer's source of gas supply is terminated by Customer's supplier due to non-payment or other reasons, or if customer is otherwise unable to continue as a transportation customer, Customer may, upon the giving of five (5) business days advance notice to Company, obtain service from Company under the general sales tariff applicable to Customer. Prior to commencing such service, Company may, in its sole discretion, require Customer to post a deposit or bond in accordance with the provisions of Article 5 hereof.

**ARTICLE 4**  
**PRESSURE AND QUALITY OF GAS**

- 
- 4.1 Customer shall deliver (or cause to be delivered) the Gas to the Pipeline System at the Point of Receipt at a pressure sufficient to effect delivery into the Pipeline System at that point. If necessary, Customer shall provide additional compression to make such deliveries hereunder, and Company shall not have any cost or responsibility in that regard.
- 4.2 Subject to the provisions of Section 4.1 above, the Gas shall be delivered to Customer from the Pipeline System at the Points of Delivery at pressures sufficient to effect deliveries to Customer's facilities, but not to exceed the maximum pressure that has existed for each Point of Delivery.
- 4.3 Gas delivered by and to Customer shall be commercially free of dust, gums, gum-forming constituents, gasoline, water, and any other substance that may become separated from the Gas during the handling hereof. All Gas received shall conform to the following additional specifications:
- (A) Contain not more than one-quarter (1/4) grain of hydrogen sulfide per 100 cubic feet, as determined by a method generally acceptable for use in the gas industry;
  - (B) Contain not more than five (5) grains of total sulfur per 100 cubic feet;
  - (C) Contain not more than two percent (2%) by volume of carbon dioxide;
  - (D) Contain not more than four percent (4%) by volume of total inerts, including carbon dioxide and nitrogen;
  - (E) Contain not more than two-tenths of one percent (.2%) by volume of oxygen;
  - (F) Contain a gross heating value equivalent to at least 980 British Thermal Units per cubic foot and not to exceed 1080 British Thermal Units per cubic foot;
  - (G) Have a temperature of not more than one hundred twenty degrees (120°) Fahrenheit and not less than forty degrees (40 °) Fahrenheit;
  - (H) Contain no water or hydrocarbons in liquid form;
  - (I) Contain not more than 7 pounds of water in vapor stage per 1,000 Mcf of gas; and
  - (J) Be interchangeable with the Company's system Gas at the Point of Receipt or delivered to the nearest customer, city border station, or other pipeline interconnected with such receiving facility or downstream of the Point of Receipt.
- 4.4 The Company, at its option, may refuse to accept delivery of any gas not meeting the quality specifications set out above. Thereafter, Customer or Qualified Supplier shall have the right to conform or cause the gas to be conformed to the above specifications. If the Customer or

Qualified Supplier does not elect to conform the gas to said specifications, then the Company at its sole option may accept or reject any such gas.

- 4.5 Notwithstanding anything to the contrary contained herein, the gas which the Company transports and delivers to the Customer shall be odorized by the Company. In the event Customer desires to remove the odorant, such removal shall be solely at Customer's risk and expense.

**ARTICLE 5**  
**PAYMENT**

- 5.1 Should Customer fail to pay or deliver any or all of the amount of the transportation payment and/or other fees due under any exhibit when such amount is due (which in no event shall be later than the last Day of the applicable Month), interest on the unpaid portion shall accrue at a rate (which in no event shall be higher than the maximum rate permitted by applicable law) equal to one and one-half percent (1 ½%) per month from the due date until the date of payment. If such failure to pay continues for fifteen (15) Days after payment is due, Company, in addition to any other remedy it may have, may suspend further receipts and deliveries of Gas until such amount is paid; provided, however, that if Customer in good faith shall dispute in writing the amount of any such bill or part thereof and shall pay to Company such amounts as it concedes to be correct and, at any time thereafter within thirty (30) Days of the due date of such payment, shall furnish a good and sufficient surety bond in an amount and with surety satisfactory to Company, guaranteeing payment to Company of the amount ultimately found due upon such bills, including interest thereon, after a final determination which may be reached either by agreement or judgment of the courts, as may be the case, then Company shall not be entitled to suspend further receipts and withdrawals of Gas unless and until default be made in the conditions of such bond. As an alternative to posting a bond, Customer may pay the portion of any amount in dispute without waiving its rights to recoup any monies improperly billed.

If the portion of any amount in dispute is ultimately determined to be incorrect, such amount shall be refunded by Company to Customer together with interest thereon at a rate (which in no event shall be higher than the maximum allowed by law) equal to one and one-half percent (1½%) per Month for the period from the date of payment to Company to the date of refund by Company.

- 5.2 Customer agrees to pay any amounts due pursuant to the Agreement and the General Terms and Conditions for Transportation to Company within fifteen (15) Business Days after receipt of an invoice from Company.
- 5.3 Company reserves the right, prior to initiation of service, to require a cash deposit or bond in favor of Texas Gas Service in order to assure payment of amounts that may become due pursuant to the Agreement and the exhibits attached thereto. In the event Customer's financial condition

materially weakens or Customer fails to make timely payment in accordance with Article 5 after the execution of the Agreement, then upon written request from Company, Customer agrees to deposit cash with Texas Gas Service or secure a bond in favor of Texas Gas Service in order to assure the payment of amounts that may become due pursuant to the Agreement and the exhibits attached thereto. Such deposit or bond shall be furnished to Texas Gas Service within fifteen (15) days after a request by Texas Gas Service is made for such deposit or bond and shall be made in a form and amount satisfactory to Texas Gas Service. If such deposit or bond is not furnished in a timely manner, or if a bond expires or is canceled prior to the end of the period specified below, or if the cash deposit or bond is not increased as specified below, then leasing of capacity and the rendering of all other services may be suspended by Texas Gas Service in its sole discretion until such deposit or bond is furnished, renewed or increased, as applicable.

- 5.4 Nothing in this Article 5 shall be deemed to supersede the respective rights and obligations of Company and Customer as provided by Texas statutes, rules, and/or regulation, as such statutes, rules, or regulations may be amended from time to time, with respect to adjustments to the amounts owed by Customer as a result of errors in Customer's meter or errors in reading Customer's meter. Customer shall be responsible for payment of the amounts owed Company for transportation service and gas supply provided to Customer during the applicable period for which it has been determined that Customer's meter was in error to the favor of Customer.

**ARTICLE 6**  
**STATEMENTS AND RECORDS**

- 6.1 On or about fifteen (15) days after the Company receives necessary volumetric information from other parties for each calendar month after commencement of Gas receipts and deliveries hereunder, Company shall render to the Qualified Supplier a statement for the preceding Month showing the total Dths of Gas received and delivered and each Point of Receipt and Point of Delivery. If information necessary for statement purposes is in the possession of Customer, Customer shall furnish such information to Company on or before the sixth (6th) Day of the Month in which the statement requiring such data is to be rendered.
- 6.2 Both parties hereto shall have the right at any and all reasonable times within twenty four (24) months from the time period in question, to examine the books and records of the other to the extent necessary to verify the accuracy of any statement, computation, or demand made hereunder.
- 6.3 Customer agrees to supply to Company, at Company's request at any time and from time to time, a sample of the liquids removed from the gas stream of the facilities which deliver gas to Company which sample is to be taken from a point upstream from the Point of Receipt. Said sample shall not contain any toxic, hazardous, or deleterious materials or any materials which Company, in its sole discretion, deems in any way harmful to its facilities, personnel or the environment, including, but not limited to, polychlorinated biphenyls (PCBs), and substances or materials considered hazardous or other similar terms, or requiring investigation, remediation or

removal under any federal, state or local statute, regulation, rule or ordinance or any amendments thereof whether now in effect or as may be in effect in the future. If such samples contain any such materials or substances, Company shall have the right, in its sole discretion and in addition to other remedies available to it, to immediately cease receipt of Gas through the Point of Receipt until such time as all such materials or substances are eliminated from the Gas such that Company, in its sole discretion, elects to again receive such Gas through the Point of Receipt. Should Customer fail or refuse to eliminate all such materials or substances within a reasonable time, Company shall have the right, upon written notice, to terminate this Agreement.

Customer hereby expressly agrees to indemnify and hold Company and Company's affiliates harmless from and against any and all liabilities, losses, claims, damages, actions, costs, fines, and expenses of whatever nature, including, but not limited to, court costs, and attorney's fees arising out of or in any manner relating to the presence of PCBs and/or any other toxic, hazardous, deleterious, harmful, or unsafe materials as described above in Gas delivered by or on behalf of Customer into Company's system.

**ARTICLE 7**  
**MEASUREMENT AND TESTS OF GAS AND EQUIPMENT**

The measurement and tests for quality of Gas delivered and delivered by Customer hereunder shall be governed as follows:

- 7.1 The quantities of Gas received and delivered shall be measured by means of meters of standard type which conform to the American Gas Association Measurement Committee Reports and other industry standards as to construction and installation.
- 7.2 The unit of volume for purposes of measurement shall be one (1) cubic foot of Gas at a temperature base of sixty degrees (60°) Fahrenheit and at a pressure base of fourteen and seventy-three hundredths (14.65) pounds per square inch absolute. Customer agrees that the Btu content per Mcf of the gas volumes delivered by the Company at the Point of Delivery shall be assumed to be equal to the Btu content per Mcf of the gas volumes delivered by Customer at the Point of Receipt, when corrected for differences in pressure base.
- 7.3 The temperature shall be adjusted to standard conditions by a compensation device included with the meter or such other method as the Company shall deem appropriate. Corrections shall be made in accordance with industry practice.
- 7.4 Specific gravity shall be determined with accuracy to the nearest one thousandth (.001) by use of an instrument that conforms to industry standards.
- 7.5 Whenever the conditions of pressure and temperature differ from the standards, conversion of the volumes from these conditions to the standard conditions shall be in accordance with the Ideal Gas Laws corrected for deviation from Boyle's Law, all to be in accordance with methods

and tables set out in the American Gas Association Measurement Committee Reports, or by other accepted methods that may be used from time to time.

- 7.6 The gross heating value of the Gas shall be determined by means of a sampling method of general use in the Gas industry. The location of the sampling equipment shall be determined by Company in its sole discretion but shall be at a location where a representative sample of the Gas to which it applies may be taken.
- 7.7 Tests to determine total sulfur, hydrogen sulfide, oxygen, carbon dioxide, total inerts, and water vapor shall be made by approved standards methods in general use by the Gas industry. Such tests shall be made at the request of either party hereto. If a test is performed at Customer's request and shows that the quality specifications as set forth in Section 4.3 hereof have been satisfied, Customer shall pay all costs and expenses of Company related to such test.
- 7.8 Except as may be otherwise provided, all measuring and testing equipment, housing devices, and materials shall be standard manufacture and type and shall, with all related equipment, appliances, and buildings, be owned, installed, maintained and operated or caused to be installed, maintained and operated by Company at the Points of Receipt and Points of Delivery. Customer may install and operate check measuring and testing equipment, which equipment and the operation thereof shall not interfere with the operation of Company's equipment.
- 7.9 The accuracy of the measuring and testing equipment shall be verified according to Company's standard for the device being used and at other reasonable times upon request of Customer or Company. Gas quality tests may be made at times of equipment testing or at other reasonable times. Unless a test is requested by Customer, notice of the time and nature of each test shall not be given by Company. If a test is requested by a Customer, then Company shall give Customer notice sufficiently in advance to permit Customer to have a representative present. Representatives of both Customer and Company may be present to observe such tests. The results of any such tests shall be considered accurate until the next tests are made. All tests of measuring equipment shall be made at Company's expense, except that Customer shall bear the expense of tests made at its request if the inaccuracy found is two percent (2%) or less.
- 7.10 If, at any time, any of the measuring or testing equipment is found to be out of service, or registering inaccurately of any percentage, it shall be adjusted at once to read accurately within the limits prescribed by the manufacturer. If such equipment is out of service or inaccurate by an amount exceeding two percent (2%) at a reading corresponding to the average rate of flow for the period since the last preceding test, the previous reading of such equipment shall be disregarded for any period definitely known or agreed upon, or if not so known or agreed upon, for a period of time equal to one-half of the elapsed time since the last test. The volume of Gas delivered during such period shall be estimated (i) by using the data recorded by any check measuring equipment if installed and accurately registering, or if not installed or registering accurately, (ii) by correcting the error if the percentage of error is ascertainable by calibration, test, or mathematical calculation, or if neither such method is feasible, (iii) by estimating the quantity or quality delivered based upon deliveries under similar conditions during a period

when the equipment was registering accurately. No adjustment shall be made for recorded inaccuracies of two percent (2%) or less.

- 7.11 The parties hereto shall have the right to inspect equipment installed or furnished by the other or third-party operators and the charts and other measurement or testing data of all such parties at all times during business hours; but the reading, calibration, and adjustment of such equipment and changing of charts shall be done only by the party installing and furnishing the same. The parties hereto shall preserve all original test data, charts, and other similar records in such party's possession for a period of at least twenty-four (24) months. Measurement data corrections should be processed within six (6) months of the production month with a three (3) month rebuttal period. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard.
- 7.12 At every Point of Receipt and every Point of Delivery, the party having control over such facility shall allow the other party immediate access to the receipt and delivery information as it is generated by the party having such control. With respect to all Points of Receipt and Points of Delivery that have electronic flow measurement, both parties shall have remote telephone and electronic access to the receipt and delivery information generated at such Point of Receipt and Point of Delivery.

**ARTICLE 8**  
**TITLE TO AND RESPONSIBILITY FOR GAS**

- 8.1 Customer and Company, respectively, warrant title to all Gas delivered by it into or from the Pipeline System hereunder, and each of Customer and Company, respectively, warrant and represent each has the right to deliver the Gas hereunder, and that such Gas is free from liens and adverse claims of every kind. Customer agrees to indemnify and save Company harmless from and against all loss, damage, claims, and expense of every character with respect to Gas delivered by it on account of royalties, taxes, payments, liens, or other charges or claims arising (i) before or created upon delivery of said Gas into the Pipeline System, and (ii) upon and after delivery of said Gas from the Pipeline System to Customer.
- 8.2 Subject to compliance with the provisions of Section 8.1 above, Company warrants that title to all Gas delivered hereunder by Customer is free from liens and adverse claims of every kind. Company agrees to indemnify and save Customer harmless from and against all loss, damage, claims, and expense of every character with respect to Gas to be delivered at the Point of Delivery on account of royalties, taxes, payments, liens, or other charges or claims arising after delivery of Gas to and before withdrawal thereof from the Pipeline System by Customer.
- 8.3 As between the parties hereto, Customer or its supplier shall be deemed to be in the exclusive control and possession of the Gas until such Gas has been delivered to Company at the Point of Receipt, and after its withdrawal by Customer at the Point of Delivery. After Customer's or



Customer's suppliers' delivery of such Gas at the Point of Receipt, Company shall thereafter be deemed to be in the exclusive control and possession of such Gas until its withdrawal by Customer at the Point of Delivery. The party which shall be in the exclusive control and possession of such Gas shall be responsible for all injury or damage caused thereby and shall be responsible for any loss of Gas while in its possession, except with regard to injury, damage or loss caused by or arising out of the negligence of the nonpossessory party.

- 8.4 The Pipeline System shall at all times remain the property of Company, and Customer shall have no right or property interest therein but only the right for the transportation of Gas.

**ARTICLE 9**  
**FORCE MAJEURE AND CASUALTY**

- 9.1 If either 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 failure to perform the same during such period; provided, however, obligations to make payments when due hereunder shall not be suspended. Any force majeure event (other than labor disputes, strikes, or lockouts) shall be remedied so far as possible with reasonable dispatch. Settlement of strikes, lockouts, and labor disputes shall be wholly within the discretion of the party having the difficulty. The term "force majeure" shall include, but is not limited to, the following: acts of God and the public enemy; the elements; fire, accidents, breakdowns, strikes; any industrial, civil, or public disturbance; inability to obtain or delay in obtaining rights-of-way, material, supplies, permits, or labor; any act or omission by parties not subject to control by the party hereunder having the difficulty; and any laws, orders, rules, regulations, acts or restraints of any governmental body or authority, civil or military. If pursuant to the foregoing 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.
- 9.2 If a portion of the Pipeline System required to make the transportation service available is partially damaged by fire or other casualty, the damage may be repaired by Company, at its option and in its sole discretion, as speedily as practicable, due allowance being made for the time taken for the settlement of insurance claims. Until such repairs are made, the payments shall be apportioned in proportion to the portion of the capacity of the Pipeline System which is still available for the purposes hereof, such determination to be made in the sole discretion of Company. If the damage is so extensive as to render the Pipeline System wholly unusable, in Company's sole opinion, the payments, if any, shall cease until such time as the Pipeline System is again useable. In case the damage shall, in Company's sole opinion, amount substantially to a destruction of the portion of the Pipeline System available for the transportation of Gas and Company shall elect not to repair the damage, then the Agreement shall terminate at the time of such damage, and Company shall not be liable to Customer for any liability, damage, or claim which arises out of any failure to make repairs.

**ARTICLE 10**  
**GOVERNMENTAL RULES, REGULATIONS,**  
**AND AUTHORIZATIONS; INTERPRETATION OF AGREEMENT**

- 10.1 The Agreement is subject to all valid orders, laws, rules, and regulations of duly constituted municipal, State and Federal governmental authorities and agencies having jurisdiction or control over the parties, their facilities or Gas supplies, the Agreement, or any provision hereof. The Company reserves the right to seek modification or termination of any of the General Terms and Conditions, the Gas Transportation Agreement, and any of the tariffs to which it applies.
- 10.2 The Agreement shall be interpreted under the laws of the State of Texas, excluding any law thereof directing the application of the laws of another jurisdiction.

**ARTICLE 11**  
**MISCELLANEOUS**

- 11.1 Any modification of terms, or amendment of any provisions hereof, shall become effective only by supplemental written agreement between the parties.
- 11.2 (A) Any of the following events or conditions shall constitute a default of Customer under the Agreement:
- (1) Default in the delivery of any payment or any sums hereunder for a period of sixty (60) Days after the same becomes due;
  - (2) Any other breach of the material terms and conditions of the Agreement and the failure of Customer to cure such breach within thirty (30) Days after written demand by Company or such longer period of time after such notice as may be reasonably required to cure such breach if the breach is not reasonably curable within such thirty (30) Day period, provided that Customer shall have commenced such cure within such thirty (30) Day period and thereafter diligently continues its efforts to cure such breach until such breach shall have been fully cured;
  - (3) Customer shall (i) apply for or consent to the appointment of or taking of possession by a receiver or liquidator of itself or substantially all of its property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under the Federal Bankruptcy Code, or (iv) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts of Customer;

- (4) A proceeding or case shall be commenced, without the application or consent of the affected party, in any court of competent jurisdiction, seeking (i) liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts of Customer (ii) the appointment of a trustee, receiver, liquidator or custodian of such party or of all or substantially all of its assets, or (iii) similar relief under any law relating to bankruptcy or insolvency, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed, for a period of ninety (90) Days; or
  - (5) If any certificate, statement, representation, or warranty furnished by Customer proves to be false or incomplete in any material respect.
- (B) Upon the happening of any event of default as set forth in subparagraph 11.2(A) above, Company shall have the right to do any one or more of the following without demand or notice of any kind:
  - (1) Declare due, sue for, and receive from Customer the sum of all transportation payments and all other amounts due and owing under the Agreement plus the sum of all transportation payments and other amounts to become payable during the balance of the term of the Agreement;
  - (2) Retake possession of the entire capacity of the Pipeline System without any court order or other process of law and without any rights of Company being thereupon terminated;
  - (3) Terminate the Agreement and the Exhibits;
  - (4) Pursue any other remedy at law or in equity.
- (C) Any of the following events or conditions shall constitute an Event of Default with respect to Company under the Agreement:
  - (1) Default in the crediting of any sums due to Customer or in the payment of any other sums due to Customer under the Agreement for a period of ninety (90) Days after the same is established by Company to have become due;
  - (2) Company's breach of any material term or condition of the Agreement and the failure of Company to cure such breach within thirty (30) Days after written demand by Customer or such longer period of time after such notice as may be reasonably required to cure such breach if the breach is not reasonably curable within such thirty (30) Day period, provided that Company shall have commenced such cure within such thirty (30) Day period and thereafter

diligently continues its efforts to cure such breach until such breach shall have been fully cured.

- (3) Company shall (i) apply for or consent to the appointment of or taking of possession by a receiver or liquidator of itself or substantially all of its property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under the Federal Bankruptcy Code, or (iv) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts of Company;
- (4) A proceeding or case shall be commenced, without the application or consent of the affected party, in any court of competent jurisdiction, seeking (i) liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts of Company, (ii) the appointment of a trustee, receiver, liquidator or custodian of such party or of all or substantially all of its assets, or (iii) similar relief under any law relating to bankruptcy or insolvency, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed, for a period of ninety (90) Days;
- (D) Upon the happening of any event of default as set forth in subparagraph 11.2(C) above, Customer shall have the right to do any one or more of the following without demand or notice of any kind:
  - (1) Declare due, sue for, and receive from Company the sum of all outstanding credits and other amounts due and owing under the Agreement;
  - (2) Terminate the Agreement and the Exhibits;
  - (3) Pursue any other remedy at law or in equity.
- (E) The rights granted to Company and Customer hereunder shall be cumulative as to each and action on one shall not be deemed to constitute an election or waiver of any other right to which Company or Customer may be entitled.
- (F) Upon the termination of the Agreement, whether by lapse of time or otherwise, Customer will surrender any and all rights in the Pipeline System immediately.

11.3 Company shall not be liable for damages resulting from interruption of service, when such interruption is necessary to make repairs, changes, or adjustments in Company's equipment and facilities.

11.4 No waiver by Company or Customer of any default or the other under the Agreement shall operate as a waiver of any future default, whether of a like or different character.

- 11.5 The Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors and assigns. In the event Customer sells, leases or otherwise transfers its distribution system to a third party, whether voluntarily or involuntarily, then Customer agrees, as a part of such sale, lease or transfer, to assign to such third party and to require such third party to accept the assignment of the Agreement and the Exhibits included therein, subject to the provisions of the following sentence. Neither the Agreement nor the Exhibits attached thereto nor the rights and obligations of Customer hereunder may be assigned without the consent of Company, which consent shall not be unreasonably withheld.
- 11.6 Customer will not mortgage, create a security interest in, or encumber the Agreement, or sublet the rights granted hereby, or permit its use by others, or pledge, loan, sublet, create a security interest in, or in any other manner attempt to dispose of such rights, or permit its use by others, or suffer any liens or legal process to be incurred or levied thereon; provided, however, that Customer may grant a security interest or similar encumbrance in connection with any existing financing arrangement associated with Customer's facility.
- 11.7 Except as provided below, Customer shall pay all fees, taxes, charges, and assessments imposed by or on behalf of any governmental entity in connection with the Agreement or in connection with the purchase, transportation, and disposition of Gas by or on behalf of Customer pursuant to the Agreement including but not limited to municipal and/or supplemental fees, franchise fees and any supplements thereto and taxes; provided that Company shall pay all ad valorem taxes and assessments levied on the Pipeline System and all appurtenant facilities. Company shall file all returns required for the Pipeline System and all appurtenant facilities. Customer will furnish Company with any information available to Customer in connection with Company's obligations under this section.
- 11.8 Company and Customer agree to exercise and take reasonable steps necessary to safeguard and cause their officers, directors, employees, agents, advisers, and representatives to safeguard the confidentiality of the Agreement and the terms and conditions thereof (as contrasted with the existence and effectiveness of the Agreement which are not confidential) and not to disclose any part of it or any information derived there from or any negotiations relating thereto to any party or person except that limited number of people within Company's and Customer's organizations, and their advisers, lenders and potential investors, as may need to know the terms and conditions hereof in order to evaluate, understand, execute and perform the Agreement. Company and Customer agree not to copy or permit the copying of the Agreement, except as may be necessary for their operations. In the event Customer or Company or any of their officers, directors, employees, agents, or representatives, is requested or required (by oral or written question or request for information or documents in legal proceedings, interrogatories, subpoena, Civil Investigative Demand or similar process) to disclose any information concerning the Agreement or the terms and conditions thereof or any negotiations relating thereto, it is agreed that the party receiving such question or request will provide the other parties with prompt notice thereof so that such other parties may seek a protective order or other appropriate relief or a release from the other parties. It is further agreed that if, in the absence

of a protective order or receipt of a release, the other party is compelled to disclose such information or else stand liable for contempt or suffer other censure or penalty or adverse effect, then such party may disclose such information. The parties hereto are further authorized to make disclosure of the Agreement as may be required by Federal, state, or local regulation or agency or as may be required by auditors or accountants in connection with the preparation of financial statements or tax returns. Disclosure hereunder shall not constitute a basis for defense, termination, or modification of the Agreement.

**ARTICLE 12**  
**DISPUTE RESOLUTION**

- 12.1 Any dispute arising out of or relating to this Agreement for which a claim or demand is asserted that is equal to or exceeds a value of \$25,000 shall be resolved in accordance with the procedures specified in this Article 12, which shall be the sole and exclusive procedures for the resolution of any such disputes. The cost of conducting the dispute resolution process, including the fees and expenses of any arbitrators, shall be shared equally by the parties, and each party shall bear its own costs, including any attorneys' fees or other expenses incurred in the process. Each party is required to continue to perform its obligations under this Agreement pending final resolution of any dispute arising out of or relating to this Agreement, unless to do so would be impossible or impracticable under the circumstances.
- 12.2 Negotiation. The parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement promptly by negotiation between management level personnel who have authority to settle the controversy. Any person may give the other party written notice of any dispute not resolved in the normal course of business. Within fifteen (15) days after delivery of the notice, the receiving party shall submit to the other a written response. Within thirty (30) days after delivery of the initial notice, the designated managing personnel of both parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to attempt to resolve the dispute. All reasonable requests for information made by one party to the other will be honored. All negotiations pursuant to this clause are confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence.
- 12.3 Arbitration. Any dispute arising out of or relating to this Agreement, including the breach, termination or validity thereof, which has not been resolved by negotiation as provided above within sixty (60) days after initiation of negotiations shall be finally resolved by arbitration in accordance with the CPR Rules for Non-Administered Arbitration then currently in effect by (i) a sole arbitrator agreed upon by the parties if the dispute is between \$25,000 and \$250,000, or (ii) three independent and impartial arbitrators, of whom each party shall designate one, if the dispute is in excess of \$250,000. All arbitrators shall be knowledgeable in the natural gas industry. The arbitrator(s) shall have no authority to award consequential, punitive or exemplary damages. Provided, however, if one party fails to participate in the negotiation as agreed herein, the other party can commence arbitration prior to the expiration of the time periods set forth. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§

**TEXAS GAS SERVICE COMPANY**  
**Central Texas Service Area**

**RATE SCHEDULE T-GTC**

**Page 19 of 19**

---

1-16, and judgment upon the award rendered by the arbitrator(s) may be entered by any court having jurisdiction thereof. Unless otherwise agreed, the place of arbitration shall be Austin, Texas.

**TRANSPORTATION SERVICE RATE**

**Applicability**

Applicable to commercial customers and to consumers not otherwise specifically provided for under any other rate schedule.

Service under this rate schedule is available for the transportation of customer-owned natural gas through the Company's distribution system. The customer must arrange with its gas supplier to have the customer's gas delivered to one of the Company's existing delivery receipt points for transportation by the Company to the customer's facilities at the customer's delivery point. The receipt points shall be specified by the Company at its reasonable discretion, taking into consideration available capacity, operational constraints, and integrity of the distribution system.

**Availability**

Natural gas service under this rate schedule is available to any individually metered, commercial customer for the transportation of customer owned natural gas through the Company's Central Texas distribution system which includes Austin, Cedar Park, Kyle, Rollingwood, Sunset Valley and West Lake Hills, Texas. Such service shall be provided at any point on the Company's System where adequate capacity and gas supply exists, or where such capacity and gas supply can be provided in accordance with the applicable rules and regulations and at a reasonable cost as determined by the Company in its sole opinion.

Electronic flow measurement (EFM) may be required for Customers under this tariff at the Company's sole discretion. The customer may be required to reimburse the Company for any cost related to the installation of the EFM as well as provide for or reimburse the Company for any on going maintenance, repair, or communications costs. In the alternative, Customer may elect to discontinue service under this tariff and to receive service under the applicable sales tariff.

Service is not available under this rate schedule for resale to others or for service for a term less than twelve (12) months.

Under this tariff the Company shall perform or cause to be performed all functions necessary to transport the gas commodity from the Point of Receipt to the end use Customer. The Customer is responsible for acquiring the gas commodity from a third party supplier. Such gas supply must be delivered to the pipeline providing upstream services for the system from which the Customer is served.

Customer shall deliver to Company each month, as reimbursement for lost and unaccounted for gas in the form of Payment in Kind (PIK), a volume of gas equal to the Purchase/Sales ratio authorized to be collected in the Cost of Gas clause times the volume of gas delivered by the Company for the account of Customer for transportation.



**TEXAS GAS SERVICE COMPANY**  
**Central Texas Service Area**

**RATE SCHEDULE T-1**  
**Page 2 of 3**

**Character of Service**

Firm gas transportation service

**Cost of Service Rate**

During each monthly billing period:

A customer charge per meter per month listed by customer class as follows:

Commercial	- \$ 75.00
Large Commercial	- \$150.00
Industrial	- \$ 80.00
Large Industrial	- \$150.00
Public Authority	- \$ 25.00
Large Public Authority	- \$100.00
Public Schools Space Heating	- \$ 60.00
Compressed Natural Gas	- \$ 40.00

Plus –

All Ccf per monthly billing period listed by customer class as follows:

Commercial	- \$ 0.13010 per Ccf
Large Commercial	- \$ 0.10898 per Ccf
Industrial	- \$ 0.10675 per Ccf
Large Industrial	- \$ 0.10064 per Ccf
Public Authority	- \$ 0.11838 per Ccf
Large Public Authority	- \$ 0.11041 per Ccf
Public Schools Space Heating	- \$ 0.11689 per Ccf
Compressed Natural Gas	- \$ 0.07018 per Ccf

**Additional Charges**

1) A charge will be made each month to recover the cost of taxes paid to the State of Texas pursuant to Texas Utilities Code, Chapter 122 as such may be amended from time to time which are attributable to the transportation service performed hereunder.

2) A charge will be made each month to recover the cost of any applicable franchise fees paid to the cities.

3) In the event the Company incurs a demand or reservation charge from its gas supplier(s) or transportation providers in the Central Texas Service Area, the customer may be charged its proportionate share of the demand or reservation charge based on benefit received by the customer.

---

Initial Rate Schedule

---

Meters Read On and After  
June 30, 2009

**TEXAS GAS SERVICE COMPANY**  
**Central Texas Service Area**

**RATE SCHEDULE T-1**  
**Page 3 of 3**

---

**Subject to:**  
**Special Provisions**

**Tariff**

General Terms and Conditions for Transportation Service T-GTC

**Other Conditions**

Transportation of Customer owned natural gas hereunder is subject in all respects to General Terms and Conditions for Transportation Service (T-GTC) and the Transportation Agreement entered into between the Customer and Company prior to commencement of service and all amendments and modifications thereto.

Transportation of natural gas hereunder may be interrupted or curtailed at the discretion of the Company in case of shortage or threatened shortage of gas supply from any cause whatsoever, to conserve gas for residential and other higher priority customers served. The curtailment priority of any customer served under this schedule shall be the same as the curtailment priority established for other customers served pursuant to the Company's rate schedule which would otherwise be available to such customer.

---

**DEPRECIATION AND AMORTIZATION SUMMARY**

Account Description		Current	Accrual Rate Proposed	Difference
DISTRIBUTION PLANT				
375.1	Structures and Improvements	2.95%	3.05%	0.10%
375.2	Other System Structures	2.95%	2.71%	-0.24%
376.	Mains	2.67%	1.46%	-1.21%
	Meas. and Reg. Station Equip. -			
378.00	General	4.02%	1.60%	-2.42%
	Meas. and Reg. Station Equip. -			
379.00	City Gate	4.60%	1.62%	-2.98%
380.00	Services	4.89%	1.75%	-3.14%
381.00	Meters	2.61%	1.11%	-1.50%
382.00	Meter Installations	2.60%	3.25%	0.65%
383.00	House Regulators	2.71%	0.42%	-2.29%
	Industrial Meas. and Reg. Station			
385.00	Equip.	4.14%	1.42%	-2.72%
	Other Property on Customers'			
386.00	Premises	3.53%	1.53%	-2.00%
Total Distribution Plant		3.40%	1.50%	-1.90%
GENERAL PLANT				
Depreciable				
390.10	Structures and Improvements	3.60%	2.33%	-1.27%
392.00	Transportation Equipment	12.50%	9.99%	-2.51%
396.00	Power Operated Equipment	12.50%	2.37%	-10.13%
Total Depreciable		7.96%	5.12%	-2.85%
Amortizable				
391.10	Office Furniture and Fixtures	11.53%	15 yr Am	-7.16%
	Computers and Electronic			
391.90	Equipment	11.81%	7 yr Am	0.34%
393.00	Stores Equipment	4.21%	15 yr Am	-2.38%
394.00	Tools, Shop and Garage Equipment	5.06%	15 yr Am	0.92%
395.00	Laboratory Equipment	0.00%	15 yr Am	6.67%
397.00	Communication Equipment	7.51%	15 yr Am	-2.10%
398.00	Miscellaneous Equipment	4.96%	15 yr Am	1.03%
Total Amortizable		7.49%	6.28%	-1.21%
TOTAL CENTRAL TEXAS DIVISION		3.49%	1.59%	-1.90%

---

## TGS – DIVISION, DEPRECIATION SUMMARY

Account Description	Accrual Rate		
	Current	Proposed	Difference
<b>GENERAL PLANT</b>			
<b>Depreciable</b>			
375.10 Structures and Improvements	10.00%	-85.31%	-95.31%
<b>Total Depreciable</b>	10.00%	-85.31%	-95.31%
<b>Amortizable</b>			
391.10 Office Furniture and Fixtures	10.27%	15 yr Am	-3.61%
Computers and Electronic			
391.90 Equipment	10.27%	7 yr Am	-6.21%
Tools, Shop and Garage			
394.00 Equipment	3.33%	15 yr Am	3.34%
397.00 Communication Equipment	6.67%	15 yr Am	-0.01%
398.00 Miscellaneous Equipment	5.00%	15 yr Am	1.67%
<b>Total Amortizable</b>	9.46%		-4.04%
<b>TOTAL TGS - DIVISION</b>	9.46%	5.15%	-4.32%