
VIRGINIA STATE CORPORATION COMISSION

TARIFF NO. 8

ROANOKE GAS COMPANY

EFFECTIVE: OCTOBER 23, 2006

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Reserved for future use

PRELIMINARY STATEMENT

Roanoke Gas Company (hereinafter called the “Company”) is a public utility engaged in the business of distributing natural gas.

The Company’s service area includes all or a portion of the counties of Bedford, Botetourt, Franklin, Montgomery and Roanoke, the Cities of Roanoke and Salem, and the Towns of Vinton, Fincastle and Troutville.

	CURRENT BASE COST OF GAS (A)	BASE NON-GAS COST (B)	(A + B) (C)	CURRENT PGA (D)	INVY. CARRY. COST (E)	BAD DEBT COLL. (F)	REFUNDS (F)	ACA (G)	(D+E+F+G) (H)	TOTAL PROPOSED BILLING RATE (C + H) (I)
RESIDENTIAL SERVICE (RS):										
1st 54 TH.	0.535150	0.230655	0.765805	(0.010460)	0.013880	0.001170	-	0.007820	0.012410	0.778215
OVER 54 TH.	0.535150	0.163780	0.698930	(0.010460)	0.013880	0.001170	-	0.007820	0.012410	0.711340
CUST. CHARGE		13.85	13.85							13.85
GENERAL SERVICE (GS1):										
1st 54 TH.	0.546920	0.356344	0.903264	(0.010360)	0.013880	0.001190	-	0.015960	0.020670	0.923934
OVER 54 TH.	0.546920	0.240229	0.787149	(0.010360)	0.013880	0.001190	-	0.015960	0.020670	0.807819
CUST. CHARGE		22.52	22.52							22.52
GENERAL SERVICE (GS2):										
1st 54 TH.	0.495030	0.271041	0.766071	(0.010820)	0.013880	0.001080	-	0.011200	0.015340	0.781411
OVER 54 TH.	0.495030	0.172090	0.667120	(0.010820)	0.013880	0.001080	-	0.011200	0.015340	0.682460
CUST. CHARGE		61.94	61.94							61.94
SUMMER AIR CONDITIONING SERVICE (SACS):										
ALL THERMS	0.370700	0.154638	0.525338	(0.011880)	0.013850	-	-	-	0.001970	0.527308
INTERRUPTIBLE SALES SERVICE (ISS):										
1st 43000 TH.	0.370700	0.162645	0.533345	(0.011880)	0.013850	-	-	0.051350	0.053320	0.586665
OVER 43000 TH.	0.370700	0.056050	0.426750	(0.011880)	0.013850	-	-	0.051350	0.053320	0.480070
CUST. CHARGE		366.00	366.00							366.00
INTERRUPTIBLE TRANSPORTATION SERVICE (ITS):										
1st 43000 TH.	-	0.162645								0.162644
OVER 43000 TH.	-	0.056050								0.056052
CUST. CHARGE		450.46								450.46
BACK UP SERVICE (BUS):										
1st 54 TH.	0.495030	0.290450								0.800450
OVER 54 TH.	0.495030	0.186950								0.697333
CUST. CHARGE		337.85								337.85
UNMETERED GAS LIGHT SERVICE (UGLS):										
1st CHG. / TH.	0.444040	0.387977	0.832017	(0.011200)	0.013880	0.000970	-	0.040030	0.043680	0.875697
INDUSTRIAL FIRM SALES SERVICE (IFSS):										
DEMAND CHG.		0.097429	0.097429							0.097429
ALL THERMS	0.425030	0.028282	0.453312	(0.011390)	0.013850	-	-	-	0.002460	0.455772
CUST. CHARGE		366.00	366.00							366.00
INDUSTRIAL FIRM TRANSPORTATION SERVICE (IFTS):										
DEMAND CHG.		0.097429	0.097429							0.097429
ALL THERMS		0.028282	0.028282	-	-	-	-	-	-	0.028282
CUST. CHARGE		450.46	450.46							450.46

Sample

ORIGINAL SHEET NOS. 9 THROUGH 79
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RATE SCHEDULE RS
RESIDENTIAL SERVICE

1. APPLICABILITY

Applicable throughout the entire service area of the Company.

2. AVAILABILITY AND CHARACTER OF SERVICE

Available for all residential uses in any individual residence or multiple family building used for residential purposes. Service under this Rate Schedule is subject to the availability of the Company's distribution facilities, sufficient system capacity and adequate gas supply to provide the quantities of gas requested by the customers.

3. RATE PER MONTH

The rates for service under this Rate Schedule are set forth in the currently effective Rate Sheets of this Tariff and are incorporated herein. Billing terms are rounded to whole terms.

4. MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the Monthly charge.

5. PURCHASE GAS ADJUSTMENT PROVISION

The rates per therm prescribed above are subject to adjustment for changes in the Company's cost of gas as set forth in Section 12 of the General Terms and Conditions.

6. RECONNECTION CHARGE

Customers who request discontinuance of service and who subsequently request that service be resumed at the same address will be assessed a connection charge equal to the greater of (1) the number of months during which service is disconnected times the monthly charge effective for such months or (2) other special services charges set forth in Section 15 of the General Terms and Conditions. Such charges shall only be applied when reconnection is requested within twelve months of disconnection. For this purpose, any sixteen days of a month shall be considered a full month.

RATE SCHEDULE RS
RESIDENTIAL SERVICE

7. UNMETERED GAS LIGHTS

Where the customer receiving service under this Rate Schedule has an unmetered gas light or lights at the residence, an additional 22 therms per burner per month shall be added to the usage of gas subject to the monthly per therm charge set forth in the currently effective Rate Sheets of this Tariff.

However, in the event the gas usage specifications for the customer's gas light equipment is greater than the minimum standard consumption rate, the customer's consumption rate for billing purposes shall be established according to the specifications of the customer's equipment.

8. LATE PAYMENT CHARGE

All bills not paid by the last pay date will be subject to a late payment charge as set forth in Section 6 of the General Terms and Conditions.

9. TAXES

Bills rendered under this Rate Schedule shall be subject to any effective tax levied by governing bodies.

10. GENERAL TERMS AND CONDITIONS

Service under this Rate Schedule is subject to the currently effective General Terms and Conditions, as contained in this Tariff, as well as applicable Rules and Regulations of the Virginia State Corporation Commission and any subsequent revisions thereto.

ORIGINAL SHEET NOS. 82 THROUGH 89
OF THIS TARIFF ARE RESERVED FOR
FUTURE USE

RATE SCHEDULE GS-1
GENERAL SERVICE
(Commercial and Industrial)

1. APPLICABILITY

Applicable throughout the entire service area of the Company.

2. AVAILABILITY AND CHARACTER OF SERVICE

Available to all commercial and industrial customers on a firm basis whose historical or projected annual usage is less than 2,680 therms provided that:

- a. The Company's existing distribution facilities have sufficient capacity and there is adequate gas supply to provide the quantities of gas requested by the Customer; and
- b. Service under this Rate Schedule shall not be available as standby, peaking service or as a substitute for service under any other Rate Schedule of this Tariff. Service under this Rate Schedule shall be separately metered; and
- c. Customers with maximum Daily Requirements in excess of 54 therms per day may be required to execute a Service Agreement specifying Customer's service requirements.

3. RATE PER MONTH

The rates for service under this Rate Schedule are set forth in the currently effective Rate Sheets of this Tariff and are incorporated herein. Billing therms are rounded to whole therms.

4. MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the Monthly charge.

5. PURCHASE GAS ADJUSTMENT PROVISION

The rates prescribed above are subject to adjustment for changes in the Company's cost of gas as set forth in Section 12 of the General Terms and Conditions.

RATE SCHEDULE GS-1
GENERAL SERVICE
(Commercial and Industrial)

6. RECONNECTION CHARGE

Customers who request discontinuance of service and who subsequently request that service be resumed at the same address will be assessed a connection charge equal to the greater of (1) the number of months during which service is disconnected times the Monthly charge effective for such months or (2) other special services charges set forth in Section 15 of the General Terms and Conditions. Such charges shall only be applied when reconnection is requested within twelve months of disconnection. For this purpose, any sixteen days of a month shall be considered a full month.

7. LATE PAYMENT CHARGE

All bills not paid by the last pay date will be subject to a late payment charge as set forth in Section 6 of the General Terms and Conditions.

8. TAXES

Bills rendered under this Rate Schedule shall be subject to any effective tax levied by governing bodies.

9. GENERAL TERMS AND CONDITIONS

Service under this Rate Schedule is subject to the currently effective General Terms and Conditions, as contained in this Tariff, as well as applicable Rules and Regulations of the Virginia State Corporation Commission and any subsequent revisions thereto.

10. REVIEW OF GENERAL SERVICE CLASSIFICATION

The Company will annually review the Customer's volumetric gas usage based on a 3 year average consumption to determine whether the Customer shall be classified as a GS-1 or GS-2 service customer. If a customer does not believe that a 3-year average is reflective of current operations, then the customer can contract the company and request a 12-month review.

RATE SCHEDULE GS-2
GENERAL SERVICE
(Commercial and Industrial)

1. APPLICABILITY

Applicable throughout the entire service area of the Company.

2. AVAILABILITY AND CHARACTER OF SERVICE

Available to all commercial and industrial customers on a firm basis whose historical or projected annual usage is 2,680 therms or greater provided that:

- a. The Company's existing distribution facilities have sufficient capacity and there is adequate gas supply to provide the quantities of gas requested by the Customer; and
- b. Service under this Rate Schedule shall not be available as standby, peaking service or as a substitute for service under any other Rate Schedule of this Tariff. Service under this Rate Schedule shall be separately metered; and
- c. Customers with maximum Daily Requirements in excess of 54 therms per day may be required to execute a Service Agreement specifying Customer's service requirements.

3. RATE PER MONTH

The rates for service under this Rate Schedule are set forth in the currently effective Rate Sheets of this Tariff and are incorporated herein. Billing therms are rounded to whole therms.

4. MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the Monthly charge.

5. PURCHASE GAS ADJUSTMENT PROVISION

The rates prescribed above are subject to adjustment for changes in the Company's cost of gas as set forth in Section 12 of the General Terms and Conditions.

RATE SCHEDULE GS-2
GENERAL SERVICE
(Commercial and Industrial)

6. RECONNECTION CHARGE

Customers who request discontinuance of service and who subsequently request that service be resumed at the same address will be assessed a connection charge equal to the greater of (1) the number of months during which service is disconnected times the Monthly charge effective for such months or (2) other special services charges set forth in Section 15 of the General Terms and Conditions. Such charges shall only be applied when reconnection is requested within twelve months of disconnection. For this purpose, any sixteen days of a month shall be considered a full month.

7. LATE PAYMENT CHARGE

All bills not paid by the last pay date will be subject to a late payment charge as set forth in Section 6 of the General Terms and Conditions.

8. TAXES

Bills rendered under this Rate Schedule shall be subject to any effective tax levied by governing bodies.

9. GENERAL TERMS AND CONDITIONS

Service under this Rate Schedule is subject to the currently effective General Terms and Conditions, as contained in this Tariff, as well as applicable Rules and Regulations of the Virginia State Corporation Commission and any subsequent revisions thereto.

10. REVIEW OF GENERAL SERVICE CLASSIFICATION

The Company will annually review the Customer's volumetric gas usage based on a 3 year average consumption to determine whether the Customer shall be classified as a GS-1 or GS-2 service customer. If a customer does not believe that a 3-year average is reflective of current operations, then the customer can contact the company and request a 12-month review.

ORIGINAL SHEET NOS. 94 THROUGH 99

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FUTURE USE

RATE SCHEDULE SACS
SUMMER AIR CONDITIONING SERVICE

1. APPLICABILITY

Applicable throughout the entire service area of the Company.

2. AVAILABILITY AND CHARACTER OF SERVICE

Available to any customer for air conditioning served or to be served under one of the Company's other rate schedules, or any effective superseding rate schedule, for the period from May 1 to September 30, inclusive. Service under this rate schedule shall be available on a firm basis provided that:

- a. The Company's existing distribution facilities have sufficient capacity and there is adequate gas supply to provide the quantities of gas requested by the Customer; and
- b. Service under this Rate Schedule shall not be available as standby, peaking service or as a substitute for service under any other Rate Schedule of this Tariff; and
- c. Customers with maximum Daily Requirements in excess of 54 therms per day may be required to execute a Service Agreement specifying Customer's service requirements.

3. RATE PER MONTH

The rates for service under this Rate Schedule are set forth in the currently effective Rate Sheets of this Tariff and are incorporated herein. Billing therms are rounded to whole therms.

4. MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the Monthly charge, per the appropriate Rate Schedule.

RATE SCHEDULE SACS
SUMMER AIR CONDITIONING SERVICE

5. SPECIAL BILLING PROVISIONS

- 1) Gas sold under this rate schedule shall be determined and billed by the Company on the following basis:
 - a. Gas used for Summer Air Conditioning shall be separately determined or metered where it is practical and economical; or
 - b. The base load for uses other than air conditioning shall be estimated by the Company on the basis of gas appliances installed and connected and the excess of the total metered usage over such base load shall be billed under this summer air conditioning rate.
- 2) All gas used, other than that billed at the Summer Air Conditioning Rate, shall be billed at the effective rates of the other tariffs under which the Customer is served.

6. PURCHASE GAS ADJUSTMENT PROVISION

The rates prescribed above are subject to adjustment for changes in the Company's cost of gas as set forth in Section 12 of the General Terms and Conditions.

7. LATE PAYMENT CHARGE

All bills not paid by the last pay date will be subject to a late payment charge as set forth in Section 6 of the General Terms and Conditions.

8. TAXES

Bills rendered under this Rate Schedule shall be subject to any effective tax levied by governing bodies.

9. GENERAL TERMS AND CONDITIONS

Service under this Rate Schedule is subject to the currently effective General Terms and Conditions, as contained in this Tariff, as well as applicable Rules and Regulations of the Virginia State Corporation Commission and any subsequent revisions thereto.

ORIGINAL SHEET NOS. 102 THROUGH 109

OF THIS TARIFF ARE RESERVED FOR

FUTURE USE

RATE SCHEDULE UGLS
UNMETERED GAS LIGHT SERVICE

1. APPLICABILITY

Applicable throughout the entire service area of the Company.

2. AVAILABILITY OF SERVICE

- a. Gas Service under this schedule is available to any customer within Company's service area for use exclusively in unmetered gas lighting equipment. Service will not be rendered for resale or use under contract off the Customer's premises.
- b. The initial contract term shall be three (3) years.
- c. A contribution in aid of construction may be required in accordance with the policies for installation of distribution facilities in General Terms and Conditions, Section 7 and Section 8.

3. RATE PER MONTH

The rates for service under this Rate Schedule are set forth in the currently effective Rate Sheets of this Tariff and are incorporated herein.

4. SPECIAL CONDITIONS

- a. Application of this rate is subject to the General Terms and Conditions of the Company (except those sections pertaining to main extensions and metering) as they may be in effect from time to time, and as filed with the Commission; and
- b. The minimum standard consumption rate for gas under this Rate Schedule shall be 22 therms per burner per month. However, in the event the gas usage specifications for the Customer's gas light equipment is greater than the minimum standard consumption rate, the Customer's consumption rate for billing purposes shall be established according to the specifications of the Customer's equipment.

5. PURCHASED GAS ADJUSTMENT

The rates prescribed above are subject to an adjustment for any change in the Company's cost of gas as set forth in Section 12 of the General Terms and Conditions.

RATE SCHEDULE UGLS
UNMETERED GAS LIGHT SERVICE

6. LATE PAYMENT CHARGE

All bills not paid by the last pay date will be subject to a late payment charge as set forth in Section 6 of the General Terms and Conditions.

7. TAXES

Bills rendered under this Rate Schedule shall be subject to any effective tax levied by governing bodies.

8. GENERAL TERMS AND CONDITIONS

Service under this Rate Schedule is subject to the currently effective General Terms and Conditions, as contained in this Tariff, as well as all applicable Rules and Regulations of the Virginia State Corporation Commission and any subsequent revisions thereto.

ORIGINAL SHEET NOS. 112 THROUGH 119

OF THIS TARIFF ARE RESERVED FOR

FUTURE USE

RATE SCHEDULE ISS
INTERRUPTIBLE SALES SERVICE

1. APPLICABILITY

Applicable throughout the entire service area of the Company.

2. AVAILABILITY

This Rate Schedule is available to any nonresidential customer entering into a Service Agreement with the Company and further agreeing that:

- a. Service is subject to sufficient capacity on the Company's existing facilities and the Company having adequate gas supply to provide the quantities of gas requested by the Customer. However, the Company shall not be required to deliver on any day more than the Maximum Daily Requirement agreed upon by the Company and the Customer in the Service Agreement; and
- b. Service under this Rate Schedule shall not be available as a standby service. Gas sold under this rate schedule will not be resold or used off the Customer's premises; and
- c. The Customer agrees to provide and maintain alternate fuel storage and combustion facilities and to have available at all times sufficient standby fuel to maintain desired levels of plant operation during interruption in the delivery of natural gas. This requirement will be waived if the Customer agrees in writing to assume full responsibility for the lack of alternative fuel storage and combustion facilities.

3. CHARACTER OF SERVICE

- a. All gas delivered under this Rate Schedule is subject to complete or partial interruption at any time for any duration at the Company's sole discretion.
- b. Although subject to change, as system conditions may warrant, the Company does not expect service under this Rate Schedule will be available for daily effective average outdoor temperatures below 30°F.

4. RATES

The rates for service under this Rate Schedule are set forth in the currently effective Rate Sheets of this Tariff and are incorporated herein. Billing therms are rounded to whole therms.

RATE SCHEDULE ISS
INTERRUPTIBLE SALES SERVICE

5. MINIMUM MONTHLY CHARGE

The Minimum Monthly Charge shall be the Monthly charge.

6. NOTIFICATION OF INTERRUPTION

The Company's procedure for notice of interruption of service shall be:

- a. FAX transmission and/or telephone notification.
- b. In the event of no answer or of inability to contact the Customer's authorized personnel, a minimum of three (3) attempts at ten (10) minute intervals will constitute notification.
- c. Notice will be to one of the Customer's contacts on record with the Company as provided for in the Service Agreement.

The customer shall provide electrical requirements for the Company's facilities and maintain a telephone line to be used to provide the Company with ongoing communications with the meter installation.

7. PENALTY CHARGE FOR FAILURE TO INTERRUPT

If the Customer fails to interrupt its use of gas hereunder after the Company has provided as much notice to interrupt as one hour, or as reasonable under all circumstances consistent with the Company's operations and constraints, and in accordance with the notification procedure in 6 above, all volumes taken during the interruption shall be billed at the GS-2 Rate Schedule, along with all other applicable charges under this rate schedule, and for an amount equal to the greater of:

- a. Any penalty or charge incurred by the Company, under the terms of its city gate contracts with its supplier(s) or transporter(s) caused by the Customer's failure to interrupt or curtail; or
- b. A charge of \$1.50 per therm.

The Company reserves the right to waive the Paragraph (b) charge, for good cause shown, provided the Company has incurred no economic hardship.

RATE SCHEDULE ISS
INTERRUPTIBLE SALES SERVICE

Customer shall be liable for any personal injury or damage to the property of the Company or third parties which results from Customer's failure to interrupt, and Customer will indemnify and hold Company harmless with respect to such injuries or damages.

8. PENALTY FOR UNAUTHORIZED TAKES

The charge set forth under this Rate Schedule for failure to interrupt is also applicable to the unauthorized use of gas in excess of Maximum Daily Volume specified by the Service Agreement. Also, the Company reserves the right to waive the charge, for good cause shown, provided the Company has incurred no economic hardship.

9. DELIVERIES UNDER FIRM AND INTERRUPTIBLE SERVICE

When the Company makes deliveries under both firm and interruptible rate schedules and there is no separate meter for service, the first gas through the meter each day shall be the Customer's daily requirement under the firm rate schedule at 100% Load Factor.

10. AUTHORIZED OVERRUN DELIVERIES

Upon notice of total interruption by the Company, Customers experiencing emergency conditions may request plant protection volumes, to be provided at the sole discretion of the Company. Billings for such service will include the Monthly charge under this Rate Schedule and all volumes taken will be billed at Rate Schedule GS-2 plus applicable charges under this rate schedule and any additional charges incurred by the Company.

11. PURCHASED GAS ADJUSTMENT

The rates prescribed above are subject to adjustment for any change in the Company's cost of gas as set forth in Section 12 of the General Terms and Conditions.

12. LATE PAYMENT CHARGE

All bills not paid by the last pay date will be subject to a late payment charge as set forth in Section 6 of the General Terms and Conditions.

13. TAXES

Bills rendered under this Rate Schedule shall be subject to any effective tax levied by governing bodies.

RATE SCHEDULE ISS
INTERRUPTIBLE SALES SERVICE

14. GENERAL TERMS AND CONDITIONS

Service under this Rate Schedule is subject to the applicable General Terms and Conditions, as contained in the Tariff, as well as all applicable Rules and Regulations of the Virginia State Corporation Commission and any subsequent revisions thereto.

ORIGINAL SHEET NOS. 124 THROUGH 129

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FUTURE USE

RATE SCHEDULE ITS
INTERRUPTIBLE TRANSPORTATION SERVICE

1. APPLICABILITY

Applicable throughout the entire service area of the Company.

2. AVAILABILITY AND CHARACTER OF SERVICE

Transportation service under this Rate Schedule is available to any nonresidential customer located on the Company's distribution system for the interruptible transportation and delivery of gas, not owned by the Company, through the Company's facilities provided that:

- a. Service can be rendered within the limits of the Company's operating conditions and facilities; and
- b. The Customer executes a Transportation Service Agreement with the Company specifying the Maximum Daily Volumes that the Company will be required to deliver on any given day; and
- c. Service shall not be rendered for resale purposes, or for use off the Customer's contract premises, except where transportation may be for another utility; and
- d. The Customer agrees to provide and maintain alternate fuel storage and combustion facilities and to have available at all times sufficient standby fuel to maintain desired levels of plant operation during interruption in the delivery of natural gas. This requirement will be waived if the Customer agrees in writing to assume full responsibility for the lack of alternative fuel storage and combustion facilities; and
- e. Transportation service is subject to Section 13 of the General Terms and Conditions; and
- f. Customer-owned gas transported under this Rate Schedule shall be only that gas physically delivered by Customer or on Customer's behalf, into the Company's distribution facilities which are located within the same market area as the Customer's facilities where the gas is to be consumed.

RATE SCHEDULE ITS
INTERRUPTIBLE TRANSPORTATION SERVICE

- g. In the event of the necessity of service curtailment by the Company as provided in Section 10 of the Terms and Conditions of Service, as a pre-condition of service, Customers agree that Customer owned gas transported under this Rate Schedule is allowed to be temporarily diverted to priority uses as determined by the Company.

3. INTERRUPTION OF TRANSPORTATION SERVICE

- a. Unless a Customer has contracted with the Company for Service(s) under a separate rate schedule(s), the Company is under no obligation to deliver gas on any day in excess of the Customer-owned volumes physically delivered into the Company's distribution facilities. For Customer receiving service under this tariff that also contracts for ISS Service, the Customer will only pay an additional monthly charge equal to the difference between the ITS monthly charge and the ISS monthly charge, if any. If, however, the Company cannot deliver said Customer-owned volumes less than Maximum Daily Volumes because of problems with distribution facility delivery capabilities, deliveries under this Rate Schedule may be interrupted.
- b. Although subject to change, as transportation pipeline system conditions may warrant, service under this Rate Schedule will generally cease to be available as the average effective outdoor temperature approaches 35°F.

4. DETERMINATION OF DELIVERIES

The volumes of gas transported pursuant to this Rate Schedule shall be the volumes delivered by the Customer to the Company less two percent (2.0%) of the total volumes so delivered, as retainage for Company use and unaccounted-for on the Company's distribution system.

5. RATES

The rates for service under this Rate Schedule are set forth in the currently effective Rate Sheets of this Tariff and are incorporated herein. Billing terms are rounded to whole terms.

6. MINIMUM CHARGE

The Minimum Charge per month shall be the Monthly charge.

RATE SCHEDULE ITS
INTERRUPTIBLE TRANSPORTATION SERVICE

7. NOTIFICATION OF INTERRUPTION

The Company's procedure for notice of interruption of service shall be:

- a. FAX transmission and/or telephone notification.
- b. In the event of no answer or of inability to contact the Customer's authorized personnel, a minimum of three (3) attempts at ten (10) minute intervals will constitute notification.
- c. Notice will be to one of the Customer's contacts on record with the Company as provided for in the Service Agreement(s).

The customer shall provide electrical requirements for the Company's facilities and maintain a telephone line to be used to provide the Company with ongoing communications with the meter installation.

8. PENALTIES

The Customer is responsible for all penalty charges billed by third party transporters not caused by the Company.

9. PENALTY FOR UNAUTHORIZED TAKES OR FOR FAILURE TO INTERRUPT

The charge under this Rate Schedule for the unauthorized use of gas in excess of the Maximum Daily Volumes specified by the Service Agreement shall be an amount equal to the greater of (a) or (b) below.

If the Customer fails to interrupt its use of gas hereunder after the Company has provided as much notice to interrupt as one hour, or as reasonable under all circumstances consistent with the Company's operations and constraints, and in accordance with the notification procedure in 6 above, all volumes taken during the interruption shall be billed at the GS-2 Rate Schedule, along with all other applicable charges under this rate schedule, and for an amount equal to the greater of:

- a. Any penalty or charge incurred by the Company, under the terms of its city gate contracts with its supplier(s) or transporter(s) caused by the Customer's unauthorized use of gas; or

RATE SCHEDULE ITS
INTERRUPTIBLE TRANSPORTATION SERVICE

b. A charge of \$1.50 per therm.

The Company reserves the right to waive the Paragraph (b) charge, for good cause shown, provided the Company has incurred no economic hardship.

The Customer shall be liable for any personal injury or damage to the property of the Company or third parties which results from Customer's excessive use of gas, and the Customer will indemnify and hold the Company harmless with respect to such injuries or damages.

10. LATE PAYMENT CHARGE

All bills not paid by the last pay date will be subject to a late payment charge as set forth in Section 6 of the General Terms and Conditions.

11. TAXES

Bills rendered under this Rate Schedule shall be subject to any effective tax levied by governing bodies.

12. GENERAL TERMS AND CONDITIONS

Service under this Rate Schedule is subject to the applicable General Terms and Conditions, as contained in this Tariff, as well as all applicable Rules and Regulations of the Virginia State Corporation Commission and any subsequent revisions thereto.

RATE SCHEDULE IFSS
INDUSTRIAL FIRM SALES SERVICE

1. APPLICABILITY

Applicable throughout the entire service area of the Company.

2. AVAILABILITY AND CHARACTER OF SERVICE

This rate schedule is available to any non-residential customer entering into a Service Agreement with the Company for Industrial Firm Service in conjunction with Rate Schedule ISS or ITS provided that:

- a. The Company's existing distribution facilities have sufficient capacity and there is adequate gas supply to provide the quantities of gas requested by the Customer. The Company shall not be required to deliver on any one day more than the Daily Firm Volume agreed upon in the Service Agreement and reflected in the associated demand charge rate; and
- b. Service under this Rate Schedule shall not be available as standby, peaking service or as a substitute for service under any other Rate Schedule of this Tariff. Service under this Rate Schedule shall be separately metered or shall be considered the first gas through the meter each day at 100% load factor; and
- c. Customers will be required to execute a Service Agreement specifying Customer's service requirements.
- d. Service under this rate schedule shall be made available on a first come, first served basis, provided that no customer can exceed 50% of the available capacity of the Company to provide service under this schedule unless other customers request less than 50% of the cumulative total available capacity. The Company shall annually advise customers of capacity availability.

3. RATE PER MONTH

The rates for service under this Rate Schedule are set forth in the currently effective Rate Sheets of this Tariff and are incorporate herein. Billing therms are rounded to whole therms.

RATE SCHEDULE IFSS
INDUSTRIAL FIRM SALES SERVICE

4. MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the Monthly charge and demand charge. The monthly demand charge shall be the product of the maximum contract daily volume times 365 times the demand charge rate divided by 12.

For Customer receiving service under this tariff that also contracts for IFTS Service, the Customer will only pay an additional monthly charge equal to the difference between the IFSS monthly charge and the IFTS monthly charge, if any.

5. PURCHASE GAS ADJUSTMENT PROVISION

The rates as prescribed above are subject to adjustment for changes in the Company's cost of gas as set forth in Section 12 of the General Terms and Conditions.

6. RECONNECTION CHARGE

Customers who request discontinuance of service and who subsequently request that service be resumed at the same address will be assessed a connection charge equal to the greater of (1) the number of months during which service is disconnected times the monthly charge effective for such months or (2) other special services charges set forth in Section 15 of the General Terms and Conditions. Such charges shall only be applied when reconnection is requested within twelve months of disconnection. For this purpose, any sixteen days of a month shall be considered a full month.

7. LATE PAYMENT CHARGE

All bills not paid by the last pay date will be subject to a late payment charge as set forth in Section 6 of the General Terms and Conditions.

8. TAXES

Bills rendered under this Rate Schedule shall be subject to any effective tax levied by governing bodies.

9. GENERAL TERMS AND CONDITIONS

Service under this Rate Schedule is subject to the currently effective General Terms and Conditions, as contained in this Tariff, as well as all applicable Rules and Regulations of the Virginia State Corporation Commission and any subsequent revisions thereto.

RATE SCHEDULE IFTS
INDUSTRIAL FIRM TRANSPORTATION SERVICE

1. APPLICABILITY

Applicable throughout the entire service area of the Company.

2. AVAILABILITY AND CHARACTER OF SERVICE

This rate schedule is available to any non-residential customer entering into a Service Agreement with the Company for Industrial Firm Service in conjunction with Rate Schedule ITS or ISS provided that:

- a. The Company's existing distribution facilities have sufficient capacity and there is adequate gas supply to provide the quantities of gas requested by the Customer. The Company shall not be required to deliver on any one day more than the Daily Firm Volume agreed upon in the Service Agreement and reflected in the associated demand charge rate; and
- b. Service under this Rate Schedule shall not be available as standby, peaking service or as a substitute for service under any other Rate Schedule of this Tariff. Service under this Rate Schedule shall be separately metered or shall be considered the first gas through the meter each day at 100% load factor; and
- c. Customers will be required to execute a Service Agreement specifying Customer's service requirements.
- d. Service under this rate schedule shall be made available on a first come, first served basis, provided that no customer can exceed 50% of the available capacity of the Company to provide service under this schedule unless other customers request less of the cumulative total available capacity. The Company shall annually advise customers of capacity availability.

3. RATE PER MONTH

The rates for service under this Rate Schedule are set forth in the currently effective Rate Sheets of this Tariff and are incorporated herein. Billing therms are rounded to whole therms.

RATE SCHEDULE IFTS
INDUSTRIAL FIRM TRANSPORTATION SERVICE

4. MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the Monthly charge and demand charge. The monthly demand charge shall be the product of the maximum contract daily volume times 365 times the demand charge rate divided by 12.

For Customer receiving service under this tariff that also contracts for IFSS Service, the Customer will only pay an additional monthly charge equal to the difference between the IFTS monthly charge and the IFSS monthly charge, if any.

5. RECONNECTION CHARGE

Customers who request discontinuance of service and who subsequently request that service be resumed at the same address will be assessed a connection charge equal to the greater of (1) the number of months during which service is disconnected times the Monthly charge effective for such months or (2) other special services charges set forth in Section 15 of the General Terms and Conditions. Such charges shall only be applied when reconnection is requested within twelve months of disconnection. For this purpose, any sixteen days of a month shall be considered a full month.

6. LATE PAYMENT CHARGE

All bills not paid by the last pay date will be subject to a late payment charge as set forth in Section 6 of the General Terms and Conditions.

7. TAXES

Bills rendered under this Rate Schedule shall be subject to any effective levied by governing bodies.

8. GENERAL TERMS AND CONDITIONS

Service under this Rate Schedule is subject to the currently effective General Terms and Conditions, as contained in this Tariff, as well as all applicable Rules and Regulations of the Virginia State Corporation Commission and any subsequent revisions thereto.

9. PENALTIES

See ITS rate schedule.

RATE SCHEDULE SIS
SUPPLEMENTAL INTERRUPTIBLE SALES

1. APPLICABILITY

Applicable throughout the entire service area of the Company.

2. AVAILABILITY

This Rate Schedule is available to any existing Interruptible Transportation Service (ITS) customer when their marketer is unable to deliver the customer's requirement and who enters into a Service Agreement with the Company and further agrees that:

- a. Service is subject to sufficient capacity on the Company's existing facilities and the Company having or obtaining adequate gas supply to provide the quantities of gas requested by the Customer. It is understood that service under this Agreement is on a best efforts basis; and
- b. Gas sold under this rate schedule will not be resold or used off the customer's premises; and
- c. The Customer agrees to provide and maintain alternate fuel storage and combustion facilities and to have available at all times sufficient standby fuel to maintain desired levels of plant operation during interruption in the delivery of natural gas. This requirement will be waived if the Customer agrees in writing to assume full responsibility for the lack of alternative fuel storage and combustion facilities.
- d. The Customer agrees that gas consumed by the customer in excess of its transported volumes may be billed to the Customer as Supplemental Sales volumes rather than treated as imbalance volumes under Section 13.4 of the Company's General Terms and Conditions.

3. CHARACTER OF SERVICE

- a. All gas delivered under this Rate Schedule is subject to complete or partial interruption at any time for any duration at the Company's sole discretion.
- b. Although subject to change, as system conditions may warrant, the Company does not expect service under this Rate Schedule will be available for daily effective average outdoor temperatures below 30°F.

RATE SCHEDULE SIS
SUPPLEMENTAL INTERRUPTIBLE SALES

4. RATES

The rates for service under this Rate Schedule are as set forth in the currently effective Rate Sheets for Interruptible Transportation Service (ITS) plus the Company's actual incremental cost of gas for supplies purchased to serve customers under this rate schedule for the month service is provided plus a tax computation and an allowance for retainage as provided in the transportation provisions in this tariff. The Customer may be billed an estimated gas cost subject to corrected billing. Billing terms are rounded to whole terms.

5. MINIMUM MONTHLY CHARGE

There is no minimum monthly charge for Supplemental Interruptible Sales (SIS).

6. NOTIFICATION OF INTERRUPTION

The Company's procedure for notice of interruption of service shall be:

- a. FAX transmission and/or telephone notification.
- b. In the event of no answer or of inability to contact the Customer's authorized personnel, a minimum of three (3) attempts at ten (10) minute intervals will constitute notification.
- c. Notice will be to one of the Customer's contacts on record with the Company as provided for in the Service Agreement.

The customer shall provide electrical requirements for the Company's facilities and maintain a telephone line to be used to provide the Company with ongoing communications with the meter installation.

7. PENALTY CHARGE FOR FAILURE TO INTERRUPT

If the Customer fails to interrupt its use of gas hereunder after the Company has provided as much notice to interrupt as one hour, or as reasonable under all circumstances consistent with the Company's operations and constraints, and in accordance with the notification procedure in 6 above, all volumes taken during the interruption shall be billed at the GS-2 Rate Schedule, along with all other applicable charges under this rate schedule, and for an amount equal to the greater of:

- a. Any penalty or charge incurred by the Company, under the terms of its city gate contracts with its supplier(s) or transporter(s) caused by the Customer's failure to interrupt or curtail; or

RATE SCHEDULE SIS
SUPPLEMENTAL INTERRUPTIBLE SALES

- b. A charge of \$1.50 per therm.

The Company reserves the right to waive the Paragraph (b) charge, for good cause shown, provided the Company has incurred no economic hardship.

Customer shall be liable for any personal injury or damage to the property of the Company or third parties which results from Customer's failure to interrupt, and Customer will indemnify and hold Company harmless with respect to such injuries or damages.

8. PENALTY FOR UNAUTHORIZED TAKES

The charge set forth under this Rate Schedule for failure to interrupt is also applicable to the unauthorized use of gas in excess of Maximum Daily Volume specified by the Service Agreement. Also, the Company reserves the right to waive the charge, for good cause shown, provided the Company has incurred no economic hardship.

9. DELIVERIES UNDER FIRM AND INTERRUPTIBLE SERVICE

When the Company makes deliveries under both firm and interruptible rate schedules and there is no separate meter for service, the first gas through the meter each day shall be the Customer's daily requirement under the firm rate schedule at 100% Load Factor.

10. AUTHORIZED OVERRUN DELIVERIES

Upon notice of total interruption by the Company, Customers experiencing emergency conditions may request plant protection volumes, to be provided at the sole discretion of the Company. Billings for such service will include the Monthly charge under this Rate Schedule and all volumes taken will be billed at Rate Schedule GS-2 plus applicable charges under this rate schedule and any additional charges incurred by the Company.

11. PURCHASED GAS ADJUSTMENT

The rates prescribed herein are not subject to Section 12 of the Company's Terms and Conditions, but are to be based on the Company's actual incremental cost of gas required to service the class of customers requesting service under this rate schedule for the month.

RATE SCHEDULE SIS
SUPPLEMENTAL INTERRUPTIBLE SALES

12. LATE PAYMENT CHARGE

All bills not paid by the last pay date will be subject to a late payment charge as set forth in Section 6 of the General Terms and Conditions.

13. TAXES

Bills rendered under this Rate Schedule shall be subject to any effective tax levied by governing bodies.

14. GENERAL TERMS AND CONDITIONS

Service under this Rate Schedule is subject to the applicable General Terms and Conditions, as contained in the Tariff, as well as all applicable Rules and Regulations of the Virginia State Corporation Commission and any subsequent revisions thereto.

ORIGINAL SHEETS NOS. 142 THROUGH 149

OF THIS TARIFF ARE RESERVED FOR

FUTURE USE

RATE SCHEDULE BUS
BACK-UP SERVICE

1. APPLICABILITY

Applicable throughout the entire service area of the Company.

2. AVAILABILITY

This Rate Schedule is available to any nonresidential customer entering into a Service Agreement with the Company for Back-Up Service in conjunction with Rate Schedule ITS and/or ISS and further agreeing that:

- a. Service is subject to sufficient capacity on the Company's existing facilities and the Company having adequate gas supply to provide the quantities of gas requested by the Customer. However, the Company shall not be required to deliver on any day more than the Maximum Daily Requirement agreed upon by the Company and the Customer in the Service Agreement; and
- b. Gas sold under this Rate Schedule will not be resold or used off the Customer's premises; and
- c. The Customer agrees to provide and maintain alternate fuel storage and combustion facilities and to have available at all times sufficient standby fuel to maintain desired levels of plant operation during interruption in the delivery of natural gas. This requirement will be waived if the Customer agrees in writing to assume full responsibility for the lack of alternative fuel storage and combustion facilities; and
- d. Service under this rate schedule shall be made available on a first-come, first-served basis. The service shall be limited to the available gas volumes as established by the Company. The Company shall make known, on an annual basis, the available gas volumes under this rate schedule and may limit the volumes available to any one customer.

3. CHARACTER OF SERVICE

- a. All gas delivered under this Rate Schedule is subject to complete or partial interruption at any time for any duration at the Company's sole discretion; and
- b. Service under this Rate Schedule will be given priority over other interruptible sales offered by the Company; and

RATE SCHEDULE BUS
BACK-UP SERVICE

- c. Service under this Rate Schedule will commence automatically should the Company, at its sole discretion, need to interrupt customers served under the interruptible tariffs; and
- d. Although subject to change, as system conditions may warrant, service under this Rate Schedule will generally commence when the effective average outdoor temperature is in the range of 30°F; and the Company does not expect service under this Rate Schedule will be available for daily effective average outdoor temperatures below 20°F.

4. RATES

The rates for service under this Rate Schedule are set forth in the currently effective Rate Sheets of this Tariff and are incorporated herein. Billing therms will be rounded to whole therms.

5. MINIMUM MONTHLY CHARGE

The Minimum Monthly Charge shall be the Monthly charge.

6. NOTIFICATION OF INTERRUPTION

The Company's procedure for notice of interruption of service shall be:

- a. FAX transmission plus telephone notification.
- b. In the event of no answer or of inability to contact the Customer's authorized personnel, a minimum of three (3) attempts at 10 (10) minute intervals will constitute notification.
- c. Notice will be to the Customer's personnel, FAX and phone numbers on record with the Company as provided for in the contract.

RATE SCHEDULE BUS
BACK-UP SERVICE

7. PENALTY CHARGE FOR FAILURE TO INTERRUPT

If the Customer fails to interrupt its use of gas hereunder after the Company has provided as much notice to interrupt as one hour, or as reasonable under all circumstances consistent with the Company's operations and constraints, and in accordance with the notification procedures in 3 (b) above, all volumes taken during the interruption shall be billed at the GS-2 Rate Schedule, along with all other applicable charges under this rate schedule, and for an amount equal to the greater of:

- a. Any penalty or charge incurred by the Company, under the terms of its city gate contracts with its supplier(s) or transporter(s) caused by the Customer's failure to interrupt or curtail; or
- b. A charge of \$1.50 per therm.

The Company reserves the right to waive the Paragraph (b) charge, for good cause shown, provided the Company has incurred no economic hardship.

Customer shall be liable for any personal injury or damage to the property of the Company or third parties which results from Customer's failure to interrupt, and Customer will indemnify and hold Company harmless with respect to such injuries or damages.

8. PENALTY FOR UNAUTHORIZED TAKES

The charge set forth under this Rate Schedule for failure to interrupt is also applicable to the unauthorized use of gas in excess of Maximum Daily Requirement specified by the Service Agreement. Also, the Company reserves the right to waive the charge, for good cause shown, provided the Company has incurred no economic hardship.

9. DELIVERIES UNDER BACK-UP AND INTERRUPTIBLE SERVICE

When the Company makes deliveries under both Interruptible and Back-Up Rate Schedules and there is no separate meter for service, the Company will bill the appropriate volumes on the interruptible rate and the back-up rate in accordance with hourly data recorded on its measuring equipment during the period of interruption.

RATE SCHEDULE BUS
BACK-UP SERVICE

10. AUTHORIZED OVERRUN DELIVERIES

Upon notice of total interruption by the Company, Customers experiencing emergency conditions may request plant protection volumes, to be provided at the sole discretion of the Company. Billings for such service will include the Monthly charge under this Rate Schedule and all volumes taken will be billed at Rate Schedule GS-2 plus applicable charges under this rate schedule and any additional charges incurred by the Company.

11. PURCHASED GAS ADJUSTMENT

The rates per therm prescribed above are subject to adjustment for any change in the Company's cost of gas set forth in Section 12 of the General Terms and Conditions.

12. LATE PAYMENT CHARGE

All bills not paid by the last pay date will be subject to a late payment charge as set forth in Section 6 of the General Terms and Conditions.

13. TAXES

Bills rendered under this Rate Schedule shall be subject to any effective tax levied by governing bodies.

14. GENERAL TERMS AND CONDITIONS

Service under this Rate Schedule is subject to the applicable General Terms and Conditions, as contained in the Tariff, as well as all applicable Rules and Regulations of the Virginia State Corporation Commission and any subsequent revisions thereto.

RATE SCHEDULE WNA
WEATHER NORMALIZATION ADJUSTMENT

1. APPLICABILITY

The Weather Normalization Adjustment will become effective on May 1, 2004 for the twelve month period of April 1, 2003 through March 31, 2004 and will be applicable for each twelve month period thereafter. The Weather Normalization Adjustment is applicable to service delivered under the terms of all firm rate schedules throughout the entire service area of the Company when the annual heating degree days from April to March in a given period do not match the heating degree days in the most recent 30 year period.

2. CALCULATION OF ADJUSTMENT FACTOR

The Weather Normalization Adjustment Factor will be calculated for each customer class as follows:

- (1) Dth Volume Adj. = $[HDD_{Normal} - HDD_{Actual}] * M * (Annual \text{ no. of bills} / 12)$
- (2) Total Revenue Adjust = (a) + (b), where a and b are calculated as follows:
 - (a) = Dth Volume Adj. * X * non-gas margin from the first rate block
 - (b) = Dth Volume Adj. * Y * non-gas margin from the second rate block
- (3) Adjustment Factor Per Therm = Total Rev Adj./Weather Sensitive Usage

Note: M will be the slope of the regression equation for the adjustment period for each rate schedule.

X will be the percentage of weather sensitive therms in the first rate block for the rate schedule

Y will be the percentage of weather sensitive therms in the second block of the rate schedule

Weather sensitive therms equals total therms minus base therms. Base therms equals total customer bills times the intercept value of the regression equation for the adjustment period for each rate schedule.

3. CALCULATION OF ADJUSTMENT FOR EACH CUSTOMER

The weather Normalization Adjustment Amount will be calculated for each individual customer bill as follows:

- (1) Weather Sensitive Usage = Total Usage - (Monthly Base Usage * 12)
- (2) Adjustment Amount = Weather Sensitive Usage * Weather Normalization Adjustment Factor

Note: Monthly Base Usage will be the average usage for the most recent months of July and August if there is usage in both months. If there is usage in only one of these months, then the usage for that month will be used. For customers who lack a sufficient history during the current year to compute Monthly Base Usage, the Company may substitute consumption data for the same premise, if available. Otherwise, the value of Monthly Base Usage will be based on the class average for the months of July and August.

RATE SCHEDULE WNA
WEATHER NORMALIZATION ADJUSTMENT

4. BILLING

All adjustments and refunds will be included in the customer's bill following the Weather Normalization Adjustment for the preceding period. Budget billing customers shall have the surcharge or credit applied to the cumulative balance of their payments and charges. WNA adjustments are to be applied to the customer's bill between May and August according to the following schedule:

WNA Trigger	Equal Monthly Billing Adjustment
< 5% Warmer than Normal	One
>5% to 10 Warmer than Normal	Two
>10% Warmer than Normal	Three
Colder than Normal	One

5. LATE PAYMENT CHARGE

Any late payment penalties applicable to a customer's bill will also apply to Weather Normalization Adjustment amounts.

6. TAXES

Weather Normalization Adjustments will be subject to any effective tax based upon revenue receipts levied by governing bodies.

7. EXCLUSION

Each commercial customer served under Rate Schedules GS-2 that believes a substantial portion of its usage is not weather sensitive, may request a statistical analysis to determine if there is a reasonable and verifiable correlation between its Weather Sensitive Usage (WSU) and the concurrent degree days. In preparing the analysis, the Company will regress the customer's WSU during the WNA periods for the most recent three years with the actual degree days for the same period. If it is found that the customer's WSU is not reasonably correlated with weather, the customer will be exempt from the WNA for a minimum of three years. If it is determined that the customer's WSU is reasonably correlated with weather, the WNA will continue to be applied. A customer who disputes the Company's findings may request an informal review by the Staff of the Virginia State Corporation Commission ("Commission) or a formal review by the Commission.

If the customer is deemed exempt from the WNA, after three years, the Company may again analyze the customer's WSU to determine if the nature of the customer's usage has changed and has become reasonably correlated with weather. If it is determined that the customer's WSU is correlated with weather, the application of the WNA will be reinstated. Such analysis may be initiated at the request of the customer or initiated by the Company without the customer's request. A customer who disputes the Company's findings may request an informal review by the Staff or a formal review by the Commission.

RATE SCHEDULE SAVE
SAVE PLAN RIDER

1. APPLICABILITY

The Company's Infrastructure SAVE Plan, which is implemented as a component of the Company's SAVE Plan pursuant to the Steps to Advance Virginia's Energy Plan Act ("SAVE Act"). The SAVE Plan is comprised of a rider for the replacement of current infrastructure and an adjustment that is used as a reconciliation rate for revenue collection from a previous period. The Plan rider will change in January of each year when there is no rate case filing anticipated that includes the recovery of the infrastructure investment for any given year and the adjustment will change every year to reflect the under or over recovery of the previous year, if the rider was implemented. All customer classes will be subject to the SAVE Plan Rider.

2. CURRENT SAVE PLAN RIDER

The eligible infrastructure replacement costs to be included in the calculation of the rider will be equal to the sum of the following: Return on Investment, Revenue Conversion Factor, Depreciation, Property Taxes, and Carrying Costs.

3. SAVE PLAN ADJUSTMENT

The adjustment will be computed by rate schedule at the conclusion of each year of the SAVE Plan by comparing the actual collections of the rider with actual eligible infrastructure replacement costs, plus or minus any under- or over-recovered revenue from the previous SAVE Plan year's. The results of that calculation will be divided by the estimated number of bills for the billing period to derive the applicable adjustment.

4. BILLING

Effective with the first billing unit for January of each year of the SAVE Plan, the rider will be billed monthly and shown as a line item on customer bills. The rider for each rate schedule is set forth below:

Rate Schedule	Rider (per month)
RS	\$6.21
GS-1	\$5.05
GS-2	\$27.50
IS	\$345.53
IT	\$743.98
IFT	\$1601.31

5. LATE PAYMENT CHARGE

Any late payment penalties applicable to a customer's bill will also apply to SAVE Plan Adjustment amounts.

6. TAXES

SAVE Plan Adjustment will be subject to any effective tax based upon revenue receipts levied by governing bodies.

ORIGINAL SHEET NOS. 157 THROUGH 194
OF THIS TARIFF ARE RESERVED FOR
FUTURE USE

GENERAL TERMS AND CONDITIONS
ALL RATE SCHEDULES

1. DEFINITIONS

- 1.1 “Alternate Fuel Capability (AFC)” shall mean that gas usage for which the Customer had the installed facilities to use an alternate fuel, and shall mean that gas usage of 107,330 therms or more, per peak month for which it would be reasonable to install facilities to use an alternate fuel. Propane shall be considered an alternate fuel only if it is available.
- 1.2 “Boiler Fuel” shall mean that usage of gas of 16,000 therms, or more per peak month for the generation of electricity, production of steam, or heating of water.
- 1.3 “BTU” shall mean (1) British thermal unit
- 1.4 “Billing Month” shall mean the period elapsed between consecutive monthly meter readings on a cycle basis.
- 1.5 “Commission” shall mean the State Corporation Commission of Virginia.
- 1.6 “Company” Roanoke Gas Company
- 1.7 “Customer” any corporation, municipality, governmental agency, person, group of persons, or partnership to whom the Company furnished service. Each individual establishment, single family residence, and apartment (separately metered) shall be a Customer.
- 1.8 “Customer Premises” means a contiguous tract of real property owned or controlled by the Customer no part or parcel of which, at the time of the original construction, is separated from the other by publicly dedicated highways, streets or roads.
- 1.9 “Expected Average Daily Volume” the amount of gas that the Customer reasonably expects to use based on the Customer’s production and/or facilities historical and/or projected needs.
- 1.10 “Gas Day” shall mean a period of twenty-four (24) consecutive hours, ending at 10:00 am Eastern Standard Time (EST).
- 1.11 “Maximum Daily Volume” shall mean the greatest volume of gas which the Company shall at the time be obligated to deliver to the Customer and which the

GENERAL TERMS AND CONDITIONS
ALL RATE SCHEDULES

Customer shall at the time be entitled to receive from the Company during any one day as specified in the Service Agreement.

- 1.12 “Month” shall mean the period beginning at 10:00 am (EST) on the first “day” of the calendar month and ending at the same hour on the first “day” of the next succeeding calendar month.
- 1.13 “Natural Gas” shall mean and include all gas delivered by pipeline to Company by its pipeline suppliers and all supplemental gases manufactured, converted, stored, purchased, produced or otherwise acquired by Company and distributed to its Customers.
- 1.14 “Natural Gas 1,000 Btu Per Cubic Feet” shall mean natural gas having a heating value for any twelve (12) months period of not less than 1,000 British Thermal Units per cubic foot. The heating value of gas purchased by Company from each of its pipeline suppliers will vary from time to time as a result of conditions over which the Company has no control, and the heating value of gas furnished by one pipeline supplier will vary and may be and remain substantially different from the heating value of gas furnished by another pipeline supplier, with the result that the heating value of gas distributed by Company will vary and may become and remain different among customers according to their location within the service area of the Company. Company shall remain obligated to require its pipeline suppliers to supply natural gas having a minimum average total heating value of 1,000 Btu per cubic foot and to distribute supplemental gases not purchased from pipeline suppliers having a minimum average total heating value of 1,000 but per cubic foot, but the Company cannot assure uniformity in higher heating values of gas distributed to its customers or adjust the rate or amount billed to any customer and the heating value of gas sold to another or other customers.
- 1.15 “Service Connection” a service pipe or service piping, regulators and such other connections and apparatus as may be regarded as necessary by the Company to provide for the present and reasonable future service requirements of a building, or structure or all separate buildings or structures, and such apartments and tenements as may be therein contained, on the customer’s premises.
- 1.16 “Service Pipe” the pipe connecting the distribution main of the Company or an existing or proposed service connection on or available to the Customer’s premises and therefrom extending to the service terminal.

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- 1.17 “Service Piping” a system of pipes and laterals connecting the distribution main of the Company at one or more than one service terminal.
- 1.18 “Service Terminal” the point on the outside wall of the Customer’s building or structure, apartment or tenement at which the meter or regulating device of the Company is located and the service pipe or piping on the outlet side thereof is connected with the Customer’s pipe. Where the Customer’s building or structure is so positioned on the Customer’s premises as to require placement of the meter inside of the building or structure, the service terminal shall be at the Customer’s side of the meter or regulating device.
- 1.19 “Point(s) of Receipt” shall mean the point or points at which the Company has agreed to receive gas delivered to it by the Customer, or others on behalf of the Customer, for transportation and delivery by the Company to the Customer, as set forth in the Service Agreement.
- 1.20 “Summer” for the purpose of designating gas volumes in contracts between the Company and any Customer, shall mean the seven months of April through October.
- 1.21 “Winter” for the purpose of designating gas volumes in contracts between the Company and any Customer, shall mean the five months of November through March.

2. MEASUREMENT

2.1 Large Volume, Non-Residential Customers

a. Flowing Temperatures

For the temperature compensation purposes, the Company may determine the temperature of the natural gas flowing through the meter or meters by recorder, from established tables for the location involved, or by use of temperature sensing elements used in conjunction with electronic measuring devices.

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b. Supercompressibility

The deviation of the gas from the laws for ideal gases, shall be determined by the Company, or jointly at Customer's option, in one of the following ways:

- (i) The deviation factors shall be computed by approved methods or read from standard tables, in accordance with the reports issued by the Gas Measurement Committee of the American Gas Association, as amended, expanded or superseded from time to time. Such computations or selection of factors from tables will be based on the composition of the gas and conditions at point of measurement, and the factors used will be checked by tests of the gas made with such reasonable frequency as found necessary; or
- (ii) The deviation factors shall be determined by tests of the gas made with such reasonable frequency as found necessary.

2.2 All Customers

a. Measuring Equipment

Unless otherwise agreed upon, the Company will own, install, maintain and operate measuring stations equipped with displacement or flow meters and other necessary measuring equipment to determine the volumes of gas delivered. The gas delivered shall be measured in accordance with the latest approved methods generally in use in the industry. Orifice meters shall be installed and operated, and gas volumes computed, in accordance with the reports issued by the Gas Measurement Committee of the American Gas Association, as amended, expanded or superseded from time to time, applied in a practical and appropriate manner. Displacement meter readings may be adjusted for pressure and temperature conditions. Customer may install check measuring equipment, provided such equipment is installed as not to interfere with the operations of the Company. The Company and Customer, in the presence of each other, shall have access to the other's measuring equipment at all reasonable times, but, unless otherwise agreed upon, the reading, calibrating and adjustment thereof and the changing of charts shall be done only by the owner thereof. Both the Company and Customer shall have the right to be present at the time of any installing, reading, cleaning, changing,

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repairing, inspecting, testing, calibrating or adjusting done in connection with the other's measuring equipment. The records from such measuring equipment shall remain the property of their owner, but upon request, each will submit to the other records and charts, together with calculations therefrom, for inspection, subject to return within thirty (30) days after receipt thereof. Customer shall exercise reasonable care in the installation, maintenance and operation of its equipment so as to avoid any inaccuracy in the determination of the volume of gas delivered.

(b) Meter Protection Tests and Adjustments

The Customer shall permit no person, other than an employee of the Company or a person otherwise lawfully authorized to do so, to remove, or tamper with the meter in any respect.

The Company, at any time upon the written request of a Customer, will test the meter of such Customer, provided that the Customer will accept the results of such test as a basis for the settlement of his account. If any such test shall show the meter not in error to the extent of two percent (2%) fast or slow, the Customer shall pay in accordance with the General Terms and Conditions, Section 15, to cover the cost of the test; except that where the meter has not been tested at the request of the Customer within a period of twenty-four (24) months immediately preceding such request, the test will be made without charge to the Customer.

If, upon test, either by the Customer or by the Commission on the request of a Customer, a meter is found to be fast in excess of two percent (2%), the Company will refund to the Customer an amount equal to that charged for such excess registration of gas for a period not exceeding six (6) months, immediately preceding the date of test, provided that no part of a service charge shall be refunded.

If, upon test, a meter is found to be slow in excess of two percent (2%), the Company may charge the Customer for such under registration of gas for a period, not exceeding six (6) months immediately preceding the date of the test.

If a meter is found not to register for any period, the Company will recalculate bills and provide the appropriate adjustments for a period not exceeding six (6) months based on a similar period

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and under similar conditions, preceding or subsequent thereto or over a corresponding period in previous years.

c. Preservation of Records

The Company shall preserve all records in the appropriate time frame as required by the State Corporation Commission of Virginia.

d. Delivery Pressure

The delivery pressure of gas delivered hereunder shall be the varying pressures prevailing from time to time in the lines from which the deliveries are made unless Customer and Company mutually agree to some other delivery pressure which shall be specified in the Service Agreement.

e. The Quantity of Gas Determined by Meter Readings

Except as otherwise indicated in an applicable schedule, the quantity of gas delivered to each Customer shall be ascertained by the readings of the meter furnished by the Company. The Company may read any meter once each month, but has the option to read the meter of any Customer once each two months. For any Customer whose meter is read once each two months, the consumption for the first month of each bimonthly meter reading period shall be determined by calculation on the basis of the Customer's previous usage-considering factors such as variations in weather, number of days in the period, the trend in seasonal usage, etc., in order to provide as nearly an accurate bill as possible without actually reading the meter. The Customer's consumption for the second month of each bimonthly meter reading period shall be determined by actual measurement taken from the Customer's meter, subtracting therefrom the calculated consumption for the first month of the bimonthly meter reading period. The bill for each month shall be the result of applying to the consumption, determined as aforesaid, the applicable rates and charges contained in this Tariff. The Company will endeavor to read any meter once each month and Customer's initial and final bills shall be determined by actual meter readings. For billing purposes, the metered consumption will be converted to therms based on the simple average of the daily weighted average for all gas delivered during the billing period.

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f. Monitored Usage

The Company shall monitor each Customer's usage in order to detect unusual deviations in individual Customer consumption. Prior to the billing of each account, the Company will compare the Customer's current consumption with the prior year's usage. Should an unusual deviation in the Customer's consumption be found, the Company shall make a reasonable attempt to determine the reasons for the deviation. If the cause of the deviation cannot be determined, a test of the Customer's consumption may be made, and if the meter registers more than two (2%) percent fast or slow the utility shall recalculate the Customer's bills and adjust the account on the basis of the test for a period not exceeding six (6) months immediately preceding the date of the test.

2.3 Measuring Equipment

a. Location and Maintenance of Company's Equipment

The Company shall have the right to install any gas piping or other equipment as it determines may be needed in connection with supplying gas at a convenient point or points on the property or in the building(s) of the Customer.

The Customer shall provide suitable space for the installation of the necessary metering apparatus, which space shall be accessible for reading, testing and servicing, and protected from damage by the elements, negligence or deliberate acts of persons.

Meters will normally be installed outdoors; however, when circumstances require, meters may be installed indoors, at the Company's discretion. When large meters are necessary, the Company may require the Customer to furnish, at the Customer's own expense, a suitable building to house the metering apparatus.

The Company may connect an electronic instrument to the Customer's telephone for the purpose of reporting pressure and measurement readings to the Company's computer.

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All equipment furnished and installed by the Company shall be and remain the property of the Company unless purchased from the Company.

b. Customer's Equipment and Responsibility

Except as may otherwise be provided in any effective promotional plan or program on file with the Commission, all piping, fixtures and appliances on the Customer's side of the service terminal shall be installed and maintained by and at the expense of the Customer or owner of the premises. Such piping, fixtures and appliances shall be and remain the exclusive property of the Customer or owner, but shall be maintained in conformity with all State, Municipal, County or Federal requirements and with the Rules of the National Board of Fire Underwriters. The nature and conditions of the Customer's equipment shall be such as not to endanger life or property, interfere with the service to other customers or permit the passage of gas without meter registration and it shall not be used for any illegal purpose. In the event of any violation of these conditions, the Company may refuse service or discontinue service without notice until such violations are remedied by the Customer.

The Customer agrees that no bottled, manufactured or liquid petroleum gas, other than that supplied by the Company shall be used in the operation of the Customer's equipment without previous written notice to the Company.

The service connection supplied by the Company for each customer is definitely limited in capacity and no additions to the equipment or load connected thereto may be made except with consent of the Company.

The Customer shall install only such apparatus and appliances as are suitable for operation with the character of gas supplied by the Company without undue disturbance of such supply, and the gas must not be used in such a manner as to cause objectionable pressure fluctuations in the Company's general distribution system.

The Company is willing to assist the Customer by advice as to the installation of the Customer's apparatus and to examine the Customer's installation, but may refuse to make connection or to commence or continue service whenever such installation is not in proper condition. No inspection assistance, or promotion by the Company, nor any failure by

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the Company to object to the Customer's installation, nor the fact that it shall make connection with the Customer's installation, shall render the Company in any way liable for any damage or injury resulting from any defective gas operated equipment or appliance of the Customer or any installation of pipes or apparatus not accomplished by Company employees.

The gas supplied under any agreement is supplied by the Company and purchased by the Customer upon the express condition that the gas so supplied, after it passes the service terminal, becomes the property of the Customer to be used only as herein provided; and the Company shall not in any event be liable for loss or damage to any person or property whatsoever, resulting directly or indirectly from the use, misuse or presence of the said gas on the Customer's premises, or elsewhere, after it passes the service terminal; or any loss or damage resulting from the presence, character, or condition of the piping, appliances or equipment of the Customer.

The Customer shall give immediate notice to the Company of leakage of gas. No deduction on account of leakage shall be made from Customer's bills unless such leakage shall be the result of fault or neglect of employees or service connection of the Company. In case of leakage or fire, the stop-cock at the meter should be closed without delay and no light or flame used in the vicinity of the leak.

The Company will promptly investigate, free of charge to the Customer, all gas leak reports. The Company representative will identify the source of the gas leak and take appropriate action to make the area safe.

No one other than authorized employees, or agents, of the Company shall turn on a gas meter, or service cock.

2.4 Access to Premises

The authorized representatives of the Company shall be given access to the premises of the Customer at all reasonable hours for obtaining meter readings, for shutting off the flow of gas for reasons herein prescribed, for inspection of piping and appliances, and for inspecting, removing, repairing, or protecting from abuse or fraud any of the property of the Company installed on the premises. Access shall be granted at all times for emergency purposes. The Company may refuse

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gas service or suspend it, on refusal of legitimate access to the property or until any such damage, loss or other conditions found shall have been settled to its satisfaction.

2.5 Use of Gas by Customer

The Company reserves the right but shall have no duty to determine the suitability of apparatus or appliances to be connected to its system, and to determine whether the operation of such apparatus or appliances will be detrimental to its general supply of gas. The Company further reserves the right to refuse to supply gas or to discontinue service until such time as the Customer conforms to Company regulations.

POSSESSION OF GAS AND WARRANTY OF TITLE

3.1 Control and Ownership of Gas Sold by Company

- a. As between Customer and Company, the Company shall be deemed to be the owner and in control and possession of the natural gas sold by it pursuant to its sales rate schedules until such gas is physically delivered to Customer at the point of delivery. Customer shall be deemed to be the owner and in control and possession of such gas thereafter.
- b. Customer shall have no responsibility with respect to any natural gas purchased from Company under Company's sales rate schedules until such gas is physically delivered to Customer at the Point of Delivery, or on account of anything which may be done, happen or arise with respect to said gas before such delivery; and the Company shall have no responsibility with respect to said gas after such delivery to Customer, or on account of anything which may be done, happen or arise with respect to said gas or with respect to Customer's gas transported by Company after such delivery.

3.2 Control and Ownership of Customer-Owned Gas

Customer shall be deemed to be the owner of all gas transported by Company on behalf of Customer pursuant to Company's transportation service rate schedule(s). Company shall have control and be in possession of such gas from the point(s) of receipt of such gas into Company's distribution system until such

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gas is physically delivered to Customer at the Point(s) of Delivery. Customer shall be deemed to be in control and possession of such gas thereafter.

It is expressly understood and agreed that the Company assumes no obligation or liability whatsoever for, or on account of, any condition on the Customer's premises or for any defects or suitability of Customer's piping, fixtures, fittings, or appliances, or for the inspection or repairs thereof.

3.3 Warranty of Title of Gas Purchased for Resale

The Company agrees that it will, and it hereby does, warrant that it will at the time of physical delivery to the Customer have good title to all gas which it has purchased for resale, free and clear of all liens, encumbrances and claims whatsoever, that it will at such time of delivery have good right and title to sell said gas as aforesaid, that it will indemnify Customer and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any or all persons to said gas.

3.4 Warranty of Title of Customer-Owned Transportation Gas

- a. Customer hereby warrants title to all gas to be delivered to the Company by Customer, or others at Customer's direction, for transportation by the Company, and the right of the Customer to deliver such gas, or to cause it to be delivered to the Company. Customer warrants that all such gas is owned by the Customer free from all liens and adverse claims, including liens to secure payment of production taxes, severance taxes and other taxes. Customer agrees to indemnify the Company and save the Company harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any and all persons to said gas or to royalties, taxes, license fees or charges thereon which are applicable prior to delivery to the Company and after delivery by the Company to the Customer to the gas being transported or which may be levied or assessed upon the delivery by the Customer, or others at the Customer's direction, to the Company or the delivery by the Company to the Customer.
- b. The Company warrants that it will have at the time of delivery to the Customer the right to deliver the gas so transported and that it will indemnify and save the Customer harmless from all suits, actions, debts accounts, losses and expenses arising from or out of adverse claims of any

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and all persons to said gas or to royalties, taxes, license fees or charges thereon arising from the transportation of such gas by the Company for the Customer and which are applicable after the receipt of such gas by the Company and before the delivery thereof to the Customer.

4. FORCE MAJEURE

Neither the Company nor Customer shall be liable in damages to the other for any act, omission or circumstance occasioned by or in consequence of any acts of God, strikes, lockouts and other labor disputes, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rules and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, and any other cause, whether of the kind herein enumerated or otherwise, not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. Failure to prevent or settle any strike or strikes, including lockouts, shall not be considered to be a matter within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.

Such causes or contingencies affecting the performance hereunder by either the Company or Customer, however, shall not relieve either of liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting such performance relieve Customer from its obligations to make payments of amounts then due hereunder in respect of gas theretofore delivered.

DISCONTINUANCE OF SERVICE

5.1 Discontinuance of Service Without Notice

The Company reserves the right to discontinue furnishing gas service to a Customer at any time without notice, irrespective of any claim pending against the Company, upon the occurrence of any one or more of the following events:

(a) Whenever the Company, in its opinion, has reasonable cause to believe that the Customer is receiving gas without paying or that its service connection has in any manner been tampered with. In either of these

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events, the Company shall have the right, in addition to its other rights as provided in these General Terms and Conditions, to require the Customer at the Customer's own expense to install a service connection in accordance with the Company's specifications and subject to its approval.

- (b) Whenever, in the Company's opinion, the condition of the Customer's piping, equipment and appliances, is neither safe nor suitable for receiving gas, or, when the Customer's use of gas or equipment interferes with, or is detrimental to, the supply of gas by the Company to any other Customer.
- (c) Where gas is being furnished over the Customer's private pipeline, or through a pipeline which is not owned or leased by the Company, whenever in its opinion such pipeline is neither in a safe or suitable condition, or is inadequate to receive gas.
- (d) In all cases of emergency. The Company will strive at all times to provide safe and uninterrupted natural gas service to all firm service customers. When an accident involving the natural gas distribution may occur, the Company will implement its Emergency Response Plan (the "Plan") to provide the safest and most timely restoration of service to all customers. To implement the Plan, natural gas service to all or a portion of the Company's firm service customers may be interrupted. These interruptions will be at the Company's sole discretion based on customer safety, system integrity, and service restoration. Under the plan, there will be established an Emergency Coordinator who will serve as the Coordinator for service interruption and restoration. This Coordinator will provide periodic statements to the media to inform customers on the status of the emergency. The Coordinator will take steps in the following order:
 - i. Service to interruptible customers will be terminated.
 - ii. All customers will be encouraged to strictly limit natural gas use.
 - iii. All non-critical Company use will be restricted.

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- iv. Service on the affected pipelines will be interrupted to all customers having a second source of energy that have not been classified as interruptible.
- v. Following service to customers with a second source of energy, service on the affected pipelines will be terminated to all non-critical facilities where feasible. Where it is not feasible to separate non-critical facilities, service to all facilities will be terminated. Non-critical facilities are facilities where human life and community safety are not affected by the interruption of natural gas service.
- vi. All remaining natural gas service customers.

Once the emergency has concluded, the Company will use its best efforts to restore service to customers in the reverse order from which service was interrupted, beginning with critical facilities. No new customers will receive service from the affected pipelines until the emergency is remedied and all service to existing customers is fully restored.

5.2 Discontinuance of Service with Notice

The Company reserves the right to discontinue furnishing gas service to a Customer with at least ten (10) days written notice from the Company to the Customer, irrespective of any claim pending against the Company, upon the occurrence of any one of the following events:

- (a) For non-payment of bills.
- (b) For failure to comply with any of the Company's Gas Tariffs as filed with the Commission, or with any of the conditions or obligations of any agreement with the Company for the purchase of gas.
- (c) Whenever the Customer has denied a Company representative access to the Company's meter, pipes or other apparatus installed on the Customer's premises.
- (d) To prevent fraud upon the Company.

Notice of discontinuance shall be considered to be given a Customer when a copy of such notice is left with the Customer, or left at the premises where his bill is rendered, or posted in the United States mail, addressed to the Customer's last post office address shown on the record of the Company. Company shall diligently attempt to induce Customer to make all payments owed or to comply with all applicable terms and conditions of service prior to discontinuing service.

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5.3 Notice of Desire to Have Service Discontinued

Every Rate Schedule Customer, who is about to vacate any premises supplied with service by the Company, or who for any reason wishes to have service discontinued, shall give at least three (3) working days' notice thereof to the Company specifying the date on which it is desired that service be discontinued. Until the Company receives such notice, the Customer shall be responsible for all service rendered.

5.4 Reinstatement of Service

When service is discontinued for any of the foregoing reasons, the Company may refuse service to Customer or co-tenant of Customer, at the same premises, until:

- a. all unsafe conditions have been corrected to the Company's satisfaction;
- b. all fraudulent activity has ceased;
- c. all delinquent bills have been paid or satisfactory credit arrangements have been made; and
- d. Customer shall have paid a reconnect charge equal to the greater of:
(i) the Reconnect Meter After Disconnect of Meter Charge, set forth in Section 15 of the General Terms and Conditions, or (ii) the number of months during which service is disconnected times the applicable customer service charge during such months reconnection occurs within twelve months after such discontinuation of service. For the purposes of this provision, any sixteen days of a month shall be considered a full month.

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BILLING AND PAYMENT

6.1 All Rate Schedules

a. Billing

Bills will be rendered and payable once each month.

b. Payment of Bills

Gas bills shall be paid at the office of the Company or its authorized collection agency on or before the last payment date indicated on the bill. All bills shall be due when rendered. Bills may be paid by, but not limited to, check, cash, bank draft, credit card, and debit card. For the options incurring a vendor fee, the customer utilizing that option will be charged the applicable fee. The amount of the vendor fee will be communicated to the customer prior to completion of the payment transaction.

6.2 Late Payment Charge

Should a Customer fail to pay all of the amount of any previous bill by the last pay date, a late payment penalty charge on the unpaid portion of the bill, net of local utility taxes and previously applied late payment charges, shall accrue at the rate of one and one-half percent (1-1/2%) per month. However, this provision shall not apply to that portion of any bill reasonably disputed by the Customer under normal and customary payment procedures.

6.3 Adjustment of Billing Errors

If it shall be found that at any time or times Customer has been overcharged or undercharged under the provisions hereof and Customer shall have actually paid the bills containing such overcharge or undercharge, then within thirty (30) days after the final determination thereof, the Company shall refund the amount of any such overcharge for a period of three (3) years unless the customer can provide additional billing records for the calculation and Customer shall pay the amount of any such undercharge for a period of twelve (12) months. In the event an error is discovered in the amount billed in any statement rendered by the Company, such error shall be adjusted within thirty (30) days of the determination thereof, provided that a claim therefore shall have been made within thirty (30) days from the date of discovery of such error. If the parties are unable to agree on the adjustment of any claimed error, any resort by either of the

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parties to legal procedure, either at law, in equity or otherwise, shall be commenced within fifteen (15) months after the supposed cause of action is alleged to have arisen, or shall therefore be forever barred.

6.4 Dishonored Payment

Should the Company receive a negotiable instrument from an applicant for service or Customer in payment for any bill, charge or deposit due, and such negotiable instrument be dishonored, Company may treat the account as if no such payment was ever received by the Company. In addition, the Company shall charge the applicant or Customer the Returned Check Charge set forth in Section 15 of the General Terms and Conditions.

7. INSTALLATION OF DISTRIBUTION FACILITIES

7.1 Application

The provisions of this section apply to installation of mains, service lines and other distribution facilities requested in order that a proposed Customer or group of Customers may receive service and to replacement of service lines for existing Customers.

7.2 Installation Subject to Justification

If construction of a main extension and/or service line is required to serve a proposed customer or a group of customers, the anticipated revenue to be received from the proposed service must justify the anticipated cost of the facilities. The anticipated revenue shall be calculated in accordance with the Company's "Policy For Installation of Distribution Facilities" on file with the Commission and shall be a function of the Estimated Annual Throughput times the currently effective rates for the service to be provided (excluding gas costs), and adjusted for applicable taxes and O&M costs. If the cost of the proposed facilities is not so justified, the Company may require the prospective customer or group of customers to:

- a. Pay a non-refundable deposit to recover costs associated with a proposed service line,
- b. Pay a refundable deposit to cover costs associated with the main extension and/or,

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- c. Participate in some other mutually agreeable arrangement under which the proposed facilities can be justified.
- d. All adjustments made by Customers will be adjusted for Federal Income Tax.
- e. At the end of each calendar year, for a period of five (5) years the Company will refund to the depositor or to his authorized agent, as of December 31, of each year, a sum equivalent to the fee extension allowed for subsequent customers connecting to the original extension less the actual cost of connecting those subsequent customers, but in no case shall the total amount of refund exceed the amount deposited with the Company. After five (5) years from the date the execution of the extension agreement, no refunds will be made. The extension, when built, shall be and remain the property of the Company.

7.3 Entire Investment

The entire installation of the gas service line and connections from the main to the meter shall be made by the Company, and any Customer accepting gas service under this Section 7 shall be deemed to have granted the Company an easement across his property for such service. Said easement to initiate at the service connection to the distribution main and continue to all meter connections and in the event of a twin service, to the point where the service line exits the nearest property line. This service line shall be of the size and type prescribed by the Company.

7.4 New Demands On Existing Line

Notwithstanding Service Section 7.2 above, when, in the opinion of the Company, an existing service line is insufficient to supply new demand put upon it and additional investment in facilities is required, the Company will install the facilities as necessary and the cost to the Customer, if any, shall be as provided in 7.2 above.

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Special Service Connection

When, at the request of a Customer, a special service connection or a service connection of temporary character is made, the cost of the entire connection and removal of same, less the salvage value of the returned material, may be charged to the Customer requesting the same, refer to Section 7.2.

7.6 Company Will Own, Control and Maintain

The Company will own, control and maintain all service pipes, regulators, vents, meters, meter connections, valves and other appurtenances from the main to the outlet side of the meter or service terminal regardless of any contributions to the cost thereof made by the Customers.

7.7 Relocation

If a customer requests relocation of existing service lines, meters, meter connections, regulators, vents, valves, or other appurtenances, the Company may bill the Customer for all labor and material costs involved in the relocation.

8. CHARGES AND PAYMENT FOR TEMPORARY SERVICE

The Customer shall pay the cost for all material, labor and expenses incurred by the Company in supplying gas service to the Customer for any temporary purpose or use, in addition to normal tariff charges for gas used.

9. DAILY CURTAILMENT AND INTERRUPTION OF SERVICE

The Company recognizes its primary public service obligation to maintain gas service to human needs Customers. The Company shall have the right, and, when necessary for the protection of daily volumes, will partially or completely discontinue the supply of gas to its Customers to the extent necessary to maintain such human needs service. The Company's daily delivery obligations under this Tariff are subject to such primary public service obligation, and the Company may partially or completely curtail or interrupt gas service as follows:

- a. Deliveries of all interruptible service;
- b. Deliveries of all curtailable service;

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- c. All remaining deliveries of gas to industrial Customers and Customers such as schools, churches and similar institutions, federal, state, county, municipal, governmental and public buildings, office buildings, theaters, stores, restaurants, bakeries and all types of commercial establishments except those described immediately below;
- d. Remaining deliveries of gas to human needs Customers--private dwellings, boarding and rooming houses, apartment buildings, hotels, hospitals, and sanitariums or similar institutions, where the element of human welfare and comfort are the predominating requirements. In the event of a daily gas shortage, these Customers shall have preference over all other Customers.

The curtailment and interruption of Customers on the Company's peak day(s) shall be ordered as required by the Company to properly recognize the weather conditions within the operating area, the availability of gas and capacity, the location and size of Customer, and the required reduction in gas deliveries at the time in conformity with the Company's public utility obligation and does not contemplate application thereof for monthly, seasonal or annual shortages of gas.

The Company shall not be liable for any loss, cost, damage, injury or expense that may be sustained by the Customer by reason of partial or complete curtailment or interruption or discontinuance of gas service.

10. VOLUMETRIC LIMITATIONS AND CURTAILMENT PROVISIONS

10.1 Curtailment and Interruption for Protection of Monthly and Seasonal Volumes

If it is necessary to limit the sale of natural gas for the protection of monthly and seasonal volumes in order to supply market requirements based on gas supply availability, the Company shall curtail or discontinue in whole or in part gas service to its seasonally curtailable Customers in the manner prescribed in this section. This curtailment shall be ordered as to the Company's seasonally curtailable Customers served under all Rate Schedules.

The Company shall not be liable for any loss, cost, damage, injury or expenses that may be sustained by the Customer by reason of partial or complete curtailment or interruption or discontinuance of gas service.

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Definitions

- a. Alternate Fuel Capability (AFC): shall mean that gas usage for which the Customer has the installed facilities to use an alternate fuel, and shall mean that gas usage of 107,330 therms or more, per peak month for which it would be reasonable to install facilities to use an alternate fuel. Propane shall be considered an alternate fuel only if it is available.
- b. Authorized Daily Volume: shall mean that volume of gas which customer is authorized to use when curtailment under the provisions of this section have been invoked by the Company.
- c. Authorized Monthly Volume: when Customer's Maximum Monthly Volume is reduced as a result of the provisions of this Article 10, the reduced volume shall thereafter constitute Customer's Authorized Monthly Volume and shall continue as Customer's Authorized Monthly Volume until changed by notice from the Company.
- d. Boiler Fuel: shall mean that usage of gas of 16,000 therms, or more, per peak month for the generation of electricity, production of steam, or heating of water.
- e. Commercial Service: service to Customers engaged primarily in the sale of goods or services, to educational institutions, to correctional institutions, and to local, state and federal government agencies for uses other than those involving manufacturing or electric power generation.
- f. Essential Human Needs: that gas usage necessary to maintain service to all residential Customers and Customers qualifying for human needs requirements without AFC, subject to the following restrictions: (a) thermostats in residences, apartments, sanatoriums, rest homes, hospitals, hotels, motels, prisons, and anywhere else that people reside shall be set to 65° F in the day and 55° F at night, unless such setting causes health hazards; and (b) thermostats in office buildings, retail stores, schools, and other commercial, government and industrial facilities shall be set to the minimum level required to prevent injury to life or property.

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- g. Essential Human Needs Emergency: a situation in which gas supply, for whatever reason, is inadequate to meet requirements of Customers in Priorities 1 and 2 as identified in section 10.3(b).
- h. Human Needs Requirements: that use of gas critical for child care and medical facilities, sanatoriums, rest homes, hotels, certain schools, critical agriculture and food process needs, commercial cooking, prisons, plant protection, and water and sewage treatment at minimum temperature to provide satisfactory service.
- i. Interruptible Service: that service provided under interruptible Rate Schedules or under special interruptible contracts.
- j. Maximum Monthly Volumes: a statement showing Maximum Monthly Volumes applicable to seasonal curtailment Customers will be furnished each Customer subject to curtailment hereunder. The Maximum Monthly Volume represents the maximum volume of gas that the Company is obligated to deliver to Customer in any month.
- k. Maximum Seasonal Volumes shall mean:
 - i. for the winter season, the total Authorized Monthly Volumes for the billing months of November through March, and
 - ii. for the summer season, the total Authorized Monthly Volumes for the billing months of April through October. Customer shall be billed and shall pay for all volumes taken hereunder in excess of Customer's Authorized Monthly Volume at the applicable rate therefore, together with any applicable charges pursuant to Section 10.7 herein.
- l. Peak Month: shall be defined as the maximum month during the period of the Customer's base allocation.
- m. Plant Protection: that minimum use of gas necessary to prevent physical damage to plant facilities, danger to plant personnel, and to protect material in production. It shall not include gas to maintain ongoing production of materials.

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- n. Residential Usage: that gas used for normal purposes in maintaining permanent single and multi-family dwellings.

10.3 Curtailment Provisions

- a. Gas Supply Deficiency Curtailment

To comply with the Commission's order in Case Number 20104, if the Company's gas supply is not adequate to deliver its market requirements, including the Maximum Monthly Volumes of each Customer, the Company shall order curtailment of deliveries to Customers as described herein by giving notice to each Customer of the percentage curtailment for each priority applicable to Customer as described herein. Such notice will be given as much in advance as possible.

Provided, however, the provisions hereof for curtailment shall in no way limit or restrict the Company from curtailing and interrupting daily deliveries as provided for in other provisions of this Tariff.

- b. Priorities of Curtailment

The Company may curtail or discontinue service in whole or in part of daily, monthly or seasonal volumes in accordance with the State Corporation Commissions' Order of May 1, 1991. When it becomes necessary for the Company to curtail gas deliveries to its Customers, the following priorities will apply beginning with the highest number and proceeding in reverse order to Priority 1. All customers within a priority class, or all customers within any subclass thereof, which is subject to curtailment shall be curtailed to the extent practicable on an equal basis. If a customer's end-use requirements come under two or more priorities, then such requirements must be treated separately when applying this schedule of priorities. Transportation customers will have equivalent end-use priorities as sales customers.

PRIORITIES FOR SERVICE

Priority 1 - Customer requirements for residential service, and requirements for human needs without alternate fuel capability (AFC).

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Priority 2 - Customer requirements under 16,000 therms per peak month without AFC.

Priority 3 - Customer requirements over 16,000 therms per peak month without AFC.

Priority 4 - Electric generation requirements for essential electric needs that do not have available supplies of alternate fuels or alternate sources of electricity.

Priority 5 - Customer requirements for human needs with AFC.

Priority 6 - Requirements of Customers with AFC that do not come under any other priority.

Priority 7 - Requirements for boiler fuel.

c. Curtailment Resulting from Operating Conditions

If, due to necessity to make modifications, tests, replacements, or repairs (excluding repairs arising from the occurrence of a force majeure) to the Company's facilities or to the facilities of the Company's supplier of gas, the gas available for delivery by the Company is insufficient to meet all of the Company's authorized sales on any day, then the Company, upon providing as much notice as possible under all of the circumstances, shall order curtailment by Customers to the extent required.

10.4 Availability of Excess Gas

If sufficient gas supply is available to permit deliveries in addition to the Maximum Monthly Volumes in any month, the Company will provide all Customers with as much advance notice as possible of the amount of such additional gas anticipated to be available. Such gas shall be apportioned and offered by the Company to all Customers on the basis of the total of Maximum Monthly Volumes for all Customers for that month. Notwithstanding the provision of this Section 10.6, the Company shall not be obligated to deliver to Customer in any month a quantity of gas in excess of the Maximum Monthly Volumes.

10.5 Minimum Monthly Bill and Other Charges, Assessments and Penalties

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The provisions of Section 10.1 through 10.6 above, shall not serve to reduce any charges, assessments or penalties otherwise payable or applicable under provisions of any Rate Schedule.

10.6 Petitions for Short-Term, Emergency Relief

The Company has the authority, in its sole discretion, to grant extraordinary relief to any Customer confronted with an emergency which requires immediate exemption from curtailment, provided that no single exemption will exceed ten (10) days without approval of the State Corporation Commission.

Petitions for relief exceeding ten (10) days must receive prior approval of the State Corporation Commission.

It shall be the responsibility of the Petitioner (Customer) to provide in its petition to the Company all data necessary, in the Company's judgment, for the Company to determine if an undue hardship has been fully documented and warrants relief from curtailment for a period not exceeding ten (10) days.

11. ALL RATE SCHEDULES -- ADDITIONAL TERMS AND CONDITIONS

11.1 Application for Service

Application for gas service shall be made to the local office of the Company or its authorized representative.

11.2 Customer Deposits and Securing of Accounts

Before receiving gas service, a Customer shall establish his credit to the satisfaction of the Company and shall discharge, either by payment or agreement, any prior indebtedness to the Company for gas service. The Company may require the Customer to deposit with it initially and from time to time, as a guarantee of payment for gas used, such amounts of cash as in the Company's judgment will secure it from loss, not to exceed the equivalent of the Customer's estimated liability for two highest consecutive months usage within the previous twelve months if data is available. If data is not available then the Company will use its best judgment to determine a reasonable estimate of the two highest consecutive months. The Company shall not be bound to supply gas until these conditions are fulfilled and it may discontinue service if the guarantee or increased guarantee is not given when required.

Simple interest will be paid annually at the rate as currently prescribed by the Commission. Interest will be paid on deposits held longer than three (3) months

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but the Company will not be liable for any interest on such deposits thirty (30) days after termination of gas service.

When service is terminated, any balance of the amount deposited, plus accrued interest thereon remaining after deduction of all sums due the Company, will be returned to the Customer.

A Customer under Rate Schedule RS who has established a record of prompt payment for any twelve (12) consecutive months will be refunded his total deposit plus accrued interest.

A residential Customer will be permitted to pay in three (3) consecutive equal monthly installments whenever the deposit exceeds forty dollars (\$40.00). Interest on such installment deposits does not begin to accrue until the final installment payment is made to the Company.

The Company shall have a reasonable time to read and remove meters and to ascertain that the obligations of the Customer have been fully performed before being required to return any deposit.

11.3 Refusal to Serve Proposed Customers

- a. The Company may decline to serve a Proposed Customer until he has complied with the state and municipal regulations governing gas service and the approved rules and regulations of the Company.
- b. Until adequate facilities can be provided, the Company may decline to serve a Proposed Customer, if, in the best judgement of the Company, it does not have adequate facilities to render the service applied for, or if the desired service is of a character that is likely to affect unfavorably service to other Customers.
- c. Compliance with the local governmental as well as Company Rules, Requirements and Specifications governing the installation and maintenance of gas service, piping, house piping, meter and regulator settings, minimum insulation standards, and appliance venting on Customer's Premises is a condition precedent to the Company's obligation to serve any proposed customer hereunder.

11.4 Customer Present When Service is Established

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As a safety precaution and so that the Customer may fully understand the condition of house lines and appliances, the Company recommends that the Customer or his authorized adult representative be present in the premises when gas service is established by the Company. The Company will only re-establish service if access to the premises is provided to the Company to perform necessary safety inspections.

11.5 Termination of Service on Disposal or Encumbrance of Property

Gas service shall, at the option of the Company cease and terminate and all claims for gas previously delivered shall become forthwith due and payable in case the property described or referred to in any application for service is to be sold or exchanged; in case a writ of execution is issued against the Customer; in case the premises described or referred to in applications as the place at which gas is being delivered are levied upon under execution; or in case of an assignment or other act of bankruptcy of Customer.

11.6 Residential Budget Payment Plan

a. Twelve Month Equal Payment Plan

At the request of any residential Customer who uses gas as the primary source for space heating, monthly budget payments for such Customer shall be made as follows:

Monthly budget payments shall be based on an amount equivalent to 1/12 of the Customer's estimated annual bill and such payments shall commence with bills payable during the month of July.

The last payment under this budget plan will end with the May payment. Payment due in June will be for the difference between the amount applicable to actual gas consumed during the twelve-month period and the amount actually paid during the eleven months of July through May of each year, with all previous balances either being paid or refunded in full or rolled into the next year's budget amount.

The monthly budget payment, which shall be based on the estimated annual bill of the Customer, shall not be construed by the Customer as a guaranty or assurance that the total actual charges will not exceed such

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estimate. The Company may, at any time, submit a revised estimate to the Customer whenever, in the Company's judgment, such revision is deemed advisable.

The billing, under this budget plan of payment, is for the convenience of the Customer. Bills will be rendered at the regular billing dates and will show the amount budget Customers are to pay. The bill will also show the actual gas used and the amount calculated at the applicable rate contained in the Company's Tariff. In addition, such bills will show the balance of the Customer's account.

If the Customer's budget account is in arrears, this budget plan may be canceled by the Company and the Customer billed in accordance with the applicable Rate Schedule. In the event of such cancellation, the account balance shall then become due. In the event a Customer discontinues service and has a credit balance, such balance shall be refunded.

The budget billing agreement is to cover the Customer's cost of gas and utility taxes only. Any payments for repair charges, merchandise or other charges shall be made in addition to the agreed budget amount.

12. PGA TERMS AND CONDITIONS

12.1 Provisions For Adjustment

a. The commodity rates for all gas sales services of the Company shall be increased or decreased by an amount hereinafter described as the Purchase Gas Adjustment Factor (PGA).

b. Definition of "Purchased Gas"

The term "purchased gas" as used in determination for the PGA shall include, but not be limited to, the following sources of gas, including related transportation, storage, and handling costs, including the cost of bad debt, required for delivery to the Company's facilities:

- i. Natural and substitute natural gas (SNG) and liquefied natural gas (LNG) from pipeline and other suppliers including exchange gas;
- ii. Liquefied natural gas (LNG) from other than pipeline sources;

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- iii. Carrying cost of storage gas;
- iv. Liquefied petroleum gas (LPG);
- v. Other hydrocarbons used as feedstock for production of substitute natural gas (SNG) and spot or emergency purchases; and
- vi. Costs associated with gas price hedging contracts.

12.2 Computation of Firm PGA

The PGA, calculation to the nearest .000001 per therm shall be computed each quarter for firm sales customers in the following manner:

a. Base Cost - Rate Schedules

The base cost of purchased gas applicable to sales under each of the Company's sales rate schedules is reflected on sheets 8 and 9 of this tariff.

b. Calculation of Firm PGA

The PGA for all firm sales rate schedules shall be composed of a demand cost component and a commodity cost component determined as follows:

i. Demand Cost Component

- a. For estimated quantities purchased as specified in 12.1(b)(i) above, the sum of the annual billing demands will be at the estimated wholesale rates of the Company's suppliers.
- b. The estimated quantities of all other types of gas or hydrocarbons purchased as specified in 12.1(b),(ii), (iii), (iv) and (v), above, for firm sales rates schedules during the billing year will be priced at the estimated rates of the Company's supplier(s) or the actual value of Company inventory.

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- c. The demand amounts determined in 12.2(b), i(a) and (b) above, and applicable billing adjustments, will be divided by the projected firm therm sales for the billing year to determine the annualized demand cost component per therm.
 - ii. Commodity Cost Component
 - a. For estimated quantities purchased as specified in 12.1(b)(i) above, the quarterly commodity purchases for all sales rate schedules will be priced at the estimated wholesale rates of the Company's suppliers.
 - b. The estimated quantities of all other types of gas, hydrocarbons purchased or costs associated with gas cost hedging contracts as specified in 12.1(b) (iv) and (v), above, for all sales rate schedules during the billing quarter will be priced at the estimated rates of the Company's suppliers.
 - c. The commodity amounts determined in 12.2(b) ii (a) and (b), above, and applicable billing adjustments, will be divided by the projected total therm of sales for the billing quarter to determine the quarterly commodity cost component per therm.
 - iii. The sum of amounts determined in 12.2(b)i(c) and 12.2(b)ii(c) will be the current cost per therm of gas purchased for sales under the applicable firm sales rate schedules (Current Cost).
 - iv. The PGA prior to adjustment for taxes shall be the difference between the base cost set forth in 12.2(a), and the current cost determined in 12.2(b) iii, above.
 - v. Each computed PGA shall be subject to any taxes levied upon the Company.
 - vi. Each computed PGA shall be adjusted by dividing the PGA computed in 12.2(b), above by the company's five-year average net bad debt percent of gross revenue.

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c. Annual Roll-In

Effective with the October billing month of each year, the base cost of gas shall be revised to reflect the current cost of purchased gas as determined in 12.2(b)(iii), above, and concurrently the rates for monthly consumption set forth in all firm sales rate schedules shall be revised to reflect an appropriately revised base cost plus the effect of state and local taxes.

12.3 Computation of Interruptible PGA

a. Base Cost - Interruptible Rate Schedules

The base cost of purchased gas applicable to the interruptible and air conditioning sales rate schedules is stated in Section 12.2(a).

b. Calculation of Interruptible PGA

The PGA for all interruptible and air conditioning sales rate schedules shall be determined as follows:

- i. The PGA prior to adjustment for taxes shall be the difference between the base cost set forth in 12.2(a) and the commodity cost component determined in 12.2(b), ii(c), above.
- ii. Each computed PGA shall be adjusted for any taxes levied upon the Company which are based upon revenue, by dividing the PGA computed in 12.2(b)(i), above, by the complement of the composite state and local tax rates on revenues.

c. Annual Roll-In

Effective with the October billing month of each year, the base cost of gas shall be revised to reflect the current cost of purchased gas as determined in 12.3(b) (i), above, and concurrently the rates for monthly consumption set forth in all interruptible sales rate schedules shall be revised to reflect an appropriately revised base cost plus the effect of state and local taxes.

12.4 Actual Cost Adjustment

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a. Computation of ACA

The Actual Cost Adjustment will exclude purchased gas expenses and sales of all bulk non-jurisdictional LNG sales and all flexible interruptible rate schedule sales. Purchased gas expenses or revenues resulting from the Company's application of the transportation volume imbalance tracking provision, costs associated with gas cost hedging contracts, and 90% of the revenue credits received from capacity release shall be included in the calculation of the Actual Cost Adjustment Factor.

An annual Actual Cost Adjustment (ACA) shall be computed for each firm and interruptible rate schedule which shall become effective along with the quarterly PGA by determining the cost of gas purchased, excluding supplier refunds, as recorded on the books of the Company for the Determination Period and allocated to each rate schedule in accordance with the applicable allocation factors established in the Company's most recent rate proceeding which shall be the twelve-month period October through September of each year of PGA application and subtracting therefrom an amount equal to:

- i. the Base Cost of purchased gas per therm as specified in 12.2(a) or that Base Cost which was used to calculate the PGA factors in effect during the Determination Period multiplied by the actual quantities of gas sold during the Determination Period;
- ii. the PGA revenues, excluding taxes and the effect of supplier refunds during the Determination Period;
- iii. an adjustment for the net ACA over- and under-collection during the Determination Period;
- iv. the amount of any supplier refunds held on the Company books for which refund factors have not been calculated and filed for refunding to customers.

b. Application to Next PGA

The amount derived in 12.4(a) above shall be divided by estimated therm quantities of gas to be sold during the next twelve months for each sales rate schedule specified in 12.2(a) and the resulting unit rate, subject to taxes, shall be reflected in the Purchased Gas Adjustment for a twelve-

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month period commencing with the January after the ending month of the Determination Period specified in 12.4(a), above.

12.5 Application

The ACA as determined above shall be applied to monthly bills rendered beginning with the fourth billing month following the twelve-month period on which it was based.

12.6 Refunds

a. Supplier Refunds Covered by Prior PGAs

When the Company receives a refund from its supplier(s) which results from a reduction in supplier(s) prices applicable to prior periods and was previously reflected in the PGA, the Company shall pass on such refunds to its Customers as hereinafter described:

1. The total dollars of any refunds after adjusting for taxes plus interest received, if any, shall be divided by the projected sales in therms for the refund period to produce the Refund Factor. However, should the Company receive minor refunds (less than \$.001 per therm of sales), such refunds will be held until refunds have a \$.001 per therm Refund Factor.
2. The Refund Factor shall be multiplied by the projected total sales in therms to all customers for a twelve-month period commencing with the normal quarterly PGA not later than the second billing month after the date of receipt of the refund to produce the PGA Refund Factor, which shall be applied as an additional adjustment to the quarterly PGA until such refund is completed.

b. Rounding

The Refund Factor is to be computed to the nearest 0.00001 per therm.

c. Interest

The Company will pay applicable interest on the refund dollars to be returned to Customers at the current rate prescribed by the Commission.

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d. Annual Balances

Any refund balance remaining on the books of the Company at the end of twelve months of refund application shall be added to a subsequent supplier(s) refund in such manner as to reflect any over or under refunds.

12.7 Filing

a. PGA

The Company will file with the Accounting and Energy Regulation Divisions of the Commission a copy of the computation of the PGA or refund credit and verification of its supplier(s) change in prices or refunds, if necessary, prior to the beginning of each PGA quarter, or at other such times as may be appropriate, which PGA or refund credit shall be subject to Commission approval.

b. ACA

The Actual Cost Adjustment (ACA) shall be computed and filed with the Commission for review at twelve-month intervals, which ACA shall be subject to Commission approval.

12.8 Details of Purchases

The Company shall make available to the Commission Accounting Division all details of purchases as required.

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13. TRANSPORTATION SERVICE RATE SCHEDULES - ADDITIONAL TERMS AND CONDITIONS

13.1 Measurement at Point(s) of Receipt

When Company receives Customer's gas at Point(s) of Receipt with an interstate pipeline(s), all measurement shall be performed in accordance with the terms of Company's agreement with that interstate pipeline(s) and shall be conclusive for purposes of all transportation agreements between Company and Customer.

13.2 Upstream Transportation Charges

If Company must use transportation service provided by another entity to transport Customer's gas, any cost incurred by, or billed to, Company with regard thereto, shall be billed to Customer by Company and paid by Customer. Such costs may include, but are not limited to, transportation or delivery charges, gas volumes retained for Company use and unaccounted-for gas, filing fees, and penalties incurred as a result of gas volume imbalances or other factors set forth in the applicable rate schedule(s) of such other transporting entity. Customer shall also reimburse Company for any filing fees paid by Company to an entity other than those considered above when necessary to commence or continue gas transportation service to Customer. Company will receive Customer's approval before taking any action that results in either the initiation of said transportation service or incurrence of said filing fees.

13.3 Balancing of Transportation Volumes

At the end of each billing period, each transportation Customer's cumulative volume imbalance will be calculated. When a transportation customer has delivered to city gate more volume than was actually used, the Company will reimburse the Customer monthly for the excess volumes. To determine the amount of reimbursement, the Customer's deliveries will be compared to the metered usage. When the difference between the deliveries and the metered usage (hereinafter referred to as the "imbalance volume") is less than or equal to five percent (5%) of metered volume, the reimbursement will be the product of the average daily spot index and the imbalance volume. The average daily spot index will be the average daily index prices from Inside FERC Gas Market Report, Daily Prices of Spot Gas Delivered to Pipelines, Columbia Gas Transportation Corporation, Appalachia, for each calendar month, adjusted for

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retainage, commodity charges on the pipeline, BTU content, and taxes. When the difference between the nomination and the metered usage is greater than 5% of metered volume but less or equal to 20%, the reimbursement will be the product of the average daily spot index times 85% times the imbalance volume. When the difference between the nomination and the metered usage is greater than 20% of metered volume the reimbursement will be equal to the average daily spot index times 50% times the imbalance volume.

When a transportation customer has delivered less volume than was actually used, the Company will charge the Customer monthly for the excess volumes. To determine the amount of charge, the Customer's deliveries will be compared to the metered usage. When this difference is less than or equal to five percent (5%) of metered volume, the charge will be the product of the average daily spot index times the imbalance volume. When the difference between the deliveries and the metered usage is greater than 5% of metered volume but less or equal to 20%, the charge will be the product of the average daily spot index times 115% times the imbalance volume. When the difference between the deliveries and the metered usage is greater than 20% of metered volume the charge will be equal to the average daily spot index times 150% times the imbalance volume.

All reimbursements and charges for surplus or deficiency volumes will be posted on the customer's bill for the month following the imbalance.

13.4 First/Last Gas Through The Meter

- a. On any given day when gas, not owned by the Company, is being delivered to the Company for transportation and delivery to the Customer ("transportation gas"), such transportation gas shall be the first gas through the meter for such day.
- b. Subject to the requirements of (a), on any given day when the Company is providing both firm and curtailable service to the Customer, the firm service shall be the first gas through the meter.
- c. Also subject to the requirements of (a), interruptible service shall be the last gas through the meter on any given day.

13.5 Scheduling

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By 12:30 p.m. eastern clock time (ECT) on the day preceding gas flow, customer shall provide Roanoke, in writing on forms provided by or approved by Roanoke, the quantity of gas to be delivered. The Company will make every effort to honor late and/or Intra-Day nominations which will be granted on a first come – first served efforts basis.

14. SERVICE AGREEMENT GENERAL TERMS AND CONDITIONS

14.1 Form of Service Agreement

Customers desiring to receive service under one or more Rate Schedules requiring a Service Agreement shall enter into a contract with the Company under the Company's standard form of Service Agreement for each Rate Schedule desired. Such Service Agreement shall indicate thereon the Rate Schedule under which service shall be rendered. Such Service Agreement shall be subject to the provisions contained in the designated Rate Schedule and the General Terms and Conditions applicable thereto or any subsequent changes and revisions which are made in accordance with valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction.

14.2 Term of Service Agreement

The term of the Service Agreement shall be for the period commencing with the initial delivery of gas through October 31 of the next succeeding year and from year to year thereafter until canceled by either Customer or Company giving written notice to the other no later than March 1, to become effective on November 1, of such year, unless otherwise provided in the applicable Service Agreement. The term of any transportation agreement shall be as set forth in the form of Service Agreement.

14.3 Successors and Assigns

Any Company which shall succeed by purchase, merger or consolidation to the properties of the Company or of the Customer, substantially as an entirety, and any affiliated successor in interest which shall acquire from the Company the properties of the Company used in rendering service to Customer, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under any Service Agreement between Company and Customer. Either Customer or Company may assign or pledge the Service Agreement between them under the provisions of any mortgage, deed of trust, indenture or similar instrument which it

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has executed or may execute hereafter; provided, however, such mortgage, deed of trust, indenture or similar instrument shall cover the properties of such party as an entirety unless such party is an affiliated successor in interest as above; otherwise neither party shall assign any Service Agreement between them or any of its rights thereunder unless it first shall have obtained the consent thereto in writing of the other party.

14.4 Waiver of Default

No waiver by either party of any one or more defaults by the other in the performance of any provisions of a Service Agreement between them shall operate or be construed as a waiver of any future default or defaults, whether of a like or of a different character.

14.5 Increases In Contract Volumes

- a. In the event the Customer desires to increase its effective Maximum Daily Volume, the Customer shall notify the Company of the amount of such desired increase and the desired effective date thereof. Unless otherwise mutually agreed to by Company and Customer, said notice shall be provided on or before June 1 of the calendar year preceding the year in which the desired effective date occurs, which effective date shall be no later than the first day of the November billing month.
- b. If the Company determines, in its sole judgment, that it will be able to accommodate the desired increase, the Company and Customer shall enter into a superseding Service Agreement by October 1 of the calendar year preceding the year in which the desired effective date occurs, which Service Agreement shall be subject to the receipt of all requisite regulatory authorizations and the completion of any necessary facilities, if any. The increased Maximum Daily Volume shall become effective on the date specified in the superseding Service Agreement unless (1) all requisite regulatory authorization has not been received, (2) all necessary facilities have not been completed, or (3) the Company and Customer mutually agree upon some other effective date.
- c. For increases in Maximum Daily Volume requested on shorter notice than in (a) or (b) above, the Company shall, giving consideration to all pertinent factors, use its best efforts to comply with such requests.

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14.6 Transfers Between Rate Schedules

If a Customer desires to transfer service from one to another of the Company's Rate Schedules, Customer, unless otherwise agreed to by Company, shall give notice to the Company by January 1, of any year and if Customer is advised by the Company that it has the required gas supply, capacity, and facilities to accommodate such transfer, then Customer, on or before March 1, of such year shall execute a contract to become effective November 1, of such year.

14.7 Operating Information and Estimates

Upon request of the Company, Customer shall from time to time submit estimates of the daily, monthly and annual volumes of gas required, including peak day requirements, together with such other operating data as the Company may require in order to plan its operations.

15. SPECIAL SERVICE CHARGES

<u>Type of Service</u>	<u>Charge</u>
Reconnection Meter After Disconnect of Meter	\$ 55.00
Special Meter Test (Subsequent test of meter within twenty-four (24) months of free meter test)	\$ 25.00
Returned Check Charge	\$ 15.00
New Meter Set (Priority Service or Return Trip)	\$ 35.00

The Company will make new meter connections free of charge during its normal working hours as part of the routine schedule of the workday, and will endeavor to perform the work at a time convenient to the customer, but during normal working hours. If the Customer fails to keep the appointment, causing the Company to make a return trip the Company may impose a new meter set charge of \$35.00.

Other Special Services and Off-Cycle Meter Readings

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Charges will be based on actual time required to perform service and will include the currently effective charges for labor, vehicles and overheads as stated in our Service Charge Policy and Rates Schedule.

16. POLICY FOR INSTALLATION OF DISTRIBUTION FACILITIES

16.1 Purpose:

To assure the effective management of new main extensions by providing guidelines to evaluate the economics of extending mains and services.

16.2 Summary:

Each proposed new service extension project (to include single services as well as main extensions with multiple services) will require an economic feasibility study that will compare estimated project cost with projected revenues. Each study will determine the Maximum Allowable Capital Investment (MAI) for the project that will result in the required rate of return. The MAI will be compared to the project's cost and its development potential in order to determine the project feasibility. Extensions of the company's facilities of 100 feet or less will be made at no cost to the customer.

Findings from each study will be documented on standard forms and submitted to the company staff for review, approval and/or recommendation to the board of directors.

Projects costing less than \$3,000 and whose cost are less than the project MAI may be approved by sales representatives but must be submitted to company staff in report form. Projects less than \$25,000 may be approved by company staff provided cost does not exceed the project MAI. All projects deemed feasible or prudent by company staff and costing in excess of \$25,000 or that do not meet the MAI criteria must be submitted, with staff recommendations, to the Board of Directors for approval. All main extension projects will be presented to the Board for informational purposes.

Procedures:

I. DETERMINATION OF PROJECT COST

A. Service line, Meter and Regulator Installation Cost

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To be determined from previous year's average cost based on customer class or can substitute a detailed cost estimate based on current labor and material cost. In case of an unusually long service, detailed estimates must be used for service cost.

B. Main Extension Cost

To be determined from a detailed cost estimate using current labor and material cost.

II. DETERMINATION OF ESTIMATED ANNUAL THROUGHPUT

The Estimated Annual Throughput for the project is calculated as follows:

A. Residential and small commercial monthly consumption estimates are to be determined from actual historical consumption data of like buildings with similar size, construction and usage patterns as those planned for the project.

Process loads and industrial monthly consumptions will be determined from individual customer information regarding equipment input ratings and expected usage patterns. All consumption volumes will be adjusted for normal weather.

B. For subdivisions and other projects where the total anticipated load will require more than one year to develop, annual and monthly consumption data will be determined from averaging the first three year's estimated consumptions.

C. Total Projected Annual Revenues will be calculated from Estimated Annual Throughput using the appropriate rate structure anticipated for the first year following project completion.

III. DETERMINATION OF INVESTMENT SUPPORT REVENUE (ISR)

The ISR is calculated by subtracting from Total Projected Annual Revenue: Annual Gas Cost for the appropriate class, Annual Operation and Maintenance (O & M) Expenses for the appropriate class and taxes applied to the Total Revenue Amount.

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A. Gas Cost

Are determined by multiplying the estimated annual consumption by the current base cost of gas for the appropriate customer class.

B. O & M Expenses

Are determined from account 401 and 402 expenses that are directly attributable to new customer additions. Expense items to be excluded include:

- *all gas cost
- *all LNG expenses
- *all measuring and regulating expenses
- *load dispatching expenses
- *corrosion expenses
- *expenses relating to bare steel and cast iron pipe including survey and repair cost.

O & M cost will be allocated among residential, commercial and interruptible accounts according to cost of service allocation factors. Specific expenses will be based on a cost per therm for each class from normalized annual sales.

C. Consumption Tax

Determined by multiplying the current consumption tax (CT) rate by the estimated annual consumption.

IV. DETERMINATION OF MAXIMUM ALLOWABLE INVESTMENT (MAI)

The MAI is equal to the Investment Support Revenue divided by the Investment Cost Factor

- A. The Investment Support Revenue calculation is shown above.
- B. The Investment Cost Factor (ICF)

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Is equal to the annual payment necessary to generate the required return (including depreciation, Federal Income Tax and property tax) over the assumed life of the project, divided by the initial investment. The ICF is computed as follows:

1. Compute the required cash flow for each year as the sum of:
 - a. The required annual return on the beginning year remaining balance of the initial investment plus the F.I.T. depreciation adjustment.
 - b. The straight line depreciation of the initial investment.
 - c. The annual FIT on the return adjusted for interest.
 - d. Average property tax rate multiplied by the initial investment and decreased by 10% in years 1-3, 15% in years 4-9 and 20% in remaining years.

2. Compute the Net Present Value of the annual required cash flow as follows:

$$\text{NPV} = \sum_{t=1}^n \frac{C_n}{(1+i)^n}$$

Where C_n = Cash Flow for nth year
 i = Required return

3. Compute the periodic payments necessary to pay the NPV of the annual required cash flow on an amortizing loan as follows:

$$\text{Payment} = \frac{\text{NPV} \times (\text{Reg'd Return})}{(1 - (1 + \text{Reg'd Return})^{-n})}$$

Where n = Number of Years in Project Life
The Investment Cost Factor is equal to this periodic payment divided by the initial investment.

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V. EVALUATION AND RECOMMENDATION

- A. If the project cost is less than the MAI, then the project, if less than \$25,000 cost, will be approved for construction. Other projects deemed prudent by staff, will be recommended to the Board for approval.
- B. If the cost of the proposed facilities is not economically supported by the anticipated project revenue (MAI) the Company may require the prospective customer or group of customers to pay, as a contribution in aid of construction, the difference between the project cost and the MAI plus any applicable taxes.