

**CITY OF EL PASO, TEXAS
AGENDA ITEM DEPARTMENT HEAD'S SUMMARY FORM**

DEPARTMENT: Office of the City Attorney
AGENDA DATE: January 15, 2008
CONTACT PERSON/PHONE: Bertha Ontiveros, (915) 541-4550
DISTRICT(S) AFFECTED: Citywide

CITY CLERK DEPT.
08 JAN 10 PM 1:17

SUBJECT:

Texas Gas Service Company Statement of Intent to Change Rates

BACKGROUND / DISCUSSION:

On August 31, 2007, Texas Gas Company filed a Statement of Intent to increase rates in El Paso by \$5,450,250. The filing stated that the rate increase would be effective October 19, 2007. The Public Utility Review Board considered this request at its meeting of December 14, 2007. Prior to the meeting, City staff, outside counsel and consultants reviewed the filing, requested supplemental information from TGS and negotiated a proposed resolution of the issues with TGS. The proposal would include a base rate revenue increase of \$1,145, 069 and miscellaneous service charges estimated at \$291,473 and several related issues, as more specifically discussed in the attached memorandum

PRIOR COUNCIL ACTION:

Has the Council previously considered this item or a closely related one?

On September 25, 2007, the Council adopted a resolution suspending the effective date of the TGS increase by 90 days.

AMOUNT AND SOURCE OF FUNDING:

How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?

N/A

BOARD / COMMISSION ACTION:

Enter appropriate comments or N/A

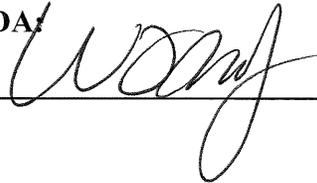
The Public Utilities Regulation Board considered the proposed settlement at its December 14, 2007 meeting and unanimously recommended that it be approved by the Council.

*****REQUIRED AUTHORIZATION*****

LEGAL: (if required) _____ **FINANCE:** (if required) _____

DEPARTMENT HEAD: _____

(Example: if RCA is initiated by Purchasing, client department should sign also)
Information copy to appropriate Deputy City Manager

APPROVED FOR AGENDA:
CITY MANAGER:  **DATE:** _____

RESOLUTION

WHEREAS, Texas Gas Service Company, an operating division of ONEOK, Inc. (“Company”), is a regulated utility subject to the exclusive original jurisdiction of the City of El Paso (“City”) for rates, services and operations within the City; and

WHEREAS, on August 31, 2007, the Company filed a Statement of Intent to increase rates for the El Paso Service Area by \$5,450,250, consisting of an increase of \$4,724,571 in base rates and \$725,689 by recovery of revenue related taxes as a separate line item on the bill, said rate increase specified to be effective October 19, 2007; and

WHEREAS, the City Council suspended the operation of the filings for 90 days from the effective date or the maximum allowed by law; and

WHEREAS, the Company has provided evidence that it has complied with the notice requirements of Texas Utilities Code §104.103 by publication in the *El Paso Times* on September 30, October 7, 13, and 21, 2007; and

WHEREAS, City Council finds that a base rate revenue increase of \$1,145,069 per annum, an increase in miscellaneous service charges as proposed by the Company and as indicated on the attached gas tariff and rules of service estimated to total \$291,473, removal of revenue related taxes from base rates and charged as a separate item line item on the bill estimated to be \$725, 689 and the amendments to the rate schedules and cost of gas clause as indicated for the El Paso Service Area permits the Company a reasonable opportunity to earn a reasonable return on its invested capital used and useful in providing service to the public in excess of its reasonable and necessary operating expenses; and

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WHEREAS, the City Council finds that it is reasonable to amend the Company's Cost of Gas Clause, Rate Schedule 1-1, to permit recovery of a portion of uncollectible expense related to the cost of gas through the cost of gas clause, and to permit calculation of balancing fees to reflect the current pricing structure charged to the Company by El Paso Natural Gas Company for interstate pipeline service, and to permit the recovery of costs incurred from outside vendors and attorneys after January 1, 2008 to protect the interest of El Paso Service Area customers in connection with proceedings at the Federal Energy Regulatory Commission and

WHEREAS, the City Council finds that the base rate increase approved herein should be applied on an equal percentage basis to all customer classes; and

WHEREAS, the City Council finds that the rate schedules attached hereto are appropriate to allow the Company to charge just and reasonable rates from its customers in the El Paso Service Area; and

WHEREAS, the City Council finds that the base rate increase subsumes within it the total revenues to be recovered through the rates herein set, including all reasonable rate case expenses of the Company and the City in this proceeding as well as proceedings in 2004, 2005, and 2006, pursuant to Texas Utility Code §104.301 ("GRIP" statute); and

WHEREAS, the City Council finds it reasonable to utilize the same rate of return, property tax factor, depreciation rates, and income tax factors that were authorized for use on August 31, 2004, for any interim rate request filed by the Company pursuant to Texas Utility Code §104.301 between the date of this resolution and the next general rate case in the El Paso Service Area; and

WHEREAS, the City Council retained Mounce, Green, Myers, Safi, Paxon & Galatzan, a Professional Corporation, Diversified Utility Consultants, Inc, Chesapeake Regulatory Consultants, McFadden Consulting Group, Inc, and Larkin and Associates to review various portions of the request, and to make presentations to the Public Utility Regulation Board and assist in settlement discussions; and

WHEREAS, the Public Utility Regulation Board met on December 14, 2007, and after presentation and consideration of this proposed resolution voted to recommend approval of the Modified Rate Increase to the City Council; and

WHEREAS, Texas Gas Service, by letter dated January 17, 2008, extended the proposed effective date by twenty-one (21) days.

WHEREAS, the City Council finds that the Proposed Settlement as outlined in a Memorandum from Norman Gordon dated January 10, 2008, attached hereto should be adopted; and

WHEREAS, the City Council finds that actual and estimated fees and expenses of \$204,935.00 are reasonable for the City's evaluation of this request.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO THAT:

SEC 1. The Rate Schedules 1-1-Inc., EDR 10, 20, 21, 25, 26, 27, 40, C-1, S.S. T-1, T-Gen and the Gas Tariff, Rules of Service attached hereto as Exhibit A be approved for gas service within the City Limits of the City of El Paso for meters read on or after February 15, 2008.

SEC. 2. The Company is ordered to reimburse the City for its expenses as invoiced by the City, not to exceed \$204,935.00, within 30 days after invoice from the City.

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SEC. 3. Consistent with the procedures authorized by City Council on August 31, 2004, the factors approved by City Council on August 31, 2004, for rate of return of 8.42%, property tax factor of 1.42419%, federal income tax rates of 35%, and existing depreciation rates in effect will be utilized by The Company for any filings with the City of El Paso pursuant to the "GRIP" statute of the Texas Utility Code §104.301 until further order of the City Council.

SEC. 4 The Company agrees that it shall not file a general rate case for a change in rates within the City of El Paso prior to October 1, 2008, unless it is denied the ability to have an interim increase under provisions of the GRIP statute of the Texas Utilities Code §104.301, by action of the City Council or the Courts of the State of Texas.

SEC. 5 All relief granted herein is contingent on The Company not filing an appeal of this Resolution to the Railroad Commission of Texas.

SEC 6. The Company has agreed to file by the end of March 2008, an amended request for Conservation Rider with the City, to be considered by the Public Utility Regulation Board. The City Council will consider adoption of a conservation rider at a later date in 2008.

SEC. 7 The March 31, 2007, Plant in Service amount for any future filings under Texas Utilities Code §104.301 is \$110,124,267, and the December 31, 2006, amount of Accumulated Deferred Federal Income Taxes (ADFIT) is \$16,058,296. The Company will adjust the ADFIT, Customer Advances, Customer Deposits to the level as of the same date as the Plant in Service amount, but will not adjust Cash Working Capital or other working capital items, which for purposes of filings under Texas Utilities Code §104.301 will be identified at \$0.00.

SEC. 8 All relief requested by The Company not granted herein is denied.

ADOPTED this 5th day of February, 2008.

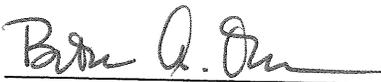
THE CITY OF EL PASO

John F. Cook
Mayor

ATTEST:

Richarda Duffy Momsen
City Clerk

APPROVED AS TO FORM:



Bertha A. Ontiveros
Assistant City Attorney

APPROVED AS TO CONTENT:



William F. Studer, Jr.
Deputy City Manager
Financial Services

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SAFI, PAXSON & GALATZAN
A PROFESSIONAL CORPORATION
ATTORNEYS AND COUNSELORS AT LAW
100 N. STANTON, SUITE 1700
EL PASO, TEXAS 79901-1448
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NORMAN J. GORDON
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MEMORANDUM

To: John Cook, Mayor
City Council Members

From: Norman J. Gordon

Date: January 10, 2008

Re: Texas Gas Service Company Rate Increase Request

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On January 15, 2008, you will have for your consideration a proposed settlement, Resolution of the Texas Gas Service Company (the "Company") Rate Increase Request. The Public Utility Regulation Board considered this request at a meeting on December 14, 2007. Prior to that time, the City's staff, outside attorneys and consultants examined the request, sent information and data requests to the Company, negotiated with representatives of the Company and presented a proposed resolution to the Public Utility Regulation Board. The end result is a compromise of positions. As you know, the PURB found the compromise reasonable and unanimously recommended that the settlement be approved by the City Council as its action on the Texas Gas Service Rate Request.

Background:

On August 31, 2007, the Company filed a request for a rate increase of \$5,470,250 for the El Paso Service Area.¹ The increase request was for an increase in base rates effective October 19, 2007, of \$4, 724,571, and inclusion of \$725,689 of revenue related taxes as a separate line item on the bill. The Company made a number of other proposals, which will be discussed individually below. The City engaged firms to examine the revenue and expenses, the proposed allocation to customer classes, the requested rate of return and issues related to Accumulated Deferred Income Taxes ("ADFIT").²

¹ The El Paso Service Area includes the City of El Paso Town of Anthony, Village of Vinton, Town of Clint, City of Socorro, City of Horizon, and the environs or unincorporated areas surrounding those municipalities.

² Accumulated Deferred Income Taxes are Income taxes that are deferred (not paid in the current year) chiefly due to the utility's ability to use accelerated depreciation on its tax return (while it uses straight line

After exchanging information with the Company, a compromise settlement was reached to resolve this case, as well as to resolve many of the issues and requests that the Company had made in its filing, and save the expense and effort of an appeal.

In cases filed with municipalities, if the Company is not satisfied with the decision of the City Council, it may appeal the case to the Railroad Commission of Texas. The Railroad Commission would hear the case *de novo*, holding a new hearing as if the City Council had not acted on the increase request. There would also be some additional expense associated with such appeals which would be borne by ratepayers. If the Council adopts this resolution no appeal will take place.

Individual Items in the Settlement:

1. Base Rate Increase.

The agreed base increase amount is \$1,145,069. On a comparable basis to the \$5.4 million request, the total increase is approximately \$2.7 million. The changes in base rates for the residential and commercial classes and comparison to the as filed request follow:

Item	Current	As Requested	As Settled
Residential Minimum Charge	\$10.39	\$11.65	\$10.50
Per Ccf over 200 Ccf	\$0.08515	\$0.13113	\$0.08772
Average Bill 45 Ccf (incl Gas)	\$42.69	\$44.31	\$43.15
Average Increase		\$1.62	\$0.47
Commercial Minimum Charge	\$17.11	\$27.00	\$17.30
200-500 Ccf	\$0.10448	\$Incl. in Minimum	\$0.10475
501-2500 Ccf	\$0.0845	\$0.08674	\$0.08472
Over 3000 Ccf	\$0.06446	\$0.06675	\$0.6473
Average Bill 251 Ccf	\$213.03	\$207.90	\$214.73
Average Increase		(\$5.13)	\$1.71

depreciation for its financial accounting, and regulatory filings). The theory is that the taxes will be paid at a future date when the amount of accelerated depreciation becomes less than the straight line depreciation. When ONEOK acquired the El Paso area assets in 2002, City Council insisted that ratepayers be protected from the loss of the benefits of the Deferred Taxes on the Books of Southern Union Company. Oneok agreed. In this case therefore, we needed to be certain that the ONEOK accounting was correct on this issue. The City engaged a regulatory accountant to perform that analysis.

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2. Changes to Miscellaneous Service Charges.

The Company proposed, and the agreement contemplates, increases to miscellaneous service charges. The expected revenue effect of the increase to charges is \$291,473. The current charges and changes are shown below:

Item	Current	Proposed
Meter Testing Small ³	\$15	\$80
Meter Testing Large	\$20	\$100
Meter Testing Orifice	\$30	\$100
Returned Check Fee	\$10	\$25
In person Collection Fee-Residential	\$5	\$10
In Person Collection Fee-non Residential	\$5	\$25
Special Meter Reading (after Estimated Bill)	\$6	\$10
Meter Exchange(Customer Request) ⁴	None	\$100-\$150
Meter Tampering	None	\$100
Meter Removal ⁵	None	\$50
Loan Processing Fee ⁶	None	\$30

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The vast majority of the increased revenue will be realized from the returned check fees and collection fees.

3. Transportation Rate Changes.

Transportation Customers are customers who buy their own gas, arrange to have it transported to the service area, and purchase only "transportation" from the pipeline to their place of business from the Company⁷. Currently, there are two types of Transportation Customers, interruptible and firm, and there are different rates for those customers. One of the components of the rates is the charge which is added to transportation rates for upstream transportation charges. Due to the changes in the EPNG rate structure, the Company no longer uses the EPNG system to allow for an amount of gas for transportation customers. The transportation customers' gas is transported to the El Paso Service Area on the intrastate pipeline, which is owned by ONEOK subsidiary^[p1]. As a result, the Company proposed that the embedded charges to transportation customers be revised. For transportation customers who are currently classified as firm transportation customers, the charge will be decreased from \$.52 per Mcf to \$.07 per Mcf. For transportation customers who are currently classified as interruptible transportation customers, the charge will be increased from \$0.02 per Mcf to \$0.07 per Mcf. As those amounts were used to offset, in part, the charges

³ One Meter Test every 4 years is at no charge. This is for an additional meter test.

⁴ When meter working properly

⁵ When access to the meter has been denied by the customer, customer has failed to provide access and been given notice of disconnection of service and access is still denied

⁶ New Program described below.

⁷ The rest of the customers are called "sales customers," as they purchase gas from the Company as well.

from EPNG which are charged to sales customers, there will be an increase in those costs to sales customers. The estimated amount of that increase is \$165,000.

4. Cost of Gas Clause Changes.

The proposal changes the cost of gas clause to accomplish several substantive changes.

- a. A portion of uncollectible expense will be collected through the cost of gas clause rather than as part of the base rates. The collections should be more or less than the amount built into the rates. The amount of uncollectible expense representing gas cost during the year ending June 30, 2007 was \$537,769. The actual amount in the future may be greater or less than that amount. However, the clause will be designed to collect no more than the actual expense.
- b. Changes to reflect the new types of charges The Company pays to El Paso Natural Gas for transportation service. The Company transports virtually all the gas it purchases for sales customers in El Paso via the EPNG interstate pipeline. Due to recent changes in the EPNG rate structure, the Company's rates have increased.
- c. Changes to the reconciliation process by which the Company will provide more detail of the nature of the costs included in its annual reconciliation report.
- d. Changes to balancing charge provisions. The changes to the balancing provisions explicitly allow for inclusion of a credit for the benefit of sales customers from balancing charges the Company may assess to transportation customers.^[p2] However, the costs currently assessed to transportation customers as part of their rate will be lowered. There is no net change to revenues, only a change between types of customers. Provisions will also be included to guard against customers switching from general sales customers to transportation customers.
- e. The annual reconciliation statement will be verified and include detail specific enough to determine the nature of the costs included, namely transportation costs, outside costs related to intervention in FERC interventions to protect El Paso Service Area customers, costs related to the commodity cost of gas, and balancing fees.

5. Appliance Financing Program.

The Company requested, and the PURB recommended approval of, the appliance financing program which will allow customers to pay the cost of purchase (and financing costs) of gas appliances (ranges, cook tops, ovens, hot water heaters) through their gas bills. The purchases can be made through approved dealers and financed through an approved lender such as GECU. (Any dealer is eligible to apply to become an approved dealer/installer under the program). The Company

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will not be at risk should anyone default on payments. On any payment, the payment will first be credited to the bill for natural gas service and then to the appliance payment. TGS will be allowed to collect a \$30.00 set up fee for setting up this payment plan. The benefits to the company are the probability of retention of customers of gas appliances easier as financing may become a little easier for some customers^[p3].

6. Yard Line Replacement Program.

The Company requested, and the PURB recommended, approval of the yard line replacement program. This program will allow customers who have experienced leaks in yard lines (the line between a meter installed at the curb and the customer's house) replaced at a maximum cost to the Company of \$500.00. The customer will be responsible for costs in excess of the \$500.00. In this program, the meter will be moved from the curb or alley, to a location as close to the house as possible. The new meter installation location will include an electronic meter, one that can be read remotely as the meter reader walks or drives past the location. The benefit to the Company is more efficient meter reading, as well as a slight increase in its plant investment (and return). The benefit to customers who need yard line replacement is lower cost for replacement and installation by one of the Company's contractors. Replacement is typically needed in areas of the City which have older installations which have metal pipe yard lines. The program will be limited to 1,500 replacements a year. Currently, there are less than 500 such replacements a year.

7. GRIP Matters.

The so-called Gas Reliability Infrastructure Program ("GRIP") (Texas Utility Code § 104.301) provides a gas utility with a means to request interim rate adjustments for increases in invested capital between rate cases. The statute does not provide a means to increase its rates for increases in operating costs. Texas Gas Service filed for such increases in 2004, 2005, and 2006. The resolution of this case provides the baseline plant investment for the Company, as well as a baseline amount of Accumulated Deferred Income Taxes. An Austin District Court has issued a judgment which casts doubt on the ability of a gas utility to appeal a decision of a city denying such a request. The case has been argued to the Court of Appeals, but no appellate decision has yet been issued. Thus, the ability of a gas utility to use this interim method is in doubt. The GRIP factors will be the factors utilized in the 2004, 2005 and 2006 filings. Those factors are rate of return, depreciation rates, ad valorem tax rates, and federal income tax rates.

8. Rate Case Expenses.

The Company will reimburse the City its rate case expenses for this case and the three prior GRIP cases within 30 days of invoice by the City. There will be no

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surcharge of those expenses. All of the rate case expenses, those of the City and TGS are deemed to be subsumed within the rates to be charged. There will be no surcharge of such expenses.

9. Next Rate Case.

The Company agrees not to file a general rate case before October 1, 2008, so that new rates would not be effective earlier than January 15, 2009, unless it should be denied the ability to recover interim rates under the GRIP statute.

cc: Joyce Wilson, City Manager
William Studer
Nadia Powell
Bertha Ontiveros

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TEXAS GAS SERVICE COMPANY
EL PASO SERVICE AREA (INCORPORATED AREAS)
CUSTOMER BILL IMPACT
(PROPOSED RATES BASED ON PURB RECOMMENDED SETTLEMENT)

	USAGE (Ccfs)	CURRENT RATES	PROPOSED RATES	\$ CHANGE	% CHANGE
RESIDENTIAL					
City of El Paso - Average Bill	45	\$ 41.90	\$ 42.37	\$ 0.47	1.1%
Surrounding Cities - Average Bill	45	\$ 41.53	\$ 42.11	\$ 0.58	1.4%
COMMERCIAL					
City of El Paso - Average Bill	249	\$ 207.13	\$ 208.83	\$ 1.70	0.8%
Surrounding Cities - Average Bill	249	\$ 205.05	\$ 207.11	\$ 2.06	1.0%
COMMERCIAL A/C					
City of El Paso - Average Bill	108	\$ 93.92	\$ 94.83	\$ 0.91	1.0%
Surrounding Cities - Average Bill	108	\$ 93.01	\$ 93.92	\$ 0.91	1.0%
INDUSTRIAL					
City of El Paso - Average Bill	3,818	\$ 3,074	\$ 3,216	\$ 142	4.6%
Surrounding Cities - Average Bill	3,818	\$ 3,042	\$ 3,190	\$ 148	4.9%
PUBLIC AUTHORITY					
City of El Paso - Average Bill	1,040	\$ 851	\$ 858	\$ 7	0.8%
Surrounding Cities - Average Bill	1,040	\$ 842	\$ 860	\$ 18	2.1%
PUBLIC AUTHORITY A/C*					
City of El Paso - Average Bill	1,360	\$ 1,105	\$ 1,114	\$ 9	0.8%
MUNICIPAL WATER PUMPING*					
City of El Paso - Average Bill	8,928	\$ 6,929	\$ 6,972	\$ 43	0.6%
STANDARD TRANSPORT					
Commercial					
City of El Paso - Average Bill	26,531	\$ 2,695	\$ 2,701	\$ 6	0.2%
Surrounding Cities - Average Bill	26,531	\$ 2,054	\$ 2,070	\$ 16	0.8%
Industrial					
City of El Paso - Average Bill	40,956	\$ 3,985	\$ 4,106	\$ 121	3.0%
Surrounding Cities - Average Bill	40,956	\$ 2,997	\$ 3,131	\$ 134	4.5%
Public Authority					
City of El Paso - Average Bill	11,673	\$ 1,522	\$ 1,527	\$ 5	0.3%
Surrounding Cities - Average Bill	11,673	\$ 1,242	\$ 1,257	\$ 15	1.2%
Cogeneration*					
City of El Paso - Average Bill	76,997	\$ 6,975	\$ 6,975	(0)	0.0%
STAND BY*					
City of El Paso - Average Bill	550	\$ 1,585	\$ 1,636	\$ 51	3.2%

NOTE: Bills Computed with average test year cost of gas and include franchise and gross receipts tax. A factor of \$0.00324/Ccf is included in the proposed rates for collection of uncollectibles on cost of gas for gas sales service.

Surrounding Cities Include: Anthony, Clint, Horizon City, Socorro and Vinton.

* No Customers in the Surrounding Cities in this Class.

COST OF GAS CLAUSE

A. APPLICABILITY

This Cost of Gas Clause shall apply to all General Service rate schedules of Texas Gas Service Company ("The Company") in the incorporated areas of its El Paso Service Area.

B. DEFINITIONS

1. **Cost of Purchased Gas** - The cost for gas purchased by the Company from its supplier or the weighted average prudently incurred cost for gas purchased by the Company from all sources where applicable. The Cost of Purchased Gas may include prudently incurred costs necessarily incurred for transportation, storage and associated services. Transportation costs shall be inclusive of all upstream transportation costs imposed by the transportation service providers and shall include, but not be limited to, pipeline reservation charges, transportation commodity charges, applicable line loss charges, balancing charges, penalties, and any other related costs and expenses. The Cost of Purchased Gas shall also include any surcharge or refund the Company may receive from its gas suppliers or service providers. The Cost of Purchased Gas shall also include gains or losses from the utilization of natural gas financial instruments that are executed by the Company for the purpose of mitigating price volatility. No costs of natural gas financial instruments purchased from or sold to companies affiliated with the Company shall be allowed.
2. **Purchase/Sales Ratio** - A ratio determined by dividing the total volumes purchased by the Company during the twelve (12) month period ending June 30 by the sum of the volumes sold to customers and the known volumes of gas that may be otherwise accounted for, including but not limited to Company used gas, liquid extraction, meter errors due to inaccurate calibration or temperature fluctuations and accidental discharges of gas from the Company's system during the same period. For the purpose of this computation, all volumes shall be stated at 14.73 psia. Such ratio as determined shall in no event exceed 1.0526 i.e. $1/(1 - .05)$ unless expressly authorized by the applicable regulatory authority.
3. **Commodity Cost** - The estimated Cost of Purchased Gas multiplied by the Purchase Sales Ratio plus any adjustment to correct any known and quantifiable under or over collection prior to the end of the reconciliation period.
4. **Cost of Gas** - The rate per billing unit or the total calculation under this Cost of Gas Clause, consisting of the Commodity Cost, a reconciliation component, Economic Development Rate, FERC Intervention Costs, Uncollectible Cost of Gas and applicable taxes and fees, including franchise fees.

COST OF GAS CLAUSE
(Continued)

5. Reconciliation Audit - An annual review of the Company's books and records for each twelve month period ending with the accounting month of August to determine the amount of over or under collection occurring during such twelve month period. The audit shall determine: (a) the total prudently incurred amount paid for the Cost of Purchased Gas as defined in Section B.1. of this Cost of Gas Clause to provide service to its customers during the period, including prudently incurred gains or losses on natural gas financial instruments, (b) the revenues received from operation of the provisions of this cost of gas clause reduced by the amount of fees (including franchise fees) and taxes, (c) the total amount of refunds made to customers during the period and any other revenues or credits received by the Company as a result of relevant gas purchases or operation of this Cost of Gas Clause, (d) the total amount accrued for upstream pipeline and/or commodity balancing provisions under the transportation rate schedule(s) including but not limited to balancing service rate and stranded capacity charges net of franchise fees and applicable taxes, (e) the total amount of Uncollectible Cost of Gas during the period, (f) the total amount of FERC Intervention Costs and (g) an adjustment, if necessary, for lost and unaccounted for gas during the period in excess of five (5) percent of purchases.
6. Reconciliation Component – The amount to be returned to or recovered from customers each month from December through August as a result of the Reconciliation Audit.
7. Reconciliation Account - The account maintained by the Company to assure that over time it will neither over nor under collect revenues as a result of the operation of the Cost of Gas Clause. Entries shall be made monthly to reflect, (a) the total prudently incurred amount paid for the Cost of Purchased Gas as defined in Section B.1. of this Cost of Gas Clause to provide service to its customers during the period, including prudently incurred gains or losses on natural gas financial instruments, (b) the revenues received from operation of the provisions of this cost of gas clause reduced by the amount of fees (including franchise fees) and taxes, (c) the total amount of refunds made to customers during the period and any other revenues or credits received by the Company as a result of relevant gas purchases or operation of this Cost of Gas Clause, (d) the total amount accrued for upstream pipeline and /or commodity balancing provisions under the transportation rate schedule(s) including but not limited to balancing service rate and stranded capacity charges net of franchise fees and applicable taxes, (e) the total amount of Uncollectible Cost of Gas during the period, (f) the total amount of FERC Intervention Costs.
8. Economic Development Cost Recovery – The rate per billing unit pursuant to Rate Schedule EDR.
9. FERC Intervention Costs – costs prudently incurred from outside vendors and attorneys after January 1, 2008 for the purpose of protecting the interest of sales customers in the El Paso Service Area in connection with negotiating Federal Energy Regulatory Commission (“FERC”) related issues with upstream pipelines or intervention and participation in proceedings at the FERC. FERC Intervention Costs may also include prudently incurred internal travel expenses related to this purpose.
10. Uncollectible Cost of Gas – the amounts actually written off after the effective date of this rate schedule related to cost of gas and recorded in Account No. 1910106 as of the end of each reconciliation period.

COST OF GAS CLAUSE
(Continued)

C. BILLING OF COST OF GAS

In addition to the cost of service as provided under its rate schedule(s), the Company shall bill each customer for the cost of gas incurred during the billing period. The cost of gas shall be clearly identified on each customer bill.

Notwithstanding anything herein to the contrary, in addition to the Cost of Gas, the Company shall bill each general service customer in the incorporated areas of Vinton only a surcharge of \$0.06 per Ccf during the billing period in accordance with the Settlement Agreement and Release dated February 15, 2001 by and among the Company and the Cities represented in the Class Action Lawsuit known as Cause No. C-4558-95-G-2 ("Settlement Agreement"). The Surcharge shall be effective only until the Settlement Agreement payments allocated to the Village of Vinton are collected by the Company in accordance with the Settlement Agreement.

D. DETERMINATION AND APPLICATION OF THE RECONCILIATION COMPONENT

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

E. PAYMENT FOR FUNDS

Concurrently with the Reconciliation Audit, the Company shall determine the amount by which the cost of gas was over or under collected for each month including any cost of gas inventory in storage and margins on non utility transactions as described in paragraph "G" below within the period of audit. If, on the average, the Company had overcollected during the period, it shall credit into the Reconciliation Account during October an amount equal to the monthly balance multiplied by nine percent (9%). If, on the average, the Company had undercollected during the period, it shall debit into the Reconciliation Account during November an amount equal to the monthly balance multiplied by six percent (6%).

COST OF GAS CLAUSE
(Continued)

F. NON-UTILITY TRANSACTIONS

The aggregate net margins generated by the company from all Non-utility Transactions shall be divided between the Company and ratepayers with the Company retaining thirty three and one third percent (33 1/3%) of aggregate annual Net Margins generated from such activities and sixty-six and two-thirds percent (66 2/3%) shall be credited to customers in the month during which the transaction closes. For purposes of this provision, "Non-Utility Transactions" shall mean the following transactions to the extent that such transactions pertain to natural gas supplies, storage, and transportation capacity allocated to customers within the El Paso Service Area: off-system sales of natural gas, releases of transportation or storage capacity, financial arbitrage of storage inventories, trading of natural gas inventories, and use of financial instruments pertaining to purchase, storage, and/or transportation of natural gas, so long as such instruments are not intended to hedge the cost of system supplies. "Non-utility Transactions" shall not include any transaction conducted by any affiliate of the company. For purposes of this provision, "Net Margins" shall mean revenues from the aggregate of all Non-Utility Transactions, less the costs to the Company of such transactions, including related taxes, commissions, transaction fees, and transfer fees. The Net Margins allocated to ratepayers shall be credited to the ratepayers once per year through an adjustment of the Reconciliation Account as determined in the Annual Reconciliation filing. The Company shall be fully responsible for any aggregate annual net losses incurred from such activities and no such losses shall be paid by the ratepayers. This provision does not permit the Company to include in the calculation of gas cost storage, or gas stored except as prudently and necessarily needed to serve general sales customers in this service area.

G. COST OF GAS STATEMENT

The Company shall file a Cost of Gas Statement with the Regulatory Authority by the beginning of each billing month. (The Company shall file such initial Statement as soon as is reasonably possible.) The Cost of Gas Statement shall set forth (a) the Cost of Purchased Gas; (b) that cost multiplied by the Purchase/Sales Ratio; (c) the amount of the cost of gas caused by any surcharge or refund; (d) the Reconciliation Component; (e) the appropriate Economic Development Rate; (f) the fees (including franchise fees) and taxes; and (g) the Cost of Gas which is the total of items (b) through (f). The statement shall include all data necessary for the Regulatory Authority to review and verify the calculation of the Cost of Gas. The date on which billing using the Cost of Gas is to begin (bills prepared) is to be specified in the statement. The Company shall not file revised Cost of Gas Statements on dates other than listed above without specific regulatory authority.

COST OF GAS CLAUSE
(Continued)

H. ANNUAL RECONCILIATION REPORT

The Company shall file an annual report with the Regulatory Authority which shall be verified under oath and include but not necessarily be limited to:

1. A tabulation of volumes of gas purchased and costs incurred listed by account or type of gas, supplier and source by month for the twelve months ending August 31.
2. A tabulation of gas units sold to general service customers and related Cost of Gas Clause revenues.
3. A summary of all other costs and refunds made during the year and the status of the Reconciliation Account. The summary shall include monthly detail and statement of all amounts included other than the gas purchased in sufficient detail for evaluation. The detail for any FERC Intervention costs activities performed and costs incurred on behalf of El Paso Service Area sales customers.

This report shall be filed concurrently with the Cost of Gas Statement for December. The Company shall provide complete detail within 20 days of request by a representative of the City of El Paso or other municipality.

I. SUPPORTING MATERIAL ACCOMPANYING ANNUAL RECONCILIATION REPORT

The Company shall file supporting materials with its Annual Reconciliation Report to demonstrate that gas costs were acquired during ordinary and atypical periods at the lowest prudently incurred price and necessary to provide reliable service to retail customers.

CITY CLERK DEPT.
08 FEB -7 AM 8:00

ECONOMIC DEVELOPMENT RATE

A. APPLICABILITY

This Economic Development Rate ("EDR") rate schedule shall apply to the following rate schedules for the incorporated areas of the El Paso Service Area: 10, 20, 21, 25, 26, 27, 40, C-1 and T-1.

B. TERRITORY

Incorporated Areas of the El Paso Service Area – Cities of El Paso, Anthony, Clint, Vinton, Socorro and Horizon City, Texas

C. PURPOSE

This rate schedule provides for the recovery of costs that TGS incurs related to economic development in the El Paso Service Area. Successful economic development will only occur to the extent that the community and its corporate partners provide the necessary support to attract new businesses and industries to this region. New businesses and industries will increase employment, spur growth and local business expansion, create a more robust economy and improve the quality of life for the region.

D. EDR RATE

The EDR rate:

During each Monthly Billing Period

All Ccf @ \$.002 per Ccf

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

CITY CLERK DEPT.
08 FEB -7 AM 8:00

D. BILLING

1. The EDR rate shall be included as a component of the Company's Cost of Gas (per Ccf rate) for rate schedules: 10, 20, 21, 22, 25, 26, 27, 40 and C-1.
2. The EDR rate shall be added to the applicable cost of service usage charge (per Ccf rate) for rate schedules: T-1.

ELECTRICAL COGENERATION AND ENERGY CONSERVATION RATE

APPLICABILITY

Service under this rate schedule is available to any customer who enters into a contract with the Company to use natural gas for the purpose of cogeneration. Cogeneration is defined as the use of thermal energy to produce electricity with recapture of by-product heat in the form of steam, exhaust heat, etc. for industrial process use, space heating, food processing or other purposes.

TERRITORY

This rate shall be available throughout the Company's El Paso Service Area.

COST OF SERVICE RATE

During each monthly billing period:

A Customer Charge of \$240.00 plus -

	Oct. - April <u>Winter</u>	May - Sept. <u>Summer</u>
The First 5,000 Ccf	\$.07108 per Ccf	\$.06107 per Ccf
The Next 95,000 Ccf	.06108 per Ccf	.05106 per Ccf
The Next 300,000 Ccf	.05108 per Ccf	.04107 per Ccf
All Over 400,000 Ccf	.04108 per Ccf	.03106 per Ccf

Cost of Gas Component: In addition to the Cost of Service set forth above, each customer's bill shall include an amount equal to the Cost of Gas for the billing month as determined in accordance with Rate Schedule No. 1-1-INC multiplied by the total Ccf consumed during the billing month.

CONDITIONS

1. Gas taken under this rate shall be used exclusively for the purpose of cogeneration as defined in the Applicability section of this rate schedule and not for other purposes. The gas taken under this rate will be separately metered.
2. This rate will not be available for standby use.

CITY CLERK DEPT.
08 FEB - 7 41 8:00

ELECTRICAL COGENERATION AND ENERGY CONSERVATION RATE
(Continued)

3. For the purpose of this rate, the annual load factor must be 60 percent or greater. The annual load factor is defined as the customer's total annual consumption divided by the customer's peak month consumption times twelve. If less than 60 percent load factor occurs for a twelve-month period, the rate charged will revert back to the rate that the customer would have otherwise been served under. A continuous twelve-month period of 60 percent or better load factor must precede a return to the cogeneration rate.
4. To qualify for the summer discounts, the customers' peak summer months load must be at least 75 percent of the customers' peak winter months load. Failure to meet this requirement will result in an adjustment to the customers' October bill equal to the difference between the winter and summer rates times that year's total May through September consumption by that customer.
5. The curtailment priority of any customer served under this rate schedule shall be the same as the curtailment priority which would pertain if gas were used directly to provide energy for uses as defined and listed in paragraph 14.2 of the Company's Texas Rules of Service.
6. Subject in all respects to applicable laws, rules and regulations from time to time in effect.

CITY CLERK DEPT.
08 FEB -7 AM 8:00

RESIDENTIAL SERVICE RATE

APPLICABILITY

Applicable to a residential customer in a single dwelling, or in a dwelling unit of a multiple dwelling or residential apartment, for domestic purposes, including any public housing project and including apartment houses where service for more than one dwelling unit is served through a master meter. This rate is only available to full requirements customers of Texas Gas Service Company.

TERRITORY

The incorporated areas of El Paso, Anthony, Clint, Horizon City, Socorro, and Vinton, Texas.

COST OF SERVICE RATE

During each monthly billing period:

A customer charge per meter per month of \$10.50 plus -

The First	200 Ccf	No Charge
All Over	200 Ccf	\$.08772 per Ccf

CITY CLERK DEPT.
08 FEB -7 AM 8:00

Prompt Payment Provision: None. Above rates are net.

Cost of Gas Component: In addition to the Cost of Service set forth above, each customer's bill shall include an amount equal to the Cost of Gas for the billing month as determined in accordance with Rate Schedule No. 1-1-INC multiplied by the total Ccf consumed during the billing month.

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

CONDITIONS

1. Subject in all respects to applicable laws, rules, and regulations from time to time in effect.
2. The applicability section of this rate notwithstanding, if a customer, other than a full requirement customer, pays a standby charge pursuant to Rate Schedule S.S., Texas Gas Service Company will maintain facilities and supply capability to serve said customer. If standby payments are current, the customer will qualify for this rate.

COMMERCIAL SERVICE RATE

APPLICABILITY

Applicable to all commercial consumers and to consumers not otherwise specifically provided for under any other rate schedule. This rate is only available to full requirements customers of Texas Gas Service Company.

TERRITORY

The incorporated areas of El Paso, Anthony, Clint, Horizon City, Socorro, and Vinton, Texas

COST OF SERVICE RATE

During each monthly billing period:

A customer charge of \$17.30 plus -

The First	100 Ccf	No Charge
The Next	400 Ccf	\$.10475 per Ccf
The Next	2500 Ccf	.08472 per Ccf
All Over	3000 Ccf	.06473 per Ccf

CITY CLERK DEPT.
08 FEB - 7 AM 8:00

Prompt Payment Provision: None. Above rates are net.

Cost of Gas Component: In addition to the Cost of Service set forth above, each customer's bill shall include an amount equal to the Cost of Gas for the billing month as determined in accordance with Rate Schedule No. 1-1-INC multiplied by the total Ccf consumed during the billing month.

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

CONDITIONS

1. Subject in all respects to applicable laws, rules, and regulations from time to time in effect.
2. The applicability section of this rate notwithstanding, if a customer, other than a full requirements customer, pays a standby charge pursuant to Rate Schedule S.S., Texas Gas Service Company will maintain facilities and supply capability to serve said customer. If standby payments are current, the customer will qualify for this rate.

COMMERCIAL AIR CONDITIONING SERVICE RATE

APPLICABILITY

Applicable to all commercial consumers who have and regularly operate a gas fired air conditioning system.

TERRITORY

The incorporated areas of El Paso, Anthony, Clint, Horizon City, Socorro, and Vinton, Texas

COST OF SERVICE RATE

During each monthly billing period:

A Customer Charge of \$17.30 plus -

	<u>Oct. - April</u> <u>Winter</u>	<u>May - Sept.</u> <u>Summer</u>
The First 100 Ccf	No Charge	No Charge
The Next 400 Ccf	\$.10475 per Ccf	\$.08575 per Ccf
The Next 2500 Ccf	.08472 per Ccf	.06572 per Ccf
All Over 3000 Ccf	.06473 per Ccf	.04573 per Ccf

CITY CLERK DEPT.
08 FEB - 7 AM 8:01

Prompt Payment Provision: None. Above rates are net.

Cost of Gas Component: In addition to the Cost of Service set forth above, each customer's bill shall include an amount equal to the Cost of Gas for the billing month as determined in accordance with Rate Schedule No. 1-1-INC multiplied by the total Ccf consumed during the billing month.

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

CONDITIONS

1. Subject in all respects to applicable laws, rules, and regulations from time to time in effect.
2. Service under this schedule applies only to usage from a separately metered gas fired air conditioning system. Non-air conditioning usage is subject to the cost of service rate on Rate Schedule No. 20.
3. Air conditioning equipment must be inspected and verified as to capacity by qualified Company personnel.

PUBLIC AUTHORITY SERVICE RATE

APPLICABILITY

Applicable to all public and parochial schools and colleges, and to all facilities operated by Governmental agencies not specifically provided for in other rate schedules or special contracts. This rate is only available to full requirements customers of Texas Gas Service Company.

TERRITORY

The incorporated areas of El Paso, Anthony, Clint, Horizon City, Socorro, and Vinton, Texas

COST OF SERVICE RATE

During each monthly billing period:

A customer charge of \$29.50 plus -

The First	100 Ccf	No Charge
The Next	400 Ccf	\$.11185 per Ccf
The Next	2500 Ccf	.09186 per Ccf
All Over	3000 Ccf	.08185 per Ccf

CITY CLERK DEPT.
NOV 27 7 AM 8:01

Prompt Payment Provision: None. Above rates are net.

Cost of Gas Component: In addition to the Cost of Service set forth above, each customer's bill shall include an amount equal to the Cost of Gas for the billing month as determined in accordance with Rate Schedule No. 1-1-INC multiplied by the total Ccf consumed during the billing month.

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

CONDITIONS

1. Subject in all respects to applicable laws, rules and regulations from time to time in effect.
2. The applicability section of this rate notwithstanding, if a customer, other than a full requirements customer, pays a standby charge pursuant to Rate Schedule S.S., Texas Gas Service Company will maintain facilities and supply capability to serve said customer. If standby payments are current, the customer will qualify for this rate.

PUBLIC AUTHORITY AIR CONDITIONING SERVICE RATE

APPLICABILITY

Applicable to all public and parochial schools and colleges, and to all facilities operated by Governmental agencies not specifically provided for in other rate schedules or special contracts who have and regularly operate a gas fired air conditioning system.

TERRITORY

The incorporated areas of El Paso, Anthony, Clint, Horizon City, Socorro, and Vinton, Texas

COST OF SERVICE RATE

During each monthly billing period:

A Customer Charge of \$29.50 plus -

		Oct. - April <u>Winter</u>	May - Sept. <u>Summer</u>
The First	100 Ccf	No Charge	No Charge
The Next	400 Ccf	\$.11185 per Ccf	\$.08185 per Ccf
The Next	2500 Ccf	.09186 per Ccf	.06561 per Ccf
All Over	3000 Ccf	.08185 per Ccf	.05185 per Ccf

CITY CLERK DEPT.
08 FEB - 7 AM 8:51

Prompt Payment Provision: None. Above rates are net.

Cost of Gas Component: In addition to the Cost of Service set forth above, each customer's bill shall include an amount equal to the Cost of Gas for the billing month as determined in accordance with Rate Schedule No. 1-1-INC multiplied by the total Ccf consumed during the billing month.

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

CONDITIONS

1. Subject in all respects to applicable laws, rules, and regulations from time to time in effect.
2. Service under this schedule applies only to usage from a separately metered gas fired air conditioning system. Non-air conditioning usage is subject to the cost of service rate on Rate Schedule No. 25.
3. Air conditioning equipment must be inspected and verified as to capacity by qualified Company personnel.

MUNICIPAL WATER PUMPING SERVICE RATE

APPLICABILITY

Applicable to gas used in internal combustion engines by various municipal agencies in El Paso County, Texas. This rate is only available to full requirements customers of Texas Gas Service Company.

TERRITORY

The incorporated areas of El Paso, Anthony, Clint, Horizon City, Socorro, and Vinton, Texas

COST OF SERVICE RATE

During each monthly billing period:

A Customer Charge of \$75.00 plus -

The First	5000 Ccf	\$.07134 per Ccf
All Over	5000 Ccf	.06134 per Ccf

CITY CLERK DEPT.
08 FEB -7 AM 8:01

Prompt Payment Provision: None. Above rates are net.

Cost of Gas Component: In addition to the Cost of Service set forth above, each customer's bill shall include an amount equal to the Cost of Gas for the billing month as determined in accordance with Rate Schedule No. 1-1-INC multiplied by the total Ccf consumed during the billing month.

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

CONDITIONS

1. Delivery of gas hereunder may be interrupted or curtailed at the discretion of the Company, in case of shortage or threatened shortage of gas supply from any cause whatsoever, to conserve gas for other consumers.
2. The applicability section of this rate notwithstanding, if a customer, other than a full requirement customer, pays a standby charge pursuant to Rate Schedule S.S., Texas Gas Service Company will maintain facilities and supply capability to serve said customer. If standby payments are current, the customer will qualify for this rate.

INDUSTRIAL SERVICE RATE

APPLICABILITY

Applicable to industrial consumers and to consumers not otherwise specifically provided for under any other rate schedule. This rate is only available to full requirements customers of Texas Gas Service Company.

TERRITORY

The incorporated areas of El Paso, Anthony, Clint, Horizon City, Socorro, and Vinton, Texas

COST OF SERVICE RATE

During each monthly billing period:

A Customer Charge of \$71.50 plus -

The First	100 Ccf	No charge
The Next	400 Ccf	\$.14450 per Ccf
The Next	2500 Ccf	.13451 per Ccf
All Over	3000 Ccf	.06366 per Ccf

CITY CLERK DEPT.
09FEB -7 AM 8:01

Prompt Payment Provision: None. Above rates are net.

Cost of Gas Component: In addition to the Cost of Service set forth above, each customer's bill shall include an amount equal to the Cost of Gas for the billing month as determined in accordance with Rate Schedule No.1-1-INC multiplied by the total Ccf consumed during the billing month.

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

CONDITIONS

1. Subject in all respects to applicable laws, rules and regulations from time to time in effect.
2. The applicability section of this rate notwithstanding, if a customer, other than a full requirements customer, pays a standby charge pursuant to Rate Schedule S.S., Texas Gas Service Company will maintain facilities and supply capability to serve said customer. If standby payments are current, the customer will qualify for this rate.

INDUSTRIAL AIR CONDITIONING SERVICE RATE

APPLICABILITY

Applicable to all industrial consumers who have and regularly operate a gas fired air conditioning system.

TERRITORY

City of El Paso, Texas.

COST OF SERVICE RATE

During each monthly billing period:

A Customer Charge of \$71.37 plus -

	<u>Oct. - April</u> <u>Winter</u>	<u>May - Sept.</u> <u>Summer</u>
The First 100 Ccf	No Charge	No Charge
The Next 400 Ccf	\$.10362 per Ccf	\$.07362 per Ccf
The Next 2500 Ccf	.09363 per Ccf	.06363 per Ccf
All Over 3000 Ccf	.06358 per Ccf	.04358 per Ccf

Prompt Payment Provision: None. Above rates are net.

Cost of Gas Component: In addition to the Cost of Service set forth above, each customer's bill shall include an amount equal to the Cost of Gas for the billing month as determined in accordance with Rate Schedule No. 1-1-INC multiplied by the total Ccf consumed during the billing month.

CONDITIONS

1. Subject in all respects to applicable laws, rules, and regulations from time to time in effect.
2. Service under this schedule applies only to usage from a separately metered gas fired air conditioning system. Non-air conditioning usage is subject to the cost of service rate on Rate Schedule No. 40.
3. Air conditioning equipment must be inspected and verified as to capacity by qualified Company personnel.

CITY CLERK DEPT.
08 FEB -7 AM 8:01

RATE SCHEDULE WITHDRAWN

GENERAL CHARGES AND PROVISIONS

CITY CLERK DEPT.
09 FEB - 7 AM 8:01

APPLICABILITY

Applicable to Transportation Rate Schedules: T1.

TERRITORY

All areas served by the Company in the incorporated areas of its El Paso Service Area consisting of El Paso, Anthony, Clint, Vinton, Socorro and Horizon City, Texas.

ADDITIONAL CHARGES TO COST OF SERVICE RATE

During each monthly billing period, the following charges will be added in addition to any charges specifically stated on the applicable rate schedule:

Plus:

A charge representing the customer's proportionate share of lost and unaccounted (LAUF) gas volume within the Service Area. The customer's share of LAUF gas will be determined by multiplying (i) the actual volumes delivered to the customer by (ii) the purchase/sales ratio, minus one, for the Service Area for the twelve month period ended the preceding June 30, as defined in the Company's applicable Cost of Gas Clause (Rate Schedule 1-INC for the incorporated areas or Rate Schedule 1 for the unincorporated areas). Purchase/sales ratios will be recalculated annually with the filing of the annual reconciliation required by the Company's Cost of Gas Clause, for application to deliveries commencing in the succeeding October.

The LAUF factor as determined above shall in no event exceed .0526 i.e. $[1/1-.05]-1$ and must fall within the range of zero (0) to 5.26%.

The Company will require the customer to satisfy its lost and unaccounted for obligation by payment in kind ("PIK"). PIK volumes will be added to the customer usage volume to equal the total amount of gas required to be delivered at the Company's receipt points and shall be included for purposes of calculating imbalances in accordance with Special Provision 6 below.

Plus:

A charge will be made each month to recover the cost of gross receipts taxes paid to the State of Texas pursuant to the provision of Article 6060 TEX. REV. CIV. STAT., as such may be amended from time to time, which are attributable to the transportation service performed hereunder.

GENERAL CHARGES AND PROVISIONS
(Continued)

Plus:

Adjustments in accordance with the provisions of the Company's Economic Development Rate (Rate Schedule EDR), if applicable, and the Company's Interim Cost Recovery and Rate Adjustment (Rate Schedule ICR), if applicable.

Plus:

Any franchise fees, street rental fees, or other similar privilege fees attributable to the Company's services under this tariff and payable to any municipality wherein the customer receives gas delivered hereunder.

Plus:

UPSTREAM PIPELINE SCHEDULING AND BALANCING PROVISIONS

A proportional share of any upstream pipeline transportation service charges and penalties incurred by the Company that, in whole or in part, are the result of customer or customer's agent scheduling and/or managing the upstream transportation of the customer's gas to Company's interconnecting point(s) with the upstream pipeline(s). Proceeds from this charge will be credited to the Reconciliation Account.

The Company will bill customer for these charges and penalties manually on a separate bill. Payment shall be required in accordance with the Company's Rules of Service.

A transport customer may elect to have its supplier act as agent for resolution of these charges. The Company will allow aggregation in resolution of the upstream pipeline scheduling and balancing charges as long as the aggregated customers are supplied by the same supplier, and provided that the customers are physically located behind the same upstream pipeline balancing point, as determined by the Company.

Plus:

MONTHLY COMMODITY BALANCING PROVISIONS

In addition to the Upstream Pipeline Scheduling and Balancing provisions described above, the Company will resolve monthly commodity imbalances in accordance with the provisions described below:

1. Definitions: As used in this tariff, the following terms will have the meanings indicated:

Aggregation Pool – One or more transportation service accounts served by the same Qualified Supplier and aggregated pursuant to Special Provision 3 of this tariff for operational purposes, including, without limitation, nominating, scheduling and balancing gas deliveries at designated receipt points within the service area.

Supersedes Same Rate Schedule Dated
September 3, 2004 (City of El Paso)
September 29, 2004 (All other Cities)

Effective February 15, 2008

10:08 AM -7 FEB 15 2008
CITY CLERK DEPT.

GENERAL CHARGES AND PROVISIONS
(Continued)

Cumulative Operational Imbalance (COI) – As of the effective date of this tariff, the initial COI for any Aggregation Pool shall be determined by aggregating the cumulative imbalances of all accounts participating in such Aggregation Pool, calculated as of the effective date of this tariff. Thereafter, the COI shall be adjusted to include MOI volumes which have not been cashed out pursuant to Section 6 below.

Cumulative Tolerance Limit – With respect to any Aggregation Pool, five percent (5%) of historical annual Deliveries to the participants of such pool for the most recent year ended on June 30. For new participants having no historical delivery information, such calculation shall be based on forecasted volumes which the Company determines to be reasonably reliable and reasonably accurate. The Cumulative Tolerance Limit will be adjusted annually in October. Upon request of a Qualified Supplier, prior to the commencement of any flow month, the Cumulative Tolerance Limit shall be adjusted prospectively to reflect changes to the Aggregation Pool and other known changes to anticipated volumetric loads that the Company determines to be reasonably reliable and reasonably accurate.

Deliveries – Volumes of natural gas delivered to the customer's premises pursuant to this tariff.

Imbalance Volumes – The volume by which the Qualified Supplier's MOI exceeds the Monthly Tolerance Limit or the Qualified Supplier's COI exceeds the Cumulative Tolerance Limit.

Monthly Operational Imbalance (MOI) – For any month, the difference between the aggregate Receipts for an Aggregation Pool and the sum of (i) the aggregate Deliveries for such Aggregation Pool during the same time period, and (ii) the aggregate PIK Volumes assessed for such period. The resulting volume shall be adjusted to reflect any PPA. Any PPA shall be included in the MOI calculation for the month during which the PPA is reported and the prior period MOI will not be recalculated due to PPA unless the PPA results in new or revised cash out charges.

Monthly Tolerance Limit – With respect to any Aggregation Pool, ten percent (10%) of the aggregate Deliveries for such month.

PIK Volumes – Volumes of gas to be delivered by the customer to the Company in satisfaction of the customer's LAUF gas obligation.

Prior Period Adjustment (PPA) – For any Aggregation Pool, a revision to the Receipts or Deliveries for any prior flow month which would result in an increase or decrease to the previously stated MOI for such month.

Receipts – Volumes of natural gas received into the Company's natural gas distribution system for delivery to a customer pursuant to this tariff.

Supersedes Same Rate Schedule Dated
September 3, 2004 (City of El Paso)
September 29, 2004 (All other Cities)

Effective February 15, 2008

CITY CLERK DEPT.
08 FEB -7 AM 8:01

GENERAL CHARGES AND PROVISIONS
(Continued)

Qualified Supplier – A supplier of natural gas for transportation to customers through the Company's natural gas distribution system who meets the requirements of Section 8 of this tariff and has a currently effective Supplier Service Agreement with the Company.

Supplier Service Agreement – a contract in setting forth the terms upon which a supplier of natural gas may make deliveries of customer-owned gas into the Company's distribution system for delivery to one or more of the Company's customers taking service under this tariff.

Transportation Agreement – a contract between the Company and the customer detailing the terms and conditions upon which the customer will receive service under this tariff.

Upstream Balancing Agreement – A contract between a Qualified Supplier and its gas supplier whereby such gas supplier agrees to retain imbalances upstream of the Company's natural gas distribution system.

- 2. Qualified Supplier Required** – As a condition of receiving service under this Rate Schedule, the customer must appoint no more than one Qualified Supplier for each account. The Qualified Supplier shall act on behalf of the customer to procure gas supplies and to deliver them to the receipt points designated in the relevant Transportation Agreement, and shall act as the Customer's agent with respect to nominations and operational notices required under the Customer's Transportation Agreement and with respect to the resolution of imbalances under this Rate Schedule. A customer that meets the requirements of Special Provision 8 below may act as its own Qualified Supplier.

2.1 Change of Qualified Supplier – The customer may change its Qualified Supplier effective only on the first day of the calendar month. The customer shall notify the Company in writing at least thirty (30) days in advance of any change of Qualified Supplier.

- 3. Aggregation Pool** – The Qualified Supplier shall designate no more than one Aggregation Pool within the Service Area, and shall notify the Company as to the identity of the customer accounts comprising such Aggregation Pool. With respect to all accounts included in any Aggregation Pool, the Qualified Supplier shall (i) make nominations on an aggregated basis at least six (6) business days prior to the first of the calendar month; and (ii) resolve operational imbalances on an aggregated basis in accordance with Special Provision 6 below.

GENERAL CHARGES AND PROVISIONS
(Continued)

4. Customer Volume Information – The Company shall supply to the Qualified Supplier, designated by the customer, information as to such customer's delivery volumes each month, with the imbalance statements described at Special Provision 6.4 below.

5. Imbalances

5.1 Monthly Imbalances – The Qualified Supplier shall not allow its MOI for any Aggregation Pool to exceed the Monthly Tolerance Limit in any month. In the event the MOI exceeds the Monthly Tolerance Limit, the parties shall resolve the value of such Imbalance Volumes using the cashout procedure set forth in Special Provision 6 below. MOI amounts that do not exceed the Monthly Tolerance Limit shall be added to the Qualified Supplier's COI.

5.2 Cumulative Imbalances – The Qualified Supplier shall not allow its COI for any Aggregation Pool to exceed the Cumulative Tolerance Limit at any time. In the event the Qualified Supplier's COI exceeds the Cumulative Tolerance Limit, the parties shall resolve the value of such Imbalance Volumes using the cashout procedure set forth in Special Provision 6 below. The initial COI for any Aggregation Pool shall be calculated using the imbalance volumes attributable to the participants for the flow month immediately preceding the effective date hereof.

5.3 Upstream Imbalances – For purposes of Special Provisions 5 and 6 herein, no imbalances will be attributed to a Qualified Supplier on account of volumes delivered subject to an Upstream Balancing Agreement which has been acknowledged in writing by the upstream transporter retaining the imbalance.

6. Cashout Procedure

6.1 Over Deliveries – For MOI's or COI's where receipts exceed deliveries by more than the applicable tolerance limit, the Company shall pay to the Qualified Supplier an amount equal to: (i) the Imbalance Volume, stated in MMBtu, multiplied by 90% of the average of the monthly average price of the daily MidPoint prices found in Platt's Gas Daily publication under the heading of "Daily price survey (\$/MMBtu)" for the (a) Permian Basin Area, El Paso, Permian Basin, (b) Permian Basin Area, Waha or (c) New Mexico- San Juan Basin, El Paso San Juan Basin for the month in which the applicable tolerance limit was exceeded.

GENERAL CHARGES AND PROVISIONS
(Continued)

- 6.2 Under Deliveries** – For MOI's or COI's where deliveries exceed receipts by more than the applicable tolerance limit, the Qualified Supplier shall pay to the Company an amount equal to: (i) the Imbalance Volume, stated in MMBtu, multiplied by 110% of the average of the monthly average price of the daily MidPoint prices found in *Platt's Gas Daily* publication under the heading of "Daily price survey (\$/MMBtu)" for the (a) Permian Basin Area, El Paso, Permian Basin, (b) Permian Basin Area, Waha or (c) New Mexico- San Juan Basin, El Paso San Juan Basin for the month in which the applicable tolerance limit was exceeded, plus (ii) any franchise fees assessed on such payment by the municipality in which deliveries were made to participants in the Aggregation Pool which generated the Imbalance, plus (iii) any other taxes, user fees or other sums assessed on such payment by any governmental authority.
- 6.3 Exemption from Fees and Taxes** – If the Qualified Supplier claims that any Imbalance volumes are exempt from franchise fees, taxes, user fees or other governmental assessments, the Qualified Supplier shall provide to the Company such evidence of the exemption as the Company might reasonably require. In addition, the Qualified Supplier shall provide to the Company each month such supporting documentation as the Company may reasonably require to determine what portion of the payment described at Special Provision 6.2 above is exempt from such assessments.
- 6.4 Invoicing/Payment** – For each flow month, within fifteen (15) days following the Company's receipt of volume statements from the upstream pipelines making deliveries into the Company's system for an Aggregation Pool, the Company shall provide to the Qualified Supplier an imbalance statement stating the MOI, COI, any resulting cashout payments as calculated pursuant to Sections 6.1 and 6.2 above, as well as usage and PIK volumes for each customer served by the supplier. Payments shall be due no later than fifteen (15) days following the invoice date.
- 6.5 Effect of Cashout on PGA** – All amounts accrued under this Special Provision 6 excluding franchise fees and sales tax if found to be applicable shall be recorded to the PGA "Reconciliation Account" as defined in Rate Schedule 1-INC for the incorporated areas or Rate Schedule 1 for the unincorporated areas.
- 6.6 Allocation to Pool Participants** – The Qualified Supplier shall be responsible for collecting from or remitting to its customers all funds received or paid under this Special Provision 6 that are due to or from the customer.
- 7. Company's Liability for Cashout** – The Company shall have no liability to any customer in connection with the failure of the customer's Qualified Supplier to remit to the customer any cashout payment made by the Company to the Qualified Supplier.

Supersedes Same Rate Schedule Dated
September 3, 2004 (City of El Paso)
September 29, 2004 (All other Cities)

Effective February 15, 2008

CITY CLERK DEPT.
00FEB-7 AM 8:01

GENERAL CHARGES AND PROVISIONS
(Continued)

8. Supplier Qualifications – The Company may refuse to accept deliveries of gas into its system from any supplier who has failed to meet the following conditions:

8.1 Financial Integrity – The Company shall have the right to establish reasonable financial and non-discriminatory credit standards for Qualified Suppliers. Any supplier desiring to become a Qualified Supplier must submit to the Company an audited balance sheet and financial statements for the previous three (3) years, along with two (2) trade and at least one (1) banking reference. To the extent that such information is not publicly available, the supplier shall supply the Company with a list of all corporate affiliates, parent companies, subsidiaries and affiliated partnerships. Any supplier who becomes a Qualified Supplier must provide updated financial information at the Company's request.

8.2 Credit Enhancement – In the event a supplier fails to demonstrate to the Company's reasonable satisfaction that it has met the Company credit standards, the Company shall require such supplier to provide one of the following: (i) a cash deposit; (ii) an irrevocable letter of credit issued by a commercial bank reasonably acceptable to the Company; (iii) a surety bond issued by a reputable insurance company listed in AM Best's Insurance Ratings with a rating of "B+ VII" or better, and authorized to engage in the business of insurance in the State of Texas; or (iv) a financial guaranty from a guarantor who meets the Company's credit standards.

8.3 Termination of Qualified Supplier – The Company shall have the right to terminate a Qualified Supplier's Supplier Service Agreement and its eligibility to make deliveries into the Company's local distribution system in the event that such Qualified Supplier fails to comply with or perform any of the obligations on its part established in this tariff or in the Supplier Service Agreement. Notice shall be given to the Qualified Supplier no less than ten days prior to the end of the calendar month, and shall be effective upon the first day of the succeeding month unless, within such ten day period, the Qualified Supplier shall remedy such failure to the full satisfaction of the Company. Termination of such Qualified Supplier's eligibility and its Supplier Service Agreement shall not release the Qualified Supplier from its obligation to make payments due to the Company for transactions occurring prior to the effective date of termination.

9. Withdrawal of Qualified Supplier – If a Qualified Supplier ceases for any reason (including the Company's termination of the Supplier Service Agreement) to supply customers within the Service Area, the final COI for the affected Aggregation Pool shall be calculated as of the end of the flow month in which such cessation occurs, and shall be cashed out as follows:

GENERAL CHARGES AND PROVISIONS
(Continued)

- 9.1 Over Deliveries** – For final COI's where receipts exceed deliveries, the Company shall pay to the Supplier an amount equal to: (i) the final COI volume, stated in MMBtu, multiplied by 90% of the the average of the monthly average price of the daily MidPoint prices found in *Platt's Gas Daily* publication under the heading of "Daily price survey (\$/MMBtu)" for the (a) Permian Basin Area, El Paso, Permian Basin, (b) Permian Basin Area, Waha or (c) New Mexico- San Juan Basin, El Paso San Juan Basin for the month in which the final COI was calculated.
- 9.2 Under Deliveries** – For final COI's where deliveries exceed receipts limit, the Supplier shall pay to the Company an amount equal to: (i) the final COI volume, stated in MMBtu, multiplied by 110% of the average of the monthly average price of the daily MidPoint prices found in *Platt's Gas Daily* publication under the heading of "Daily price survey (\$/MMBtu)" for the (a) Permian Basin Area, El Paso, Permian Basin, (b) Permian Basin Area, Waha or (c) New Mexico- San Juan Basin, El Paso San Juan Basin, for the month in which the final COI was calculated, plus (ii) any franchise fees assessed on such payment by the municipality in which deliveries were made to participants in the Aggregation Pool which generated the Imbalance, plus (iii) any other taxes, user fees or other sums assessed on such payment by any governmental authority.
- 9.3 Invoicing/Payment** – The final cashout payment shall be invoiced and paid in accordance with Special Provision 6.4 above.
- 9.4 Continued Service** – Upon the withdrawal of a Qualified Supplier, at the customer's request, the Company shall provide continued service under the applicable general service rate schedule until the customer designates a successor Qualified Supplier. In the event sales service commences on any day other than the first day of a calendar month, all volumes delivered to the customer within such month shall be deemed sales volumes for purposes of invoicing the customer and for calculating the final COI. Such sales shall be subject to curtailment plans approved from time to time by the Railroad Commission of Texas or in the absence of an applicable plan, consistent with Transporter's policies regarding curtailment and stand-by supplies of transport gas, as such policies may change in Transporter's reasonable discretion.

Supersedes Same Rate Schedule Dated
September 3, 2004 (City of El Paso)
September 29, 2004 (All other Cities)

Effective February 15, 2008

CITY CLERK DEPT
09 FEB - 7 AM 8:02

TEXAS GAS SERVICE COMPANY
Texas Tariff - El Paso Service Area

GAS TARIFF

EL PASO, TEXAS SERVICE AREA

Incorporated El Paso, Horizon City, Vinton, Clint, and Anthony

Effective for February 15, 2008

Supersedes 8/5/04 (for incorporated El Paso, Horizon City, Vinton, Clint, and Anthony)
And 05/31/05 (for incorporated Socorro)

TEXAS GAS SERVICE COMPANY

Communications Regarding this Tariff
Should Be Addressed To:

Texas Gas Service Company
P. O. Box 31458
El Paso, Texas 79931-0458

CITY CLERK DEPT.
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TEXAS GAS SERVICE COMPANY
Texas Tariff - El Paso Service Area

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GENERAL STATEMENT

1.1 TARIFF APPLICABILITY

Texas Gas Service Company is a gas utility operating within the State of Texas. This Tariff is applicable in the El Paso service area.

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

1.2 RATE SCHEDULES

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

1.3 DEFINITIONS

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

Agricultural Service and
Irrigation or Irrigation
Pumping Service:

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

Applicant:

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

Average Day Usage:

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

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GENERAL STATEMENT (Continued)

1.3 DEFINITIONS (Continued)

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

The Commission: The Railroad Commission of Texas.

Company: Texas Gas Service Company, a division of ONEOK, Inc.

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

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

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

Electronic Document Any document sent electronically via email,

Electronic Fund Transfer (EFT) Process to convert a paper check to an electronic transfer. Paper checks received by Company or their agents are destroyed.

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GENERAL STATEMENT (Continued)

1.3 DEFINITIONS (Continued)

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

Device that remotely reads gas meter.

Expedited Service

Customer request of same day service for connect or reconnect of gas service.

General Rate Schedule:

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

Housepiping

Gas line between the gas meter and the stubout located at the exterior of the dwelling.

Industrial Service:

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

Optional Rate Schedule:

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

Overtime Rate

Customer requesting the Company to perform work outside the eight-hour per day time frame shall be required to pay appropriate overtime rates. This would include changes to scheduled work which forces other work to be performed outside the eight-hour per day time frame.

Power Generation Service:

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

The Regulatory Authority:

City Councils of the respective cities in the El Paso Service Area, or the Railroad Commission of Texas.

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GENERAL STATEMENT (Continued)

1.3 DEFINITIONS (Continued)

<u>Special Rate Schedule:</u>	A rate schedule designed for a specific Customer
<u>System:</u>	Any group of interconnected pipelines or mains owned or operated by the Company and so situated that they will be unaffected by changes in operating of any other such group of facilities.
<u>Temporary Service:</u>	Any service which will not be utilized continuously at the same location for a period of two or more years.
<u>Transportation Rate Schedule:</u>	A rate schedule designed for service to any Customer for the transportation of Customer-owned natural gas through the Company's distribution system.
<u>Transportation Service:</u>	The transportation by the Company of natural gas owned by someone other than the Company through the Company's distribution system.

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DISTRIBUTION SYSTEM EL PASO SERVICE AREA MAP

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Section 3 was originally reserved for filing of the Service Rate Schedules. Intentionally left blank.

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CONDITION OF SERVICE

4.1 PROVISION OF SERVICE

The Company will provide gas service to any person or organization located within the El Paso Service Area from Company's facilities or in certain cases, the facilities of its supplier, in accordance with the provisions of this Tariff including Rate Schedules and Rules of Service. Service provided directly from the facilities of others may be provided only with the approval of the owning company and shall thereafter be continued only as long as gas of satisfactory quality and quantity is available at the location.

4.2 FEES AND CHARGES

All fees and charges made by the Company for utility service and that work necessary to maintain service, shall be those provided for in this Tariff. If the Customer elects transportation service, the commodity cost of gas shall be determined between the Customer and the Customer's selected supplier.

4.3 RESALE OF GAS

Gas delivered by the Company shall not be redelivered or resold for the use thereof by others unless otherwise expressly agreed to in writing by the Company - except, however, that those Customers receiving gas for redistribution to the Customer's tenants may separately meter each tenant's distribution point for the purpose of prorating the Customer's actual amount of gas delivered among the various tenants on a per unit basis. Any other allocation will constitute resale and is prohibited.

4.4 TRANSPORTATION ACROSS STATE LINES

No gas supplied by the Company shall be transported across state lines for any purpose without the express written permission of the Company. Violation of this Paragraph shall be considered cause for immediate disconnection of service without notice.

4.5 CONTINUITY OF SERVICE

- a) Service interruptions
 - i) The Company shall make all reasonable efforts to prevent interruptions of service. When interruptions occur, the Company will reestablish service within the shortest possible time consistent with prudent operating principles so that the smallest number of Customers is affected.

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CONDITION OF SERVICE (Continued)

4.5 CONTINUITY OF SERVICE (continued)

- ii) The Company shall make reasonable provisions to meet emergencies resulting from failure of service, and will issue instructions to its employees covering procedures to be followed in the event of an emergency in order to prevent or mitigate interruption or impairment of service.
 - iii) In the event of national emergency or local disaster resulting in disruption of normal service, the Company may, in the public interest, interrupt service to other Customers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.
- b) Record of interruption. Except for momentary interruptions which do not cause a major disruption of service, the Company shall keep a complete record of all interruptions, both emergency and scheduled. This record shall show the cause of interruptions, date, time duration, location, approximate number of Customers affected, and, in cases of emergency interruptions, the remedy and steps taken to prevent recurrence.
- c) Report to Railroad Commission of Texas. The Commission shall be notified in writing within 48 hours of interruptions in service affecting the entire system or any major division thereof lasting more than four continuous hours. The notice shall also state the Company's belief as to the cause of such interruptions. If any service interruption is reported to the Commission otherwise (for example, as a curtailment report or safety report), such other report is sufficient to comply with the terms of this paragraph.
- d) The procedure under which curtailments of service will be made is described in Section 14 of this Tariff.
- e) The Company does not guarantee uninterrupted service to any Customer and shall not be liable for damages resulting from any loss of service to any Customer.

4.6 AVAILABILITY OF TARIFF

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

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CONDITION OF SERVICE (Continued)

4.7 CUSTOMER INFORMATION

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

4.8 CUSTOMER COMPLAINTS

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

Upon receipt of a complaint, either by letter or by telephone, from the Regulatory Authority on behalf of a Customer, the Company will make a suitable investigation and advise the Regulatory Authority and complainant of the results thereof. An initial response must be made by the next working day. The Company must make a final and complete response within 15 days from the date of the complaint, unless additional time is granted within the 15 day period.

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CITY CLERK DEPT.

INITIATION OF SERVICE

5.1 REGULAR SERVICE

Application for service can be made by telephone or through the Internet. Each Applicant must comply with the appropriate requirements of this Tariff before service shall be instituted. No written agreement shall be required for residential service under the standard provisions of this Tariff; commencement of service by the Company and the use of gas service by the Customer shall be evidence of such agreement. Any Customer requesting service under any special provision of this Tariff must execute a written agreement for service in the form prescribed by the Company designating those provisions which shall apply. Each Applicant may be required to produce an identification card bearing a photograph of Applicant.

5.2 SPECIAL CONTRACTS

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

5.3 TEMPORARY SERVICE

Temporary Service shall be furnished under the same rate schedules applicable to regular service of a similar kind. Before Temporary Service is instituted, however, the Applicant shall make a contribution as specified in Section 22.1 or the amount of the estimated cost of the installation and removal (or abandonment) of the required service pipe and metering facilities less any expected salvage, whichever is greater. Extension of distribution mains shall be made in accordance with the provisions of Section 8 of this Tariff.

5.4 FEES AND CHARGES

The Company shall charge a non-refundable fee to each Applicant to compensate for the cost involved in initiation or reconnection of service or when service is transferred from one name to another at any location, or whenever a meter is reset or relocated on the same premises at the request of the customer, all as specified in Section 22.1 of this tariff.

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INITIATION OF SERVICE (Continued)

5.4 FEES AND CHARGES (Continued)

Whenever the Applicant requests expedited service, the Company will accomplish the work as expeditiously as possible and the Customer will be charged at the Company's then approved rate for service work. Expedited service and the charges therefore shall be made only on request of the Applicant. Whenever service is furnished from the facilities of others and the Company must pay any special fees to the supplying Company, the Applicant shall reimburse the Company for such charge plus twenty percent for handling. See Section 22.1 relating to fees for the above.

5.5 ESTABLISHMENT OF CREDIT

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

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

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INITIATION OF SERVICE (Continued)

5.6 GROUND FOR REFUSAL TO SERVE

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

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

The right to refuse service shall terminate when the Applicant has complied with the Company's requirements or corrected the cause for the refusal to serve.

5.7 REASONABLE TIME

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

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CITY CLERK DEPT.

METERING AND DELIVERY OF GAS

6.1 METER LOCATION

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

Each Applicant shall furnish and subsequently maintain a suitable location on his or her premises for the Company's meter and related facilities at a point selected by the Company. Meters shall be located where they will be accessible for reading, adequately ventilated and not be subject to damage. Meters shall not be located within any enclosed structure unless solely intended as a meter house.

6.2 POINT OF DELIVERY

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

6.3 MULTIPLE METERS

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

6.4 CONNECTION TO COMPANY FACILITIES

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

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INSTALLATION OF EQUIPMENT

7.1 FURNISHED BY THE COMPANY

The Company shall furnish and install at its expense, the service pipe from the Company's main to the property line nearest the meter and the equipment related thereto, including meter valve and service regulator. Whenever the meter is located at any point other than the property line, the Company shall determine the estimated cost of that portion of the service between the property line and the meter set. This estimate shall be based on the size and footage to be installed, charged at the price then on file with the Regulatory Authority. This amount shall then be contributed by the Applicant to the Company before construction. Although affixed to or buried in the Customer's property the entire service and meter set shall become the property of the Company and shall be operated and maintained by the Company. The Customer may request that the meter be placed at the property line.

7.2 FURNISHED BY THE APPLICANT

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

7.3 CODES AND ORDINANCES

All piping and installations owned by the Applicant shall comply with all applicable federal, state, city or town ordinances and shall be properly designed for the pressures and volumes to be handled. In those locations where there are no appropriate ordinances the applicable provisions of the National Fuel Gas Code 54; ANSI Z223.1 or amendments thereto shall apply.

7.4 CHECKS AND TESTS

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

7.5 REFUSAL TO SERVE

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

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CITY CLERK DEPT.

EXTENSION OF FACILITIES

8.1 EXTENSION OF MAINS

The Company shall install the necessary facilities to provide service to Applicants whose premises are located beyond the Company's existing distribution facilities in accordance with the provisions of this Section. The expenditure for such extensions must either be cost justified or the Applicant(s) must make a refundable advance in the amount necessary to justify the installation.

8.2 DESIGN AND COST OF FACILITIES

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

8.3 ALLOWANCE FOR NEW BUSINESS

The Company shall also determine the number existing potential permanent Customers located along the route of the extension which are expected to be served therefrom. To be included, the Occupant of each premise must request service and demonstrate capability for using such service through a major gas burning appliance. Single or groups of individually owned mobile homes shall be included only if the wheels and hitch have been removed from each mobile home and/or substantial improvements have been made to the property. Mobile home parks may be served either through a master meter or individual meters served by a Company-owned system, provided that required mains can be installed and dedicated streets or rights-of-way have been provided to the Company for installation of facilities as evidenced by agreement executed on the Company's form. An allowance of 100 feet of distribution main shall be given for each potential Customer whose premises exist at the time of application to be served from the proposed main extension. In order to qualify for this allowance, the Customer must file an application and agree to initiate gas service upon completion of the Company's facilities.

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CITY CLERK DEPT.

EXTENSION OF FACILITIES (Continued)

8.4 ADVANCES

The difference between the total cost of facilities as determined in Paragraph 8.2 above and the initial allowance if any, shall constitute the required advance. The monetary value of the allowance shall be determined by multiplying the number of Applicants for whom the allowance was given by the cost of facilities divided by the footage allowance per Customer. All advances must be made in cash. The Applicant shall have 90 calendar days after notification of the amount required to execute an extension agreement on the Company's form and pay the required advance. At the end of that time, the Company may revise its estimates to reflect any changes in costs or conditions which will affect the amount of the advance. The Company may waive collection of any advance of \$50.00 or less.

8.5 CONSTRUCTION OF FACILITIES

As soon as practical after the advance has been made or it has been determined that no advance will be required, the Company shall begin construction of the required facilities and thereafter prosecute the work with reasonable diligence. The Company shall not be responsible for delays in the construction of the facilities occasioned by events or conditions reasonably beyond the Company's control. Whenever the construction of the new facilities requires the acquisition of rights-of-way across the Applicant(s) land(s), these rights-of-way shall be provided by the Applicant(s) in the Company's name and on its form at no cost to the Company (except for fees involved in the recording of documents).

8.6 REVIEW OF ADVANCES

The Company shall review each extension agreement on the first anniversary of the signing of that agreement. If the extension provided for in the agreement has not been installed through no fault of the Company, the agreement shall be considered to be terminated and a complete refund made to the Applicant(s). The Company shall thereafter review the extension agreement at its second through fifth "in-service" anniversary dates. At each review, the number of Customers then served directly from the extension shall be compared with the number served on the last prior anniversary date. A refund equal to the standard amount then being given as specified in Paragraph 8.3 hereof, shall be given for each additional Customer served. In addition, the Company shall refund up to \$1000 for each non-residential Customer served under a general service rate schedule which does not specifically provide for interruptible service. The amount of the special refund shall be \$100 for each sales unit (the annual average volume per residential Customer) sold to that particular Customer during the first year of service.

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EXTENSION OF FACILITIES (Continued)

8.7 REFUND LIMITATIONS

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

8.8 DELIVERY OF REFUNDS

When a refund is due, a check in the appropriate amount and a letter setting forth the method of calculation of the refund and the balance remaining unrefunded shall be made to the person or business in whose name the extension agreement is made to his or her assignee. If that letter is returned undelivered, the check shall be cancelled and the next review made without regard to that refund. All sums described in this Paragraph which are returned undelivered and remain unclaimed in the Company's possession for a period of six months following expiration of the five year period of the extension agreement shall be retained by the Company and considered a contribution in aid of construction.

8.9 TAPPING FEE

The Company may, at its option, extend lines to serve a group of new Customers outside the City limits of the City of El Paso by the use of Contribution In Aid of Construction (CIAC), in the form of a monthly Tapping Fee, and/or a one time lump sum CIAC amount, charged to the existing and subsequent Customers in the area to be served. The fee will continue to be charged to all Customers connecting to the Extension Of Facilities each month until the Company recovers the amount of CIAC required to serve the area. At least fifty (50) percent of the existing homes in the area must be under contract for service for this type of Extension Of Facilities to be available to the area.

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

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

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

1. Calculate the Required Rate Base

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

2. Calculate the Revenue Requirement

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

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EXTENSION OF FACILITIES (Continued)

8.9 TAPPING FEE (Continued)

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

3. Calculate the Annual Revenues to be received from Customers

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

Note: The Number of Customers includes Customers connected to the system and Customers contracted to connect to the system within the first six months of billing the first Customers receiving gas from the system.

4. Calculate the Justified Rate Base

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

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

CIAC = Required Rate Base – Justified Rate Base

6. Calculate the CIAC monthly payment

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

7. Calculate the Monthly Tapping Fee

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

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

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

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

CUSTOMER-OWNED SYSTEMS

9.1 INDIVIDUALLY METERED SYSTEMS

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

9.2 MASTER METERS

The Company shall provide service through a master meter into the piping systems of others to be distributed to more than one Consumer, except when the gas served is resold to those Consumers on either a commodity or separate cost of service basis; provided, however, that those Customers purchasing gas for redistribution to the Customer's own tenants only on the Consumer's premises may separately meter each tenant distribution point for the purpose of prorating the Customer's actual purchase price of gas delivered among the various tenants on a per unit basis.

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SECURITY DEPOSITS

10.1 REQUIREMENTS

The Company shall require a security deposit from any present or prospective Customer in accordance with Paragraph 5.5 and 19.1 of this Tariff to guarantee payment of bills, and from any present Customer who during the last 12 consecutive months had on one or more occasion paid their utility bill after becoming delinquent. The amount of the deposit shall not exceed one-sixth of the estimated annual billings for residential Customers. However, the deposit requirement may, at the option of the Company be based on annual usage experienced at the particular address with application of one-sixth of the annual amount as determined as the required deposit. If actual use is at least twice the amount of the estimated billings, a new deposit requirement may be calculated and an additional deposit may be required within two days. Residential deposits shall be retained by the Company until the Customer has paid bills for service for 12 consecutive bills without having service disconnected for non-payment of bill and without having more than two occasions in which a bill was delinquent, and when the Customer is delinquent in the payment of the current bills.

10.2 RECEIPTS

The Company shall maintain such records as may be necessary to permit any Customer to receive any deposit return to which he or she is entitled without presentation of the receipt.

10.3 INTEREST

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

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

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

10.4 RETURN OF DEPOSITS

Deposits returned to the Customer in accordance with Paragraph 10.1 above shall be applied in the first calendar quarter following the month in which the good payment record is established. Whenever the deposit of any Customer is returned, the Company shall pay all previously unpaid interest.

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GAS MEASUREMENT

11.1 PRESSURE

The standard serving and measurement pressure shall be 4 ounces (0.25 psig) or 7" Water Column above the standard atmospheric pressure in the area served. Standard serving pressure and the atmospheric pressure determined to be the average in the El Paso Service Area, are 13.05 psia and 12.80 psia, respectively. The Consumer and the Company may, at the Company's option, agree to a higher serving pressure. Service regulators shall be set as close as practical to the standard serving pressure under a load condition of approximately 10 percent of meter capacity. Increases in serving pressure because of the inadequacy of the Consumer's facilities shall not be permitted.

11.2 UNIT OF MEASUREMENT

The standard unit of measurement shall be one hundred cubic feet (Ccf). A cubic foot shall be defined as the amount of gas which occupies a volume of one cubic foot at 13.05 psia and at a temperature of 60 degrees Fahrenheit. Whenever the Company delivers gas at any pressure other than the standard serving pressure, volumes shall be corrected to the standard serving pressure in the manner provided in this Tariff, provided however, that such correction may be made to any other standard provided in the rate schedules or special agreement under which the Customer is served. The Company may, at its sole option, waive the correction of measurement for temperature deviation.

11.3 BILLING UNIT

Unless otherwise specified on the rate schedules or by special agreement, Customers shall be billed on the basis of Ccf measured at or corrected to the standard serving pressure. The index of the meter shall be the sole determinant of volumes passing through the meter. Whenever the meter reads directly in hundreds or smaller units, a reading of one-half a billing unit or more (500 Cf or more) shall be considered a whole billing unit. Readings of less than one-half a unit shall be disregarded for billing. In those cases in which heating value is used as the billing unit, the calculation of the heating value in BTU's shall be made in accordance with Paragraph 11.7 of this Tariff.

11.4 PRESSURE CORRECTION - STANDARD METERING

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

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GAS MEASUREMENT (Continued)

11.4 PRESSURE CORRECTION - STANDARD METERING (continued)

- a) The Company may install pressure or pressure and temperature compensating measurement whenever the cost of this equipment is justified by the volumes served. Such measurements shall be equipped with devices which mechanically or electronically correct the actual measured volumes in accordance with Boyle's Law. Variations in actual atmospheric pressure shall not be considered.
- b) The Company may use factor billing whenever the volumes to be delivered are too small to justify special metering. The factor shall be determined by dividing the actual serving pressure by the standard serving pressure, both expressed in absolute units based on the standard atmospheric pressure in the area as specified in Paragraph 11.1 hereof. This factor shall be applied to the measured volumes to determine the correct number of billing units.

11.5 METERING - SPECIAL POSITIVE DISPLACEMENT

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

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

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GAS MEASUREMENT (Continued)

11.6 METERING - SPECIAL ORIFICE

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

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

11.7 BTU MEASUREMENT

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

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

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GAS MEASUREMENT (Continued)

11.7 BTU MEASUREMENT (continued)

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

11.8 CUSTOMER-OWNED METERS

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

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METER READING AND ACCURACY

12.1 METERING READING

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

- a) that Customer's use of gas during the same period(s) in previous years;
- b) that Customer's normal use of gas during preceding months;
- c) the use of a like Customer for the period missed.

If practical, an actual reading shall be made after two consecutive estimated bills. All meters in Special Service shall be read at least once a month. Whenever such a meter fails to register or is misread, the amount of gas used during the preceding period shall be estimated using data applicable to that Special Service Customer only. The Company will make a special reading of any meter upon request and payment of a service charge will be made in accordance with Section 22.1. The time of the special reading shall be agreed upon with the Customer so that he or she may be present. If the original reading was in error (subject to consumption between the two readings) the service charge shall be refunded.

12.2 ACCESS TO THE METER

The Customer shall permit the Company access to the meter at all reasonable times for reading thereof and at all reasonable times for maintenance, testing, or replacement of the meter. Upon the Customer's failure or refusal to grant such access, the Company may issue a written notice to the Customer, advising them the situation must be corrected and access granted within 20 days and that failure to do so can result in the disconnection of service and removal of the meter. A fee will be assessed to such Customer as specified in Section 22.1.

12.3 METER ACCURACY

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

12.4 METERING TESTING CUSTOMER REQUESTS

The Company shall have the right to remove and/or test the meter used to determine the quantity of gas delivered. The Customer may request that the Company make a special test of the meter through which he or she is served. Requests for such tests shall be made in writing and the Company shall have ten days after receipt of the request to remove the meter for test or to test the meter in place. Tests on removed meters shall be conducted within a reasonable time. If the test is to be performed after the period of presumed accuracy listed by the manufacturer or if the test is to be performed for a residential or small commercial Customer for whom no such test have been performed within the previous four (4) years for the same Customer at the same location, no service charge will be assessed. Otherwise, the Customer shall pay a service charge for such test as specified in Section 22.1.

METER READING AND ACCURACY (Continued)

12.5 BILLING ADJUSTMENTS - GENERAL SERVICE

Whenever it has been determined that a meter reading and the subsequent billing has been in error, the Company shall recalculate the affected bill(s). If the date and amount of the error can be definitely fixed, the Company shall refund or may bill the affected Customer for the entire difference between the actual bills rendered and the amount which should have been billed. If the date and/or the amount of the error cannot be definitely fixed (such as a meter found to be registering fast or slow), the Company shall refund or bill an amount equal to the difference between the actual bills rendered and the amount which would have been billed if the meter was 100 percent accurate for one-half of the time since the last previous test or six months, at the Company's option. Re-billing for meters found not to register are limited to a three-month period previous to the time the meter is found not to be registering. Undercharges billed to the Customer may be repaid in a series of equal installments over a reasonable period of time. Meter errors found after a final bill has been rendered to any Customer shall not be refunded or collected. This Paragraph shall not apply to meter errors found as a result of routine testing in the Company's or its designee's meter shop.

12.6 PROVISIONS FOR SPECIAL SERVICE

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

- a) Orifice and turbine meters shall be tested at least four times per year at intervals not to exceed 120 days. Should the Customer so elect, tests shall be made in the presence of his or her representative.
- b) Whenever a meter is found to be registering above or below the limits of accuracy, adjustment of the bill (either up or down) shall be limited to the monthly billing subsequent to the last meter test. The adjustment shall be made upon the basis of the best data available, using the first of the following methods, whichever is most appropriate:

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METER READING AND ACCURACY (Continued)

12.6 PROVISIONS FOR SPECIAL SERVICE (continued)

- i) by using registration of Customer's check meter(s);
- ii) by correcting the error, if the percentage of error is ascertainable by calibration test or mathematical calculation; or
- iii) by estimating the quantity of gas delivered by comparison with deliveries during the preceding period under similar conditions when accurate registration was obtained.

12.7 PERIODIC TESTS

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

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BILLING AND PAYMENT OF BILLS (Continued)

13.5 PAYMENT RE-PROCESSING FEE

The Company may charge or add to the account and collect a fee(as provided in Section 22.1 D.) to recover costs for reprocessing any payment, including paper check, electronic transfer payment, and debit and credit card payment, that has been rejected or returned to the Company by the bank for any reason other than bank error.

13.6 E-BILL

The Customer may receive bills and notices via electronic mail. The customer may elect to eliminate paper bills and notices.

13.7 BILLING OF MISCELLANEOUS SERVICES

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

13.8 ALTERNATIVE PAYMENT OPTIONS

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

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CURTAILMENTS

14.1 CURTAILMENTS

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

14.2 PRIORITY CLASSES

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

- Priority 1 - All Domestic service.
- Priority 2 - All small Commercial and Industrial service (less than 50 Mcf on an average day).
- Priority 3 - All other Commercial service.
- Priority 4 - Industrial service, other than boiler fuel, for usage through one meter of more than 50 Mcf but less than 200 Mcf on an average day.
- Priority 5 - Industrial service, other than boiler fuel, for usage through one meter of more than 200 Mcf but less than 1500 Mcf on an average day.
- Priority 6 - Industrial service, other than boiler fuel, for usage through one meter of more than 1500 Mcf on an average day.
- Priority 7 - Industrial boiler fuel for usage through one meter of less than 200 Mcf on an average day.
- Priority 8 - Industrial boiler fuel for usage through one meter of more than 200 Mcf but less than 1500 Mcf on an average day.
- Priority 9 - Industrial boiler fuel for usage through one meter of more than 1500 Mcf on an average day.

For the purpose of this classification, each separately billed meter shall be considered a separate Customer. When service which may fall into more than one priority group is rendered through a single meter, the entire service shall be placed in the lowest (highest numbered) applicable priority group.

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CURTAILMENTS (Continued)

14.3 METHOD OF CURTAILMENT

Curtailement shall be ordered ratably insofar as feasible within each priority group served by the same system: provided however, that the Company may provide by rate schedule for two or more subgroups within any priority class other than Priorities 1 and 2. Total curtailement during any calendar year shall be made to the end, insofar as feasible, that all Customers within a priority group or subgroup served by the same system may be curtailed in the same proportion that each Customer's total requirements during the year bears to the total requirements of all Consumers in that priority group or subgroup.

14.4 CLASS AND GROUP CURTAILMENTS

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

14.5 NOTIFICATION AND PENALTIES

The Company shall notify in advance each Customer to be curtailed under the provisions of this Section, the extent and amount of the curtailement required from him. If, after notification, any Customer (other than a Customer in Priority 1) fails to curtail during the required period or to the amount required, such Customer shall pay any penalty provided for in the rate schedules under which he or she is served. In addition, the Company shall have the right to disconnect any Customer who fails to curtail as notified without further notice if service to Consumers in Priority 1 and 2 is threatened.

14.6 SUSPENSION OF THIS SECTION

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

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QUALITY OF GAS

15.1 HEATING VALUE

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

15.2 CHARACTER OF GAS

All gas furnished to Consumers in the El Paso Service Area shall be of merchantable quality suitable for use in standard gas burning appliances. Merchantable quality shall mean that the gas must be commercially free from dust, resins, water and hydrocarbons in liquid form at the pressure and temperature at which the gas is delivered.

15.3 ODORIZATION

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

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SERVICE WORK

16.1 CERTAIN SERVICES PROVIDED AT NO CHARGE

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

Any other work performed on any Consumer's appliances or house piping will be on a charge basis.

16.2 OTHER SERVICE

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

16.3 EXPEDITED SERVICE

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

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MAINTENANCE OF EQUIPMENT

17.1 MAINTENANCE BY COMPANY

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

17.2 MAINTENANCE BY THE CUSTOMER

The Customer shall maintain all facilities owned by him and shall be responsible for the safe conduct and handling of the gas after it passes the point of delivery. The Customer must remove, repair or adjust any customer-owned property which may pose a threat of damage to the property of the Company. The Customer shall take all reasonable means to assure that no one other than an employee of the Company shall adjust, repair, disconnect or change the meter or other Company facilities in any way. In case of loss or damage to the Company's property from the negligence or willful acts of the Consumer or the Consumer's representatives, the Customer will reimburse the Company for all costs of repairing or replacing the damaged property, including any costs of collection such as attorney's fees.

17.3 LEAKS - RIGHT TO DISCONNECT FOR

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

17.4 FACILITIES CURRENTLY OWNED BY THE CUSTOMER

Any facilities downstream of the meter installed by the Customer shall remain the property and responsibility of the Customer. Whenever the condition of the facility is such that replacement is required, the work shall be done by the Company pursuant to the provisions of paragraph 17.7 of this Tariff. New facilities will continue to be installed pursuant to paragraphs 7.1 and 7.2 of this Tariff.

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MAINTENANCE OF EQUIPMENT (Continued)

17.5 RESPONSIBILITY

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

17.6 RELOCATION OF COMPANY FACILITIES

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

17.7 REPLACEMENT OF CUSTOMER-OWNED PIPING

- a) When repair or replacement of Customer-owned piping becomes necessary due to deterioration of the line, damage to the line (except when caused by Customer or Customer's agent), relocation of the Company's distribution main, or for other safety reasons, the Company will relocate Customer's meter to the exterior of the building wall, as close as possible to the existing stub out (where piping exits the structure), and will replace the service piping up to the stub out. The Company will own and be responsible for all service piping from the main line to the meter, and Customer will own and be responsible for all piping from the meter to the house.
- b) The Customer will be billed for all costs of the meter relocate and pipeline replacement exceeding the credit set forth in paragraph 22.1K of this Tariff except when the Company's distribution main is relocated. Such excess costs could include, but not be limited to, additional costs necessary for replacement of exceptionally long piping, or if it is to be installed in rock or under paved areas or where otherwise hampered by an obstruction, or for unusual piping to connect the meter at the new location to the current stub out location.
- c) In the absence of any provision contained in a deed of dedication authorizing the Company to install the service piping and meter on Customer's premises, the owner of the premises shall execute an agreement establishing the meter location, authorizing the Company to install or replace the line, and granting Company access for such work. If Customer or owner of the premises refuses to give Company personnel or Company-authorized personnel appropriate access to the property for purposes of installation, the Customer will retain responsibility for his/her facilities and shall bear the expense of any replacement or repairs.

CITY CLERK DEPT.
09 FEB - 7 AM 8:05

DISCONTINUANCE OF SERVICE

18.1 BY CUSTOMER

A Customer shall be responsible for all charges for gas service from the time he or she gives notice of the intention to discontinue service until the Company has read the meter or for three working days whichever is the shorter period of time.

18.2 FOR NON-PAYMENT

The Company shall have the right to discontinue service to any Customer for non-payment of bills or other charges authorized by this Tariff or the applicable rate schedules, following the due date specified in Section 13.1 hereof. Before discontinuing service for non-payment, the Company shall mail a separate written notice to the Customer with the words "TERMINATION NOTICE" or similar language prominently displayed. This notice shall include a telephone number to contact the Company, the amount of the delinquent bill and the date by which the bill must be paid to avoid disconnection; and a statement of how to contact the Company in case of illness or other emergencies. If a representative of the Company makes an attempt to collect a past due amount, a collection fee per visit shall be assessed to such Customers as specified in Section 22.1.

No Customer shall be disconnected for non-payment:

- a) Within a period of five working days after mailing of the notice or the day following the date indicated in the notice, whichever is the later time.
- b) If after applying the principal amount of the security deposit and accrued interest to the Customer's account, the Customer does not owe past due amounts to the Company.
- c) After full payment of the delinquent bill except when there is not sufficient time to advise Company's service personnel of receipt of the payment.
- d) Before 8:00 AM or after 5:00 PM on any day or on Friday, Saturday, Sunday, Holiday, or day before a holiday unless Company personnel are available on that day for the purpose of making collections or reconnecting service.

CITY CLERK DEPT.
08 FEB - 7 AM 8:05

DISCONTINUANCE OF SERVICE (Continued)

18.2 FOR NON-PAYMENT (Continued)

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

18.3 SPECIAL CONDITIONS

The Company shall have the right to discontinue service to any Consumer for any of the following reasons:

- a) Without notice for the presence of what the Company considers to be an unsafe condition on the Consumer's premises or if an emergency exists.
- b) Without notice for willful destruction or damage to or tampering with the Company's property by the Consumer or by others with knowledge or negligence of the Consumer.
- c) Within five working days after written notice if the Consumer uses his or her equipment in any way which causes or creates a potential for adverse affect on the Company's service to others;
- d) Without notice if failure to curtail by such Consumer endangers the supply to Consumers in Priority Class 1 or 2.
- e) Five working days after written notice from the Company for refusal to grant Company personnel or its designee's access to the Consumer's premises at any reasonable time for any lawful purpose.
- f) Five working days after written notice from the Company for use, sale or delivery of gas in violation of the provisions of this Tariff or violation of any applicable laws, orders or ordinances, provided that disconnection may be made without notice if the violation creates an unsafe condition.
- g) For Customers acquiring their own supplies of gas, the Company may discontinue service upon request of a Supplier, provided however, that the Supplier represents to the Company that notice has been given to the Customer by the Supplier of delinquency in payment at least five working days prior to Supplier's request for disconnection, and provided that Supplier agrees to indemnify and hold harmless the Company from any potential resulting liability.

CITY CLERK DEI
08 FEB -7 AM 8:1

DISCONTINUANCE OF SERVICE (Continued)

18.3 SPECIAL CONDITIONS (continued)

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

18.4 RIGHT OF ENTRY

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

18.5 ABANDONMENT OF SERVICE

Service shall not be abandoned (permanent disconnect of any but a temporary Customer) unless requested by the Customer(s) without permission of the Regulatory Authority. Failure of the Customer to reinstitute service after disconnection within a reasonable period of time shall be considered a request for permanent discontinuance of service.

CITY CLERK DEPT.
08 FEB -7 4M 8:05

RE-ESTABLISHMENT OF SERVICE

19.1 FOR NON-PAYMENT

When service has been disconnected for non-payment, the Company shall require that the Customer pay the total amount of his account then due plus the prescribed reconnect fee or make satisfactory arrangements for that payment before service is reinstated. In addition, the Company shall require that the Customer re-establish satisfactory credit in accordance with Section 5 of this Tariff. The first time a Customer requests re-establishment of service after disconnection for non-payment, the Company may waive the deposit. Thereafter, it shall be required in accordance with this Section.

19.2 FOR OTHER REASONS

When service has been disconnected for any reason, the Customer shall be required to request reconnection in writing. If disconnection has been made by the Company, service shall not be reinstated until the condition for which it was terminated has been corrected to the Company's satisfaction. The Customer shall also be required to pay a reconnect fee before service is turned on. When service has been disconnected at the Customer's request for a period of one year or more, the request for service shall be treated as a new application. When service has been disconnected for less than one year, the request shall be treated in the same manner as a disconnection for non-payment.

19.3 RECONNECTION

The Company shall restore service as soon as feasible after receipt of the request and compliance with the requirements of this Section. The Company shall charge a non-refundable reconnection fee for all Customers in accordance with Section 22.1. The restoration of service will be accomplished as expeditiously as scheduling permits. If the Customer requests service after hours or earlier than scheduled, the Company shall offer expedited service in accordance with Section 22.1. Applicant must be advised that an additional fee will be charged and must agree to pay such charge. In the event the Company is required to make more than one call because the reason for disconnection has not been properly corrected, the reconnect fee may be charged for each call made. No fee shall be charged for any reconnection made after disconnection due to Company's operation. See Section 22.1 for fees.

CITY CLERK DEPT.
08 FEB - 7 AM 8:05

NOTICE

20.1 GENERAL

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

CITY CLERK DEPT.
08 FEB - 7 AM 8:05

AVERAGE BILL CALCULATION PLAN

21.1 DESCRIPTION-RESIDENTIAL

Any Residential Customer may elect to participate in the Company's Average Bill Calculation (ABC) Plan for payment of charges for gas service as may be modified from time to time. Should the Company modify the plan, the Company will notify Customers of the changes made upon their request for enrollment. In general, the conditions under which a Customer may participate in the ABC Plan are set forth below:

- a) The Company reserves the right to adjust the monthly plan payments of any Customer at any time for changes in conditions or rates.
- b) The Company shall advise each Customer in the ABC Plan of the monthly plan payment to be paid by the Customer. Each Customer in the ABC Plan will receive a regular monthly gas bill which will reflect actual consumption and charges for that billing month and the amount of any debit or credit balance before the payment of that month's plan payment. The Customer shall continue to pay the monthly plan payment amount each month for gas service, notwithstanding the current gas service charge shown on the bill.
- c) Any other charges incurred by the Customer shall be paid monthly when due in addition to the monthly plan payment.
- d) Interest will not be charged to the Customer on accrued ABC debit balances nor paid by the Company on accrued ABC credit balances.
- e) Any amount due the Customer or due the Company will be settled and paid at the time a Customer, for any reason, ceases to be a participant in the ABC Plan.
- f) Any Customer's participation in the ABC Plan may be discontinued by the Company if the monthly plan payment has not been paid on or before the due date of the monthly plan payment.
- g) If any Customer in the ABC Plan shall cease, for any reason, to participate in the ABC Plan, then the Company may refuse that Customer's reentry into the ABC Plan until the following August.

CITY CLERK DEPT.
08 FEB -7 AM 8:05

AVERAGE BILL CALCULATION PLAN (Continued)

21.2 NON-RESIDENTIAL AVERAGE BILL CALCULATION PILOT PROGRAM

For a period of three year, selected non-residential customers may elect to participate in the Company's Non-Residential Average Bill Calculation (ABC) Plan for payment of charges for gas service as may be modified from time to time. Should the Company modify the plan, the Company will notify Customers of the changes made upon their request for enrollment. In general, the conditions under which a Customer may participate in the Non-Residential ABC Plan are set forth below:

- a) The Company reserves the right to determine the eligibility of Customers for this pilot program.
- b) The Company reserves the right to adjust the monthly plan payments of any Customer at any time for changes in conditions or rates.
- c) The Company shall advise each Customer in the Non-Residential ABC Plan of the monthly plan payment to be paid by the Customer. Each Customer in the Non-Residential ABC Plan will receive a regular monthly gas bill which will reflect actual consumption and charges for that billing month and the amount of any debit or credit balance before the payment of that month's plan payment. The Customer shall continue to pay the monthly plan payment amount each month for gas service, notwithstanding the current gas service charge shown on the bill.
- d) Any other charges incurred by the Customer shall be paid monthly when due in addition to the monthly plan payment.
- e) Interest will not be charged to the Customer on accrued ABC debit balances nor paid by the Company on accrued ABC credit balances.

CITY CLERK DEPT.
08 FEB - 7 AM 8:06

FEES AND DEPOSITS

22.1 FEES

A. Initiation of Service:

- i) Connect: (Section 5.4) \$20.00

A connection fee shall be charged to any Applicant for the cost involved in initiation of service. This fee shall be charged when a meter is set and/or gas turned on.

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

A read-in fee shall be charged to any Applicant for the cost involved in initiation of service. This fee shall be charged when only a meter reading is required.

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

In addition to initiation of service fee above, a fee may be charged to any Applicant whose request to initiate service cannot be worked during normal business hours or requires special handling. Applicant must be advised that an additional fee will be charged and must agree to pay such charge.

- a) Special Handling: \$6.00

The Company may, at Customer's request, provide special handling in order to meet the Customer's requirements. Special handling may include such assistance as calling the Customer in advance or making other special arrangements (such as A.M. or P.M. scheduling) for access to the Customer's premises.

- b) Expedited Service and Overtime Rate \$50.00

The Customer's request for expedited service may be scheduled at any time to fit the Company's work schedule, but the Expedited Service charge shall be collected. This service will be based upon availability.

CITY CLERK DEPT.
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FEES AND DEPOSITS (Continued)

22.1 FEES (Continued)

B. Services - Others: As stated below

Whenever service is furnished from the facilities of others and the Company must pay any special fees to the supplying Company, the Applicant shall reimburse the Company for such charge plus twenty percent for handling.

C. Customer Requested Meter Test: (Section 12.4)

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

Orifice Meters

All sizes	\$100.00
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D. Payment Re-processing Fee (Section 13.5) \$25.00

E. Collection Fee: (Section 18.2)

Residential Customers \$10.00

All Other Class Customers \$25.00

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

CITY CLERK DEPT.
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FEES AND DEPOSITS (Continued)

22.1 FEES (Continued)

- F. Reconnect Fees: (Section 19.3) \$20.00

A reconnect fee shall be charged to any Customer whose service is terminated and then re-initiated unless terminated in error by the Company. This fee is the same as the Standard Initiation Fee charged for new service.

- (i) After Hours (see Section 22.1 A) (iii)

- G. Temporary Service: (Section 5.3) As stated below

The Temporary Service Fee shall be the estimated cost of installation and removal of pipe and metering facilities or a contribution of \$50.00 whichever is greater. (Does not include extension of mains).

- H. Special Read: (Section 12.1) \$10.00

A special read fee shall be charged for customer requested reading of a meter of which estimated billing has been made. This is not in connection with Section 12.4.

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

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

- J. Meter Tampering – Residential: (Section 17.2) \$100.00

A fee will be charged to repeat customers who knowingly tamper with Company property (i.e. broken meter locks, broken stop cocks, tampered meter dials, and broken meter blind seals).

- K. Housepiping Replacement Credit (maximum) \$500.00

This credit is applicable to relocation of Customer meters and replacement of Customer piping as provided in paragraph 17.7 of this Tariff. This credit does not apply if the condition necessitating such replacement was caused by the Customer or the Customer's agent. The actual cost of the housepiping replacement will be charged to Capital and any actual Customer invoiced amount will be credited to Contribution In Aid of Construction (CIAC).

- L. Loan Processing Fee: (Section 13.7) \$30.00

- M. Meter Removal Fee: (Section 12.2) \$50.00

FEES AND DEPOSITS (Continued)

22.2 DEPOSITS

- a) Advances: (Section 8.4) As stated below

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

- b) Customer Deposits: (Section 10.1) As stated below

Application of the one-sixth rule or a specific determined amount less than the amount as per one-sixth rule as stated in Section 10.1.

CITY CLERK DEPT.
08 FEB - 7 AM 8:06