

**AQUILA  
NETWORKS  
(MGU)**

---

**RATE BOOK  
M.P.S.C. No. 1 – Gas**

**Rules, Regulations,  
And Rates**

*Current*

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**TITLE PAGE**

**AQUILA NETWORKS - MGU**  
(Formerly Known As Michigan Gas Utilities)

**RULES, REGULATIONS AND RATE SCHEDULES  
GOVERNING THE SALE OR TRANSPORTATION OF NATURAL GAS**

**Territory**

**These Rules, Regulations and Rate Schedules apply to the  
Entire Territory Served With Natural Gas by the Company.**

**M.P.S.C. No. 1 -GAS**

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Issued July 11, 2002 by  
Jon R. Empson  
Sr. Vice President  
Omaha, Nebraska

MICHIGAN PUBLIC SERVICE COMMISSION	
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Effective for gas service rendered  
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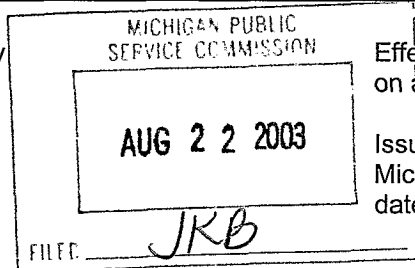
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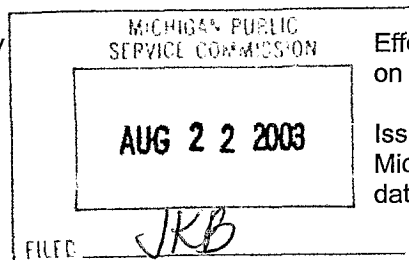
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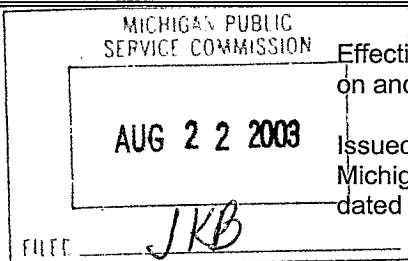
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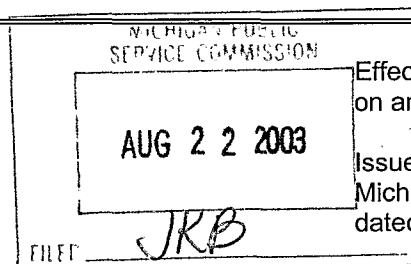
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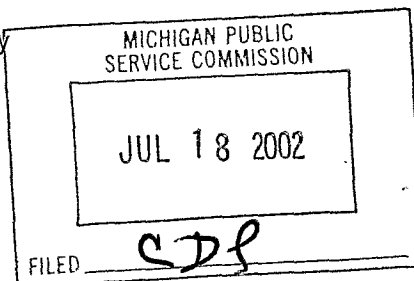
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(The Standard Forms are not included at this time. They will be submitted as new forms are adopted by the Company.)

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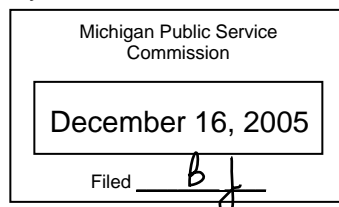
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Original Sheet No. B-21.00	July 11, 2002
Original Sheet No. B-22.00	July 11, 2002
Original Sheet No. B-23.00	July 11, 2002
Original Sheet No. B-24.00	July 11, 2002
Original Sheet No. B-25.00	July 11, 2002
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Original Sheet No. B-27.00	July 11, 2002
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Original Sheet No. B-29.00	July 11, 2002
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First Revised Sheet No. B-31.00	March 13, 2003
First Revised Sheet No. B-32.00	March 13, 2003
Original Sheet No. B-33.00	July 11, 2002
First Revised Sheet No. B-34.00	March 13, 2003
Original Sheet No. B-35.00	July 11, 2002
Original Sheet No. B-36.00	July 11, 2002
Original Sheet No. B-37.00	July 11, 2002
First Revised Sheet No. B-38.00	November 1, 2003
Original Sheet No. B-39.00	July 11, 2002
First Revised Sheet No. B-40.00	March 13, 2003
<b><u>First Revised Sheet No. B-41.00</u></b>	<b><u>February 13, 2004</u></b>
Second Revised Sheet No. B-42.00	November 1, 2003
First Revised Sheet No. B-43.00	November 1, 2003
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First Revised Sheet No. B-44.04	March 13, 2003
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Original Sheet No. B-49.00	July 11, 2002
First Revised Sheet No. B-50.00	March 13, 2003
Original Sheet No. B-51.00	July 11, 2002
First Revised Sheet No. B-52.00	March 13, 2003

(Continued on Sheet No. A-15.00)

Issued February 13, 2004 by  
Jon R. Empson  
Sr. Vice President  
Omaha, Nebraska

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SERVICE COMMISSION

**FEB 19 2004**

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Effective for gas service rendered  
on and after February 13, 2004

Issued under authority of the  
Michigan Public Service Commission  
dated February 12, 2004  
in Case No. U-13978

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(Continued From Sheet No. A-14.00)

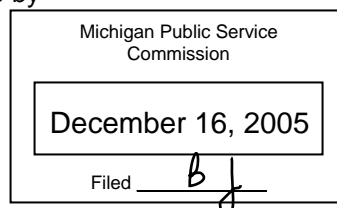
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Original Sheet No. B-57.00	July 11, 2002
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First Revised Sheet No. B-59.00	March 13, 2003
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First Revised Sheet No. B-68.00	March 13, 2003
First Revised Sheet No. B-69.00	March 13, 2003
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Original Sheet No. C-1.00	July 11, 2002
First Revised Sheet No. C-2.00	March 13, 2003
Original Sheet No. C-3.00	July 11, 2002
Original Sheet No. C-4.00	July 11, 2002
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Original Sheet No. C-11.00	July 11, 2002
Original Sheet No. C-12.00	July 11, 2002
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(Continued on Sheet No. A-16.00)

Issued **November 18, 2005** by  
Jon R. Empson  
Sr. Vice President  
Omaha, Nebraska



Effective for gas service rendered on and  
on and after the **December 1, 2005**.

Issued under authority of the  
Michigan Public Service Commission  
**dated May 10, 1996**  
in Case No. U-11058

(Continued From Sheet No. A-15.00)

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Original Sheet No. C-46.00	July 11, 2002
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<b><u>First Revised Sheet No. D-5.00</u></b>	<b><u>November 1, 2003</u></b>
Original Sheet No. D-6.00	July 11, 2002
First Revised Sheet No. D-7.00	March 13, 2003
First Revised Sheet No. D-8.00	March 13, 2003

(Continued on Sheet No. A-17.00)

Issued November 1, 2003 by  
 Jon R. Empson  
 Sr. Vice President  
 Omaha, Nebraska

MICHIGAN PUBLIC SERVICE COMMISSION	
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Effective for gas service rendered  
 on and after November 1, 2003

Issued under authority of the  
 Michigan Public Service Commission  
 dated March 12, 2003  
 in Case No. U-13470

(Continued From Sheet No. A-16.00)

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<b><u>Fourth Revised Sheet No. E-3.01</u></b>	<b><u>October 1, 2005</u></b>
<b><u>Second Revised Sheet No. E-3.02</u></b>	<b><u>October 1, 2005</u></b>
<b><u>Original Sheet No. E-3.03</u></b>	<b><u>October 1, 2005</u></b>
First Revised Sheet No. E-4.00	March 13, 2003
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First Revised Sheet No. E-6.00	March 13, 2003
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First Revised Sheet No. F-17.00	May 1, 2004

(Continued on Sheet No. A-18.00)

Issued **September 21, 2005** by  
Jon R. Empson  
Sr. Vice President  
Omaha, Nebraska



Effective for bills rendered on and  
after the first billing cycle of the  
**October 2005** billing month.

Issued under authority of the  
Michigan Public Service Commission  
**dated September 20, 2005**  
in Case No. U-14400

(Continued From Sheet No. A-17.00)

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(Continued on Sheet No. A-17.00)

Issued March 13, 2003 by  
Jon R. Empson  
Sr. Vice President  
Omaha, Nebraska

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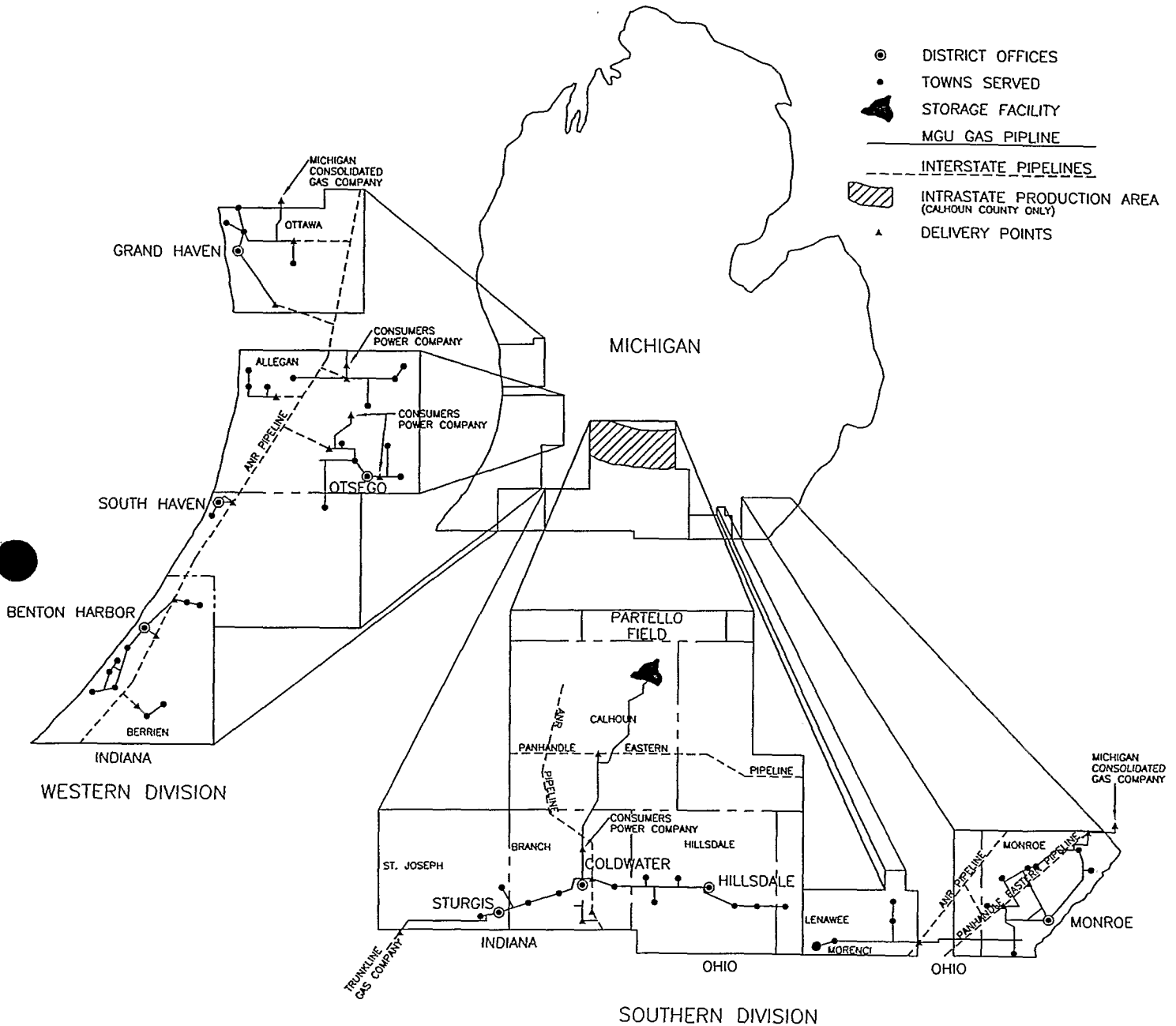
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Effective for gas service rendered  
on and after March 13, 2003

Issued under authority of the  
Michigan Public Service Commission  
dated March 12, 2003  
in Case No. U-13470

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# AQUILA NETWORKS – MGU SERVICE AREAS AND DELIVERY POINTS



(Continued on Sheet No. A-19.00)

Issued July 11, 2002 by  
Jon R. Empson  
Sr. Vice President  
Omaha, Nebraska

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Michigan Public Service Commission  
dated July 10, 2002  
in Case No. U-13351



TERRITORY SERVED

City or Village of:

Township of:

ALLEGAN COUNTY

Allegan  
Douglas  
Fennville  
Hopkins  
Martin

Otsego  
Plainwell  
Saugatuck  
Wayland

Allegan  
Casco  
Clyde  
Dorr  
Fillmore  
Ganges  
Gun Plain  
Heath  
Hopkins  
Leighton  
Manlius

Martin  
Monterey  
Otsego  
Overisel  
Salem  
Saugatuck  
Trowbridge  
Valley  
Watson  
Wayland

BARRY COUNTY

Prairieville

BERRIEN COUNTY

Baroda  
Benton Harbor  
Berrien Springs  
Bridgman  
Coloma

Eau Claire  
Shoreham  
St. Joseph  
Stevensville  
Watervliet

Bainbridge  
Baroda  
Benton  
Berrien  
Coloma  
Hagar  
Lake

Lincoln  
Oronoko  
Pipestone  
Royalton  
St. Joseph  
Sodus  
Watervliet

BRANCH COUNTY

Bronson  
Coldwater

Quincy  
Union City

Alganssee  
Batavia  
Bethel  
Bronson  
Coldwater

Girard  
Kinderhook  
Ovid  
Quincy  
Union

CALHOUN COUNTY

Tekonsha

Burlington  
Fredonia

Tekonsha

(Continued on Sheet No. A-20.00)

Issued March 13, 2003 by  
Jon R. Empson  
Sr. Vice President  
Omaha, Nebraska

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Effective for gas service rendered  
on and after March 13, 2003

Issued under authority of the  
Michigan Public Service Commission  
dated March 12, 2003  
in Case No. U-13470

(Continued From Sheet No. A-19.00)

**TERRITORY SERVED (Contd)**

City or Village of:

Township of:

**HILLSDALE COUNTY**

Allen	Montgomery	Adams	Hillsdale
Camden	North Adams	Allen	Jefferson
Hillsdale	Reading	Cambria	Pittsford
Jonesville		Camden	Reading
		Fayette	

**LENAWEE COUNTY**

Hudson	Morenci	Fairfield	Ogden
		Hudson	Seneca

**MONROE COUNTY**

Carleton	Maybee	Ash	Ida
Dundee	Monroe	Bedford	LaSalle
Luna Pier	Petersburg	Berlin	London
		Dundee	Monroe
		Erie	Raisinville
		Exeter	Summerfield
		Frenchtown	Whiteford

**MUSKEGON COUNTY**

Fruitport		Fruitport	
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**OTTAWA COUNTY**

Coopersville	<u>Spring Lake</u>	Crockery	Port Sheldon
Ferrysburg		Grand Haven	Robinson
Grand Haven		Polkton	Spring Lake

**ST. JOSEPH COUNTY**

Burr Oak		Burr Oak	Sherman
Colon		Colon	Sturgis
Sturgis		Fawn River	White Pigeon
		<b><u>Nottawa</u></b>	

**VAN BUREN COUNTY**

Bloomingtondale		<b><u>Almena</u></b>	Geneva
Gobles		Bloomingtondale	Pine Grove
South Haven		Covert	South Haven

Issued March 13, 2003 by  
Jon R. Empson  
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Omaha, Nebraska

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on and after March 13, 2003

Issued under authority of the  
Michigan Public Service Commission  
dated March 12, 2003  
in Case No. U-13470

**TECHNICAL TERMS AND ABBREVIATIONS  
FOR ALL CUSTOMERS**

( The following technical terms are from Rule 1 of the Commission's order in Case No. U-5395, Gas Technical Standards. )

British Thermal Unit -- The average amount of heat necessary to increase the temperature of one pound of water by 1 degree Fahrenheit in the temperature ranging between 32 degrees Fahrenheit and 212 degrees Fahrenheit at 14.70 pounds-per-square-inch-absolute pressure.

Btu -- British thermal unit.

Ccf -- 100 cubic feet.

Cfh -- Cubic feet per hour.

Commission -- The Michigan Public Service Commission.

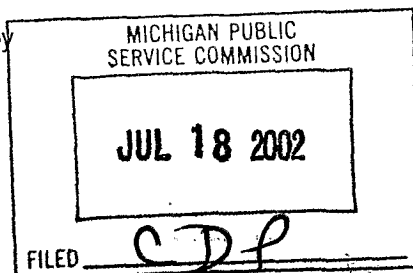
Company -- Aquila Networks – MGU (Formerly Known As Michigan Gas Utilities)

Cubic Foot of Gas:

- (A) If gas is supplied and metered to a customer at the standard delivery pressure of domestic appliances, a cubic foot of gas means that volume of gas which, at the temperature and pressure existing in the meter, occupies one cubic foot, except where a temperature compensating device is built into the meter, in which case a cubic foot of gas means that quantity of gas which, at the pressure existing in the meter and the temperature corrected to 60 degrees Fahrenheit, occupies one cubic foot.
- (B) If gas is supplied to a customer at other than standard delivery pressure, a cubic foot of gas means that volume of gas which, at 60 degrees Fahrenheit and at absolute pressure of 14.65 pounds per square inch, occupies one cubic foot, except in cases where a different absolute pressure base is approved by the Commission.
- (C) The standard cubic foot of gas for testing the gas for heating value, or for other testing purposes, is that volume of gas which, when saturated with water vapor at a temperature of 60 degrees Fahrenheit and under an absolute pressure of 14.70 pounds per square inch, occupies one cubic foot.

(Continued on Sheet No. A-22.00)

Issued July 11, 2002 by  
Jon R. Empson  
Sr. Vice President  
Omaha, Nebraska



Effective for gas service rendered  
on and after July 11, 2002

Issued under authority of the  
Michigan Public Service Commission  
dated July 10, 2002  
in Case No. U-13351

(Continued From Sheet No. A-21.00)

**TECHNICAL TERMS AND ABBREVIATIONS  
FOR ALL CUSTOMERS**

(D) For all reports to the Commission, a cubic foot of gas means that volume of gas which when dry, at 60 degrees Fahrenheit and at absolute pressure of 14.73 pounds per square inch, occupies one cubic foot.

Customer -- Any purchaser of gas supplied by the Company.

Liquefied Petroleum Air Gas -- A gas produced by mixing an appropriate quantity of air with propane vapor, butane vapor, or a mixture of such vapors.

LP - Air - Gas -- Liquefied Petroleum air gas.

LPG -- Liquefied petroleum gas.

Mcf -- 1,000 cubic feet.

Meter -- Unless otherwise qualified, a device of a utility used in measuring a quantity of gas.

Mixed Gas -- A gas produced by mixing natural gas with substitute natural gas, liquefied petroleum gas, or liquefied petroleum air gas.

SNG -- Substitute natural gas.

Substitute Natural Gas -- Gas which is interchangeable and compatible with natural gas, and which is manufactured from carbon and hydrogen-bearing materials.

Therm -- 100,000 British thermal units.

Issued July 11, 2002 by  
Jon R. Empson  
Sr. Vice President  
Omaha, Nebraska

MICHIGAN PUBLIC  
SERVICE COMMISSION

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Effective for gas service rendered  
on and after July 11, 2002

Issued under authority of the  
Michigan Public Service Commission  
dated July 10, 2002  
in Case No. U-13351

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**STANDARD TERMS AND ABBREVIATIONS  
FOR ALL CUSTOMERS**

( These standard terms and abbreviations are applicable to and made a part of all agreements for gas service furnished by the Company. )

Authorities -- The Michigan Public Service Commission and any governmental authorities legally authorized to regulate or inspect the customer's installation or equipment.

Billing Period -- A period of 25 to 35 days when applied to gas sales.

Cu. Ft. -- Cubic Feet.

Michigan Gas Safety Standards -- Order No. U-6300 of the Michigan Public Service Commission as from time to time amended.

Payment Station -- Any location authorized by AQUILA NETWORKS - MGU to accept payment on billed accounts.

Point of Service Termination -- The first fitting on the outlet side of the meter which is the beginning of the customer's piping.

Service Pipe -- Pipes and equipment for delivering gas from the Company's distribution main to the piping system of a building or premise.

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Issued March 13, 2003 by  
Jon R. Empson  
Sr. Vice President  
Omaha, Nebraska

MICHIGAN PUBLIC  
SERVICE COMMISSION

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Effective for gas service rendered  
on and after March 13, 2003

Issued under authority of the  
Michigan Public Service Commission  
dated March 12, 2003  
in Case No. U-13470

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**Supplemental Utility Service Charges**

**INSTALLATION OF EXCESS FLOW VALVE (WHEN SERVICE LINE IS RUN)**

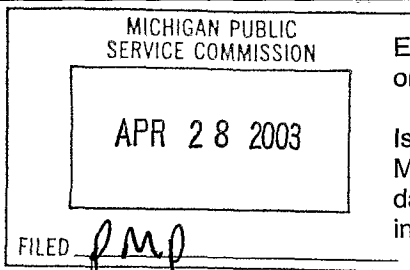
Effective February 3, 1999, the charge for the installation of an excess flow valve, when requested by the customer at the time a new service is installed or a replacement service is scheduled by the company, shall be \$30.00.

**INSTALLATION OF EXCESS FLOW VALVE (SUBSEQUENT TO SERVICE LINE INSTALLATION)**

Effective February 3, 1999, the charge for the installation of an excess flow valve, when requested by the customer after the installation of the original service that is not scheduled for replacement or for future maintenance, shall be the cost of labor, equipment and materials for the removal and/or repair of asphalt, concrete, sod, landscaping and piping (whichever are applicable), plus the installation charge.

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Issued March 13, 2003 by  
Jon R. Empson  
Sr. Vice President  
Omaha, Nebraska



Effective for gas service rendered  
on and after March 13, 2003

Issued under authority of the  
Michigan Public Service Commission  
dated March 12, 2003  
in Case No. U-13470

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**SECTION B - PART 1  
TECHNICAL STANDARDS FOR GAS SERVICE  
(FOR ALL CUSTOMERS)**

**B1 General Provisions**

**B1.1 R 460.2301 Definitions.**

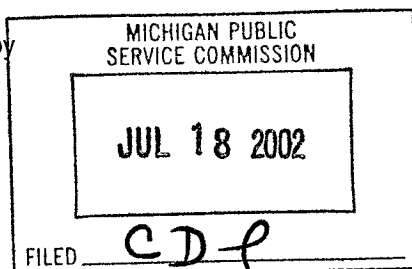
**Rule 1 As used in these rules:**

- (a) "Acceptable to the Commission" or "approved by the Commission" or "authorized by the Commission" means that a Commission order has been obtained.
- (b) "British thermal unit" means the quantity of heat that must be added to 1 avoirdupois pound of pure water to raise its temperature from 58.5 degrees Fahrenheit to 59.5 degrees Fahrenheit under standard pressure. Standard pressure is 30 inches mercury at 32 degrees Fahrenheit or 14.73 pounds per square inch absolute and with acceleration due to gravity equal to 32.174 feet per second.
- (c) "Commission" means the Michigan Public Service Commission.
- (d) "Cubic foot of gas" means the following:
  - (i) For billing purposes, a standard cubic foot of gas is that quantity of dry gas which, at a temperature of 60 degrees Fahrenheit and an absolute pressure of 14.65 pounds per square inch, occupies 1 cubic foot. The Commission may, however, approve a different absolute pressure base.
  - (ii) For testing purposes, such as testing for heating value, a standard cubic foot of gas is that quantity of gas which, when saturated with water vapor at a temperature of 60 degrees Fahrenheit and an absolute pressure of 14.73 pounds per square inch, occupies 1 cubic foot.
- (e) "Customer" means an individual or business, excluding other gas utilities, that purchases gas or transportation services, or both, on the utility's system.
- (f) "Hazardous condition" means any condition which the utility determines poses an immediate and serious threat to the health, safety, or welfare of a customer or the general public and which requires immediate action.

(Continued on Sheet No. B-2.00)

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Issued July 11, 2002 by  
Jon R. Empson  
Sr. Vice President  
Omaha, Nebraska



Effective for gas service rendered  
on and after July 11, 2002

Issued under authority of the  
Michigan Public Service Commission  
dated July 10, 2002  
in Case No. U-13351

(Continued From Sheet No. B-1.00)

**B1.1.1 R460.2301 Definitions. (Contd)**

- (g) "Liquefied petroleum gas-air mixture" means a gas that is produced by mixing an appropriate quantity of air with propane vapor, butane vapor, or a mixture of such vapors.
- (h) "Meter" means, unless otherwise qualified, a device of a utility that is used in measuring a quantity of gas.
- (i) "Meter accuracy" means the volume that is measured by a meter as a percent of the actual volume that flowed through the meter as measured by a working standard.
- (j) "Mixed gas" means a gas that is produced by mixing natural gas with any of the following
  - (i) Air.
  - (ii) Inert gas.
  - (iii) Liquefied petroleum gas.
  - (iv) Liquefied petroleum gas-air mixture.
  - (v) Other flammable gas.
  - (vi) Substitute natural gas.
- (k) "Premises" means land or real estate, including buildings and other appurtenances thereon.
- (l) "Potentially hazardous condition" means any condition which the utility determines has the potential to become a hazardous condition, but which does not require immediate action. All of the following are examples of potentially hazardous conditions:
  - (i) Customer failure to permit the utility to perform inspections and maintenance on the utility's facilities in or on the customer's premises.
  - (ii) Customer alterations or modifications of the utility's facilities located in or on the customer's premises.
  - (iii) Customer construction of a structure or appurtenance near or over the main, service line piping, or meter set assembly so that the utility's facilities are not in compliance with the provisions of R460.20101 et seq. of the Michigan Administrative Code or the utility's standards.
  - (iv) Customer failure to correct or replace gas utilization equipment or gas fuel line piping that has been previously identified and classified as potentially hazardous by the utility.

(Continued on Sheet No. B-3.00)

Issued March 13, 2003 by  
Jon R. Empson  
Sr. Vice President  
Omaha, Nebraska

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(Continued From Sheet No. B-2.00)

**B1.1.1 R460.2301 Definitions. (Contd)**

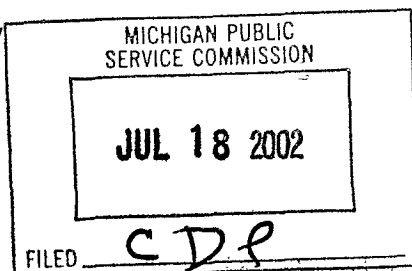
- (m) "Rate book" means the assembled rate schedules, rules, regulations, and standard forms of the utility as filed with the Commission.
- (n) "Required access" means access that is necessary to conduct any of the following:
  - (i) Routine inspections and maintenance.
  - (ii) Meter readings of gas usage.
  - (iii) Scheduled replacement, repairs, relocation, or disconnection of branch service lines or other changes with respect to service lines and meter assembly piping.
- (o) "Substitute natural gas" means gas which is interchangeable and compatible with natural gas and which is manufactured from carbon and hydrogen-bearing materials.
- (p) "Utility" means a person, firm, corporation, cooperative, association, or agency which is subject to the jurisdiction of the Commission and which delivers or distributes and sells gas to the public for heating, power, or other residential, commercial, or industrial purposes.

**B1.1.2 R 460.2302 Application, intention, and interpretation of rules; utility rules and regulations.**

- Rule 2**
- (1) These rules apply to a gas utility which operates within the State of Michigan and which is subject to the jurisdiction of the Commission.
  - (2) These rules are intended to promote safe and adequate gas service to the public, to provide technical standards for uniform and reasonable practices by gas utilities, to encourage efficiency and economy, and to establish a basis for determining the reasonableness of such demands as may be made by the public upon gas utilities.
  - (3) Questions that concern the application or interpretation of these rules and disagreements with respect to any service rules and regulations that are promulgated by a gas utility shall be referred to the Commission for a ruling.

(Continued on Sheet No. B-4.00)

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(Continued From Sheet No. B-3.00)

**B1.1.2 R460.2302 Application, intention, and interpretation of rules; utility rules and regulations. (Contd)**

- (4) A utility shall adopt reasonable rules and regulations, subject to Commission approval, governing its relations with customers. The rules and regulations shall not be inconsistent with these rules and any other rules of the Commission as may be promulgated from time to time. A utility's rules and regulations shall constitute an integral part of the utility's rate book.

**B1.1.3 R 460.2303 Rescission.**

**B1.2 Records, Reports, and Other Information**

**B1.2.21 R 460.2321 Retention of records.**

**Rule 21** All records that are required to be made or maintained pursuant to these rules shall be preserved by the utility for a period of time specified in R 460.2501 et seq. of the Michigan Administrative Code. If a time period is not specified in these rules or in R 460.2501 et seq., records shall be preserved by the utility for not less than one year after the records are completed.

**B1.2.22 R 460.2322 Location of records.**

**Rule 22** Copies of all records required by these rules shall be kept with in the boundaries of this State or at the administrative headquarters of the utility, and shall be available at all reasonable times for examination by an authorized representative of the Commission.

**B1.2.23 R 460.2323 Reports and records generally.**

**Rule 23 (1)** Volumetric data that is contained in any report which is filed with the Commission shall define the pressure, temperature, and water saturation upon which the data is based.

(Continued on Sheet No. B-5.00)

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**B1.2.23 R460.2323 Reports and records generally. (Contd)**

- (2) In addition to reports or records that are required to be filed with the Commission pursuant to these rules, a utility shall provide the Commission with a current list of the name, title, address, and telephone number of the person who should be contacted in connection with all of the following:
- (a) General management duties.
  - (b) Customer complaints that relate to operations.
  - (c) Construction, maintenance, operations, and emergencies during office and nonoffice hours for each major operating headquarters.
  - (d) Meter tests and repairs.

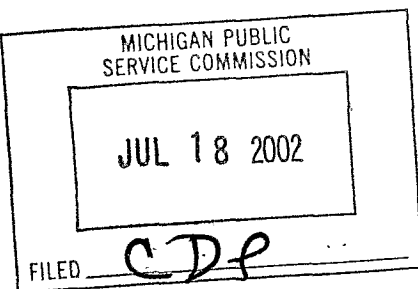
**B1.3 Service Requirements**

**B1.3.31 R 460.2331 Sale of gas.**

- (1) **Rule 31** All gas that is sold by a utility shall be on the basis of meter measurement, unless otherwise authorized by the Commission.
- (2) The utility shall provide the characteristics of service available to prospective customers upon request.
- (3) If gas is supplied and metered to a customer at a nominal delivery pressure of 0.25 pounds per square inch gauge, then, for billing purposes, both of the following provisions apply:
- (a) The gas volume that is registered by the meter is assumed to be measured at standard billing conditions as defined in R 460.2301(d)(i), regardless of the actual temperature of the gas or actual atmospheric pressure. However, all meters which are to operate at ambient outdoor conditions and which are installed after the effective date of this subrule shall be installed with a temperature-compensating device.
  - (b) If the billing pressure base is 14.65 pounds per square inch absolute, then the atmospheric pressure is assumed to be 14.4 pounds per square inch absolute. If the Commission has approved a different billing pressure base, then the assumed atmospheric pressure is equal to the difference between such absolute billing pressure and 0.25 pounds per square inch.

(Continued on Sheet No. B-6.00)

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**B1.3.31 R 460.2331 Sale of gas. (Contd)**

- (4) If gas is supplied to a customer through a low-pressure distribution system such that a service regulator is not used before metering, then, for billing purposes, the gas shall be assumed to be supplied and metered at 0.25 pounds per square inch gauge. The low-pressure system shall be operated so that the gauge pressure at the outlet of the meter shall be maintained within a range of 3 inches water column minimum to a maximum of 14 inches water column. However, delivery to the customer may be as high as 18 inches water column if the pressure to the appliances is regulated not more than 14 inches water column. A utility may implement different standards for operating its low-pressure system if those standards are approved by the Commission.
- (5) If gas is supplied and metered to a customer at a nominal delivery pressure of more than 0.25 pounds per square inch gauge, then, for billing purposes, all of the following provisions apply:
  - (a) The gas volume that is measured by the meter shall be corrected to standard billing conditions as defined in R 460.2301(d)(i).
  - (b) Gas volume corrections for temperature shall be made in accordance with Charles' law. Gas volume corrections for pressure shall be made in accordance with Boyle's law. Gas volume corrections for supercompressibility shall be made in accordance with either of the following publications of the American Gas Association (AGA), both of which are adopted by reference in these rules and may be purchased at the cost specified as of the time of adoption of these rules (which is subject to change) from the American Gas Association, 1515 Wilson Boulevard, VA 22209, (703) 841-8558, or from the Michigan Public Service Commission, 6545 Mercantile Way, P.O. Box 30221, Lansing, MI, 48909:

**Updated American Gas Association's address: 400 N. Capitol St. N.W.,  
Fourth Floor, Washington, D.C., 20001 (202) 824-7000**

(Continued on Sheet No. B-7.00)

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**B1.3.31 R 460.2331 Sale of gas. (Contd)**

- (i) "Manual for the Determination of Supercompressibility Factors for Natural Gas, Project NX-19, "(1962) (AGA Catalog No. L00340)..... \$35.00

**Updated publication price \$249.00.**

- (ii) "Compressibility and Supercompressibility for Natural Gas and Other Hydrocarbon Gases, Transmission Measurement Committee Report No.8,"(1992)(AGA Catalog No. XQ9212)..... \$80.00 (\$40.00-for AGA members).

**Updated publication price \$143.00, ( \$59.00 for AGA members).**

- (c) If the pressure at which the gas is metered is established on a gauge basis rather than an absolute basis, then the absolute pressure at which the gas is metered shall be inferred by summing the gauge pressure and either the actual atmospheric pressure or a reasonable estimate thereof or an atmospheric pressure that is filed with, and approved by, the Commission.
- (d) If a pressure-compensating device is used with the meter, the device shall be calibrated using the actual atmospheric pressure or a reasonable estimate thereof.

**B1.3.32 R 460.2332 Permanent service line rules.**

**Rule 32** Within 30 days after a company commences operating as a gas utility, the utility shall file its service line installation rules for Commission approval. Such rules and regulations shall constitute an integral part of the utility's rate book.

(Continued on Sheet No. B-8.00)

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**B1.3.33 R 460.2333 Main extension rules.**

**Rule 33** Within 30 days after a company commences operating as a gas utility, the utility shall file its main extension rules for Commission approval. Such rules and regulations shall constitute an integral part of the utility's rate book.

**B1.3.34 R 460.2334 Temporary service.**

**Rule 34** If a utility renders temporary service to a customer for a period not exceeding two years or for the duration of a particular construction project using such temporary service, in addition to the charges for gas used during such service, the utility may require the customer to bear all of the cost of installing, removing, and providing equipment or facilities for such temporary service, less the salvage value of any equipment or facilities retained by the utility at the conclusion of the temporary service.

**B1.3.35 R 460.2335 Interruptions of service.**

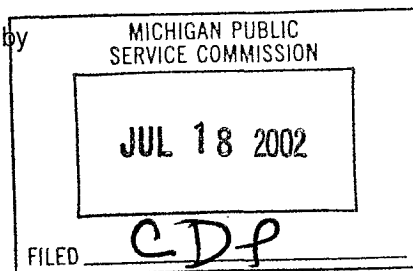
**Rule 35** (1) This rule does not apply to service interruptions that result from a utility's implementation of the provisions of R 460.2101 et seq. of the Michigan Administrative Code or a utility's shutoff of service pursuant to the provisions of R 460.2371 to R 460.2374.

(2) A utility shall make a reasonable effort to prevent interruptions of service and, when such interruptions occur, shall endeavor to reestablish service with the shortest possible delay consistent with the safety of its customers, its employees and others engaged in work for the utility, and the general public. If service is necessarily interrupted for the purpose of working on the distribution system or plant equipment, it shall be done at a time that causes the least inconvenience to customers, and those customers who may be seriously affected shall be notified in advance.

(3) If the supply of gas diminishes to the point where continuous service to customers is threatened, the utility may limit or shut off service to its customers pursuant to curtailment procedures approved by the Commission.

(Continued on Sheet No. B-9.00)

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**B1.3.35 R 460.2335 Interruptions of service. (Contd)**

(4) A utility shall keep records of major interruptions of service on its entire system or in major divisions or operating districts thereof. The records shall include a statement of the time, duration, and cause of the interruption. A utility shall report interruptions of service, as required by R 460.14001 et seq. of the Michigan Administrative Code, and shall periodically make an analysis of the records for the purpose of determining steps to be taken to prevent the reoccurrence of such interruptions.

**B1.4 Engineering**

**B1.4.41 R 460.2341 Gas facilities; construction and installation.**

**Rule 41** Gas facilities of a utility shall be constructed and installed in accordance with accepted engineering practices in the gas industry to ensure, to the extent reasonably practicable, continuity of service, uniformity in the quality of service provided, and the safety of persons and property.

**B1.4.42 R 460.2342 Standards of accepted engineering practice.**

**Rule 42** Unless otherwise specified by the Commission, a utility shall use the publications listed below as standards of accepted practice:

(a) The current edition of the Michigan Gas Safety Standards, R 460.20101 et seq. of the Michigan Administrative Code, which may be ordered from the Michigan Public Service Commission, 6545 Mercantile Way, P.O. Box 30221, Lansing, MI 48909.

(Continued on Sheet No. B-10.00)

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**B1.4.42R 460.2342 Standards of accepted engineering practice. (Contd)**

(b) The following American National Standards Institute (ANSI) publications, which are adopted by reference in these rules and which may be purchased at the specified cost as of the time of adoption of these rules (which is subject to change) from the American National Standards Institute, 1430 Broadway, New York, New York 10018, (212) 642-4900, or from the American Gas Association (AGA), 1515 Wilson Boulevard, Arlington, VA 22209, (703) 841-8558, or from the Michigan Public Service Commission, 6545 Mercantile Way, P.O. Box 30221, Lansing, MI 48909:

**Updated American National Standards Institute's address: 1819 L. Street, N.W., Suite 600, Washington, D.C., 20036, (202) 293-8020 -- General info. (212) 642-4980 – Customer service, for publications contact Global Engineering Documents (800) 854-7179.**

**Updated American Gas Association's address: 400 N. Capitol St. N.W., Fourth Floor, Washington, D.C., 20001 (202) 824-7000, for publications contact ILA-Info Disc (201) 986-1131.**

- (i) ANSI/API 2530, "Orifice Metering of Natural Gas and Other Related Hydrocarbon, AGA Report No. 3," as follows:
  - (A) Part I, "General Equations and Uncertainty Guidelines," (1990) (AGA Catalog No. XQ9017).....\$55.00 from ANSI or \$50.00 from AGA (\$40.00 for AGA members).
  - (B) Part II, "Specification and Installation Requirements," (1991) (AGA Catalog No. XQ9104).....\$55.00 from ANSI or \$50.00 from AGA (\$40.00 for AGA members).
  - (C) Part III, "Natural Gas Applications," (1992) (AGA Catalog No. XQ9210)....\$65.00 from ANSI or.....\$50.00 from AGA (\$40.00 for AGA members).
  - (D) Part IV, "Background Development, Implementation Procedures, and Sub-Routine Documentation for Empirical Flange-Tapped Discharged Coefficient Equation," (1992) (AGA Catalog No. XQ9211).....\$50.00 from AGA (\$40.00 for AGA members).
- (ii) ANSI B109.1, "Diaphragm Type-Gas Displacement Meters, Under 500 Cubic Feet per Hour Capacity," (1992) (AGA Catalog No. X69218) .....\$20.00 from ANSI or \$20.00 from AGA (\$10.00 for AGA members).

**Updated AGA Catalog No. XQ0008: \$133.00 from ANSI or \$78.00 from AGA (\$36.00 for AGA members.)**

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**B1.4.42 R 460.2342 Standards of accepted engineering practice. (Contd)**

- (iii) ANSI B109.2, "Diaphragm Type-Gas Displacement Meters, 500 Cubic Feet per Hour Capacity and Over," (1992) (AGA Catalog No. X69219) .....\$20.00 from ANSI or \$20.00 from AGA (\$10.00 for AGA members).

**Updated in 2000, XQ0009, \$102.00 from ANSI or \$78.00 from AGA (\$36.00 for AGA members.)**

- (iv) ANSI B109.3, "Gas Displacement Meters, Rotary Type," (1992) (AGA Catalog No. X69220).....\$20.00 from ANSI or \$20.00 from AGA (\$10.00 for AGA members).

**Updated in 2000, XQ0010, \$133.00 from ANSI or \$78.00 from AGA (\$36.00 for AGA members.)**

- (v) ANSI Z223.1 National Fuel Gas Code-1992 edition, which may also be purchased from the American Society of Mechanical Engineers, 345 East 47th Street, New York, NY 10017. (212) 705-7722 or from the National Fire Protection Association (NFPA), P.O. Box 9146, Quincy, MA 02269, (800) 344-3555.....\$24.50 (\$22.00 for NFPA members).

**Update American Society of Mechanical Engineers' address: 3 Park Avenue, New York, NY 10017. (212) 591-7000.**

**Update National Fire Protection Association' address: 1 Battery March Park, P.O. Box 9101, Quincy, MA 02269-9101.**

**NFPA Standard 54 updated in 1999, \$35.25, (\$31.75 for NFPA members.)**

- (c) The following National Fire Protection Association standards, which are adopted by reference in these rules and which may be purchased at the specified costs as of the time of adoption of these rules (which is subject to change) from the National Fire Protection Association, P.O. Box 9146, Quincy, MA 02269, (800) 344-3555, or from the Michigan Public Service Commission, 6545 Mercantile Way, P.O. Box 30221, Lansing, MI 48909:

**Update National Fire Protection Association' address: 1 Battery March Park, P.O. Box 9101, Quincy, MA 02269-9101.**

- (i) "NFPA Standard 58, Storage and Handling of Liquefied Petroleum Gases," (1992).....\$24.50 (\$22.00 for NFPA members).

**Updated in 2001, \$35.25, (\$31.75 for NFPA members.)**

- (ii) "NFPA Standard 59, Storage and Handling of Liquefied Petroleum Gases at Utility Gas Plants," (1992).....\$18.75 (\$17.00 for NFPA members).

**Updated in 2001, \$26.75 (\$24.00 for NFPA members.)**

(Continued on Sheet No. B-12.00)

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**B1.4.42 R 460.2342 Standards of accepted engineering practice. (Contd)**

- (iii) "NFPA Standard 59A, Production, Storage and Handling of Liquefied Natural Gas (LNG)," (1990).....\$18.75 (\$17.00 for NFPA members).

Updated in 2001, \$26.75 (\$24.00 for NFPA members.)

- (d) The following American Society For Testing And Materials (ASTM) publications, which are adopted by reference in these rules and which may be purchased at the specified costs as of the time of adoption of these rules (which is subject to change) from ASTM, 1916 Race Street, Philadelphia, Pennsylvania 19103-1187, (215) 299-5585, or from the Michigan Public Service Commission, 6545 Mercantile Way, P.O. Box 30221, Lansing, MI 48909:

Updated American Society For Testing And Materials' address: 100 Barr Harbor Drive, West Conshohocken, Pennsylvania 19428. (610) 832-9500.

- (i) ASTM specification D-1826 "Calorific Value of Gases in Natural Gas Range by Continuous Recording Calorimeter,"-(D182688) .....\$15.00.

Updated D1826-94 (1998), \$30.00.

- (ii) ASTM specification D-1945 "Method for Analysis of Natural Gas by Gas Chromatography," (D1945-91).....\$18.00.

Updated D1945-96 (2001), \$35.00.

- (iii) ASTM specification D-3588 "Method for Calculating Calorific Value and Specific Gravity (Relative Density of Gaseous Fuels)," (D3588-91).....\$15.00.

Updated D3588-98 (2001), \$30.00.

Many of ASTM's publications are now stored at University Microfilm International, 300 N. Zeeb Road, Ann Arbor, Michigan 48106, (313)761-4700.

Updated to: Pro Quest (Formerly University Microfilm International, (734) 761-4700.

- (e) General rules of the Construction Code Commission, which may be ordered from the Construction Code Commission, Michigan Department of Labor, State Secondary Complex, 7150 Harris Drive, Lansing, MI 48926, (517) 322-1701.

(Continued on Sheet No: B-13.00)

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**B1.5 Inspection of Meters**

**B1.5.51 R 460.2351 Meters and associated metering devices; inspections and tests.**

**Rule 51** Inspections and tests of meters and associated metering devices shall be made by, or on behalf of, each utility as follows:

- (a) A meter or an associated metering device that is not included as a part of the meter, or both, shall be inspected and tested before being placed in service, and the error shall be not more than 1.0%. In place of this requirement, methods of sample testing that are acceptable to the Commission may be used.
- (b) A meter or an associated metering device, or both, shall be tested after it is removed from service. Such tests shall be made before the meter or associated metering device is adjusted, repaired, or retired.
- (c) A repaired meter or a meter that is removed from service shall be leak-tested before being returned to service, subject to the following requirements:
  - (i) If tested in the field, a meter shall be tested at the actual meter operating pressure of the system.
  - (ii) If tested in the shop, a meter shall be subjected to an internal pressure test of not less than 3.0 pounds per square inch gauge pressure and, in addition, any meter that will operate above 3.0 pounds per square inch gauge pressure shall be so marked on the meter and shall be subjected to one of the following tests:
    - (A) An internal pressure test of not less than the manufacturer's rated operating pressure.
    - (B) An internal pressure test at 10% above the maximum operating pressure to which the meter could be subjected.
    - (C) Any suitable test that is acceptable to the Commission.
  - (iii) During the pressure test, the meter shall be checked for leaks by one of the following tests:
    - (A) Immersion test.

(Continued on Sheet No. B-14.00)

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**B1.5.51 R 460.2351 Meters and associated metering devices; inspections and tests  
(Contd)**

- (B) Soap test.
- (C) Pressure drop test of a type that is acceptable to the Commission.
- (d) As part of its rate book, a utility shall file, for Commission approval, a statement of its policy with regard to testing meter accuracy upon a customer's request. In the absence of a filed policy approved by the Commission, the utility shall adhere to both of the following provisions:
  - (i) A utility shall test meter accuracy upon the request of a customer if the customer does not request a test more than once every two years and if the customer agrees to accept the results of the test as the basis for determining the difference claimed. A charge shall not be made to the customer for the first test in any five-year period, but if subsequent tests during the same period, for the same customer, show the meter to be within the allowable limits of accuracy, the utility may charge the customer an amount for subsequent tests which is uniform and which does not exceed the utility's direct cost thereof, plus a reasonable charge for administrative overhead. The customer may be present at the test if he or she makes a request before the test.
  - (ii) A written report shall be made to the customer by the utility. The report shall state the results of the test. A record of the test shall be kept by the utility.

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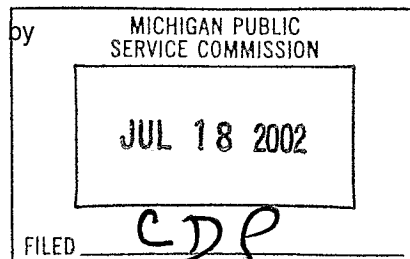
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**B1.5.51 R 460.2351 Meters and associated metering devices; inspections and tests. (Contd)**

- (e) A utility shall make periodic tests of meters, associated devices, and instruments to ensure their accuracy. The tests shall be conducted according to the following schedule, unless otherwise authorized by the Commission:
- (i) Positive displacement diaphragm-type meters that have capacities of 500 cubic feet per hour and under.....10 years.
  - (ii) Positive displacement diaphragm-type meters that have capacities over 500 cubic feet per hour.....7 years.
  - (iii) Other meter types, such as proportional, rotary, and turbine, may be tested in place when possible.....2 years.
  - (iv) Orifice meters.....6 months.
  - (v) Gas instruments, such as base volume, base pressure, and base temperature-correcting devices, shall be removed and checked for calibration at intervals that correspond to the schedule for their associated meters and shall be checked for calibration in place at intervals of not more than.....2 years.
  - (vi) Test bottles, 1 cubic foot.....10 years.
  - (vii) Deadweight testers.....10 years.
  - (viii) Certified test meters.....10 years.
  - (ix) Meter testing systems shall be calibrated when first installed and after alterations, damages, or repairs that might affect accuracy. To assure that the accuracy of a meter testing system is maintained on a continuous basis, a daily leakage test shall be made and a weekly accuracy test with a comparison meter of known accuracy shall be made. If the test results differ by more than plus or minus 0.5% from the comparison meter, the cause of the error shall be determined and necessary corrections shall be made before the system is reused. The comparison meter shall be checked at an interval of.....1 month.

(Continued on Sheet No. B-16.00)

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**B1.5.52 R 460.2352 Diaphragm-type meters; meter tests; reports.**

- Rule 52**
- (1) A utility shall comply with the provisions of R 460.2351, except that a utility that receives approval from the Commission may adopt the requirements of this rule.
  - (2) This rule applies only to diaphragm-type meter categories that have a rated capacity as follows:
    - (a) Category 1 - 500 cubic feet per hour or less.
    - (b) Category 2 - 501 cubic feet per hour to 1000 cubic feet per hour.
    - (c) Category 3 - 1001 cubic feet per hour or more.
  - (3) As used in this rule:
    - (a) "Meter class" means a group or groups of meters as assigned by the utility according to specified meter characteristics, such as TMS (type, make, size), set year, year of manufacture, or other similar characteristics.
    - (b) "Norm" means the acceptable meter accuracy range between 98% and 102%.
    - (c) "Test point", for a meter, means the numerical equivalent of the accuracy variance from norm, with one test point equal to a 1% variance. For example, a meter that is between 104.1% and 105.0% or between 95.0% and 95.9% accurate on test would have three test points.
  - (4) The overall annual test rate criteria shall be determined pursuant to all of the following provisions:
    - (a) Determine the average test points per meter for each meter class (Pmc).

(Continued on Sheet No. B-17.00)

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(Continued From Sheet No. B-16.00)

**B1.5.52 R 460.2352 Diaphragm-type meters; meter tests; reports. (Contd)**

- (b) Multiply the total number of installed meters at year-end in each class by the respective Pmc to determine the total test points for each meter class. The test points for each meter class shall be added to arrive at total overall test points (Pt) for all installed meters specified in Subrule (2) of this rule.
- (c) Divide Pt by the total number of installed meters at year-end to determine the overall average test points per meter.
- (d) Using the overall average test points per meter determined in Subdivision (c) of this subrule, determine the required percentage of total overall test points to be corrected the following year based upon the following table:

Overall Average Test Points per Meter (Pt)	Percentage of Total Overall Test Points To Be Corrected
.060 or less	2
.061 - .09	3
.091 - .12	4
.121 - .15	5
.151 - .18	6
.181 - .21	7
.211 - .24	8
.241 - .27	9
.271 - .30	10
.301 - .33	11
.331 - .35	12
.351 or more	15

- (e) Multiply Pt, by the applicable percentage of the points to be corrected as specified in Subdivision (d) of this subrule to determine the total minimum test points to be corrected for the following year.

(Continued on Sheet No. B-18.00)

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(Continued From Sheet No. B-17.00)

**B1.5.52 R 460.2352 Diaphragm-type meters; meter tests; reports. (Contd)**

- (f) The sum of Pmc times the number of meters tested for each meter class for the following year shall meet or exceed the total minimum test points to be corrected as determined in Subdivision (e) of this subrule. The mix of meters to be tested shall be at the utility's discretion, if the requirements of Subrules (5) and (6) of this rule are met.
- (g) With Commission approval, a utility may modify the requirements set forth in Subdivisions (b) to (f) of this subrule so as to make the required computations based not on the utility's test data from the prior year, but on the utility's test data from a calendar year one year earlier.
- (5) Except for the nonregistering meters, all meters that are removed from customers' premises shall be tested and shall form the basis of determining the total minimum test points to be corrected for the following calendar year in accordance with the provisions of Subrule (4) of this rule. If a utility has knowledge that a particular class of meters is not maintaining satisfactory accuracy and cannot be repaired to maintain satisfactory accuracy, the class of meters shall be removed from service and retired.
- (6) Not less than 2% of the total meters that are originally set in each set year and not less than 2% of the total meters in service in each meter class shall be tested annually, except that a meter need not be removed for testing within the first four years after it is set.
- (7) Not later than March 1 of each year, utilities shall file a report of the meters that have been tested during the preceding calendar year. The report shall detail all of the following information:
  - (a) All of the following meter characteristics:
    - (i) Set year.
    - (ii) Type of case.
    - (iii) Manufacturer.
    - (iv) Type of diaphragm.
    - (v) Revenue classification, either commercial and industrial or residential.

(Continued on Sheet No. B-19.00)

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(Continued From Sheet No. B-18.00)

**B1.5.52 R 460.2352 Diaphragm-type meters; meter tests; reports. (Contd)**

- (b) The number of meters in each meter class tested and found within the norm and within each 1% variance from norm between 94% accuracy and 106% accuracy. Meters that are slower than 94% and faster than 106% shall each be grouped separately. For a utility that has more than 500,000 customers, the Commission may approve a further 1% variance for meters that are slower than 94% and faster than 106%.
- (c) A comparison of the total test meters that were tested in the proceeding year with the standard required pursuant to the provisions of Subrule (4) of this rule.
- (d) Information and data that are needed to compute the total minimum test points to be corrected for the subsequent year in accordance with the provisions of Subrule (4)(a) to (e) of this rule.
- (e) The identity of the meter classes to be used for the subsequent year, including an explanation for any meter class changes.
- (f) A separate section on meters that were retired during the preceding year that details the information identified in Subdivision (a) of this Subrule and the reasons for the retirement of the meters.

**B1.5.53 R 460.2353 Retirement of meters.**

**Rule 53** Meters shall be retired from service whenever abnormal conditions affecting accuracy cannot be corrected for economic or other reasons. Examples of such conditions are basic defects due to manufacture, design, or excessive damage. Meters may also be retired due to obsolescence, unavailability or repair parts, or other reasons.

(Continued on Sheet No. B-20.00)

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(Continued From Sheet No. B-19.00)

**B1.5.54 R 460.2354 Accuracy of metering equipment; tests; standards.**

- (1) The utility shall use the applicable provisions of the standards listed in R 460.2342 as criteria of accepted practice in testing meters.
- (2) Metering equipment shall be tested by comparison with the standards that are referenced in R 460.2342.
- (3) A gas service meter that is repaired or removed from service for any cause shall, before installation, be tested and adjusted to be correct within 1% fast or 1% slow.
- (4) Every diaphragm-type gas meter shall be tested before installation and adjusted, if required, to a meter accuracy of 100% plus or minus 1% at a low flow rate and at a high flow rate so that the numerical difference between the meter accuracy at these two flow rates is not more than one percentage point. A low flow rate is a flow at 20% to 50% of the rate capacity of the meter. A high flow rate is a flow at 80% to 120% of the rated capacity of the meter. The average meter accuracy of a diaphragm-type meter shall be defined as one-half the sum of the meter accuracy at the low flow test and at the high flow test.
- (5) All recording-type meters or associated instruments that have a timing element that serves to record the time at which the measurement occurs for billing purposes shall be adjusted at intervals of not more than two years so that the timing element is not in error by more than plus or minus four minutes in 24 hours, under laboratory conditions, as set forth in ANSI B-109.1 (which is adopted by reference in R 460.2342(b)(ii)), or by more than plus or minus 10 minutes in 24 hours under field conditions.

(Continued on Sheet No. B-21.00)

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(Continued From Sheet No. B-20.00)

**B1.5.55 R 460.2355 Meter shop; design; meter testing system; standards; handling; calibration cards; calibrated orifices.**

- Rule 55** (1) A utility shall maintain or designate a meter shop within Michigan for the purpose of inspecting, testing, and repairing meters. The shop shall be open for inspection by authorized representatives of the Commission at all reasonable times. A utility may secure authority from the Commission to have its meters tested outside of Michigan upon showing, to the satisfaction of the Commission, that the meter test facilities so utilized are in compliance with these rules. Records of test results shall be maintained in Michigan or the administrative headquarters of the utility.
- (2) The area within the meter shop that is used for the testing of meters shall be designed so that the meters and meter-testing equipment are protected from drafts and excessive changes in temperature. The meters to be tested shall be stored in such a manner that the temperature of the meters is substantially the same as the temperature of the prover.
- (3) A utility shall own and maintain, or have access to, a meter-testing system (working standard) or an approved type, subject to all of the following provisions:
- (a) Means shall be provided to maintain the temperature of the liquid in a meter-testing system at substantially the same level as the ambient temperature in the prover area.
  - (b) The meter-testing system shall be maintained in good condition and in correct adjustment so that it shall be capable of determining the accuracy of any service meter to plus or minus 0.5%.
  - (c) A utility may use a properly calibrated test meter or transfer prover or may use a properly designed flow prover for testing meters.
- (4) Meter-testing systems (working standards) shall be checked by comparison with a secondary standard. Both of the following provisions shall be complied with:

(Continued on Sheet No. B-22.00)

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(Continued From Sheet No. B-21.00)

**B1.5.55 R 460.2355 Meter shop; design; meter testing system; standards; handling; calibration cards; calibrated orifices.**

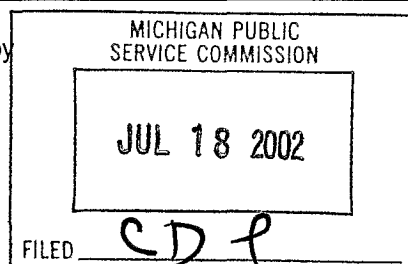
- (a) At least once every five years, bell and flow provers shall be checked with a 1-cubic foot bottle or shall be calibrated by dimensional measurement or any other test that is approved by the Commission. The accuracy of the secondary standard that is used shall be traceable to the National Institute of Standards and Technology.
- (b) A least once every 10 years, rotary displacement transfer provers shall be checked with a standard that has its calibration traceable to the National Institute of Standards and Technology or shall be checked by any other suitable test that is approved by the Commission.
- (5) Extreme care shall be exercised in the use and handling of standards to assure that their accuracy is maintained.
- (6) Each standard shall have a certificate or calibration card which shall be duly signed and dated and which shall record the corrections that were required to compensate for errors found on the last test.
- (7) A utility shall have properly calibrated orifices to achieve the rates of flow required to test the meters on its system.

**B1.5.56 R 460.2356 Pressure measurement standards.**

- Rule 56**
- (1) For its working pressure measurement standards, a utility shall have manometers, laboratory-quality indicating pressure gauges, field-type deadweight pressure gauges, or any other instruments that have an accuracy error of not more than one-half of 1% of full scale, which shall be used to test the indicating and recording pressure gauges that are used in determining the pressure on the utility's system.
  - (2) For its secondary pressure measurement standards, a utility shall own, or have access to, a pressure-testing instrument that has an accuracy error of not more than one-tenth of 1% of full scale, which shall be used to verify the accuracy of its working pressure measurement standards. An instrument that is used as secondary pressure measurement standard shall be maintained in an accurate condition.

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**B1.5.57 R 460.2357 Records; meter tests.**

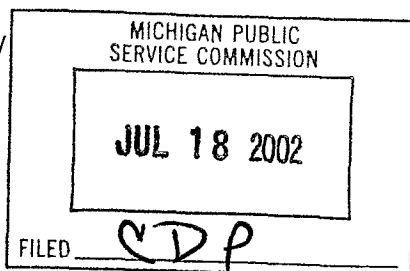
- Rule 57** (1) A utility shall maintain records of the last two tests made on any meter. The record of the meter test made at the time of the meter's retirement shall be maintained for a minimum of three years.
- (2) Test records shall include the following information:
- (a) The date and reason for the test.
  - (b) The index reading of the meter at the time of removal from the customer's premises.
  - (c) The meter accuracy "as found."
- (3) If the test of the meter is made by using a test meter, transfer prover, or flow prover, the utility shall retain, as test records, all data taken at the time of the test in complete form to permit the checking of the test methods and the calculations.

**B1.5.58 R 460.2358 Records; meter and associated metering device data.**

- Rule 58** A utility shall maintain records of the following data, where applicable, for each meter or associated metering device, or both, until retirement:
- (a) Descriptive data, manufacturer, identification number, type, capacity, multiplier, and constants.
  - (b) The dates of installation and removal from service, together with the location of current and previous installation.

(Continued on Sheet No. B-24.00)

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**B1.6 Bill adjustment; Meter Accuracy**

**B1.6.61 R 460.2361 Bill adjustment; meter accuracy.**

**Rule 61** If a meter is found to be nonregistering or to have an average meter accuracy less than 98% or greater than 102%, an adjustment of bills for the inaccuracy may be made in the case of nonregistration or underregistration and shall be made in the case of overregistration. The adjustment shall be calculated on the basis that the meter is 100% accurate with respect to the testing equipment that is used to make the test.

**B1.6.62 R 460.2362 Determination of adjustment.**

- Rule 62**
- (1) If the date that the period of inaccurate meter registration began can be determined, that date shall be the starting point for calculating an adjustment pursuant to the provisions of R 460.2361.
  - (2) If the date that the period of inaccurate meter registration began cannot be determined, it shall be assumed that the inaccuracy existed for a period equal to on-half of the time elapsed since the meter was last installed on the present premises.
  - (3) The adjustment shall be made on the basis of actual monthly consumption, if possible. Otherwise, the average monthly consumption that is determined from the most recent 36 months' consumption data shall be used.

**B1.6.63 R 460.2363 Refunds.**

**Rule 63** (1) Refunds shall be made to the two most recent customers who received service through the meter found to be registering inaccurately. If the utility has not adopted the requirements of R 460.2352, the period that is used for determining the amount to be refunded shall not be more than 12 months. If the utility has adopted the requirements of R 460.2352, the period that is used for determining the amount to be refunded shall be the period of

(Continued on Sheet No. B-25.00)

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**B1.6.63 R 460.2363 Refunds. (Contd)**

inaccurate meter registration that is determined pursuant to the provisions of R 460.2362 (1) to (2). In the case of a previous customer who is no longer a customer of the utility, a notice of the amount of the refund shall be mailed to his or her last known address and the utility shall, upon demand made within three months, refund the amount.

- (2) If the amount of the refund due an existing or previous customer as the result of meter overregistration is equal to, or more than, an average of 10 cents per month for the period that is used for determining the amount to be refunded, the full amount of the refund shall be made, except that a refund that is less than \$1.00 need not be made to an existing customer and a refund that is less than \$2.00 need not be made to previous customer who is no longer a customer of the utility.

**B1.6.64 R460.2364 Rebilling.**

**Rule 64** If the amount due the utility as the result of meter nonregistration or underregistration is equal to, or more than, amounts set forth in R 460.2363(2) as minimum refunds, the utility may bill the customer for the amount due, but the period covered by the billing shall not be more than 12 months unless otherwise ordered by the Commission. The utility shall offer the customer reasonable payment arrangements for the amount of the billing, taking into account the period covered by the billing. A rebilling policy that is adopted by a utility on minimum amounts that are more than those set forth in R 460.2363(2) shall be uniformly applied to all customers.

(Continued on Sheet No. B-26.00)

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(Continued From Sheet No. B-25.00)

**B1.6.65 R 460.2364 Consumption data records.**

**Rule 65** Records of all consumption data and other data necessary for the administration of adjustment of bills shall be maintained for a minimum period of 36 months.

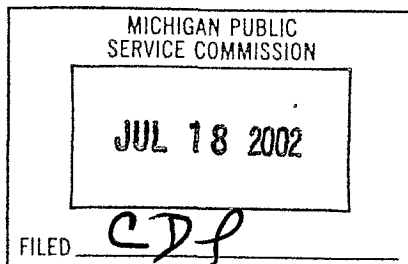
**B1.7 Shutoff Of Service**

**B1.7.71 R 460.2371 Conditions for establishing gas service; liability; notice and record of inability to establish service; refusal of service to customer using other gaseous fuel; exception.**

- Rule 71**
- (1) A utility shall not establish gas service to a customer's premises until the utility has done both of the following:
    - (a) Performed a leakage test using gas at utilization pressure to ensure that the customer's fuel line is gastight.
    - (b) Made a determination that the gas odor is detectable.
  - (2) This test shall not be construed to make the utility liable for the installation, maintenance, or use of piping or appliances that are owned by the customer, nor shall the utility be held liable for any continuing duty of inspection of piping or appliances.
  - (3) If the conditions of the customer's fuel line is such that service cannot be established, the utility shall notify the customer, in writing, of the reason or reasons that service was not established.
  - (4) A record shall be kept by the utility of all cases where refusal to establish service is made. The record shall provide all of the following information:
    - (a) The name of the customer.
    - (b) The address or location of the premises.
    - (c) The date of the test.
    - (d) The name of the service person.
    - (e) All changes or rearrangements recommended.

(Continued on Sheet No. B-27.00)

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**B1.7.71 R 460.2371 Conditions for establishing gas service; liability; notice and record of inability to establish service; refusal of service to customer using other gaseous fuel; exception. (Contd)**

- (5) Except in certain commercial and industrial applications that require a standby fuel that is authorized by the utility, the utility shall have the authority to refuse gas service to a customer that uses another gaseous fuel, such as liquefied petroleum gas, in the same building.

**B1.7.72 R 460.2372 Gas facilities hazard.**

**Rule 72** When a utility acquires knowledge that a customer's action has caused a hazardous condition to exist with respect to a gas facility, the utility shall initiate the following action depending on the facility that is involved:

- (a) For a utility's facilities, the utility shall correct the condition at the expense of the customer or shut off service to the customer.
- (b) For a customer's facilities, the utility shall correct the condition at the expense of the customer, if such action is authorized by the utility's service policy and if the customer consents. Otherwise, the utility shall shut off service to the customer until the condition has been corrected.

**B1.7.73 R 460.2373 Shutoff of service.**

**Rule 73** Under any of the following conditions, gas service may be shut off by the utility:

- (a) A hazardous condition exists. In this instance gas service may be shut off without prior notification.
- (b) A potentially hazardous condition exists. In this instance gas service may be shut off upon implementing the customer notification procedures set forth in R 460.2071 et seq. and R 460.2101 et seq. of the Michigan Administrative Code and in the utility's rate book.

(Continued on Sheet No. B-28.00)

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**B1.7.73 R 460.2373 Shutoff of service. (Contd)**

- (c) Refusal of required access. In this instance gas service may be shut off upon implementing the customer notification procedures set forth in R 460.2071 et seq. and R 460.2101 et seq. of the Michigan Administrative Code and in the utility's rate book.

**B1.7.74 R 460.2374 Customer notification of shutoff of service.**

**Rule 74** A utility shall include, in its rate book, notification procedures to be utilized in dealing with potentially hazardous conditions and refusal of required access conditions.

**B1.8 Gas Quality**

**B1.8.81 R 460.2381 Gas purity.**

- Rule 81**
- (1) Gas that is distributed by a utility to a customer shall not contain more than 0.3 grains of hydrogen sulfide or more than 20 grains of total sulfur per 100 cubic feet, including the sulfur in any hydrogen sulfide.
  - (2) Gas that is distributed by a utility to a customer shall not contain flammable liquids in quantities that interfere with the normal operation of the customer's equipment.

**B1.8.82 R 460.2382 Heating value; authorized variations.**

- Rule 82**
- (1) The heating value of substitute natural gas and mixed gas shall be considered as being under the control of the utility. The average heating value on one day shall not be more than or less than the standard total heating value range set forth in the utility's rules. A utility shall not add air to a gas stream if this results in a heating value that is below 1,000 British thermal units per standard cubic foot.

(Continued on Sheet No. B-29.00)

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**B1.8.82 R 460.2382 Heating value; authorized variations. (Contd)**

- (2) The average monthly heating value of gas that is supplied by a utility shall be 1,025 British thermal units per standard cubic foot, plus or minus 75 British thermal units. A greater variation may be authorized by the Commission upon a showing by the utility that the variation will not adversely affect the efficient and satisfactory operation of its customers' appliances.

**B1.8.83 R 460.2383 Heating value records; location and accuracy of measuring equipment; frequency of heating value determination.**

**Rule 83** (1) A utility shall maintain records of the heating value of gas it distributes. Heating value test records shall be preserved for not less than six years. A utility shall utilize either the industry standards that are adopted by reference in R460.2342(d) or other standards that are approved by the Commission for heating value determination methods.

(2) Heating value measuring equipment shall be installed in suitably located testing stations.

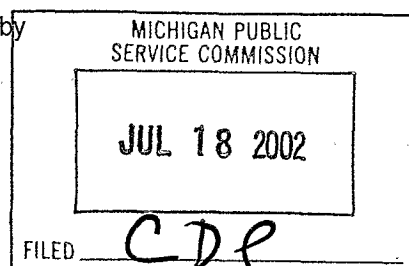
(3) The accuracy of all heating value measuring equipment and the method of making heating value tests shall meet the industry standards that are adopted by reference in R 460.2342(d) or shall otherwise be approved by the Commission. Recording equipment shall be tested not less than annually.

(4) The utility shall determine the heating value of substitute natural gas and mixed gas not less than twice a day and shall make the tests during the periods of the a.m. and p.m. peak demands.

(5) The utility shall determine the heating value of gas at least once a month. A utility that sells gas subject to a thermal adjustment shall determine the heating value at least once a day.

(Continued on Sheet No. B-30.00)

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**SECTION B PART II  
GENERAL RULES AND REGULATIONS FOR ALL CUSTOMERS**

**B2. CHARACTERISTICS OF SERVICE**

**B2.1 Character of service.**

Characteristics of service are set forth in the individual rate sheets contained in these Rules, Regulations and Rate Schedules. The Company reserves the right to change its system, the kind of gas supplied and its method of operation from time to time, pursuant to law and the provisions of these Rules, Regulations and Rate Schedules as, in its judgment, is necessary or advisable for economical and proper service to the public, subject to the lawful jurisdiction of the Michigan Public Service Commission.

**B2.2 Provisions hereof subject to termination, change or modification.**

These Rules, Regulations and Rate Schedules, general information, terms and conditions, characteristics of service, forms of application and other provisions contained or referred to herein or in any revised sheet thereof, including agreements for service, are subject to such termination, change or modification, at any time, as may be provided by the lawful orders of the Michigan Public Service Commission. The Company reserves the right, in any manner permitted by law and at any time to terminate, change or modify these Rules, Regulations and Rate Schedules, general information, terms and conditions, characteristics of service, forms of application and other provisions contained herein and in any revised sheet thereof including agreements for service.

(Continued on Sheet No. B-31.00)

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**B2.3 Inauguration of service.**

An application for gas service by the owner or occupant of a building or premise may be made at any District Office of the Company or to a duly authorized representative of the Company. Written application will be required when an extension of gas mains or connections thereto is required. Application forms will be furnished by the Company on request. An application or agreement for service or for extension of gas mains or connections thereto shall not be modified or affected by any promise, agreement or representation, orally or in writing, by any agent or employee of the Company, except as expressly provided in these Rules, Regulations and Rate Schedules.

**B2.4 Permits.**

The Company will make, or cause to be made, application for any necessary street permits for installing its facilities and shall not be required to furnish gas service until a reasonable time after such permits are granted. The customer shall obtain, or cause to be obtained by his contractor or representative, and present to the Company for registration, and easements, rights of way, permits (except street permits), consents and certificates necessary to give the Company or its representatives access to his installation and equipment and to enable its service pipe to be connected therewith, or for other purposes in connection with the supply of gas service. No application will be deemed to be complete until all permits (except street permits), easements, rights of way, consents and certificates have been obtained by the customer and presented to the Company for registration.

**B3. CONTROLLED SERVICE**

**B3.1 Scope.**

This Controlled Service Rule provides the Company with the authorization to control the attachment of additional firm system supply load and non-system supply load, consistent with changes in gas supply as they occur.

(Continued on Sheet No. B-32.00)

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(Continued From Sheet No. B-31.00)

**B3.2 Application.**

- (1) All customers requesting firm gas service, except those seeking gas for residential use or for single family space heating use, must make written application for such service on a form provided by the utility.
- (2) Existing firm sales customers requesting to attach additional gas burning equipment, or existing transportation customers seeking firm sales service, shall not be given preferential treatment over new customers but shall be considered the same as new customers in accordance with this Controlled Service Rule.

**B3.3 Approval.**

- (1) As the Company is able to contract for new gas supplies at reasonable and prudent prices, terms, and conditions, applications for firm sales service will be approved.
  - (a) Approval will be on a first-come, first-served basis within each Controlled Service Priority.
  - (b) The Company will open the highest priority first. If all the applicarts within that priority are granted firm gas service, and sufficient supply is available, the next highest priority will be opened.
  - (c) If the available supply is committed before granting all applicants firm gas service, then those applicants who do not receive firm gas service shall have their standing reserved within their priority, but will not receive preference over a later applicant who qualifies for a higher priority, when gas again becomes available and priorities are again opened.

(Continued on Sheet No. B-33.00)

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**B3.3 Approval. (Contd)**

- (2) An applicant whose Controlled Service Priority is open at the time of application may be granted immediate approval provided such applicant demonstrates to the satisfaction of the Company that the construction and installation of the necessary equipment will proceed in a timely manner.
- (3) An applicant whose Controlled Service Priority is closed at the time of application, such that gas service is not initially granted, shall have his application for firm gas service kept on file by Controlled Service Priority and date application is received.
- (4) Notification of approval shall specify the date within which service must be commenced.

**B3.4 Forfeiture.**

- (1) An applicant who is not initially granted firm gas service, shall notify the Company in writing, within 30 days of date of notification of approval, of his intention to accept firm gas service, otherwise approved application is void.
- (2) A customer shall install the necessary equipment and commence gas service by the date specified in the company's notification of approval, otherwise the customer forfeits his reservation of firm supply.
- (3) If any time after commencing firm gas service, a customer switches to transportation service, that customer shall pay a System-Supply Entitlement Charge applied to transported volumes, otherwise such customer forfeits firm sales customer status.
- (4) The Company reserves the right to discontinue service to any customer who violates any of the provisions of this Rule.

(Continued on Sheet No. B-34.00)

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(Continued From Sheet No. B-33.00)

**B3.5 Impact on existing customers.**

- (1) The Company may grant firm sales service to new customers, or permit the attachment of additional gas burning equipment by existing customers, when:
  - (a) Current system supplies are sufficient to provide reliable long term service to both the Company's existing firm sales customers and the new firm sales load being attached.
  - (b) The acquisition of additional long term supplies allows the attachment of new firm sales load. The Company will be held responsible to justify the reasonableness and prudence of such additional gas acquisitions at its GCR Plan and Reconciliation proceedings.
- (2) The Company may not grant firm sales service to new customers or permit the attachment of additional gas burning equipment by existing customers, if:
  - (a) The Company is curtailing any firm customers under the capacity curtailment provisions of Rule B4.
  - (b) The Company is curtailing any firm customers under the Gas Supply Deficiency provisions of Rule B4; except that the Company may attach new residential customers provided no customers in curtailment Priority Two are being curtailed.

**B3.6 Restricted sales.**

- (1) As a result of warmer-than-normal weather, or other factors, the Company may have system-supply volumes in excess of its immediate firm sales load. The Company may sell such excess gas to other than system supply customers. However, the availability of system supply gas to non-system supply customers is conditioned on and subject to:
  - (a) The requirements of present and future firm system supply customers of the utility;
  - (b) The provision of a net economic benefit to the utility's system supply customers as a result of the sale of excess system supply gas;
  - (c) Demonstration by the Company at its GCR Reconciliation proceeding that the sale of excess system supply caused no detriment to its system supply.

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(Continued From Sheet No. B-34.00)

**B3.6 Restricted sales. (Contd)**

- (d) The designation of all sales of excess system supply as super-interruptible load subject to curtailment Category Five of Rule B4.
  - (e) Commission approval of such sales on a special contract basis, limited as to time and volume.
- (2) From time to time the Company may have gas supplies available to it on a short term or best efforts basis, that are not required for, and are incremental to system supply. Such supply may be sold on a special contract basis, limited as to time and volumes, and subject to Commission approval. At its GCR Reconciliation proceeding, the Company must demonstrate that such incremental supplies sold on a special contract basis caused no detriment to its system supply.

**B3.7 Priorities.**

- (1) For purposes of controlling which new customers seeking firm sales status, if any, may be granted such status, the following categories are hereby established, of which Priority Six constitutes the lowest priority and Priority One the highest priority:

**PRIORITY ONE**

The use of natural gas by any residential or commercial customer for any purpose except space heating or air conditioning.

**PRIORITY TWO**

The use of natural gas by any residential customer for space heating or air conditioning and the use of natural gas for services essential for public health and safety.

**PRIORITY THREE**

The use of natural gas by any industrial customer for industrial processing or in gas fired after burners to limit or abate obnoxious odors or air pollution.

(Continued on Sheet No. B-36.00)

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**B3.7 Priorities. (Contd)**

**PRIORITY FOUR**

The use of natural gas by any non-residential customer for space heating or air conditioning.

**PRIORITY FIVE**

The use of natural gas for all other purposes not listed in Priority One through Four or Priority Six.

**PRIORITY SIX**

The use of natural gas for the generation of steam or electricity by utilities, or the firing of kilns which can be fired by other fuels.

- (2) A customer who has a pollution problem which presents a threat to the public health and welfare, where the use of natural gas offers the only feasible solution to the problem, may petition the Commission to assign a priority of use higher than that to which the customer would otherwise be entitled. The matter will be considered by the Commission pursuant to its Rules of Practice relating to petitions or complaints.
- (3) The use of natural gas in boilers which have alternate fuel capability shall not qualify as requirements for services essential for public health and safety without the express authorization of the Michigan Public Service Commission. The matter will be considered by the Commission pursuant to its Rules of Practice relating to petitions or complaints.

(Continued on Sheet No. B-37.00)

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**B4. CURTAILMENT OF GAS SERVICE**

**B4.1 Definitions**

The following terms used in this rule shall have the meanings hereinafter set forth:

- A. **Authorized Tolerance Level (ATL) balance** is defined as the cumulative balance of excess deliveries from month to month, up to 5% of the transportation customer's annual contract quantity. Excess deliveries are defined as gas delivered to the Company, on behalf of the customer, less gas in kind and gas redelivered to the customer, on a monthly basis.
- B. **Capacity deficiency** shall mean emergency situations whereby anticipated load may temporarily exceed the capacity of the Company's pipeline system to deliver volumes commensurate with such load, but such that the full design capacity of the system is unaffected. See Section B4.2D(3) of this rule.
- C. **Capacity restriction** shall mean restriction due to force majeure or other damage to the Company's facilities such that the full design capacity of the pipeline system is not available. See Section B4.2D(1) of this rule.
- D. **Commercial gas requirements** shall include all service to customers engaged primarily in the furnishing or sale of goods or services including schools, local, state and federal government agencies and other public or private institutions for use other than those involving manufacturing or electric power generation.
- E. **Customers**, unless otherwise specified, shall mean sales customers, transportation customers and storage customers.
- F. **Deliveries** shall mean both transportation and sales volumes.
- G. **End use customer** is a customer under the Company's sales and transportation rate schedules where the gas is used or consumed on the customer's premises to which the gas was delivered.
- H. **Force majeure** shall mean acts of God, strikes, lockouts, or other industrial disturbances; acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms (including but not limited to hurricanes or hurricane warnings), crevasses, floods, washouts, actions of the government restricting use of the Company's facilities or operations, either Federal or State, civil or military disturbances. Force majeure shall also mean shutdowns for purposes of necessary repairs, relocation, or construction of facilities; inability to maintain sufficient

(Continued on Sheet No. B-38.00)

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**B4.1 Definitions (Contd)**

- H. **Force majeure (contd)** pressure; failure of electronic data capability; breakage or accident to machinery or lines of pipeline; the necessity of testing (as required by governmental authority or as deemed necessary by the Company for the safe operation thereof), the necessity of making repairs or alterations to machinery or lines of pipe; failure of surface equipment or pipelines; accidents, breakdowns, inability to obtain necessary materials, supplies, rights of way or permits, or labor to perform or comply with any obligation or condition of service; and any other causes, whether of the kind herein enumerated or otherwise which are not reasonably within the control of the Company. It is understood that the settlement of strikes and lockouts or controversies with landowners involving rights of way shall be entirely within the Company's discretion and that the above requirement that any force majeure be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts or controversies with landowners involving rights of way by acceding to the demands of the opposing party when such course is inadvisable in the discretion of the Company.
- I. **Industrial gas requirements** shall include all service to customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product including the generation of electric power.
- J. **Pipeline system constraint condition** shall mean any situation where a pipeline serving the Company reduces its daily balancing tolerance for transporters (including the Company) delivering gas into the Company's system or increases its imbalance or unauthorized overrun charges temporarily because of capacity limitations or for other reasons.
- K. **Requirements for plant protection** shall mean such minimum volumes of gas as required to prevent physical harm to the plant facilities or danger to plant personnel when such protection cannot be afforded through the use of an alternate fuel. This includes the protection of such material in process as would otherwise be destroyed, but shall not include deliveries required to maintain plant production.
- L. **Requirements for services essential for public health and safety** shall mean gas purchased for use by or in connection with hospitals, convalescent homes, nursing homes, medical centers and clinics; water and sewage treatment and waste disposal facilities; civil defense centers and public utility buildings; newspapers, radio and television stations; fire stations, police stations, jails and penal institutions; and such other uses of gas as are found qualified by the Michigan Public Service Commission as requirements for services essential for public health and safety; provided, however, that requirements for boilers which have alternate fuel capability shall not **qualify** as requirements for services essential for public health and safety without the express authorization of the Michigan Public Service Commission.

(Continued on Sheet No. B-39.00)

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**B4.1 Definitions (Contd)**

- M. **Residential gas requirements** shall include all direct natural gas usage for space heating, cooking, water heating, and other residential uses in a single family dwelling or in an individual flat or apartment; or to two or more households served by a single meter (one customer) in a multiple family dwelling, or portion thereof. A "multiple family dwelling" includes such living facilities as, for example, cooperatives, condominiums and apartments; provided each household within such multiple family dwelling has the normal household facilities such as bathroom, individual cooking and kitchen sink. A "multiple family dwelling" does not include such living facilities as, for example, penal or corrective institutions, motels, hotels, dormitories, nursing homes, tourist homes, military barracks, hospitals, special care facilities or any other facilities primarily associated with the purchase, sale or supplying (for profit or otherwise) of a commodity, product, or service by a public or private person, entity, organization or institution.
- N. **Supply deficiency** shall mean emergency situations whereby the Company is temporarily unable to procure gas supplies commensurate with its system requirements.
- O. **System supply customer** shall mean those customers who purchase natural gas requirements from the Company

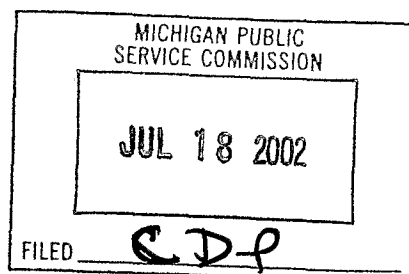
**B4.2 Curtailment of Gas Service**

A. Company's Rights to Curtail

The Company recognizes its primary public service obligation is to maintain gas service to its customers. If, in the event of an emergency arising, for example, out of extreme cold weather, a pipeline system constraint condition, a supply deficiency, a capacity deficiency, a capacity restriction or other causes referred to as force majeure situations, the Company determines that its ability to deliver gas may become inadequate to support continuous service to its customers on its system, the Company shall have the right to partially or completely curtail service to its customers in accordance with the curtailment procedures set forth below, irrespective of the contracts in force. This plan applies to all gas sales, transportation and storage service provided by the Company. The Company will implement this curtailment plan throughout its system to the extent necessary and possible, consistent with its practical operation, considering such factors as system capacity and the extent to which curtailment of customers in a specific portion of the Company's system may remedy the emergency.

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**B4.2 Curtailment of Gas Service (Contd)**

B. Steps Prior to Curtailment

When there is adequate time during an emergency situation, and if applicable, the following steps will be implemented by the Company prior to the enforcement of the curtailment plan established by this Rule.

- (1) Implement contingency contracts for emergency gas supply purchases established in advance. Seek to purchase additional gas supplies at prices which shall be regarded as reasonable and prudent under the conditions then existing;
- (2) Curtail deliveries to any customer in excess of volumes allowed under contracts;
- (3) Implement an Operational Flow Order (OFO). An OFO, as further described in Section B4.2C, invokes daily balancing upon transportation customers and allows the Company to limit transportation customers' use of their ATL balances and storage customers' daily storage injection/withdrawal volumes to that level authorized by the Company;
- (4) Make a public service announcement for voluntarily dial-down actions by system supply customers;
- (5) Ask transportation customers to voluntarily reduce use and/or increase deliveries.

C. Implementation of an Operational Flow Order (OFO)

(1) Purpose of an OFO

An OFO may limit the availability of daily balancing services for transportation customers, the use of ATL balances by transportation customers, and the use of daily storage injections/withdrawals by storage customers.

(2) Conditions for Implementation of an OFO

An OFO may be implemented for any gas day during which one or more of the following conditions exist:

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**B4.2 Curtailment of Gas Service (Contd)**

(2) Conditions for Implementation of an OFO (Contd)

- (a) The forecast calls for a 65 Corrected Degree Day Deficiency (CDDD) or more.
- (b) One or more of the pipelines serving the Company restricts the availability of authorized overrun service.
- (c) One or more of the pipelines serving the Company curtails interruptible deliveries and/or firm transportation via primary or secondary delivery points.
- (d) One or more of the pipelines serving the Company declares some form of system constraint condition.
- (e) One or more of the pipelines serving the Company issues its own OFO or its equivalent to the Company.
- (f) As a preemptive action on the part of the Company to obviate the need to curtail firm gas deliveries due to an emergency on the Company's system.

(3) Scope of an OFO

The OFO will be issued to those customers whose gas usage or nominating activity can be changed in order to minimize a) the potential of a curtailment on all or a portion of the Company's system or b) the potential imposition of penalties upon the Company.

(4) Notice of an OFO

(a) Preliminary notification of a possible OFO

To the extent possible or practical, the Company will notify all potentially affected transportation or storage service customers via telephone, facsimile or other electronic means as soon as it believes that an OFO may be required. Notice will indicate the period the OFO may be in effect and the anticipated level of restricted daily tolerance or authorized storage injection/withdrawal levels.

(b) Notification of an OFO

If the decision is made to implement an OFO, the Company will notify all affected transportation customers via telephone, facsimile or other electronic means. It is the customers' responsibility to inform the Company of the correct telephone and facsimile numbers and, if appropriate and available, to

(Continued on Sheet No. B-42.00)

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**B4.2 Curtailment of Gas Service (Contd)**

(b) Notification of an OFO (contd)

monitor the Company's electronic communication system for notice of an OFO. A facsimile confirmation sheet to the last facsimile number provided by the customer will be conclusive evidence that the Company provided appropriate notice. The Company will issue notice as soon as possible in advance of the deadline for nominations on the upstream pipelines and in advance of the Company's Gas Track Online nomination deadline as specified on Sheet No. F-5.00. Notice will indicate the period the OFO will be in effect, the restricted daily tolerance level and the need for nomination changes, if necessary, to balance usage with gas deliveries to the Company. OFOs restricting storage service will indicate the authorized injection/withdrawal level. As soon as the Company determines that it is in a position to cancel the OFO, it will notify all affected transportation customers via telephone or facsimile as to when the OFO is canceled.

(5) Penalties for Violation of an OFO

After the Company has provided actual notice of implementation of an OFO, any gas usage in excess of the volumes authorized (confirmed nomination volume plus authorized ATL balance) during the period when the OFO has been instituted will be subject to unauthorized use charges, with such charges being in addition to those normal charges made under the applicable rate schedules. The charge for any unauthorized usage shall be the highest index price reported during the period of OFO for MichCon, Consumers Energy or Chicago LDCs as reported by Gas Daily plus \$10 per Mcf or, in the event that Gas Daily discontinues its reporting of such prices, any comparable reporting service plus \$10 per Mcf. In the event that the Company receives a resulting pipeline penalty, the charge for any unauthorized usage by a transportation customer required to operate under the OFO shall be the higher of the penalty assessed by the pipeline (the largest penalty if multiple pipelines) or the index price plus \$10 per Mcf. The Company will make reasonable efforts to avoid or minimize pipeline penalties by attempting to incur the lower of pipeline penalties or the cost of purchasing additional gas. Unauthorized use charges will be billed separately from any cash-outs of month-end ATL imbalances and will be considered a sale of gas. Unauthorized usage volumes and the applicable days' indexes will not be included in the computation of the month-end cash-out of ATL imbalances for the OFO days during which the customer was assessed the unauthorized use charge. Likewise, the confirmed nomination volumes applicable to these days will not be used to determine the % monthly imbalance tiers for the month-end ATL imbalance cash-out.

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**B4.2 Curtailment of Gas Service (Contd)**

(5) Penalties for Violation of an OFO (Contd)

The Company reserves the right to reject any nomination on a particular pipeline that does not meet its operational requirements. Failure to pay an unauthorized use charge when due shall subject the customer to termination of gas service. The Company reserves the right to waive, on a non-discriminatory basis, any unauthorized use charge if such charge is the result of actions beyond the customer's control. Unauthorized use charges collected by the Company will be credited to the Company's booked GCR cost of gas sold.

D. Notice and Method of Curtailment

If a curtailment becomes necessary, the Company shall provide notice to the Commission and all affected customers of the nature, probable duration and extent of such curtailment. Such notice will be given as far in advance as possible.

(1) If a curtailment becomes necessary due to capacity restrictions, the Company shall determine the amount of firm service capacity that is available (residual firm capacity). The residual firm capacity shall be curtailed in accordance with the curtailment priority categories set forth in Section F of this Rule, beginning with Curtailment Priority Five and proceeding to the next highest priority category.

(a) Curtailments may be simultaneously instituted in more than one curtailment priority category provided that gas usage falling within a lower priority category is being completely curtailed.

(b) If system deliverability permits only partial delivery of gas to a given priority category of use, curtailment will be effected on the basis of a pro rata sharing using the base period deliveries to customers for that priority category. If a customer has entered into an arrangement for voluntary reduction of use and/or increase in deliveries pursuant to Paragraph(B)(5) above, the volumes associated with such voluntary reductions of use or increase in deliveries shall be attributed to that customer's pro rata share.

(c) Upon notice of a curtailment, the Company shall give customers with multiple locations the option to select which location will be subject to the curtailment, consistent with the practical and physical operational constraints of the Company's system.

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**B4.2 Curtailment of Gas Service (Contd)**

- (2) If a curtailment becomes necessary due to an emergency situation resulting in a supply deficiency, with no associated capacity deficiency, the Company shall curtail gas service in accordance with Section B4.2D(1), subject to the following condition.

For transportation customers, negative daily imbalances incurred shall be curtailed pursuant to priorities determined as in Section E - Base Period and any usage in excess of deliveries (flowing pipeline supplies) will be subject to penalty as described in B4.2J. Usage in balance with deliveries on a daily basis is exempt from curtailment under this paragraph.

- (3) If curtailment becomes necessary due to an emergency situation resulting in a capacity deficiency, the Company shall curtail gas service in accordance with Section B4.2D(1).

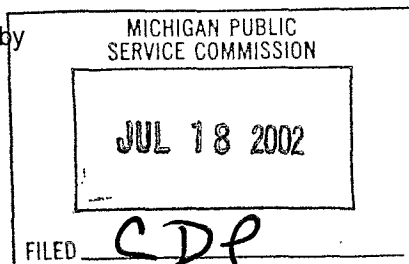
Any usage above the curtailed volume shall be considered unauthorized and is subject to penalty as described in B4.2J.

**E. Base Period**

- (1) For the purpose of determining the customer's volumes within each curtailment priority category, a twelve month base period shall be established. Such base period shall be fixed for the term of the curtailment. The base period volumes shall consist of the twelve consecutive monthly deliveries ending December of each year. In those instances where the customer has encountered strikes, interruption of gas service or unavoidable operational abnormalities, the Company may make reasonable adjustments to normalize the customer's requirements. Base period volumes shall be adjusted for equipment added or deleted and new loads.
- (2) In determining monthly deliveries, the Company shall determine the gas used during each month of the period described above for all buildings, parts of buildings, and equipment associated with each customer's gas billing in accordance with the Company's Rules and Regulations. Volumes specified in Curtailment Priority One through Five shall apply in the aggregate for all equipment of the same end-use rather than on a unit of equipment basis.
- (3) The monthly deliveries so determined, with such adjustments as provided above, shall then be used as the monthly requirement specified in the Curtailment Priority Categories. In determining a customer's Curtailment Priority Category, the applicable monthly requirement in the base period shall be used.

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**B4.2 Curtailment of Gas Service (Contd)**

F. Curtailment Priorities

- (1) For the purpose of Curtailment, firm end use sales and transportation customers will be treated equally in accordance with the curtailment priority categories set forth. Five categories are established with Priority Five being the first category to be curtailed and Priority One being the last. The Company will implement this curtailment plan throughout its system to the extent necessary and possible, consistent with its practical operation, considering such factors as system capacity and the extent to which curtailment of customers in a specific portion of the Company's system may remedy the emergency. Specifically, if curtailment of gas deliveries to a customer does not provide any relief to the Company, then the Company may continue to provide gas service for the customer.

**PRIORITY FIVE**

All non-residential customers having alternate fuel capability for that portion of their load covered by the alternate fuel and all sales of system supply gas to non-system supply customers.

**PRIORITY FOUR**

Commercial and industrial gas requirements in excess of 20,000 Mcf per the base period month being curtailed.

**PRIORITY THREE**

Commercial and industrial gas requirements of 8,334 to 20,000 Mcf per the base period month being curtailed.

**PRIORITY TWO**

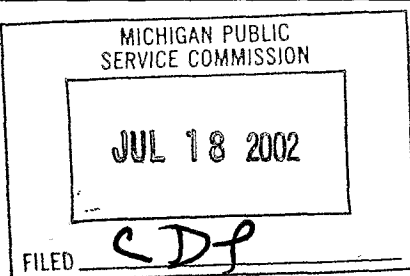
Non-residential customers having commercial gas requirements of 1,250 Mcf to 8,333 Mcf per the base period month being curtailed and industrial gas requirements of 8,333 Mcf or less per the base period month being curtailed.

**PRIORITY ONE**

Residential gas requirements, commercial gas requirements less than 1,250 Mcf per the base period month being curtailed, requirements for plant protection, and requirements for services essential for public health and safety not covered by an alternate fuel.

(Continued on Sheet No. B-44.02)

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(Continued From Sheet No. B-44.01)

**B4.2 Curtailment of Gas Service (Contd)**

F. Curtailment Priorities (Contd)

- (2) The volumes of gas destined to end users of other local distribution companies (LDC) shall be classified into the same priority categories as the Company's on-system sales and transportation customers if the LDC provides the Company with the information necessary to make such a classification and an affidavit verifying the accuracy of such information. Such information shall be provided for each priority category in a manner similar to the information regarding the base period volumes of other customers as set forth in Section E above. Any volumes for which the LDC fails to provide such information shall be presumed to be in Priority Five.
- (3) During an emergency curtailment of gas service, public utilities that generate and distribute electricity shall be granted Priority One service for that portion of the gas requirements of owned or firm contracted generation necessary to the discharge of the utilities' obligation to provide services.
  - (a) Such classification of volumes qualifying for Priority One shall be contingent upon the electric utility exercising due diligence in taking reasonable steps to minimize the use of natural gas during the course of the gas emergency, and consistent with maintenance of electric system integrity. To the extent that certain actions can minimize the use of natural gas, such actions may include, but are not limited to the following:
    - (i) Bring on line any non-gas reserve capacity.
    - (ii) Switch gas fired dual-fuel generating plants to an alternate fuel.
    - (iii) Attempt to procure incremental purchased power.
    - (iv) Curtail all non-firm off-system electric sales.
  - (b) If, after having exhausted all available options to minimize the use of natural gas, conditions are such that curtailment of any portion of the remaining gas service to the electric utility will induce the implementation of the Emergency Electrical Procedures, then Priority One capacity shall be allocated to the electric utility:
    - (i) Sufficient to obviate the need to implement short-term Emergency Electrical Procedures during the first week of the gas emergency provided that the company has not invoked curtailment of Priority One customers. If, however, the emergency is of such a severe nature that Priority One customers must be curtailed, then the Company shall provide sufficient gas service to the electric utility to allow it to maintain its system integrity as it implements, to the fullest extent required by the emergency, both its short-term and long-term Emergency Electrical Procedures.

(Continued on Sheet No. B-44.03)

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(Continued From Sheet No. B-44.02)

**B4.2 Curtailment of Gas Service (Contd)**

F. Curtailment Priorities (Contd)

- (ii) Or, if the Company has invoked curtailment priorities to a level no deeper than Priority Two, the Company shall provide the electric utility sufficient Priority One service to enable it to avoid the implementation of short-term Emergency Electrical Procedures during the first week of the gas emergency, and sufficient to avoid implementing long-term Emergency Electrical Procedures requiring public notification.
- (iii) Or, if the company has invoked curtailment priorities to a level no deeper than Priority Three, then the Company shall provide sufficient Priority One service to enable the electric utility to avoid the implementation of short-term and long-term Emergency Electrical Procedures.

G. Diversion of Customer-Owned Gas During Gas Emergencies

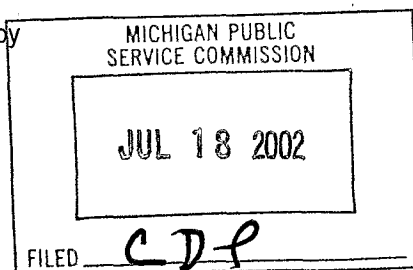
If the Company determines that its ability to deliver gas is inadequate to support continuous service to its customers on its system and it enforces the curtailment plan established in the Rule, the Company shall give end use transportation customers the option to 1) have their curtailed deliveries injected into storage with the suspension of any penalties and with no other additional charges; or 2) sell to the Company their flowing pipeline supplies that have been curtailed. The price of the purchased gas will be negotiated between the transportation customer and the Company but be limited to the highest of a) the customer's reasonable costs associated with using alternate fuels during the period of diversion, b) the actual cost of the customer's diverted gas, or c) the highest city gate price of gas for the Company's end users contained in the publication "Gas Daily", delivered into the Company's system during the period of diversion. The Company shall not divert gas from transportation customers who do not have title to the gas being transported unless the owner of such gas voluntarily agrees that its gas may be purchased, borrowed or otherwise diverted by the Company pursuant to Option 1 or 2 above. Nothing in these Rules relieves the Company from its obligation, under Act 304, of demonstrating the reasonableness and prudence of its gas purchases.

H. Rate Adjustments

A customer shall not be liable for any part of a monthly service charge provided in a rate schedule if such customer's consumption under that rate is completely curtailed for the entire billing period. No other rate adjustments will be permitted unless otherwise provided by contract.

(Continued on Sheet No. B-44.04)

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(Continued From Sheet No. B-44.03)

**B4.2 Curtailment of Gas Service (Contd)**

I. Enforcement

- (1) The Company reserves the right to take special daily meter reads during periods when a curtailment has been instituted pursuant to Part B4.2 of this Rule. The Company reserves the right to inspect the customer's equipment, to install special metering, and to immediately physically interrupt gas service for violations of this Rule. Once gas service is terminated, the Company may withhold such service during the period of the curtailment until it is satisfied that the terms and conditions of this Rule will be observed.
- (2) There is nothing in this Rule that shall prevent a customer from challenging before the Commission the continuation of a curtailment or that shall abridge the customer's right to appeal any such determination to the Commission.

J. Penalty for Violation of Curtailment of Gas Service

After the Company has provided actual oral or written notice of implementation of a curtailment pursuant to Part B4.2 to the affected end use customer, any gas used by such customer in excess of the volumes authorized pursuant to Part B4.2D during the period when a curtailment has been instituted will be subject to unauthorized use charges, with such charges being in addition to those normal charges made under the applicable rate schedules. The charge for such unauthorized usage shall be the highest price reported during the period of curtailment for MichCon, Consumers Energy or Chicago LDCs as reported by Gas Daily plus \$10 per Mcf or, in the event that Gas Daily discontinues its reporting of such prices, any comparable reporting service plus \$10 per Mcf. **Gas subject to unauthorized usage charges will be considered a sale of gas.** In the event that the Company receives a resulting pipeline penalty because of unauthorized usage, the charge for any unauthorized usage shall be the higher of the penalty assessed by the pipeline (the largest penalty if multiple pipelines) or the index price plus \$10 per Mcf. Failure to pay an unauthorized use charge when due shall subject the customer to termination of gas service. Unauthorized use charges collected by the Company will be credited to the Company's booked GCR cost of gas sold.

(Continued on Sheet No. B-45.00)

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(Continued From Sheet No. B-44.04)

**B4.3 Limitation of Liability**

The Company shall, when acting reasonably and prudently in accordance with these rules, not be liable for any loss, cost, damage, injury, or expense that may be sustained by customer by reason of partial or complete curtailment of gas service.

**B5. APPLICATION OF RATES**

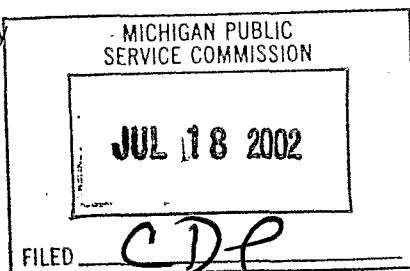
**B5.1 Service to non-permanent structures.**

When service is to be used at construction sites, or in other non-permanent structures where the facilities installed to provide service will not be used for permanent supply, the customer will be required to pay in advance to the Company a sum of money, which shall be the estimated non-recoverable cost of furnishing and installing all facilities of the Company necessary to provide such service, and the removal thereof. The customer shall not be relieved from his obligation to fulfill the term and minimum charge provisions of his agreement for service.

(Continued on Sheet No. B-46.00)

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(Continued From Sheet No. B-45.00)

**B5.2 Limitations upon service.**

The Company's offer to supply gas service, including extensions of mains and service pipes are subject to the provisions, conditions and limitations from time to time imposed by orders, rules and regulations of governmental agencies having jurisdiction over the Company and are also contingent upon the Company's ability to obtain and use the necessary equipment, materials, facilities and labor.

During those periods of time when the Company is not able to obtain a sufficient supply of natural gas to meet the requirements of its existing customers, and/or to meet requests for natural gas service by new residential, commercial or industrial customers, it will be compelled to decline to attach new customers in order to avoid jeopardizing service to existing customers. In addition, the Company may be compelled, due to an insufficient supply of natural gas, to decline to make available additional loads to existing customers. Also, during a period of insufficient gas supply, the Company shall have the right to institute and maintain curtailments of gas service in accordance with the provisions of Rule B4 of these Rules, Regulations and Rate Schedules.

The Company may restrict existing industrial and commercial customers to that quantity of natural gas used during a twelve (12) month period determined by the Company and may enforce any such restriction by discontinuance of natural gas service to any industrial or commercial customer which violates such restriction until the Company is satisfied that any such industrial or commercial customer will abide by the restriction imposed.

During any such periods as described above, the Company will maintain priority lists which will be utilized to the extent practicable in the allocation of any additional gas supply received by the Company.

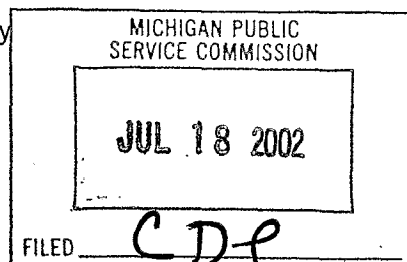
**B5.3 Centrally metered installations.**

A centrally metered installation is one that meets all of the following definitions:

- (1) Serves multiple living units (containing four or more living units) such as apartments, multiple family units, mobile home courts or institutions, such as schools or churches, and industrial complexes.

(Continued on Sheet No. B-47.00)

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(Continued From Sheet No. B-46.00)

**B5.3 Centrally metered installations. (Contd)**

- (2) The complex is served by a single meter installation located out of doors or in a separate building.
- (3) More than one building is to be supplied with gas.
- (4) The fuel lines are buried underground from the outlet of the meter to the location at which each fuel line enters the customer's building.

The customer served with a centrally metered installation must enter into an inspection and maintenance contract with the Company covering such customer-owned underground gas distribution system(s). The underground gas distribution system(s) downstream of the meter shall be paid for and owned by the customer.

The installation of the underground gas distribution system(s) from the central metering point to the location at which the gas line(s) enter(s) the customer's building or any extensions or modifications thereto, including the initiation of gas service to each building, will be the responsibility of the Company in accordance with the Company's design, installation, operation and maintenance procedures for underground pipe system(s) and in accordance with the Standards of the Michigan Gas Safety **Standards**.

The charge to the customer for the installation of the underground gas distribution system(s), or any extensions or modifications thereto, will be at the Company's cost plus appropriate overheads.

With respect to customer-owned underground gas distribution system(s), the customer will pay for the cost of inspection and maintenance of such underground gas distribution system(s) downstream of the meter at costs to be determined by the Company under terms agreed to in the Contract for Maintenance of Customer-Owned Underground Gas Distribution Systems as filed with the Michigan Public Service Commission. Extensions or modifications to customer-owned underground gas distribution system(s) shall be made only in accordance with the Contract for Maintenance of Customer-Owned Underground Gas Distribution Systems and shall be made by the Company.

(Continued on Sheet No. B-48.00)

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(Continued From Sheet No. B-47.00)

**B5.3 Centrally metered installations. (Contd)**

Failure of a centrally metered customer to enter into and comply with the Contract for Maintenance of Customer-Owned Underground Gas Distribution Systems, as above described, shall be cause for cessation of gas service which will not be reinstated or installed until such contract has been executed and complied with.

**B5.4 Redistribution of gas service.**

Gas will not be supplied to any customer except for the customer's own use or for the use of the customer's tenants in the building or premise supplied with gas under the service agreement between the Company and the customer. Gas will not be supplied under a filed rate of this rate schedule for submetering or resale by or to any owner, tenant or occupant of any premises. A customer shall not submeter, resell or otherwise dispose of any gas supplied to him under any filed rate; except that a customer of the Company may redistribute such gas to his tenants in the premises supplied when the customer is supplied under a filed rate which does not prohibit such redistribution, and provided that no specific charge is made therein.

**B5.5 Notice of change in ownership of occupancy of premises.**

Immediately upon sale, lease or any other change in occupancy of the premises or any portion thereof supplied under an agreement for service, the customer shall give written notice to the Company of such change.

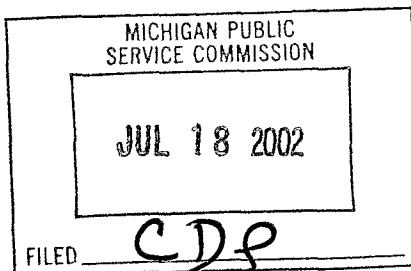
**B6. CUSTOMER RESPONSIBILITIES**

**B6.1 Access to premises.**

The Company shall have the right of access to its meter or appurtenances upon the customer's premises at all reasonable times for the purpose of reading meters, of inspecting or repairing its meters and appurtenances, or of removing its property, or for any other proper purpose. All authorized employees of the Company are provided with proper identification.

(Continued on Sheet No. B-49.00)

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(Continued From Sheet No. B-48.00)

**B6.2 Discontinuance or withholding of service.**

The customer is responsible for the payment of bills until service is ordered discontinued and the Company has had reasonable time for securing a final meter reading.

The Company may disconnect service subject to the notification requirements of Rule 63 (R460.2163) and Rule 14 (R460.2084) for those reasons set forth in Rule 61 (R460.2161) or Rule 14 (R460.2084). If a hazardous condition exists, pursuant to Rule 73 (R460.2373), service may be discontinued without notice. If service is terminated due to meter tampering or theft of gas, the customer may be required to bear all associated costs incurred by Aquila Networks - MGU, including, but not limited to, all materials charges, labor charges, investigation and prosecution costs, and such protective equipment as is deemed necessary.

A charge of forty-five dollars (\$45.00) will be made to cover the cost of restoring service when it has been discontinued because of theft or meter tampering.

**B6.3 Liability.**

- (1) Continuity of supply.

Except for gas supplied under certain transportation rates and Interruptible sales service, the Company will endeavor at all times to provide a regular and uninterrupted supply of service, but the Company shall not be liable for loss or damage which the customer may sustain by reason of the failure of the service, whether caused by accidents, repairs or otherwise, or incurred by the use of gas or appliances or presence of the Company's property on the customer's premises. Nor shall the Company be held liable for loss or damage occurring under or by virtue of the exercise of authority or regulation by governmental, military or lawfully established civilian agencies, or due to condition or causes beyond the Company's control.

- (2) Customer's equipment.

Neither by inspection or non-rejection, nor in any other way does the Company give any warranty expressed or implied as to the adequacy, safety or other characteristics of any structures, equipment, wires, pipes, appliances or devices owned, installed or maintained by the customer or leased by the customer from third parties.

(Continued on Sheet No. B-50.00)

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(Continued From Sheet No. B-49.00)

**B6.3 Liability. (Contd)**

(3) Selection of rate.

The Company will endeavor to assist a customer in the selection of the filed rate which may be most favorable to his requirements, but the responsibility for the selection of the rate lies with the customer and the Company makes no warranty, expressed or implied, as to the rates, classifications or provisions favorable to the future service requirements of the customer.

After the customer has selected the rate under which the customer elects to take service, the customer shall not be permitted to change from that rate to another rate until at least 12 months have elapsed. The customer shall not be permitted to evade this rule by temporarily terminating service. However, the Company may, at its option, waive the provisions of this paragraph where it appears that an earlier change is requested for permanent rather than for temporary or seasonal advantage. The effective date of a rate change under this rule shall be the beginning read date of the next bill issued. The intent of this rule is to prohibit frequent shifts from rate to rate.

**B6.4 Service charge for reconnection of discontinued service (other than theft or tampering).**

A charge of **\$35.00** will be collected by the Company to offset the cost of restoring service during regular working hours to any customer whose previous service has been discontinued for nonpayment of bills or for any other breach by the customer of the Company's Rates, Rules and Regulations. If the customer specifically requests restoration of service after regular working hours and the customer is advised of the increased charge, a restoration charge of \$45.00 shall be collected. This charge shall become part of the customer's arrears and will be subject to the same payment requirements applicable thereto.

**B6.5 Deposits.**

A reasonable cash deposit may be required of Residential customers according to Rules 31 and 32 (R460.2131 and R460.2132) and of Commercial customers according to Rule 13 (R460.2083), unless waived by the Company upon evidence of satisfactory credit in the opinion of the Company or if the account is guaranteed by a responsible party in lieu of deposit. Such guarantee must be in writing and specify maximum amount guaranteed by guarantor. If the customer refuses or fails to pay the required deposit or furnish a guarantor, the Company may withhold its service or discontinue its service. Interest on deposits from Residential customers shall accrue at the rate of nine percent (9%) per annum and shall be credited semi-annually or upon return of the deposit, whichever occurs first. Interest on deposits for Commercial customers shall accrue at the rate of nine percent (9%) per annum and shall be credited semi-annually or upon return of the deposit, provided that such deposit is held at least six (6) months.

(Continued on Sheet No. B-51.00)

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(Continued From Sheet No. B-50.00)

**B6.6 Meter reading and billing periods.**

Bills shall be rendered once each month as nearly as is possible on a normal monthly period. Reasonable efforts will be made to read the customer's meter at least once in two months on or about the same day of such meter reading month. When, for any reason, an actual meter reading is not obtained, the bill will be estimated on the basis of past service records, adjusted for seasonal variations. When past records are not available, billing will be based upon whatever other data are available. Each account shall be adjusted as necessary each time an actual meter reading is obtained. Bills rendered for gas service for periods when actual meter readings were not obtained, shall have the same force and effect as those based on actual meter readings.

Where the Company renders a bill for an elapsed period other than a regular billing period, the rates and charges will be prorated except that a customer who terminates service less than 28 days after the commencement of service will be billed for a month.

**B6.7 Payment of Bills.**

Bills for gas service furnished by the Company are due 17 days for residential customers and 21 days for non-residential customers from the date the bill is mailed (unless otherwise specified). Bills of the Company for service are payable at any District Customer Service Office or to a duly authorized "Payment Station" of the Company. Payment Stations are authorized to collect a fee from the customer for accepting payments.

**B6.8 Delinquent bills.**

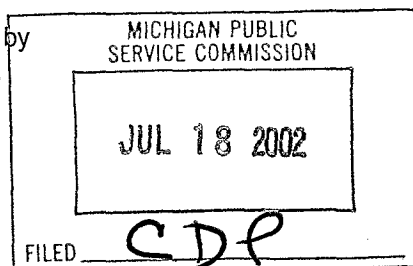
If any bill for gas service remains unpaid for a period of 22 days after it is rendered by the Company to a residential customer and 26 days after it is rendered to a non-residential customer, the Company shall have the right to discontinue such service upon ten days notice in writing of its intentions to so discontinue, and such discontinuance of service may be in effect until such bill has been paid.

**B6.9 Charge for nonsufficient funds (NSF) check.**

A charge of \$15.00 will be levied upon a customer for each check the customer issues the Company in payment for a gas bill when the check is returned to the Company marked NSF or closed account by the financial institution upon which the check is drawn. This charge will become part of the customer's arrears and will be subject to the same requirements applicable thereto.

(Continued on Sheet No. B-52.00)

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(Continued From Sheet No. B-51.00)

**B6.10 Charge for on-premises collection.**

A charge of \$10.00 will be levied upon a customer where it is necessary for the Company to send an employee to the premises of the customer in order to collect that customer's bill. This charge will become part of the customer's arrears and will be subject to the same requirements applicable thereto.

**B7 EXTENSION POLICY**

[Rule B7 has been superseded by Rule B12.]

(Continued on Sheet No. B-53.00)

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(Continued from Sheet No. B-56.00)

**B8. SERVICE LINES**

Rule 8 has been superseded by Rule B12, however customers taking service under main and/or service line extension projects initiated pursuant to Aquila Networks - MGU's Rules B7 and/or B8 will be grandfathered and will pay the charges applicable under those rules.

**B8.1 General provisions.**

To avoid misunderstanding, the customer should consult with the Company before starting work as to the exact location of the point of service termination. The Company reserves the right to determine the location of any service pipe.

Gas service shall be supplied to each building or premise through a single service pipe. If conditions are such that the customer requests service through more than one service pipe, such service shall constitute an additional sales point and shall require separate billing by the Company.

The Company shall own and maintain all service pipe.

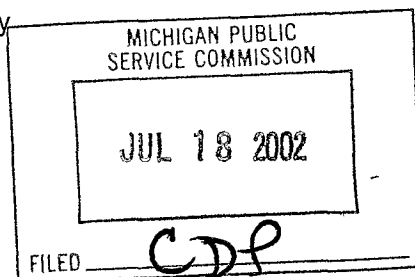
**B8.2 Service lines less than 2 inches in diameter.**

The charge to the prospective customer shall be determined by measuring the horizontal distance over the service line, as installed, from the lot line (or main in the case of mobile home parks) to the meter location established by the Company and applying the applicable flat and unit charges. A sum of money equal to the estimated charge may be required from the customer at the time the application is accepted by the Company.

- (1) (a) All applicants requiring a service line less than or equal to 175 feet in length (except mobile home park applicants) shall pay a \$250.00 flat charge for the first 50 feet or less, and \$5.00 per foot for each foot in excess of 50 feet to 175 feet.
- (b) Applicants requiring a service line greater than 175 feet in length shall pay the lesser of:
  - (i) the charges set forth under paragraph B8.2(1)(a) plus \$3.50 per foot for each foot in excess of 175 feet or
  - (ii) the cost of time and materials, with the total charges never to be less than \$875.00.

(Continued on Sheet No. B-57.01)

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in Case No. U-13351

(Continued From Sheet No. B-57.00)

**B8.2 Service lines less than 2 inches in diameter. (Contd)**

(2) Additional charges for all applicants.  
\$6.00 additional charge per foot for each foot from lot line (or main in the case of mobile homes) to meter location to cover additional costs incurred during winter construction from December 15 to March 15.

(3) All mobile home park applicants shall pay a flat charge of \$250.00 per service line.

The customer shall pay for any permits and inspection fees required by state statutes or local ordinances for cutting streets or highways for converting or connecting any gas utilization equipment.

(4) The charges to the prospective customer shall be equal to the Company's estimated total cost for all facilities to provide a tap on a main or pipeline operating at a pressure of more than 60 pounds per square inch gauge and any required upstream regulators, pressure relief and limiting devices, whether installed on public or private property.

(Continued on Sheet No. B-58.00)

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Omaha, Nebraska

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(Continued From Sheet No. B-57.01)

**B8.3 Service lines 2 inches or larger in diameter.**

The charges to the prospective customer shall be equal to the Company's estimated total cost for all facilities between the prospective customer's property line and the meter location, as well as the estimated cost of a curb valve and curb box, a tap on a main or pipeline operating at a pressure of more than 60 psig, and any required upstream regulators, pressure relief and limiting devices, whether installed on public or private property.

A sum of money equal to the estimated charge for the service line installation may be required from the customer at the time the application is accepted by the Company.

**B8.4 Change in location of existing service facilities.**

Any change requested by the existing customer in the point of service termination or location of the service pipe, provided such change is approved by the Company, shall be made at the expense of the owner or occupant of the premises, who shall pay in advance the Company's estimated cost of such change.

**B8.5 Company's installation.**

Gas will be supplied to each building through a single meter, except where for reasons of Company economy, conditions on the Company's distribution system, situations calling for service under multiple rates, improvements of service conditions, or volume of the customer's requirements, the Company elects to install more than one meter. The Company will furnish, install, connect and maintain such meter or meters as are necessary for metering gas for Company billing purposes.

The Company will furnish, install and maintain one or more gas pressure regulators and/or other devices when they are required by the Michigan Gas Safety **Standards** for the supply of gas at proper pressure.

The customer shall furnish and maintain a suitable space for the service and metering equipment. Such space shall be readily

(Continued on Sheet No. B-59.00)

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(Continued From Sheet No. B-58.00)

**B8.5 Company's installation. (Contd)**

accessible to authorized Company employees and shall otherwise conform to the Michigan Gas Safety Standards for such space and to the requirements of the authorities having jurisdiction.

**B8.6 Customer's responsibility.**

Customers shall not permit any unauthorized person to disconnect or interfere or adjust the Company's meters or other appurtenances, they shall protect the same from injury, be responsible for their safe keeping and reimburse the Company for any damage thereto. The customer should notify the Company immediately of any interruption in the supply of gas.

**B8.7 Seals.**

Meter equipment may be locked or sealed when service is shut off. No person, except a duly authorized employee of the Company, shall be permitted to break or replace a seal or lock, or to alter or change a meter or its connections or location or to alter a gas pressure regulator.

**B9 METERING CUSTOMER EQUIPMENT AND BILLING**

**B9.1 General provisions.**

The customer shall furnish and maintain all piping and equipment beyond the point of service termination at his own expense, except as expressly provided under Rule B5.3, "Centrally metered installations".

**B9.2 Adequacy and safety of installation.**

The Company shall not be required to supply gas service until the customer's installation shall have been approved by the authorities having jurisdiction over the same; and the Company further reserves the right to withhold its service, or discontinue service, whenever such installation or part thereof is deemed by the Company to be unsafe, inadequate or unsuitable for receiving the Company's service.

**B9.3 Repairs - leakage of gas.**

All repairs to the customer's piping and equipment shall be made by the customer, and he shall maintain the piping and equipment

(Continued on Sheet No. B-60.00)

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(Continued From Sheet No. B-59.00)

**B9.3 Repairs - leakage of gas. (Contd)**

in the condition required by the authorities having jurisdiction and by the Company. The customer shall give immediate notice to the Company of the indication of any gas leakage.

**B9.4 Back pressure and suction.**

When the nature of the customer's utilization equipment is such that it may induce back-pressure or suction in the piping system carrying the Company's gas, suitable protective devices, subject to inspection and approval by the Company, shall be furnished, installed and maintained by the customer to protect the customer and the Company's facilities therefrom.

**B9.5 Inspection of installation.**

The Company will not establish gas service to any customer until a representative of the Company has made a test of all gas appliances by observing the meter(s) when all appliances are shut off and gas pressure is on such piping and appliances and finds that no gas passes the meter(s) under such conditions.

If all appliances are shut off and gas passes through the meter(s), the Company will notify the customer of that fact and gas service will not be established until such defect is repaired or corrected.

The Company may require an authorized representative of the customer to perform an "Air Test" on the meter in accordance with the National Fuel Gas Code Rule 4.1.4 - "Air Testing of Customer Lines".

Nothing in this rule shall be construed to make the Company liable for the installation, maintenance or use of piping or appliances owned by the customer beyond the making of the test above required; nor shall the Company be held liable for any continuing duty of inspection of piping or appliances, except as expressly provided under Rule B5.3, "Centrally metered installations".

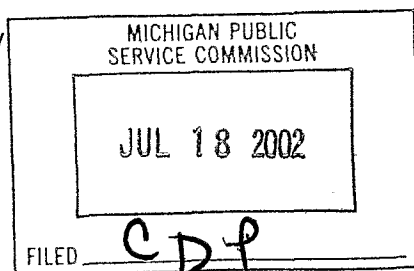
**B9.6 Changes in customer's requirements.**

The customer shall give the Company reasonable advance notice in writing of intention to increase materially his load so that adequate facilities may be provided.

When there is a change in the customer's requirements for gas supply or a change by the customer from one filed rate to

(Continued on Sheet No. B-61.00)

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(Continued From Sheet No. B-60.00)

**B9.6 Changes in customer's requirements. (Contd)**

another, or when the customer includes in his requirements any service theretofore supplied to him or to others under another agreement or agreements for service, the customer shall make such changes and alterations in the piping, service equipment, meter equipment and appurtenances and other parts of the customer's installation as may be necessary to enable the Company to furnish safe and adequate service and to measure the gas thereafter to be supplied through a single meter or through the number of meters which the Company may elect to install as provided under Rule B8.5, "Company's Installation".

Such changes and alterations shall be governed by the requirements applying to new installations.

**B9.7 Measurement of gas service.**

Bills will be based upon the registration of the Company's meters except as otherwise provided in these Rules, Regulations and Rate Schedules.

The rates contained in these Rules, Regulations and Rate Schedules apply to the quantities of gas registered by each individual meter for the billing period for which the meter may be read. A single meter shall not supply more than one customer. When the Company, pursuant to provisions of Rule B8.5, installs two or more meters on the same premises to serve a single customer, the consumption registered by such meters shall be consolidated and the rates under which service is taken applied to the total consumption.

**B10 GAS COST RECOVERY CLAUSE**

**B10.1 Applicability of clause.**

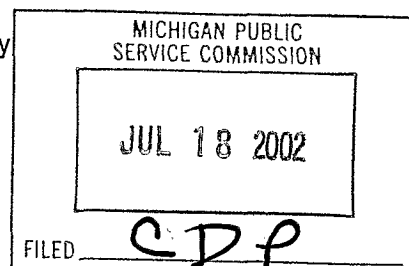
All rates for gas service, unless otherwise provided in the applicable rate schedule, shall include a Gas Cost Recovery Factor to allow the Company to recover the booked costs of gas sold by the Company if incurred under reasonable and prudent policies and practice.

**B10.2 Booked cost of gas sold.**

- (1) Booked cost of gas sold as used in this rule includes the following as expensed on the books of the Company:

(Continued on Sheet No. B-62.00)

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(Continued From Sheet No. B-61.00)

**B10.2 Booked cost of gas sold. (Contd)**

- (a) Interstate Purchases: Cost for gas service.
  - (b) Intrastate Purchases: Costs for gas service incurred pursuant to all contracts on file with the Michigan Public Service Commission.
  - (c) Company Produced Natural Gas: Costs which vary with volume produced.
  - (d) Company Produced Substitute Natural Gas: Costs for feedstock used to produce substitute natural gas.
  - (e) Liquefied Petroleum Air Gas: Costs for propane used to produce a propane-air gas mixture.
  - (f) Storage Gas: Net costs of gas injected and withdrawn from underground storage facilities.
  - (g) Purchases From Other Michigan Utilities: Costs for gas service pursuant to contracts approved by the appropriate regulatory body.
  - (h) Supplier Refunds and Credits: Refunds and credits from suppliers in the period realized.
- (2) Booked cost of gas sold as used in this rule specifically excludes the following items:
- (a) Gas used by the Company, at the annual average booked cost of gas sold.
  - (b) Lost and unaccounted for gas, at the annual average booked cost of gas sold.
  - (c) Gas sold at a price which does not include a gas cost recovery factor, at the incremental cost from the Company's suppliers.
  - (d) Contract, tariff and other penalties, unless the customers of the Company benefit as a result of payment of such penalties.

**B10.3 Billing.**

- (1) In applying the Gas Cost Recovery Factor, per Mcf or dekatherm, any fraction of \$0.01 cent shall be rounded to the nearest \$0.01 cent.
- (2) Each month the Company shall include in its rates a Gas Cost Recovery Factor up to the maximum authorized by the Commission as shown on Sheet No. E-3.00. For months in which the Michigan Public Service Commission has not approved a specific Gas Cost Recovery Factor, the Company may include an appropriate Gas Cost Recovery Factor in its rates if authorized by law to do so.

(Continued on Sheet No. B-63.00)

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(Continued from Sheet No. B-62.00)

**B10.3 Billing. (Contd)**

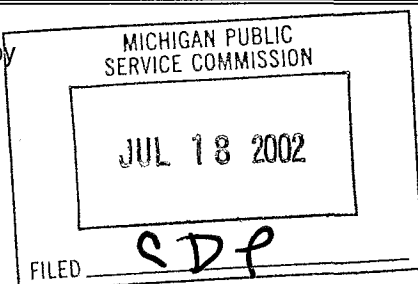
- (3) The Gas Cost Recovery Factor shall be the same per Mcf or Ccf for each billed customer. The factor shall be placed into effect in the first billing cycle of each monthly billing period and shall continue in effect throughout all cycles in each monthly billing period.
- (4) The Gas Cost Recovery Factor shall appear on all customer bills.

**B10.4 General conditions**

- (1) At least fifteen days prior to each billing month, the Company will notify the Public Service Commission Staff as to the actual factor or factors to be billed to its customers in the subsequent month.
- (2) This Gas Cost Recovery Clause is authorized by the provisions of 1982 PA 304. A copy of that act is available for public inspection at each business office of the Company. The Company will provide a copy of the act to any customer upon request.

(Continued on Sheet No. B-64.00)

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(Continued from Sheet No. B-63.00)

**B11 REFUND PROCEDURES**

**B11.1 Identification of Supplier Refunds.**

Contained within Aquila Networks - MGU's annual GCR reconciliation shall be a standard exhibit which identifies all pipeline or other supplier refunds received (in the form of a check, bill credit, or wire transfer) during the year covered in the GCR reconciliation. The exhibit shall include:

1. The amount of each refund, including interest.
2. Date received.
3. Explanation of the reason for each refund.
4. Period covered by each refund (historical refund period).

Additionally, if any portion of the refund is properly allocable to non-GCR customers, this allocation and amount, along with calculations of deductions therefrom for company use and lost-and-unaccounted-for volumes, shall also be included in the exhibit.

Failure of Aquila Networks - MGU to identify a refund within its GCR reconciliation shall result in an interest penalty of 50% over the normal authorized rate of return on common equity for the period of time that Aquila Networks- MGU fails to comply with the refund identification requirement.

**B11.2 GCR Customer Refunds.**

A. Supplier refunds.

A supplier refunds allocable to GCR customers shall be reflected as reductions to the GCR cost of Gas Sold in the month received, included in the Cost of Purchased and Produced Gas. No deductions will be necessary for Company Use and Lost and Unaccounted For Gas.

B. GCR Reconciliation.

Prior year GCR over/under-recoveries due to reconciliation provisions of Aquila Networks - MGU's GCR Clause shall be computed annually according to provisions of 1982 PA 304. Such over/under-recoveries and any Commission-ordered adjustments associated with the prior GCR year shall be reflected separately below the GCR Cost of Gas Sold line on the GCR Over/Under-Recovery Reconciliation report.

C. Other Refunds.

All other gas cost-related refunds shall be reflected in the month the refund is received and shall be included on a separate line so that such refunds are readily identifiable.

(Continued on Sheet No. B-65.00)

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(Continued from Sheet No. B-64.00)

**B11. REFUND PROCEDURES (Contd)**

**B11.3 Non-GCR Customer Refunds.**

- A. All supplier refunds allocable to non-GCR customers shall be allocated on the basis of actual consumption during the historical refund period. Deductions for company use and lost and unaccounted for volumes shall be made from the non-GCR portion of the refund based upon the actual percentages for company use and lost and unaccounted for during the historical refund period.
- B. Refunds may be implemented as soon as practicable by including a bill credit on the on-system non-GCR customers' bills and by issuing checks to the last known address of all past non-GCR customers which had consumption during the historical refund period. Refunds made to non-GCR customers pursuant to these procedures will be applied against any past due amounts owing to Aquila Networks - MGU. The amount, if any, in excess of the amount owed will be refunded in accordance with these procedures. Aquila Networks - MGU is not required to issue checks to customers for whom checks were returned as undeliverable in previous refunds nor to issue checks for less than \$5.00. After 90 days, any returned or uncashed checks shall be transferred to the refund liability account. Rights to any portion of a refund shall not vest until a refund check has been negotiated.
- C. Refund completion reports for non-GCR refunds shall be submitted to the Michigan Public Service Commission Staff six months following completion of a non-GCR customer refund. Reports should, at a minimum, include the amount authorized for refund compared to the amount actually refunded and the date the refund was completed. Any undistributed amounts shall be recorded in a non-GCR refund liability account and distributed with interest to non-GCR customers in the next refund.

(Continued on Sheet No. B-66.00)

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(Continued from Sheet No. B-65.00)

**B12. CUSTOMER ATTACHMENT PROGRAM**

A. Purpose

The Company proposes to make extension of its gas mains and/or service lines from time to time, at its own cost, to serve applicants whose requirements will not disturb or impair the service to prior users or will not require an expenditure out of proportion to the revenue obtainable therefrom.

The Company reserves the right to delay or deny a request for service under this rule, if fulfilling such a request could, in the Company's opinion, create conditions potentially adverse to the Company or its customers. Such conditions may include, but are not limited to, safety issues, system operating requirements or capital constraints. The provisions under this Rule are in addition to the existing rules and tariffs for customer gas service.

B. Customer Contribution

A Customer Contribution shall be required equal to the Connection Fee plus any applicable Fixed Monthly Surcharge plus any Excessive Service Line Fee.

C. Payment of Customer Contribution

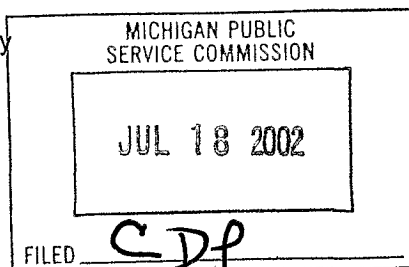
For all customers other than land developers and builders the Customer Contribution shall be paid as follows:

The Connection Fee and the Excessive Service Line Fee are payable in lump sum at the time the service agreement is executed by the customer. The Connection Fee is non-refundable. The Excessive Service Line Fee is refundable if the service line has not been installed. If the service line has been installed, the Excessive Service Line Fee is non-refundable.

The Fixed Monthly Surcharge shall be payable monthly throughout the surcharge period. The Fixed Monthly Surcharge will commence on the date that the customer receives gas service or six (6) months following the date the service agreement is executed by the customer, whichever occurs first. The customer may at any time elect to pay off the remaining Fixed Monthly Surcharge balance with a lump sum payment equal to the present value of the remaining monthly payments. If the present value of the Fixed Monthly Surcharge is less than \$200.00, the Company may require the customer to make a lump sum payment. The Fixed Monthly Surcharge is assessed to the property served such that any subsequent customer requesting gas service at the property address, once notified by the Company of the amount and duration of such surcharge, shall be liable for the Fixed Monthly Surcharge. Such notification may be verbal, written or in the form of a bill which includes the Fixed Monthly Surcharge. Failure of sellers, agents, lessors or other non-company parties to notify a customer of the Fixed Monthly Surcharge shall not

(Continued on Sheet No. B-67.00)

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**B12 Customer Attachment Program (Contd)**

C. Payment of Customer Contribution (Contd)

relieve the customer's obligation to pay the Fixed Monthly Surcharge. Failure by the customer to timely pay the Fixed Monthly Surcharge shall result in the discontinuation, termination or denial of natural gas service.

For land developers and builders, the Customer Contribution shall be required in a lump sum in advance of the facility expansion.

D. Connection Fee

The Connection Fee is equal to \$200.00.

For customers requesting a multiple metered installation, the Connection Fee shall be \$100 per account.

E. Excessive Service Line Fee

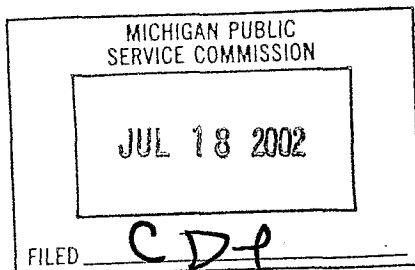
The Excessive Service Line Fee will be assessed to a customer whose service line requirement is in excess of the Service Line Limit. The Service Line Limit is equal to the greater of 400 feet or 150% of the average length of all service lines within the Project. The Excessive Service Line Fee will equal the cost of the service line footage in excess of Service Line Limit.

F. Fixed Monthly Surcharge

A Fixed Monthly Surcharge (Surcharge) will be calculated for each Customer Attachment Project (Project). The Surcharge will recover the Revenue Deficiency anticipated from the proposed Project. The Surcharge is calculated such that the present value of the anticipated Surcharges collected from the Project will equal the net present value Revenue Deficiency. The Surcharge will be recoverable over a predetermined time period, not to exceed ten years. The Company will be responsible for determining the appropriate Surcharge time period. The Surcharge will be a fixed dollar amount for all customers within the Project and will expire on the same date for all customers within the Project, regardless of when the surcharge was initially assessed to the customer. The Surcharge will not be subject to adjustment, reconciliation or refund. A customer who attaches to a Project after the surcharge period has expired or a customer whose proposed attachment was beyond the scope of the original Project, will be treated as a separate Project.

(Continued on Sheet No. B-68.00)

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(Continued from Sheet No. B-67.00)

**B12 Customer Attachment Program (Contd)**

G. Customer Attachment Project

A Project may consist of a single customer, requiring only the installation of a service line and meter, or may consist of numerous customers requiring the installation of mains, service lines and meters. A Project will generally be defined as a customer or group of customers that may be served from the contiguous expansion of new distribution facilities.

H. Revenue Deficiency

A discounted Cost of Service Model (Model) will be used to calculate the Net Present Value (NPV) Revenue Deficiency anticipated from a Project. The Model will use the expected incremental revenues and incremental costs associated with the Project for each year of a twenty year period. From this information an annual net revenue excess or deficiency will be calculated. The annual net revenue excess or deficiency will be discounted and summed to determine the NPV revenue deficiency of the Project. If the NPV revenue deficiency is negative, the discounted revenues exceed the discounted costs, then a NPV revenue deficiency of zero will be used.

I. Model Assumptions:

Incremental Revenues:

The Incremental Revenues will be calculated based on current rates and a forecast of the timing and number of customer attachments as well as the customers' annual consumption levels.

Incremental Costs:

1. Carrying Cost Rate

The Carrying Cost Rate will be based on the weighted rate of debt, equity and associated taxes. The cost will be equal to and weighted in proportion to those authorized in the Company's most recent rate order. The Carrying Cost Rate is equal to 10.89%.

(Continued on Sheet No. B-69.00)

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**B12 Customer Attachment Program (Contd)**

2. Plant in Service

Plant in Service shall reflect the Company's estimated cost to construct distribution mains, customer service lines, meters and pressure regulators or regulating facilities for the Project. The timing of the facility investment, primarily service lines, will correspond with the projected timing of the customer attachments.

The facility investment for an individual customer service line will be limited to the greater of 400 feet or 150% of the average length of all service lines within the Project.

3. Carrying Costs

The Carrying Costs will be the product of the average of beginning and end-of-year net plant, Plant in Service minus accumulated depreciation minus deferred taxes, multiplied by the Carrying Cost Rate, noted in paragraph 1 above.

4. Depreciation

Depreciation expense will be the product of Plant in Service multiplied by the appropriate prescribed depreciation rates approved for the Company.

5. Property Taxes and Other Operating Expenses

Property taxes will be the product of Plant in Service multiplied by the Company's average property tax rate. All other incremental operating expenses will be included as identified. Incremental O&M will at a minimum include a proportional cost for monthly meter reading, billing and mailing.

6. Discount Rate

The Discount Rate will be a weighted rate of long-term debt and common equity. The cost will be equal to and weighted in proportion to those authorized in the Company's most recent rate order. Based on the Company's rate order in Cast No. U-13470 dated **March 12, 2003**, the Discount Rate is equal to **9.74%**.

(Continued on Sheet No. B-70.00)

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(Continued from Sheet No. B-69.00)

**B12 Customer Attachment Program (Contd)**

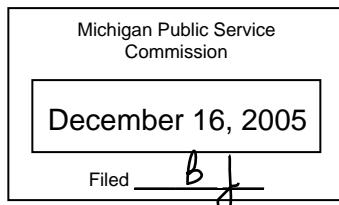
J. Customer Attachment Project Areas

All gas sold in any area specifically listed below is subject to the following Customer Attachment Project (CAP) charges. CAP areas and charges shall be added to or removed from the list from time to time by the Company.

<u>CAP No.</u>	<u>CAP Area</u>	<u>CAP Charge Per Month</u>	<u>Last Billing Month For Surcharge</u>
246	Indian Channel	25.74	October 2009
248	Black Cherry Hills	25.31	August 2007
249	Grey Lake	21.42	January 2006
250	Green Lake	31.13	March 2012
251	E. Labo Road/Lazy Oaks	19.53	December 2008
252	112 <sup>th</sup> Ave. Martin	82.54	June 2006

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SECTION C PART 1  
RULES AND REGULATIONS FOR RESIDENTIAL CUSTOMERS

C1.-C8. RESIDENTIAL STANDARDS AND BILLING PRACTICES

**C1. General Provisions and Definitions**

**C1.1 R 460.2101 Application of rules.**

**Rule 1.** These rules apply to residential utility service that is provided by electric and natural gas utilities that are subject to the jurisdiction of the public service commission.

**C1.2 R 460.2102 Definitions.**

**Rule 2.** As used in these rules:

- (a) "Billing error" means an undercharge or overcharge that is caused by any of the following:
- (i) An incorrect actual meter read.
  - (ii) An incorrect remote meter read.
  - (iii) An incorrect calculation of the applicable rate.
  - (iv) An incorrect connection of the meter.
  - (v) An incorrect application of the rate schedule.
  - (vi) Another similar act or omission by the utility in determining the amount of a customer's bill.

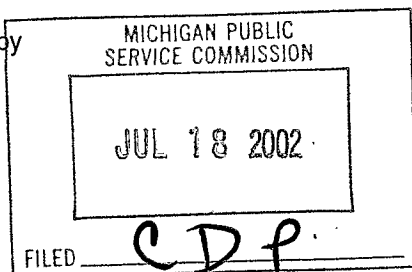
An undercharge or overcharge that is caused by a nonregistering meter, a meter error, or the use of an estimated meter read or a customer read is not a billing error.

- (b) "Billing month" means a utility service consumption period of not less than 25, nor more than 35, days.
- (c) "Charges for tariff service" means the rates for tariff service and other charges authorized by the Commission as an integral part of utility service.
- (d) "Commission" means the Michigan Public Service Commission.

(Continued on Sheet No. C-2.00)

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(Continued From Sheet No. C-1.00)

**C1.2 R 460.2102 Definitions. (Contd)**

- (e) "Complaint" means a matter that requires follow-up action or investigation by the utility or the Commission to resolve the matter.
- (f) "Complaint and information officer" means a member of the Commission Staff who is designated to perform responsibilities in accordance with these rules.
- (g) "Complaint determination" means the written decision of a utility hearing officer with respect to an informal hearing.
- (h) "Customer" means an individual that purchases natural gas or transportation services, or both, on the utility's system for residential purposes.
- (i) "Cycle billing" means a system that renders bills for utility service to various customers on different days of a calendar month.
- (j) "Delinquent account" means any charges for utility service that remains unpaid at least 5 days after the due date.
- (k) "Energy usage" means the consumption of electricity or natural gas.
- (l) "Estimated bill" means a bill for energy usage that is not calculated by employing an actual reading of a meter or other measuring device.
- (m) "Gas cost recovery" means the adjustment in rates that is approved by the Commission to recognize variations in the cost of fuel for electric generation, purchased power, or purchased gas from a base level.
- (n) "In dispute" means that a matter is the subject of an unresolved disagreement, claim, or complaint.
- (o) "Informal appeal" means an appeal of a complaint determination of a utility hearing officer to the Commission Staff.
- (p) "Informal appeal decision" means the written decision of the complaint and information officer with respect to an informal appeal.
- (q) "Inquiry" means a matter that is resolved upon the initial contact between the customer and the utility or the customer and the Commission.

(Continued on Sheet No. C-3.00)

Issued March 13, 2003 by  
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Sr. Vice President  
Omaha, Nebraska

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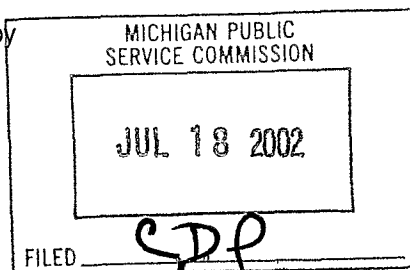
(Continued From Sheet No. C-2.00)

**C1.2 R 460.2102 Definitions. (Contd)**

- (r) "Late payment charge" means a finance, service, carrying, or penalty charge that is assessed by a utility because a balance due on a bill is delinquent.
- (s) "New customer" means a customer who has not received the utility's service within the previous six years.
- (t) "Positive identification information" means a social security number and an identification containing a photograph.
- (u) "Power supply cost recovery" means the adjustment in rates that is approved by the Commission to recognize variations in the cost of purchased power and fuel for electric generation.
- (v) "Previous customer" means a customer who has received the utility's service within the previous six years.
- (w) "Residential service or use" means the provision of or use of electricity or natural gas for residential purposes.
- (x) "Seasonally billed customer" means a customer who is billed on a seasonal basis in accordance with a utility tariff that is approved by the Commission.
- (y) "Settlement agreement" means a written agreement that is entered into by a customer and a utility and that resolves any matter in dispute or provides for the payment of amounts not in dispute over a reasonable period of time.
- (z) "Shutoff of service" means a discontinuance of utility service that is not voluntarily requested by a customer.
- (aa) "Space heating season" means the period between December 1 and March 31.
- (bb) "Termination of service" means a cessation of utility service that is voluntarily requested by a customer.
- (cc) "Transmit" means to convey or dispatch.
- (dd) "Utility" means a person, firm, corporation, cooperative, association, or other agency that is subject to the jurisdiction of the Commission and that distributes and sells electricity or natural gas for residential use.

(Continued on Sheet No. C-4.00)

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(Continued From Sheet No. C-3.00)

**C1.3 R 460.2103 Discrimination prohibited.**

**Rule 3.** A utility shall not discriminate against or penalize a customer for exercising any right granted by these rules.

**C1.5 R 460.2105 Additional rules.**

**Rule 5.** A utility may adopt additional rules governing relations with its customers that are reasonable and necessary and that are not inconsistent with these rules. The utility's rules shall be an integral part of its tariffs and shall be subject to approval by the Commission. If there is a conflict between these rules and a utility's rules or tariffs, these rules govern.

(Continued on Sheet No. C-5.00)

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(Continued From Sheet No. C-4.00)

**C2. BILLING AND PAYMENT STANDARDS**

**C2.11 R 460.2111 Billing frequency; method of delivery**

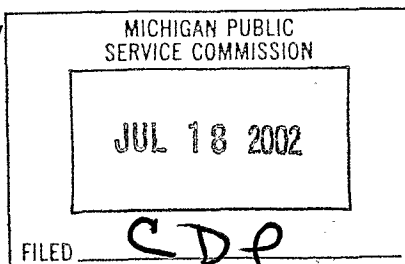
**Rule 11.** A utility shall transmit a bill each billing month to its customers in accordance with approved rate schedules. A utility shall transmit a bill to customers by mail unless the utility and the customer agree in writing to another method of delivery. A utility that is authorized to seasonally bill customers or to use a customer read system shall transmit a bill in accordance with the tariffs approved by the Commission.

**C2.12 R 460.2112 Estimated billing.**

- Rule 12.** (1) A utility may estimate the bill of a residential customer every other billing month. A utility may estimate the bills more or less often upon a finding by the Commission that those procedures assure reasonable billing accuracy. A bill that is rendered on an estimated basis shall be clearly and conspicuously identified as such. A utility shall not render an estimated bill unless the estimating procedures employed by the utility and any substantive changes to those procedures have been approved by the Commission.
- (2) A utility may render estimated bills to seasonally billed customers in accordance with the tariffs approved by the Commission.
- (3) Notwithstanding the provisions of subrule (1) of this rule, a utility may estimate the bill of a customer if extreme weather conditions, emergencies, work stoppages, or other circumstances beyond the control of the utility prevent an actual meter reading.
- (4) If the utility is unable to gain access to read a meter, then the utility shall use reasonable alternative measures to obtain an actual reading, including mailing or leaving postage-paid, pre-addressed postcards upon which the customer may note the reading. If the customer fails to comply with those alternative measures or makes reading the meter unnecessarily difficult, then the utility may transmit an estimated bill notwithstanding the provisions of subrule (1) of this rule. If a utility cannot obtain an actual reading under this subrule, then the utility shall maintain records of the reasons and its efforts to secure an actual reading.

(Continued on Sheet No. C-6.00)

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(Continued From Sheet No. C-5.00)

**C2.13 R 460.2113 Customer meter reading.**

**Rule 13.** A utility shall provide each customer with the opportunity to read and report energy usage as long as the customer reports energy usage on a regular and accurate basis. A utility shall provide postage-paid, pre-addressed postcards for this purpose upon request. At least once every 12 months, a utility shall obtain an actual meter reading of energy usage to verify the accuracy of readings reported in this manner. Notwithstanding the provisions of this Rule, a utility may read meters on a regular basis.

**C2.14 R 460.2114 Equal monthly billing.**

**Rule 14.** A utility may bill a customer under an equal monthly billing program, at the choice of the customer, upon a finding by the Commission that the program assures reasonable billing accuracy. If a customer has a credit balance of more than \$2 at the end of the program year, upon the request of the customer, the utility shall return the credit balance.

**C2.15 R 460.2115 Cycle billing.**

**Rule 15.** A utility may use cycle billing if each customer receives a bill on or about the same day of each billing month. If a utility changes meter reading routes or schedules, it may change billing cycles upon 10 days' written notice to the affected customers.

**C2.16 R 460.2116 Payment of bill.**

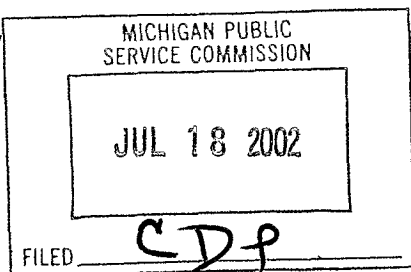
**Rule 16.** A utility shall permit each customer a period of not less than 17 days from the date of rendering the bill was transmitted to pay in full, unless the customer agrees in writing to a different period.

**C2.17 R 460.2117 Payment period.**

**Rule 17.** The date of transmitting a bill is the date the utility mails the bill. For bills that are delivered other than by mail, the date of transmitting a bill is the date that the utility conveys or dispatches the billing information to the customer in accordance with the method of delivery that the customer and the utility agreed to use. If the last day for payments falls on a Sunday, legal holiday, or other day when the offices of the utility regularly used for the payment of customers' bills are not open to the general public, the payment date shall be extended through the next business day.

(Continued on Sheet No. C-7.00)

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(Continued From Sheet No. C-6.00)

**C2.18 R 460.2118 Allowable charges.**

- Rule 18.** (1) Except as otherwise provided by statute, a utility shall bill each customer for the amount of natural gas or electricity consumed and any other approved charges in accordance with the rates and tariffs approved by the Commission.
- (2) A utility may assess a late payment charge that is not more than 2%, not compounded, of the portion of the bill, net of taxes, that is delinquent. A utility shall not assess a late payment charge against a customer who is participating in the Winter Protection Plan described in R 460.2174.

**C2.19 R 460.2119 Bill information.**

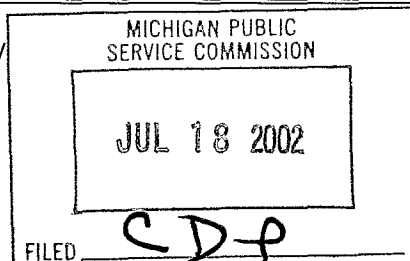
**Rule 19.** A bill that is transmitted by a utility shall state clearly all of the following information:

- (a) The beginning and ending meter readings and dates for the billing period. A utility that is authorized to use a customer read system need not provide this information.
- (b) The units of energy consumed during the billing period and the units of energy consumed during the comparable period the prior year. A utility may comply with the provisions of this subrule by providing a comparison of energy consumed based on average daily use for the billing period. The Commission may exempt a utility from this requirement by order upon a showing by the utility that compliance would be excessively costly or administratively impractical.
- (c) A designation of the rate.
- (d) The due date.
- (e) Any previous balance.
- (f) The amount due for energy usage.
- (g) The amount due for other authorized charges.
- (h) The amount of tax.
- (i) The total amount due.

See (j) through (m) on next page.

(Continued on Sheet No. C-8.00)

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(Continued From Sheet No. C-7.00)

**C2.19 R 460.2119 Bill information. (Contd)**

- (j) The rate schedules, the explanation of rate schedules, and the explanation of how to verify the accuracy of the bill, and an explanation of the fuel clause, if any, are available and will be provided upon request.
- (k) That the customer should make any inquiry or complaint about the bill before the due date.
- (l) The address and telephone number of the utility at which the customer may initiate any inquiry or complaint regarding the bill or the service provided by the utility.
- (m) That the utility is regulated by the Michigan Public Service Commission, Lansing, Michigan.

**C2.20 R 460.2120 Separate bills.**

- Rule 20.** (1) A utility shall transmit a separate bill in conformity with the provisions of R 460.2119 for service provided at each location and shall not combine two or more accounts without written authorization of the customer.
- (2) Notwithstanding the provisions of subrule (1) of this rule, if there is shutoff or termination of service at a separate residential metering point, residence, or location in accordance with these rules, then a utility may transfer an unpaid balance to any other residential service account of the customer.

**C2.21 R 460.2121 Billing for non-tariff services.**

- Rule 21.** A utility may include charges for non-tariff services together with charges for tariff service on the same monthly bill if the charges for non-tariff services are designated clearly and separately from the charges for tariff service. If partial payment is made, the utility shall first credit payment to the balance outstanding for tariff service.

**C2.22 R 460.2122 Listing of energy assistance programs.**

- Rule 22.** The Commission shall provide, to all utilities, a listing of all federal and state energy assistance programs and the eligibility requirements.

(Continued on Sheet No. C-9.00)

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(Continued From Sheet No. C-8.00)

**C2.23 R 460.2123 Notice of energy assistance programs.**

- Rule 23.** (1) A utility shall annually inform each customer of all of the following information:
- (a) The federal and state energy assistance programs that are available and the eligibility requirements of the programs, as provided to the utility by the Commission.
  - (b) The Winter Protection Plan described in the provisions of R 460.2174.
  - (c) The medical emergency provisions of R 460.2153.
- (2) The utility shall provide the information required by the provisions of subrule (1) of this Rule as an explanation on the customer's bill, a bill insert, or other transmittal. If the utility does not print an explanation on the customer's bill, then the utility shall, on the customer's bill, direct the customer to the bill insert or other transmittal.

**C2.24 R 460.2124 Additional energy assistance programs.**

**Rule 24.** As further information regarding energy assistance programs becomes available, the Commission shall provide that information to all utilities. Within sixty days of receiving the information, the utility shall:

- (1) Provide further information regarding new eligibility requirements for energy assistance programs to all of its customers.
- (2) Provide further information regarding new benefit levels for energy assistance programs to customers currently enrolled in the programs.

**C2.25 R 460.2125 Billing error.**

**Rule 25.** (1) If a utility overcharges a customer due to a billing error, the utility shall refund or credit the amount of the overcharge. A utility is not required to adjust, refund, or credit an overcharge for more than the 3 years immediately preceding discovery of the billing error, unless the customer is able to establish an earlier date for commencement of the error.

See Subrules (2) and (3) on next page.

(Continued on Sheet No. C-10.00)

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(Continued From Sheet No. C-9.00)

**C2.25 R 460.2125 Billing error. (Contd)**

- (2) If a utility undercharges a customer, the following provisions apply:
  - (a) In cases that involve meter tampering or fraud, the utility may backbill the customer for the amount of the undercharge.
  - (b) In cases that do not involve meter tampering or fraud, the utility may backbill the customer for the amount of the undercharge during the 12-month period immediately preceding discovery of the error, and the utility shall offer the customer reasonable payment arrangements for the amount of the backbill, taking into account the period of the undercharge.
- (3) Overcharges and undercharges due to gas meter errors and electric meter errors shall be reconciled in accordance with the provisions of R 460.2364 of the technical standards for gas service and the provisions of R 460.3403 of the regulations governing service supplied by electric utilities, respectively.

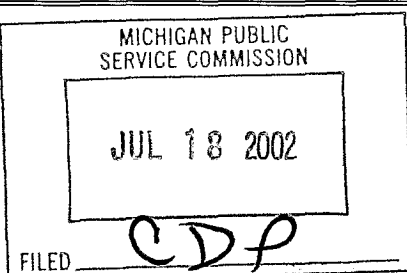
**C3. DEPOSITS AND GUARANTEES**

**C3.31 R 460.2131 Deposit for new customer.**

- Rule 31.** (1) A utility may require a deposit as a condition of providing service to a new customer due to any of the following provisions:
- (a) The applicant has a delinquent bill with any electrical or gas provider, that accrued within the last six years, and that, at the time of the request for service, remains unpaid and is not in dispute.
  - (b) The applicant misrepresents his or her identity or credit standing.
  - (c) The applicant fails to provide complete positive identification information upon request at the time of applying for new service, to the extent a request for such information is not barred by R 460.2133(3).
  - (d) The applicant, in an unauthorized manner, used, diverted, or interfered with the service of the utility situated or delivered on or about the applicant's premises within the last six years, if the finding of unauthorized use, diversion, or interference is made after notice and an opportunity for a hearing under these rules.
  - (e) The applicant requests service for a location at which he or she does not reside.

(Continued on Sheet No. C-11.00)

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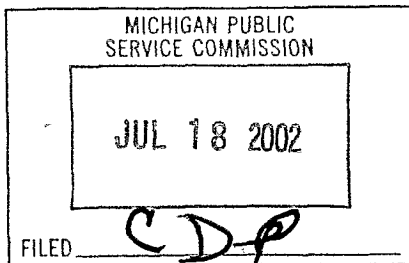
(Continued From Sheet No. C-10.00)

**C3.31 R 460.2131 Deposit for new customer. (Contd)**

- (f) The applicant was a household member during a period in which all or part of a delinquent service account was accrued by another household member who currently resides with the applicant, if, at the time of the request for service, the account remains unpaid and is not in dispute.
  - (g) The applicant is unable to provide prior utility service history information with any regulated or unregulated utility in Michigan or elsewhere during the last six years and has an unfavorable commercial credit rating caused by three or more delinquent payments of more than sixty days in the last two years.
  - (h) A receiver has been appointed in a court proceeding within the last six years.
  - (i) As allowed by federal bankruptcy law, the applicant has sought relief under federal bankruptcy laws within the last six years.
- (2) A utility shall not require a deposit as a condition of providing service to a new customer if any of the following provisions apply:
- (a) The Family Independence Agency is responsible for making monthly payments to a utility on behalf of the applicant.
  - (b) The applicant secures a guarantor who is a customer in good standing with the utility.
  - (c) None of the conditions described in Subrule (1) of this rule applies to the applicant.
  - (d) The applicant is over 65 years of age and has no negative credit history with any gas or electric provider.

(Continued on Sheet No. C-12.00)

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(Continued From Sheet No. C-11.00)

**C3.32 R 460.2132 Deposit for previous customer or continued service.**

- Rule 32. (1)** A utility may require a deposit as a condition of providing or restoring service to a previous customer or continuing service to a current customer if the customer has an unsatisfactory credit standing with the utility due to any of the following:
- (a) The customer or applicant has a prior service account that is delinquent, that accrued within the last six years, and that, at the time of the request for service, remains unpaid and is not in dispute, or if litigation was required to obtain full payment of a utility account that was not in dispute.
  - (b) The customer or applicant misrepresents his or her identity or credit standing.
  - (c) The customer or applicant fails to provide complete positive identification information upon request at the time of applying for service, to the extent that a request for such information is not barred by R 460.2133(3).
  - (d) The customer or applicant, in an unauthorized manner, used, diverted, or interfered with the service of the utility situated or delivered on or about the customer's or applicant's premises within the last six years, if the finding of unauthorized use, diversion, or interference is made after notice and an opportunity for a hearing under these Rules and is not in dispute.
  - (e) The utility has shut off service to the customer for nonpayment of a delinquent account that is not in dispute.
  - (f) The utility has had 1 or more checks for the customer's account returned from a bank within the last 12 months for insufficient funds or no account, excluding bank error.
  - (g) A receiver has been appointed in a court proceeding within the last six years.
  - (h) As allowed by federal bankruptcy law, the applicant has sought relief under federal bankruptcy laws within the last six years.

See Subrule (2) on next page.

(Continued on Sheet No. C-13.00)

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(Continued From Sheet No. C-12.00)

**C3.32 R 460.2132 Deposit for previous customer or continued service. (Contd)**

- (2) A utility shall not require a deposit as a condition of providing or restoring service to a previous customer or continuing service to a current customer if one of the following provisions applies:
- (a) The Family Independence Agency is responsible for making monthly payments to a utility on behalf of the applicant.
  - (b) The customer or applicant secures a guarantor who is a customer in good standing with the utility.
  - (c) The customer or applicant has none of the conditions described in Subrule (1) of this rule.
  - (d) The applicant is over 65 years of age and has no negative credit history with any gas or electric provider.

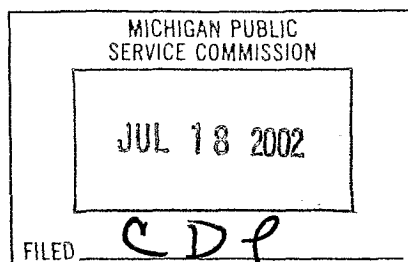
**C3.33 R 460.2133 Prohibited practices.**

**Rule 33.** (1) A utility shall not require a deposit or other guarantee as a condition of new or continued utility service based upon any of the following:

- (a) Commercial credit standards, if the customer or applicant has prior utility service credit history with any electric or gas provider in Michigan or elsewhere during the previous six years.
- (b) Income.
- (c) Home ownership.
- (d) Residential Location.
- (e) Race.
- (f) Color.
- (g) Creed.
- (h) Sex.
- (i) Age.

(Continued on Sheet No. C-14.00)

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(Continued From Sheet No. C-13.00)

**C3.33 R 460.2133 Prohibited practices. (Contd)**

- (j) National origin.
- (k) Any other criteria not authorized by these Rules.
- (2) A utility shall not attempt to recover from any person any outstanding bills or other charges due upon the account of any other person, unless that other person has entered into a lawful guarantee or other agreement to pay those bills and charges.
- (3) A utility shall not require a customer or applicant who has prior utility service history with any electric or gas provider in Michigan or elsewhere during the previous six years to provide the utility with his or her social security number as a condition of obtaining or continuing a utility service.

**C3.34 R 460.2134 General deposit conditions.**

- Rule 34.** (1) (a) A deposit that is required under these rules due to a prior outstanding account that is not in dispute or a shutoff for nonpayment shall not be more than twice the average peak season monthly bill for the premises or twice the utility's system average peak season monthly bill for residential service if consumption history for the premises is unavailable. The utility may also require payment of the delinquent account as a condition of providing or continuing service if the prior account is in the customer's or applicant's name, is delinquent and owed to the utility, and accrued within the last six years.
- (b) A deposit that is required as a condition of providing, restoring, or continuing service due to unauthorized use, diversion, or interference shall not be more than four times the average peak season monthly bill for the premises or four times the utility's system average peak season monthly bill for residential service if consumption history for the premises is unavailable. The utility may also require payment of the delinquent account as a condition of providing or continuing service if the prior account is in the customer's or applicant's name, is delinquent and owed to the utility, and accrued within the last six years.

See Subrule (2) on next page.

(Continued on Sheet No. C-15.00)

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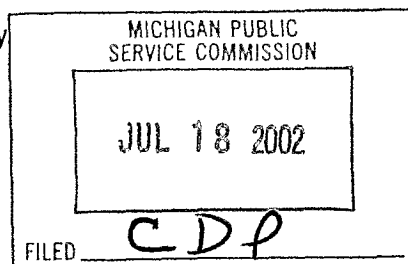
**C3.34 R 460.2134 General deposit conditions. (Contd)**

- (2) Unless the applicant misrepresents his or her identity or credit standing or fails to provide positive identification, if requested, at the time of applying for service, the utility shall, within 30 days after the applicant applies, decide whether to require a deposit.
- (3) Except in the case of unauthorized use, diversion, or interference, if the utility shuts off service for nonpayment, then the utility shall not require a deposit as a condition of restoring service unless the utility offered the customer, prior to shutoff for nonpayment, the opportunity to enter into a settlement agreement as provided in Part 6 of these rules.
- (4) A utility shall pay interest at the rate of 9% per annum on all deposits. A utility shall credit interest semiannually to the service account of the customer or pay it upon the return of the deposit, whichever occurs first.
- (5) The customer's credit shall be established and the utility shall return the deposit and accrued interest upon satisfactory payment by the customer of all proper charges for utility service for a period of 12 consecutive months. A utility may retain the deposit because of unauthorized use, diversion, or interference for a period of 24 months and shall refund the deposit upon satisfactory payment of the final 12 months' charges.
- (6) For purposes of this rule, payment is satisfactory if it is made before the issuance of the notice of shutoff of service for nonpayment that is not in dispute or within 3 days after the issuance of the next succeeding monthly bill, whichever is sooner.
- (7) If the utility has not already returned the deposit, the utility shall credit the deposit, with accrued interest, to the final bill. A utility may apply the deposit against an existing arrearage that is not in dispute. The utility shall promptly return the balance to the customer.

See Subrule (8) on next page.

(Continued on Sheet No. C-16.00)

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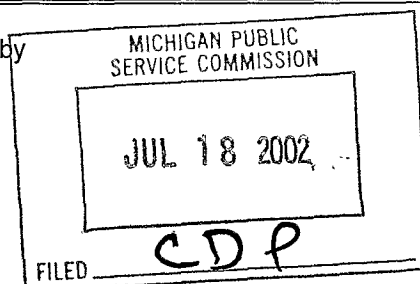
**C3.34 R 460.2134 General deposit conditions. (Contd)**

- (8) A utility shall maintain a detailed record of all deposits received from customers. The record shall show all of the following information:
- (a) The name of the residential customer.
  - (b) The location of the premises occupied by the customer at the time of making the deposit and each successive location while the deposit is retained.
  - (c) The date the customer made the deposit and the amount.
  - (d) The dates the utility paid interest and the amounts.
- (9) If a customer makes a deposit, then the utility shall provide, in writing, a receipt that contains all of the following information:
- (a) Name of customer.
  - (b) Place of payment.
  - (c) Date of payment.
  - (d) Amount of payment.
  - (e) Identifiable name and signature of the utility employee who receives the deposit.
  - (f) The terms and conditions governing the receipt, retention, and return of the deposit.
- (10) A utility shall provide a means by which a customer who is entitled to the return of his or her deposit is not deprived of the deposit even though he or she may be unable to produce the original receipt for the deposit.
- (11) A utility shall apply deposit standards uniformly to all customers.

See Subrule (12) on next page.

(Continued on Sheet No. C-17.00)

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**C3.34 R 460.2134 General deposit conditions. (Contd)**

- (12) For purposes of this rule, both of the following provisions apply:
- (a) The premises's average peak season monthly bill is defined as the highest five consecutive month period of consumption at the premises within the previous 12 month period, divided by five, priced at current rates.
  - (b) The utility's system average peak season monthly bill is defined as the average peak season monthly bill computed for all residential premises on the utility's system.

**C3.35 R 460.2135 Uncollectibles allowance recovery fund.**

- Rule 35.** (1) A utility shall establish and administer an uncollectibles allowance recovery fund.
- (2) A utility shall annually deposit into its uncollectibles allowance recovery fund the difference between the uncollectibles provision as recorded on the utility's financial records for 1999 less the provision as recorded on the utility's financial records in each subsequent fiscal year.
- (3) A utility shall annually disburse the funds placed into its uncollectibles allowance recovery fund according to the following formula:
- (a) Twenty-five percent (25%) shall be retained by the utility.
  - (b) Seventy-five percent (75%) shall be contributed to the Michigan Clean Air Fund of the Department of Environmental Quality for use in programs or projects established to reduce oxides of nitrogen and volatile organic compounds.

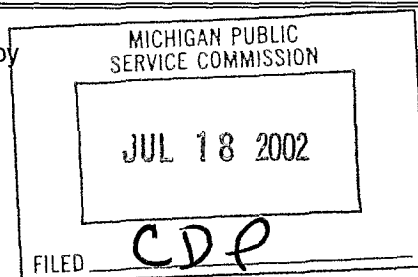
**C3.36 R 460.2136 Guarantee terms and conditions.**

- Rule 36.** (1) A guarantee that is accepted in accordance with these rules shall be in writing and shall be in effect for not more than 12 months. The written guarantee shall state all of the terms of the guarantee and the maximum amount guaranteed. The utility shall not hold the guarantor liable for a greater amount, unless agreed to in a separate written guarantee.

See Subrule (2) on next page.

(Continued on Sheet No. C-18.00)

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**C3.36 R 460.2136 Guarantee terms and conditions. (Continued)**

- (2) The customer's credit shall be established and the utility shall release the guarantor upon satisfactory payment by the customer of all proper charges for utility service for a period of 12 consecutive months, unless the guarantee was required due to unauthorized use, diversion, or interference.
- (3) A utility may retain a guarantee resulting from unauthorized use, diversion, or interference for 24 months and shall release the guarantor upon satisfactory payment of the final 12 months' charges.
- (4) For purposes of this rule, payment is satisfactory if it is made before the issuance of a notice of shutoff of service for nonpayment that is not in dispute or within three days after the issuance of the next succeeding monthly bill, whichever is sooner.
- (5) A utility may withhold the release of a guarantor pending the resolution of a shutoff for nonpayment that is in dispute in accordance with these rules.

**C4. UTILITY PROCEDURES**

**C4.41 R 460.2141 Applicability.**

**Rule 41.** These procedures apply to all customer inquiries, service requests, and complaints that are made to a utility regarding residential utility service and charges.

**C4.42 R 460.2142 Complaint procedures.**

- Rule 42.** (1) A utility shall establish procedures that will ensure the prompt, efficient, and thorough receipt, investigation, and, where possible, resolution of all customer inquiries, service requests, and complaints.
- (2) A utility shall obtain Commission's approval of any substantive changes in its procedures.

(Continued on Sheet No. C-19.00)

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**C4.43 R 460.2143 Personnel procedures.**

**Rule 43.** A utility shall establish personnel procedures that, at a minimum, ensure all of the following:

- (a) That qualified personnel are available and prepared at all times during normal business hours to receive and respond to all customer inquiries, service requests, and complaints. A utility shall make the necessary arrangements to ensure that customers who are unable to communicate in the English language receive prompt and effective assistance.
- (b) That qualified personnel who are responsible for, and authorized to enter into, written settlement agreements on behalf of the utility are available at all times during normal business hours to respond to customer inquiries and complaints.
- (c) That qualified personnel are available at all times to receive and respond to customer contacts regarding any shutoff of service and emergency conditions that occur within the utility's service area.
- (d) That the names, addresses, and telephone numbers of personnel who are designated and authorized to receive and respond to the requests and directives of the Commission regarding customer inquiries, service requests, and complaints are current and on file with the Commission.

**C4.44 R 460.2144 Utility hearing officers.**

- Rule 44.**
- (1) A utility shall employ or contract with competent utility hearing officers, who shall be notaries public and qualified to administer oaths, and other supporting personnel as necessary to comply with the provisions of Part 6 of these rules.
  - (2) Utility hearing officers who are employed or contracted to comply with the provisions of Part 6 of these Rules shall not engage in any other activities for or on behalf of the utility.
  - (3) Utility hearing officers and utility hearing procedures shall be subject to investigation and review by the Commission to ensure the impartiality and integrity of the hearing process.

(Continued on Sheet No. C-20.00)

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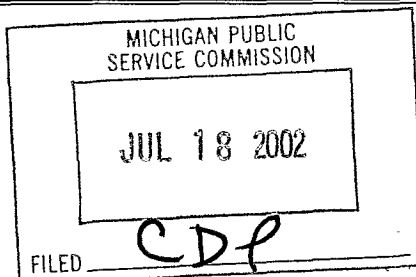
(Continued From Sheet No. C-19.00)

**C4.45 R 460.2145 Publication of procedures**

- Rule 45.** (1) A utility shall prepare a pamphlet that, in easily understood terms, summarizes the rights and responsibilities of its customers in accordance with these rules and other applicable provisions of statutes, rules, and tariffs.
- (2) A utility shall display the pamphlet prominently and make it available at all utility office locations open to the general public. A utility shall transmit or mail the pamphlet to each new customer upon the commencement of service and shall make it available at all times upon request. Where substantial revisions to or new information required by the provisions of subrule (3) of this rule occur, the utility shall provide the changes to all current customers by a bill insert, revised pamphlet, or a publication that is transmitted to all customers, with a copy to the Commission. The form of this transmittal shall be at the discretion of the utility.
- (3) The pamphlet shall contain all of the following information:
- (a) Billing procedures and estimation standards.
  - (b) Methods for customers to verify billing accuracy.
  - (c) An explanation of the power supply cost recovery or gas cost recovery program.
  - (d) Customer payment standards and procedures.
  - (e) Security deposit and guarantee standards.
  - (f) Shutoff and restoration of service.
  - (g) Inquiry, service, and complaint procedures.
- (4) Each pamphlet shall indicate conspicuously that the pamphlet is provided in accordance with the rules of the Commission.

(Continued on Sheet No. C-21.00)

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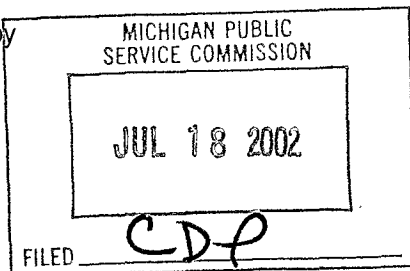
**C4.46 R 460.2146 Access to rules and rates.**

- Rule 46.** (1) A utility, except for a rural electric cooperative, shall provide to each customer, within 60 days of commencing service, within 60 days after issuance of a new rate case order, and at least once each year, the following information:
- (a) A clear and concise explanation of all rates for which that customer may be eligible.
  - (b) A notice that complete rate schedules are available upon request.
  - (c) A notice of the availability of Company assistance in determining the most appropriate rate if the customer is eligible to receive service under more than one rate.
- (2) A rural electric cooperative shall provide to each customer, at least annually, the following information:
- (a) A notice that complete rate schedules are available upon request.
  - (b) A notice that a clear and concise explanation of all rates for which that customer may be eligible is available upon request.
  - (c) A notice of the availability of Company assistance in determining the most appropriate rate if the customer is eligible to receive service under more than one rate.
- (3) A utility, except for a rural electric cooperative, shall provide to each customer, within 60 days after the utility has filed a general rate case application with the Commission, the following information:
- (a) A notice that the utility has requested that the Commission change its rates.
  - (b) A notice that copies of the utility's application are available for inspection at all offices of the utility.
  - (c) A notice that an explanation of the proposed changes to the utility's rates is available from the utility upon request.

See Subrule (4) on next page.

(Continued on Sheet No. C-22.00)

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**C4.46 R 460.2146 Access to rules and rates. (Contd)**

- (4) A rural electric cooperative shall provide to each customer, within a reasonable time after it has filed a general rate case application or a times interest earned ratio ratemaking application, the following information:
  - (a) A notice that the cooperative has requested that the Commission change its rates.
  - (b) A notice that copies of the cooperative's application are available for inspection at all offices of the cooperative.
  - (c) A notice that an explanation of the proposed changes to the cooperative's rates is available from the cooperative upon request.
- (5) A utility, including a rural electric cooperative, shall provide the notice required by the provisions of this rule either through a publication that is transmitted to each of its customers or by a bill insert.
- (6) A utility shall keep on file, at all offices of the utility, and shall provide public access to, all of the following documents:
  - (a) A copy of these rules.
  - (b) A copy of all other rules of the utility as filed with the Commission regarding customer service.
  - (c) Schedules of all residential rates and charges.
  - (d) Proposed rate schedules.
  - (e) Clear and concise explanations of both existing and proposed rate schedules.
  - (f) An explanation of its power supply cost recovery or gas cost recovery program.
- (7) A utility shall post suitable signs in conspicuous locations at all bill payment offices that are operated by the utility calling attention to the fact that the rules, regulations, rate schedules, proposed rate schedules, explanations of rate schedules, and explanations of proposed rate schedules are on file and available for inspection. Upon request, a utility shall provide 1 copy of these rules, explanations, or schedules to a customer without charge.

(Continued on Sheet No. C-23.00)

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**C4.47 R 460.2147 Reporting requirements.**

**Rule 47.** Upon request, a utility shall file, with the Commission, a report that contains detailed information concerning all of the following:

- (a) The payment performance of its customers in relation to established due and payable periods.
- (b) The number and general description of all complaints registered with the utility.
- (c) The number of shutoff notices issued by the utility and the reasons for the notices.
- (d) The number of hearings held by the utility, the types of disputes involved, and the number of complaint determinations issued.
- (e) The number of written settlement agreements entered into by the utility.
- (f) The number of shutoffs of service and the number of reconnections.

**C4.48 R 460.2148 Inspection.**

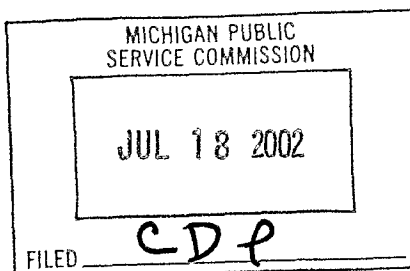
**Rule 48.** A utility shall permit authorized Staff of the Commission to inspect all of the utility's operations that relate to customer service.

**C4.49 R 460.2149 Customer access to consumption data.**

**Rule 49.** A utility shall provide to each customer, upon request, a clear and concise statement of the customer's actual energy usage, or degree-day adjusted energy usage, for each billing period during the last 12 months unless that data is not reasonably ascertainable by the utility. A utility shall notify its customers at least once each year that a customer may request consumption data.

(Continued on Sheet No. C-24.00)

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**C4.50 R 460.2150 Application for service.**

- Rule 50.** (1) Unless the applicant has had one or more shutoffs, a utility shall not require other adults who will be residing at the premises for which service is requested to sign an application for service. A utility shall permit more than 1 name on the application if requested by the customer.
- (2) If the applicant is renting the premises for which service is requested, a utility may require proof that the applicant is a tenant. Written or oral confirmation by the manager, landlord, or owner of the property or a copy of the lease submitted by the manager, landlord, or owner of the property is sufficient proof.

**C5. PHYSICAL SHUTOFF OF SERVICE**

**C5.51 R 460.2151 Time of shutoff.**

- Rule 51.** (1) Subject to the requirements of these Rules, a utility may shut off service to a customer on the date specified in the notice of shutoff or at a reasonable time following that date. If a utility does not shut off service and mails a subsequent notice, then the utility shall not shut off service before the date specified in the subsequent notice. Shutoff shall occur only between the hours of 8 a.m. and 4 p.m.
- (2) A utility shall not shut off service on a day, or a day immediately preceding a day, when the services of the utility are not available to the general public for the purpose of restoring service and shall not shut off service on a Friday during the space heating season to a customer who has defaulted on the Winter Protection Plan as defined in these rules.
- (3) A utility shall not shut off service for an amount that is in dispute while a customer is awaiting the resolution of a complaint with the Commission or the utility in accordance with these rules.

(Continued on Sheet No. C-25.00)

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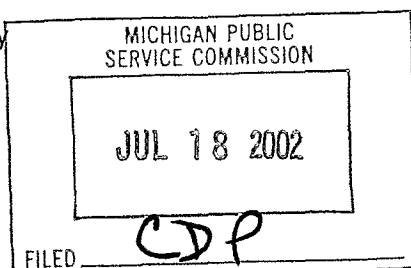
**C5.52 R 460.2152 Manner of shutoff.**

- Rule 52.** (1) At least one day preceding shutoff of service, the utility shall make not less than two attempts to contact the customer by telephone if a telephone number is accessible to the utility to advise the customer of the pending action and what steps the customer must take to avoid shut off. The utility shall either document all attempts to contact the customer or shall document that automated procedures are in place that will make at least two attempts to contact the customer by telephone.
- (2) Immediately preceding the shutoff of service, an employee of the utility who is designated to perform that function shall identify himself or herself to the customer or another responsible person at the premises and shall announce the purpose of his or her presence.
- (3) The employee shall have in his or her possession a copy of the delinquent account of the customer and request any available verification that the outstanding claims have been satisfied or are currently in dispute. Unless the customer presents evidence that reasonably indicates that the claim has been satisfied or is currently in dispute, the employee may shut off service.
- (4) The employee may be authorized to accept payment and shall not shut off service if the customer offers payment in full, together with a reasonable charge for sending the employee to the premises, if provided in the utility's schedule of rates and tariffs.
- (5) The customer may pay in any reasonable manner, including personal check. Payment by personal check is not reasonable if the customer has paid with a personal check within the last twelve months and the check has been returned for insufficient funds or no account, excluding bank error.
- (6) If the customer or another responsible person is not at the premises and the utility has not made the prior telephone contact provided in subrule (1) of this rule, the employee shall leave notice, in a manner that is conspicuous to the customer, that service will be shut off on or after the next business day unless the customer satisfies the outstanding claims. If the customer or another responsible person is not at the premises and the utility has made prior telephone contact with the customer or another responsible person, the employee may shut off service immediately.

See Subrule (7) on next page.

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**C5.52 R 460.2152 Manner of shutoff. (Contd)**

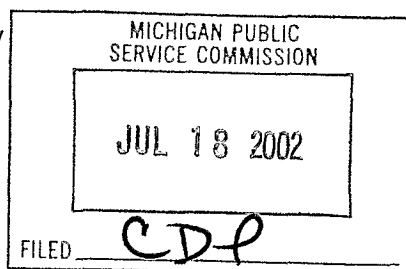
- (7) If the customer or another responsible person is not at the premises upon the return of the employee, or upon the first visit if the customer or another responsible person does not respond when it reasonably appears that he or she is at the premises, the employee may shut off service.
- (8) When the employee shuts off service, the employee shall leave a notice in a conspicuous place upon the premises. The notice shall state that service has been shut off, the address and telephone number of the utility where the customer may arrange to have service restored, and, for all forms printed after the effective date of these Rules, that efforts by the customer to restore his or her own service are unlawful and dangerous.

**C5.53 R 460.2153 Medical emergency.**

**Rule 53.** Notwithstanding any other provision of these rules, a utility shall postpone the shut off of service for a reasonable time, but not for more than 21 days, if the customer produces a physician's certificate or notice from a public health or social services official stating that the shutoff of service will aggravate an existing medical emergency of the customer, a member of his or her family, or another permanent resident of the premises. The certificate shall identify the medical emergency and specify the period of time during which shutoff will aggravate the emergency. The utility shall extend the postponement for further periods of not more than 21 days, not to exceed a total postponement of shutoff of service of 63 days, only if the customer produces a physician's certificate. If shutoff of service has occurred without any postponement being obtained, the utility shall restore service for a reasonable time, but not for more than 21 days, and shall continue the restoration for further periods of not more than 21 days, not to exceed a total restoration of service of 63 days, only upon the customer providing a physician's certificate.

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**C5.54 R 460.2154 Restoration of service.**

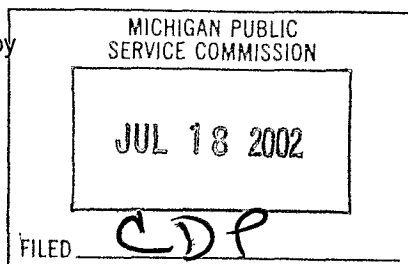
- Rule 54.** (1) After a utility has shut off service, it shall restore service promptly upon the customer's request when the cause has been cured or credit arrangements satisfactory to the utility have been made.
- (2) When a utility shuts off service at the customer's meter, the utility shall make every effort to restore service on the day the customer requests restoration. Except for reasons beyond its control, the utility shall restore service not later than the first working day after the customer's request.
- (3) The utility may assess the customer a charge, including reasonable costs, for restoring service and relocating the customer's meter as specified in the utility's approved schedule of rates and tariffs.

**C5.55 R 460.2155 Charges for meter relocation.**

- Rule 55.** A utility may assess a meter relocation charge pursuant to the provisions of R 460.2154(3) in any of the following situations:
- (a) The utility shut off service by disconnection at the street or pole because the utility could not obtain access to the meter.
- (b) The utility shut off service for nonpayment on two prior occasions.
- (c) The customer or another responsible adult refused to permit the utility access to the meter on five separate occasions and all of the following provisions apply:
- (i) The utility can produce documentation of written requests for access.
- (ii) The utility determines that the account is three or more months in arrears and is not in dispute.
- (iii) The utility has employed reasonable efforts to secure access to the meter.
- (d) The utility shut off service due to unauthorized use, diversion, or interference, or the customer acknowledges personal responsibility and the utility bills him or her for unauthorized use, diversion, or interference.

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**C6. PROCEDURES FOR SHUTOFF OR TERMINATION OF SERVICE**

**C6.61 R 460.2161 Shutoff permitted.**

**Rule 61.** Subject to the requirements of these rules, a utility may shut off or terminate service to a residential customer for any of the following reasons:

- (a) The customer has not paid a delinquent account that accrued within the last six years.
- (b) The customer has failed to provide a deposit or guarantee permitted by these rules.
- (c) The customer or others have caused the unauthorized use, diversion, or interference with the utility service situated or delivered on or about the customer's premises.
- (d) The customer has failed to comply with the terms and conditions of a settlement agreement.
- (e) The customer has refused to arrange access at reasonable times for purpose of inspection, meter reading, maintenance, or the replacement of equipment that is installed upon the premises.
- (f) The customer has misrepresented his or her identity for the purpose of obtaining utility service.
- (g) The customer has violated any rules of the utility approved by the Commission so as to adversely affect the safety of the customer or other persons or the integrity of the utility system.
- (h) A current member of the customer's household has not paid a delinquent account for service that is not in dispute and that is owed by that person, if the customer lived at the same residence served by the utility at the time that all or part of the debt was incurred by the current member of the customer's household. This subdivision shall not apply if the utility holds a deposit pursuant to the provisions of R 460.2131(1)(E).
- (i) The customer has requested the termination of service. The utility shall make reasonable efforts to determine that the customer of record has authorized the termination of service.

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**C6.62 R 460.2162 Shutoff prohibited.**

**Rule 62.** A utility shall not shut off service for any of the following reasons:

- (a) The customer has not paid for items, such as merchandise, appliances, or services, that are not approved by the Commission as an integral part of the utility service that is provided by the utility.
- (b) The customer has not paid for concurrent service received at a separate metering point, residence, or location.
- (c) The customer has not paid for a different class of service received at the same or a different location. The placing of more than one meter at the same location for the purpose of billing the usage of specific residential energy-using devices under optional rate schedules or provisions is not a different class of service for the purposes of this rule.
- (d) The customer, such as a landlord, has not paid for service used by another person, such as a tenant. A utility may shut off service, however, in any of the following circumstances:
  - (i) If the customer supplies a written statement under oath that the premises are unoccupied.
  - (ii) If the premises are occupied and the occupant agrees, in writing, to the shutoff of service.
  - (iii) If it is not feasible to provide service to the occupant as a customer without a major revision of existing distribution facilities. Where it is feasible to provide service, the utility, after providing notice as required in these rules, shall offer the occupant the opportunity to subscribe for service in his or her own name. If the occupant refuses, the utility may shut off service pursuant to these rules.

(Continued on Sheet No. C-30.00)

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**C6.63 R 460.2163 Notice of shutoff.**

- Rule 63.** (1) A utility shall not shut off service pursuant to the provisions of R 460.2161 unless it transmits a written notice, by first-class mail, to the customer or personally serves the notice not less than 10 days before the date of the proposed shutoff. The utility shall send notice to the account name and address and to the address where service is provided if the service address is different and the transmittal can be delivered at that address. A utility shall maintain a record of the date of transmittal.
- (2) A utility shall permit a customer to designate a consenting individual or agency to receive a copy of a notice of shutoff.
- (3) Not less than 30 days before the proposed shutoff of service to a single-metered dwelling that is used as a residence for 5 or more families, a utility shall transmit a notice to each dwelling unit that indicates that the customer of record, the landlord, has failed to pay an outstanding bill and is subject to shutoff of service on or after a specified date.

(Continued on Sheet No. C-31.00)

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**C6.64 R 460.2164 Form of notice.**

**Rule 64.** A notice of shutoff of service shall contain all of the following information:

- (a) The name and address of the customer and, if available, the address at which service is provided, if different.
- (b) A clear and concise reason for the proposed shutoff of service.
- (c) The date on or after which the utility may shut off service, unless the customer takes appropriate action.
- (d) That the customer has the right to enter into a settlement agreement with the utility if the claim is for an amount that is not in dispute and the customer is presently unable to pay in full.
- (e) That the customer has the right to file a complaint disputing the claim of the utility before the proposed date of the shutoff of service.
- (f) That the customer has the right to request a hearing before a utility hearing officer if the complaint cannot be otherwise resolved and that the customer must pay to the utility that portion of the bill that is not in dispute within three days of the date that the customer requested a hearing.
- (g) That the customer has the right to represent himself or herself, to be represented by counsel, or to be assisted by other persons of his or her choice in the complaint process.
- (h) That the utility will not shut off service pending the resolution of a complaint that is filed with the utility in accordance with these rules.
- (i) The telephone number and address of the utility where the customer may make inquiry, enter into a settlement agreement, or file a complaint.
- (j) That the customer should contact a social services agency immediately if the customer believes he or she might be eligible for emergency economic assistance.
- (k) That the utility will postpone the shutoff of service if a medical emergency exists at the customer's residence.

(Continued on Sheet No. C-32.00)

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Omaha, Nebraska

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(Continued From Sheet No. C-31.00)

**C6.64 R 460.2164 Form of notice. (Continued)**

- (l) That the utility may require a deposit and restoration charge if the utility shuts off service for nonpayment of a delinquent account.
- (m) That the customer should contact the utility for information about the Winter Protection Plan if the date on or after which shutoff of service may occur is between November 15 and March 31.

**C6.65 R 460.2165 Disputed claim.**

- Rule 65.**
- (1) If a customer advises a utility, before the date of the proposed shutoff of service, that all or part of a bill is in dispute, then the utility shall do all of the following:
    - (a) Immediately record the date, time, and place the customer made the complaint and transmit verification to the customer.
    - (b) Investigate the dispute promptly and completely.
    - (c) Advise the customer of the results of the investigation.
    - (d) Attempt to resolve the dispute informally in a manner that is satisfactory to both parties.
    - (e) Provide the opportunity for the customer to settle the disputed claim or to satisfy any liability that is not in dispute.
  - (2) A customer may advise a utility that a claim is in dispute in any reasonable manner, such as by written notice, in person, or by a telephone call directed to the utility.
  - (3) A utility, in attempting to resolve the dispute, may employ telephone communication, personal meetings, on site visits, or any other technique that is reasonably conducive to dispute settlement.

(Continued on Sheet No. C-33.00)

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(Continued From Sheet No. C-32.00)

**C6.66 R 460.2166 Hearing.**

**Rule 66.** If the parties are unable to resolve the dispute, the utility shall offer the customer the opportunity for a hearing before a utility hearing officer. If the customer fails to request a hearing within three days of the date that the opportunity for hearing is offered, or if the customer fails to pay the part of the bill that is not in dispute within three days of the date that he or she requests the hearing, the utility may exercise its right to shut off service pursuant to these rules.

**C6.67 R 460.2167 Payment of amount not in dispute.**

- Rule 67.**
- (1) If a customer requests a hearing before a utility hearing officer, the customer shall cooperate in the utility's investigation of the complaint and shall pay to the utility the part of the bill that is not in dispute.
  - (2) The amount that is not in dispute shall be mutually determined by the parties. The parties shall consider the customer's prior consumption history, weather variations, the nature of the dispute, and any other pertinent factors.
  - (3) If the parties are unable to mutually determine the amount that is not in dispute, the customer shall pay, to the utility, 50% of the bill in dispute, but not more than \$100.00 per billing period. If the bill in dispute includes usage that has not been previously billed, such as a backbilling, the customer shall pay, to the utility, the amount that is not in dispute for usage not previously billed or 50% of the amount in dispute for usage not previously billed, but not more than \$100.00 for the amount not previously billed.
  - (4) The amount that is not in dispute shall be subject to review at the hearing before the utility hearing officer in accordance with the provisions of R 460.2169.
  - (5) If the customer fails to pay the amount that is not in dispute within three days of the date that he or she requests a hearing, the customer waives the right to the hearing and the utility may shut off service as provided in Part C5 of these rules.
  - (6) If the dispute is ultimately resolved in favor of the customer, in whole or in part, the utility shall return promptly any excess amount paid by the customer, with interest at the rate specified pursuant to the provisions of R 460.2134(4).

(Continued on Sheet No. C-34.00)

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(Continued From Sheet No. C-33.00)

**C6.68 R 460.2168 Notice of hearing.**

- Rule 68.** (1) The utility shall transmit or personally serve the customer with a written notice of the time, date, and place of the hearing not less than 10 days before the hearing.
- (2) The notice shall describe the hearing procedures as contained in these rules.
- (3) Failure of the customer or the utility to attend the hearing without a good reason or without having requested an adjournment constitutes a waiver of the right of that party to the hearing.

(Continued on Sheet No. C-35.00)

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(Continued From Sheet No. C-34.00)

**C6.69 R 460.2169 Hearing procedures.**

- Rule 69.** (1) A utility shall establish hearing procedures that, at a minimum, provide the customer and the utility with all of the following rights:
- (a) The right to represent themselves, to be represented by counsel, or to be assisted by persons of their choice.
  - (b) The right to examine, not less than two days before a scheduled hearing, a list of all witnesses who will testify and all documents, records, files, account data, and similar material that may be relevant to the issues to be raised at the hearing.
  - (c) The right to present evidence, testimony, and oral and written argument.
  - (d) The right to confront and question witnesses appearing on behalf of the other party.
- (2) A hearing shall be held during normal business hours. A utility shall take reasonable steps to ensure that a customer who is unable to attend a hearing due to physical incapacity is not denied the right to a hearing.
- (3) The utility has the burden of proof by a preponderance of the evidence.
- (4) All witnesses who appear for either party shall testify under oath.
- (5) A hearing shall be informal and the proceedings need not be recorded or transcribed. All relevant evidence shall be received and the formal rules of evidence shall not apply.
- (6) For each hearing, the utility hearing officer shall compile a record that contains all of the following:
- (a) A concise statement, in writing, of the position of the utility.
  - (b) A concise statement, in writing, of the position of the customer. If the customer has not put his or her position in writing, then the hearing process shall provide a method for accomplishing this writing with the opportunity for proper acknowledgment by the customer.
  - (c) Copies of all evidence submitted by the parties.

(Continued on Sheet No. C-36.00)

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(Continued From Sheet No. C-35.00)

**C6.69 R 460.2169 Hearing procedures. (Contd)**

- (7) At the conclusion of the hearing, the utility hearing officer may orally state his or her findings and the decision or adjourn the hearing and inform the parties that the decision will be transmitted within 7 days. At the request of the customer, the utility hearing officer shall adjourn the hearing and transmit the decision within 7 days. In all cases, the utility hearing officer shall issue a complaint determination in a form that is approved by the Commission. The complaint determination shall contain both of the following:
- (a) A concise summary of the evidence and arguments presented by the parties.
  - (b) The decision, and the reasons for the decision, of the utility hearing officer based solely upon the evidence received.
- (8) At the conclusion of the hearing and again upon issuance of the complaint determination, the utility hearing officer shall advise the customer and the utility of all of the following:
- (a) That each party has a right to make an informal appeal to the Commission Staff, by mail, telephone, or in person, within seven days of issuance of the complaint determination.
  - (b) That, if appealed, the decision of the utility hearing officer, including a finding that service may be shut off, cannot be implemented until review by the Commission Staff.
  - (c) The address and telephone number where the customer or the utility may make an informal appeal to the Commission Staff.
- (9) Before issuance of a complaint determination, the utility hearing officer may propose a settlement to the parties. If both parties accept the settlement, it shall be reduced to writing and signed by both parties.
- (10) Within seven days of the conclusion of the hearing, the utility hearing officer shall serve the parties with all of the following:
- (a) A copy of the complaint determination.
  - (b) Appeal information as provided in subrule (8) of this rule.
  - (c) If applicable, a copy of the signed settlement agreement.

(Continued on Sheet No. C-37.00)

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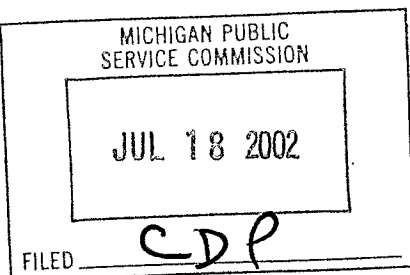
**C6.69 R 460.2169 Hearing procedures. (Contd)**

- (11) The complaint determination and a copy of the signed settlement agreement, if any, shall be made part of the hearing record. The utility hearing officer shall certify the hearing record.
- (12) The complaint determination is binding upon the parties unless appealed as provided in these rules.

(Continued on Sheet No. C-38.00)

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**C6.70 R 460.2170 Settlement agreement.**

- Rule 70.** (1) If the utility and the customer arrive at a mutually satisfactory settlement of a claim in dispute or if the customer does not dispute liability to the utility, but claims the inability to pay the outstanding bill in full, then a utility shall offer the customer the opportunity to enter into a settlement agreement.
- (2) A settlement agreement shall be in writing and signed by the customer or his or her authorized representative and an authorized representative of the utility. The utility shall confirm, in writing, a settlement reached by telephone and shall transmit the settlement to the customer with instructions to sign a confirming copy and return it in a postage-paid, self-addressed envelope. The utility shall retain the original settlement agreement for two years.
- (3) In negotiating a settlement agreement due to the customer's inability to pay an outstanding bill in full, the utility shall not require the customer to pay more than a reasonable amount of the outstanding bill upon signing the agreement and not more than reasonable installments until the remaining balance is paid.
- (4) For purposes of determining reasonableness, the parties shall consider all of the following factors:
- (a) The size of the delinquent account.
  - (b) The customer's ability to pay.
  - (c) The time that the debt has been outstanding.
  - (d) The reasons that the customer has not paid the bill.
  - (e) The customer's payment history.
  - (f) Any other relevant factors concerning the circumstances of the customer.

See Subrule (5) on next page.

(Continued on Sheet No. C-39.00)

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**C6.70 R 460.2170 Settlement agreement. (Contd)**

- (5) A settlement agreement that is offered by a utility shall state, immediately preceding the space provided for the customer's signature and in bold print that is not less than two sizes larger than any other print that is used on the form, "IF YOU ARE NOT SATISFIED WITH THIS AGREEMENT, DO NOT SIGN. YOU MAY FILE AN INFORMAL COMPLAINT AND HAVE A HEARING BEFORE A UTILITY HEARING OFFICER BEFORE YOUR SERVICE MAY BE SHUT OFF. IF YOU DO SIGN THIS AGREEMENT, YOU GIVE UP YOUR RIGHT TO AN INFORMAL HEARING BEFORE A UTILITY HEARING OFFICER ON ANY MATTER INVOLVED IN THIS DISPUTE EXCEPT THE UTILITY'S FAILURE OR REFUSAL TO FOLLOW THE TERMS OF THIS AGREEMENT."

**C6.71 R 460.2171 Default of settlement agreement.**

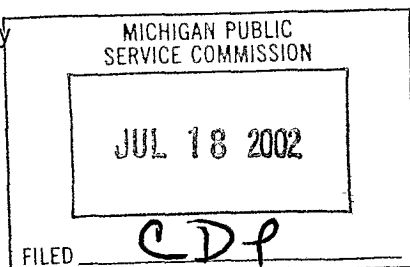
**Rule 71.** (1) If a customer fails to comply with the terms and conditions of a settlement agreement, a utility may shut off service after giving the customer a notice, by personal service or first-class mail, that contains all of the following information:

- (a) That the customer is in default of the settlement agreement.
- (b) The nature of the default.
- (c) That unless the customer pays in full within 10 days of the date of mailing, the utility may shut off service.
- (d) The date on or after which the utility may shut off service.
- (e) That the customer has a right to request a hearing before a utility hearing officer only if the customer alleges that the utility has failed or refused to follow the terms of the settlement agreement.
- (f) The address and telephone number where the customer may file the request for a hearing with the utility.

See Subrule (2) on next page.

(Continued on Sheet No. C-40.00)

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**C6.71 R 460.2171 Default of Settlement Agreement: (Contd)**

- (2) A utility is not required to enter into a subsequent settlement agreement with a customer until he or she has complied fully with the terms of a previous settlement agreement.
- (3) A utility is not required to enter into a subsequent settlement agreement with a customer who defaulted on the terms and conditions of an agreement within the last two years.
- (4) If the customer and utility reach a settlement agreement following a notice of shutoff, the failure of the customer to abide by the terms of the settlement agreement during the first 60 days of the agreement constitutes a waiver of the notice required by subrule (1) of this Rule. The utility may shut off service after notice as described in the provisions of R 460.2152.

**C6.72 R 460.2172 Same dispute.**

**Rule 72.** A utility may disregard a customer complaint or dispute that involves the same question or issue based upon the same facts, and is not required to comply with these rules more than once before shutoff of service.

**C6.73 R 460.2173 Emergency shutoff.**

**Rule 73.** Notwithstanding any other provision of these rules, a utility may shut off service temporarily for reasons of health or safety or in a state of national emergency. When a utility shuts off service for reasons of health or safety, the utility shall leave a notice in accordance with the provisions of R 460.2152(8).

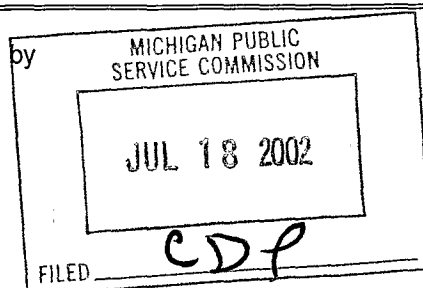
**C6.74 R 460.2174 Winter Protection Plan:**

**Rule 74.** (1) As used in this Rule:

- (a) "Eligible customer" means either an eligible low-income customer or an eligible senior citizen customer.

(Continued on Sheet No. C-41.00)

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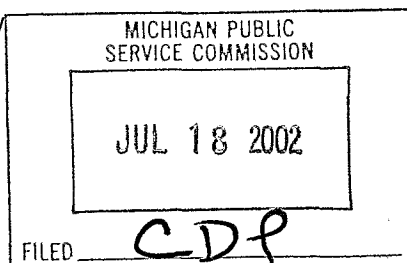
(Continued From Sheet No. C-40.00)

**C6.74 R 460.2174 Winter Protection Plan. (Contd)**

- (b) "Eligible low-income customer" means a utility customer whose household income does not exceed 150% of the poverty level, as published by the United States Department of Health and Human Services, or who receives any of the following:
    - (i) Supplemental security income, aid to families with dependent children, or general assistance.
    - (ii) Food stamps.
    - (iii) Medicaid.
  - (c) "Eligible senior citizen customer" means a utility customer who is 65 years of age or older and who advises the utility of his or her eligibility.
- (2) A utility shall not shut off service to an eligible customer during the space heating season for nonpayment of a delinquent account if the customer is an eligible senior citizen customer or if the customer pays to the utility a monthly amount equal to 7% of the estimated annual bill for the eligible customer and the eligible customer demonstrates, within fourteen days of requesting shutoff protection, that he or she has made application for State or Federal heating assistance. If an arrearage exists at the time an eligible customer applies for protection from shutoff of service during the space heating season, the utility shall permit the customer to pay the arrearage in equal monthly installments between the date of application and the start of the subsequent space heating season.
- (3) A utility may shut off service to an eligible low-income customer who does not pay the monthly amounts referred to in subrule (2) of this Rule after giving notice in the manner required by these Rules. The utility is not required to offer a settlement agreement to an eligible low-income customer who fails to make the monthly payments referred to in subrule (2) of this Rule.

(Continued on Sheet No. C-42.00)

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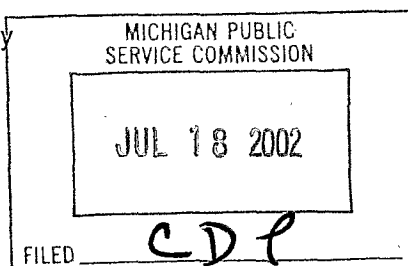
(Continued From Sheet No. C-41.00)

**C6.74 R 460.2174 Winter Protection Plan: (Contd)**

- (4) If a customer fails to comply with the terms and conditions of this Rule, a utility may shut off service after giving the customer a notice, by personal service or first-class mail, that contains all of the following information:
- (a) That the customer has defaulted on the Winter Protection Plan.
  - (b) The nature of the default.
  - (c) That unless the customer makes the payments that are past due under this Rule within ten days of the date of mailing, the utility may shut off service.
  - (d) The date on or after which the utility may shut off service, unless the customer takes appropriate action.
  - (e) That the customer has the right to file a complaint disputing the claim of the utility before the date of the proposed shutoff of service.
  - (f) That the customer has the right to request a hearing before a utility hearing officer if the complaint cannot be otherwise resolved and that the customer must pay to the utility that portion of the bill that is not in dispute within three days of the date that the customer requests a hearing.
  - (g) That the customer has the right to represent himself or herself, to be represented by counsel, or to be assisted by other persons of his or her choice in the complaint process.
  - (h) That the utility will not shut off service pending the resolution of a complaint that is filed with the utility in accordance with these Rules.

(Continued on Sheet No. C-43.00)

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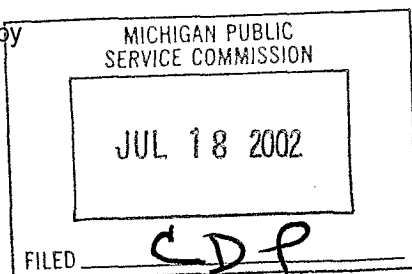
(Continued From Sheet No. C-42.00)

**C6.74 R 460.2174 Winter Protection Plan: (Contd)**

- (i) The telephone number and address of the utility where the customer may make inquiry, enter into a settlement agreement, or file a complaint.
  - (j) That the customer should contact a social services agency immediately if the customer believes he or she might be eligible for emergency economic assistance.
  - (k) That the utility will postpone shutoff of service if a medical emergency exists at the customer's residence.
  - (l) That the utility may require a deposit and restoration charge if the utility shuts off service for nonpayment of a delinquent account.
- (5) At the conclusion of the space heating season, the utility shall reconcile the accounts of eligible customers and permit customers to pay any amounts owing in equal monthly installments between April 1 and December 1. A utility may shut off service to eligible customers who fail to make installment payments on a timely basis in the manner required by these Rules. At the option of the customer, between April 1 and November 30, the customer may choose to pay 9% of the estimated annual bill each month together with the monthly installment for any pre-enrollment arrearage instead of the amount otherwise owing for actual and reconciled past due amounts. After November 30, the utility shall reconcile the account of any customer who has chosen and fulfilled the obligations of the 9% option by refunding any net overcollection or adding any net undercollection to the customer's arrearage for the upcoming space heating season. If a customer fails to make all payments that are required pursuant to the 9% option, the utility may immediately reconcile his or her account by refunding any net overcollection or by adding any net undercollection to the customer's current bill.
- (6) A utility shall not require an eligible low-income customer whose utility service has been shut off before applying for protection under this Rule to pay a fee for restoring service or a security deposit pursuant to the provisions of R 460.2132 during the space

(Continued on Sheet No. C-44.00)

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**C6.74 R 460.2174 Winter Protection Plan: (Contd)**

heating season. A utility may not require an amount greater than one twelfth of an arrearage owing in order to restore service or initiate participation in the Winter Protection Plan. The 7% payment shall be billed according to normal billing procedures for the utility.

- (7) An eligible low-income customer may pre-enroll in the Winter Protection Plan between November 15 and November 30 by paying the current usage plus 1/12 of any arrearage and agreeing to the terms of the Winter Protection Plan for the upcoming space heating season. An eligible senior citizen customer may pre-enroll by advising the utility of his or her eligibility. A pre-enrolled customer shall not have his or her service terminated before the commencement of the Winter Protection Plan. A customer who is off service as of November 15 shall be eligible to pre-enroll in the Winter Protection Plan and have service restored immediately after fulfilling the requirements for pre-enrollment. Further, an off service low-income customer who applies during the pre-enrollment period shall be entitled to have all deposits and reconnection fees waived.

**C7. COMMISSION APPEAL PROCEDURES**

**C7.81 R 460.2181 Informal Appeal:**

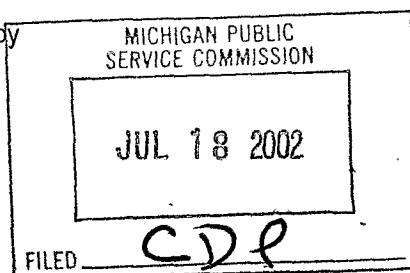
**Rule 81.** Within seven days after a utility hearing officer issues a written complaint determination, either party may make an informal appeal to the Commission Staff.

**C7.82 R 460.2182 Filing Procedures:**

- Rule 82.** (1) A party may make an informal appeal in any reasonable manner. The informal appeal need not be in writing and may be initiated by telephone or in person at the offices of the Commission.
- (2) A written appeal need not be verified.
- (3) The appealing party shall provide all of the following information:

(Continued on Sheet No. C-45.00)

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**C7.82 R 460.2182 Filing Procedures. (Contd)**

- (a) Name and address of the customer.
- (b) Name of the utility involved.
- (c) The nature of the original complaint in a clear and concise manner.
- (d) The relief requested.

**C7.83 R 460.2183 Exhaustion of Remedies: Exception**

**Rule 83.** The Commission Staff may require a customer to pursue remedies directly with the utility as provided in these Rules before accepting an informal appeal. The Commission may waive this Rule when circumstances require.

**C7.84 R 460.2184 Informal Appeal Procedures:**

**Rule 84.** (1) The Commission Staff shall assign the informal appeal to a complaint and information officer or another employee of the Commission as the Commission may designate. The officer or designated employee shall reduce the appeal to writing and shall have all of the following responsibilities:

- (a) Advising the appealing party of the procedures of the Commission by telephone or in writing.
- (b) Advising the other party that an informal appeal has been filed.
- (c) Issuing interim determinations as necessary.
- (d) Reviewing or investigating the appeal as provided in these Rules.
- (e) Issuing an informal appeal decision.

(Continued on Sheet No. C-46.00)

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**C7.84 R 460.2184 Informal Appeal Procedures: (Contd)**

- (2) Upon notification by the Commission Staff that an informal appeal has been made, the utility shall promptly file, with the Commission Staff, the certified hearing record. The parties shall be bound by the evidence presented at the hearing and contained in the hearing record. In arriving at the informal appeal decision, the complaint and information officer or designated employee shall not be required to receive or consider any additional evidence or information.
- (3) In all informal appeals, the utility has the burden of proof by a preponderance of the evidence.

**C7.85 R 460.2185 Interim Determination:**

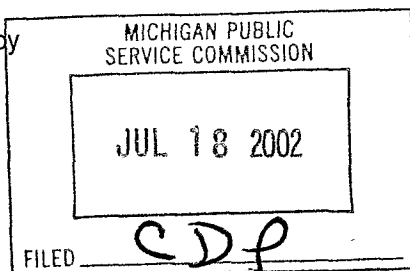
- Rule 85.** (1) After receiving the hearing record and pending the final resolution of an informal appeal, the complaint and information officer or designated employee may issue an interim determination with appropriate terms and conditions. In the case of an appeal regarding a bill or deposit, the complaint and information officer or designated employee may require a customer to pay the undisputed portion of a claim in order to continue the prohibition against the shut off of service as provided in these Rules. The complaint and information officer or designated employee may consider the amounts that reasonably appear to reflect the cost of utility service in determining the undisputed portion of a claim.
- (2) If a customer fails to abide by the terms and conditions of an interim determination within 10 days of the date of personal service or mailing of the interim determination by first-class mail, the utility may shut off service as provided in these Rules.

**C7.86 R 460.2186 Appeal Review:**

**Rule 86.** The complaint and information officer or designated employee shall review the informal appeal thoroughly and, when necessary, conduct further investigation. A party may offer new evidence if the complaint and information officer or designated employee determines that it is relevant and could not have been offered at the hearing before the utility hearing officer through the exercise of due diligence by the offering party. When further investigation is necessary, the complaint and information officer or designated employee may request additional evidence or, at his or her own initiative, may hold an informal conference with the parties or their representatives at a time and place designated by the officer or employee. If either party fails to appear at the informal conference without a good reason or without having requested an adjournment, the right of the absent party to appear at the conference shall be waived. At an informal conference, the parties shall have the right to do all of the following:

(Continued on Sheet No. C-47.00)

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(Continued From Sheet No. C-46.00)

**C7.86 R 460.2186 Appeal Review: (Contd)**

- (a) Represent themselves, to be represented by counsel, or to be assisted by other persons of their choice.
- (b) Present oral and documentary evidence.
- (c) Refute, in a reasonable manner, the evidence of the other party.
- (d) Submit an oral or written statement of position.

**C7.87 R 460.2187 Shutoff Pending Decision:**

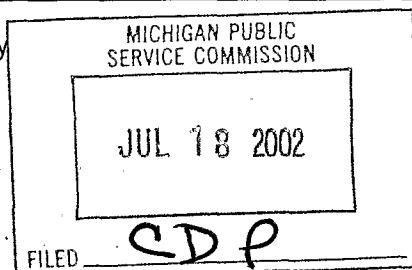
**Rule 87.** A utility shall not shut off service or issue a notice of shutoff related to the matter in dispute pending the decision of the Commission Staff, except pursuant to the terms of an interim determination.

**C7.88 R 460.2188 Informal Appeal Decision:**

**Rule 88.** The complaint and information officer or other employee so designated by the Commission shall, within 30 days after the utility files the certified record, issue a written informal appeal decision affirming, modifying, or reversing the complaint determination. In reversing or modifying the complaint determination, the decision shall set forth the terms and conditions for continued service, shutoff, or a proposed settlement agreement as required by the facts and circumstances. The decision shall state the relevant findings of fact and the reasons for the decision.

(Continued on Sheet No. C-48.00)

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(Continued From Sheet No. C-47.00)

**C7.89 R 460.2189 Failure to Comply With Informal Appeal Decision:**

**Rule 89.** A copy of the informal appeal decision shall be served personally or by first-class mail on the parties. Failure of either party to comply with the decision within 10 days from the date of service by mailing shall permit implementation of the action or remedy provided by the decision.

**C7.90 R 460.2190 Same Dispute:**

**Rule 90.** The Commission Staff may dismiss a subsequent informal appeal that involves the same question or issue based upon the same facts without following every procedure set forth in these Rules.

**C7.91 R 460.2191 Formal Appeal:**

**Rule 91.** Either party may appeal the decision of the complaint and information officer or designated employee by filing a formal complaint in accordance with the Rules of practice and procedure before the Commission. A party may proceed in accordance with the terms of the informal appeal decision unless otherwise ordered by the Commission or the presiding officer who is assigned to the formal complaint.

**C7.92 R 460.2192 Other Remedies:**

**Rule 92.** Nothing in these provisions shall be construed to prevent a party from pursuing appropriate legal and equitable remedies at any time before or after the issuance of any informal appeal decision.

(Continued on Sheet No. C-49.00)

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(Continued From Sheet No. C-48.00)

**C8. ADDITIONAL BILLING PRACTICES AND PROCEDURES**

**C8.2.19(N) R 460.2119 Billing Information:**

(N) The late payment charge if the bill is not paid when due and owing.

**C8.2.21 R 460.2121 Special Services:**

The Company may include charges for special services together with charges for utility service on the same monthly bill if the charges for special services are designated clearly and separately from the charges for utility service. If partial payment is made, the Company shall first credit payment to the balance outstanding for utility service, unless otherwise instructed in writing by the customer.

**C8.3.32 R 460.2132 Deposit for Previous Customer or Continued Service:**

The Company may require a deposit as a condition of providing or restoring service to a previous customer or continuing service to a current customer if the customer has an unsatisfactory credit or service standing with the Company due to any of the following:

**C8.6.62(A) R 460.2162 Shutoff Prohibited:**

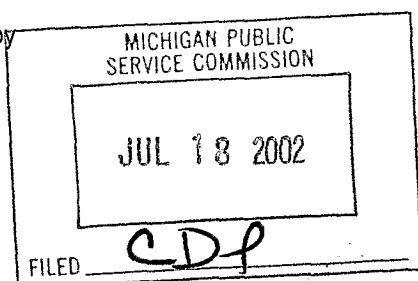
(A) The customer has not paid for items, such as merchandise, appliances, or services, that are not approved by the Commission as an integral part of the utility service that is provided by the utility. The Company may shut off utility service for failure to make timely payments on conservation loan installments.

**C8.6.63(4) R 460.2163 Notice of Shutoff:**

(4) A notice of shutoff of service shall not be issued if a customer has pending with the Company a complaint concerning the bill upon which the notice is based.

(Continued on Sheet No. C-50.00)

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(Continued From Sheet No. C-49.00)

**C8.7.83 R 460.2183 Exhaustion of Remedies:**

**Other remedies.** Nothing in these Rules shall be construed to prevent a party from pursuing appropriate legal and equitable remedies at any time prior to or after the issuance of any informal appeal decision.

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(Tariff Sheet Nos. C-51.00 has been canceled.)

(Continued on Sheet No. C-52.00)

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Sr. Vice President  
Omaha, Nebraska

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**SECTION D**  
**RULES AND REGULATIONS FOR NON-RESIDENTIAL CUSTOMERS**

**D1. BILLING PRACTICES APPLICABLE TO COMMERCIAL AND INDUSTRIAL GAS CUSTOMERS**

**D1.1 R 460.2071 Applicability; Purpose.**

- Rule 1.** (1) These Rules apply to gas companies which operate within the State of Michigan under the jurisdiction of the Commission and which sell or transport gas to retail customers.
- (2) These Rules are intended to provide standards for uniform and reasonable practices by utilities in dealing with commercial and industrial customers.

**D1.2 R 460.2072 Definitions.**

**Rule 2.** As used in these Rules:

- (A) "Billing error" means an undercharge or overcharge caused by the use of an incorrect actual meter read, incorrect pressure factor, incorrect calculation of the applicable rate, or other similar act or omission by the utility in determining the proper amount of a customer's bill. A bill based on an estimated meter read or a customer read does not constitute a billing error.
- (B) "Commission" means the Michigan Public Service Commission.
- (C) "Customer" means any person, firm, association, corporation, or government agency that is supplied with gas service by a utility for commercial and industrial purposes, including service to schools and centrally metered apartment buildings.
- (D) "Meter" means a device that measures the quantity of gas used by a customer, including a device that measures the heat content of gas.
- (E) "Utility" means a gas distribution company that operates under the jurisdiction of the Commission and sells or transports gas to retail customers.

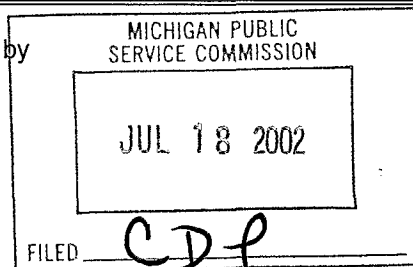
**D1.3 R 460.2073 Rescission.**

**Rule 3.** R 460.915, R 460.917, R 460.918, and R 460.921 to R 460.925 of the Michigan Administrative Code, appearing on pages 4742 to 4744 of the 1979 Michigan Administrative Code, are rescinded.

(Continued on Sheet No. D-2.00)

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(Continued From Sheet No. D-1.00)

**D1.4 R 460.2074 Selection of Rate.**

**Rule 4.** The utility shall assist the customer or prospective customer in selecting the most economical rate schedule based on information supplied by the customer; however, selection of the appropriate rate is the responsibility of the customer. Once the selection is made, the customer shall stay on that rate not less than 12 months unless the customer demonstrates that an earlier change is requested for a permanent rather than a temporary or seasonal advantage.

**D1.5 R 460.2075 Meter Reading Interval.**

**Rule 5.** The utility shall schedule customer meters to be read monthly, except that authority may be obtained from the Commission for reading the meters at other than monthly intervals. To the extent practicable, utilities shall not send a customer 2 successive estimated bills. The utility may permit a customer to supply meter readings on a form furnished by the utility if an employee of the utility reads the meter at least once each 12 months.

**D1.6 R 460.2076 Cycle Billing.**

**Rule 6.** A utility may bill its customers on a cyclical basis if the individual customer receives each billing on or about the same day of each billing month. If a utility changes meter reading routes or schedules, billing cycles may be altered upon 10 days' written notice to the affected customer.

**D1.7 R 460.2077 Billing Information.**

**Rule 7.** The utility shall bill each customer promptly after reading the meter. The bill shall show all of the following information:

- (A) The beginning and ending meter readings of the billing period and the dates thereof.
- (B) The due date.
- (C) The number of units metered.
- (D) The actual rates charged.
- (E) The amount due.
- (F) A distinct marking to identify an estimated bill.
- (G) The address and telephone number of the utility designating where the customer may initiate an inquiry or complaint regarding the bill as rendered or the service provided by the utility.

(Continued on Sheet No. D-3.00)

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(Continued From Sheet No. D-2.00)

**D1.8 R 460.2078 Discounts and Delayed Payment Charges.**

**Rule 8.** Where provided in an approved rate schedule, a utility may grant a discount for prompt payment of a bill or may make a delayed payment charge for failure to make prompt payment. A delayed payment charge shall be applied to the unpaid balance outstanding, net of taxes, if the bill is not paid in full on or before the date on which the bill is due.

**D1.9 R 460.2079 Delivery and Payment of Bills.**

**Rule 9.** A bill shall be mailed or delivered to the customer not less than 21 days before the due date. Failure to receive a bill properly mailed or delivered by the utility does not extend the due date. If the day on which the bill is due falls on Saturday, Sunday or a holiday, the bill shall be due on the next business day. Customers who mail remittances before midnight on the due date shall be considered to have timely paid. In the case of an illegible postmark, the date of mailing shall be considered to be 2 days before receipt by the utility.

**D1.10 R 460.2080 Special Services.**

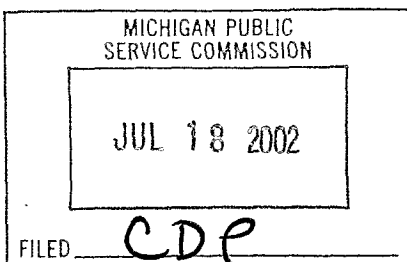
**Rule 10.** A utility may include charges for special services together with charges for utility service on the same monthly bill if the charges for special services are designated clearly and separately from the utility service account. If partial payment is made, and if no designation of the payment is given by the customer, the utility shall first credit all payments to the balance outstanding for utility service.

**D1.11 R 460.2081 Billing Errors.**

**Rule 11. (1)** If a customer has been overcharged, the amount of the overcharge shall be refunded or credited to the customer. The refund or credit shall include interest computed at the same rate as that provided for in the utility's standard refund policy. The application of interest shall commence on the sixtieth day following the overcharge. A utility is not required to adjust, refund, or credit an overcharge beyond the 3-year period immediately preceding discovery of the billing error, unless the customer is able to present a record establishing an earlier date of occurrence or commencement of the error.

(Continued on Sheet No. D-4.00)

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(Continued From Sheet No. D-3.00)

**D1.11 R 460.2081 Billing Errors. (Contd)**

- (2) In cases of meter tampering or fraud, the customer may be backbilled for the amount of the undercharge. The backbill may include interest at the same rate as that provided for in the utility's standard refund policy.
- (3) In cases not involving meter tampering or fraud, the customer may be backbilled for the amount of the undercharge during the 12-month period immediately preceding discovery of the error. The utility shall offer the customer reasonable payment arrangements for the amount of the backbill, taking into account the period of the undercharge. The backbill shall not include interest.

**D1.12 R 460.2082 Customer Complaints; Investigation; Records.**

**Rule 12.** The utility shall promptly and thoroughly investigate customer complaints concerning the charges, practices, facilities, or services of the utility. The utility shall keep records of customer complaints that will enable the utility to review and analyze its procedures and actions.

**D1.13 R 460.2083 Customer Deposits.**

- Rule 13.** (1) A utility may require a deposit from a new customer if service will be rendered for less than 12 months, the customer has an existing bad debt with any company regulated by the Commission, or the customer has no established credit rating or an unfavorable credit rating with a credit reporting agency.
- (2) A utility may, with proper notification, require a deposit from a new customer if the customer exhibits an unsatisfactory record of bill payment within the first 6 months after service has commenced. Payment of bills on or before the due date shall constitute a satisfactory record of bill payment.
  - (3) An existing customer shall be classified as one who has received service for more than a 6-month period. A utility may require a deposit from an existing customer if 2 or more final disconnect notices have been issued within the most recent 12-month period, service has been discontinued for nonpayment, or the customer has tampered with the meter or converted Company gas to the customer's use.
  - (4) A deposit shall not exceed 25% of the customer's annual bill. The utility shall provide reasonable terms for the payment of the deposit.

(Continued on Sheet No. D-5.00)

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(Continued From Sheet No. D-4.00)

**D1.13 R 460.2083 Customer Deposits. (Contd)**

- (5) A deposit may be retained by the utility until the customer compiles a record of 12 continuous months of bill payment on or before the due date.
- (6) Interest shall be paid on deposits pursuant to the provisions of Act No. 347 of the Public Acts of 1921, as amended, being §460.651 et seq. of the Michigan Compiled Laws or as otherwise provided by law.  
  
On July 15, 1988, Act No. 168 of Public Acts of 1988 amended Act No. 347. On July 19, 1988, MPSC Order No. U-9157 ordered that commencing June 17, 1988 gas utilities shall pay interest on guarantee deposits to commercial and industrial gas customers at a rate of 9% per annum.
- (7) If service is terminated, the utility may apply the deposit, plus accrued interest, to the customer's unpaid balance. If the deposit plus accrued interest exceeds the unpaid balance, the excess shall be returned to the customer.
- (8) Each utility shall keep records that show all of the following information:
  - (a) The name and address of each depositor.
  - (b) The amount and date of the deposit.
  - (c) Each transaction concerning the deposit.
  - (9) Each utility shall issue a receipt of deposit to each customer from whom a deposit is received and shall provide means whereby a depositor may establish a claim if the receipt is lost.
- (10) A record of each unclaimed deposit shall be maintained for not less than 3 years, during which time the utility shall make a reasonable effort to return the deposit.
- (11) Each utility shall, within 60 days of the effective date of this Rule, send to all existing customers a notice explaining the conditions under which a deposit may be required. This notice shall also be provided to new customers within 30 days after service has commenced or, at the utility's option, with the first bill rendered.

**D1.14 R 460.2084 Discontinuation, Termination or Denial of Service.**

- Rule 14.** (1) Service to customers may be discontinued for nonpayment of a delinquent account for gas service or for failure of the customer to provide the utility with a deposit as authorized in R 460.2083. Service shall not be discontinued for failure to pay for merchandise or nonutility service purchased from the utility. In the event of discontinuation or termination of service at a separate commercial or industrial metering point or location, a utility may transfer any unpaid balance to any other commercial or industrial service account of the customer.

(Continued on Sheet No. D-6.00)

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(Continued From Sheet No. D-5.00)

**D1.14 R 460.2084 Discontinuation, Termination or Denial of Service. (Contd)**

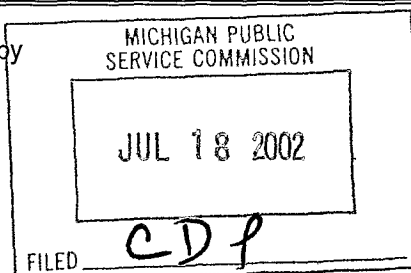
- (2) The utility shall give the customer written notice that the customer has 10 days to settle the account or provide the required deposit or service will be discontinued at the end of the 10-day period.
- (3) At least 1 day before a schedule discontinuation of service, an attempt shall be made to contact the customer by telephone or in person. If contact is not made, a notice shall be left at the premises in a conspicuous location indicating that service may be disconnected the next business day if the bill or deposit is not paid.
- (4) Service shall not be discontinued on a day, or a day immediately preceding a day, when the utility does not provide for receiving payments and restoring service.
- (5) Service to centrally metered apartment buildings shall not be discontinued unless the provisions of R 460.2161(1)(D) have been complied with.
- (6) Service may be denied or discontinued for nonpayment of unpaid balances of any other commercial or industrial account incurred by the customer under a different account name, by the customer's predecessor in interest, or by any other entity, the debt of which the customer is legally obligated to assume.

**D1.15 R 460.2085 Settlement Agreement.**

- Rule 15.**
- (1) If the utility and the customer arrive at a mutually satisfactory settlement of any claim in dispute or the customer does not dispute liability to the utility but claims inability to pay the outstanding bill in full, a utility shall offer the customer an opportunity to enter into a settlement agreement.
  - (2) A settlement agreement shall be in writing and signed by representatives of the customer and the utility who are authorized to enter into the agreement. The original settlement agreement shall be maintained on file by the utility for 2 years.
  - (3) Every settlement agreement entered into due to the customer's inability to pay the outstanding bill in full shall provide that service will not be discontinued if the customer pays a reasonable amount of the outstanding bill and agrees to pay a reasonable portion of the remaining outstanding balance in installments until the bill is paid.

(Continued on Sheet No. D-7.00)

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(Continued From Sheet No. D-6.00)

**D1.16 R 460.2086 Default of Settlement Agreement.**

- Rule 16.** (1) If a customer fails to comply with the terms and conditions of a settlement agreement, a utility may discontinue service after notifying the customer, in writing, by personal service or first-class mail, of all of the following:
- (a) That the customer is in default of the settlement agreement.
  - (b) The nature of the default.
  - (c) That unless full payment of the claim is made within 10 days of mailing, the utility will discontinue service.
  - (d) The date upon which service is scheduled to be discontinued.
- (2) A utility is not required to enter into any subsequent settlement agreement with a customer until the terms of any previous settlement agreement have been fully complied with.
- (3) A utility is not required to enter into any subsequent settlement agreement with a customer who defaults upon the terms and conditions of a previous agreement.
- (4) If a settlement agreement is reached following a notice of discontinuance, the failure of the customer to abide by the terms of the settlement agreement during the first 60 days after the agreement is made constitutes a waiver of the notice required by subrule (1) of this Rule. However, prior to discontinuance, a utility shall comply with the notice requirements of R 460.2084(3).

(Continued on Sheet No. D-8.00)

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dated March 12, 2003  
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(Tariff Sheet Nos. D-8.00 through D-18.00 have been canceled.)

Tariff provisions applicable to Transportation Services have been consolidated in Section F.

Issued March 13, 2003 by  
Jon R. Empson  
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Omaha, Nebraska

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**SECTION E  
RATE SCHEDULES**

**GENERAL TERMS AND CONDITIONS OF THE TARIFF**

A. Controlled service.

All rates are subject to all provisions in Rule B3. of the Rules and Regulations of the Company which are applicable to priority of service hereunder.

B. Territory served.

All rates apply in the territory served by the Company, comprising the cities, villages and townships in all Districts in the applicable Rules and Regulations of the Company except where specifically noted.

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Omaha, Nebraska

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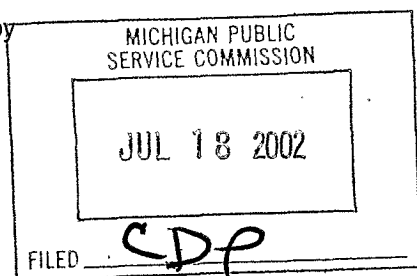
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**SUPPLEMENTAL CHARGES**

Each Rate Schedule may be subject to Rule B12, Customer Attachment Program, and Rule B7.3, Area Extension Program. No other surcharges are currently in effect.

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Issued July 11, 2002 by  
Jon R. Empson  
Sr. Vice President  
Omaha, Nebraska



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**GAS COST RECOVERY FACTORS**

The listed monthly Gas Cost Recovery Factors are authorized pursuant to Rule B10, Gas Cost Recovery Clause.

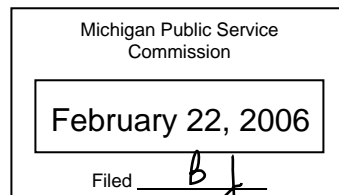
Billing Month	Maximum Authorized Factor \$/Mcf	Actual Factor Billed \$/Mcf
April 2005	\$8.3366	\$8.0020
May 2005	\$8.3366	\$8.0020
June 2005	\$8.3366	\$8.0020
July 2005	\$8.3366	\$8.0020
August 2005	\$8.3366	\$8.0020
September 2005	\$8.3366	\$8.0020
October 2005	\$9.5120	\$9.5120
November 2005	\$9.5120	\$9.5120
December 2005	\$11.3000	\$11.3000
January 2006	\$11.3000	\$11.0000
February 2006	\$11.3000	\$8.2500
March 2006	\$11.3000	<b>\$8.2500</b>

The Company will file a revised Sheet No. E-3.00 monthly or as necessary to reflect the factor to be billed the following month.

The Company will file by December 31, 2005 for maximum Gas Cost Recovery Factors for April 2006 through March 2007. The Gas Cost Recovery Factor to be charged beginning April 2006 is authorized pursuant to §6(h)(9) of 1982 PA 304, as amended, MCL 460.6h et seq.

In addition to the above Gas Cost Recovery Factors, rates are subject to the supplemental charges shown on Sheet No. E-2.00.

Issued **March 1, 2006** by  
Jon R. Empson  
Sr. Vice President  
Omaha, Nebraska



Effective for bills rendered for the April 2005 through March 2006 billing months.

Issued under authority of  
1982 PA 304, Section 6h (10) and  
Michigan Public Service Commission  
Case No. U-14400



**GCR Ceiling Price Contingency Matrix**

		April-June 1st Q		July-Sept 2nd Q		
		Summer	Winter	Summer	Winter	DCA
		April-Oct	Nov-Mar	April-Oct	Nov-Mar	Nov-Mar
Fractional Mult. $F_m$		0.590	0.427	0.510	0.393	0.107
Plan NYMEX ( $X_{plan}$ )		\$6.9554	\$7.6250	\$6.9554	\$7.6250	\$7.6250
Base GCR Factor		\$8.0020	\$8.0020	\$8.0020	\$8.0020	\$8.0020
NYMEX Increase Greater than Or Equal to		Incremental Contingent GCR Factor \$/Mcf				
	But Less than					
\$0.00	\$0.05	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
\$0.05	\$0.10	\$0.030	\$0.021	\$0.026	\$0.020	\$0.005
\$0.10	\$0.15	\$0.059	\$0.043	\$0.051	\$0.039	\$0.011
\$0.15	\$0.20	\$0.089	\$0.064	\$0.077	\$0.059	\$0.016
\$0.20	\$0.25	\$0.118	\$0.085	\$0.102	\$0.079	\$0.021
\$0.25	\$0.30	\$0.148	\$0.107	\$0.128	\$0.098	\$0.027
\$0.30	\$0.35	\$0.177	\$0.128	\$0.153	\$0.118	\$0.032
\$0.35	\$0.40	\$0.207	\$0.149	\$0.179	\$0.138	\$0.037
\$0.40	\$0.45	\$0.236	\$0.171	\$0.204	\$0.157	\$0.043
\$0.45	\$0.50	\$0.266	\$0.192	\$0.230	\$0.177	\$0.048
\$0.50	\$0.55	\$0.295	\$0.214	\$0.255	\$0.197	\$0.054
\$0.55	\$0.60	\$0.325	\$0.235	\$0.281	\$0.216	\$0.059
\$0.60	\$0.65	\$0.354	\$0.256	\$0.306	\$0.236	\$0.064
\$0.65	\$0.70	\$0.384	\$0.278	\$0.332	\$0.255	\$0.070
\$0.70	\$0.75	\$0.413	\$0.299	\$0.357	\$0.275	\$0.075
\$0.75	\$0.80	\$0.443	\$0.320	\$0.383	\$0.295	\$0.080
\$0.80	\$0.85	\$0.472	\$0.342	\$0.408	\$0.314	\$0.086
\$0.85	\$0.90	\$0.502	\$0.363	\$0.434	\$0.334	\$0.091
\$0.90	\$0.95	\$0.531	\$0.384	\$0.459	\$0.354	\$0.096
\$0.95	\$1.00	\$0.561	\$0.406	\$0.485	\$0.373	\$0.102
\$1.00	\$1.05	\$0.590	\$0.427	\$0.510	\$0.393	\$0.107
\$1.05	\$1.10	\$0.620	\$0.448	\$0.536	\$0.413	\$0.112
\$1.10	\$1.15	\$0.649	\$0.470	\$0.561	\$0.432	\$0.118
\$1.15	\$1.20	\$0.679	\$0.491	\$0.587	\$0.452	\$0.123
\$1.20	\$1.25	\$0.708	\$0.512	\$0.612	\$0.472	\$0.128
\$1.25	\$1.30	\$0.738	\$0.534	\$0.638	\$0.491	\$0.134
\$1.30	\$1.35	\$0.767	\$0.555	\$0.663	\$0.511	\$0.139
\$1.35	\$1.40	\$0.797	\$0.576	\$0.689	\$0.531	\$0.144
\$1.40	\$1.45	\$0.826	\$0.598	\$0.714	\$0.550	\$0.150
\$1.45	\$1.50	\$0.856	\$0.619	\$0.740	\$0.570	\$0.155
\$1.50	\$1.55	\$0.885	\$0.641	\$0.765	\$0.590	\$0.161
\$1.55	\$1.60	\$0.915	\$0.662	\$0.791	\$0.609	\$0.166
\$1.60	\$1.65	\$0.944	\$0.683	\$0.816	\$0.629	\$0.171
\$1.65	\$1.70	\$0.974	\$0.705	\$0.842	\$0.648	\$0.177
\$1.70	\$1.75	\$1.003	\$0.726	\$0.867	\$0.668	\$0.182
\$1.75	\$1.80	\$1.033	\$0.747	\$0.893	\$0.688	\$0.187
\$1.80	\$1.85	\$1.062	\$0.769	\$0.918	\$0.707	\$0.193
\$1.85	\$1.90	\$1.092	\$0.790	\$0.944	\$0.727	\$0.198
\$1.90	\$1.95	\$1.121	\$0.811	\$0.969	\$0.747	\$0.203
\$1.95	\$2.00	\$1.151	\$0.833	\$0.995	\$0.766	\$0.209

\*Third and fourth quarter adjustments located on following page.

(Continued on Sheet No. E-3.02)

Issued **September 21, 2005** by  
Jon R. Empson  
Sr. Vice President  
Omaha, Nebraska



Effective for bills rendered on and  
after the first billing cycle of the  
**October 2005** billing month.

Issued under authority of the  
Michigan Public Service Commission  
**dated September 20, 2005**  
in Case No. U-14400

**GCR Ceiling Price Contingency Matrix (Contd.)**

		Oct-Dec 3rd Q			Jan-Mar 4th Q		
		Summer	Winter	DCA	Summer	Winter	DCA
		April-Oct	Nov-Mar	Nov-Mar	April-Oct	Jan-Mar	Nov-Mar
Fractional Mult. $F_m$		0.461	0.311	0.234	0.386	0.309	0.309
Plan NYMEX ( $X_{plan}$ )		\$6.9554	\$7.6250	\$7.6250	\$6.9554	\$7.6971	\$7.6250
Base GCR Factor		\$8.0020	\$8.0020	\$8.0020	\$8.0020	\$8.0020	\$8.0020
NYMEX Increase Greater than Or Equal to		Incremental Contingent GCR Factor \$/Mcf					
But Less than							
\$0.00	\$0.05	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
\$0.05	\$0.10	\$0.023	\$0.016	\$0.012	\$0.019	\$0.015	\$0.015
\$0.10	\$0.15	\$0.046	\$0.031	\$0.023	\$0.039	\$0.031	\$0.031
\$0.15	\$0.20	\$0.069	\$0.047	\$0.035	\$0.058	\$0.046	\$0.046
\$0.20	\$0.25	\$0.092	\$0.062	\$0.047	\$0.077	\$0.062	\$0.062
\$0.25	\$0.30	\$0.115	\$0.078	\$0.059	\$0.097	\$0.077	\$0.077
\$0.30	\$0.35	\$0.138	\$0.093	\$0.070	\$0.116	\$0.093	\$0.093
\$0.35	\$0.40	\$0.161	\$0.109	\$0.082	\$0.135	\$0.108	\$0.108
\$0.40	\$0.45	\$0.184	\$0.124	\$0.094	\$0.154	\$0.124	\$0.124
\$0.45	\$0.50	\$0.207	\$0.140	\$0.105	\$0.174	\$0.139	\$0.139
\$0.50	\$0.55	\$0.231	\$0.156	\$0.117	\$0.193	\$0.155	\$0.155
\$0.55	\$0.60	\$0.254	\$0.171	\$0.129	\$0.212	\$0.170	\$0.170
\$0.60	\$0.65	\$0.277	\$0.187	\$0.140	\$0.232	\$0.185	\$0.185
\$0.65	\$0.70	\$0.300	\$0.202	\$0.152	\$0.251	\$0.201	\$0.201
\$0.70	\$0.75	\$0.323	\$0.218	\$0.164	\$0.270	\$0.216	\$0.216
\$0.75	\$0.80	\$0.346	\$0.233	\$0.176	\$0.290	\$0.232	\$0.232
\$0.80	\$0.85	\$0.369	\$0.249	\$0.187	\$0.309	\$0.247	\$0.247
\$0.85	\$0.90	\$0.392	\$0.264	\$0.199	\$0.328	\$0.263	\$0.263
\$0.90	\$0.95	\$0.415	\$0.280	\$0.211	\$0.347	\$0.278	\$0.278
\$0.95	\$1.00	\$0.438	\$0.295	\$0.222	\$0.367	\$0.294	\$0.294
\$1.00	\$1.05	\$0.461	\$0.311	\$0.234	\$0.386	\$0.309	\$0.309
\$1.05	\$1.10	\$0.484	\$0.327	\$0.246	\$0.405	\$0.324	\$0.324
\$1.10	\$1.15	\$0.507	\$0.342	\$0.257	\$0.425	\$0.340	\$0.340
\$1.15	\$1.20	\$0.530	\$0.358	\$0.269	\$0.444	\$0.355	\$0.355
\$1.20	\$1.25	\$0.553	\$0.373	\$0.281	\$0.463	\$0.371	\$0.371
\$1.25	\$1.30	\$0.576	\$0.389	\$0.293	\$0.483	\$0.386	\$0.386
\$1.30	\$1.35	\$0.599	\$0.404	\$0.304	\$0.502	\$0.402	\$0.402
\$1.35	\$1.40	\$0.622	\$0.420	\$0.316	\$0.521	\$0.417	\$0.417
\$1.40	\$1.45	\$0.645	\$0.435	\$0.328	\$0.540	\$0.433	\$0.433
\$1.45	\$1.50	\$0.668	\$0.451	\$0.339	\$0.560	\$0.448	\$0.448
\$1.50	\$1.55	\$0.692	\$0.467	\$0.351	\$0.579	\$0.464	\$0.464
\$1.55	\$1.60	\$0.715	\$0.482	\$0.363	\$0.598	\$0.479	\$0.479
\$1.60	\$1.65	\$0.738	\$0.498	\$0.374	\$0.618	\$0.494	\$0.494
\$1.65	\$1.70	\$0.761	\$0.513	\$0.386	\$0.637	\$0.510	\$0.510
\$1.70	\$1.75	\$0.784	\$0.529	\$0.398	\$0.656	\$0.525	\$0.525
\$1.75	\$1.80	\$0.807	\$0.544	\$0.410	\$0.676	\$0.541	\$0.541
\$1.80	\$1.85	\$0.830	\$0.560	\$0.421	\$0.695	\$0.556	\$0.556
\$1.85	\$1.90	\$0.853	\$0.575	\$0.433	\$0.714	\$0.572	\$0.572
\$1.90	\$1.95	\$0.876	\$0.591	\$0.445	\$0.733	\$0.587	\$0.587
\$1.95	\$2.00	\$0.899	\$0.606	\$0.456	\$0.753	\$0.603	\$0.603

(Continued on Sheet No. E-3.03)

Issued **September 21, 2005** by  
Jon R. Empson  
Sr. Vice President  
Omaha, Nebraska

Michigan Public Service  
Commission  
  
September 29, 2005  
  
Filed *JKB*

Effective for bills rendered on and  
after the first billing cycle of the  
**October 2005** billing month.

Issued under authority of the  
Michigan Public Service Commission  
**dated September 20, 2005**  
in Case No. U-14400

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**NYMEX Increase = (X – Xplan)**

**X** = the simple average of the actual NYMEX monthly natural gas futures contract prices, (\$/MMBtu), for the summer strip (Apr-Oct), remaining months of the winter strip (Nov-Mar), and the calculated DCA strip (averaged over the first five trading days of the month prior to implementation).

**Xplan** = the NYMEX average summer, winter, and DCA strips incorporated in the calculation of the base GCR factor, as delineated in the charts on Sheet Nos. E-3.01 and E-3.02.

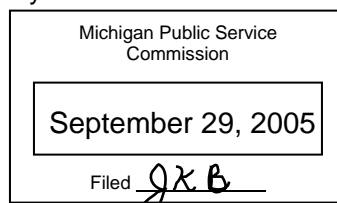
At least fifteen days before the beginning of each quarter, the company shall file with the Michigan Public Service Commission an updated Tariff Sheet No. E-3.00, if NYMEX futures prices increase to a level allowing for the implementation of a higher contingent GCR price ceiling. The information filing shall include all supporting documents necessary to verify the new price ceiling, including a copy of the calculation of the five-day average of the NYMEX strip for the remaining months of the GCR period, and a copy of the NYMEX futures prices sheets for the first five trading days of the month, such sheets being an authoritative source used by the gas industry. The filing shall be incorporated into the GCR Plan Docket U-14400 with notice of filing provided to all interveners.

**Use of the Incremental Contingent GCR Factor Table**

- Step 1) Using the first five trading days of the month prior to implementation determine two NYMEX five day averages. One for the seven month summer strip  $\underline{X}_s$  (Apr-Oct), one for the remaining months of the five month winter strip  $\underline{X}_w$  (Nov-Mar). Closing prices should be used for the summer months that are no longer trading. Only the remaining months should be used to calculate the winter strip.
- Step 2) Determine the NYMEX increase for the summer and winter strips by subtracting the NYMEX plan  $\underline{X}_{plan}$  for that strip from  $\underline{X}$  calculated above for that same strip.
- Step 3) To determine the NYMEX increase for the DCA<sub>winter</sub> strip, multiply the summer strip average  $\underline{X}_s$  (Apr-Oct) calculated above by  $f_{w/s}$ . This is the winter to summer strip ratio, which converts the summer strip average to a winter DCA strip average. Subtract the  $\underline{X}_{plan}$  value under the DCA column on the tariff sheet from the DCA<sub>winter</sub> just calculated to obtain the DCA NYMEX increase. Note:  $f_{w/s}$  has a value of 1.12.
- Step 4) Locate the three incremental contingent GCR factors, which correspond with the three NYMEX increases calculated in the previous steps (Summer, Winter, and DCA), in the table for the desired quarter. The first quarter will only have two incremental contingent factors because the DCA strip is not included in the first quarter.
- Step 5) Add the incremental contingent GCR factors to the base GCR factor. The result is the new GCR factor for that quarter. If the new GCR factor is lower than the current ceiling in place, the higher ceiling will remain the price ceiling for the upcoming quarter.

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Issued **September 21, 2005** by  
Jon R. Empson  
Sr. Vice President  
Omaha, Nebraska



Effective for bills rendered on and  
after the first billing cycle of the  
**October 2005** billing month.

Issued under authority of the  
Michigan Public Service Commission  
**dated September 20, 2005**  
in Case No. U-14400

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**RESIDENTIAL RATE  
(General and Heating)**

**AVAILABILITY**

Subject to limitations and restrictions contained in orders of the Michigan Public Service Commission in effect from time to time and in the Rules and Regulations of the Company.

**DEFINITIONS**

Facilities associated with the purchase, sale or supplying (for profit or otherwise) of a commodity, product or service by a public or private person, entity, organization or institution will be provided service by Aquila Networks - MGU under the General Service Rate.

If the facilities described above are combined with a residential facility, only the General Service Rate will be allowed. The Residential Rate will not be available in this instance.

If a customer is receiving service under the Residential Rate and it is determined that the facility is associated with the purchase, sale or supplying (for profit or otherwise) of a commodity, product or service, the Company reserves the right to change the rate classification to the General Service Rate.

Prior to making a rate classification change, the Company will endeavor to make a physical inspection of the facility to verify those findings that resulted in the need for a rate classification change. A service order will be issued by Aquila Networks - MGU.

Rate classification changes will be made by Aquila Networks - MGU, and the customer will be notified by means of a letter. The Company will not make any adjustments to the customer's previous billings for service received under the incorrect rate.

(Continued on Sheet No. E-5.00)

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Issued March 13, 2003 by  
Jon R. Empson  
Sr. Vice President  
Omaha, Nebraska

MICHIGAN PUBLIC  
SERVICE COMMISSION

APR 28 2003

FILED *JMP*

Effective for gas service rendered  
on and after March 13, 2003

Issued under authority of the  
Michigan Public Service Commission  
dated March 12, 2003  
in Case No. U-13470

(Continued From Sheet No. E-4.00)

**RESIDENTIAL RATE  
(General and Heating)**

**RATE**

Customer Charge

**\$8.00** per customer per month plus

Distribution Charge

**\$1.5257** per Mcf plus

Gas Cost Charge

The monthly gas cost charge as set forth on Sheet No. E-3.00.

Supplemental Charges

This rate is subject to the Supplemental Charges set forth on Sheet No. E-2.00.

Seasonal Service Charge

A charge of \$45.00 payable in either a flat amount or three equal installments, will be made to partially cover the cost of restoring service when it has been temporarily discontinued at the customer's request.

Gas Cost Recovery

This rate is subject to Gas Cost Recovery charges pursuant to Rule B10.

Late Payment Charge and Due Date

A late payment charge of 2%, not compounded, net of sales tax, will be added to any bill which is delinquent. Customers participating in the Winter Protection Plan will not be assessed the late payment charge. The due date shall be **17** days following the date of mailing.

(Continued on Sheet No. E-6.00)

Issued March 13, 2003 by  
Jon R. Empson  
Sr. Vice President  
Omaha, Nebraska

MICHIGAN PUBLIC  
SERVICE COMMISSION

APR 28 2003

FILED *JMP*

Effective for gas service rendered  
on and after March 13, 2003

Issued under authority of the  
Michigan Public Service Commission  
dated March 12, 2003  
in Case No. U-13470

(Continued From Sheet No. E-5.00)

**RESIDENTIAL RATE  
(General and Heating)**

**GAS ALLOCATION PROCEDURE**

This rate schedule is subject to the provisions of Rule B3.7.

**SPECIAL TAXES**

- (a) In municipalities which levy special taxes, license fees, or street rentals against the Company, and which levy has been successfully maintained, the standard of rates shall be increased within the limits of such municipalities so as to offset such special charges and thereby prevent the customers in other localities from being compelled to share any portion of such local increase.
- (b) Bills shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority upon the Company's production, transmission or sale of gas.

**RULES AND REGULATIONS**

Service under this rate schedule shall be subject to the Standard Rules and Regulations of the Company.

Issued March 13, 2003 by  
Jon R. Empson  
Sr. Vice President  
Omaha, Nebraska

MICHIGAN PUBLIC  
SERVICE COMMISSION  
APR 28 2003  
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Effective for gas service rendered  
on and after March 13, 2003

Issued under authority of the  
Michigan Public Service Commission  
dated March 12, 2003  
in Case No. U-13470

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**RESIDENTIAL MULTIPLE FAMILY DWELLING RATE  
(General and Heating)**

**AVAILABILITY**

Subject to limitations and restrictions contained in orders of the Michigan Public Service Commission in effect from time to time and in the Standard Rules and Regulations of the Company, service is available under this rate schedule to any of the Company's existing multiple family dwelling customers as of January 5, 1978, for any centrally metered installations containing individual households for residential service. This rate is not available for commercial or industrial service, including swimming pool heater usage.

Any swimming pool heater usage or other commercial type usage shall be Company submetered or separately metered in order for the customer to remain on this rate schedule. The Company shall furnish the required meter and install it at the customer's expense.

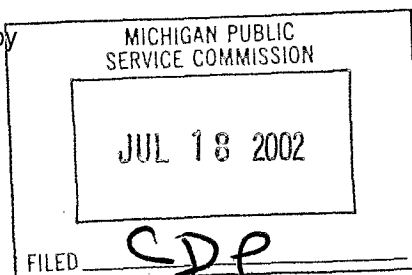
**DEFINITIONS**

As used in this rate schedule, "residential service" means service to any multiple family dwelling customer for purposes of space heating and other domestic uses. A multiple family dwelling includes such living facilities as, for example, cooperatives, condominiums and apartments; provided, however, in order to qualify for this service, each household within such multiple family dwelling must have the normal household facilities such as bathroom, individual cooking and kitchen sink. A "multiple family dwelling" does not include such living facilities as, for example, penal or corrective institution, motels, hotels, dormitories, nursing homes, tourist homes, military barracks, hospitals, special care facilities or any other facilities primarily associated with the purchase, sale or supplying (for profit or otherwise) of a commodity, product or service by a public or private person, entity, organization or institution; these facilities will be provided service under either the Optional Rate or the General Service Rate.

(Continued on Sheet No. E-8.00)

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Issued July 11, 2002 by  
Jon R. Empson  
Sr. Vice President  
Omaha, Nebraska



Effective for gas service rendered  
on and after July 11, 2002

Issued under authority of the  
Michigan Public Service Commission  
dated July 10, 2002  
in Case No. U-13351

(Continued From Sheet No. E-7.00)

**RESIDENTIAL MULTIPLE FAMILY DWELLING RATE  
(General and Heating)**

**RATE**

Customer Charge: (See Sheet No. E-10.00 for meter classifications.)

Meter Class I	\$ <b>8.00</b> per customer per month
Meter Class II	\$ <b>20.00</b> per customer per month
Meter Class III	\$ 60.00 per customer per month
Meter Class IV	\$100.00 per customer per month
plus	

**Distribution Charge**

**\$0.9715** per Mcf plus

**Gas Cost Charge**

The monthly gas cost charge as set forth on  
Sheet No. E-3.00.

**Supplemental Charges**

This rate is subject to the Supplemental Charges set forth on Sheet No.  
E-2.00.

**Seasonal Service Charge**

A charge of \$45.00, payable in either a flat amount or three equal installments,  
will be made to partially cover the cost of restoring service when it has been  
temporarily discontinued at the customer's request.

**Gas Cost Recovery**

This rate is subject to Gas Cost Recovery charges pursuant to Rule B10.

**Late Payment Charge and Due Date**

A late payment charge of 2%, not compounded, net of sales tax, will be added to  
any bill which is delinquent. Customers participating in the Winter Protection  
Plan will not be assessed the late payment charge. The due date shall be  
17 days following the date of mailing.

(Continued on Sheet No. E-9.00)

Issued March 13, 2003 by  
Jon R. Empson  
Sr. Vice President  
Omaha, Nebraska

MICHIGAN PUBLIC  
SERVICE COMMISSION

APR 28 2003

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Effective for gas service rendered  
on and after March 13, 2003

Issued under authority of the  
Michigan Public Service Commission  
dated March 12, 2003  
in Case No. U-13470



(Continued From Sheet No. E-8.00)

**RESIDENTIAL MULTIPLE FAMILY DWELLING RATE  
(General and Heating)**

**GAS ALLOCATION PROCEDURE**

This rate schedule is subject to the provisions of Rule B3.7.

**SPECIAL TAXES**

- (a) In municipalities which levy special taxes, license fees, or street rentals against the Company, and which levy has been successfully maintained, the standard of rates shall be increased within the limits of such municipalities so as to offset such special charges and thereby prevent the customers in other localities from being compelled to share any portion of such local increase.
- (b) Bills shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority upon the Company's production, transmission or sale of gas.

**RULES AND REGULATIONS**

Service under this rate schedule shall be subject to the Standard Rules and Regulations of the Company.

(Continued on Sheet No. E-10.00)

Issued March 13, 2003 by  
Jon R. Empson  
Sr. Vice President  
Omaha, Nebraska

MICHIGAN PUBLIC  
SERVICE COMMISSION

APR 28 2003

FILED *[Signature]*

Effective for gas service rendered  
on and after March 13, 2003

Issued under authority of the  
Michigan Public Service Commission  
dated March 12, 2003  
in Case No. U-13470

(Continued From Sheet No. E-9.00)

**RESIDENTIAL MULTIPLE FAMILY DWELLING RATE  
(General and Heating)**

**SPECIAL PROVISIONS**

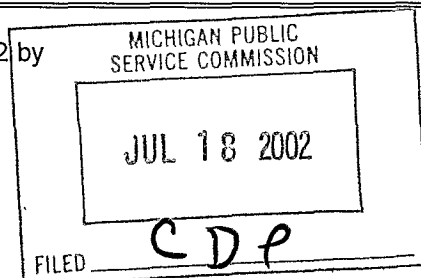
The Consumer Standards and Billing Practices are not applicable to service under this rate schedule (Case No. U-4240).

**METER CLASSIFICATIONS**

For application of the Monthly Customer Charge under this rate schedule, the Company's gas meters are designated in one of the following classifications:

<u>Meter Class I</u> (Less than 400 CFH)	<u>Meter Class II</u> (400-1000 CFH)	<u>Meter Class III</u> (Over 1000 CFH) (without pressure or temperature correcting devices)	<u>Meter Class IV</u> (Over 1,000 CFH) (with pressure or temperature correcting devices)
American AL-175-TC	Sprague 1000-TC	Rockwell 3000-TC	Rockwell 3000-TC
American 225-TC	American 425-TC	Rockwell 5000-TC	Rockwell 5000-TC
American AL-250-TC	American 1000-TC	Roots 1.5M TC	Roots 1.5M-TC
Rockwell 175-TC	Rockwell 415-TC	Roots 3M	Roots 3M
Rockwell 250-TC	Rockwell 750-TC	Roots 3M TC	Roots 3M TC
Rockwell 200-TC	Rockwell 1000-TC	Roots 5M	Roots 5M
Sprague 175-TC	Rockwell 1600-TC	Roots 5M TC	Roots 5M TC
Rockwell 275-TC		Roots 7M	Roots 7M
		Roots 7M TC	Roots 7M TC
		Roots 11M	Roots 11M
		Roots 16M	Roots 16M
		Roots 23M	Roots 23M
		Roots 38M	Roots 38M
		Rockwell T-18	Rockwell T-18
		Rockwell T-30	Rockwell T-30
		Rockwell T-60	Rockwell T-60
		Rockwell T-140	Rockwell T-140

Issued July 11, 2002 by  
Jon R. Empson  
Sr. Vice President  
Omaha, Nebraska



Effective for gas service rendered  
on and after July 11, 2002

Issued under authority of the  
Michigan Public Service Commission  
dated July 10, 2002  
in Case No. U-13351

**SMALL GENERAL SERVICE RATE  
(General and Heating)**

**AVAILABILITY**

Subject to limitations and restrictions contained in orders of the Michigan Public Service Commission in effect from time to time and in the Rules and Regulations of the Company, service is available under this rate schedule to any non-residential customer for any purpose.

**RATE**

Customer Charge  
\$20.00 per customer per month plus

Distribution Charge  
\$1.2460 per Mcf

Gas Cost Charge  
The monthly gas cost charge as set forth on Sheet No. E-3.00.

Supplemental Charges  
This rate is subject to the Supplemental Charges set forth on Sheet No. E-2.00.

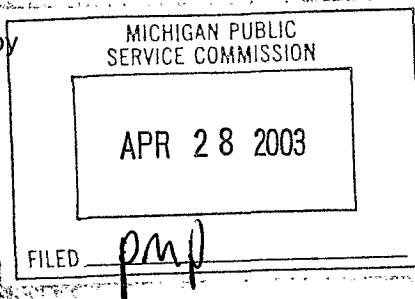
Seasonal Service Charge  
A charge of \$45.00, payable in either a flat amount or three equal installments, will be made to partially cover the cost of restoring service when it has been temporarily discontinued at the customer's request.

Gas Cost Recovery  
This rate is subject to Gas Cost Recovery charges pursuant to Rule B10.

**Delayed Payment Charge and Due Date**  
A **delayed** payment charge of 2%, **shall be applied to the unpaid balance outstanding** not compounded, net of sales tax, **of** any bill which is not paid on or before the due date shown thereon. The due date shall be 21 days following the date of mailing.

(Continued on Sheet No. E-12.00)

Issued March 13, 2003, by  
Jon R. Empson  
Sr. Vice President  
Omaha, Nebraska



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on and after March 13, 2003

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dated March 12, 2003  
in Case No. U-13470

(Continued From Sheet No. E-11.00)

**SMALL GENERAL SERVICE RATE  
(General and Heating)**

**GAS ALLOCATION PROCEDURE**

This rate schedule is subject to the provisions of Rule B3.7.

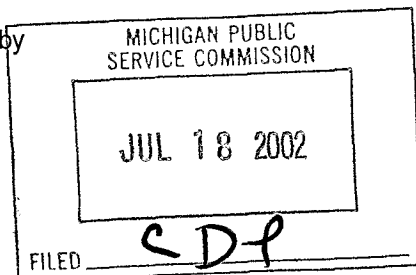
**SPECIAL TAXES**

- (a) In municipalities which levy special taxes, license fees, or street rentals against the Company, and which levy has been successfully maintained, the standard of rates shall be increased within the limits of such municipalities so as to offset such special charges and thereby prevent the customers in other localities from being compelled to share any portion of such local increase.
- (b) Bills shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority upon the Company's production, transmission or sale of gas.

**RULES AND REGULATIONS**

Services under this rate schedule shall be subject to the Standard Rules and Regulations of the Company.

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Omaha, Nebraska



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**LARGE GENERAL SERVICE RATE  
(General and Heating)**

**AVAILABILITY**

Subject to limitations and restrictions contained in orders of the Michigan Public Service Commission in effect from time to time and in the Rules and Regulations of the Company, service is available under this rate schedule to any non-residential customer for any purpose.

**RATE**

Customer Charge  
**\$300.00** per customer per month plus

Distribution Charge  
**\$0.9288** per Mcf plus

Gas Cost Charge  
The monthly gas cost charge as set forth on Sheet No. E-3.00.

Supplemental Charges:  
This rate is subject to the Supplemental Charges set forth on Sheet No. E-2.00.

Seasonal Service Charge  
A charge of \$45.00, payable in either a flat amount or three equal installments, will be made to partially cover the cost of restoring service when it has been temporarily discontinued at the customer's request.

Gas Cost Recovery  
This rate is subject to Gas Cost Recovery charges pursuant to Rule B10.

**Delayed Payment Charge and Due Date**  
A **delayed** payment charge of 2% **shall be applied to the unpaid balance outstanding** not compounded, net of sales tax, **of** any bill which is not paid on or before the due date shown thereon. The due date shall be 21 days following the date of mailing.

(Continued on Sheet No. E-14.00)

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(Continued From Sheet No. E-13.00)

**LARGE GENERAL SERVICE RATE  
(General and Heating)**

**GAS ALLOCATION PROCEDURE**

This rate schedule is subject to the provisions of Rule B3.7.

**SPECIAL TAXES**

- (a) In municipalities which levy special taxes, license fees, or street rentals against the Company, and which levy has been successfully maintained, the standard of rates shall be increased within the limits of such municipalities so as to offset such special charges and thereby prevent the customers in other localities from being compelled to share any portion of such local increase.
- (b) Bills shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority upon the Company's production, transmission or sale of gas.

**RULES AND REGULATIONS**

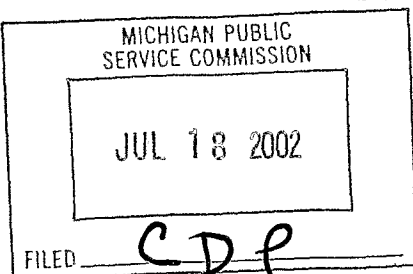
Services under this rate schedule shall be subject to the Standard Rules and Regulations of the Company.

**CONTRACT**

Services under this rate requires execution of a contract.

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**GAS LIGHTING RATE**

**AVAILABILITY**

Subject to limitations and restrictions contained in orders of the Michigan Public Service Commission in effect from time to time and in the Rules and Regulations of the Company.

**RATE**

Residential - Current Residential Commodity Charge (Gas Cost & Distribution Charge) per Mcf times the input rating of the light.

Commercial - Current Small General Service Commodity Charge (Gas Cost & Distribution Charge) per Mcf times the input rating of the light.

Street Lights – (In accordance with the terms of the service agreement.)

**RULES AND REGULATIONS**

Service under this rate schedule shall be subject to the Standard Rules and Regulations of the Company plus the following condition:

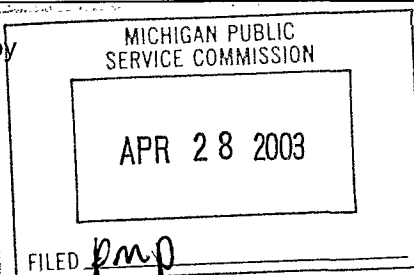
No additional gas burning devices may be attached to the service connection for light(s) served under this rate.

**SPECIAL TAXES**

- (a) In municipalities which levy special taxes, license fees, or street rentals against the Company, and which levy has been successfully maintained, the standard of rates shall be increased within the limits of such municipalities so as to offset such special charges and thereby prevent the customers in other localities from being compelled to share any portion of such local increase.
- (b) Bills shall be increased to offset any new or increased special tax or excise imposed by any governmental authority upon the Company's production, transmission or sale of gas.

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(Tariff Sheet Nos. E-16.00 through E-21.00 have been canceled.)

Tariff provisions applicable to Transportation Services have been  
consolidated in Section F.

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Jon R. Empson  
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**F1. GAS TRANSPORTATION SERVICE RULES**

**F1.1 General provisions and definitions:**

- 1) "Gas" means natural gas, manufactured gas, or a combination of the two.
- 2) "Alternate-fuel capability" means the ability to actually utilize a fuel other than gas, in place of gas.
- 3) "Nominations" means the process by which the customer notifies the Company of expected transportation quantities.
- 4) "Day" means a period of 24 consecutive hours (23 hours when changing from standard to daylight time and 25 hours when changing back to standard time) beginning at 8:00 a.m. eastern time or at such other time as may be mutually agreed.
- 5) "Annual Contract Quantity" (ACQ) means a quantity of gas, as specified in the transportation contract between the customer and the Company, that is based on the customer's maximum historical 12-month usage (determined from the customer's 36-month base period) plus adjustments for known or expected changes.
- 6) "Maximum Daily Quantity" (MDQ) means a quantity of gas, as specified in the transportation contract between the customer and the Company, that is based on the customer's historical peak-month usage (determined from the customer's 36-month base period) plus adjustments for known or expected changes. The MDQ is the greatest quantity of gas that the Company agrees to accept for transportation on the customer's behalf on any day.
- 7) "Average Daily Quantity" (ADQ) means a quantity of gas equal to the customer's contractual ACQ divided by 365.
- 8) "Month" means a period beginning at 8:00 a.m. Eastern time on the first day of a calendar month and ending at 8:00 a.m. Eastern time on the first day of the following calendar month.
- 9) "Broker" means an intermediary that arranges the purchase of gas from the producer and the sale of that gas to a Buyer.

(Continued on Sheet No. F-2.00)

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(Continued From Sheet No. F-1.00)

**F1.1 General provisions and definitions: (Contd)**

- 10) "Buyer" means the purchaser and ultimate user of gas and of all the services necessary to make gas available for usage.
- 11) "Customer" means an individual or business, excluding other gas utilities, that purchases gas or transportation services, or both, on the utility's system.
- 12) "Off-System Customer" means other utilities or pipelines and customers taking sales gas, or transportation, exchange, or storage service from the Company for a facility that is: (a) not located within the Company's franchised gas service territory; or (b) located within the Company's franchised service territory and directly connected to the Company's distribution system, but is also eligible for direct service from another pipeline system pursuant to a 1929 PA 69 Certificate.
- 13) "Total Heating Value Per Cubic Foot" means the number of British thermal units produced by the combustion, at constant pressure, of one cubic foot of gas, with air of the same pressure and temperature as the gas, when the products of combustion are cooled to the initial temperature of the gas and air, and when the water formed by the combustion is condensed to the liquid state.
- 14) "Balancing" means the reconciliation of differences in the amounts of gas received by the pipeline transporter(s) from the producer or Broker, by the Company from the pipeline transporter(s), and/or by the Buyer from the Company.
- 15) "Commingle" means to combine gas from different sources into a common, undifferentiated whole.
- 16) "Contract year" means a period of 12 consecutive months with the initial contract year beginning on the date provided for in the contract.
- 17) "Cubic foot of gas" means the volume of gas that occupies one cubic foot when the gas is at a temperature of sixty degrees Fahrenheit and at a pressure base of 14.65 psia dry.

(Continued on Sheet No. F-3.00)

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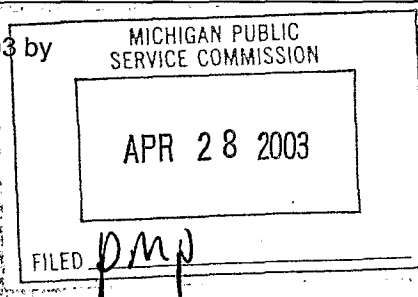
(Continued From Sheet No. F-2.00)

**F1.1 General provisions and definitions: (Contd)**

- 18) "Curtailed" means an interruption by the Company of the flow of gas to Buyer's facility.
- 19) "Dekatherm" means a thermal unit equal to 1,000,000 British thermal units.
- 20) "Delivery point" means any point on the Company's gas distribution system at which an interconnection exists with an interstate pipeline or other transporter to enable the Company to receive gas owned by the Buyer for redelivery to the Buyer's facility.
- 21) "Delivery" means the transfer of gas from an interstate pipeline or other transporter to the Company at a point of interconnection to the Company's distribution system.
- 22) "Mcf" means 1,000 cubic feet of gas.
- 23) "Peak day" means the reservation by the Buyer of access to the Company's system supply of gas at any time, including the 24-hour period of greatest gas sendout by the Company to system-supply customers during any year or other applicable period as established in the contract between the Company and the Buyer.
- 24) "Redelivery" means the transfer of gas from the Company to the Buyer at the meter at the Buyer's facility.
- 25) "System supply" means gas reserved or purchased directly by the Company from any source for resale to its filed tariff sales customer, approved special contract sales customers.
- 26) "Transportation" means the provision of capacity within the Company's gas distribution system together with associated services to move gas owned by the Buyer to the Buyer's facility, as contrasted with the direct sale of gas owned by the Company to a customer.

(Continued on Sheet No. F-4.00)

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Omaha, Nebraska



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(Continued From Sheet No. F-3.00)

**F1.1 General provisions and definitions: (Contd)**

- 28) "Transporter(s)" means an interstate pipeline or other company that delivers gas owned by the Buyer to the Company for redelivery to the Buyer's facility.
- 29) "Designated service rate" means the most economical sales rate under which the customer would be allowed to take firm or interruptible sales service.

**F1.2 Application of rules.**

Unless otherwise provided for within these transportation service rules or under Transportation Service Rates TR-1, TR-2 and TR-3, transportation rate customers are subject to all the rules and regulations contained within the Company's Rules, Regulations and Rate Schedules Governing the Sale or Transportation of Gas. Customers taking service under transportation rules and rates shall be considered utility service customers of the Company.

**F1.3 Possession of gas.**

- 1) Responsibility For Gas.

The Company and the customer shall each be responsible for its own equipment, facilities, and gas on its own side of a delivery point. The Company and the customer shall each have good title or good right to make such a delivery or redelivery; and, further, shall warrant for itself, its personal representatives, its successors, and its assigns that the gas shall be free and clear of all liens, encumbrances, and claims. With respect to any adverse claim that may arise as to the gas or as to royalties, taxes, license fees, or charges on it, the party delivering, redelivering, causing the delivery, or causing the redelivery of the gas shall indemnify and save the receiving party harmless from all suits, actions, debts, accounts, damages, costs, losses, and expenses arising from or out of that action, provided that the receiving party gives the other prompt notice of any adverse claim.

(Continued on Sheet No. F-5.00)

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(Continued From Sheet No. F-4.00)

F1.3 Possession of gas. (Contd)

2) Indemnification of the Company.

In the absence of negligence, recklessness or willful misconduct on the part of the Company or the Company's directors, officers, employees or agents, the customer waives any and all claims against the Company, its officers, its employees or its agents, arising out of or in any way connected with: (a) the quality, use, or condition of the gas after redelivery from the Company's line for the account of the customer; (b) any losses or shrinkage of gas during or resulting from transportation; and (c) all other claims and demands arising out of the performance of the duties of the Company, its directors, its officers, its employees, or its agents.

F1.4 Records, accounting and control.

A. Mailing of notices, bills, and payments.

All notices, bills and payments required or permitted to be given in connection with transportation service shall be sent to the address specified in the customer's contract unless otherwise indicated therein; shall be in writing and shall be valid and sufficient if delivered in person or by first class mail, Western Union, or telex.

B. Nominations, accounting, and controls.

Requirements. Customers are required to have a nomination on file for each day of the month. (A single nomination shall be assumed to apply for each subsequent day of the month, unless otherwise indicated.) Customers requesting volumes to flow on the first day of any month must contact Company's Gas Control Department via Company's Internet-enabled electronic bulletin board, known as Gas Track Online (<http://www.gastrackonline.com>), and inform them of the volumes to be transported by receipt point(s) and delivery point(s). First of the month nominations and subsequent nomination changes via the Internet are due by 11:30 a.m. Central Time one day before the gas flows. Intra-day nomination changes for the 2<sup>nd</sup> through the end of a month will be accepted until 5:00 p.m. Central Time. A confirmed pipeline nomination will also be accepted on a best effort basis on the day of gas flow. The Company shall have the right, in its sole discretion, to reject or change any nomination that does not match the corresponding interstate pipeline nomination, or conflicts with the Operational Flow Orders (OFO) of the Company pursuant to Rule B4.2C on Sheet Nos. B-40.00 through B-43.00.

On GTO, the customer or designated representative is to input the delivery point on Aquila Networks - MGU's system, the pipeline (shipper's) name and contract number, and the delivered volume of gas it desires the Company to receive on the customer's behalf during the month. The Company will also make Critical Day and other

(Continued on Sheet No. F-6.00)

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Omaha, Nebraska

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(Continued From Sheet No. F-5.00)

**F1.4 Records, accounting, and control. (Contd)**

important operational notices that may affect nominations available via GTO. If circumstances arise whereby GTO is not available, the Company will use a paper-based nominations process until GTO is back on-line. The customer and the Company shall inform each other of any changes in anticipated deliveries immediately. Changes in monthly and daily nominations may be necessary to accommodate certain operating conditions such as the implementation of an Operational Flow Order (OFO) by the Company pursuant to Rule B4.2C on Sheet Nos. B-40.00 through B-43.00 and for monthly load balancing purposes as described on Sheet Nos. F-14.00 through F-17.00.

**F1.5 Gas quality**

A. The quality of gas delivered to the Company shall meet the following requirements:

- 1) Gas shall not contain more than three percent oxygen by volume;
- 2) Gas shall be commercially free from objectionable odors, solid or liquid matter, dust, gum or gum-forming constituents that might interfere with its merchantability or cause injury to or interference with proper operation of the lines, regulators, meters, or other appliances through which it flows;
- 3) Gas shall not contain more than 0.3 grain of hydrogen sulphide per 100 cubic feet;
- 4) Gas shall not contain more than twenty grains of total sulfur (including hydrogen sulfide and mercaptan sulfur) per 100 cubic feet;

(Continued on Sheet No. F-7.00)

Issued November 1, 2003 by  
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Omaha, Nebraska

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(Continued From Sheet No. F-6.00)

**F1.5 Gas quality. (Contd)**

- 5) Gas shall not at any time have a carbon dioxide content in excess of two percent by volume;
  - 6) Gas shall not contain an amount of moisture which at any time exceeds seven pounds per million cubic feet; and
  - 7) Gas shall not contain a nitrogen content in excess of three percent by volume.
- B. Gas delivered to the Company shall have a total heating value per cubic foot of not less than 950 British thermal unit (BTUs) nor more than 1,100 BTUs.

**F1.6 Service requirements.**

A. Quantities

- 1) The customer may deliver or cause to be delivered and the Company will accept quantities of gas up to the MDQ agreed to in the contract with the customer. Such deliveries shall be made to the Company at a location(s) agreed to by the Company and the customer where the Company's pipeline facilities are connected with: (a) the facilities where the gas is being produced; or (b) with other facilities through which the gas is being transported. Deliveries to the Company in excess of the agreed upon quantities shall be grounds for termination of the contract by the Company.
- 2) Gas delivered to the Company shall be thermally evaluated at the point of receipt into the Company's system, and the Company will deliver to the customer gas with an equivalent British thermal unit (BTU) content based on: (a) the Company's calculated average BTU content; or (b) test results from a BTU sampler located at the point of redelivery to the customer.

(Continued on Sheet No. F-8.00)

Issued March 13, 2003 by  
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Sr. Vice President  
Omaha, Nebraska

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(Continued From Sheet No. F-7.00)

**F1.6 Service requirements. (Contd)**

**B. Pressure.**

The Company shall not be required to alter its prevailing line pressure at the delivery point or at the redelivery point.

**C. Measurement.**

1. When delivered to the customer, all gas shall be measured by the Company. The accuracy of meters used for that purpose shall be evaluated and maintained in accordance with the Michigan Public Service Commission Technical Standards For Gas Service (Technical Standards R460.2301).

2. Adjustments for meter errors shall be in accordance with the applicable rule in the Technical Standards.

**D. Curtailment.**

1. A customer's curtailment rights and obligations are determined under the Company's Rule B4, Curtailment of gas service.

2. Curtailment of gas service, when necessary in the Company's opinion to balance gas requirements with gas supplied, shall be implemented under Rule B4, Curtailment of gas service.

**E. Limitation of Service.**

The Company shall not be required to perform service under a transportation contract on behalf of any customer failing to comply with any and all terms of the customer's contract and the Company's transportation rules and rates. By mutual agreement between the customer and the Company, specific transportation contract language may vary from the terms and conditions of the tariff.

(Continued on Sheet No. F-9.00)

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Omaha, Nebraska

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(Continued From Sheet No. F-8.00)

**F1.7 Billing.**

A. Billing.

The Company shall endeavor to render a transportation billing to the customer on or about the fifth day of each calendar month for service during the prior month. The Company will issue a separate billing for service under each of the customer's transportation contracts which will be due 10 days from the date it is rendered. The Company will make a thermal balance sheet available to each customer at the time of billing at the customer's request. Each party to a transportation contract shall have the right at all reasonable times to examine the books, records and charts of the other party, to the extent necessary to verify the accuracy of any statement, charge or computation made under or pursuant to any provisions of the contract.

B. Agency

1. If the Company and the customer agree and the customer's pipeline gas transporter has a provision for directly billing a customer for transportation fees, then the Company has the option to collect fees to be paid to the pipeline.
2. If the Company and the customer agree, then the Company may serve as a customer's agent in its contracts for transportation by interstate pipelines or other transporters.

**F1.8 Transportation Standards of Conduct**

This rule is intended to promote fair competition and a level playing field among all participants involved in transportation within the Company's regulated gas service territory. The Company will conduct its business to conform to the following Transportation Standards of Conduct:

1. The Company will apply any tariff provision relating to transportation service in the same manner without discrimination to all similarly situated persons.
2. The Company will not give its marketing affiliate or customers of its affiliate preference over any other non-affiliated gas marketers or their customers in matters relating to transportation service including, but not limited to, nominating, balancing, metering, billing, storage, standby service, curtailment policy or price discounts.

(Continued on Sheet No. F-10.00)

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(Continued From Sheet No. F-9.00)

**F1.8 Transportation Standards of Conduct (Contd)**

3. The Company will not communicate to any customer, supplier or third parties that any advantage may accrue to such customer, supplier or other third party in the use of the Company's services as a result of that customer, supplier or other third party dealing with its marketing affiliate and shall refrain from giving any appearance that it speaks on behalf of its affiliate.
4. The Company will process all similar requests for transportation service in the same manner and within the same period of time.
5. The Company will not provide leads or provide market sensitive information regarding a current or potential customer or marketer to its marketing affiliate. If a customer requests information about marketers, the Company will provide a list of all marketers operating on its system, including its affiliate, but will not promote its affiliate.
6. If a customer makes a request in writing that its historic volumetric sales and transportation data be provided to a particular marketer or marketers in general, that request will be honored by the Company until revoked by the customer. To the extent the company provides to its marketing affiliate a discount or information related to the transportation, sales or marketing of natural gas, including but not limited to the company's customer lists, that is not readily available or generally known to any other marketer or supplier or has not been authorized by a customer, it will provide details of such discount or provide the information contemporaneously to all potential marketers on its system that have requested such information. A marketer may make a standing request for contemporaneous disclosure of such information.
7. The Company will not condition or tie its agreement to release interstate pipeline capacity to any agreement by a gas marketer, customer, supplier or pipeline transporter relating to any service in which its marketing affiliate is involved.
8. The Company will not condition or tie an agreement to provide a transportation discount to any agreement by a marketer, customer, supplier or pipeline transporter relating to any service in which its marketing affiliate is involved.
9. The Company's operating employees and the operating employees of its marketing affiliate will function independently of each other, be employed by separate business entities, and reside in separate offices.
10. The Company will keep separate books of accounts and records from those of its marketing affiliate.

(Continued on Sheet No. F-11.00)

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Omaha, Nebraska

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(Continued From Sheet No. F-10.00)

**F1.9 Transportation Standards of Conduct Complaint Procedures**

If the Company receives a verbal complaint related to its Rules, Regulations and Rate Schedules Governing the Sale or Transportation of Natural Gas, M.P.S.C. No. 6, Section D3.8, Transportation Standards of Conduct, the Company will attempt to resolve the complaint on an informal basis. If the Company and the complainant are unable to resolve the complaint on an informal basis, the procedures outlined below will be followed:

1. Complainant will route all formal complaints in writing to:  
  
Aquila Networks - MGU  
899 S. Telegraph Road  
Monroe, Michigan 48161  
Attention: Manager of Regulatory Services
2. The Company will acknowledge the receipt of the formal written complaint, in writing, within five working days of receipt by the Company.
3. The Company will confirm and amend the prepared written statement of the complainant to ensure the complaint includes the name of the complainant, relevant dates and specific claims.
4. The Company will prepare a written statement communicating to the complainant the results of the Company's preliminary investigation within 30 days of the initial receipt of the complaint by the Company with a description of the action taken or proposed to be taken.
5.
  - a) If the complainant is satisfied with the action taken or proposed to be taken, complainant will acknowledge its agreement by signing and returning a copy of the Company's written statement addressing the action taken or proposed to be taken.
  - b) If the complainant is not satisfied with the Company's response, then the complainant may address the complaint to the Michigan Public Service Commission.

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Omaha, Nebraska

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dated March 12, 2003  
in Case No. U-13470

**TRANSPORTATION SERVICE AND RATES**

**AVAILABILITY**

This service is available to any customer that could otherwise purchase gas under any of the Company's existing sales tariffs.

The customer must contract for delivery to a specific metering point(s) where the gas will be consumed. Gas transported under this rate may not be resold.

The Customer has agreed to provide a separate telephone line and such other facilities as may be required for the specialized metering equipment needed to be installed by the Company. The Customer has also agreed to provide 24 hour per day access to the specialized metering equipment located on the Customer's premises. Upon request, the Company will make available to the Customer the daily volumetric data collected from the specialized metering equipment within two hours following the end of the Gas Day.

The Company does not have the obligation to provide GCR sales service until 30 days after notification of the customer's intention to become a sales customer.

The Company makes no guarantee against, and assumes no liability for, interruptions caused by third parties, including marketers, producers, and pipelines.

**NATURE OF SERVICE**

The Company will accept on a firm basis, gas delivered to it on behalf of a transportation customer. The Company will redeliver an amount of gas to the customer containing the equivalent British thermal unit (BTU) content of the gas delivered to the Company on behalf of the customer.

Bills will be rendered on a monthly basis.

Service will be rendered under the terms and conditions contained in this rate schedule and consistent with the Company's Rule D3 - GAS TRANSPORTATION SERVICE RULES.

**AGGREGATION OF ACCOUNTS OPTION**

A customer receiving gas service at multiple facilities under common ownership may elect to aggregate the quantities of gas supplied to such facilities if the following conditions are met:

- (1) The customer must designate one of the facilities as the master account. The master account must be a Transportation Service account (TR-1, TR-2 or TR-3).
- (2) Only the subsidiary accounts will be eligible for aggregation with the master account. To qualify as a subsidiary account a facility must be served under any of the Sales Service Rates or Transportation Service Rates. The customer, or the customer's agent, must specify which of the other facilities will be designated as a subsidiary account. The customer may designate some or all of its other facilities as subsidiary accounts.

(Continued on Sheet No. F-13.00)

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Sr. Vice President  
Omaha, Nebraska

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(Continued From Sheet No. F-12.00)

**TRANSPORTATION SERVICE AND RATES**

**AGGREGATION OF ACCOUNTS OPTION (contd)**

(3) The facility designated as the master account shall be subject to and billed under the provisions of its transportation tariff. Facilities designated as subsidiary accounts shall be subject to all the terms and conditions of the master account tariff, except that each subsidiary account will pay the customer charge and distribution charge in effect for its designated sales or transportation rate rather than the customer charge and transportation charge in effect for the master account.

**RATES AND CHARGES**

Monthly Charges:	Transportation Service Rate		
	TR-1	TR-2	TR-3
Administrative Charge	\$ 450.00 / contract	\$ 450.00 / contract	\$ 450.00 / contract
Customer Charge			
First Meter	<u>\$300.00</u> / meter	<u>\$1,600.00</u> / meter	<u>\$ 2,300.00</u> / meter
Each Additional Meter	<u>\$150.00</u> / meter	<u>\$ 400.00</u> / meter	<u>\$ 575.00</u> / meter
Remote Meter Reading Charge	\$120.00 / meter	\$120.00 / meter	\$120.00 / meter

**Transportation Rates:**

Peak (November to March)	<u>\$0.7499</u> per Mcf	<u>\$0.4516</u> per Mcf	<u>\$ 0.4263</u> per Mcf
Off-Peak (April to October)	<u>\$0.5999</u> per Mcf	<u>\$0.3016</u> per Mcf	<u>\$0.2763</u> per Mcf

Optional Discount Rates - The Company, at its discretion, may negotiate lower rates for individual customers, down to a minimum of \$0.20 per Mcf.

The Company, at its option, may require the installation of a heating value measurement device and the payment by the customer of a \$250.00 monthly heating value measurement charge under the following conditions:

- (1) If the customer refuses to include in its gas transportation service contract a provision that holds the Company harmless for any damages resulting from measuring errors; or
- (2) If the customer demands that heating value measurement equipment be installed.

(Continued on Sheet No. F-14.00)

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(Continued From Sheet No. F-13.00)

**TRANSPORTATION SERVICE AND RATES**

**GAS COST RECOVERY**

Gas transported under this rate is not subject to adjustments for fluctuations in the cost of purchased gas as stated in Rule B10 of the Company's Rules, Regulations, and Rate Schedules, M.P.S.C. No. 6.

**SUPPLEMENTAL CHARGES**

This rate may be subject to the Supplemental Charges set forth on Sheet No. E-2.00.

**GAS IN KIND**

The Company shall retain 0.68% of all gas received at the delivery point(s) to compensate it for the company-use and lost-and-unaccounted-for gas on the Company's system. This volume shall not be included in the quantity available for redelivery to the customer.

**MONTHLY LOAD BALANCING**

**MONTHLY IMBALANCES:**

As imbalances occur, the Company and the customer will attempt to correct them within the same month in which they occur. Failing such corrections, the Company will cash-out the imbalances as described below:

**ANNUAL CONTRACT QUANTITY (ACQ)** is defined as the quantity of gas, as specified in the transportation contract between the customer and the Company, that is based on the customer's maximum historical 12-month usage (determined from the customer' 36-month base period) plus adjustments for known or expected changes.

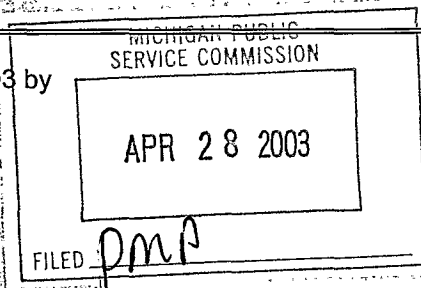
**AUTHORIZED TOLERANCE LEVEL (ATL)** is defined as 5% of the customer's ACQ. The Company is obligated to retain excess deliveries of gas on behalf of the customer up to its ATL, without additional charge.

**EXCESS DELIVERIES** are defined as gas delivered to the Company, on behalf of the customer, less gas in kind and gas redelivered to the customer, on a monthly basis.

**ATL BALANCE** is defined as the cumulative balance of excess deliveries from month to month, up to the customer's ATL. The ATL balance may be carried forward from month to month without additional charge. The Company will inform the customer of its current ATL balance along with its monthly billing.

(Continued on Sheet No. F-15.00)

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(Continued From Sheet No. F-14.00)

**TRANSPORTATION SERVICE AND RATES**

**MONTHLY LOAD BALANCING (contd)**

POSITIVE IMBALANCE is defined as the balance of excess deliveries of gas to the Company for the month which exceeds the customer's ATL.

NEGATIVE IMBALANCE is defined as the amount of gas redelivered to the customer in excess of the gas available to the customer during the month. The gas available to the customer during the month is the sum of its gas delivered to the Company, less gas in kind, plus any gas available from its ATL balance.

**CASH-OUT AT THE END OF THE MONTH:**

If the customer has a positive imbalance, then the Company will credit the customer's account for the purchase of the imbalance gas in accordance with the schedule below ("% Monthly Nomination" is a percentage of the confirmed nomination amount for the month):

% Monthly Nomination	Purchase At
0 - 5%	Average of the Mich Con City Gate Index, for Large End-Users, as described below.
over 5%	Low price for the Mich Con City Gate Index, for Large End-Users, as described below.

If the customer has a negative imbalance, then the Company will charge the customer's account for imbalance gas in accordance with the schedule below ("% Monthly Nomination" is a percentage of the confirmed nomination amount for the month):

% Monthly Nomination	Charge At
0 - 5%	Average of the Mich Con City Gate Index, for Large End-Users, as described below.
over 5%	High price for the Mich Con City Gate Index, for Large End-Users, as described below.

The index for monthly imbalances is that which appears daily under "Mich Con City Gate Index for large end users" in each Gas Daily during the month. If Gas Daily ceases publication of the index, then the Company will use a replacement index that is representative of Aquila Networks - MGU's market throughout the month, preferably daily. The company will provide prior notice to its customers and to MPSC Staff of a replacement index, and seek agreement from MPSC Staff for use of the replacement index.

(Continued on Sheet No. F-16.00)

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(Continued From Sheet No. F-15.00)

**TRANSPORTATION SERVICE AND RATES**

**MONTHLY LOAD BALANCING (contd)**

The low price is defined as the lowest daily price that appears in any Gas Daily, that is dated within that month, under Mich Con City Gate Index for large end users.

The high price is defined as the highest daily price that appears in any Gas Daily, that is dated within that month, under Mich Con City Gate Index for large end users.

The average price is defined as the arithmetic average of all of the high and low daily prices that appear in all issues of Gas Daily that are dated within that month under Mich Con City Gate index for large end users.

**IMBALANCE PAPER POOLING OPTION:**

Any customer or customer's agent that causes multiple deliveries at any receipt point to Aquila Networks - MGU may, for the purposes of monthly balancing, pool those deliveries together provided that each delivery into the pool:

- (1) is to a customer served solely from that same delivery point, and
- (2) is to a customer whose usage is measured using the same billing month.

The deliveries are pooled together by adding the positive and negative imbalances for each customer in the pool. The net imbalance is pro rated to those customers with the imbalance in the same direction based on the individual imbalance.

The customer, or an agent acting on the customer's behalf, may select this option for any month provided that it notifies the Company in writing at least one month prior to the due date for nominations for the month of effective service. Such notifications must include a description of the customers to be included in the pool.

This option does not excuse the customer from its obligations to make timely nominations.

A customer decision to select this pooling option, as well as the allocation method, is binding for the month. Customers that are served by supply from multiple Aquila Networks – MGU receipt points are not eligible. Customers may not pool Authorized Tolerance Levels under this option.

A fee of \$25.00 per month shall be imposed on each imbalance paper pool, with the fee billed to the marketer, broker, or aggregator that is designated as the pool's representative.

(Continued on Sheet No. F-17.00)

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Omaha, Nebraska

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(Continued From Sheet No. F-16.00)

**TRANSPORTATION SERVICE AND RATES**

**MONTHLY LOAD BALANCING (contd)**

**AUTHORIZED TOLERANCE LEVEL BALANCE TRADING:**

The customer or the customer's authorized representative may transfer a portion of their account balance to another customer. The customer from whom the gas is transferred shall be charged a \$25.00 fee. Such transactions are prospective and may not be used to avoid penalties once charged.

**UNAUTHORIZED TAKES WHEN SERVICE IS INTERRUPTED OR CURTAILED**

Penalties for unauthorized takes by a customer during a period of curtailment or interruption of gas service shall be assessed charges and cashed-out in accordance with the provisions of the Company's Rule B4.2 - CURTAILMENT OF GAS SERVICE.

**AUTHORIZED TOLERANCE LEVEL RESTRICTIONS:**

**(A) Monthly withdrawals from storage during February through April will be limited to 3% of the transportation customer's ACQ. Withdrawals in excess of that limit may be authorized but are subject to the Company's sole judgment and prior approval pursuant to appropriate terms and conditions. Without prior approval, if in any month the volume of gas received by the Company, less the allowance for gas-in-kind plus the 3% of the transportation customer's ACQ is less than the volume of gas taken by the customer at the point of delivery, then all excess ATL delivery volumes above the 3% threshold will be cashed out in accordance with the Negative Imbalance provisions "% Monthly Nomination Over 5%", at the high price for the MichCon City Gate Index.**

**(B) Injections into storage during September and October will be limited to no more than 1.0% of ACQ without approval from the Company. Injections during the September and October period which exceed 1.0%, shall permit the Company to refuse to receive any additional volume of gas for that customer until the Company has satisfied itself that the volume of gas retained for the customer is less than the ATL. All volumes delivered in excess of the ATL level will be cashed-out in accordance with the Positive Imbalance provisions "% Monthly Nomination Over 5%", at the low price for the MichCon City Gate Index.**

**(C) Daily nominations cannot exceed 125% of expected daily usage without approval of the Company.**

**(D) For purposes of this provision (Subsections (A), (B) and (C) above), pooling will be allowed on a supplier-by-supplier basis at the city gate.**

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SECTION G  
CUSTOMER CHOICE (Rate CC)

GENERAL TERMS AND CONDITIONS OF THE TARIFF

G1. GENERAL PROVISIONS

A Supplier desiring to supply gas to customers under Gas Customer Choice (GCC) Rate CC must register with the Staff of the Michigan Public Service Commission and execute an "Authorized Gas Supplier Agreement" with the Company prior to any solicitation of the Company's customers. Such agreement shall require compliance with all of the terms of this Rule.

Enrollment:

- A. Customers may elect to participate in the GCC program and Suppliers may solicit customer participation at any time.
- B. A customer who is a transportation or sales customer of the Company must comply with any minimum term requirements of those tariffs before being permitted to switch to Rate CC.
- C. The customer's selection of a Supplier shall remain in effect until (i) terminated by the customer or the Supplier, or (ii) the Supplier becomes disqualified from participating in the GCC program, or (iii) the Company receives an enrollment for that customer from another Supplier. The Company shall incur no liability for relying on information from a customer or a Supplier which the Company believes to be genuine.
- D. **Supplier Deposits:** A Supplier shall provide the Company, by the last day of the calendar month prior to the month in which the Supplier's customer commences service, a cash deposit in the amount of \$10.00 per Mcf for 10/365ths of the Company-estimated total annual load for those customers selecting that Supplier. The cash deposit shall be adjusted if the Company-estimated total annual load for those customers changes. As an alternative to a cash deposit, the Supplier may provide an irrevocable letter of credit from a financial institution, a surety bond, or a parental guarantee satisfactory to the Company in not less than the amount of the cash deposit. Any such letter of credit, surety bond or parental guarantee shall be in a form acceptable to the Company. The amount of cash deposit plus any accrued interest, letter of credit, surety bond or parental guarantee shall be applied against any unpaid charges and/or fees, as well as any price reconciliation liabilities, or liabilities associated with Supplier default. Cash deposit amounts not so applied shall be refunded to the Supplier if the Supplier ceases to serve customers under the program.

The Company shall pay simple interest to each Supplier who makes a cash deposit for the time the deposit is held. The interest rate shall be the average monthly short-term borrowing rate available to the Company for each month, or months in which the deposit is held. Payment of the interest to the Supplier shall be made at least semi-annually. The deposit shall cease to draw interest on the date the deposit is returned, on the date service is terminated, on the date the deposit is applied against any unpaid charges, fees or liabilities or the date that notice that the deposit is no longer required is sent to the Supplier's last known address.

(Continued on Sheet No. G-2.00)

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Omaha, Nebraska

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(Continued From Sheet No. G-1.00)

- E. **Supplier Pricing:** A Supplier may have as many pricing pools as desired. Each month, all customers within a pricing pool shall be billed the same price, as designated by the Supplier. A Supplier shall pay a monthly Administrative Fee of \$100.00 per Supplier-designated pricing category. The Company reserves the right to require additional pools to meet operational requirements.
  
- F. **Daily Delivery Obligations:** The Company will provide each Supplier with a monthly schedule of quantities for delivery of gas into the Company system on behalf of the Supplier's customers. Prior to the closing bid day of futures trading for the month, the Company will issue a Daily Delivery Obligation (DDO). The DDO will establish the anticipated daily quantity of gas to be delivered to the Company at the Point(s) of Receipt designated by the Company. The DDO will generally be based upon the pooled customers' historical use for the prior year, adjusted for the prior year's weather. This schedule may be updated by the Company on a monthly basis. The Company reserves the right to take into consideration the Supplier's cumulative imbalance in determining each month's DDO. The DDO is subject to intra-month changes as operational conditions dictate. If the Company requires an increase or decrease in flow requirements within any month, the Company shall issue a DDO Change Notice to the Supplier as soon as possible but no later than twenty-four (24) hours prior to the start of the Gas Day. The Company shall issue such notices in a non-discriminatory manner. Scheduled daily volumes for GCC customers for electric peakers, greenhouses, grain dryers, asphalt plants and large loads without consistent or historical load information may be determined by the Company on a different basis than set forth above.

If the Supplier fails to deliver the required DDO quantity on any day, the Supplier shall pay a per MMBtu Failure Fee for the difference between the required DDO and the actual amount delivered. The Failure Fee shall be \$6/MMBtu (\$10.00/MMBtu during periods of Company-declared supply emergency in accordance with Rule B4, Curtailment of Gas Service) plus the higher of (a) the cost of gas billed to sales customers pursuant to the Company's Rule B10 or (b) the current highest spot price paid for gas delivered to ANR Pipeline Company, Panhandle Eastern Pipe Line Company, Trunkline Gas Company, the MichCon index or at Chicago city gate for the corresponding date as published in Gas Daily, plus associated firm pipeline delivery costs. In addition, the Company may assess up-stream penalties to the Supplier to the extent that the Company has identified the Supplier as the cause of the penalty. (Failure Fees collected by the Company shall be reflected as a reduction to the GCR Cost of Gas Sold and identified separately on annual reconciliation reports under Rule B10.)

A Supplier who fails to deliver gas on successive days such that its Failure Fee liability exceeds its cash deposit, letter of credit or surety bond, shall be subject to having its Authorized Supplier status revoked.

- G. **Capacity Assignment:** The Company shall designate and/or assign sufficient pipeline capacity to meet the peak day requirements for each of a Supplier's customers, less deliveries from storage and/or balancing services, during the winter period of November through March delivered to points determined by the Company, at the Company's average cost. The Company shall designate and/or assign such capacity in a non-discriminatory

(Continued on Sheet No. G-3.00)

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Omaha, Nebraska

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(Continued From Sheet No. G-2.00)

manner. Assignment of capacity shall be reviewed by the Company on a monthly basis and shall be for a minimum period of thirty days. Capacity will follow the customer.

- H. Gas delivered into the Company's system shall comply with Rule F1.5 Gas quality.
- I. **Nominations:** Each Supplier shall notify the Company's Gas Transportation Services Department of the daily quantity of gas (in MMBtu) that the Supplier is nominating for delivery on behalf of each Supplier-designated monthly pricing category. Such nominations shall be submitted by 11:30 AM Central time prior to the effective day of the proposed delivery.
- J. **Customer Billing:** All customer billing and remittance processing functions for services provided under Rate CC will be performed by the Company. The Supplier will be charged a monthly fee of \$0.30 per customer account. The Company will be responsible for credit and collection activities for the amounts billed directly to the customer by the Company. The Supplier must, at least three business days before the end of the prior billing month, furnish to the Company, in a format acceptable to the Company, the price per Mcf to be billed to each Supplier-designated pricing category on its behalf or the most recently supplied price will be used.

When a Supplier has more than one pool and delivers a monthly cumulative amount of gas to the Company that differs from the total DDO's issued by the Company to the Supplier, the Company shall allocate any gas shortages to the highest priced pools first, when making remittances. For any monthly cumulative amounts of gas delivered to the Company in excess of the total DDO's issued by the Company to the Supplier, the Company shall allocate such gas excess to the lowest priced pools first, when making remittances.

- K. **Buy/Sell:** The Company shall remit to the Supplier, approximately 21 days from the end of each calendar month, an amount for the cost of gas equal to the MMBtu quantities that the Supplier has delivered into the Company's system, multiplied by the price per Mcf converted to MMBtu, billed to the Supplier's customers that month. The amount to be remitted shall be adjusted for any applicable Administrative Fees, Billing Fees, Failure Fees, amounts owed under the annual price reconciliation per Paragraph L below and/or other amounts owed to the Company pursuant to the Company's tariff.
- L. **Annual Reconciliation:** Within 60 working days after the end of the June billing cycle, or upon revocation of a Supplier's Authorized Supplier status, the Company will determine if a reconciling adjustment is necessary, both price and volume will be reviewed.

The Company will compare:

- (i) the weighted average price per MCF billed the customer on behalf of the Supplier with the Company's actual weighted average cost of gas (WACOG), and
- (ii) the volumes delivered by the Supplier, converted to Mcf, with the billed customer consumption over the program year.

(Continued on Sheet No. G-4.00)

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(Continued From Sheet No. G-3.00)

A reconciling adjustment will only be made when:

- (i) the difference between the weighted average price per Mcf billed the customer on behalf of the Supplier and the Company's actual WACOG exceeds ten percent (10%) of the Company's actual WACOG, and
- (ii) the difference between the volumes delivered by the Supplier, converted to Mcf, and billed customer consumption exceeds ten percent (10%) of billed customer consumption.

The reconciling adjustment, if made, will be reflected on the next monthly remittance to the Supplier. (Amounts collected or remitted by the Company under the Annual Reconciliation mechanism shall be reflected as a component of the GCR Cost of Gas Sold and identified separately on annual reconciliation reports under Rule B10.) The following table enumerates the various pricing and supply conditions that will be considered in the annual reconciliation process:

**Annual Reconciliation Pricing/Supply Conditions**

- |  |  |
|--|--|
| 1. Supplier's weighted average price billed is higher than the Company's actual WACOG and delivered volumes exceed billed customer consumption.  | 2. Supplier's weighted average price billed is less than the Company's actual WACOG and delivered volumes exceed billed customer consumption.  |
| 3. Supplier's weighted average price billed is higher than the Company's actual WACOG and billed customer consumption exceeds delivered volumes. | 4. Supplier's weighted average price billed is less than the Company's actual WACOG and billed customer consumption exceeds delivered volumes. |

**Scenario #1:** Remittance to Supplier will be reduced for volumes delivered in excess of billed customer consumption at the difference between the Company's actual WACOG and the Supplier's weighted average price.

**Scenario #2:** Remittance to Supplier will be increased for amounts delivered in excess of customer billed consumption at the difference between the Company's actual WACOG and the Supplier's weighted average price.

**Scenario #3:** Remittance to Supplier will be increased for amounts billed to customers in excess of the volumes delivered at the difference between the Company's actual WACOG and the Supplier's weighted average price.

**Scenario #4:** Remittance to Supplier will be reduced for amounts billed to customers in excess of the volumes delivered at the difference between the Company's actual WACOG and the Supplier's weighted average price.

(Continued on Sheet No. G-5.00)

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(Continued From Sheet No. G-4.00)

**Terms & Conditions:**

- M. A Supplier that fails to comply with the terms and conditions of the program shall have its Authorized Supplier status suspended and/or terminated and subject to Rule B3, Controlled Service, its customers shall become sales rate customers of the Company.
- N. For purposes of reconciling amounts owed between the Company and a Supplier, the Company will convert customer consumption from Mcf to MMBtu using daily system-average Btu content by billing cycle.
- O. Where used in this rule, the term "month," unless otherwise indicated, means billing month when referring to customer consumption and calendar month when referring to deliveries by Suppliers.
- P. The Company may disclose, at such times as requested by the Commission or its staff, the gas rates charged to Rate CC customers.
- Q. The Company shall have the authority to issue operational flow orders (OFO's), or take other action which it deems necessary, to ensure system reliability, even if such action may be inconsistent with other provisions of these program rules.
- R. The Company will act as Supplier of last resort under the program.
- S. A Supplier must include the Company's required tariff language in all of its contracts.
- T. If a customer has a complaint against a Supplier, the customer should try to resolve it first with the Supplier. If it is appropriate, the customer or Supplier should involve the Company. If the complaint is unresolved, the customer should involve the Michigan Public Service Commission Staff, and ultimately the Commission.
- U. The Transportation Standards of Conduct, Rules F1.8 and F1.9, shall apply to the GCC program.
- V. The annual load requirement, delivery schedules, delivery shortfalls, Failure Fees and annual reconciliations shall apply separately to each Supplier designated pricing category.

(Continued on Sheet No. G-6.00)

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Omaha, Nebraska

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(Continued From Sheet No. G-5.00)

**G2. RESIDENTIAL CUSTOMER PROTECTIONS**

- A. A Supplier must provide a 30-day unconditional cancellation period following the agreement date with a customer. The first day of the 30-day period is the day after the contract is entered into by the customer. The exercise of this right by the customer may occur through a verbal or written communication with the Supplier. The Supplier shall promptly submit a de-enrollment file to the Company after receiving notice that a customer has cancelled the contract. A customer who cancels within the specified period will be treated as not having exercised their customer choice option with respect to the enrollment which is cancelled.
- B. A customer has the right to terminate participation with a Supplier at any-time if the initial contract period has ended. The exercise of this right by the customer may occur through a verbal or written communication with the Supplier. The Supplier shall promptly submit a de-enrollment file to the Company after receiving notice that a customer has cancelled the contract.
- C. A Supplier using face-to-face solicitation methods shall not represent itself as an employee or agent of the Company. A Supplier's sales representatives or agents must prominently display identification on the front of their outer clothing that identifies them as employees or agents working on behalf of a Supplier and includes the name of the Supplier and the name and identification number of the person representing the Supplier.
- D. A Supplier must use a font size of at least 12 point for its contract with a customer.
- E. The following information must be included in the Supplier's contract with a customer:
  - 1) The Supplier's name
  - 2) The Supplier's address
  - 3) The Supplier's toll-free telephone number
  - 4) The Customer's cancellation rights
  - 5) Any customer fees or penalties related to the contract
  - 6) The contract pricing provisions in unit rates the customer is typically billed for
  - 7) The terms regarding contract length
  - 8) Provision of a 30-day advance notice of any price change at the expiration of a fixed price contract or termination of a month-to-month contract
  - 9) In bold 14 point type above the place for the customer's signature, the statement:  
**" I acknowledge that I am the account holder, a person legally authorized to execute a contract on behalf of the account holder, or the spouse of the account holder. I understand that by signing this agreement, I am switching the gas Supplier for this account to (new Supplier name). I understand that gas purchased for this account by (new Supplier name) will be delivered through Aquila Networks – MGU's delivery system. The account holder, or the person who signed this contract on behalf of the account holder, has 30 days after today to cancel this contract for any reason through written or verbal notification to (new Supplier name)."**

(Continued on Sheet No. G-7.00)

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Sr. Vice President  
Omaha, Nebraska

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- F. A Supplier must allow the Staff of the Michigan Public Service Commission an opportunity to review and comment on its contract(s) at least five business days before the Supplier intends to use the contract(s) in the marketplace.
- G. A Supplier that does not comply with the requirements of the program will have its participation in the program suspended until the Company has determined that necessary changes have been made to comply with the requirements. Any continuing or further non-compliance or use of materials that the Company determines do not meet all of the program requirements may result in the Supplier's termination from the program.
- H. A Supplier must send a confirmation letter to a customer within seven (7) days of the customer entering into an agreement with the Supplier. The confirmation letter must include any safety-related messages required by the Company. The Company is not required to send letters to customers confirming a customer's choice of an alternative Supplier.

**G3. SOLICITATION REQUIREMENTS**

- A. For each customer, a Supplier must be able to demonstrate that a customer has made a knowing selection of the Supplier by at least one of the following verification records:
  - 1) An original signature
  - 2) Independent third party verification
  - 3) Voice recording
  - 4) An E-mail address if signed-up through the Internet
  - 5) Another form of verification record approved by the Commission

The Company or the Commission may request a reasonable number of records from a Supplier to verify compliance with this customer verification provision and, in addition, may request records for any customer due to a dispute.

- B. Suppliers who are soliciting customers must:
  - 1) Clearly identify the Supplier on whose behalf they are soliciting
  - 2) Not represent themselves as an employee or agent of the Company
  - 3) Affirmatively indicate if they are a marketing affiliate of the Company, that the affiliate is a separate entity and is not regulated by the Michigan Public Service Commission
  - 4) Submit marketing materials to the Commission Staff for review at least five (5) business days prior to using the materials
- C. A Supplier must provide a copy of the contract to the customer, including all terms and conditions. The contract must contain all provisions as set forth in Section G2.E.

(Continued on Sheet No. G-8.00)

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**G4. SUPPLIER REGISTRATION AND CODE OF CONDUCT**

- A. A Supplier is required to register with the Michigan Public Service Commission and provide the following information prior to any solicitation:
- 1) The name of the Supplier's company/corporation or owner's name and type of organization
  - 2) The Supplier's mailing address
  - 3) The Supplier's principal place of business address
  - 4) The name and address of the registered agent in Michigan and a working phone number during normal business hours
  - 5) The Supplier's toll-free number available for customer inquiries and concerns
  - 6) Prices and associated terms and conditions for commodity sales to residential customers updated on a monthly basis
  - 7) Name, address and phone number of person designated to receive and respond to Commission requests
- B. As a condition of registration as a Supplier, a Supplier must agree to abide by a code of conduct that provides:
- 1) The Supplier will issue accurate and understandable marketing materials. The Supplier will refrain from engaging in communications or practices that are fraudulent, deceptive or misleading. The Supplier will maintain sufficient documentation to support any claims made to customers in advertising, marketing, promoting or representing the sale of gas supply or related services. The Supplier will provide this documentation to the Commission, upon request. Marketing materials for residential customers must contain the average price per Ccf, the period of time over which the price is valid, the term of the contract, the Supplier's name and telephone number, the area which the Supplier serves and the types of customers that the Supplier serves. If the Supplier does not offer a fixed price, the marketing materials must contain a clear explanation of the mechanism used to determine the price and an example of how the mechanism would be implemented over a relevant time period and for relevant usages. Marketing materials will clearly identify optional services.
  - 2) The Supplier will commit to truth in advertising. The Supplier will provide gas supply and related services at advertised terms and conditions.
  - 3) The Supplier will comply with all Company program rules and tariffs as they are contained in the Company's "Rules, Regulations and Rate Schedules Governing the Sale or Transportation of Natural Gas".

(Continued on Sheet No. G-9.00)

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- 4) The Supplier will provide accurate and sufficient customer service information. The Supplier will advise customers of the marketer's name, address, toll free telephone number and other service information, including dispute resolution procedures. The Supplier will give customers accurate and complete information on the customer's rights and responsibilities. The Supplier will have regular hours during which customers can make inquiries and complaints. Customer inquiries to a Supplier that are related to gas emergencies, such as gas leaks or outages, should be directed to the Company.
- 5) The Supplier will not switch a customer to the Supplier's service without the express authorization of the customer. The Supplier will use appropriate marketing and verification methods for switching customers. The Supplier will agree not to charge the customer for services that the customer has not expressly authorized. The Supplier will apply appropriate verification methods for any charges applied to the customer's account. The Supplier will maintain verification records for 3 years. Suppliers who switch or charge customers without the proper authorization must refund the supply or other charges to the customer and pay any administrative fees, such as switching fees, necessary to reverse the actions.
- 6) The Supplier will make a good faith effort to resolve customer disputes. The Supplier will have an internal customer dispute procedure which allows for complete, fair and timely responses to customer disputes and inquiries. The Supplier will investigate each complaint, report the results to the customer and attempt to resolve the complaint. If the complaint cannot be resolved, the Supplier will refer the customer to the Company, or if appropriate, to the Commission. The Supplier will appoint at least one employee to be a contact person between the Supplier and the Commission. The Supplier will cooperate with the Commission in trying to resolve disputes, including the provision of informational materials, contracts and verification records. The Supplier will keep a record of all customer disputes. Dispute records will be made available to the Commission, upon request.
- 7) The Supplier will make payment directly to the Interstate pipeline and/or reimburse the Company for its portion of assigned firm primary capacity to meet its customers' peak day requirements, less deliveries from storage and/or balancing services, during the winter period of November through March delivered to points determined by the Company. Failure to make such payment to the Interstate pipeline and/or reimbursement to the Company shall result in the Supplier having its Authorized Supplier status revoked.

(Continued on Sheet No. G-10.00)

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**G5. PROCEDURES FOR COMPLAINTS BETWEEN SUPPLIERS AND THE COMPANY**

If the Company receives a verbal complaint from a Supplier related to the GCC program rules and operational features, the Company will attempt to resolve the complaint on an informal basis. If the Company and the complainant are unable to resolve the complaint on an informal basis, the procedures outlined below will be followed:

- A. Complainant will route all formal complaints in writing to:  

Aquila Networks - MGU  
899 S. Telegraph Rd.  
Monroe, MI 48161  
Attention: Manager of Regulatory Services
- B. The Company will acknowledge the receipt of the formal written complaint, in writing, within five business days of receipt by the Company.
- C. The Company will confirm and amend the prepared written statement of the complainant to ensure the complaint includes the name of the complainant, relevant dates and specific claims.
- D. The Company will prepare a written statement communicating to the complainant the results of the Company's preliminary investigation within 15 working days of the initial receipt of the complaint by the Company with a description of the action taken or proposed to be taken.
- E.
  - 1) If the complainant is satisfied with the action taken or proposed to be taken, complainant will acknowledge its agreement by signing and returning a copy of the Company's written statement addressing the action taken or proposed to be taken.
  - 2) If the complainant is not satisfied with the Company's response, then the complainant may address the complaint to the Michigan Public Service Commission.

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**GAS CUSTOMER CHOICE (RATE CC)**

**Availability**

Subject to any restrictions, this rate is available to any customer desiring gas service where the customer's gas is provided by an Authorized Gas Supplier under Rule G1. A customer will take service under this rate commencing with the customer's first full billing month following enrollment, but not earlier than June 1, 2002.

Service is available to a maximum of 14,000 Residential and 1,300 General Service customers beginning June 1, 2002, 28,000 Residential and 2,600 General Service customers beginning June 1, 2003, and 56,000 Residential and 5,200 General Service customers beginning June 1, 2004. Beginning June 1, 2005, all customers are eligible, without a limit.

A Rate CC customer may switch Suppliers at the end of any billing month provided the Company receives sufficient notice in a form acceptable to the Company. A customer may change Suppliers one time in any 12-month period beginning June 1 at no cost to the customer. A fee of \$10 will be required for each additional change of Supplier within the same 12-month period. If a Supplier's actions force a Customer to the Company's sales service, the Customer may choose another Supplier within 60 days without a switching fee regardless of the length of time that has elapsed since the Customer left the Company's sales service. Except as set forth in the preceding sentence, a Customer returning to the Company's sales service rates from Rate CC is subject to the Rule B6.3, Selection of Rate, provisions of those sales rates and except as otherwise provided, must remain on the sales rate for 12 months.

**Minimum Term**

Subject to the following provisions of this paragraph, a customer who has elected to take service under Rate CC shall not be permitted to change from Rate CC to another rate until at least 12 months have elapsed. A customer who has elected to take service under Rate CC may, however, switch Suppliers during the 12-month period. During the 12-month period, a customer may only change from Rate CC to another rate if:

- (i) a residential customer exercises an unconditional right of cancellation pursuant to Section G2 with the initial Supplier selected by the customer,
- (ii) the customer establishes that the customer was enrolled by a Supplier without the customer's knowing consent,
- (iii) the Supplier's action forces the customer to the Company's sales service,
- (iv) the Supplier selected by the customer defaults under its Supplier Agreement, or
- (v) the Supplier selected by the customer has its Authorized Supplier status revoked or terminated.

(Continued on Sheet No. G-12.00)

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**Nature of Service**

The customer will remain a customer of the Company. The Company will read the meter and render a bill to the customer for the monthly customer charge, distribution charge, surcharges, penalties and taxes. The authorized Supplier's cost of gas charges will be billed as part of the Company's bill. Service is subject to all of the Company's "Rules, Regulations and Rate Schedules Governing the Sale or Transportation of Natural Gas" as approved by the Michigan Public Service Commission. By requesting service on this rate, the customer gives consent to the Company to furnish to the customer's authorized Supplier pertinent customer sales or transportation data.

A Rate CC customer's return to sales service is subject to Rule B3, Controlled Service.

**Monthly Rate**

**Customer Charge**

As shown on the customer's applicable sales rate schedule.

**Distribution Charge**

As shown on the customer's applicable sales rate schedule.

**Balancing Charge**

The customer shall pay a Balancing Charge of \$0.4200 per Mcf delivered by the Company to the customer during the month. (Amounts collected by the Company for Balancing Charges shall be reflected as reductions to the GCR Cost of Gas Sold and identified separately on annual reconciliation reports under Rule B10.)

**Gas Commodity Charge**

The customer's cost of gas will be as communicated to the Company each month by the customer's Authorized Supplier. If a participating customer wishes to obtain gas supply from the Company after twelve or more months on a choice tariff, the customer shall be subject to the GCR rate. If a participating customer obtains gas supply from the Company as a result of its chosen Supplier becoming disqualified, subject to Rule B3, Controlled Service, the customer shall become subject to the higher of a market based rate or the GCR rate for up to three months.

The market-based rate shall consist of the average (most recent 30 days that are available) of the MichCon city gate price as published in *Platt's Gas Daily*.

**General Terms and Surcharges**

This rate is subject to all general terms and conditions shown on Sheet No. E-1.00 and surcharges shown on Sheet No. E-2.00 and is also subject to charges, terms and conditions set forth in Section G.

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**Minimum Charge**

The minimum charge shall be the customer charge included in the rate.

**Due Date and Late Payment Charge**

The due date of a residential customer's bill shall be 17 days from the date of transmittal. The due date of a nonresidential customer's bill shall be 21 days from the date of mailing. A 2% late payment charge, not compounded, of the unpaid portion of the bill, net of taxes, shall be assessed to any bill that is delinquent.

**Term and Form of Contract**

Service under this rate shall require authorization in a manner specified by the Company.

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