

CITIZENS GAS FUEL COMPANY
ADRIAN, MICHIGAN
RATE BOOK
GOVERNING
SALE OF GAS SERVICE
IN THE FOLLOWING TERRITORIES

<u>City of</u>	<u>Village of</u>	<u>Township of</u>
Adrian	Clayton	Adrian Blissfield Cambridge Clinton Deerfield Dover Fairfield Franklin Hudson Macon Madison Medina Ogden Palmyra Raisin Ridgeway Riga Rollin Rome Seneca Tecumseh Woodstock

Michigan Public Service
Commission

November 1, 2005

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Adrian, Michigan

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Rendered On and After
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Adrian, Michigan
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DEFINITIONS OF TERMS AND ABBREVIATIONS

When used herein, the following terms shall have the meanings defined below:

- A. Company - Citizens Gas Fuel Company acting through its duly authorized officers or employees within the scope of their respective duties.
- B. Applicant - any person, firm, or corporation applying for gas service from the Company at one location.
- C. Customer - any person, firm, or corporation purchasing gas service from the Company under these Rules and Regulations at one location.
- D. Customer's Piping - all piping installed from the Company's meter outlet or the Company's service regulator when a meter is not provided.
- E. Service Classification
 - (1) Residential Service - Service to any residential customer for any purpose, including space heating, by individual meter 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. For the purposes of this rate schedule, 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 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; these facilities will be provided service under the Commercial Rate Schedule.

NOTE: Where one building is used by a customer for both non-residential and residential purposes, and the piping is so arranged so that each class of service cannot be metered separately, total usage will qualify for residential rate only if the non-residential usage is less than 25% of the total usage. Otherwise, these facilities will be provided service under the Commercial Rate Schedule.

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DEFINITIONS OF TERMS AND ABBREVIATIONS (continued)

E. Service Classification(continued)

- (2) Commercial Service - service to customers for any purpose engaged in selling, warehousing, distributing a commodity, or providing a service i.e. health care, etc., in some business activity or in a profession, or in some form of economic or social activity (office, stores, clubs, hotels, restaurants, etc.) and for purposes that do not qualify for either residential or large volume industrial classification of service.
- (3) Large Volume Firm and Interruptible Industrial Service - service available to any large volume customer who shall make application for service and who shall by contract in writing agree that the gas supplied thereunder shall, during the term of such contract, be paid at the rates specified therein. Service will be provided according to the terms of the contract and will be subject to limitations and restrictions contained in the Rules and Regulations of the Company, and in orders of local, state, and federal regulatory bodies in effect from time to time.
- (4) Public Street and Highway Lighting Service - service sold to a governmental agency (municipal, county, state or federal) for lighting streets, highways, parkways or other public places, generally on a definite schedule of burning hours.
- (5) Service to Other Utilities - service to other utility companies, governmental agencies (municipal, county, state or federal), rural co-operatives, etc. for distribution and resale.

F. Service Line - The piping installed between a main, pipeline, or other source of supply, and the meter set assembly.

G. Meter and/or Regulator Setting - All piping and fittings between the Service Line and the first valve or fitting of the Customer's piping.

H. Standard Cubic Feet - For the purposes of measurement herein, the number of cubic feet measured at a nominal pressure of four (4) ounces above atmospheric pressure and without devices for correcting gas volumes for temperature and pressure variations shall be considered to be the number of Standard Cubic Feet measured under the conditions existing in a Customer's meter as and where installed. Where measurement is not under this condition, meter readings will be adjusted to a pressure base of four (4) ounces above an assumed atmospheric pressure of fourteen and four-tenths (14.4) pounds per square inch and to a temperature of sixty degrees Fahrenheit (60°F).

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DEFINITIONS OF TERMS AND ABBREVIATIONS (continued)

- I. CCF - one hundred (100) cubic feet of gas.
 - J. MCF - one thousand (1,000) cubic feet of gas.
 - K. Month - the period between any two (2) regular readings of Company's meters of not less than 26 nor more than 35 day intervals.
 - L. BTU or British Thermal Unit - the amount of heat required to raise the temperature of one (1) pound of water one degree Fahrenheit (1°F) at sixty degrees Fahrenheit (60°F).
 - M. Therm - one hundred thousand (100,000) British thermal units.
 - N. MMBTU - one million (1,000,000) British thermal units.
 - O. Total Heating Value - for purposes of measurement herein, the thermal content of the gas as measured and reported by Panhandle Eastern Pipe Line Company to Company.
 - P. Centrally Metered Installation - a centrally metered installation is one that meets all of the following conditions:
 - (1) The installation is served by a single meter set assembly*; and
 - (2) The fuel lines are buried underground from the central meter set assembly to the location at which each fuel line enters each Customer's building or mobile home at its outside wall; and
 - (3) (a) Where the complex consists of buildings, two or more separate buildings such as apartments, multiple family dwellings, dormitories or similar type buildings are supplied with gas and at least two buildings so supplied contain four or more living units, or
 - (b) Where the complex consists of mobile homes, four or more mobile homes used as living units are supplied with gas.
- * Meter set assembly means the piping and fittings which are installed to connect the inlet side of the meter to the gas service line, and to connect the outlet side of the meter to the Customer's piping.

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RULES AND REGULATIONS

1. General

Company shall furnish service under its rate schedules and these Rules and Regulations as filed from time to time with the City of Adrian, Michigan, and the Michigan Public Service Commission, and these Rules and Regulations in effect at the time shall govern all service except as specifically modified by the terms and conditions of the rate schedules or written contracts. Copies of currently effective Rules and Regulations are available at the office of the Company.

Unless otherwise specifically provided in any applicable rate schedule or in a contract by or with Company, the term of any agreement shall become operative on the day the Customer's installation is connected to Company's facilities for the purpose of taking gas and shall continue for a period of one (1) year and continuously thereafter until canceled by three (3) days' notice by either party.

2. Character of Service

Gas to be supplied shall be commercially pure natural gas or its equivalent having a nominal total heating value of approximately one thousand (1,000) BTU per cubic foot. The total heating value shall be between the limits of nine hundred and fifty (950) and eleven hundred (1100) BTU except in cases of emergency when Company will maintain a heating value as nearly within these limits as practicable.

3. Application for Service

An application for service under each applicable rate schedule will be required of each Applicant by the Company. Such application shall contain the information necessary to determine the type of service desired and the conditions under which service will be rendered. If the Company deems it necessary, the application or contract for service shall be in writing.

The application or the depositing of any sum of money by the Applicant shall not require Company to render service until the expiration of such time as may be reasonably required by Company to determine if Applicant has complied with the provisions of these Rules and Regulations and as may reasonably be required by Company to install the required service facilities.

4. Election of Rate Schedules

Optional rates are available for certain large volume Industrial Customers. These optional rates and the conditions under which they are applicable are set forth in the rate schedules of Company.

Company will require a written contract with special guarantee from Applicants whose unusual characteristics of load would require excessive investment in facilities or whose requirements for service is of a special nature.

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RULES AND REGULATIONS(continued)

5. Deposits

In certain situations, a customer may be required to pay a security deposit as a condition of new or existing service.

All policies regarding customer deposits conform with the Michigan Public Service Commission's "Consumer Standards and Billing Practices, Electrical and Gas Residential Service," Section 3 (Appendix "A") and/or "Billing Practices Applicable to Commercial and Industrial Gas Customers," R 460.2083 (Appendix "B").

6. Customer's Installation

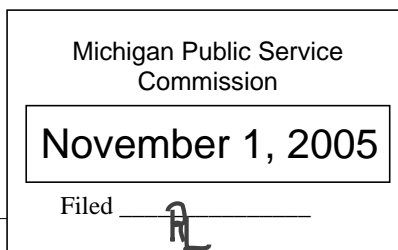
Customer shall make or procure satisfactory conveyance to Company of all necessary easements and rights-of-way, including right of convenient access to Company's property, for furnishing adequate and continuous service or the removal of Company's property upon termination of service.

All Customer's piping and equipment beyond Company's meter and accessories thereto, necessary to utilize service furnished by Company, shall be installed by and belong to the Customer and be maintained at his expense. Customer shall bring his piping to a point for connection to Company's meter or meters at a location satisfactory to Company.

Except for Customers that have been authorized by the Company to purchase gas under an interruptible type service and who have agreed to provide standby facilities, the Company will refuse gas service to Customers that use another gaseous fuel, such as LPG, when the piping for such other gaseous fuel is interconnected, downstream from the meter or a service regulator when a meter is not provided, with the piping supplying natural gas to the Customers gas appliances.

Upon written request of Customer, Company will make repairs to, replacements of, or clear obstructions in Customers piping and may charge the Customer for such labor and material as is necessary to place his lines in good operating condition.

Company reserves the right to inspect and approve the installation of all pipe and equipment to utilize Company's gas; but such inspection or failure to make inspection or the fact that Company may connect to such installation shall not make Company liable for any loss or damage which may be occasioned by the use of such installation or equipment used therefrom or of Company's service.



RULES AND REGULATIONS(continued)

7. Service Connections

Company reserves the right to designate the locations and specifications for the main line taps, service lines, curb cocks, meters and regulators or governors and to determine the amount of space which must be left unobstructed for the installation and maintenance thereof.

Applicant may request an alteration of such a designation, but if consented to by Company, the excess cost of such revised designation over and above the cost of the original Company design shall be borne by Applicant.

Should Customer, for good reason, request that his gas meter be changed to another location satisfactory to Company, the cost of relocation shall be borne by Customer.

The Service Lines, curb cocks, meters and regulators or governors will be installed and maintained by Company and shall remain the property of Company. Applicants may be required to advance and pay for the cost of Service Lines; however, all Service Lines shall be the property of Company. Upon completion of construction, Company will refund any excess of any advance over actual cost or may render a bill to Applicant for any deficiency.

Whenever the Company acquires knowledge that a Customer's action has caused a hazardous or potentially hazardous condition to exist with respect to a service line which was previously installed in accordance with the Michigan Gas Safety Code, the Company will correct the condition at the expense of the Customer or shall discontinue service to the Customer until satisfactory evidence has been received that such unsafe condition has been eliminated.

Company reserves the right to postpone to a more favorable season the extension of mains and connection of services during seasons of the year when climatic conditions would cause abnormally high construction costs.

8. Main Extensions

A. Free Extensions

Company shall make extensions to its facilities in accordance with these Rules and Regulations and free of charge to provide service to an Applicant or group of Applicants located within the Company's service area when the Company's feasibility study indicates that the estimated annual revenues reasonably warrant the capital expenditure required.

B. Other Extensions

When the main extension or alteration required in order to furnish service within Company's service area is a reasonable extension of Company's facilities but greater than the free construction specified above, and the Applicant or Applicants shall contract to use service for at least one (1) year, such extension or alteration shall be made subject to the following conditions:

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RULES AND REGULATIONS (continued)

- (1) Applicant or Applicants shall make a non-interest bearing deposit with Company equal to the difference between the total estimated cost of such extension or alteration and the free limit as specified above.
- (2) For each additional Customer taking service at any point on the extension or alteration within a period of one (1) year from date of construction of such facilities, Company shall refund to the original Applicant or Applicants an amount by which two (2) times the estimated annual revenue of the new Customer exceeds the cost of connecting such new Customer; but at no time shall refunds so made exceed the amount of the original deposit.
- (3) Upon termination of the one (1) year period, any balance remaining of the deposit shall become the property of Company.

Facilities shall not necessarily be extended on this basis to serve temporary business or business of a doubtful permanency or to give service which would require investment in facilities in excess of normal requirements due to size, location or unusual characteristics of load. To justify such an excess investment, Company may require a deposit, an advance payment of bills, or a guarantee of payment in excess of any sums required by the applicable rate schedule.

9. Metering

Company will provide each Customer with a meter or meters for each applicable rate schedule. Company will not install Centrally Metered Installations as defined in the "Definition of Terms and Abbreviations". Existing Centrally Metered Installation Customers will be covered by the Company's "Inspection and Maintenance Contract".

Customer, acting jointly with Company, may install, maintain and operate at his expense such check measuring equipment as desired provided that such equipment shall be so installed as not to interfere with operation of Company's equipment and that no gas shall be remetered or submetered for resale to another or others.

Company may furnish and install such regulating and/or flow control equipment and devices as it deems to be in the best interests of the Customer served, or of the gas system as a whole.

Before installation and periodically thereafter, each meter shall be tested and shall be considered commercially accurate if they measure within two percent (2%) of accuracy. After each test each meter shall be sealed and this seal shall not be broken by any person not expressly authorized by Company so to do.

Meters in use shall be tested at the request of Customer and in his presence, if desired, provided only one (1) such test shall be made free of charge within a twelve (12) month period, and provided Customer shall pay the cost of any additional test within this period unless meter is shown to be inaccurate in excess of two percent (2%).

RULES AND REGULATIONS(continued)

In the event of stoppage or failure of any meter to register, Customer will be billed for such period on an estimated consumption based upon his use of gas in a similar period of like use or on the basis of check meter readings, if available and accurate.

Special Note

Rules pertaining to certain gas meters and certain gas transactions with Customers are set forth herein commencing at Sheet No.4.14. These rules are substantially in the form of the rules approved by the Michigan Public Service Commission on July 15, 1974, and were made applicable to the Company by an Order of the Commission dated December 30,1974 in Case No. U-4700.

10. Billing and Collecting

Each Customer's meter will be read at regular intervals of not less than 26 days or more than 35 days and bills will be rendered on a monthly basis, or periodically in accordance with the terms of the applicable rate schedule. Bills will be mailed 21 days before the due date shown on the bill, and the amount as shown on the bill is payable at the Company office on or before the due date.

The Company may estimate the bill of any Customer if extreme weather conditions, emergencies, work stoppages or other circumstances of force majeure prevent actual meter readings.

A separate bill will be rendered for each meter used by a Customer, unless for the convenience of the Company, multiple meters are used for measurement of the same class of service at the same location, in which case one bill will be rendered for the total usage registered by all meters.

In case of tampering or unauthorized use, probable consumption will be billed as determined by the maximum quantity of gas estimated to have been consumed by the various gas burning equipment of a Customer and a bill will be rendered for a period encompassing six (6) months prior to detection of such abuse and/or disconnection for cause.

11. Customer's Liabilities

Company shall have the right to enter the premises of Customer at all reasonable hours for the purpose of making such inspection of Customer's installation as may be necessary for the proper application of Company's rate schedules and Rules and Regulations; for installing, removing, testing, or replacing its apparatus or property; for reading meters; and for the entire removal of Company's property in event of termination of service for any reason to Customer.

All property of Company installed in or upon Customer's premises used and useful in supplying service is placed there under Customer's protection. All reasonable care shall be exercised to prevent loss of or damage to such property, and ordinary wear and tear excepted, Customer will be held liable for any such loss of property or damage thereto and shall pay to Company the cost of necessary repairs or replacements.

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RULES AND REGULATIONS(continued)

Customer will be held responsible for breaking the seals, tampering or interfering with Company's meter or meters or other equipment of Company installed on Customer's premises, and no one except employees of Company will be allowed to make any repairs or adjustments to any meter or other piece of apparatus belonging to Company except in case of emergency.

12. Company's Liabilities

Company will use reasonable diligence in furnishing as uniform a supply of gas as practicable, except where rate schedules provide otherwise. Company may interrupt its service hereunder, however, for the purpose of making necessary alterations and repairs, but only for such time as may be reasonable or unavoidable, and Company shall give to

Customer, except in case of emergency, reasonable notice of its intention so to do, and shall endeavor to arrange such interruption so as to inconvenience Customer as little as possible.

Whenever Company deems an emergency warrants interruption or limitation in the service being rendered, such interruption or limitation shall not constitute a breach of contract and shall not render Company liable for damages suffered thereby or excuse Customer from further fulfillment of the contract.

In the event that the supply of gas shall be interrupted from causes other than the foregoing or force majeure and such interruption is due to the negligence of Company and Company is liable because thereof, that liability shall be limited to twice the amount which Customer would have paid for gas during the period of such interruption. However, Company shall not be liable to Customer or to third parties for any loss, injury or damage resulting from the use of Customer's equipment or from the use of gas furnished by Company or from the connection of Company's facilities with Customer's House Piping and appliances.

13. Force Majeure

Neither the Company nor the Customer shall be liable in damage to the other for any act, omission or circumstances occasioned by or in consequence of any acts of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, unforeseeable or unusual weather conditions, washouts, arrests and restraint of rules and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, line freezeups, temporary failure of gas supply, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, and any other cause, whether of the kind herein enumerated, or otherwise, and whether caused or occasioned by or happening on account of the act or omission of one of the parties to this contract or some person or concern not a party thereto, not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. A failure to settle or prevent any strike or other controversy with employees shall not be considered to be a matter within the control of the party claiming suspension.

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RULES AND REGULATIONS(continued)

14. Discontinuance of Service With Notice

Subject to the terms and conditions of the Michigan Public Service Commission Case U-4240, Consumer Standards and Billing Practices, the Company may discontinue service to a residential Customer for one or more of the following reasons:

- (a) Nonpayment of a delinquent account.
- (b) Failure to post a cash security deposit or other form of guarantee.
- (c) Unauthorized interference with or diversion or use of the Company's service situated or delivered on or about the Customer's premises.
- (d) Failure to comply with the terms and conditions of a settlement agreement.
- (e) Refusal to grant access at reasonable times to equipment installed upon the premises of the Customer for the purpose of inspection, meter reading, maintenance or replacement.
- (f) Misrepresentation of identity for the purpose of obtaining gas service.
- (g) Violation of any other rules of the Company on file with and approved by the commission which adversely affects the safety of the Customer or other persons or the integrity of the utility's energy delivery system.

A. Notice of discontinuation of service

The Company will not discontinue service unless written notice by first class mail is sent to the Customer or personally served at least 10 days prior to the date of the proposed discontinuance. Service of notice by mail is complete upon mailing. The Company will maintain an accurate record of the date of mailing.

A notice of discontinuance of service will not be issued if a Customer has pending with the Company's complaint concerning the bill upon which the notice is based.

B. Medical Emergency

The Company will postpone the physical discontinuation of gas service to a residential Customer for a reasonable time not in excess of 21 days if the Customer produces a physician's certificate or notice from a public health or social services official which states that physical discontinuation will aggravate an existent medical emergency of the Customer, a member of his family or other permanent resident of the premises where service is rendered. The certificate shall identify the medical emergency and specify the period of time during which discontinuation will aggravate the circumstances. The postponement may be extended by renewal of the certificate or notice.

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RULES AND REGULATIONS(continued)

C. Time of Discontinuation

Subject to the terms and conditions of M.P.S.C. Case U-4240 Consumer Standards and Billing Practices, the Company may discontinue service to a Customer on the date specified in the notice of discontinuation or within a reasonable time thereafter only between the hours of 8:00 A.M. and 4:00 P.M.

Service shall not be discontinued 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 reconnecting discontinued service.

15. Discontinuance of Service Without Notice

The Company may discontinue service to a Customer without notice for any of the following reasons:

- (a) For a condition on the Customer's premises determined by the Company to be hazardous.
- (b) Customer's use of appliances or other gas burning equipment in such a manner as to adversely affect the Company's facilities or the Company's service to others.
- (c) Customer's tampering with facilities furnished and owned by the Company.
- (d) Customer's unauthorized use of service by any methods including diversion of gas around a meter.

16. Restoration of Service

After service has been discontinued, the Company will restore service promptly upon the Customer's request when the cause for discontinuation of service has been cured or satisfactory credit arrangements have been made.

Every effort will be made to restore service at all time upon the day restoration is requested, and in any event, restoration will be made no later than the first working day after the day of the request of the Customer.

The Company will charge the Customer a fee equal to their hourly rate in effect for job work for restoration of gas service which has been discontinued, and this fee must be paid prior to restoration of service.

17. Termination of Service

If Customer wishes the gas service to be terminated he shall give notice at the office of the Company at least three (3) days prior to the time that such termination shall become effective, subject to any existing agreement between Customer and Company. Customer will be held liable both for any gas that may pass through the meter and safe custody of the Company's property until three (3) days after such notice shall have been given, provided, that the meter and/or other movable equipment shall not have been removed within that time by the Company.

RULES AND REGULATIONS(continued)

18. Limitations of Supply

Company reserves the right, subject to regulatory authority having jurisdiction to limit, restrict or refuse service that will result in additions to its distribution system and/or production capacity and/or alterations in its contractual requirements of supply that may jeopardize service to existing Customers.

Applicants for service of large or unusual requirements shall be required to execute written contracts containing limitations and restrictions as to availability and demand. Such contracts shall require approval by President or Vice President of Company, and shall be subject to prior requirements of other Customers.

If in the event of an emergency such as extreme cold weather, damage to facilities, or other cause, the Company determines that its ability to supply gas may diminish to the point where continuous service to its customers is threatened, the Company shall have the right to curtail the distribution of gas to its customers, regardless of the contracts in force.

The Company may immediately curtail or interrupt service by oral notice or otherwise, to the extent and for such duration as the Company in its sole judgement shall deem necessary.

Service shall be curtailed under this rule in accordance with the following Priorities. Priority One constitutes the highest Priority. Priority Five constitutes the lowest Priority which will be the first Priority curtailed.

Priority #1: Residential and small commercial customers using less than 50 MCF on a peak day.

Priority #2: Industrial plant protection, process and feedstock gas, storage injection requirements and commercial customers using more than 50 MCF on a peak day and without alternate fuel capability.

Priority #3: Large commercial and firm industrial customers not included in priorities 1,2 or 4.

Priority #4: Interruptible customers.

For purposes of curtailment, the following terms will have the indicated meanings:

1. Plant protection shall mean gas in such minimum volumes as are necessary to prevent physical harm to plant facilities or danger to plant personnel where there are no existing facilities for the utilization of an alternate fuel to provide such protection.

2. Process and feedstock gas shall mean gas utilized for chemical feedstock, heat energy, prepared atmospheres, and other formal industrial applications; provided, however, that the use of gas for heating or vaporizing a liquid in a closed vessel, or for space conditioning for human comfort, including heating, cooling or ventilation, shall not be considered process needs.

Priority #5: Transportation Customers
Transportation customers shall be initially curtailed to the extent their gas supply has been curtailed by pipeline suppliers.

Thereafter, they shall be included either in Priority #3 or Priority #4 depending on whether they have alternate fuel capability.

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19. Temporary or Auxiliary Service

When Company has unsold service available, auxiliary or breakdown service may be supplied under special contract.

When Company has unsold service available, temporary service may be supplied under any rate schedule applicable to the class of service required with an additional charge for all costs of connection and disconnection.

The minimum charge set forth in the applicable rate schedule elected shall be applicable to such temporary service, but in no case shall it be less than one (1) full month's minimum in addition to the charges for connection and disconnection provided above.

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RULES AND REGULATIONS(continued)

20. Metering and Metering Equipment

(A) Meters and Associated Metering Devices (Except Diaphragm-Type Meters);
Inspections and Tests

Inspection and tests of meters and associated metering devices will be made by the Company as follows:

1. Pre-installation inspections and tests: A meter or associated metering device not included as a part of the meter, or both, will be inspected and tested before being placed in service, and the error will be not more than 1.0%. In lieu of these requirements, methods of sample testing acceptable to the Commission may be used.
2. As-found tests: A meter or associated metering device, or both, will be tested after it is removed from service. Such tests will be made before the meter or associated metering device, or both, is adjusted, repaired or retired.
3. Leak tests: A repaired meter or a meter that is removed from service will be leak-tested before being returned to service. If tested in the field, a meter will be tested at the actual operating pressure of the system. If tested in the shop, a meter that will operate at normal residential utilization pressure will be subjected to an internal pressure test of not less than 3 psig and any meter that will operate above normal residential utilization pressure will be so marked on the meter and will be subjected to an internal pressure test of not less than the manufacturer's rated operating pressure or any suitable test approved by the Commission. During the pressure test the meter shall be checked for leaks by one of the following tests:
 - a. Immersion test
 - b. Soap test
 - c. Pressure drop test of a type acceptable to the Commission
4. The Company will test meter accuracy upon request of a customer if the customer does not request a test more than once every 2 years, and if the customer agrees to accept the results of the test as the basis for determining the difference claimed. No charge shall be made to the customer for the first test in any 5 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 Company will charge the customer for subsequent tests an amount which is uniform and does not exceed the utility's direct cost thereof, plus a reasonable administrative overhead. The customer may be present at the test if he makes a request prior to the test.

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A report in writing will be made to the customer by the Company, stating the results of the test, and a record of the test will be kept by the Company.

5. Periodic tests: The Company will make periodic tests of meters, associated devices, and instruments to ensure their accuracy, according to the following schedule:

- a. Meters, such as proportional, rotary and turbine, may be tested in place when possible.....2 years
- b. Orifice meters.....6 months
- c. Gas instruments, such as base volume, base pressure, and base temperature correcting devices, will be removed and checked for calibration at intervals corresponding to the schedule for their associated meters, and will be checked for calibration in place at intervals of not more than.....2 years
- d. Test bottles, 1 cubic foot.....10 years
- e. Deadweight testers.....10 years
- f. Certified test meter.....10 years
- g. Meter testing systems will be calibrated when first installed and following alterations, damages or repairs which might affect accuracy. To assure that the accuracy of a meter testing system is maintained on a continuous basis, a daily leakage test will be made and a weekly accuracy test with a comparison meter of known accuracy will be made. If the test results differ by more than +/- 0.5% from the comparison meter, the cause of the error will be determined and necessary corrections will be made prior to the re-use of the system. The comparison meter will be checked at an interval of.....1 month

(B) Diaphragm-Type Meters; Meter Tests; Reports

- 1. The Company will test diaphragm-type meters as follows:
- 2. This rule applies only to diaphragm-type meter categories having a rated capacity of:
 - a. Category 1 - 500 CFH or less
 - b. Category 2 - 501 CFH to 1000 CFH
 - c. Category 3 - 1001 CFH or more

RULES AND REGULATIONS(continued)

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 1 test point equal to a 1% variance (for example, a meter which is between 104.15 and 105.0%) or between 95.0% and 95.9% accurate on test would have 3 test points).

4. The overall annual test rate criteria shall be determined by the following steps:
 - a. The average test points per meter for each meter class (Pmc) shall be determined.
 - b. The total number of installed meters at year-end in each class shall be multiplied by the respective Pmc to determine 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 under 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:

<u>Percentage of Total Overall Average Test Points per Meter (Pt)</u>	<u>Overall Test Points To Be Corrected</u>
.060 or less	2
.061 - .09	3
.092 - .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 greater	15

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- e. Multiply Pt by the applicable percentage of the points to be corrected found in Subdivision d of this subrule to determine the total minimum test points to be corrected for the following year.
 - 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 5 of this rule are met.
5. Except for the non-registering meters, all meters 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 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, such class of meters shall be removed from service and retired.
6. Not less than 2% of the total meters 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 4 years after it is set.
7. Not later than March 1 of each year, utilities shall file a report of the meters tested during the preceding calendar year. The report shall detail all of the following information:
- a. The following meter characteristics:
 - Set Year
 - Type of Case
 - Manufacturer
 - Type of Diaphragm
 - Revenue Classification
 - Commercial and Industrial
 - Residential
 - b. The number of meters in each meter class tested and found within the norm and within the 1% variance from norm between 94% accuracy and 106% accuracy. Meters slower than 94% and faster than 106% shall be grouped separately.

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- c. A comparison of total test meters tested in the preceding year with the standard required pursuant to Subrule 4 of this rule.
- d. Information and data needed to compute the total minimum test points to be corrected for the subsequent year in accordance with Subrule 4a 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 retired during the preceding year showing the information identified in Subrule 7a of this rule and the reasons for the retirement of the meters.

(C) Retirement of Meters

Meters will 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 of repair parts, or other reasons.

(D) Accuracy of Metering Equipment; Test; Standards

- 1. Metering equipment will be tested by comparison with the applicable provisions of the standards and references listed in Rule 42 and Rule 43 of the Commission's Technical Standards for Gas Service as criteria of accepted practice in testing meters.
- 2. A gas service meter which is repaired or removed from service for any cause will, before installation, be tested and adjusted to be correct within 1% fast or 1% slow.
- 3. Every diaphragm-type gas meter will be tested and adjusted, before installation, to an accuracy of +/- 1.0%. The test of diaphragm-type gas meters shall consist of the determination of meter accuracy at the check flow and at the full-rated flow. Check flow is the flow at 20% to 50% of the rated capacity of the meter. Full-rated flow is defined as 100% of the rated capacity of the meter. Meter error will be defined as the arithmetic mean of the absolute value of the error at the check flow test and the absolute value of the error at the full-rated flow test.

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4. All recording-type meters or associated instruments which have a timing element that serves to record the time at which the measurement occurs will be adjusted at intervals of not more than two years to that the timing element is not in error by more than +/- four minutes in 24 hours, under laboratory conditions, as set forth in ANSI B-109.1, or by more than +/- ten minutes in 24 hours under field conditions.
- (E) Meter Shop; Design; Meter-Testing System; Standards; Handling; Calibration Cards; Calibrated Orifices
1. The Company will maintain a meter shop for the purpose of inspecting, testing and repairing meters.
 2. The area within shop used for the testing of meters will be designed so that the meters and meter-testing equipment are protected from drafts and excessive changes in temperature. The meters to be tested will be stored in such a manner that the temperature of the meters is substantially the same as the temperature of the prover.
 3. Meter-testing system (working standards).
 - a. The Company will own and maintain a meter-testing system (working standard) of an approved type.
 - (1) Means will be provided to maintain the temperature of the liquid in a meter prover testing system at substantially the same level as the ambient temperature in the prover area.
 - (2) The meter-testing system will be maintained in good condition and in correct adjustment so it will be capable of determining the accuracy of any service meter to +/- 0.5%.
 - b. Meters which are too large for testing on a five cubic foot bell prover may use a properly calibrated test meter, transfer prover, or a properly designed flow prover.
 4. Meter-testing systems (working standards) will be checked by comparison with a secondary standard.
 - a. Bell provers will be checked not less than once every two years with a cubic foot bottle or be calibrated by dimensional measurement or any other test approved by the Commission. The accuracy of the secondary standard used will be traceable to the National Bureau of Standards.

RULES AND REGULATIONS(continued)

- b. Rotary displacement transfer provers will be checked not less than once every ten years with a standard whose calibration is traceable to the National Bureau of Standards, or any other suitable test approved by the Commission.
5. Extreme care will be exercised in the use and handling of standards to assure that their accuracy is maintained.
6. Each standard will have a certificate or calibration card, duly signed and dated on which are recorded the corrections required to compensate for errors found on the last previous test.
7. The Company will have properly calibrated orifices to achieve the rates of flow required to test the meters on its system.

(F) Secondary and Working Standards

1. Secondary standards: The Company will own, or have access to, a deadweight tester. This instrument shall be maintained in an accurate condition.
2. Working standards: The Company will have manometers, laboratory quality indicating pressure gauges and field-type deadweight pressure gauges for the proper testing of the indicating and recording pressure gauges used in determining the pressure on the utility's system.
3. Working standards will be checked by comparison with a secondary standard.

(G) Records; Meter Tests

1. The Company will 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 will be maintained for a minimum of three years. Test records will include the following:
 - 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".
 - d. If the test of the meter is made by using a standard meter, transfer prover, or flow prover, the Company will retain all data taken at the time of the test in complete form to permit the checking of the test methods and the calculations.

RULES AND REGULATIONS(continued)

(H) Records: Meter and Associated Metering Device Data

1. The Company will 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.

(I) Meter Errors; Bill Adjustment

If a meter is found to have an average error of more than 2%, an adjustment of bills for service for the period of inaccuracy shall be made in the case of over-registration and may be made in the case of under- registration. The amount of the adjustment will be calculated on the basis that the meter is 100% accurate with respect to the testing equipment used to make the test.

(J) Amount of Adjustment; Recalculation of Bills

1. If the date the error in registration began can be determined, such date will be the starting point for determination of the amount of the adjustment.
2. If the date the error in registration began cannot be determined, it will be assumed the error existed for a period equal to one-half of the time elapsed since the meter was last installed on the present premises.
3. Recalculation of bills will be made on the basis of actual monthly consumption, if possible. Otherwise, an average monthly consumption determined from the most recent 36 months' consumption data will be used.

(K) Refunds

1. Refunds will be made to the two most recent customers who received service through the meter found to be in error. In the case of a previous customer who is no longer a customer of the Company, a notice of the amount of the refund will, be mailed to such previous customer at his last known address, and the Company will, upon demand made within three months thereafter, refund the same.



RULES AND REGULATIONS(continued)

2. If the recalculation of billing for an existing customer, or for a previous customer no longer a customer of the Company, indicates that the amount of the refund due such existing or previous customer is equal to, or in excess of, an average of \$.10 per month for the re-calculated billing period, the full amount of the refund will be made, except that no refund less than \$1.00 need be made to an existing customer and no refund less than \$2.00 need be made to a previous customer who is no longer a customer of the Company.

(L) Rebilling

If the recalculation of billing indicates that the amount due the Company is equal to, or in excess of, amounts set forth in Subparagraph K (2) of this addendum as minimum refunds, the Company may bill the customer for the amount due, provided that in no case will the period covered by the billing exceed six months. A rebilling policy adopted by the Company based on minimum amounts in excess of those set forth in Subparagraph K(2) of this addendum will be uniformly applied to all customers.

(M) Consumption Data Records

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

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RULES AND REGULATIONS(continued)

21. Area Expansion Program

1. The Company's Area Expansion Program is an optional method of financing gas main extensions into areas where gas service is not currently available. This program is authorized by and described in the 1986 Adrian Gas Rate Commission Order. Under this program, customers in extension areas specified by the Company ("AEP Areas") pay an AEP Charge as part of their gas bills, in addition to the other applicable rates and charges, during the period when the AEP Charge is in effect. The AEP Charge is in lieu of the main extension charges (not including service line charges) provided for in the rules and regulations of the Company. An area is not designated an AEP Area under the Area Expansion Program unless the Company determines that a significant number of residents in that area desire service under this program.
2. The AEP Charge for a specific AEP Area is designed to reflect the estimated construction costs of the main extensions, less allowances without charge ordinarily available under the rules and regulations of the Company, plus the Company's cost of capital over the period that the charge is to be in effect. The period during which an AEP Charge is in effect for a particular AEP Area is generally about five to ten years. The cost of capital used for each specific AEP Area is the overall rate of return utilized by the Adrian Gas Rate Commission for purposes of the Company's most recent rate order.
3. Each AEP Area will be a separate and distinct unit. All customers in a specific AEP Area will be subject to the same AEP Charge. AEP Charges are an element of the Company's charges for gas service and subject to all rules and regulations governing the payment and collection of charges for gas service. An AEP Area may be enlarged to include contiguous area capable of being served from the newly-constructed mains.
4. Whether having signed an agreement or not, a new customer connecting to an existing AEP shall be required to pay the appropriate AEP charge. Failure of the seller, lessor, agent, or non-company party to advise a customer of an AEP charge shall not relieve the customer's obligation to pay the AEP charge.

If at any time reconciliation of AEP costs and revenues for a specific AEP Area shows that the total AEP Charge revenues have exceeded the costs of the main extensions for that AEP Area, less the allowances ordinarily available under the rules and regulations of the Company, plus the Company's cost of capital, the excess shall be refunded to the customers within such AEP Area based upon each such customer's historical consumption during the last 12 months during which the AEP Charge was in effect. If at the end of the last year, the AEP Charge revenues were insufficient to recover said costs, the AEP Charge will be continued until the remaining amount is recovered.

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5. All gas sold in the AEP Area indicated below is subject to the following AEP Charge:


<u>AEP AREA</u>	<u>AEP CHARGE</u>	<u>EXPECTED DATE OF EXPIRATION</u>
M-50/Russell/Dinius	19.9 cents per Ccf	June, 2001
W. Carleton Rd.	19.9 cents per Ccf	August, 2001
Shepherd/Onsted I	17.5 cents per Ccf	December, 2003
Shepherd/Onsted II	17.5 cents per Ccf	December, 2004
Burton Rd.	19.9 cents per Ccf	June, 2001
Medina/Canandaaigua	17.4 cents per Ccf	December, 2001
Wisner/Moore	17.5 cents per Ccf	December, 2001
Sharp/Myers	17.4 cents per Ccf	December, 2001
Slee/Brooks/Hawkins	17.5 cents per Ccf	December, 2005
Rome Rd.	17.5 cents per Ccf	December, 2005
Driggs Rd.	17.5 cents per Ccf	December, 2006
Wimple Rd.	17.5 cents per Ccf	December, 2006
Marr Hwy./Stephenson	17.5 cents per Ccf	December, 2006
Teachout Rd.	17.5 cents per Ccf	December, 2006
Hill Hwy/Sandy Beach Rd.	17.5 cents per Ccf	December, 2006
Palmyra Rd.	17.5 cents per Ccf	December, 2006
Springville Hwy. II	17.5 cents per Ccf	December, 2006
Cadmus/Douglas/Porter	15.5 cents per Ccf	December, 2006
Palmyra Twp.	17.5 cents per Ccf	December, 2007
Stephenson Rd.	17.5 cents per Ccf	December, 2007
Cadmus Rd./Sword Rd.	17.5 cents per Ccf	December, 2007
Gorman Rd.	17.5 cents per Ccf	December, 2007
Sand Creek/Horton		
Elliott Hwy	17.5 cents per Ccf	December, 2007
Sword Hwy btw.		
Plank & Beecher	17.5 cents per Ccf	December, 2007
Slee Rd./Springville	17.5 cents per Ccf	December, 2007
Skinner/Forrister	17.5 cents per Ccf	December, 2008
Hill Hwy	17.5 cents per Ccf	December, 2008
Whig Hwy	17.5 cents per Ccf	December, 2008
Forrister Rd	17.5 cents per Ccf	December, 2008
Hamilton Hwy	17.5 cents per Ccf	December, 2008
Bent Oak Hwy	17.5 cents per Ccf	December, 2010

6. For customers billed on an Mcf or MMBtu basis, the AEP Charge will be an amount per Mcf or MMBtu which is the calculated equivalent cost per Ccf.

7. As a part of the AEP Charges and the periodic reconciliations of the resulting costs and revenues, revisions may be necessary in the AEP Charges. Customers are notified in a timely manner of any changes in an applicable AEP Charge.

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Citizens Gas Fuel Company
RULES AND REGULATIONS (continued)

22. STANDARDS AND BILLING PRACTICES FOR TRANSPORTATION SERVICES

A. GENERAL PROVISIONS AND DEFINITIONS

3. Definitions

As used in this section:

- (a) "Account" shall mean customer's facilities and operations directly connected with the individual facilities identified in the transportation contract between the Company and the customer. The gas for each account being measured by a single Company meter.
- (b) "Allowance for Use and Loss" is defined in Section D.1.d of this Rule 22.
- (c) "Authorized 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 historical 12-month usage (determined from the customer's 36-month base period) plus adjustments for known or expected changes.
- (d) "Authorized Tolerance Level" (ATL) is defined as 0.5% of the customer's ACQ or 250 MMBtu whichever is greater. The Company is obligated to retain excess deliveries of gas during normal conditions on behalf of the customer up to its ATL without additional charge.
- (e) "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 9:00 A.M. Eastern Time or at such other time as may be mutually agreed upon.
- (f) "Gas" means natural gas, manufactured gas or a combination of the two which meets the "quality" standards as specified in Section C, Gas Quality, of this Rule 21.
- (g) "Maximum Daily Quantity" (MDQ) means the greatest quantity of gas the Company shall accept for transportation on the customer's behalf on any given day.
- (h) "Mcf" means 1,000 cubic feet of gas.
- (i) "MMBtu" means one million Btu.
- (j) "Month," except as provided with respect to billing, means a period beginning at 9:00 A.M. Eastern Time on the first day of a calendar month and ending at 9:00 A.M. Eastern Time on the first day of the following calendar month or at such other time as may be mutually agreed upon.
- (k) "Nominations" means the process by which the customer or the customer's agent notifies the Company of expected transportation quantities.
- (l) "Total Heating Value per Cubic Foot" means the number of Btu 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.
- (m) "Unauthorized Gas Usage Charge" is defined in Section G of this Rule 22.

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Citizens Gas Fuel Company

RULES AND REGULATIONS (continued)22. STANDARDS AND BILLING PRACTICES FOR TRANSPORTATION SERVICES (continued)

1. Application of Rules

Unless otherwise provided for within this Section or under their contracted Transportation Service Rate, transportation rate customers are subject to the Company's Gas Rate Schedule. Customers taking transportation service shall be considered utility service customers of the Company.

2. Possession of Gas

A. 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 customer shall have good title or good right to make delivery and, further, shall warrant for itself, its successors and assigns that such gas shall be free and clear of all liens, encumbrances, and claims whatsoever. With respect to any such adverse claim that may arise to said gas or to royalties, taxes, license fees or charges thereon, the customer shall indemnify and save the Company harmless from all suits, actions, debts, accounts, damages, costs, losses, and expenses arising from or out of same.

B. Indemnification of the Company

In the absence of negligence, recklessness, or willful misconduct on the part of the Company or of the Company's officers, employees or agents, the customer waives any and all claims against the Company, its officers, employees or agents, arising out of or in any way connected with (1) the quality, use or condition of the gas after delivery from the Company's line for the account of such customer; (2) any losses or shrinkage of gas during or resulting from transportation and (3) all other claims and demands arising out of the performance of the duties of the Company, its officers, employees, or agents.

B. RECORDS, ACCOUNTING AND CONTROL

1. Mailing of Notices, Bills, and Payments

All notices, bills, and payments required or permitted to be given in connection with this service shall be sent to the address specified in the customer's contract, shall be in writing and shall be valid and sufficient if delivered in person, dispatched by first class mail, Western Union, telex, or facsimile.

2. Nominations, Accounting, and Controls

- a. If the customer designates a third party as agent for nominating, and of giving/receiving notices, the customer shall provide written notice of such to the Company. Any such designation shall be effective until revoked in writing by the customer.

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RULES AND REGULATIONS (continued)

22. STANDARDS AND BILLING PRACTICES FOR TRANSPORTATION SERVICES (continued)

- b. **Monthly:** At least five working days prior to the first day of each month, the customer or customer's agent shall notify the Company of the daily quantity of gas (in MMBtu) that the customers is nominating for delivery to the Company during the following month.
- c. **Daily:** The customer shall give the company at least two working day's notice of any proposed change of a daily quantity from that set forth in b. above. Any proposed change in nomination, made pursuant to procedures specified by the Company, may not be made until after the first day of the month covered by the nominations. The Company may waive any part of the notice upon request if, in its judgement, operating conditions permit such waiver. The customer and the Company shall inform each other of any changes in anticipated deliveries as soon as practicable.

C. GAS QUALITY

1. Quality

The quality of gas delivered to the Company shall meet the following requirements:

- a. Gas shall not contain more than three percent oxygen by volume;
- b. Gas shall be commercially free from objectionable odors, solid or liquid matter, dust, gum or gum-forming constituents which 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;
- c. Gas shall not contain more than 0.3 grain of hydrogen sulphide per 100 cubic feet;
- d. Gas shall not contain more than 0.3 grain of total sulfur (including hydrogen sulphide and mercaptan sulfur) per 100 cubic feet.
- e. Gas shall not at any time have a carbon dioxide content in excess of two percent by volume;
- f. Gas shall not contain an amount of moisture which at any time exceeds seven pounds per million cubic feet; and
- f. Gas shall not contain a nitrogen content in excess of three percent by volume.

2. Heating Value

The gas delivered to the Company shall have a total heating value per cubic foot of not less than 950 Btu nor more than 1,100 Btu. Unless otherwise agreed, differences in the thermal value of the gas transported shall be determined by the Company based on the assumption that the gas delivered to the customer has a Btu content per Mcf that is the same as the Company's then-current system average Btu content per Mcf which shall be redetermined monthly

RULES AND REGULATIONS (continued)

22. STANDARDS AND BILLING PRACTICES FOR TRANSPORTATION SERVICES (continued)

D. SERVICE REQUIREMENTS

1. Quantities

- a. The customer may deliver, or cause to be delivered, and the Company shall, subject to other provisions in the Company's Gas Rate Schedules, accept quantities of gas up to the MDQ specified in the transportation contract. If deliveries to the Company exceed the agreed upon quantities, the Company may terminate the contract upon 30 days' written notice to the customer.
- b. Deliveries may be made by or on behalf of the customer at existing interconnections between the gas transmission facilities of the Company and other pipeline systems. These points of receipt shall be those that are agreed to from time to time by the customer and the Company.
- c. The Company shall endeavor to deliver gas to the customer, and the customer shall endeavor to take a quantity of gas that is thermally equivalent to the gas that it delivers or causes to be delivered. Such delivery on the part of the Company and take on the part of the customer is to be made at the outlet of the Company gas meter(s) identified in the transportation contract.
- d. The Company may retain up to 0.50% of all gas received at the points of receipt to compensate it for the Company's use and lost and unaccounted for gas on the Company's system ("Allowance for Use and Loss"). This volume shall be excluded from the quantity available for delivery to the customer.

2. Delivery Pressure

The Company shall not be required to alter its prevailing line pressure at the delivery point.

3. Measurement

- a. When delivered to the customer, all gas shall be measure 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).
- b. Adjustments for meter errors shall be in accordance with the applicable rule in the Technical Standards.

4. Curtailment

Curtailment of gas service, when necessary in the Company's opinion to balance gas requirements with gas supplied, shall be implemented under Rule 18.

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RULES AND REGULATIONS (continued)

22. STANDARDS AND BILLING PRACTICES FOR TRANSPORTATION SERVICES (continued)

5. Shutoff 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 Gas Rate Schedules.

E. BILLING

On or about the fifth day of each calendar month, the Company shall endeavor to render a statement to the customer for service during the prior calendar month. The Company and the customer 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 this service.

F. AUTHORIZED GAS USAGE CHARGE


A customer may obtain access to the Company's system supply for gas requirements in excess of the cumulative volumes delivered to the Company (less Allowance for Use and Loss) on behalf of that customer. To obtain access, the customer shall make prior application to the Company specifying the volumes required and the time period requested (not to exceed 120 days). The Company, at its sole discretion, shall grant the request if it has sufficient volumes to do so without jeopardizing service to other customers. If the Company is unable to grant the request, in whole or in part, it shall notify the customer of the volume available (if any), and shall maintain the notification on file. If multiple customers request access, service shall be made available on a first-come, first-served basis. Existing unserved applications shall have priority over any new applications.

G. UNAUTHORIZED GAS USAGE

If a customer has not obtained authorized access to the Company's system supply, then the customer shall pay for all gas taken by the customer in excess of the cumulative volume delivered to the Company (less Allowance for Use and Loss) on behalf of the Customer at the highest City-Gate price reported in Gas Daily for locations in the East North Central Region of the United States plus \$15.00 per MMBtu.

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RESTRICTION OF THE ADDITION OF NEW CUSTOMERS

As a result of a shortage in gas supply, the Company may from time to time find it necessary to restrict the availability of supply to new residential, commercial and industrial customers. Any restrictions on the addition of customers for any class of service for this reasons will be placed on file with the City of Adrian and the Michigan Public Service Commission.

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RESIDENTIAL SERVICE
(OPEN ORDER RATE "A")

AVAILABILITY:

Subject to limitations and restrictions in effect from time to time contained in orders from local, state, or federal regulatory bodies, and in the Rules and Regulations of the Company, service is available under this rate schedule to any residential customer for residential usage as hereinafter defined. (Refer to restrictions on new customers, if any, on Sheet No. 5).

As used in this Rate Schedule, "Residential Service" means service to any residential customer for any residential purpose, including space heating, by individual meter in a single family dwelling or building; or an individual flat or apartment; or two or more households served by a single meter (one customer) in a multiple family dwelling.

MONTHLY RATE PER METER:

Customer Charge:	Class I (0-250 cfh):	\$9.75
	Class II (251-500 cfh):	\$12.00
	Class III (>500 cfh):	\$17.00
	plus	
Distribution Charge	\$0.1670 per CCF for all CCF purchased, plus	
Gas Supply Charge:	<u>\$.9030</u> per CCF for all CCF purchased.	

LATE PAYMENT CHARGE:

A late payment charge of 2% of the bill, net of taxes, not compounded, shall be added to any bill which is not paid on or before the due date shown thereon.

TAXES:

Any taxes or other levies imposed by Federal, State or Local Government on the sale of gas shall be added to the customer's bill.

GOVERNMENT MANDATED PROGRAMS:

In the event that the Company is required to implement a government mandated program, an adjustment surcharge may be added to the rates to reflect the cost of such program.

GAS SUPPLY COST ADJUSTMENT:

The Gas Supply Charge is subject to adjustment as provided in the applicable Adrian Gas Rate Commission order.

BUDGET BILLING PLAN DISCOUNT:

Customers taking service under Class I of this rate schedule and billed under the Company's Budget Billing Plan, may pay a service charge of \$9.25 per meter per month rather than \$9.75 as provided under the monthly rate per meter.

GAS SERVICE TURN-ON CHARGE:

Turn-on of gas service requested within 12 months of a customer's request to turn-off gas at the same address shall be at a charge of \$50.00 if performed during normal business hours. Otherwise, the charge shall be \$75.00.

SERVICE CATEGORY:

Service to any residential customer for any residential purpose by individual meter to a single family dwelling, to an individual flat or apartment, or to two households served by a single meter (one customer) in a multiple family dwelling shall be in the Class I category. For all other customers, the Class of Service category in which a customer is classified will be determined by meter class.

AREA EXPANSION PROGRAM:

All gas sold in extension areas subject to the Company's Area Expansion Program will be subject to the applicable AEP charge, which is in addition to all other rates and charges. (Refer to Sheet No. 4.12)

GAS ALLOCATION PROCEDURE:

This rate schedule is subject to the provisions of Rule 18 (Refer to Sheet No. 4.9).

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GENERAL SERVICE
(OPEN ORDER RATE "B")

AVAILABILITY:

Subject to limitations and restrictions in effect from time to time contained in orders from local, state, or federal regulatory bodies, and in the Rules and Regulations of the Company, service is available under this rate schedule to any customer. (Refer to restrictions on new customers, if any, on Sheet No. 5).

MONTHLY RATE PER METER:

Customer Charge:

Heating Customer:	Class I	(0-250 cfh):	\$15.00
	Class II	(251-500 cfh):	\$20.00
	Class III	(>500 cfh):	\$30.00

Non-heating Customer:

	Class I	(0-500 cfh)	\$10.00
	Class II	(>500 cfh)	\$20.00

Plus

Distribution Charge: \$0.1920 per CCF for all CCF purchased, plus

Gas Supply Charge: **\$.9030** per CCF for all CCF purchased.

LATE PAYMENT CHARGE:

A late payment charge of 2% of the unpaid balance outstanding, net of taxes, shall be added to any bill which is not paid on or before the due date shown thereon.

TAXES:

Any taxes or other levies imposed by Federal, State or Local Government on the sale of gas shall be added to the customer's bill.

GAS SUPPLY COST ADJUSTMENT:

The Gas Supply Charge is subject to adjustment as provided in the applicable Adrian Gas Rate Commission order.

GOVERNMENT MANDATED PROGRAMS:

In the event that the Company is required to implement a government mandated program, an adjustment surcharge may be added to the rates to reflect the cost of such program.

GAS SERVICE TURN-ON CHARGE:

Turn-on of gas service requested within 12 months of a customer's request to turn-off gas at the same address shall be at a charge of \$50.00 if performed during normal business hours. Otherwise, the charge shall be \$75.00.

SERVICE CATEGORY:

The Class of Service category in which customer is classified will be determined first by space heating usage and then by meter class.

AREA EXPANSION PROGRAM:

All gas sold in extension areas subject to the Company's Area Expansion Program will be subject to the applicable AEP charge, which is in addition to all other rates and charges. (Refer to Sheet No. 4.12).

GAS ALLOCATION PROCEDURE:

This rate schedule is subject to the provisions of Rule 18 (Refer to Sheet No. 4.9).

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OPTIONAL LARGE VOLUME SERVICE
(CONTRACT RATE "C-1")

AVAILABILITY:

Subject to limitations and restrictions in effect from time to time contained in orders from local, state, or federal regulatory bodies, and in the Rules and Regulations of the Company, service is available under this rate schedule to any customer who uses a minimum of 2,400 MMBtu annually. (Refer to restrictions on new customer, if any, on Sheet No. 5).

MONTHLY RATE PER METER:

Customer Charge: \$250.00 per meter per month, plus
Distribution Charge: \$1.32 per MMBtu for all MMBtu's purchased, plus
Gas Supply Charge: **\$8.95** per MMBtu for all MMBtu's purchased.

LATE PAYMENT CHARGE:

A late payment charge of 2% of the unpaid balance outstanding, net of taxes, shall be added to any bill which is not paid on or before the due date shown thereon.

TAXES:

Any taxes or other levies imposed by Federal, State or Local Government on the sale of gas shall be added to the customer's bill.

GAS SUPPLY COST ADJUSTMENT:

The Gas Supply Charge is subject to adjustment as provided in the applicable Adrian Gas Rate Commission order.

GOVERNMENT MANDATED PROGRAMS:

In the event that the Company is required to implement a government mandated program, an adjustment surcharge may be added to the rates to reflect the cost of such program.

AREA EXPANSION PROGRAM:

All gas sold in extension areas subject to the Company's Area Expansion Program will be subject to the applicable AEP charge, which is in addition to all other rates and charges. (Refer to Sheet No. 4.12)

GAS ALLOCATION PROCEDURE:

This rate schedule is subject to the provisions of Rule 18 (Refer to Sheet No. 4.9).

TERM AND FORM OF CONTRACT:

Service under this rate shall require a written contract with a minimum term of two (2) years which must be approved by an officer of the Company or a duly authorized agent before it shall be binding upon the Company.

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OPTIONAL LARGE VOLUME SERVICE
(CONTRACT RATE "C-2")

AVAILABILITY:

Subject to limitations and restrictions in effect from time to time contained in orders from local, state, or federal regulatory bodies, and in the Rules and Regulations of the Company, service is available under this rate schedule to any customer who uses a minimum of 800 MMBtu per month or a minimum of 20,000 MMBtu per year. (Refer to restrictions on new customers, if any, on Sheet No. 5).

MONTHLY RATE PER METER:

Customer Charge: \$250.00 per meter per month, plus
Distribution Charge: \$1.32 per MMBtu for all MMBtu's purchased, plus
Gas Supply Charge: Minimum of **\$8.20** per MMBtu for all MMBtu's purchased.
Maximum of **\$8.95** per MMBtu for all MMBtu's purchased.

LATE PAYMENT CHARGE:

A late payment charge of 2% of the unpaid balance outstanding, net of taxes, shall be added to any bill which is not paid on or before the due date shown thereon.

TAXES:

Any taxes or other levies imposed by Federal, State or Local Government on the sale of gas shall be added to the customer's bill.

GOVERNMENT MANDATED PROGRAMS:

In the event that the Company is required to implement a government mandated program, an adjustment surcharge may be added to the rates to reflect the cost of such program.

AREA EXPANSION PROGRAM:

All gas sold in extension areas subject to the Company's Area Expansion Program will be subject to the applicable AEP charge, which is in addition to all other rates and charges. (Refer to Sheet No. 4.12)

GAS ALLOCATION PROCEDURE:

This rate schedule is subject to the provisions of Rule 18 (Refer to Sheet No. 4.9).

TERM AND FORM OF CONTRACT:

Service under this rate shall require a written contract with a minimum term of two (2) years which must be approved by an officer of the Company or a duly authorized agent before it shall be binding upon the Company.

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INTERRUPTIBLE SERVICE
(CONTRACT RATE "D")

AVAILABILITY:

Interruptible service is available under this rate schedule to any customer who uses a minimum of 2,400 MCF per year, with alternate fuel burning facilities installed, subject to interruption by the Company when in its opinion it is necessary to curtail or interrupt services to protect services to other customers served under firm service rate schedules or where it is required to curtail or interrupt services by its supplier or any governmental agency having jurisdiction. All gas used under this rate schedule will be separately metered. (Refer to restrictions on new customers, if any, on Sheet No. 5).

MONTHLY RATE:

Commodity Charge (Maximum): Greater of **\$8.15** per MMBtu, or
City-Gate delivered price plus \$1.80

LATE PAYMENT CHARGE:

A late payment charge of 2% of the unpaid balance outstanding, net of taxes, shall be added to any bill which is not paid on or before the due date shown thereon.

TAXES:

Any taxes or other levies imposed by Federal, State or Local Government on the sale of gas shall be added to the customer's bill.

PENALTY CLAUSE:

If the customer consumes gas in violation of any curtailment, discontinuance, or interruption notice given to the customer under the provisions of this rate schedule, all gas taken by the customer shall be subject to a penalty of \$15.00 per MMBtu in addition to all charges otherwise payable for such gas.

GOVERNMENT MANDATED PROGRAMS:

In the event that the Company is required to implement a government mandated program, an adjustment surcharge may be added to the rates to reflect the cost of such program.

GAS ALLOCATION PROCEDURE:

This rate schedule is subject to the provisions of Rule 18 (Refer to Sheet No. 4.9).

TERM AND FORM OF CONTRACT:

Service under this rate shall require a written contract with a minimum term of one year which must be approved by an officer of the Company or a duly authorized agent before it shall be binding upon the Company. (Refer to Sheet No. 9)

SPECIAL PROVISION:

Until further notice... If the price of gas sold and delivered under this rate schedule should exceed the cost of a customer's "on site" alternate fuel, the Company will credit the customer, on a monthly basis, an amount equal to the difference between the equivalent cost of the alternate fuel and the price of natural gas per MMBtu. Equivalent alternate fuel prices will be determined by the Company.

In addition, any customer and the Company may enter into an agreement to establish a fixed burner tip price for an agreed period of time.

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AGRICULTURAL INTERRUPTIBLE SERVICE
(CONTRACT RATE "E")

AVAILABILITY:

Subject to limitations and restrictions in effect from time to time by actions from any governmental agency having jurisdiction or as provided in the Rules and Regulations of the Company, agricultural interruptible service is available under this rate schedule to any customer who uses natural gas solely for agricultural processing. All gas used under this rate schedule will be separately metered. (Refer to restrictions on new customers, if any, on Sheet No. 5).

MONTHLY RATE:

Customer Charge: \$10.00 per meter per month, plus

Commodity Charge: **\$1.0700** per CCF for all CCF purchased.

LATE PAYMENT CHARGE:

A late payment charge of 2% of the unpaid balance outstanding, net of taxes, shall be added to any bill which is not paid on or before the due date shown thereon.

TAXES:

Any taxes or other levies imposed by Federal, State or Local Government on the sale of gas shall be added to the customer's bill.

PENALTY CLAUSE:

If the customer consumes gas in violation of any curtailment, discontinuance, or interruption notice given to the customer under the provisions of this rate schedule, all gas taken by the customer shall be subject to a penalty of \$15.00 per MMBtu in addition to all charges otherwise payable for such gas.

GOVERNMENT MANDATED PROGRAMS:

In the event that the Company is required to implement a government mandated program, an adjustment surcharge may be added to the rates to reflect the cost of such program.

AREA EXPANSION PROGRAM:

All gas sold in extension areas subject to the Company's Area Expansion Program will be subject to the applicable AEP charge, which is in addition to all other rates and charges. (Refer to Sheet No. 4.12)

GAS ALLOCATION PROCEDURE:

This rate schedule is subject to the provisions of Rule 18 (Refer to Sheet No. 4.9).

SPECIAL PROVISION:

Until further notice... If the price of gas sold and delivered under this rate schedule should exceed the cost of a customer's "on site" alternate fuel, the Company will credit the customer, on a monthly basis, an amount equal to the difference between the equivalent cost of the alternate fuel and the price of natural gas per MMBtu. Equivalent alternate fuel prices will be determined by the Company.

In addition, any customer and the Company may enter into an agreement to establish a fixed burner tip price for an agreed period of time.

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TRANSPORTATION SERVICE AND RATES
 (Contract Rate "F")

AVAILABILITY:

Subject to limitations and restrictions in effect from time to time contained or referred to in orders from local, state, or federal regulatory bodies, or in the Rules and Regulations of the Company, or in the Company's standard form of gas transportation agreement, transportation service is available to customers who are eligible for any one of the Company's existing sales rates, use a minimum of 200 MMBtu's per month, and who enter into a written contract with the Company.

NATURE OF SERVICE:

Under the contract, the customer agrees to purchase its own gas supplies and have them delivered to the Company and the company agrees to meter and redeliver the gas to the customer for end use.

Service will be rendered under the terms and conditions contained in this rate schedule and consistent with the Company's Rule 22 - STANDARDS AND BILLING PRACTICES FOR TRANSPORTATION SERVICES (Refer to Sheet 4.13).

TERM AND FORM OF CONTRACT:

All service under this rate shall require a written contract with a minimum term of six months which must be approved by an officer of the company or other duly authorized agent before it shall be binding upon the Company.

RATES AND CHARGES:

Monthly Charges:	Transportation Service Rate	
	<u>F-1</u>	<u>F-2</u>
Administrative Charge (per contract)	\$175.00	\$175.00
Customer Charge		
First Meter	\$250.00	\$1500.00
Each Additional Meter	\$100.00	\$500.00
Remote Meter Reading Charge (per meter)	\$75.00	\$75.00
Transportation Rates (per MMBtu)	\$1.15	\$0.75

ALLOWANCE FOR USE AND LOSS:

The Company may retain up to 0.50% of all gas received at the points of receipt to compensate it for the Company's use and lost and unaccounted for gas on the Company's system (Allowance for Use and Loss"). This volume shall be excluded from the quantity available for redelivery to the customer.

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TRANSPORTATION SERVICE AND RATES
(Continued from Sheet No. 12)

LOAD BALANCING:

DAILY IMBALANCES:

Customer's daily gas consumption at the delivery point(s) shall equal the daily amount of gas customer provides to Company at the Delivery Point (subject to adjustment for the Allowance for Use and Loss) plus or minus the greater of six percent (6%) or ten (10) MMBtu during extreme conditions. For each MMBtu of positive or negative imbalance in excess of such thresholds, Company may charge customer a Daily Imbalance Fee as specified below.

Normal Conditions:

Level 1: < 12% or 20 MMBtu	\$ -	per MMBtu
Level 2: > 12% or 20 MMBtu	\$ 0.23	per MMBtu

Extreme Conditions:

Level 1: < 6% or 10 MMBtu	\$ -	per MMBtu
Level 2: > 6% - 12% or 10 - 19 MMBtu	\$ 25.00	per MMBtu
Level 3: > 12% - 18% or 20 - 20 MMBtu	\$ 50.00	per MMBtu
Level 4: > 18% - 50% or 30 to 50 MMBtu	\$ 100.00	per MMBtu
Level 5: > 51% or 51 MMBtu	\$ 200.00	per MMBtu

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 historical 12-month usage (determined from the customer's 36-month base period) plus adjustments for known or expected changes.

AUTHORIZED TOLERANCE LEVEL (ATL) is defined as 0.5% of the customer's ACQ or 250 MMBtu whichever is greater. The Company is obligated to retain excess deliveries of gas during normal conditions on behalf of the customer up to its ATL without additional charge. However, such excess shall only be available for future negative imbalances incurred during normal conditions.

EXCESS DELIVERIES are defined as gas delivered to the Company, on behalf of the customer, less Allowance for Use and Loss and less the amount of 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 on its monthly billing.

POSITIVE IMBALANCE is defined as the balance of excess deliveries of gas for the month during normal conditions that exceeds the customer's ATL.

NEGATIVE IMBALANCE is defined as the amount of gas redelivered to the customer during normal conditions 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 Allowance for Use and Loss, plus any gas available from its ATL Balance.

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TRANSPORTATION SERVICE AND RATES
(Continued from Sheet No. 12.1)

CASH-OUT AT THE END OF THE MONTH:

POSITIVE IMBALANCE

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:

1. Lower of \$4.25 per MMBtu, or
2. The Average of the MichCon City Gas Index for Large End-Users

NEGATIVE IMBALANCE

If the customer has a negative imbalance, then the Company will charge the customer's account for the sale of imbalance gas in accordance with the schedule below.

Authorized Gas Usage - Normal Conditions:

1. Greater of the charges per MMBtu as provided in Rate C-1 for Optional Large Volume Service, or
2. The average of the MichCon City Gate Index for Large End-Users plus \$1.15.

Authorized Gas Usage - Extreme Conditions:

Highest City-Gate price reported in Gas Daily for locations in the East North Central Region of the United States unless otherwise agreed upon.

Unauthorized Gas Usage

Highest City-Gate price reported in Gas Daily for location in the East North Central Region of the United States plus \$15.00 per MMBtu.

LATE PAYMENT CHARGE:

A late payment charge of 2% of the unpaid balance outstanding, net of taxes, shall be added to any bill which is not paid by the due date shown thereon.

TAXES:

Any special taxes or other levies imposed by a Federal, State, or Local Government on the transportation of gas shall be added to the customer's bill.

PENALTY CLAUSE:

If the customer consumes gas in violation of any curtailment, discontinuance, or interruption notice given to the customer under the provisions of this rate schedule or per Rule 18 Limitations of Supply, all gas taken by the customer shall be subject to being purchased at the Unauthorized Gas Usage price.

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**CITIZENS GAS FUEL COMPANY
ADRIAN, MICHIGAN
RATE SCHEDULES
RULES AND REGULATIONS**

October 1, 2005

Michigan Public Service
Commission

November 1, 2005

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A handwritten signature, possibly initials, written in black ink over a horizontal line.