

SUPERIOR ENERGY COMPANY
14428 Wouksi
P.O. Box 67
Kaleva, Michigan 48645

RATE BOOK
OF
SUPERIOR ENERGY COMPANY

Containing the
Rules, Regulations, Rate Schedules
and Standard Forms

Governing the
Sales of Natural Gas Service
Within the Territory
Served by the Company

ISSUED
MATTHEW J. COFFEY, PRESIDENT
KALEVA, MICHIGAN

EFFECTIVE FOR GAS SERVICE
RENDERED ON OR AFTER
NOVEMBER 1, 1998

SUPERIOR ENERGY COMPANY
Kaleva, Michigan

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M.P.S.C. No. 1 Gas

NOVEMBER 1, 1998
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SUPERIOR ENERGY COMPANY
Kaleva, Michigan

Territory Served

The territory served by the Company consists of the following Cities, Villages and Townships:

Village of Onekama, Manistee County, Michigan
Township of Onekama, Manistee County, Michigan
Village of Bear Lake, Manistee County, Michigan
Township of Bear Lake, Manistee County, Michigan
Village of Kaleva, Manistee County, Michigan
Township of Maple Grove, Manistee County, Michigan
Township of Dickson, Manistee County, Michigan
Township of Springdale, Manistee County, Michigan
Township of Weldon, Manistee County, Michigan
Township of Pleasanton, Manistee County, Michigan

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SUPERIOR ENERGY COMPANY
Kaleva, Michigan

Technical Terms and Abbreviations

- A. "British thermal unit" or "Btu" means the average amount of heat required to increase the temperature of one pound of water by one degree Fahrenheit in the temperature range between 32 degrees Fahrenheit and 212 degrees Fahrenheit at 14.70 pounds per square inch absolute pressure.
- B. "Ccf" means 100 cubic feet of gas, measured in accordance with the applicable technical standards of the Michigan Public Service Commission.
- C. "Cfh" means cubic feet per hour.
- D. "Commission" means the Michigan Public Service Commission.
- E. "Company" means Superior Energy Company.
- F. "Customer" means a purchaser of gas service supplied by the Company, or an applicant for gas service where the context so requires.
- G. "Delinquent", in the case of a bill rendered to a residential customer, means that the bill remains unpaid five days after the due date of the bill. In the case of a bill rendered to a customer other than a residential customer, "delinquent" means that the bill remains unpaid 21 days after the date of rendition of the bill by the Company to the customer.
- H. "Mcf" means one thousand cubic feet of gas.
- I. "P.s.i.g." means pounds per square inch gauge.
- J. "Residential customer" means a purchaser of gas service from the Company under Rate Schedule No. 2 or Rate Schedule No. 3, or an applicant for such service where the context so requires.

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General Matters

The rates of the Company within all of the territory served by the Company are governed by franchise.

The franchises of the Company are identified as follows:

<u>Name of Municipality</u>	<u>Date of Adoption of Ordinance</u>
Village of Onekama, Manistee County	October, 1998
Township of Onekama, Manistee County	October, 1998
Village of Bear Lake, Manistee County	October, 1998
Township of Bear Lake, Manistee County	October, 1998
Village of Kaleva, Manistee County	October, 1998
Township of Maple Grove, Manistee County	October, 1998
Township of Dickson, Manistee County, Michigan	October, 1998
Township of Springdale, Manistee County, Michigan	October, 1998
Township of Weldon, Manistee County, Michigan	October, 1998
Village of Thompsonville, Manistee County, Michigan	October, 1998
Township of Pleasanton, Manistee County, Michigan	October, 1998

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SUPERIOR ENERGY COMPANY
Kaleva, Michigan

Rules and Regulations

1. Availability of Gas Service:

Subject to and in accordance with the provisions of these Rules and Regulations and supplements thereto and revisions thereof, as from time to time in effect; gas service is available from the Company in the following Cities, Villages and Townships to applicants occupying premises on streets where gas mains are laid and service pipes to and interior pipes within the premises are properly installed:

Village of Onekama, Manistee County
Township of Onekama, Manistee County
Village of Bear Lake, Manistee County
Township of Bear Lake, Manistee County
Village of Kaleva, Manistee County
Township of Maple Grove, Manistee County
Township of Dickson, Manistee County, Michigan
Township of Springdale, Manistee County, Michigan
Township of Weldon, Manistee County, Michigan
Township of Pleasanton, Manistee County, Michigan

2. Applicability of Rules and Regulations:

These Rules and Regulations and supplements thereto and revisions thereof, as from time to time in effect, are applicable to and made a part of all agreements for gas service furnished by the Company, and shall govern all such service except as specifically and expressly modified by the terms and conditions of a written contract which has been duly authorized and approved.

3. Availability of Copies of Rules and Regulations:

Copies of the Rules and Regulations of the Company and supplements thereto and revisions thereof, as from time to time in effect, shall be filed in

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Rules and Regulations - Continued

3. Availability of Copies of Rules and Regulations (Continued):

the office of the City Clerk of the City of Kaleva, Michigan, and in the office of the Michigan Public Service Commission, Lansing, Michigan, and in other public offices as required by and in accordance with the gas franchises of the Company. Copies of the Company's Rules and Regulations and supplements thereto revisions thereof, as from time to time in effect, shall be available at the office of the Company.

4. Character of Service:

Gas supplied by the Company shall be commercially pure gas which is (1) natural gas, or (2) manufactured gas, or (3) liquified petroleum air gas, or (4) a mixture of any two or all of the foregoing, provided that if any gas other than natural gas alone is supplied, such gas shall have (except in emergencies when circumstances do not permit) approximately the same heating value and burning characteristics as natural gas. The monthly average heating value of the gas supplied shall be not less than 950 British thermal units per cubic foot (except in an emergency) and not more than 1,100 British thermal units per cubic foot.

5. Application for Service:

A written application for gas service, on a form provided for the purpose, will be required of each applicant for gas service and is to be filed by the applicant at the office of the Company. The application shall contain the information necessary to determine the type of service desired and the conditions under which service will be rendered.

The application shall not be binding upon the Company until executed on behalf of the Company by one of its officers. If the application is

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Rules and Regulations - Continued

5. Application for Service (Continued):

accepted and executed on behalf of the Company, the application shall be an agreement between the customer and the Company governing gas service in accordance with and subject to the Rules and Regulations of the Company and supplements thereto and revisions thereof, as from time to time in effect. Such agreement, except as otherwise specifically provided in the applicable rate schedule or in the application or acceptance or in another gas service contract between the customer and the Company, shall be applicable as long as the customer purchases natural gas. Should the customer no longer wish to purchase natural gas, the contract may be cancelled by the customer or by the Company upon five (5) days written notice to the other; provided, however, that cancellation by the Company shall be subject to the requirements of these Rules and Regulations.

A new application may be required when there is a change in the class of service. Separate applications may be required when service is to be rendered at separate premises.

6. Contracts for Large Loads:

Customers having gas requirements which are large in relation to volumes of gas handled by the Company's system will be required to sign a contract for gas service with a specified term of service, commodity charge and estimated volume.

The Company reserves the right to decline to furnish gas service to customers with large or unusual requirements for gas whenever, in the judgment of the Company, such service might disturb or impair gas service to existing customers. Also, such service, once undertaken, may be limited or curtailed as provided in these Rules and Regulations.

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Rules and Regulations - Continued

7. Rates:

The customer shall pay for all gas furnished by the Company in accordance with the applicable rate schedule or contract between customer and Company.

The Company will endeavor to assist the customer in the selection of the rate which may be most favorable to the customer's requirements, but the responsibility for selection among applicable rates lies with the customer. The Company does not guarantee that each customer will be served under the most favorable rate at all times, and will not be responsible for notifying a customer of the most advantageous rate.

— After a customer has selected the rate under which the customer elects to take service, the customer will not be permitted to change from that rate to another rate until a period of at least twelve months has elapsed. A customer will not be permitted to evade the provisions of this paragraph by temporarily terminating service. However, the Company may, at its option, waive the provisions of this paragraph when it appears that an earlier change is requested for permanent rather than for temporary or seasonal advantage. The intent of this paragraph is to prohibit frequent shifts from rate to rate.

8. Initiation of Service:

The acceptance of an application by the Company shall not obligate the Company to initiate gas service to the applicant until any deposit or guarantee which may have been required by the Company pursuant to these Rules and Regulations shall have been delivered to the Company; nor shall the Company be obligated to initiate gas service until after the Company has installed the required service facilities, made the necessary inspections and tests, and had a reasonable opportunity to determine whether the applicant has complied with the provisions of these Rules and Regulations.

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Rules and Regulations - Continued

9. 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 proceed with the installation of service facilities until a reasonable time after such permits have been granted. The customer shall obtain, or cause to be obtained by its contractor or representative, and present to the Company for registration, all easements, rights of way, permits (except street permits), consents and certificates necessary to give the Company or its representatives access to the customer's installation and equipment and to enable the Company's service pipe to be connected therewith, and for other purposes in connection with the furnishing of gas service. No application for gas service will be deemed to be complete until all requisite permits (except street permits), easements, rights of way, consents and certificates shall have been obtained by the customer and presented to the Company.

10. Service Lines, Meters and Other Service Facilities:

A. General Provisions:

Gas service shall be supplied to each building or premises through a single service pipe; provided, that if a customer requests service through more than one service pipe, such request may be granted in the discretion of the Company. If such request is granted and service is provided through more than one service pipe, such service shall be deemed to involve more than one point of sale, which shall require separate billings by the Company.

The Company shall designate the locations and specifications of the service lines and all other service equipment, and shall determine the amount of space which must be left unobstructed **for the installation and maintenance thereof.**

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Rules and Regulations - Continued

10. Service Lines, Meters and Other Service Facilities (Continued):

The service lines, meters and other service equipment shall be installed and maintained by the Company. Applicants will be required to pay for service lines in accordance with the provisions of this rule; nonetheless, all service lines, as well as all meters and other service equipment, shall be and remain the property of the Company.

The Company shall not be liable for damages that may be incurred by the presence of the Company's property on the customer's premises as the result of the conduct or negligence of customer or another entity or person.

The customer shall pay for any permits required by state statute or regulation or local ordinance and any inspection fees required by state statute or regulation or local ordinance in connection with the installation of the service lines, meters and other service facilities or the converting or connecting of gas-consuming equipment.

B. Service Lines Less than Two Inches in Diameter Which are not Connected to a High Pressure Pipeline:

The charges to the prospective customer will be determined by measuring the horizontal distance over the service line, from the customer's lot line to the meter location established by the Company and applying the applicable flat and unit charges (and additional charges if applicable). The Company may require that the customer deposit a sum of money equal to the estimated charge prior to the commencement of the installation.

(1) The flat charge and unit charge for all applicants:

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Rules and Reaulations - Continued

10. Service Lines, Meters and Other Service Facilities (Continued):

A flat charge of \$470.00 or \$200.00 plus \$25.00 per month for 12 months for the first 100 feet or less. A charge of \$4.00 per foot for each foot in excess of 100 feet.

(2) Additional winter construction charge for all applicants:

An additional charge of \$5.00 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.

C. Service Lines Two Inches or Laraer in Diameter Which are not Connected to a High Pressure Pipeline, and Service Lines of Any Size Which are Connected to a High Pressure Pipeline:

The charges to the prospective customer will not exceed the Company's total cost (including a reasonable allowance for overhead) for all facilities between the prospective customer's property line and the meter location established by the Company, as well as the estimated cost of a curb valve and curb box, a tap on a pipe line operating at a pressure of more than 60 p.s.i.g., and any required upstream regulators, pressure relief and limiting devices, whether installed on public or private property.

The Company may require that the customer deposit a sum of money equal to the estimated charge prior to the commencement of the installation.

D. Meters:

The Company will furnish, install, connect and maintain such meter or meters as are necessary for metering gas. Gas will be supplied to

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Rules and Reaulations - Continued

10. Service Lines, Meters and Other Service Facilities (Continued):

each building through a single meter, except where for reasons of Company economy, conditions on the Company's distribution system, improvements of service conditions, or volume of the customer's requirements, the Company elects to install more than one meter.

The location of the meter (or meters) will be determined by the Company. Whenever possible the meter (or meters) shall be located on the front wall of the basement. The meter (or meters) must be accessible at all reasonable hours and not subject to damage by extreme heat or cold or by objects that may come in contact with it. Meters will not be set in coal bins, under porches, in closets, or in any location difficult of access.

The customer shall furnish and maintain a suitable space for the meter (or meters) and other service equipment. Such space shall be readily accessible to authorized Company employees and shall conform to the Michigan Gas Safety Code for such space and to the requirements of the authorities having jurisdiction.

No person, except a duly authorized employee of the Company, shall break or replace a seal or lock on a meter, or alter or change a meter or its connections or location or alter a gas pressure regulator.

E. Chancre in Location of Existing Facilities:

Any change requested in the location of a meter or service pipe or other service facilities shall, if such change is approved by the Company, be made by the Company at the expense of the owner or

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Rules and Reaulations - Continued

10. Service Lines, Meters and Other Service Facilities (Continued):

occupant of the premises, who shall deposit with the Company, in advance, the Company's estimated cost of such change (including a reasonable allowance for overhead).

- F. The service lines, meters and other service facilities placed on the premises shall be and remain the property of the Company and shall be subject to removal only by the Company.

G. Access to Premises:

The Company shall have the right of access to its service lines, meters and other service facilities upon the customer's premises at all reasonable times for the purposes of reading meters, inspecting and/or repairing lines, meters and other service facilities, removing Company property, or any other proper purpose.

H. Customer's Responsibilities:

The customer shall protect from loss, damage or injury the service lines, meters and other service facilities placed on the customer's premises and shall reimburse the Company for any damage thereto.

A customer shall not disconnect or interfere with, nor permit any unauthorized person to disconnect or interfere with, the Company's lines, meters or other service facilities. If a customer does disconnect or interfere with the Company's lines, meters or other service facilities, or permits others to do so, the Company shall have the right to correct the condition at the customer's expense.

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Rules and Resolutions - Continued

11. Temporary Service:

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 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 Company at the conclusion of the temporary service. The Company may require the customer to advance such amount, prior to installing any service facilities.

For purposes of this rule, service will be deemed to be non-permanent whenever the anticipated period of supply does not exceed two years.

12. Customer's Piping and Equipment:

A. Installation and Maintenance:

The customer shall furnish and maintain all piping and equipment from the outlet of the meter to the appliances. It is the responsibility of the customer to assure that all such piping and equipment is safe and adequate. A customer shall not take, or permit others to take, any action that creates a condition which makes the rendering of gas service at the customer's premises hazardous or potentially hazardous.

B. 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 the

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Rules and Reaulations - Continued

12. Customer's Ploina and Equipment (Continued):

customer's installation or any part thereof is deemed by the Company to be unsafe, inadequate or unsuitable for receiving the Company's service.

C. Insoection of Installation:

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

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

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.

D. 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

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Rules and Regulations - Continued

12. Customer's Piping and Equipment (Continued):

approval by the Company, shall be furnished, installed and maintained by the customer to protect the customer and the Company's facilities therefrom.

13. Measurement of Gas:

Gas will be supplied by the Company only on the basis of meter measurement. The number of cubic feet delivered shall be measured by a meter or meters owned by the Company and located at the customer's premises. The quantity of gas passing through a meter, as shown by the register on the index, will be accepted as correct, except when upon testing the meter it is shown that the meter registers more than two percent fast or slow.

The sales unit of gas furnished by the Company shall be 100 cubic feet (Ccf).

A single meter shall not measure the consumption of more than one customer.

When the Company for its convenience installs two or more meters at the same building 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.

14. Security for Gas Bills:

A. Residential Customers:

Security deposits or other guarantee of payment may be required of prospective residential customers in accordance with and subject to the provisions of Rule No. 21 of these Rules and Regulations.

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Rules and Regulations - Continued

14. Security for Gas Bills (Continued):

B. Customers other than Residential Customers:

Prospective gas service customers, other than prospective residential customers, may be required to make a cash deposit of such amount as is satisfactory to the Company, or to furnish a guarantor satisfactory to the Company, in accordance with and subject to the provisions of this Rule No. 14B. Interest on such deposits will be computed at the rate of four percent per annum or at such other rate of interest as may be prescribed from time to time by the Commission, except that no interest will be paid unless a deposit shall have been held by the Company for at least six months.

When service is terminated, the deposit with interest due shall be credited against the final account, and the balance, if any, shall be returned to the customer.

When the customer's credit shall have been satisfactorily established, the deposit and interest due will be returned to the customer, or if a guarantor has been furnished, such guarantor will be released.

15. Billing:

The Company renders bills once each month covering in each case as nearly as is reasonably possible a normal monthly period. The Company makes every reasonable effort to read the customer's meter every month on or about the same day of each month.

For residential customers, a normal billing "month" shall be a utility service consumption period of not less than 26 or more than 35 days.

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Rules and Reaulations - Continued

15. Billing (Continued):

Whenever, for any reason, the meter is not read at the end of a given monthly period, the Company may render an estimated interim bill. An estimated bill will, under ordinary conditions, be based upon past service records or other available service data, except that estimated bills for space heating service will also be based on the average outside temperatures in degree days.

In the case of residential customers, the Company will not render an estimated billing more frequently than every other billing month, unless a different frequency is approved by the Commission.

Any bill rendered on an estimated basis will be clearly and conspicuously identified as such.

Any customer who does not desire to receive an estimated interim bill will, upon request to the Company, be supplied with forms upon which the reading of the customer's meter or meters may be recorded. Such readings will, if received in time for normal billing purposes, be used in the computation of the interim bills of such customer.

If the Company is unable to gain access to read a meter, the Company will undertake reasonable alternative measures to obtain an actual reading, including mailing or leaving post-paid pre-addressed post cards upon which the customer may note the reading. If the customer fails to comply with such alternative measures, or makes reading of the meter unnecessarily difficult, the Company may render an estimated bill notwithstanding any other provisions of this rule.

Notwithstanding any other provisions of this rule, the Company may estimate the bill of any customer if extreme weather conditions, emergencies, work

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Rules and Reaulations - Continued

15. Billing (Continued):

stoppages or other circumstances of force majeure prevent actual meter readings.

Nothing contained in this rule shall preclude the Company's billing customers in accordance with equal monthly billing programs, at the election of the customer.

16. Due Date of Bills:

Bills rendered to residential customers are due on the date indicated on the bill, which shall be at least 21 calendar days from the date rendered. If the last calendar day for remittance falls upon a Sunday, legal holiday or any other day when the office of the Company regularly used for the payment of customer bills is closed, the date payment is due will be extended to the next business day.

Bills for gas service furnished by the Company to customers other than residential customers are due when rendered.

The date of rendition of a bill for gas service shall be the date of physical mailing of the bill by the Company.

With respect to residential customers, the date of payment for remittances made by mail shall be deemed to be two days prior to receipt of the remittance by the Company. For all other customers, the date of payment for remittances made by mail shall be the date of receipt of the remittances by the Company.

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Rules and Reaulations - Continued

17. Place for Pavment of Bills:

Bills are payable at the office of the Company, P.O. Box 67, Kaleva, Michigan, 49645, and at such other agencies, if any, as may from time to time be specified by the Company.

18. Returned Checks and On-Premises Collection:

Checks remitted by customers as bill payments and returned because they are not valid will be rebilled to the customer's account. A \$15.00 charge may be assessed to customers for handling checks received and returned by banks for reasons of insufficient funds, bank account closed, no account, and similar situations. This charge will become part of the customer's arrears and will be subject to the same provisions applicable thereto.

A charge of \$20.00 may 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 provisions applicable thereto.

19. Delinauent Bills:

If any bill for gas service to a residential customer remains unpaid for five days after the due date of the bill, the account will be deemed delinquent and the Company shall have the right to assess a late payment charge and to discontinue service subject to and in accordance with the provisions of Rule No. 21.

With respect to bills rendered to customers other than residential customers, if any such remains unpaid for a period of twenty-one days after it is rendered by the Company to the customer, the Company may add a late payment charge of two percent, net of taxes, not compounded, to the bill; and the Company shall also have the right to discontinue gas service upon

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Rules and Regulations - Continued

19. Delinquent Bills (Continued):

five days' written notice of its intention to so discontinue. Written notice may be given in person or by mail, and if given by mail shall be deemed to have been given when mailed. Such discontinuance of service may remain in effect until such bill, together with any other arrears, shall have been paid.

20. Discontinuance of Service:

The Company reserves the right to discontinue service at any time with respect to any customer, without notice, if it shall deem such action necessary for reasons of health or safety or in a state or national emergency;

The Company also reserves the right to discontinue service at any time with respect to any customer, without notice, subject however to the provisions of Rule 21 in the case of residential customers, for any of the following reasons:

- (a) to protect the Company against loss, abuse or fraud;
- (b) for violation of any of the Rules and Regulations of the Company or of any other terms and conditions of the agreement between the customer and the Company;
- (c) for customer use of appliances or other gas-burning equipment in such manner as to adversely affect the Company's service to others; or
- (d) for the customer's unauthorized use of service or facilities or for tampering with the Company's service to others.

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Rules and Resolutions - Continued

21. Consumer Standards and Billing Practices -- Residential Customers:

A. General Provisions:

- (1) The Company's relations with its residential customers shall be further governed by this additional rule, as required by the Commission in the Order in Case No. U-4240.
- (2) As used in this rule, "discontinuance of service" means a cessation of utility service not voluntarily requested by a customer; and "termination" means a cessation of utility service voluntarily requested by the customer.
- (3) The provisions of this Rule No. 21 are applicable only to residential customers. None of the provisions of this Rule No. 21 shall apply to any other customers of the Company.

B. Billing Information:

- (1) The Company will render a separate billing for service provided at each residence or location and shall not combine two or more accounts without written authorization of the customer.
- (2) Every bill rendered to a residential customer will state clearly:
 - (a) The beginning and ending meter readings of the billing period and the dates thereof, except that bills rendered under an authorized customer read and self-billing system need not provide this information.
 - (b) The due date.
 - (c) Any previous balance.
 - (d) The amount due for energy usage.
 - (e) The amount due for other authorized charges,
 - (f) The total amount due.

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Rules and Resulations - Continued

21. Consumer Standards and Billing Practices -- Residential Customers(Continued):

- (g) The late payment charge if the bill is not paid when due and owing.
 - (h) The statement that rate schedules, an explanation of how to calculate the accuracy of the bill, and an explanation of the gas cost recovery clause, if any, are available and will be mailed upon request.
 - (i) The statement, "Register any inquiry or complaint about this bill prior to the due date".
 - (j) The address and telephone number of the Company designating where the customer may initiate an inquiry or complaint regarding the bill as rendered or the service provided by the Company.
-
- (3) The Company may add a late payment charge of two percent, net of taxes, not compounded, to any bill of a residential customer or a portion thereof, which is delinquent. The Company shall not assess a late payment charge against customers participating in the Winter Protection Plan described in Rule No. 21 F(3).
 - (4) 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 service account. If partial payment is made, the Company will first credit all payments to the balance outstanding for utility service, unless otherwise instructed in writing by the customer.
 - (5) The Company will provide each residential customer with the opportunity to read and report energy usage as long as energy usage is reported on a regular and accurate basis and will

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Rules and Reaulations - Continued

21. Consumer Standards and Billina Practices -- Residential Customers(Continued):

provide post-paid pre-addressed post cards for this purpose upon request. At least once every twelve months, the Company will obtain an actual meter reading of customer usage. The provisions of this paragraph shall not prevent the Company from reading meters on a regular basis.

- (6) The Company shall on or before October 15 of each year, inform residential customers of the following:
 - (a) Federal and state energy assistance programs and the eligibility requirements of such programs, as provided to the Company by the Commission.
 - (b) The Winter Protection Plan described in Rule No. 21 F(3).
 - (c) The medical emergency provisions of Rule No. 21 E(3).

The information shall be disseminated by means of an explanation on the customer's bill, a bill insert, or other mailing. If the information is not disseminated by means of an explanation on the customer's bill, the Company shall, on the customer's bill, direct the customer to the bill insert or other mailing, unless the Company conducts a self-billing program.

- (7) The Company shall disseminate any further information regarding energy assistance programs, both federal and state, provided by the Commission, within 60 days of the receipt of such further information from the Commission.

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Rules and Reaulations - Continued

21. Consumer Standards and Billing Practices -- Residential Customers(Continued):

(C) Guarantee of Pavment: Security Deposits:

- (1) Deposits; new service. The Company may require a cash deposit as a condition of new service to a prospective residential customer in any of the following situations:
 - (a) The applicant has outstanding a prior utility service account which is past due with any utility, which accrued within the last six years and at the time of the request for service remains unpaid and not in dispute.
 - (b) The applicant is a previous customer who has in an unauthorized manner interfered with the service of the Company situated or delivered on or about the customer's premises within the last six years if the finding of unauthorized interference or use is made and determined after notice and opportunity for hearing is provided to the customer pursuant to this rule and is not in dispute.
 - (c) The applicant misrepresents his or her identity or credit standing or fails to provide positive identification at the time of application for new service, thus avoiding disclosure of pertinent credit information.
 - (d) The applicant requests service at a residence in which he or she does not reside.
 - (e) The Company has had two or more checks for the customer's account returned from a bank within the past three years for insufficient funds or no account, excluding bank error.

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Rules and Reaulations - Continued

21. Consumer Standards and Billing Practices -- Residential Customers(Continued):

- (f) The applicant requests service at a household that was inhabited by the applicant during a period in which all or a part of a prior past due service account was incurred by another household member who still resides at the household, 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 Michigan utility during the last six years.
- (2) The Company will not require a cash deposit as a condition of new service to a prospective residential customer in either of the following situations:
- (a) Where payment to the Company is the responsibility of the Department of Social Services.
 - (b) Where the applicant secures a guarantor who is a customer of good standing with the Company.
- (3) The Company will not require a cash deposit or other guarantee as a condition of providing or restoring service to a previous residential customer or continued service to a current residential customer unless the customer has an unsatisfactory credit or service standing with the Company due to any one of the following:

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Rules and Regulations - Continued

21. Consumer Standards and Billing Practices -- Residential Customers(Continued);

- (a) The customer or applicant is responsible for a prior service account which is past due; which accrued within the last six years, except as otherwise provided by statute; and which, at the time of the request for service, remains unpaid and is not in dispute.
- (b) The service of the customer has been discontinued for non-payment of a delinquent account not in dispute.
- (c) In an unauthorized manner, the customer interfered with or diverted the service of the Company situated or delivered on or about the customer's premises, if the finding of the unauthorized interference or use is made and determined after notice and opportunity for hearing is provided to the customer pursuant to this rule and is not in dispute.
- (d) The customer or applicant misrepresents his or her identity or credit standing.
- (e) The customer fails or is unable to provide appropriate credit information at the time service is to be provided or restored. Appropriate credit information may include positive identification or prior service account history with any Michigan utility.
- (f) The Company has had to or more checks for the customer's account returned from a bank within the last three years for insufficient funds or no account, excluding bank error.

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Rules and Reaulations - Continued

21. Consumer Standards and Billing Practices -- Residential Customers(Continued):

- (4) The Company may request proof that a tenant is renting residential property prior to extending service to the dwelling. Proof consists of a written or oral confirmation or a copy of the lease submitted by the manager, landlord or owner of the property.
- (5) Other standards prohibited. The Company will not require a cash deposit or other guarantee as a condition of new or continued utility service to a residential customer based upon commercial credit standards, income, home ownership, residential location, race, color, creed, sex, age, national origin, or any other criteria not authorized by this rule.
- (6) General deposit conditions. A cash deposit required from a residential customer or a prospective residential customer pursuant to this rule is subject to the following terms and conditions:
 - (a) A deposit required as a condition of new service or providing or continuing service due to a prior outstanding account not in dispute shall be the lesser of twice the average projected system-wide monthly bill or one month's projected average bill for the premises. The Company may also require payment of the prior outstanding account as a condition of new or continued service, if the prior account is in the customer's name, is delinquent and is owed to the Company, and was accrued within the last six years.

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Rules and Reaulations - Continued

21. Consumer Standards and Billing Practices -- Residential Customers(Continued):

- (b) A deposit required as a condition of continued service due to discontinuance for non-payment shall be determined as follows:
- (i) If the customer has been disconnected once within the last three years, the deposit shall not exceed the average one-month bill for the premises or two times the Company's system average one-month bill for residential service, whichever is less.
 - (ii) If the customer has been disconnected twice within the last three years, the deposit shall not exceed two times the average one-month bill for the premises or three times the Company's system average one-month bill for residential service, whichever is less.
 - (iii) If the customer has been disconnected three times within the last three years, the deposit shall not exceed three times the average one-month bill for the premises or four times the Company's system average one-month bill for residential service, whichever is less. The Company may also require payment of the prior outstanding account as a condition of providing or continuing service.

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Rules and Reaulations - Continued

21. Consumer Standards and Billing Practices -- Residential Customers(Continued):

- (c) A deposit required for new or continued service due to unauthorized interference, diversion or unauthorized use will not exceed the lesser of three times the average projected one-month bill for the premises or five times the Company's system average one-month bill for residential service. The Company may also require payment of the prior outstanding account as a condition of providing new or continued service.
- (d) Before requiring a deposit as a condition of continued service, except in the case of unauthorized use, diversion, or interference, the Company shall have offered the customer, prior to discontinuance for non-payment, the opportunity to enter into a settlement agreement as provided in Rule No. 21 F.
- (e) Interest at the rate of nine percent per annum shall be payable on all deposits made by residential customers. Interest shall be credited semi-annually upon the service account of the customer or paid upon the return of the deposit, whichever occurs first.
- (f) Upon termination of service, the deposit, with accrued interest shall be credited to the final bill and the balance, if any, shall be returned promptly to the customer.

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Rules and Reaulations - Continued

21. Consumer Standards and Billina Practices -- Residential Customers(continued)

- (g) The credit of a customer shall be established and a deposit and accrued interest shall be refunded promptly by the Company upon satisfactory payment by the customer of all proper charges for utility service for a period of twelve consecutive months, unless the deposit was required due to unauthorized use, diversion or interference. For purposes of this sub-rule, payment is satisfactory if made prior to the issuance of a notice of discontinuance of service for non-payment not in dispute or within three days after the issuance of the next succeeding monthly bill, whichever is sooner. Deposits required because of unauthorized use, diversion, or interference may be retained by the Company for a period of 24 months, and shall be refunded upon satisfactory payment of the final twelve months of charges.

- (h) The Company will maintain a detailed record of all deposits received from customers. The record will show the name of the customer, 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, the date of making the deposit, the amount of the deposit, and the date and amounts of interest paid. The Company will furnish each customer making a cash deposit with a receipt therefor. The receipt will contain the name of the customer, the place of payment, the

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Rules and Reaulations - Continued

21. Consumer Standards and Billing Practices -- Residential Customers(continued)

date of payment, the amount of payment, the identifiable name and signature of the utility employee receiving payment, and a statement of the terms and conditions governing the receipt, retention and return of deposit funds. The Company will provide a means whereby a customer entitled to a return of the customer's deposit is not deprived of deposit funds even though the customer may be unable to produce the original receipt for the deposit.

- (i) The Company will apply uniformly to all residential customers the Company's standards relating to requiring deposits as a condition of utility use.
- (j) The cash deposit requirements shall be waived for residential customers receiving or eligible to receive state or federal assistance, where the state or federal agency agrees to pay all or a satisfactory part of the customer's arrearages in accordance with the standards set forth in this rule.
- (k) For purposes of this sub-rule, both of the following provisions shall apply:
 - (i) The Company's system average one-month bill for residential service shall be based upon the previous twelve months of consumption priced at current rates.

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Rules and Reoulations - Continued

21. Consumer Standards and Billing Practices -- Residential Customers(continued)

- (ii) The average one month bill for the premises shall be based upon the previous twelve months of consumption at the premises priced at current rates.
- (7) Guarantee instead of deposit. Instead of a cash deposit required from a residential customer or prospective residential customer pursuant to this rule, the Company will accept a written guarantee of a customer in good standing of the Company, or the guarantee of the Michigan Department of Social Services where payment to the Company is its responsibility.
- (8) Guarantee terms and conditions.
 - (a) Any such guarantee shall be in writing, renewed at least annually, state the maximum amount guaranteed, and state that the Company shall not hold the guarantor liable for a sum in excess of the maximum amount guaranteed.
 - (b) Credit shall be established for the customer and the guarantor shall be released upon satisfactory payment by the customer of all proper charges for utility service for a period of twelve consecutive months, unless the guarantee was required due to unauthorized use, diversion, or interference. For purposes of this sub-rule, payment is satisfactory if made prior to the issuance of a notice of discontinuation of service for non-payment not in dispute, or within three days after issuance of the next succeeding monthly bill, whichever is sooner. The

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Rules and Reaulations - Continued

21. Consumer Standards and Billinh Practices -- Residential Customers(continued):

Company may withhold the release of the guarantor pending the resolution of a discontinuance for non-payment in dispute in accordance with this rule.

- (c) A guarantee required because of an authorized use, diversion, or interference may be retained for 24 months. Additionally, release of such guarantee is conditioned upon timely payment of the latest twelve months of the guarantee period, prior to rendering of the next succeeding bill.

- (9) Deposit refund. The Company may apply all deposits subject to refund against existing arrearages not in dispute prior to refund.

D. Utility Procedure:

- (1) Applicability. These procedures shall be applicable to all residential customer inquiries and complaints made to the Company regarding residential utility service and charges therefor.
- (2) Complaint procedures. The Company will obtain Commission approval of any substantive changes in the procedures prior to implementation.
- (3) Personnel procedures required. The Company will establish personnel procedures which as a minimum insure that:
 - (a) Qualified personnel will be available and prepared at all times during normal business hours to receive and

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Rules and Regulations - Continued

21. Consumer Standards and Billing Practices -- Residential Customers(Continued):

respond to all residential customer inquiries, service requests and complaints. The Company will make necessary arrangements to insure that residential customers unable to communicate in the English language receive prompt and effective assistance.

- (b) Qualified personnel responsible for and authorized to enter into written settlement agreements on behalf of the Company will be available at all times during normal business hours to respond to residential customer inquiries and complaints.
 - (c) Qualified personnel will be available at all times to receive and initiate response to residential customer contacts regarding any discontinuance of service and emergency conditions occurring within the Company's service area.
 - (d) Names, addresses and telephone numbers of personnel designated and authorized to receive and respond to the requests and directives of the Commission regarding residential customer inquiries, service requests and complaints are current and on file with the Consumer Services Division.
- (4) Utility hearing officers.
- (a) The Company 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 implement this rule.

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Rules and Reaulations - Continued

21. Consumer Standards and Billing Practices -- Residential Customers(Continued):

(b) Utility hearing officers and Company hearing procedures shall be subject at all times to investigation and review by the Commission to insure that impartiality and integrity of the hearing process.

(5) The Company will provide such access to its rules regarding residential customer service and residential rates and charges, and will make available to residential customers and prospective residential customers a pamphlet summarizing the rights and responsibilities of residential customers.

E. Physical Discontinuation of Service:

(1) Time of discontinuance.

(a) If the utility bill is at least twenty-one (21) days past due and subject to the requirements of this rule, the Company may discontinue service to a residential customer on the date specified in the notice of discontinuation or within a reasonable time thereafter between the hours of 8:00 a.m. or 4:00 p.m. or any other time mutually agreed between customer and the Company.

(b) Service will not be discontinued on a day, or a day immediately preceding a day , when the services or the Company are not available to the general public for the purpose of reconnecting discontinued service.

(c) Service will not be discontinued pending the termination or resolution of a complaint with the Commission.

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Rules and Reaulations - Continued

21. Consumer Standards and Billing Practices -- Residential Customers(Continued):

- (2) Manner of discontinuation.
 - (a) At least one day preceding physical discontinuation of service, the Company will make reasonable efforts to contact the customer by telephone to advise the customer of the pending action and what steps must be taken to avoid discontinuation.
 - (b) Immediately preceding the physical disconnection of service the employee of the Company shall identify himself to the customer, if present, or other responsible person then upon the premises and shall announce the purpose of his presence.
 - (c) The employee shall have in his possession the past due account of the customer and request any available verification that the outstanding claims have been satisfied or are currently in dispute. Upon the presentation of evidence which clearly indicates that the claim has been satisfied or is currently in dispute, service shall not be discontinued.
 - (d) The employee may be authorized to accept payment and in such case shall not discontinue service if the customer then and there tenders payment in full together with a reasonable charge for sending the employee to the premises if provided in the Company's schedule of rates and tariffs.

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Rules and Regulations - Continued

21. Consumer Standards and Billing Practices -- Residential Customers(Continued):

- (e) Payment may be made by the customer in any reasonable manner acceptable to the Company including personal check; provided, however, that payment by personal check is not reasonable if the customer has on previous occasion within the last three years tendered payment in this manner and the check has been returned for insufficient funds or no account.
- (f) If prior telephone contact has not been made as provided in Rule No. 21 E(2)(a) and the customer or other responsible person is not in or upon the premises, the employee shall leave notice in a manner conspicuous to the customer that service will be discontinued on or after the next business day unless outstanding claims have been satisfied. If the customer or other responsible person has been telephonically contacted, service may be discontinued immediately.
- (g) If the customer or other responsible person is not in or upon the premises upon the return of the employee, or upon the first visit if the customer or other responsible person does not respond when it reasonably appears that the premises are occupied, the employee may discontinue service.
- (h) When service is discontinued, the employee shall leave notice upon the premises in a manner conspicuous to the customer that service has been discontinued and the address and telephone number of the Company where the customer may arrange to have service restored.

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Rules and Reaulations - Continued

21. Consumer Standards and Billing Practices -- Residential Customers(Continued):

- (3) Medical emergency. The Company will postpone the physical discontinuation of utility 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.
- (4) Restoration of service.
 - (a) 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 arrangements satisfactory to the Company have been made.
 - (b) Every effort will be made to restore service at all times 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.
 - (c) The Company may assess the customer a charge, including reasonable costs incurred, for restoration of service and relocating the customer's meter, as provided under the Company's Rules and Regulations.

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Rules and Reaulations - Continued

21. Consumer Standards and Billing Practices -- Residential Customers(Continued):

5. Charges for meter relocation.

The Company may assess a meter relocation charge pursuant to Rule No. 21 E(4)(c) in any of the following situations:

- (a) The customer's service had been discontinued by disconnection at the street because access to the meter could not be obtained.
- (b) The customer's service had been otherwise discontinued for non-payment on two occasions.
- (c) The Company was refused access to the meter by a responsible adult on five separate occasions and the Company complies with all of the following provisions:
 - (i) Can produce documentation of written requests for access.
 - (ii) Determines that the account is three or more months in arrears and not in dispute.
 - (iii) Has employed reasonable efforts to secure access to the meter.
- (d) The customer's service has been discontinued due to unauthorized use, diversion, or interference, or the customer acknowledges personal responsibility and is billed for unauthorized use, diversion, or interference. Charges for meter relocation shall be as specified in the Company's Rules, Regulations, and Rates.

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Rules and Reaulations - Continued

21. Consumer Standards and Billing Practices -- Residential Customers(Continued):

- F. Discontinuance. Subject to the requirements of this rule, the Company may discontinue service to a residential customer for one or more of the following reasons:
- (a) Non-payment 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 utility 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 utility 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 Company's **energy delivery system**.

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Rules and Regulations - Continued

21. Consumer Standards and Billing Practices -- Residential Customers(Continued):

- (h) A delinquent account for service remains unpaid and is not in dispute and is owed by a current member of the customer's household if the customer lived at the same residence served by the Company at the time that all or part of the debt was incurred. This sub-rule shall only be applied if the Company is not currently holding a deposit pursuant to Rule No. 21C(1)(f)
- (2) Discontinuance of service prohibited. None of the following shall constitute sufficient cause for the Company to discontinue service to a residential customer:
 - (a) The failure of the customer to pay for merchandise, appliances or services not related to utility service.
 - (b) The failure of the customer to pay for concurrent service received at a separate metering point, residence or location. In the event of discontinuation or termination of service at a separate residential metering point, residence or location in accordance with this rule, the Company may transfer any unpaid balance to any other residential service account of the customer.
 - (c) The failure of the customer to pay for a class of service other than as agreed between the customer and the Company received at the same or different location. The placing of more than one meter at the same location for the purpose of billing the usage of specific domestic energy using devices under optional rate schedules or provisions is not construed as a different class of service for the purpose of this rule.

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Rules and Regulations - Continued

21. Consumer Standards and Billing Practices -- Residential Customers(Continued):

- (d) The failure of a customer, such as a landlord, to pay for service where service is used by another person, such as a tenant. The Company may discontinue service, however:
 - (i) If the customer supplies a statement that the premises are unoccupied.
 - (ii) If the premises are occupied, and the occupant agrees to the discontinuation 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 so provide service, the Company, after providing notice as required in this rule, shall offer the occupant the opportunity to subscribe for service in his own name. If the occupant then declines to so subscribe, the Company may discontinue service pursuant to this rule. The Company will not attempt to recover, or condition service upon the payment of, any outstanding bills or other charges due upon the account of any other person.

(3) Winter protection from termination of service.

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

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Rules and Regulations - Continued

21. Consumer Standards and Billing Practices -- Residential Customers(Continued):

- (b) "Eligible low-income customer" means any residential customer whose household income does not exceed 125% 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 if the Department of Social Services' voluntary heating fuel program is unavailable to the recipient.
 - (ii) Food stamps.
 - (iii) Medicaid.
- (c) "Eligible senior citizen customer" means any residential customer who is 65 years of age or older and who advises the Company of his or her eligibility.
- (d) "Space heating season" means the period between December 1 and March 31.
- (e) The Company shall not discontinue utility service to an eligible customer during the space heating season for non-payment of a delinquent account if the customer is an eligible senior citizen customer and the customer pays to the Company a monthly amount equal to at least seven percent of the estimated annual bill for the eligible customer and the eligible customer demonstrates, within ten business days of requesting shut-off protection, that

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Rules and Reaulations - Continued

21. Consumer Standards and Billina Practices -- Residential Customers(Continued):

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 discontinuance of service during the space heating season, the Company shall permit the customer to pay the arrearage in at least twelve equal monthly installments.

- (f) The Company may discontinue service to an eligible low-⁴ income customer who does not pay the monthly amounts referred to in Rule No. 21 F(3)(e) above after giving notice. The Company is not required to offer a settlement agreement to an eligible low-income customer who fails to make the monthly payments referred to in Rule No. 21 F(3)(e) above.
- (g) At the conclusion of the space heating season, the Company shall reconcile the account of the eligible customer and permit the customer to pay any amounts owing in equal monthly installments between March 31 and December 1. The Company may discontinue service to any eligible customer who fails to make installment payments on a timely basis.
- (h) An eligible low-income customer whose utility service has been discontinued before applying for winter protection shall not be required to pay any fee for the restoral of service or any security deposit pursuant to Rule No. 21 C(1) during the space heating season.

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Rules and Resolutions - Continued

21. Consumer Standards and Billing Practices -- Residential Customers(Continued):

- (4) Notice of discontinuance of service.
 - (a) The Company will not discontinue residential service pursuant to Rule No. 21 F(1) unless written notice by first class mail is sent to the customer or personally served at least ten days prior to the date of the proposed discontinuance. Notice will be sent to the account name and address and to the address where service is provided, if different. Such notice will contain the information required by applicable consumer standards and billing practice rules of the Commission. Service of notice by mail is complete upon mailing. The Company will maintain an accurate record of the date of mailing.
 - (b) The Company shall permit a residential customer to designate a consenting individual or agency to receive a copy of any notice of discontinuation sent by the Company to the customer.
 - (c) The Company shall not less than 30 days before the proposed discontinuance of service to a single-metered dwelling used as a residence for five or more families, mail or deliver a notice, if possible, to each dwelling unit which indicates that the customer of record, the landlord, has failed to pay an outstanding bill and is subject to termination on or after a specified date.
- (5) Complaints and disputed claims.
 - (a) When a customer advises the Company, prior to the date of the proposed discontinuation of service, that, the

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Rules and Regulations - Continued

**21. Consumer Standards and Billing Practices -- Residential
Customers(Continued)**

customer disputes the amount of the bill the Company will:

- (i) Immediately record the date, time and place the complaint is made and mail postcard verification to the customer.**
 - (ii) Investigate the dispute promptly and completely.**
 - (iii) Advise the customer of the results of the investigation.**
 - (iv) Attempt to resolve the dispute informally in a manner mutually satisfactory to both parties.**
 - (v) Provide the opportunity for each customer to enter into a reasonable settlement agreement in order to mutually settle the disputed claim or to satisfy any liability not in dispute.**
- (b) A customer may advise the Company that a claim is in dispute in any reasonable manner, such as by written notice, in person or by a telephone call to the Company.**
- (c) The Company, in attempting to resolve the dispute in a mutually satisfactory manner, may employ telephone communication, personal meetings, on-site visits or any other technique reasonably conducive to dispute settlement.**

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Rules and Regulations - Continued

21. Consumer Standards and Billing Practices -- Residential Customers(Continued):

- (6) **Hearing.** If the parties are unable to resolve the dispute in a mutually satisfactory manner, the Company will afford a customer the opportunity for a hearing before a utility hearing officer. If the customer fails to request a hearing within three days from the date that the opportunity for a hearing is offered or if the customer fails to pay the amount which represents that part of the bill not in dispute within three days of the date that the hearing is requested, the Company may exercise its rights pursuant to these Rules.
- (7) **Payment of amount not in dispute.**

 - (a) **If a customer requests a hearing before a utility hearing officer, he must pay to the Company an amount equal to that part of the bill not in dispute.**
 - (b) **The amount not in dispute will be mutually determined by the parties. The parties will consider the customer's prior consumption history, weather variations, the nature of the dispute and any other pertinent factors in determining the amount not in dispute.**
 - (c) **If the parties are unable to mutually determine the amount not in dispute, the customer must pay to the Company 50% of the bill in dispute not to exceed \$100.00 per billing period which will represent the amount not in dispute.**
 - (d) **The amount not in dispute will be subject to review at the hearing before the utility hearing officer in accordance with Rule No. 21F(9).**

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Rules and Regulations - Continued

21. Consumer Standards and Billing Practices -- Residential Customers(Continued):

- (e) Failure of the customer to pay to the Company the amount not in dispute within three days of the date that the hearing as requested shall constitute a waiver of the customer's right to the hearing, and the Company may then proceed to discontinue service as provided in Rule No. 21E.
 - (f) If the dispute is ultimately resolved in favor of the customer in whole or in part, any excess moneys paid by the customer will be refunded promptly with interest at six percent per annum.
- (8) Notice of hearing.
- (a) The customer and the Company shall be mailed or personally served written notice of the time, date and place of the hearing at least ten days prior to the hearing.
 - (b) The notice shall describe the hearing procedures as contained in this rule.
 - (c) Failure of the customer or the Company to attend the hearing without due cause or prior request for adjournment constitutes a waiver of the right of that party to the hearing.
- (9) Hearing procedures.
- (a) The customer and the Company shall have all of the following rights at the hearing:

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Rules and Reaulations - Continued

21. Consumer Standards and Billina Practices -- Residential Customers(Continued):

- (i) The right to represent themselves, to be represented by counsel, or to be assisted by a person of their choice.
 - (ii) The right to examine, not less than two days prior to as scheduled hearing, a list of all witnesses who will testify and all documents, records, files, account data and similar material which may be relevant to the issues to be raised at the hearing.
 - (iii) The right to present evidence, testimony and oral and written argument.
 - (iv) The right to confront, question and cross-examine witnesses appearing on behalf of the other party.
- (b) A hearing requested by the customer or his authorized representative shall be held at a time during normal business hours. The Company will take reasonable steps to insure that customers who are incapacitated due to physical disability shall not be denied the right to a hearing.
- (c) The burden of proof by a preponderance of the evidence will be upon the Company.
- (d) All witnesses shall testify under oath.

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Rules and Reaulations - Continued

21. Consumer Standards and Billina Practices -- Residential Customers(Continued):

- (e) All hearings shall be informal and the proceedings need not be recorded or transcribed. All evidence relevant to the dispute shall be received and the formal rules of evidence shall not apply.
- (f) For each hearing, the utility hearing officer shall compile a hearing record which contains all of the following:
 - (i) A written statement of the position of the Company relative to the dispute.
 - (ii) A written statement of the position of the customer relative to the dispute. If the customer has not reduced, or is unable to reduce, the customer's position to writing, the hearing process shall provide a method for accomplishing this with the opportunity for proper acknowledgement by the customer.
 - (iii) Copies of all evidence submitted by the parties.
- (g) Upon the closing of the record, the utility hearing officer shall state his or her findings and decision orally and shall issue a complaint determination in a form approved by the Commission containing the following:
 - (i) A summary of the evidence and argument presented by the parties.

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Rules and Reoulations - Continued

21. Consumer Standards and Billing Practices -- Residential Customers(Continued):

- (ii) The decision of the utility hearing officer based solely upon the evidence presented and the reasons therefor.

- (h) Upon the issuance of a complaint determination, the utility hearing officer shall orally advise the customer and the Company of the following:
 - (i) That each party has a right to file by mail, telephone or in person, within five days after the date of issuance of the complaint determination, an informal appeal with the consumer services division of the Commission.
 - (ii) That, if appealed, the decision of the utility hearing officer, including a finding that service may be discontinued, is stayed pending review by the consumer services division.
 - (iii) The address and telephone number where the customer may file an informal appeal with the Commission.

- (i) Prior to issuance of a complaint determination, the utility hearing officer may propose to the parties a settlement of all matters in dispute. If such settlement is agreed upon by both parties, it shall be reduced to writing and signed by both parties.

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Rules and Regulations - Continued

21. Consumer Standards and Billing Practices -- Residential Customers(Continued):

- (j) If, at the conclusion of the hearing, the utility hearing officer finds that the Company may discontinue service unless the customer complies with the complaint determination, he shall so notify the customer and authorize the Company to immediately issue and serve the customer or his or her representative personally with written notice in a form approved by the Commission that service will be discontinued after five days unless compliance or payment occurs or the determination is appealed and the appeal is accepted by the Commission in accord with the applicable rules of the Commission.
- (k) At the conclusion of the hearing, the utility hearing officer shall serve the parties with a copy of the complaint determination, appeal information as provided in Rule No. 21 F(9)(h) and, where applicable, the settlement agreement or notice of discontinuation of service.
- (l) The complaint determination is binding upon the parties unless appealed as provided in the applicable rules of the Commission.

(10) Settlement agreement.

- (a) If the Company and the customer arrive at a mutually satisfactory settlement of any claim in dispute or the customer does not dispute liability to the Company but claims inability to pay the outstanding bill in full, the Company will offer the customer the opportunity to enter into a settlement agreement.

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Rules and Reaulations - Continued

21. Consumer Standards and Billing Practices -- Residential Customers(Continued):

- (b) A settlement agreement will be in writing and signed by the customer or his representative and a representative of the Company authorized to enter into the agreement. A settlement reached by telephone will be confirmed by the Company in writing and mailed to the customer with instructions to sign a confirming copy and return it in a pre-paid self-addressed return envelope as provided. The original settlement agreement will be kept by the Company for two years.
- (c) A settlement agreement entered into because of the customer's inability to pay the outstanding bill in full will 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. The specific amount of and number of installments will be set forth in the settlement agreement.
- (d) For purposes of determining reasonableness under this sub-rule, consideration will be given to the following:
 - (i) The size of the delinquent account.
 - (ii) The customer's ability to pay.
 - (iii) The customer's payment history.
 - (iv) The time that the debt has been outstanding.

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Rules and Reaulations - Continued

21. Consumer Standards and Billing Practices -- Residential Customers(Continued):

- (v) The reasons why the debt has been outstanding.
 - (vi) Any other relevant factors concerning the customer's circumstances.
- (e) A settlement agreement offered by the Company will state immediately preceding the space provided for the customer's signature and in bold face print at least two sizes larger than any other used thereon, that "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 TERMINATED. 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."
- (11) Default of settlement agreement.
- (a) If a customer fails to comply with the terms and conditions of a settlement agreement, the Company may discontinue service after providing written notice to the customer by personal service or first class mail, of all of the following:
 - (i) That the customer is in default under the settlement agreement.

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Rules and Reaulations - Continued

21. Consumer Standards and Billing Practices -- Residential Customers(Continued):

- (ii) The nature of the default.
 - (iii) That unless full payment of the claim is made within ten days from the date of mailing, the Company will discontinue service.
 - (iv) The date on or after which service will be discontinued.
 - (v) That the customer has a right to request a hearing before a utility hearing officer only if the customer alleges that the Company has failed or refused to follow the terms of the settlement agreement.
 - (vi) The address and telephone number where the customer may file a request for hearing with the Company.
- (b) If a hearing is requested and held before a utility hearing officer, a complaint determination and notice of proposed action will be issued in accordance with Rule No. 21 F(9).
 - (c) The Company may decline to enter into a subsequent settlement agreement with a customer until the terms of any previous settlement agreement have been fully executed.
 - (d) The Company may decline to enter into a subsequent settlement agreement with a customer who defaults upon the terms and conditions of a previous agreement.

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Rules and Regulations - Continued

21. Consumer Standards and Billing Practices -- Residential Customers(Continued):

(e) 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 provided for in Rule No. 21 F(4) or Rule No. 21 F(l l)(a).

(12) Res Judicata. The Company may treat resolution of a customer complaint or dispute involving the same question or issue based upon the same facts as res judicata and is not required to comply with this rule more than once prior to discontinuance of service.

(13) Emergency discontinuation. Nothing in this rule shall limit the right of the Company to temporarily discontinue service to a residential customer, for reasons of health or safety or in a state or national emergency.

(14) Other remedies. Nothing in this rule shall be construed to prevent a party from pursuing appropriate legal, equitable or administrative remedies at any time prior to or after the issuance of an informal appeal decision.

22. Re-connect Charaes:

A. A charge to offset the cost of restoring service to any customer whose previous service was discontinued for non-payment of bills or for any other breach by the customer of the Company's Rates, Rules and Regulations, will be collected by the Company as follows:

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Rules and Regulations - Continued

22. Re-connect Charges Continued:

- (1) Where the customer's service was discontinued by cutting and capping the service line, a re-connect charge of \$200.00 will be collected.
 - (2) Where the customer's service was discontinued otherwise than as referred to in subparagraph (1) above, a reconnect charge of \$35.00 will be collected.
 - (3) All delinquent re-connect charges shall become part of the customer's arrears and will be subject to the same payment requirements applicable thereto.
- B. No re-connect charge will be collected where the customer whose previous service was discontinued for non-payment of bills or any other breach by the customer of the Company's Rates, Rules and Regulations is receiving state or federal assistance or a state or federal agency determines that the customer is eligible to receive assistance, and the agency agrees to pay a substantial part of the customer's arrearage in accordance with the standards set forth in these rules.
- C. A re-connect charge of \$85.00 will be collected to partially cover the cost of restoring service when it has been temporarily disconnected at the customer's request.

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Rules and Reoulations - Continued

23. Main Extensions:

A. General:

The Company reserves the right to make main extensions of its gas mains from time to time to serve prospective customers whose gas requirements will not, in the judgment of the Company, disturb or impair gas service to existing customers. Extensions may be made either (i) at the initiative of the Company or (ii) in the case of application by a prospective customer or customers, in accordance with and subject to the following provisions of this rule.

B. Main Extensions Pursuant to Customer Aoolication:

- (1) The Company desires to extend gas mains to provide service to as many customers as is feasible within the service territory. When a main extension is sought by application of a prospective customer who is located more than one mile from the existing main, the Company will make the main extension at no cost to the customer if the Company enters into contracts with no less than fifteen (15) customers per mile of main who agree to purchase natural gas from the Company for rural expanses (those areas outside of incorporated or established village or city boundaries) or twenty-five (25) customers per mile of main who agree to purchase gas from Company for urban expanses (those areas within the established village or city boundaries). The Company reserves the right to decline any request for main extension regardless of the number of customers who agree to purchase gas, if in the Company's Judgment, the main extension presents difficult, unusual or extreme construction conditions, including, but not limited to, rivers, wetlands,

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Rules and Reaulations - Continued

23. Main Extensions (Continued):

environmentally sensitive areas, rock, clay or any other structure or condition, natural or man made, rendering the main expansion unusually costly, time consuming or expensive. In all other instances, the Company will have no obligation to extend its main for any customer or customers if the Company determines, in its discretion, that the cost of construction exceeds the estimated annual revenue derived from the customer or customers seeking the extension.

- (2) If, upon application of a prospective customer or customers, the Company does not enter into contracts with fifteen (15 or twenty-five (25) customers per mile of main as set forth above, or the proposed main extension presents extreme, extraordinary or unusual construction conditions as set forth above, or the Company determines that the estimated capital expenditure required to complete the main extension exceeds the estimated revenue, the Company will make a main extension only if the customer or customers pays to the Company a sum of money equal to the estimated cost of the requested extension subject to the following:
- (a) During the five year period immediately following the date of payment for the main extension, the Company will make refunds of the charges paid for a main extension under the provisions of the extension policy.
 - (b) The amount of any refund shall be \$250.00 for each natural gas service subsequently connected directly to the facilities financed or paid for by the customer or customers. Natural gas services connected directly to the facilities are those which do not require the construction or more main pipe line.

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Rules and Reaulations - Continued

23. Main Extensions (Continued) :

- (c) Such refunds will be made only to the original contributing customer or customers and any total refund shall not exceed the total of the customer or customers contribution.
 - (d) It will be the responsibility of the customer to notify the Company of his or her or its eligibility for refund.
 - (e) Refunds must be made during the five year period and in no case shall refunds be retroactive to the date of notification to the Company in writing by the member.
- (3) An additional non-refundable charge may be required of all applicants requesting winter construction (construction between December 1 and March 15) at the rate of \$4.00 per foot.
 - (4) A prospective customer or customers requesting a main extension shall pay for any permits and inspection fees required by state statute or regulation or local ordinance for cutting streets or highways or for converting or constructing any natural gas utilization equipment.
 - (5) The Company reserves to itself the right to decide whether or not any proposed or requested extension of the gas main shall be made.
 - (6) The Company may agree to finance the cost of main construction with any customer or customers.

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Rules and Reaulations - Continued

24. Limitations on Availability of Service:

During periods in which the total demands for natural gas exceed available supplies, the public interest requires that the sale of gas for new uses be controlled in a manner which will provide the greatest good for the greatest number of people. Gas must not be dissipated by uncontrolled new sales for inferior uses, but rather, must be conserved for sale for the most necessary and desirable purposes. Consequently, gas service under all applicable rate schedules of the Company shall be subject to control and limitation pursuant to the provisions of this rule notwithstanding anything to the contrary that may appear elsewhere in these Rules and Regulations or in the Company's rate schedules.

The Company may limit or deny firm gas service to new customers and to existing customers requesting additional gas when the Company concludes that it is necessary to do so to conserve the Company's gas supply for higher priority service. Such limitation or denial will be imposed in a uniform manner in accordance with the end use to be made of the gas, with inferior uses being controlled first. For control purposes, the following categories of use are hereby established, of which Category Six constitutes the lowest priority use and Category One the highest priority use:

CATEGORY ONE

The use of natural gas by any residential or commercial customer for any purpose except space heating or space heating and air conditioning, including, but not limited to, incinerators and gas fired after burners to limit or abate obnoxious odors or air pollution.

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Rules and Regulations - Continued

24. Limitations on Availability of Service (Continued) :

CATEGORY TWO

The use of natural gas by any residential customer for space heating or for space heating and air conditioning in addition to the other uses referred to in Category One.

CATEGORY THREE - A

The use of natural gas by any commercial or industrial customer for industrial processing together with space heating, or in gas fired after burners to limit or abate obnoxious odors or air pollution, where natural gas is the only feasible form of energy which can be utilized and where failure to obtain adequate supplies of natural gas for such purposes would impair operations by such customers.

CATEGORY THREE - B

The use of natural gas by any existing commercial or industrial customer (excluding steam or electric generation by utilities) for the correction of air or water pollution problems where the Michigan Air Pollution Control Commission or the Michigan Water Resources Commission has notified such customer that it is violating air or water pollution control standards and regulations, and it is established that other fuels are not feasible for use. Upon receipt of such notice from the appropriate commission, a customer desiring gas for **such use shall file an application for gas service pursuant to this rule.**

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Rules and Reoulations - Continued

24. Limitations on Availability of Service (Continued) :

CATEGORY FOUR

The use of natural gas by any customer for central space heating or for space heating and air conditioning in commercial buildings, publicly owned buildings and structures, and facilities operated by educational, charitable and nonprofit institutions for the public good.

CATEGORY FIVE

The use of natural gas for all other purposes except for the generation of steam and electricity by utilities, or for the operation of kilns which can be fired by other fuels.

CATEGORY SIX

The use of natural gas for the generation of steam or electricity by utilities, and the firing of kilns.

Notwithstanding the provisions of the foregoing categories, the Commission shall have jurisdiction to consider gas service for any customer who has a pollution problem which presents an unusual threat to the public health and welfare and the use of natural gas offers the only feasible solution to the problem. The matter of such service will be considered by the Commission pursuant to its Rules of Practice relating to petitions or complaints and, after public notice and hearing, the Commission may, if it shall find that the public interest will be serviced thereby, assign a priority of use to such customer which is higher than that to which the customer would otherwise be entitled.

Applicants will be attached within each category on a "first come-first served" basis.

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Rules and Regulations - Continued

24. Limitations on Availability of Service (Continued) :

Existing firm service customers who wish to connect additional gas-burning equipment or new and existing firm service customers seeking service at new locations, except those seeking gas for residential use or for single family space heating use, must make written application for such service on a form to be provided by the Company. All such service shall require prior approval of the Company, which shall be in writing except with respect to service for residential use or for single family space heating use. Such approval shall be entirely within the discretion of the Company, subject to the following limitations:

- (a) During a period of curtailment under Rule No. 25, or during a period when Category Two is being curtailed under Rule No. 26, no attachments of additional gas-burning equipment by existing customers or the addition of new customers in any category will be permitted.
- (b) During a period of any curtailment under Rule No. 26, no attachment of any additional gas-burning equipment or any new customer classified within a category then being curtailed will be permitted. If the Company continues to attach new customers during a period of curtailment under Rule No. 26, then it will file with the Commission supply and demand forecasts which support the continued attachment of new customers.

Applications will specify the time within which service must be commenced, and no firm commitment to serve any applicant will be made until the applicant has demonstrated to the satisfaction of the Company that the applicant is ready to proceed, in a timely manner, with the construction and installation of the necessary facilities. In the event that the installation of such facilities is not completed and service commenced by the date specified in the application, said approved application shall be void.

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Rules and Reoulations - Continued

24. Limitations on Availability of Service (Continued) :

Applications for new or additional gas service which are not initially approved by the Company under this program shall be kept on file by category and date application is received. As the available gas supply permits, applications on file will be approved in accordance with category and date of filing. Any applicant whose application for gas service is thus approved shall notify the Company in writing, within 30 days after the date of notice of approval, of the applicant's intention to accept gas service; otherwise such approved application shall be void.

From time to time the Company may have volumes of gas available to it which, in its judgment, should not be permanently disposed of for lower priority uses, but should be available for future sale for more essential uses.

Such volumes of gas may be sold by the Company for any purpose under contracts limited as to time and volume, thus preserving such volumes for ultimate sale for essential uses.

The Company reserves the right to discontinue service to any customer who violates any of the provisions of this rule.

25. Curtailment of Gas Service for Emeraency:

If, in the event of an emergency such as extreme cold weather, loss or reduction of gas supplies, damage to facilities, or other cause, the Company determines that its supply of gas or 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 firm commercial and industrial customers, irrespective of the contracts in force, after initiating interruptions of gas service permitted in accordance with applicable rate schedules.

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Rules and Reaulations - Continued

25. Curtailment of Gas Service for Emeraency (Continued) :

The curtailment of service shall apply to all firm commercial and industrial customers consuming annual volumes of firm gas equal to or greater than ten million cubic feet. For the purpose of determining those customers subject to curtailment under this rule, the following criteria shall be applied by the Company:

- (a) "Commercial customers" shall include all customers which consume gas for use other than those involving manufacturing or electric power generation and are engaged primarily in the furnishing or sale of goods or services, including local, state and federal government agencies and other public or private institutions, but excluding schools and buildings used for permanent or transient residence.
- (b) "Industrial customers" shall include all 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.
- (c) In order to determine the annual volumes of firm gas consumed by its commercial and industrial customers, the Company shall determine the gas used during the preceding calendar year for all buildings, parts of buildings and equipment associated with each customer's gas billing in accordance with the Rules and Regulations of the Company.

If a curtailment becomes necessary, the Company shall at once notify all such firm commercial and industrial customers of the nature and extent of such curtailment and the amount of gas estimated to be available during the period of the curtailment.

The curtailment shall equal the deficiency of gas brought about by the demands of all firm customers in the Company's system during the period of curtailment. Such curtailment shall be pro-rated, so far as practicable, on a

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Rules and Reuulations - Continued

25. Curtailment of Gas Service for Emergencv (Continued):

uniform percentage basis of the normal requirements of each commercial and industrial customer subject to this rule, unless the curtailment of such customer would endanger public health and safety or plant protection as defined in paragraphs (1)(8) and (9) of Rule No. 26, in which case the Company shall make such adjustments as it may deem appropriate.

The normal requirements of each commercial and industrial customer curtailed shall be considered to refer to the volume of gas taken by the customer in the same month occurring one year prior to the month in which the customer is to be curtailed. In those instances where the customer's consumption of gas in the same month of the prior year does not fairly represent normal operation of the customer's facility or facilities, the Company may make reasonable adjustments to normalize the customer's load.

Prior to or during the period of curtailment, curtailed customers may make written application to utilize the aggregate of any remaining volumes of natural gas not curtailed, for any end uses at any of their facilities within the Company's service area, provided that such use is not in violation of any existing contracts and delivery of such volumes is within the capability of the Company's facilities. If, after filing said application, a customer consumes more gas for a curtailed use than would otherwise be available, the volumes in excess of those otherwise available shall be filled at the rate or rates applicable to the use from which such gas is diverted.

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.

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Rules and Resolutions - Continued

25. Curtailment of Gas Service for Emergency (Continued):

During a period when a curtailment has been instituted pursuant to this rule, any gas used by a customer in excess of the volumes authorized shall be subject to excess use charges, with such charges being in addition to those normal charges made under the applicable rate schedules. Charges for such excess usage shall be equal to five times the applicable rate schedule commodity charge at the time of the excess use violation. Failure to pay an excess use charge when rendered shall subject the customer to termination of gas service.

The Company reserves the right to inspect the customer's equipment, to install special metering, and to immediately terminate gas service for violations of this rule. Once gas service is terminated, the Company may withhold gas service until it is satisfied that the terms and conditions of this rule will be observed.

The Company shall have discretion subject to review by the Commission to determine whether a reduction in the supply of gas to its system requires a curtailment of gas service for emergency under the provisions of this Rule No. 25 or a curtailment for gas supply deficiency under the provisions of Rule No. 26. Curtailment under Rule No. 25 shall not exceed 18 months duration.

Nothing in this rule shall prevent a customer from challenging the continuation of a curtailment or abridge the customer's right to appeal any such determination to the Commission.

26. Curtailment of Gas Service for Gas Supply Deficiency:

A. Determination of Need for Curtailment:

When the Company determines (subject to review by the Commission) that its supply of gas may diminish to the point where continuous

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Rules and Reaulations - Continued

26. Curtailment of Gas Service for Gas Supply Deficiency (Continued):

service to its customers is threatened, the Company shall have the right to curtail the distribution of gas to all customers in its system, irrespective of the contracts in force, in accordance with the provisions of this rule.

B. Method of Curtailment:

Curtailment of gas service hereunder shall be imposed in a uniform manner in accordance with the end use to be made of the gas, with the lowest priority use being curtailed first. For purposes of curtailment, the following categories of use are hereby established, of which Category Six constitutes the lowest priority use and Category One the highest priority use:

CATEGORY ONE

Residential gas requirements, and commercial gas requirements having a maximum day requirement of less than 50 Mcf, requirements for services essential for public health and safety, schools and requirements for plant protection.

CATEGORY TWO

Commercial and industrial gas requirements having a maximum day requirement of less than 300 Mcf, and industrial gas requirements for feed stock and process herds.

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Rules and Reaulations - Continued

26. Curtailment of Gas Service for Gas Supply Deficiency (Continued):

CATEGORY THREE

Commercial and industrial gas requirements
having a maximum day requirement of 300
Mcf or more.

The total curtailment shall equal the estimated deficiency of gas brought about by the demands of all customers in the system of the Company as determined by the Company. Category Six will be curtailed first followed by Categories Five, Four, Three, Two and One. Curtailments may be simultaneously instituted in more than one category; provided, however, that no curtailment shall be made of gas volumes falling within any category during any period in which gas service continues in lower priority categories. When curtailment of less than 100 percent of the volume falling within a category is required, the volume to be curtailed shall be determined by the Company on a pro rata basis between affected customers using total base period volumes within that category.

Prior to or during the period of curtailment, curtailed customers may make written application to utilize the aggregate of any remaining volumes of natural gas not curtailed, for any end uses at any of their facilities within the Company's service area, provided that such use is not in violation of any existing contracts and delivery of such volumes is within the capability of the Company's facilities. If, after filing said application, a customer consumes more gas for a curtailed use than would otherwise be available, the volumes in excess of those otherwise available shall be billed at the rate or rates applicable to the use from which such gas is diverted.

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Rules and regulations - Continued

26. Curtailment of Gas Service for Gas Supply Deficiency (Continued):

C. Determination of Customer Consumption and Requirements:

For the purpose of determining the volumes within each curtailment category, a fixed base period will be established as hereinafter set forth. This base period shall be twelve consecutive monthly consumptions selected from the 24-month period ending 18 months prior to the commencement of the first curtailment under this Rule No. 26. 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 customers or equipment added or deleted.

In determining monthly consumptions, the Company shall determine the gas used during each month of the 24-month 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 the curtailment categories shall apply in the aggregate for all equipment with the same end use rather than on a unit-of-equipment basis.

The monthly consumptions so determined, with such adjustments as provided above, shall then be divided by the number of billing days in each month to arrive at the various maximum day requirements specified in the curtailment categories. In determining a customer's curtailment category, the highest maximum daily requirement in the twelve-month period selected shall be used.

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Rules and Reaulations - Continued

26. Curtailment of Gas Service for Gas Supply Deficiency (Continued):

D. Certification:

At least 15 months prior to the beginning of the first curtailment under this Rule No. 26, the Company shall provide a form listing the 24 monthly consumptions from which the base period is selected, to each customer having at least one month's consumption in excess of 300 Mcf on a maximum day during this period. Each such customer shall certify on this form its selection of the twelve-consecutive-month base period as described in Section C and the distribution of its monthly volumes by curtailment category as described in Section B. It is the responsibility of such customer to return the certification form to the Company within 60 days.

Upon receipt of the certification, the Company shall verify the accuracy of the response. Customers will be given an opportunity to review inconsistencies before the Company decides the proper curtailment category classification.

Should such customer fail to return the certification within 60 days, the Company shall establish the base period volumes and distribute such volumes by curtailment category in accordance with such information as may be available.

- E. The Company shall provide twelve months' advance written notice of curtailment under this rule to all customers to be curtailed, except when actions by governments preclude the giving of such notice. The notice will state the starting date, anticipated duration and expected level of curtailment. Prior to and during the period of curtailment, all customers affected thereby shall be given a minimum notice of 30 days setting forth the volumes of gas to which they will be entitled for the following month. In addition, each quarter the Company will

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Rules and Resulations - Continued

26. Curtailment of Gas Service for Gas Supply Deficiency (Continued):

provide a forecast to each affected customer of the Company's supply deficiency for the ensuing twelve-month period.

F. 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.

G. Enforcement:

The Company reserves the right to inspect the customer's equipment, to install special metering, and to immediately terminate gas service for violations of this rule. Once gas service is terminated, the Company may withhold such service until it is satisfied that the terms and conditions of this rule will be observed.

H. Penalties for Violations:

Any gas used by a customer in excess of the volumes authorized during the period when a curtailment has been instituted pursuant to this rule shall be subject to excess use charges, with such charges being in addition to those normal charges made under the applicable rate schedules. Charges for such excess usage shall be equal to five times the applicable rate schedule commodity charge at the time of the excess use violation. Failure to pay an excess use charge when rendered shall subject the customer to termination of gas service.

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Rules and Regulations - Continued

26. Curtailement of Gas Service for Gas Supply Deficiency (Continued):

I. Glossary:

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

- (1) "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 that each household within such multiple family dwelling has 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.

- (2) "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 uses other than those involving manufacturing or electric power generation.

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Rules and Regulations - Continued

26. Curtailment of Gas Service for Gas Supply Deficiency (Continued):

- (3) "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.
- (4) "Boilers" shall mean all closed vessels in which a liquid is heated or vaporized by the combustion of fuel for the generation of steam or hot liquid. The utilization of gas turbines for the generation of electricity shall be defined as a boiler.
- (5) "Feedstock gas" is natural gas used as a raw material for its chemical properties in creating an end product.
- (6) "Process gas" is natural gas used in appliances capable of burning only a gaseous fuel so as to utilize those combustion characteristics of gaseous fuels such as complete combustion, safe combustion products, flame geometry, ease of temperature control to precise levels, and optimum safety of heat application. Specifically excluded are boilers, gas turbines, space heating equipment (other than direct fired air make-up heaters for process purposes) and indirect air heaters.
- (7) "Alternate fuel capability" means that an alternate fuel could have been utilized whether or not the facilities for such use have actually been installed or the alternate fuel is available; provided, however, that where the use of natural gas is for plant protection and the only alternate fuel is propane or other gaseous fuel, then the customer will be treated as having no alternate fuel capability.

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Rules and Reaulations - Continued

26. Curtailment of Gas Service for Gas Supply Deficiency (Continued):

- (8) "Requirements for service essential for public health and safety" shall mean gas purchased for food processing; 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 for such other uses of gas as are found qualified by the 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 Commission after hearing.
- (9) "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. For the purposes of this definition, propane and other gaseous fuels shall not be considered alternate fuels.

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Rules and Reaulations - Continued

27. Centrally Metered Installations:

1. For purposes of this rule, a centrally metered installation is one that meets all of the following conditions:
 - (a) The installation is served by a single meter set assembly. "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 fuel line.
 - (b) 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.
 - (c)
 - (i) Where the complex consists of buildings, two or more separate buildings such as apartments, multiple family dwellings, dormitories or similar buildings are supplied with gas and at least two buildings so supplied contained four or more living units, or
 - (ii) Where the complex consists of mobile homes, four or more mobile homes used as living units are supplied with gas.
2. The Company will furnish gas service to any centrally metered installation that meets all of the following conditions:
 - (a) Title to the fuel lines from the central meter set assembly to the location at which each fuel line enters the building or mobile home is transferred to and vested in the Company.

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Rules and Resolutions - Continued

27. Centrally Metered Installations (Continued):

- (b) Arrangements satisfactory to the Company are made, in suitable written agreements, under which the Company has maintenance and operating oversight responsibility for and is the designated operator of (within the meaning of the Michigan Gas Safety Code), the fuel lines from the central meter set assembly to the location at which each fuel line enters the building.

28. Testing of Meters:

A. Pre-installation Inspection and Tests:

A meter or associated metering device not included as a part of the meter, or both, shall be inspected and tested before being placed in service, and the error shall not be more than 1 .0%. Alternatively, methods of sample testing acceptable to the Commission may be used.

B. As Found Tests:

A meter or 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, or both, is adjusted, repaired, or retired.

C. Leak Tests:

A repaired meter or a meter that is removed from service shall be leak-tested before being returned to service. If tested in the field, a meter shall be tested at the actual operating pressure of the system. If

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Rules and Reaulations - Continued

28. Testing of Meters (Continued):

tested in the shop, a meter that will operate at normal residential utilization pressure shall be subjected to an internal pressure test of not less than 3 p.s.i.g. and any meter that will operate above normal residential utilization pressure shall be so marked on the meter and shall 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 an immersion test, or by a soap test, or by a pressure-drop test of a type acceptable to the Commission.

D. Required Tests:

The Company shall test meter accuracy upon 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. No charge shall 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 Company may charge the customer for subsequent tests an amount which is uniform and does not exceed the Company's direct cost of the test, plus a reasonable administrative overhead. The customer may be present at the test if the customer makes a request for same prior to the test. A report in writing shall be made to the customer by the Company stating the results of the test; and a record of the test shall be kept by the Company.

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Kaleva, Michigan

Rules and Reaulations - Continued

28. Testina of Meters (Continued):

E. Periodic Tests:

The Company shall make periodic tests of meters, associated devices, and instruments to insure their accuracy, according to the following schedule, unless the Commission shall otherwise authorize:

- (a) Positive displacement diaphragm-type meters with capacities of 500 Cfh and under--10 years.
- (b) Positive displacement diaphragm-type meters with capacities over 500 Cfh--7 years.
- (c) Other meter types, such as a proportional, rotary, and turbine, which may be tested in place when possible--2 years.
- (d) Orifice meters--6 months.
- (e) Gas instruments, such as base volume, base pressure, and base temperature correcting devices, shall be removed and checked for calibration at intervals corresponding to the schedule for their associated meters, and shall be checked for calibration in place at intervals of not more than--2 years.
- (f) Test bottles, 1 cubic foot--10 years.
- (g) Dead weight testers--10 years.
- (h) Certified test meter--10 years.
- (i) Meter testing systems shall be calibrated when first installed and following alterations, damages, or repairs which might affect accuracy. To assure that the accuracy of a meter testing

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Rules and Regulations - Continued

28. Testing of Meters (Continued):

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 prior to re-use of the system. The comparison meter shall be checked at an interval of--l month.

29. Meter Errors:

A. 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 shall be calculated on the basis that the meter is 100% accurate with respect to the testing equipment used to make the test.

B. Amount of Adjustment:

If the date the error in registration began can be determined, such date shall be the starting point for determination of the amount of the adjustment.

If the date the error in registration began cannot be determined, it shall be assumed that the error existed for a period equal to one-half of the time elapsed since the meter was last installed on the present premises.

Recalculation of bills shall be made on the basis of actual monthly consumption, if possible. Otherwise, an average monthly consumption

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Rules and Resolutions - Continued

29. Meter Errors (Continued):

determined from the most recent 36 months' consumption data shall be used.

C. Refund:

Refunds shall be made to the 2 most recent customers who received service through the meter found to be in error; however, the period shall not exceed 6 months. In the case of a previous customer who is no longer a customer of the Company, a notice of the amount of the refund shall be mailed to such previous customer at the customer's last-known address, and the Company shall, upon demand made within 3 months thereafter, refund the same.

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 cents per month for the recalculated billing period, the full amount of the refund shall 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.

D. Re-billing:

If the recalculation of billing indicates that the amount due the Company is equal to, or in excess of, the amounts set forth in paragraph C of this rule as minimum refunds, the Company may bill the customer for the amount due, provided that in no case shall the period covered by the billing exceed 6 months unless otherwise ordered by the Commission. Any re-billing policy adopted by the Company based on minimum amounts in excess of those set forth in paragraph C of this rule shall be uniformly applied to all customers.

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Rules and Regulations - Continued

E. Consumotion Data Records:

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.

30. Unmetered Gas:

Whenever a meter fails to register, the Company may render an estimated bill based upon past service records or other available service data.

In case of tampering or unauthorized use, probable consumption will be determined by the maximum quantity of gas estimated to have been consumed by the various gas burning equipment of the customer, and a bill will be rendered accordingly for a period encompassing six months prior to the detection of the tampering or unauthorized use.

31. Introduction of Other Gaseous Fuels into Connected Piping:

Except with respect to customers maintaining authorized standby facilities, pursuant to service under an interruptible service rate schedule or other authorization from the Company, the Company shall have the right to refuse gas service to customers that use another gaseous fuel, when the piping **for** such other gaseous fuel is connected, downstream from **the meter or a** service regulator when a meter is not provided, with the **piping supplying** natural gas to the customer's gas appliances.

32. Sub-Meter and Re-Sale of Gas:

No gas supplied by the Company shall be sub-metered or re-sold by the customer without consent of the Company.

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Rules and Regulations - Continued

33. Responsibility of the Customer to Notify the Company of Hazardous or Potentially Hazardous Conditions:

If a customer learns of (a) any gas leak at the customer's premises, or (b) any interruption in the supply of gas to the customer's premises, or (c) any other condition which makes the rendering of gas service at the customer's premises hazardous or potentially hazardous, the customer shall immediately notify the Company.

34. Other Notices to be Given by the Customer:

The customer shall give the Company reasonable advance written notice of any intention to materially increase the customer's gas requirements or to change the character of the customer's service or use of gas.

Immediately upon sale, lease or any other change in occupancy of the premises or any portion thereof supplied with gas service by the Company, the customer shall give written notice to the Company of such change.

35. Stoppage of Supply and Company Liability:

The Company will endeavor, but does not guarantee, to furnish a continuous supply of gas, as uniform as is reasonably practicable, except where rate schedules provide otherwise.

The Company may interrupt gas service for the purpose of making alterations and repairs, for such time as may be reasonable or appropriate. Except in case of emergency, the Company shall endeavor to give the affected customers reasonable notice of its intention so to do, and shall endeavor to arrange such interruptions so as to inconvenience the customers as little as possible. Such interruptions shall not constitute a breach of contract and shall not render the Company liable for damages suffered thereby or excuse the customer from fulfillment of the customer's obligations.

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Rules and Reaulations - Continued

35. Stoppage of Supply and Company Liabilitv (Continued):

The Company may interrupt or limit gas service when it deems that an interruption or limitation in service is warranted for reasons of health or safety or accident or other emergency. Such interruption or limitation shall not constitute a breach of contract and shall not render the Company liable for damages suffered thereby or excuse the customer from fulfillment of the customer's obligations.

In any case of stoppage of the flow of gas to customers, whether caused by accident, repairs, force majeure, or other cause, the Company shall not be liable for any damage that may arise therefrom or for damages of any kind that may be caused by severe cold weather.

36. Customer's Piping and Applicances, Use of Gas, and Comoanv Liability:

The Company shall not be liable to the customer or to third parties for any loss, injury or damage resulting from the use of the customer's piping or appliances, or equipment or from the use of gas furnished by the Company or from the connection of the Company's facilities with the customer's piping and appliances. Customer is solely responsible for the condition of its piping, including, but not limited to, its pressure capacity, compatibility and fitness for natural gas and acknowledges that Company shall have no liability for any failure of Customer's piping and appliances.

37. Force Maieure:

Neither the Company nor the customer shall have any liability for breach of any obligations provided for in these Rules and Regulations if such breach is caused in any part by acts of God, the elements, strikes, lockouts, fires, acts of the public enemy, wars, riots, blockades, insurrections, epidemics, landslides, lightning, earthquakes, storms, floods, unforeseeable or unusual weather conditions, washouts, arrests or restraint of rulers or peoples,

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Rules and Regulations - Continued

37. Force Maieure (Continued):

temporary interruptions of supply, civil disturbances, explosions, breakage or repair of pipelines and machinery, line freeze-ups, failure of suppliers to deliver, shortages of material or labor, governmental laws, rulings or regulations, failure of governmental authorities to act, or other causes or contingencies not within the control of the party who is claimed to have breached its obligations. (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.)

Such causes or contingencies shall not, however, relieve the Company or the customer of liability in the event of failure to use reasonable diligence to remedy the situation and remove the causes or contingencies in an adequate manner and with all reasonable dispatch.

Nothing in this rule shall relieve the customer from the obligations to pay for all gas delivered and all services provided by the Company.

38. Modification by Aagents:

No agent of the Company, except a duly authorized officer of the Company, shall have the power to amend, modify, alter or waive any of the conditions of these Rules and Regulations or of any gas service contract, or to bind the Company by making any promise or representation contrary to or inconsistent with these Rules and Regulations or the provisions of any gas service contract.

39. Amendments:

The Company reserves the right to alter or amend these rules, regulations and rates from time to time, and to add such further and other Rules and Regulations as experience may suggest. If a rate is amended by the Company, it shall provide a copy of the proposal rate amendment to each village and township fourteen (14) days prior to its effective date.

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Rules and Regulations - Continued

39. Amendments (Continued):

The Company reserves the right to change its system and its method of operations, from time to time, as in its judgment may be necessary or advisable for economical and proper operation of the Company and service to the public.

Supplements to and revisions of these Rules and Regulations, and changes in the Company's system and method of operations, shall be subject to the lawful requirements of governmental agencies having jurisdiction and to the requirements of the Company's franchises.

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Rate Schedule No. 1

Commercial/Industrial Service Rate

Who May Take Service:

Subject to limitations and restrictions contained in the Rules and Regulations of the Company in effect from time to time, service is available under this rate schedule to any non-residential customer not subject to the Incremental Pricing provisions of the Natural Gas Policy Act of 1978, for any lawful purpose.

Territory Served:

This rate schedule is applicable in the territory served by the Company as set forth in Rule No. 1 of the Rules and Regulations of the Company.

Hours of Service:

Twenty-four hours per day.

Character of Service:

Continuous, except as limited by the Rules and Regulations of the Company.

Customer Contract:

Each applicant for gas service shall file at the office of the Company a written application for gas service on a form provided by the Company for that purpose. Each application is subject to approval by the Company before service will be rendered. Upon the approval and execution of the application on behalf of the Company, the application shall constitute an agreement between the customer and the Company governing gas service

(Continued on Sheet 8.2)

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Rate Schedule No. 1 (Continued from Sheet 8.1)

in accordance with and subject to the Rules and Regulations of the Company from time to time in effect. In addition to such application, a customer having large gas requirements may be required to sign a separate gas service contract, with a specified term of service, and with a specified limitation on volumes, which must be approved by the President or Vice President of the Company before it shall be binding on the Company.

Rate:

Customer charge:

1.23 times the average customer service charge of all gas utilities in Michigan, for a like class of customers, as reported monthly by the Michigan Public Service Commission. The customer service charge shall include all monthly customer service charges and any and all other charges for service not on a per unit of gas basis, together with any special charge and any late payment charge. If the customer comes on line for gas service in the midst of a billing cycle, the customer charge shall not be the full customer service charge but would be a pro rata portion of that charge determined by dividing the total monthly customer service charge by the total number of days in the billing cycle.

Commodity charge:

An amount per Ccf, determined in each billing cycle, respectively, equal to 1.23 times the average commodity charge of all gas utilities in Michigan, for a like class of customers, as reported monthly by the Michigan Public Service Commission. The commodity charge shall

(Continued on Sheet 8.3)

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Rate Schedule No. 1 (Continued from Sheet 8.2)

Commodity charge (Continued):

include gas cost recovery charge, distribution charge, and any and all other charges, factors or surcharges now or hereafter made on a per unit of gas basis.

Special Taxes:

In all municipalities having a specific tax, special tax, license or other fee, street rental, or excise tax applicable to the operations of the Company or the sale of gas by the Company the standard rates shall be increased within the limits of such municipalities so as to offset such specific tax, special tax, license or other fee, street rental, or excise tax.

Sales Tax:

Michigan State Sales Tax shall be added to bills.

Late Payment Charge and Due Date:

Bills shall be due when rendered. A late payment charge of two percent of the bill, net of taxes, not compounded, may be added to any bill which is not paid on or before 21 calendar days from the date of mailing by the Company.

Limitations on Availability of Service and Curtailment of Service:

Service under this rate schedule shall be subject to limitations on availability of **service and to curtailment** (Rules No. 24, No. 25 and No. 26 of the Rules and Regulations of the Company) and also to interruption and to other limitations as provided from time to time in the Rules and Regulations of the Company.

(Continued on page 8.4)

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Rate Schedule No. 1 (Continued from Sheet 8.3)

Rules Applicable:

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

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Rate Schedule No. 2

Residential Rate

Who May Take Service:

Subject to limitations and restrictions contained in the Rules and Regulations of the Company in effect from time to time, service is available under this rate schedule to residential customers for residential service as hereinafter defined. As used in this rate schedule, "residential service" means service to a residential customer for residential usage by individual meter in a single-family dwelling or building; or in an individual flat or apartment; or to not over four households served by a single meter (one customer) in a multiple family dwelling or portion thereof. For purposes of this rate schedule, "residential usage" means usage within an individual household, or reasonably appurtenant and related to and normally associated with an individual household, for such applications as space heating, cooking, water heating, refrigeration, clothes drying, incineration, lighting, and other similar household applications. Service to residential premises which are also used regularly for professional or business purposes (such as a doctor's office in a home, or where a small store is integral with the living space) is considered to be residential service when the residential usage represents half or more of the total gas volume; or when the customers total usage is low in relation to the usage of other business or professional customers within the companies service area; otherwise, such service will be provided under Rate Schedule No. 1.

Territory Served:

This rate schedule is applicable in the territory served by the Company as set forth in Rule No. 1 of the Rules and Regulations of the Company.

(Continued on Sheet 8.6)

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Rate Schedule No. 2 (Continued from Sheet 8.5)

Hours of Service:

Twenty-four hours per day.

Character of Service:

Continuous, except as limited by the Rules and Regulations of the Company.

Customer Contract:

Each applicant for gas service shall file at the office of the Company a written application for gas service on a form provided by the Company for that purpose. Each application is subject to approval by the Company before service will be rendered. Upon the approval and execution of the application on behalf of the Company, the application shall constitute an agreement between the customer and the Company governing gas service in accordance with and subject to the Rules and Regulations of the Company from time to time in effect.

Rate:

Customer charge:

1.23 times the average customer service charge of all gas utilities in Michigan, for a like class of customers, as reported monthly by the Michigan Public Service Commission, not to exceed \$9.00 per month. The customer service charge shall include all monthly customer service charges and any and all other charges for service not on a per unit of gas basis, together with any special charge and any late payment charge. If the customer comes on line for gas service in the midst of a billing cycle, the customer charge shall not be the full customer service

(Continued on Sheet 8.7)

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Rate Schedule No. 2 (Continued from Sheet 8.6)

Customer charge (Continued):

charge but would be a pro rata portion of that charge determined by dividing the total monthly customer service charge by the total number of days in the billing cycle.

Commodity charge:

An amount per Ccf, determined in each billing cycle, respectively, equal to 1.23 times the average commodity charge of all gas utilities in Michigan, for a like class of customers, as reported monthly by the Michigan Public Service Commission. The commodity charge shall include gas cost recovery charge, distribution charge, and any and all other charges, factors or surcharges now or hereafter made on a per unit of gas basis.

Special Taxes:

In all municipalities having a specific tax, special tax, license or other fee, street rental, or excise tax applicable to the operations of the Company or the sale of gas by the Company the standard rates shall be increased within the limits of such municipalities so as to offset such specific tax, special tax, license or other fee, street rental, or excise tax.

Sales Tax:

Michigan State Sales Tax shall be added to bills.

(Continued on Sheet 8.8)

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Rate Schedule No. 2 (Continued from Sheet 8.7)

Late Payment Charge and Due Date:

Bills shall be due 21 days following the date of mailing by the Company. A late payment charge of two percent of the bill, net of taxes, not compounded, may be added to any bill which is delinquent. A late payment charge will not be assessed against customers participating in the Winter Protection Plan described in Rule 21 F(3) of the Rules and Regulations of the Company.

Limitations on Availability of Service and Curtailment of Service:

Service under this rate schedule shall be subject to limitations on availability of service and to curtailment (Rules No. 24, No. 25 and No. 26 of the Rules and Regulations of the Company) and also to interruption and to other limitations as provided from time to time in the Rules and Regulations of the Company.

Installment Payments:

The customer may elect to pay his or her commodity charge in equal monthly installments based upon average residential usage. The average residential usage for purposes of installment payments will be 100 Mcf per year. The commodity charge for gas will be an average of the preceding year's residential rate. Each customer shall be eligible to elect installment payments, not later than December 15th for the period commencing January 1st through December 30th. During the period of installment payments, the customer's meter will be read and recorded. If actual usage is less than estimated usage at the end of the calendar year (January 1 through

(Continued on page 8.9)

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Rate Schedule No. 2 (Continued from Sheet 8.8)

Installment Payments (Continued):

December 30th), the customer will receive a refund based upon the difference between the actual meter reading and the average usage. If the actual usage is less than the estimated usage, the customer will receive a bill for the difference between the actual usage and the estimated usage. No interest will accrue to either over estimates or under estimates of usage.

Rules Applicable:

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

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Kaleva, Michigan

Rate Schedule No. 3

Large Volume Rate

Who May Take Service:

Subject to limitations and restrictions contained in the Rules and Regulations of the Company in effect from time to time, and except as provided in any separate agreement with the customer, service is available under this rate schedule to any customer not subject to the Incremental Pricing provisions of the Natural Gas Policy Act of 1978, who shall make application for service and who shall by written contract agree that the gas supplied under this rate schedule shall be paid for at the rates specified herein; that gas supplied under this rate schedule shall not be used for house heating or space heating purposes; and that gas supplied under this rate schedule shall not be consumed in excess of the amount stipulated in the contract.

Territory Served:

This rate schedule is applicable in the territory served by the Company as set forth in Rule No. 1 of the Rules and Regulations of the Company.

Hours of Service:

Twenty-four hours per day.

Character of Service:

Continuous, except as limited by the Rules and Regulations of the Company.

(Continued on Sheet 8.11)

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Rate Schedule No. 3 (Continued from Sheet 8.10)

Customer Contract:

Each applicant for gas service shall file at the office of the Company a written application for gas service on a form provided by the Company for that purpose. In addition to such application, the customer may be required to sign a gas service contract, with a specified rate, term of service, and with a specified limitation on volumes, governing gas service in accordance with and subject to the Rules and Regulations of the Company from time to time in effect. The gas service contract must be approved by the President or Vice President of the Company before it shall be binding on the Company.

Rate:

Customer charge:

1.23 times the average customer service charge of all gas utilities in Michigan, for a like class of customers, as reported monthly by the Michigan Public Service Commission. The customer service charge shall include all monthly customer service charges and any and all other charges for service not on a per unit of gas basis, together with any special charge and any late payment charge. If the customer comes on line for gas service in the midst of a billing cycle, the customer charge shall not be the full customer service charge but would be a pro rata portion of that charge determined by dividing the total monthly customer service charge by the total number of days in the billing cycle.

Commodity charge:

An amount per Ccf, determined in each billing cycle, respectively, equal to 1.23 times the average commodity charge of all gas utilities in Michigan, for a like class of customers, as reported monthly by the Michigan Public Service Commission. The commodity charge shall

(Continued on Sheet 8.12)

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Rate Schedule No. 3 (Continued from Sheet 8.1 1)

Commodity charge (Continued):

include gas cost recovery charge, distribution charge, and any and all other charges, factors or surcharges now or hereafter made on a per unit of gas basis.

Special Taxes:

In all municipalities having a specific tax, special tax, license or other fee, street rental, or excise tax applicable to the operations of the Company or the sale of gas by the Company the standard rates shall be increased within the limits of such municipalities so as to offset such specific tax, special tax, license or other fee, street rental, or excise tax.

Sales Tax:

Michigan State Sales Tax shall be added to bills.

Late Payment Charge and Due Date:

Bills shall be due when rendered. A late payment charge of two percent of the bill, net of taxes, not compounded, may be added to any bill which is not paid on or before 21 calendar days from the date of mailing by the Company.

Limitations on Availability of Service and Curtailment of Service:

Service under this rate schedule shall be subject to limitations on availability of service and to curtailment (Rules No. 24, No. 25 and No. 26 of the Rules and Regulations of the Company) and also to interruption and to other

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Rate Schedule No. 3 (Continued from Sheet 8.12)

Limitations on Availability of Service and Curtailment of Service (Continued):

limitations as provided from time to time in the Rules and Regulations of the Company.

Standby Service:

“Standby service” is defined as that gas service provided by the Company which is capable of being used in place of the primary energy source, and is normally used only for emergencies.

A customer taking standby service for a facility or equipment with nameplate ratings in excess of 50,000 cubic feet per hour or 50,000,000 Btu per hour shall pay a monthly charge equal to 8.125 cents per cubic foot of \$81.25 per million Btu for each cubic foot or million Btu of nameplate rating of the facility or equipment taking standby service.

Rules Aoollicable:

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

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Kaleva, Michigan

Rate Schedule No. 4

School Service Rate

Who May Take Service:

Subject to limitations and restrictions contained in the Rules and Regulations of the Company, in effect from time to time, service is available under this rate schedule to accredited public and/or private schools. For purposes of this Rate Schedule, "accredited public or private schools" means bona fide educational facilities accredited as such by a public or a private accrediting service or agency which operate as educational facilities on a full time basis. Full time basis means a facility or structure being operated as an educational facility not less than five days a week for a twelve month period excluding holidays and the traditional June, July and August summer break. In the event an accredited educational facility loses accreditation the same will not be considered as a school for purposes of this rate schedule and will take service under Rate Schedule No. 1.

Territory Served:

This rate schedule is applicable in the territory served by the Company as set forth in Rule No. 1 of the Rules and Regulations of the Company.

Hours of Service:

Twenty-four hours per day.

Character of Service:

Continuous, except as limited by the Rules and Regulations of the Company.

(Continued on Sheet 8.15)

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SUPERIOR ENERGY COMPANY
Kaleva, Michigan

Rate Schedule No. 4 (Continued from Sheet 8.14)

Customer Contract:

Each applicant for gas service shall file at the office of the Company a written application for gas service on a form provided by the Company for that purpose. Each application is subject to approval by the Company before service will be rendered. Upon the approval and execution of the application on behalf of the Company, the application shall constitute an agreement between the customer and the Company governing gas service in accordance with and subject to the Rules and Regulations of the Company from time to time in effect. In addition to such application, a customer having large gas requirements may be required to sign a separate gas service contract, with a specified term of service, and with a specified limitation on volumes, which must be approved by the President or Vice President of the Company before it shall be binding on the Company.

Rate:

Customer charge:

The customer charge will be the identical customer charge as set forth in the Company's Rate Schedule No. 3, "Large Volume Rate".

Commodity charge:

An amount per Ccf, determined in each billing cycle, respectively, equal to fifteen percent (15%) less than the residential commodity charge as set forth in the Company's Rate Schedule No. 2, Residential Rate".

(Continued on Sheet 8.16)

ISSUED
MATTHEW J. COFFEY, PRESIDENT
KALEVA, MICHIGAN

EFFECTIVE FOR GAS SERVICE
RENDERED ON OR AFTER
NOVEMBER 1, 1998

SUPERIOR ENERGY COMPANY
Kaleva, Michigan

Rate Schedule No. 4 (Continued from Sheet 8.15)

Special Taxes:

In all municipalities having a specific tax, special tax, license or other fee, street rental, or excise tax applicable to the operations of the Company or the sale of gas by the Company the standard rates shall be increased within the limits of such municipalities so as to offset such specific tax, special tax, license or other fee, street rental, or excise tax.

Sales Tax:

Michigan State Sales Tax shall be added to bills.

Late Payment Charge and Due Date:

Bills shall be due when rendered. A late payment charge of two percent of the bill, net of taxes, not compounded, may be added to any bill which is not paid on or before 21 calendar days from the date of mailing by the Company.

Limitations on Availability of Service and Curtailment of Service:

Service under this rate schedule shall be subject to limitations on availability of service and to curtailment (Rules No. 24, No. 25 and No. 26 of the Rules and Regulations of the Company) and also to interruption and to other limitations as provided from time to time in the Rules and Regulations of the Company.

Rules Applicable:

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

ISSUED
MATTHEW J. COFFEY, PRESIDENT
KALEVA, MICHIGAN

EFFECTIVE FOR GAS SERVICE
RENDERED ON OR AFTER
NOVEMBER 1, 1998