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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS
MIKE GLEASON – CHAIRMAN
WILLIAM A. MUNDELL
JEFF HATCH–MILLER
KRISTIN K. MAYES
GARY PIERCE

IN THE MATTER OF THE APPLICATION OF UNS GAS, INC. FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES DESIGNED TO REALIZE A REASONABLE RATE OF RETURN ON THE FAIR VALUE OF THE PROPERTIES OF UNS GAS, INC. DEVOTED TO ITS OPERATIONS THROUGHOUT THE STATE OF ARIZONA.	DOCKET NO. G-04204A-06-0463
IN THE MATTER OF THE APPLICATION OF UNS GAS, INC. TO REVIEW AND REVISE ITS PURCHASED GAS ADJUSTOR.	DOCKET NO. G-04204A-06-0013
IN THE MATTER OF THE INQUIRY INTO THE PRUDENCE OF THE GAS PROCUREMENT PRACTICES OF UNS GAS, INC.	DOCKET NO. G-04204A-05-0831

NOTICE OF FILING REVISED RULES AND REGULATIONS, INCLUDING A REVISED EXCESS FLOW VALVE INSTALLATION TARIFF, IN COMPLIANCE WITH DECISION NO. 70011

UNS Gas, Inc. ("UNS Gas"), through undersigned counsel, hereby files, in compliance with Decision No. 70011, Rules and Regulations that include a revised excess flow valve installation tariff (Attachment A). UNS Gas also has attached redlined pages that reflect the changes to the Rules and Regulations previously submitted on November 30, 2007 (Attachment B).

Arizona Corporation Commission
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DEC 13 2007
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RESPECTFULLY SUBMITTED this 13th day of December, 2007.

UNS Gas, Inc.

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ATTACHMENT

"A"

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SECTION NO. 1
APPLICABILITY OF RULES AND REGULATIONS AND DESCRIPTION OF SERVICE

A. Company is a gas utility operating within portions of the state of Arizona. The Company will provide service to any person, institution or business located within its service area in accordance with the provisions of its Pricing Plans and the terms and conditions of these Rules and Regulations.

B. All gas delivered to any Customer is for the sole use of such Customer on that Customer's premises only. Gas delivered by the Company shall not be redelivered or resold, or the use thereof by others permitted unless otherwise expressly agreed to in writing by the Company. However, those Customers purchasing gas for redistribution to the Customer's own tenants (only on the Customer's premises) may separately meter each tenant distribution point for the purpose of prorating the Customer's actual purchase price of gas delivered among the various tenants on a per unit basis.

C. These Rules and Regulations shall apply to all gas service furnished by the Company to its Customers.

D. These Rules and Regulations are part of the Company's Pricing Plans on file with, and duly approved by, the ACC. These Rules and Regulations shall remain in effect until modified, amended, or deleted by order of the ACC. No employee, agent or representative of the Company is authorized to modify the Company rules.

E. These Rules and Regulations shall be applied uniformly to all similarly situated Customers.

F. In case of any conflict between these Rules and Regulations and the ACC's rules, these Rules and Regulations shall apply.

G. Whenever the Company and an Applicant or a Customer are unable to agree on the terms and conditions under which such Applicant or Customer is to be served, or are unable to agree on the proper interpretation of the these Rules and Regulations, either party may request assistance from the Consumer Services Section of the Utilities Division of the ACC. The Applicant or Customer also has the option to file an application with the ACC for a proper order, after notice and hearing.

H. The Company's supplying gas service to the Customer and the acceptance thereof by the Customer shall be deemed to constitute an agreement by and between the Company and the Customer for delivery, acceptance of and payment for gas service under the Company's Rules and Regulations and applicable Pricing Plans.

SECTION NO. 2
DEFINITIONS

A. In these Rules and Regulations, the following definitions shall apply unless the context requires otherwise:

1. "Advance in Aid of Construction" or "Advance" – Funds provided to the Company by an Applicant under the terms of a main extension agreement, the value of which may be refundable.

2. "Applicant" – A person requesting the Company to supply gas service.

3. "Application" – A request to the Company for gas service, as distinguished from any inquiry as to the availability or charges for such service.

4. "Arizona Corporation Commission" ("ACC") – The regulatory body established by Article XV of the Arizona Constitution.

5. "Billing Month" – The time interval between any two (2) regular readings of the Company's meters at approximately thirty (30) day intervals.

6. "Billing Period" – The time period between two (2) consecutive meter readings that are taken for billing purposes.

7. "British Thermal Unit" ("BTU") – The amount of heat required to raise the temperature of one (1) pound of water one (1) degree Fahrenheit, at Standard Conditions.

8. "CCF" – One hundred (100) cubic feet.

9. "CFH" – Cubic feet per hour.

10. "Commodity Charge" – The unit cost for billed usage as set forth in the Company's Pricing Plans.

11. "Company" – UNS Gas, Inc.

12. "Contributions in Aid of Construction" or "Contribution" – Funds provided to the Company by the Applicant under the terms of a main extension agreement and/or service connection tariff, the value of which are not refundable.

SECTION NO. 2
DEFINITIONS
(continued)

13. "Cubic Foot" –

    a. In cases where gas is supplied and metered to Customers at Standard Delivery Pressure, a cubic foot of gas is the volume of gas, which at the temperature and pressure existing in the meter occupies one (1) cubic foot.

    b. Regardless of the pressure supplied to the Customer, the volume of gas metered will be converted to the volume which the gas would occupy at Standard Conditions.

    c. The standard cubic foot of gas used for testing the gas for heating value shall be that volume of gas which, when saturated with water vapor and at a temperature of sixty (60) degrees Fahrenheit and under a pressure equivalent to that of thirty (30) inches of mercury (mercury at thirty-two (32) degrees Fahrenheit and under standard gravity), occupies one (1) cubic foot.

14. "Curtailment Priority" – The order in which gas service is to be curtailed to various classifications of Customers, as set forth in the Company's Pricing Plans.

15. "Customer" – The person in whose name service is rendered, as evidenced by the signature on the application or contract for that service, or by the receipt and/or payment of bills regularly issued in the person's name regardless of the identity of the actual user of the service.

16. "Customer Charge" – The amount the Customer must pay the Company for the availability of gas service, excluding any gas used, as specified, in the Company's Pricing Plans.

17. "Customer Service Complaint" - Written complaint received from a Customer, or through the ACC on behalf of a Customer.

18. "Day" – Calendar day.

19. "Decatherm" – Ten (10) therms or 1,000,000 BTU.

20. "Distribution Main" – A gas line of the Company from which service lines may be extended to Customers.

21. "Handicapped" – A person with a physical or mental condition which substantially contributes to the person's inability to manage his or her own resources, carry out activities of daily living, or protect themselves from neglect or hazardous situations without assistance from others.

SECTION NO. 2
DEFINITIONS
(continued)

22. "Illness" – A medical ailment or sickness for which a residential Customer obtains a verifiable document from a licensed medical physician stating the nature of the illness and that discontinuance of service would be especially dangerous to the Customer's health.

23. "Inability to Pay" – Circumstances where a residential Customer:

    a. Is not gainfully employed and is unable to pay; or

    b. Qualifies for government welfare assistance, but has not begun to receive assistance on the date that the bill is received and can obtain verification from the government welfare agency; or

    c. Has an annual income below the published federal poverty level and can produce evidence of this; and

    d. Signs a declaration verifying that the Customer meets one of the above criteria and is either a senior citizen, handicapped, or suffers from an illness.

24. "Incremental Contribution Study" ("ICS") - The study described in Section 7.B.4 of these Rules and Regulations.

25. "Interruptible Gas Service" – Gas service that is subject to interruption or curtailment as specified in the Company's Pricing Plans.

26. "Law" – Any rule or requirement established and enforced by government authorities.

27. "Main Extension" – The lines and equipment necessary to extend the existing gas distribution system to provide service to additional Customers.

28. "Master Meter" – An instrument for measuring or recording the flow of gas at a single location from which said gas is transported through a piping system to tenants or occupants for their individual consumption.

29. "MCF" – One thousand (1,000) cubic feet.

30. "Meter" – The instrument for measuring and indicating or recording the volume of gas that has passed through it.

31. "Meter Set Assembly" ("MSA") – All gas components downstream of the Customer's inlet service valve to the Customer's Point of Delivery.

SECTION NO. 2
DEFINITIONS
(continued)

32. "Minimum Charge" – The amount the Customer must pay for the availability of gas service and may include an amount of usage, as specified in the Company's Pricing Plans.

33. "Permanent Customer" – A Customer who is a tenant or owner of a service location who applies for and receives gas service.

34. "Permanent Service" – Service which, in the opinion of the Company, is of a permanent and established character. The use of gas may be continuous, intermittent, or seasonal in nature.

35. "Person" – Any individual, partnership, corporation, governmental agency, or other organization operating as a single entity.

36. "Point of Delivery" – The Point of Delivery for all gas delivered to any Customer shall be at the point of interconnection between the facilities of the Company and those of such Customer.

37. "Premises" – All of the real property and apparatus employed in a single enterprise or residence on an integral parcel of land undivided by public streets, alleys or railways.

38. "Pricing Plan" – A part of the Company's Tariffs which sets forth the rates and charges related to specific categories of Customers, and related terms and conditions.

39. "Residential Subdivision" – Any tract of land which has been divided into four or more contiguous lots for use in the construction of residential buildings or permanent mobile homes for either single or multiple occupancy.

40. "Residential Use" – Service to Customers using gas for domestic purposes such as space heating, air conditioning, water heating, cooking, clothes drying, and other residential uses and includes use in apartment buildings, mobile home parks, and other multi-unit residential buildings.

41. "Restricted Apparatus" – An apparatus prohibited by the ACC, another governmental agency, or the Company.

42. "Rules and Regulations" or "Company rules" – These Rules and Regulations, which are part of the Company's Tariffs and Pricing Plans.

SECTION NO. 2
DEFINITIONS
(continued)

43. "Senior Citizen" – A person who is sixty-two (62) years of age or older.

44. "Service Areas" – The territory in which the Company has been granted a certificate of convenience and necessity and is authorized by the ACC to provide gas service.

45. "Service Establishment Charge" – A charge, as specified in the Company's Pricing Plans, which covers the cost of establishing a new account.

46. "Service Line" – A gas pipe that transports gas from a common source or supply (normally a distribution main) to the Customer's Point of Delivery.

47. "Service Reconnection Charge" – A charge specified in the Company's Pricing Plans that must be paid by the Customer prior to reestablishment of gas service each time the gas is disconnected for nonpayment, or for failure to comply with the Company's Pricing Plans.

48. "Service Reestablishment Charge" – A charge specified in the Company's Pricing Plans for the reestablishment of service at the same location where the same Customer had ordered a service disconnect within the preceding twelve (12) month period. In addition to the Service Reestablishment Charge, such returning Customer shall pay the sum of the applicable monthly Customer Charges which would have accrued had the Customer not ordered the disconnect.

49. "Single Family Dwelling" – A house, an apartment, or a mobile home permanently affixed to a lot, or any other permanent residential unit which is used as permanent home.

50. "Standard Conditions" - 14.73 pounds per square inch absolute at sixty (60) degrees Fahrenheit.

51. "Standard Delivery Pressure" – 0.25 pounds per square inch gauge at the meter or Point of Delivery.

52. "Tampering" – A situation where a meter has been illegally altered. Common examples are meter bypassing and other unauthorized connections. Tampering also includes any action defined as "tampering" under A.R.S. § 40-491(4).

53. "Tariffs" – The documents filed with the ACC that list the services offered by the Company and set forth the terms and conditions and a schedule of the rates and charges for those services and products. These Rules and Regulations are part of the Company's Tariffs. The Company's Pricing Plans are also part of the Company's Tariffs.

54. "Temporary Service" – Service to premises or enterprises that are temporary in character, or where it is known in advance that the service will be of limited duration. Service that, in the opinion of the Company, is for operations of speculative character is also considered temporary service.

SECTION NO. 2
DEFINITIONS
(continued)

55. "Therm" – A unit of heating value, equivalent to one hundred thousand (100,000) BTUs.

56. "Third Party Notice" – A notice sent to a person willing to receive notification of the pending discontinuance of service to a Customer of record, in order to make arrangements on behalf of said Customer that are satisfactory to the Company.

57. "Transmission Line" - A gas line for delivering natural gas that operates at a hoop stress of twenty percent (20%) or more of Specified Minimum Yield Strength ("SMYS"), as defined in CFR 49, Part 192 or that transports gas to a single large volume Customer such as a distribution center, factory, power plant or institutional user.

58. "Unauthorized" – Use of gas services that is not in accordance with ACC rules, the Company's Rules and Regulations, or the Company's Pricing Plans.

59. "Weather Especially Dangerous to Health" – That period of time, commencing with the scheduled termination date, when the local weather forecast as predicted by the National Oceanic and Atmospheric Administration, indicates that the temperature will not exceed thirty-two (32) degrees Fahrenheit for the next day's forecast. The ACC may determine that other weather conditions are especially dangerous to health as the need arises.

60. "Working Hours" – The period of time during which the Company's offices are open for business.

61. "Yardline" – A gas pipe that transports gas from the Customer's Point of Delivery to the point of entry into the Customer's residence or other place of consumption.

SECTION NO. 3
ESTABLISHMENT OF SERVICE

A. Information From Applicants

1. The Company may obtain the following minimum information from each Applicant:

   a. Name or names of Applicant(s);
   b. Service address or location and telephone number;
   c. Billing address or location and telephone number, if different than service address;
   d. Address where service was provided previously;
   e. Date Applicant will be ready for service;
   f. Indication of whether premises have been supplied with gas service previously;
   g. Purpose for which service is to be used;
   h. Indication of whether Applicant is owner or tenant of or agent for, the premises;
   i. Information concerning the gas usage and demand requirements of the Customer; and
   j. Type and kind of life-support equipment, if any, used by the Customer.

2. The Company may require a new Applicant for service to appear at the Company's designated place of business to produce proof of identity and sign the Company's application form.

3. Where service is requested by two or more individuals, the Company shall have the right to collect the full amount owed to the Company from any one of the Applicants.

4. An Applicant for gas service to new construction or a new extension shall complete the following Company forms:

   a. New Service Application

The Customer is responsible for completing and returning the Application form. Failure on the part of the Customer to provide a completed form shall be grounds for the Company to delay or refuse service. For the purpose of this Rule, the definition of new construction/extension is where there is a need to run a new service line or install new gas facilities to a property that has never had prior natural gas service.

SECTION NO. 3
ESTABLISHMENT OF SERVICE
(continued)

B. Deposits

1. The Company may require from any present or prospective Customer a security deposit to guarantee payment of all bills. This deposit may be retained by the Company until service is discontinued and all bills have been paid; except as provided in Subsection B.4 below. Upon proper application by the Customer, the Company shall then return said deposit, together with any unpaid interest accrued thereon from the date of commencement of service or the date of making the deposit, whichever is later. The Company shall be entitled to apply said deposit together with any unpaid interest accrued thereon, to any indebtedness for the same class of service owed to the Company for gas service furnished to the Customer making the deposit. When said deposit has been applied to any such indebtedness, the Customer's gas service may be discontinued until all such indebtedness of the Customer is paid and a like deposit is again made with the Company by the Customer. No interest shall accrue on any deposit after discontinuance of the service to which the deposit relates.

   The Company shall not require a deposit from a new Applicant for residential service if the Applicant is able to meet any of the following requirements:

   a. The Applicant has had service of a comparable nature with the Company at another service location within the past two (2) years and was not delinquent in payment more than twice during the last twelve (12) consecutive months, or was not disconnected for nonpayment; or

   b. The Applicant can produce a letter regarding credit or verification from a gas or electric utility which states that the Applicant has had service of a comparable nature with that utility at another service location within the past two (2) years and was not delinquent in payment more than twice during the last twelve (12) consecutive months, or was not disconnected for nonpayment; or

   c. In lieu of a cash deposit, a new Applicant may provide a Letter of Guarantee from an existing Customer of the Company who is acceptable to the Company, a surety bond, or similar alternative acceptable to the Company, such as a Certificate of Deposit, as security for Company in the sum equal to the required deposit; or

   d. If a credit check is offered by the Company, the Applicant authorizes a credit check and meets the standards established by the Company.

2. The Company may issue a non-assignable, non-negotiable receipt to the Applicant for the deposit. The inability of the Customer to produce such a receipt shall in no way impair the Customer's right to receive a refund of the deposit which is reflected on the Company's records.

SECTION NO. 3
ESTABLISHMENT OF SERVICE
(continued)

3. Cash deposits held by the Company twelve (12) months or longer shall earn interest at the established one year Treasury Constant Maturities rates, effective on the first business day of each year, as published in the Federal Reserve website. No interest will be paid on deposits for which Customers have turned service on and off within the same calendar month. Such payment of interest shall be made during January of each year for Customers served by the Company for at least six (6) months and will cover all interest accrued up to the end of the preceding calendar year or on the date the deposit is returned to the Customer, pursuant to Subsection B.4 below. At the Company's option, the above payments may be made either by check or by credit on the monthly bill.

4. All deposits of residential or commercial Customers received and held by the Company shall be returned to the Customer by the Company (with interest, as provided by Subsection B.3 above), at such time as the affected Customers shall have maintained for a period of twelve (12) consecutive months (from and after the date when the deposit was made), their accounts with the Company. The Customer's accounts shall have been maintained in such a manner that they shall not have been delinquent in the payment of more than two (2) bills during such twelve (12) month period, whether at the same address or at a different address, nor have had their gas service, whether at the same address or at a different address, discontinued, in accordance with these Rules and Regulations, for failure to pay for gas service previously rendered.

5. The Company may require a Customer to establish or reestablish a deposit if the Customer became delinquent in the payment of three (3) or more bills within a twelve (12) consecutive month period, or has been disconnected from service during the last twelve (12) months.

6. The Company may review the Customer's usage after service has been connected and adjust the deposit amount based upon the Customer's actual usage.

7. A separate deposit may be required for each meter installed.

8. Residential Customer deposits shall not exceed two (2) times that Customer's estimated average monthly bill. Non-residential Customer deposits shall not exceed two and one-half (2.5) times that Customer's maximum estimated monthly bill. If actual usage history is available, then that usage, adjusted for normal weather, will be the basis for the estimate.

9. The posting of a deposit shall not preclude the Company from terminating service when the termination is due to the Customer's failure to perform any obligation under the agreement for service or any of these Rules and Regulations.

SECTION NO. 3
ESTABLISHMENT OF SERVICE
(continued)

C. Grounds For Refusal Of Service

The Company may refuse to establish service if any of the following conditions exist:

1. The Applicant has an outstanding amount due for the same class of gas service with the Company and the Applicant is unwilling to make arrangements with the Company for payment; or

2. A condition exists which, in the Company's judgment, is unsafe or hazardous to the Applicant, the general population, or the Company's personnel or facilities; or

3. The Applicant refuses to provide the Company with a deposit when the Customer has failed to meet the credit criteria for waiver of deposit requirements; or

4. Customer is known to be in violation of the Company's Pricing Plans; or

5. Customer fails to furnish such funds, service, equipment, and/or rights-of-way necessary to serve the Customer and which have been specified by the Company as a condition for providing service; or

6. Applicant falsifies his or her identity for the purpose of obtaining service.

D. Service Establishments, Reestablishment or Reconnection Charge

1. The Company may make a charge as approved by the ACC for the establishment, reestablishment, or reconnection of service.

2. Should service be established during a period other than the Company's regular working hours at the Customer's request, the Customer may be required to pay an after-hour charge for the service connection. Where the Company's scheduling will not permit service establishment on the same day as requested, the Customer can elect to pay the after-hour charge for establishment that day, or his service will be established on the next available working day.

3. For the purpose of this Rule, the definition of service establishments are where the Customer's facilities are ready and acceptable to the Company, and the Company needs only to install a meter, read a meter, or turn the service on.

SECTION NO. 3
ESTABLISHMENT OF SERVICE
(continued)

E. Temporary Service

1. Applicants for temporary service may be required to pay to the Company, in advance of service establishment, the estimated cost of installing and removing the facilities necessary for furnishing the desired service.

2. Where the duration of service is to be less than one (1) month, the Applicant may also be required to advance a sum of money equal to the estimated bill for service.

3. Where the duration of service is to exceed one (1) month, the Applicant may also be required to meet the deposit requirements of the Company, as outlined in Subsection B.1 above.

4. If at any time during the term of the agreement for service the character of a temporary Customer's operations changes so that, in the opinion of the Company, the Customer is classified as permanent, the terms of the Company's main extension rules shall apply.

SECTION NO. 4
MINIMUM CUSTOMER INFORMATION REQUIREMENTS

A. Information for Residential Customers

1. The Company shall make available upon Customer request, no later than sixty (60) days from the date of request, a concise summary of the rate schedule applied for by such Customer. The summary shall include the following:

    a. Monthly minimum or Customer charge, identifying the amount of the charge and the specific amount of usage included in the minimum charge, where applicable;

    b. Rate blocks, where applicable; and

    c. Any adjustment factor(s) and method of calculation.

2. Upon application or upon request, the Applicant or the Customer shall elect the applicable Pricing Plan best suited to their requirements. The Company may assist in making such election, but shall not be held responsible for notifying the Customer of the most favorable Pricing Plan and shall not be required to refund the difference in charges under different Pricing Plans.

    However, new non-residential Customers whose projected consumption is near the threshold between "large" and "small" Pricing Plans, may elect the "small" rate, subject to refund, if their usage qualifies them as a "large" Customer. An existing non-residential Customer will be moved to the "large" rate, or once moved, back to the "small" rate, only if their consumption history or a clear permanent change in consumption makes it clear the Customer will meet the volume requirements of one Pricing Plan.

    A review may be initiated by either the Company or the Customer. Any change of Pricing Plan, if appropriate, will be effective with the first bill issued seven (7) days after the initiation of the review. No adjustment of past billings due to Pricing Plan selection will be made to either the Company or the Customer, except for a new Customer who qualifies for the "large" Pricing Plan based on twelve (12) months of usage as set forth in this Rule.

SECTION NO. 4
MINIMUM CUSTOMER INFORMATION REQUIREMENTS
(continued)

3. Upon Customer request, the Company shall make available to the Customer, a copy of the ACC's Rules and Regulations (Arizona Administrative Code, Title 14, Article 3 - Gas Utilities) concerning:

    a. Deposits;

    b. Termination of Service;

    c. Billing and Collection; and

    d. Complaint Handling.

4. The Company, upon Customer request, shall transmit a written statement of actual consumption by the Customer for each billing period during the prior twelve (12) months unless such data is not reasonably ascertainable.

5. The Company shall inform all new Customers of their rights to obtain the information specified above.

6. The Company shall notify each Customer of the following information, in writing, within ninety (90) days after the Customer first receives gas service at a particular location:

    a. The Company does not maintain the Customer's buried piping;

    b. If the Customer's buried piping is not maintained, it may be subject to the potential hazards of corrosion and leakage;

    c. Buried gas piping should be periodically inspected for leaks, periodically inspected for corrosion if the piping is metallic, and repaired if any unsafe condition is discovered;

    d. When excavating near buried gas piping, the piping must be located in advance, and the excavation done by hand;

    e. Plumbing contractors and heating contractors may assist in locating, inspecting, and repairing the Customer's buried piping; and

    f. In order to reduce damage by outside forces, the Company is a member of the statewide one call system in all areas in which the Company has underground natural gas piping.

SECTION NO. 4
MINIMUM CUSTOMER INFORMATION REQUIREMENTS
(continued)

B. Information Required Due to Changes in Rates and Charges

1. The Company shall transmit to affected Customers a concise summary of any changes in the Company's rates and charges significantly impacting those Customers.

2. This information shall be transmitted to the affected Customer(s) within sixty (60) days of the effective date of the change in the Company's rates and charges.

SECTION NO. 5
MASTER METERING

A. Mobile Home Parks – New Construction/Expansion

1. The Company shall refuse service to all new construction and/or expansion of existing permanent residential mobile home parks unless the construction and/or expansion are individually metered by the Company. Main extensions and service line connections to serve such new construction or expansion shall be governed by the main extension and/or service line connection policies of these rules and regulations.

2. Permanent residential mobile home parks for the purpose of this rule shall mean mobile home parks where the average length of stay for an occupant is a minimum of six (6) months.

3. For the purpose of this rule, expansion means construction which has been started for additional permanent residential spaces after the effective date of this rule.

SECTION NO. 6
SERVICE LINES AND ESTABLISHMENTS

A. Priority and Timing of Service Establishments

1. After an Applicant has complied with the Company's application and deposit requirements and has been accepted for service by the Company, the Company shall schedule that Customer for service establishment.

2. Service establishment shall be scheduled for completion within five (5) working days of the date the Customer has been accepted for service, except in those instances when the Customer requests service establishment beyond the five (5) working day limitation.

3. When the Company has made arrangements to meet with a Customer for service establishment purposes and the Company or the Customer cannot make the appointment during the prearranged time, the Company shall reschedule the service establishment appointment to the satisfaction of both parties.

4. The Company shall schedule service establishment appointments within a maximum range of four (4) hours during normal working hours, unless another time frame is mutually acceptable to the Company and the Customer.

5. Service establishments shall be made only by qualified service personnel of the Company or its authorized representatives.

6. For the purpose of this rule, service establishments can occur only when the Customer's facilities are ready and acceptable to the Company and the Company needs only to install, read the meter, or turn the service on.

7. A fee for service establishment, reestablishment, or reconnection of service may be charged at a rate on file with and approved by the ACC. Whenever the Applicant requests after-hours handling of his request, the Company shall charge an additional fee on file with and approved by the ACC unless a special call out is required. If a special call out is required, the charge shall be for a minimum of one (1) hour at the Company's then prevailing after-hours rate for the service work on the Customer's premises. Special handling of calls and the related charges shall be made only on request of the Applicant.

SECTION NO. 6
SERVICE LINES AND ESTABLISHMENTS
(continued)

B. Facilities

1. Customer Provided Facilities

   a. An Applicant for service shall be responsible for the safety and maintenance of all Customer piping from the Point of Delivery to the point of consumption.

   b. Meters shall be installed in a location suitable to the Company where the meters will be safe from street traffic, readily and safely accessible for reading, testing and inspection, and where such activities will cause the least interference and inconvenience to the Customer. The Customer shall provide, without cost to the Company and at a suitable and easily accessible location, sufficient and proper space for the installation of meters.

   c. Where the meter or service line location on the Customer's premises is changed at the request of the Customer or due to alterations on the Customer's premises, the Customer shall provide, and have installed at his expense, all Customer piping necessary for relocating the meter and the Company may make a charge for moving the meter and/or service line.

   d. On all newly-constructed Customer piping at the meter interconnection, the Customer will be required to install necessary piping and equipment before the meter is installed.

2. Company Provided Facilities

   a. The Company will install, at its own expense, the meter set assembly ("MSA") at a suitable location near the side wall of the Customer's building approximately three (3) feet or more from that front corner of the building nearest to the street in which the Company's distribution main is located. However, the Company, at its option, has the right to locate the meter at any location meeting the criteria of Subsection B.1.b of this section.

      The three (3) feet as noted above refers to the approximate location of the meter from the corner of the building that is nearest to the street in which the distribution main servicing that Customer is located. The gas service riser, service cock, regulator and meter are all above ground. The service from the Company's distribution main to the building is below ground.

SECTION NO. 6
SERVICE LINES AND ESTABLISHMENTS
(continued)

b. The Company or authorized representative will install the gas service line and make all connections of the gas service line from the distribution main to the service riser. The Company will in all cases be responsible for the cost of construction of the service line from the Company's distribution main to the Customer's property line for an amount not to exceed the allowable investment as calculated by the Incremental Contribution Study (see Section No. 7, Subsection B), with the Customer reimbursing the Company for the difference. The Customer will reimburse the Company for the gas service line on the Customer's property at a rate of sixteen dollars ($16.00) per foot. The Customer is responsible for locating facilities on private property and removal of landscaping prior to installation or be subject to applicable charges. For Customers who provide the trench for the service line on the Customer's property, Section No. 7, Subsection B.5.d will apply and the Customer will reimburse the Company at a rate of twelve dollars ($12.00) per foot for the excess footage. The Customer, at the Customer's own expense, shall furnish, install, and be responsible for all other pipe, fittings, connections, and appurtenances between the Point of Delivery and each point of consumption.

c. No Customer-owned pipe shall be directly connected with the Company's distribution mains or services. No connection shall be made by the Customer between the facilities of the Company, including the meter, service cock and regulator and those of the Customer, nor shall any facilities of the Company be set, connected, disconnected, removed, repaired or altered except by the Company's representatives.

d. A single meter and a single Point of Delivery may be used to supply a group of buildings, such as those of a hospital or industrial establishment under single ownership or control. Such applications may fall under the Master Meter rule as defined in the Arizona Administrative Code.

e. The Company may decline service to mobile residences or portable or other temporary structures if the conditions do not afford adequate protection for the occupant(s) thereof, or the persons or property of others. In no event will gas service be permitted, if to the Company's knowledge, the Customer or the Customer's facilities fail to meet applicable requirements of law, of the State, or of any local code.

SECTION NO. 6
SERVICE LINES AND ESTABLISHMENTS
(continued)

3. Easements and Right-of-Way

Each Customer shall grant, at no cost to the Company, an adequate easement and right-of-way, satisfactory to the Company to ensure proper service connection. Failure on the part of the Customer to grant an adequate easement and right-of-way shall be grounds for the Company to refuse service.

4. Unauthorized work or facilities

When the Company discovers that a Customer or the Customer's Agent has performed work or has constructed facilities that has altered the installation of the Company's facilities to the point that work is necessary to restore the previously installed Company facilities to meet regulatory or Company requirements, the Company shall notify the Customer or the Customer's Agent and the Company shall take whatever actions are necessary to eliminate the hazard or violation at the Customer's expense.

5. Point of Delivery

The Point of Delivery for all gas delivered to any Customer shall be at the point of interconnection between the facilities of the Company and those of the Customer.

6. Excess Flow Valve Installation

In accordance with Title 49, Section 192.381 of the Code of Federal Regulations and requirements set forth in HR5782, the installation of an Excess Flow Valve ("EFV") shall be performed by the Company on each single family residence service line connected to its distribution system if the service line is installed or entirely replaced after June 1, 2008.

a. The Applicant shall provide the Company information concerning the gas usage and demand requirements. The EFV will be designed and constructed so that suitable gas capacity is available and satisfactory to the Company.

b. The Company will construct, own, operate, and maintain the EFV in connection with the service line installation.

c. Costs associated with the mandated installation of the EFV shall be paid by the Applicant as a nonrefundable Contribution in Aid of Construction ("CIAC").

   i. The cost of installation, paid by the Applicant, shall be the average actual cost of installation, calculated and averaged annually by the Company.

d. Where it is necessary to change or alter the EFV, due to a request or alteration of the Customer's premise by the Customer, the Customer shall reimburse the Company for all expenses in connection with upgrading or removing the EFV.

e. The Company shall pay for all costs associated with replacement or maintenance of the EFV in connection with a line replacement or maintenance project.

SECTION NO. 7
EXTENSION OF LINES

Extensions of gas distribution services and mains necessary to furnish permanent service to Applicants will be made in accordance with this rule.

A. General

The Company will construct, own, operate and maintain service line and distribution main extensions.

1. Gas service lines will be designed and installed so that suitable capacity from the Company's distribution main to a meter location on the property of the Applicant is satisfactory to the Company. If downstream usage changes or is altered by the Customer, the Customer may be responsible for costs to upgrade or enlarge the service line to accommodate additional capacity requirements.

2. Gas distribution main extensions will be only along public streets, roads, and highways, which the Company has legal right to occupy, and on public lands and private property across which rights-of-way, satisfactory to the Company, may be obtained.

3. All Company distribution mains and service lines shall be installed in accordance with all applicable Company standards.

B. Service and Main Extensions to Applicants for Service

General Policy – All service line and main line extension agreements are made on the basis of economic feasibility.

1. Facility Charge – If any Applicant fails to use natural gas for equipment stated in the application and used as the basis for estimating the allowable investment (ICS) within four (4) months of the completion of the main, the Company may bill the Applicant for the Incremental Cost allowed towards the extension of service. The Applicant shall pay within forty-five (45) days the charge as a non-refundable contribution towards the cost of extending service.

SECTION NO. 7
EXTENSION OF LINES
(continued)

2. At its option, the Company may require a performance bond or other surety guaranteeing bona fide operation of the facility for which the extension is requested, in accordance with Applicant's representation in the contract.

3. Master Meter Extensions – If the residential Customers are tenants in a fully improved master-metered mobile home park ("MMP") and the MMP is currently or was formerly served as a master-metered mobile home park, the allowable investment for the MMP will be calculated by the following Incremental Contribution Method and formula:

$$AI = (FR - CR) \times 5$$

where: AI = Allowable Investment

FR = The MMP's estimated future total annual revenue, assuming conversion to individual residential service, using the MMP's average park occupancy for the past two (2) years, less the Company's current average cost of purchased gas.

CR = The MMP's current total annual revenue, under the applicable schedule, averaged for the past two (2) years, less the Company's current average cost of purchased gas. If the MMP is not a current Customer of the Company, the CR will be determined on the basis of engineering estimates of occupancy and usage.

The Company will install that portion of each service in excess of the allowed investment subject to a nonrefundable contribution to be paid by the Applicant MMP prior to construction. In no event shall costs above the allowable investment be borne by the Company.

4. Incremental Contribution Method – Gas service line and main line extensions will be made by the Company at its expense for an amount not to exceed the Allowable Investment as calculated by an Incremental Contribution Study ("ICS").

   a. Allowable investment shall mean a determination by the Company that the revenues less the incremental gas cost to serve the Applicant provides a rate of return on the Company's investment no greater than the weighed average cost of capital authorized by the ACC in the Company's most recent general rate case.

   b. If the ICS has an allowable investment that is more than the cost of the main extension, then the excess amount may be applied to reduce the cost of service line installation, except that it shall not be used to reduce the cost of excess flow valve installation which shall be paid by the customer.

SECTION NO. 7
EXTENSION OF LINES
(continued)

c. The Company, after conducting an ICS, may at its option, extend its facilities to Customers whose usage does not satisfy the definition of economic feasibility, but who otherwise are permanent Customers, provided the Customer pays a nonrefundable advance, necessary to make the extension economically feasible.

d. Applicants may provide trenching for service lines and/or distribution mains to the Company's specifications and the Applicant's costs will be reduced accordingly.

e. Customers provided with line extensions using the ICS shall be reviewed annually for a period of five (5) years to determine the amount of any refund, as described in Subsection B.6 below.

f. For the purposes of this rule, "economic feasibility" means that the estimated incremental revenues derived from serving the Applicant, less the incremental gas cost to serve the Applicant, meets the estimated costs of serving the Applicant, including meeting capital costs as determined by the weighed average cost of capital authorized by the ACC in the Company's most recent general rate case. An extension will not be considered economically feasible if the Applicant does not install a functioning water heater and furnace within four (4) months of the completion of the main.

5. Method of Refund

Amounts advanced by the Customer (s) in accordance with this rule, less any unpaid Facility Charges, shall be refunded, without interest, in the following manner:

a. Refunds of an advance shall be made for each additional separately metered permanent service connected to the main extension for which an advance was collected using an ICS that includes the additional Customer(s).

b. No refunds will be made for additional Customers connecting to a further extension or series of extensions constructed beyond the original extension.

c. The Customer may request an annual survey to determine if additional Customers have been connected to and are using service from the extension. In no case shall the amount of the refund exceed the amount originally advanced.

d. The refund period shall be five (5) years from the date of the completion of the extension. No refunds will be made by the Company after the termination of the refund period. Any portion of the advance that remains unrefunded at the end of the refund period shall be considered an unrefundable contribution.

e. Any assignment by a Customer of their interest in any part of an advance, which at the time remains unrefunded, must be made in writing and approved by the Company.

f. Amounts advanced under a gas main extension rule previously in effect will be refunded in accordance with the provisions of that rule.

SECTION NO. 7
EXTENSION OF LINES
(continued)

C. Service and Main Extensions to Service Individually Metered Subdivisions, Tracts, Housing Projects, Multi-Family Dwellings and Mobile Home Parks or Estates

1. Advances

a. Gas distribution service and main extensions to and within individually metered subdivisions, tracts, housing projects, multi-family dwellings and mobile home parks or estates will be constructed, owned and maintained by the Company in advance of applications for service by bona fide Customers only when the entire estimated cost of such extensions as determined by the Company, is advanced to the Company, and a main extension agreement is executed. This advance may include the cost of any gas facilities installed at the Company's expense in conjunction with a previous service or main extension in anticipation of the current extension.

b. The Company may require a subdivider, builder or developer to provide trenching for service lines and/or distribution mains and may also require the subdivider, builder or developer to provide bedding & shading material to Company specifications.

c. For developers who have entered into a main extension agreement and facilities have been installed and then they or some other party request subsequent reconfiguring of facilities or other changes requiring additional expenditures by the Company, these new costs will be entirely paid for with a non-refundable contribution and any refunds will be made in accordance with the original agreement. No additional agreement or extension of the time for refunds will be made to cover the area piped under the original extension agreement.

d. Upon completion of installation, the Company will perform a reconciliation of the estimate to actual costs incurred and may bill the Customer for any variance with the new amount included in the refundable balance, or at the Company's option withhold refunds until the underpayment is satisfied.

e. See Subsection B.3 above for requests to serve MMP through individual residential meters if the MMP is currently or was formerly served under an MMP schedule.

f. Refunds will be made to developers as described in Subsection B.5 above.

D. General Conditions

1. Postponement of Advance

The Company, at its option, may postpone, for a period not to exceed five (5) years that portion of an advance which it estimates would be refunded under the provisions of this rule. At the end of such refund period, the Company shall collect all such amounts not previously advanced. When advances are postponed, the Applicant may be required to furnish to the Company, a Company-approved surety, to assure payment of any postponed amounts throughout the term of the facilities extension agreement up until the end of the postponement period.

SECTION NO. 7
EXTENSION OF LINES
(continued)

2. The Applicants or developer will provide property location, tax identification numbers, lot numbers, street names and other property information helpful to planning an extension.

3. Contracts

   a. Each Applicant requesting an extension in advance of applications for service will be required to execute a main extension agreement covering the terms under which the Company will install distribution mains in accordance with the provisions of the Company's Pricing Plans.

   b. At the time service is requested, the Applicant will submit a list of natural gas equipment to be used including the BTU input.

4. One Service for a Single Premise

   a. The Company will not install more than one service line to supply a single premise, unless it is for the convenience of the Company or an Applicant requests an additional service, and in the opinion of the Company, an unreasonable burden would be placed on the Applicant if the additional service were denied. When an additional service is installed at the Applicant's request, the Applicant shall make a nonrefundable contribution for the additional service based on the Company's estimated cost.

   b. When a service extension is made to a meter location upon private property which is subsequently subdivided into separate premises, with the ownership portions thereof divested to other than the Applicant or the Customers, the Company shall have the right, upon written notice, to discontinue service without obligation or liability. Gas service, as required by the Applicant or Customer, will be reestablished in accordance with the applicable provisions of the Company's rules.

5. Branch Services

   The Company, at its option, may install a branch service for units on adjoining premises.

SECTION NO. 7
EXTENSION OF LINES
(continued)

6. Main Extension Agreement Requirements

   a. Upon request by an Applicant for a main extension, the Company shall prepare, without charge, a preliminary sketch and rough estimate of the cost of the installation to be advanced by the Applicant.

   b. Any Applicant for a main extension requesting the Company to prepare detailed plans, specifications, or cost estimates may be required to deposit with the Company an amount equal to the estimated cost of preparation. The Company shall, upon request, make available within ninety (90) days after receipt of the deposit referred to above, such plans, specifications, or cost estimates of the proposed main extension. Where the Applicant authorizes the Company to proceed with the construction of the extension, the deposit shall be credited to the cost of construction; otherwise, the deposit shall be nonrefundable. If the extension is to include oversizing of facilities to be done at the Company's expense, appropriate details shall be set forth in the plans, specifications and cost estimates. Subdividers providing the Company with approved subdivision plats shall be provided with plans, specifications or cost estimates within forty-five (45) days after receipt of the deposit referred to above.

   c. The estimated cost of main extension and any resulting Main Extension Agreement is valid for ninety (90) days from the date of Company issue. Any signed agreement with appropriate payment where construction does not commence within ninety (90) days may be subject to review, recalculation and adjustment of advance requirements.

   d. Where the Company requires an Applicant to advance funds for a main extension, the Company shall furnish the Applicant with a copy of this rule prior to the Applicant's acceptance of the Company's extension agreement.

SECTION NO. 7
EXTENSION OF LINES
(continued)

e. All main extension agreements requiring payment by the Applicant shall be in writing, signed by each party and shall include the following:

i. Name and address of Applicant(s);

ii. Proposed service address(es) or location(s);

iii. Description and sketch of the requested main extension;

iv. Description of requested service differentiated by Customer class;

v. Number of Customers served;

vi. Estimated cost to construct facilities;

vii. The Company's estimated start date and completion date for construction of the main extension;

viii. Each Applicant shall be provided a copy of the approved main extension agreements;

ix. Payment terms; and

x. A concise explanation of any refunding provisions, if applicable.

7. Relocation of Service Lines and Distribution Mains

a. When, in the judgment of the Company, the relocation of a distribution main or service line is necessary and is due either to maintenance of adequate service or the operating convenience of the Company, the Company shall perform such work at its own expense.

b. If relocation of a distribution main or service line is due solely to meet the convenience or the requirements of the Applicant or the Customer, such relocation, including metering and regulating facilities, shall be performed by the Company at the expense of the Applicant or the Customer.

c. Relocation of facilities will be mandatory and at the Customer's expense when actions of the Customer restrict the Company's access to or the safety of the facility.

SECTION NO. 7
EXTENSION OF LINES
(continued)

8. Standby Service or Residential Pool Heating

No allowance will be made for equipment used for standby or emergency purposes only or for equipment used for residential pool heating under Section No. 7, Subsection B.4.

9. Temporary Service

Extensions for temporary service or for operations, which in the opinion of the Company are of a speculative character or are of questionable permanency, will require an advance for the entire cost of the facilities needed, with provision for a refund using an ICS calculated annually, or at the termination of the temporary service.

10. Length and Location

The length of distribution mains or service lines required for an extension will be considered as the distance along the shortest practical and available route, as determined by the Company, from the Company's nearest permanent distribution main.

11. Service Impairment to Other Customers

When, in the judgment of the Company, providing service to an Applicant would impair service to other Customers, the cost of necessary reinforcement to eliminate such impairment may be included in the cost calculation for the extension.

12. Service From Transmission Lines

The Company will not tap a gas transmission main except when, in its sole opinion, conditions justify such a tap. Where such taps are made, the Applicant will pay the Company the cost of the tap, and extensions from the tap will be made in accordance with the provisions of this rule.

13. Other Types of Connections

Where an Applicant or Customer requests a type of service connection other than standard such as curb meters and vaults, etc., the Company will consider each such request and will grant such reasonable allowance as it may determine. The Company shall install only those facilities that it determines are necessary to provide standard natural gas service in accordance with the Company's Pricing Plans. Where the Applicant requests the Company to install special facilities which are in addition to, or in substitution for, or which result in higher costs than the standard facilities which the Company would normally install, the extra cost thereof shall be borne by the Applicant.

SECTION NO. 7
EXTENSION OF LINES
(continued)

14. Exceptional Cases

In unusual circumstances, when the application of this rule appears impractical or unjust to either party, the Company or the Applicant may refer the matter to the ACC for special ruling or for the approval of special conditions which may be mutually agreed upon, prior to commencing construction.

15. Taxes Associated with Nonrefundable Contributions and Advances

Any federal, state or local income taxes resulting from a nonrefundable contribution or advance by the Customer in compliance with this rule will be recorded as a deferred tax and appropriately reflected in the Company's rate base. However, if the estimated cost of facilities for any service line or distribution main extension exceeds $500,000, the Company may require the Applicant to include in the contribution or advance an amount (the "gross up amount") equal to the estimated federal, state or local income tax liability of the Company resulting from the contribution or advance, computed as follows:

$$\text{Gross Up Amount} = \frac{\text{Estimated Construction Cost}}{(1 - \text{Combined Federal-State-Local Income Tax Rate})}$$

After the Company's tax returns are completed, and actual tax liability is known, to the extent that the computed gross up amount exceeds the actual tax liability resulting from the contribution or advance, the Company shall refund to the Applicant an amount equal to such excess. When a gross-up amount is to be obtained in connection with an extension agreement, the contract will state the tax rate used to compute the gross up amount, and will also disclose the gross-up amount separately from the estimated cost of facilities. In subsequent years, as tax depreciation deductions are taken by the Company on its tax returns for the constructed assets with tax bases that have been grossed-up, a refund will be made to the Applicant in an amount equal to the related tax benefit. Such refunds will be in addition to any required refunds of actual construction costs required by the extension agreement. In lieu of scheduling such refunds over the remaining tax life of the constructed assets, a reduced lump sum refund may be made at the time when actual construction costs are refunded in full. This lump sum payment shall reflect the net present value of remaining tax depreciation deductions discounted at the Company's authorized rate of return.

SECTION NO. 8
PROVISION OF SERVICE

A. Company Responsibility

1. The Company shall be responsible for the safe transmission and distribution of gas until it passes the Point of Delivery to the Customer.

2. The Company shall be responsible for maintaining in safe operating condition all meters, regulators, service pipe or other fixtures installed on the Customer's premises by the Company for the purpose of delivering gas to the Customer.

3. The Company may, at its option, refuse service until the Customer's pipes and appliances have been tested and found to be safe, free from leaks, and in good operating condition. Proof of such testing shall be in the form of a certificate executed by a licensed plumber or local inspector certifying that the Customer's facilities have been tested and are in safe operating condition.

4. The Company shall be required to test the Customer's piping for leaks when the gas is turned on. If such tests indicate leakage in the Customer's piping, the Company shall refuse to provide service until such time as the Customer has had the leakage corrected.

5. The Company shall be responsible for the operation and maintenance of all facilities up to the outlet of the meter installed by the Company or its authorized agent.

B. Customer Responsibility

1. Each Customer shall be responsible for maintaining in safe operating condition all Customer piping fixtures and appliances on the Customer's side of the Point of Delivery.

2. Each Customer shall be responsible for safeguarding all Company property installed in or on the Customer's premises for the purpose of supplying gas service.

3. Each Customer shall exercise all reasonable care to prevent loss or damage to Company property, excluding ordinary wear and tear. The Customer shall be responsible for loss of, or damage to, Company property on the Customer's premises arising from neglect, carelessness, or misuse and shall reimburse the Company for the cost of necessary repairs and replacements that arise from neglect, carelessness, or misuse.

SECTION NO. 8
PROVISION OF SERVICE
(continued)

4. Each Customer shall be responsible for payment for any equipment damage and/or estimated unmetered usage resulting from unauthorized breaking of seals, interfering, Tampering, or bypassing the Company's meters. This remedy is cumulative to any other remedy available to Company under law or ACC rules.

5. Each Customer shall be responsible for promptly notifying the Company of any gas leakage identified in the Customer's or the Company's equipment.

6. The Customer will be responsible for the loss of gas or damage caused by gas in piping beyond the Company's meter.

7. No rent or other charge whatsoever will be made by the Customer against the Company for placing or maintaining meters, regulators, service lines, fixtures, etc. upon the Customer's premises.

C. Continuity of Service

The Company shall make reasonable efforts to supply a satisfactory and continuous level of service.

D. Liability

1. The Company shall not be responsible for any damage or claim of damage attributable to any interruption or discontinuation of service resulting from the following:

   a. Any cause against which the Company could not have reasonably foreseen or made provision for;

   b. Intentional service interruptions to make repairs or perform routine maintenance; or

   c. Curtailment.

SECTION NO. 8
PROVISION OF SERVICE
(continued)

2. Neither the Company nor the Customer shall be liable to the other for any act, omission or circumstances (including, with respect to the Company, but not limited to, inability to provide service) occasioned by or in consequence of flood, rain, wind, storm, lightning, earthquake, fire, landslide, washout or other acts of the elements, or accident or explosion, or war, rebellion, civil disturbance, mobs, riot, blockade, terrorist actions, or other acts of the public enemy, or acts of God, or interference of civil and/or military authorities, or strikes, lockouts or other labor difficulties, or vandalism, sabotage or malicious mischief, or usurpation of power, or the laws, rules, regulations or orders made or adopted by any regulatory or other governmental agency or body (federal, state or local) having jurisdiction of any of the business or affairs of the Company or the Customer, direct or indirect, or breakage or accidents to equipment or facilities, or lack, limitation or loss of electrical or gas supply, or any other casualty or cause beyond the reasonable control of the Company or the Customer, whether or not specifically provided herein and without limitation to the types enumerated, and which by the exercise of due diligence such party is unable to prevent or overcome; provided, however, that nothing contained herein shall excuse the Customer from the obligation of paying for gas delivered or services rendered.

3. A failure to settle or prevent any strike or controversy with employees or with anyone purporting or seeking to represent employees shall not be considered to be a matter within the control of the Company.

4. Company will not be responsible for any third-party claims against Company that arise from Customer's use of Company's gas.

5. Customer will indemnify, defend and hold harmless the Company (including the costs of reasonable attorney's fees) against all claims (including, without limitation, claims for damages to any business or property, or injury to, or death of, any person) arising out of any act or omission of the Customer, or the Customer's agents, in connection with the Company's service or facilities.

6. The liability of the Company for damages of any nature arising from errors, mistakes, omissions, interruptions, or delays of the Company, its agents, servants, or employees, in the course of establishing, furnishing, rearranging, moving, terminating, or changing the service or facilities or equipment shall not exceed an amount equal to the charges applicable under the Company's Pricing Plan (calculated on a proportionate basis where appropriate) to the period during which such error, mistake, omission, interruption or delay occurs.

7. In no event shall the Company be liable for any incidental, indirect, special, or consequential damages (including lost revenue or profits) of any kind whatsoever regardless of the cause or foreseeability thereof.

8. The Company shall not be responsible for any loss or damage occasion or caused by the negligence or wrongful act of the Customer or any of his agents, employees or licensees in installing, maintaining, using, operating or interfering with any regulators, gas piping, appliances, fixtures or apparatus.

SECTION NO. 8
PROVISION OF SERVICE
(continued)

E. Change in Character of Service

1. When a change is made by the Company in the type of service rendered which would adversely affect the efficiency of operation or require the adjustment of the equipment of Customers, all Customers who may be affected shall be notified by the Company at least thirty (30) days in advance of the change or, if such notice is not possible, as early as feasible. Where adjustments or replacements of the Company's standard equipment must be made to permit use under such changed condition, adjustments shall be made by the Company without charge to the Customers.

F. Service Interruptions

1. The Company shall make reasonable efforts to reestablish service within the shortest possible time when service interruptions occur.

2. The Company shall make reasonable provisions to meet emergencies resulting from failure of service and shall issue instructions to its employees covering procedures to be followed in the event of emergencies in order to prevent or mitigate interruption or impairment of service.

3. In the event of a national emergency or local disaster resulting in disruption of normal service, the Company may, in the public interest, interrupt service to other Customers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.

4. When the Company plans to interrupt service for more than four (4) hours to perform necessary repairs or maintenance, the Company shall attempt to inform affected Customers of the scheduled date and estimated duration of the service interruption at least twenty-four (24) hours in advance. Such repairs shall be completed in the shortest possible time to minimize the inconvenience to the Customers.

5. The ACC shall be notified of interruptions in service affecting the entire system or any major division of the entire system. The interruption of service and the cause shall be reported by telephone to the ACC within one (1) hour after the responsible representative of the Company becomes aware of said interruption, and shall be followed by a written report to the ACC.

SECTION NO. 8
PROVISION OF SERVICE
(continued)

G. Heat Value Standard for Natural Gas

The Company shall supply gas to its Customers with an average total heating value of not less than nine hundred (900) BTUs per cubic foot. The number of BTUs per cubic foot actually delivered through the Customer's meter will vary according to the altitude and elevation of the location where the Customer is being provided service.

H. Standard Delivery Pressure

1. The Company shall maintain Standard Delivery Pressure of at the outlet of the Customer's meter, subject to variation under load conditions.

2. In cases where a Customer desires service at greater than Standard Delivery Pressure, the Company may supply, at its option, such greater pressure if and only as long as the furnishing of gas to such Customer at higher than standard delivery pressure will not be detrimental to the service of other Customers of the Company. The Company reserves the right to lower the delivery pressure or discontinue the delivery of gas at higher pressure at any time upon reasonable notice to the Customer. Where service is provided at pressure higher than Standard Delivery Pressure, the meter volumes shall be corrected to that higher pressure.

SECTION NO. 8
PROVISION OF SERVICE
(continued)

I. Determination of Therms for Billing

1. Heating Value – The heating value (BTU per cubic foot) of the natural gas delivered will vary depending on the source of supplies received by the Company. The average heating values will be determined from the volumetric weighted average heating values of the supplies received by the Company.

2. Metered Volumes – The number of therms to be billed will be determined by multiplying the difference in meter readings by an appropriate billing factor.

   a. Therms are determined from the volumes measured by the following:

$$\underbrace{\frac{\text{Atmospheric Pressure at Elevation + Delivery Pressure}}{\text{14.73 Atmospheric Pressure at Sea Level}}}_{\text{A}} \times \underbrace{\frac{\text{Average Heating Value (BTU per cubic foot)}}{\text{100,000 BTU per Therm}}}_{\text{B}} \times \underbrace{\text{Super Compressibility Factor}}_{\text{C}}$$

Where:
A = Correction for atmospheric pressure at elevation and applicable delivery pressure
B = Applicable heating value of natural gas received
C = Correction for super compressibility ratio

   b. Atmospheric Pressures at Elevations within the Company's service territory are outlined in the following table. At such time additional elevation bands are needed within the various areas served by the Company, new geographical zones will be added.

Northern Arizona:

Geographical Zone Description	Atmospheric Pressure Base
ASHFORK AZ E4801-5000	12.3264800
ASHFORK AZ E5001-5200	12.2366800
BAGD CPR AZ E3601-3800	12.8782000
BAGD ML AZ E2601-2800	13.3555800
BAGDAD MINE E0401-0600	14.4666500
BLACK CANYON CITY AZ E1601-1800	13.8498700

SECTION NO. 8
PROVISION OF SERVICE
(continued)

Geographical Zone Description	Atmospheric Pressure Base
BLACK CANYON CITY AZ E1801-2000	13.7496200
CAMP VERDE AZ E2801-3000	13.2587800
CAMP VERDE AZ E3001-3200	13.1626500
CHINO VALLEY AZ E4201-4400	12.5995400
CHINO VALLEY AZ E4401-4600	12.5079100
CHINO VALLEY AZ E4601-4800	12.4168900
CLARKDALE AZ E3001-3200	13.1626500
CLARKDALE AZ E3201-3400	13.0671800
CLARKDALE AZ E3401-3600	12.9723700
CORNVILLE AZ E3001-3200	13.1626500
CORNVILLE AZ E3201-3400	13.0671800
COTTONWOOD AZ E3001-3200	13.1626500
COTTONWOOD AZ E3201-3400	13.0671800
COTTONWOOD AZ E3401-3600	12.9723700
COTTONWOOD AZ E3601-3800	12.8782000
DUVAL AZ E3201-3400	13.0671800
FLAGSTAFF AZ E6201-6400	11.7102300
FLAGSTAFF AZ E6401-6600	11.6244900
FLAGSTAFF AZ E6601-6800	11.5393200
FLAGSTAFF AZ E6801-7000	11.4546900
FLAGSTAFF AZ E7001-7200	11.3706100
FLAGSTAFF AZ E7201-7400	11.2870800
HOLBROOK AZ E4801-5000	12.3264800
HOLBROOK AZ E5001-5200	12.2366800
HUMBOLDT AZ E4201-4400	12.5995400
HUMBOLDT AZ E4401-4600	12.5079100
HUMBOLDT AZ E4601-4800	12.4168900
INDPK AZ E6201-6400	11.7102300
JEROME AZ E4201-4400	12.5995400
JEROME AZ E4401-4600	12.5079100
JEROME AZ E4601-4800	12.4168900
JEROME AZ E4801-5000	12.3264800
JEROME AZ E5001-5200	12.2366800
JOSEPH CITY AZ E4601-4800	12.4168900
JOSEPH CITY AZ E4801-5000	12.3264800
KINGMAN AZ E3001-3200	13.1626500

SECTION NO. 8
PROVISION OF SERVICE
(continued)

Geographical Zone Description	Atmospheric Pressure Base
KINGMAN AZ E3201-3400	13.0671800
KINGMAN AZ E3401-3600	12.9723700
KINGMAN AZ E3601-3800	12.8782000
KINGMAN AZ E3801-4000	12.7846800
LAKE HAVASU CITY AZ E0201-0400	14.5720600
LAKE HAVASU CITY AZ E0401-0600	14.4666500
LAKE HAVASU CITY AZ E0601-0800	14.3620000
LAKE HAVASU CITY AZ E0801-1000	14.2581000
LAKE HAVASU CITY AZ E1001-1200	14.1549500
LAKE HAVASU CITY AZ E1201-1400	14.0525300
LAKE HAVASU CITY AZ E1401-1600	13.9508400
MAYER AZ E4001-4200	12.6917900
MAYER AZ E4201-4400	12.5995400
MOUNTAIN VIEW AZ E6401-6600	11.6244900
NAVAJO ARMY DEPOT E5401-5600	12.0588700
PAULDEN AZ E4001-4200	12.6917900
PAULDEN AZ E4201-4400	12.5995400
PAULDEN AZ E4401-4600	12.5079100
PHX CMT AZ E3401-3600	12.9723700
PINETOP/LAKESIDE AZ E6201-6400	11.7102300
PINETOP/LAKESIDE AZ E6401-6600	11.6244900
PINETOP/LAKESIDE AZ E6601-6800	11.5393200
PINETOP/LAKESIDE AZ E6801-7000	11.4546900
PINETOP/LAKESIDE AZ E7001-7200	11.3706100
PRESCOTT VALLEY AZ E4201-4400	12.5995400
PRESCOTT VALLEY AZ E4401-4600	12.5079100
PRESCOTT VALLEY AZ E4601-4800	12.4168900
PRESCOTT VALLEY AZ E4801-5000	12.3264800
PRESCOTT VALLEY AZ E5001-5200	12.2366800
PRESCOTT AZ E4601-4800	12.4168900
PRESCOTT AZ E4801-5000	12.3264800
PRESCOTT AZ E5001-5200	12.2366800
PRESCOTT AZ E5201-5400	12.1474800
PRESCOTT AZ E5401-5600	12.0588700
PRESCOTT AZ E5601-5800	11.9708400
PRESCOTT AZ E5801-6000	11.8834000

SECTION NO. 8
PROVISION OF SERVICE
(continued)

Geographical Zone Description	Atmospheric Pressure Base
SEDONA AZ E3401-3600	12.9723700
SEDONA AZ E3601-3800	12.8782000
SEDONA AZ E3801-4000	12.7846800
SEDONA AZ E4001-4200	12.6917900
SEDONA AZ E4201-4400	12.5995400
SEDONA AZ E4401-4600	12.5079100
SEDONA AZ E4601-4800	12.4168900
SELIGMAN AZ E5001-5200	12.2366800
SHOW LOW AZ E5801-6000	11.8834000
SHOW LOW AZ E6001-6200	11.7965300
SHOW LOW AZ E6201-6400	11.7102300
SHOW LOW AZ E6401-6600	11.6244900
SNOWFLAKE AZ E5201-5400	12.1474800
SNOWFLAKE AZ E5401-5600	12.0588700
SPRING VALLEY AZ E3601-3800	12.8782000
SPRING VALLEY AZ E3801-4000	12.7846800
STONE CONTAINER E6001-6200	11.7965300
TAYLOR AZ E5401-5600	12.0588700
VERDE VALLEY AZ E3401-3600	12.9723700
VILLAGE OF OAK CREEK AZ E3601-3800	12.8782000
VILLAGE OF OAK CREEK AZ E3801-4000	12.7846800
VILLAGE OF OAK CREEK AZ E4001-4200	12.6917900
WILLIAMS AZ E6401-6600	11.6244900
WILLIAMS AZ E6601-6800	11.5393200
WILLIAMS AZ E6801-7000	11.4546900
WINSLOW AZ E4601-4800	12.4168900

SECTION NO. 8
PROVISION OF SERVICE
(continued)

Southern Arizona:

Geographical Zone Description	Atmospheric Pressure Base
AMADO AZ E2801-3000	13.2587800
AMADO AZ E3001-3200	13.1626500
NOGALES AZ E3201-3400	13.0671800
NOGALES AZ E3401-3600	12.9723700
NOGALES AZ E3601-3800	12.8782000
NOGALES AZ E3801-4000	12.7846800
PATAGONIA AZ E3601-3800	12.8782000
PATAGONIA AZ E3801-4000	12.7846800
PATAGONIA AZ E4001-4200	12.6917900
RIO RICO AZ E3001-3200	13.1626500
RIO RICO AZ E3201-3400	13.0671800
RIO RICO AZ E3401-3600	12.9723700
RIO RICO AZ E3601-3800	12.8782000
RIO RICO AZ E3801-4000	12.7846800
RIO RICO AZ E4001-4200	12.6917900
TUBAC AZ E2801-3000	13.2587800
TUBAC AZ E3001-3200	13.1626500
TUBAC AZ E3201-3400	13.0671800
TUBAC AZ E3401-3600	12.9723700

J. Construction Standards and Safety

The Company's pipelines and pipeline facilities for the transportation of gas within the State of Arizona shall conform with and be subject to the Federal Safety Standards as adopted by the United States Department of Transportation, Pipeline and Hazardous Materials Safety Administration. The Company maintains and updates an Operation and Maintenance plan and an Emergency plan. Upon discovery of occurrence, the Company will report all incidents as required under the Arizona Administrative Code, R14-5-203.

SECTION NO. 9
METER READING

A. Company or Customer Meter Reading

1. The Company may, at its discretion, allow for Customer reading of meters.
2. It shall be the responsibility of the Company to inform the Customer how to properly read the Customer's meter.
3. Where a Customer reads the meter, the Company will read the Customer's meter at least once every six (6) months.
4. The Company shall specify the timing requirements for the Customer to submit the monthly meter reading to conform to the Company's billing cycle.
5. In the event the Customer fails to submit the meter reading on time, the Company may issue the Customer an estimated bill.
6. Meters shall be read monthly on as close to the same day each month as practical.

B. Measuring of Service

1. All gas sold by the Company shall be metered, except in the case of gas sold according to a fixed charge schedule, or when otherwise authorized by the ACC.
2. When there is more than one (1) meter at a location, the metering equipment shall be so tagged or plainly marked as to indicate the facilities being metered.
3. If and when the Company installs multiple meters or service lines to serve a single Customer for the Company's convenience, meter readings may be combined for billing purposes.

C. Customer - Requested Rereads

1. At the request of a Customer, the Company will reread that Customer's meter within ten (10) working days after such request by the Customer.
2. Any reread may be charged to the Customer at a rate on file and approved by the ACC, provided that the original reading was not in error.
3. When a reading is found to be in error, the reread shall be at no charge to the Customer.

SECTION NO. 9
METER READING
(continued)

D. Access to Customer Premises

The Company shall have the right of safe ingress to and egress from the Customer's premises at all reasonable hours for any purpose reasonably connected with the furnishing of service and the exercise of any and all rights secured to the Company by law or the ACC's rules or the Company's Pricing Plans.

E. Customer-Requested Meter Tests

The Company shall test a meter upon Customer request and shall be authorized to charge the Customer for such meter test. However, if the meter is found to be in error by more than three percent (3%), no fee will be charged to the Customer.

SECTION NO. 10
BILLING AND COLLECTION

A. Frequency and Estimated Bills

1. The Company shall bill monthly for services rendered. Meter readings shall be scheduled for periods of not less than twenty-five (25) days or more than thirty-five (35) days.

2. If the Company is unable to read a meter on the scheduled meter read date, the Company will estimate the consumption for the billing period, giving consideration to the following factors where applicable:

   a. The Customer's usage history in the previous twelve (12) months; and

   b. The amount of usage during the preceding month.

3. After the second consecutive month of estimating the Customer's bill for reasons other than severe weather, the Company will attempt to secure an accurate reading of the meter.

4. Failure on the part of the Customer to comply with a reasonable request by the Company for access to the Customer's meter may lead to the discontinuance of service.

5. Estimated bills will be issued only under the following conditions:

   a. Failure of a Customer who reads his or her own meter to deliver the meter reading card to the Company in accordance with the requirements of the Company's billing cycle;

   b. Severe weather conditions which prevent the Company from reading the meter; or

   c. Circumstances that make it impossible to read the meter, such as locked gates, blocked meters, and vicious or dangerous animals, etc.

6. Each bill based on estimated usage will indicate that it is an estimated bill.

SECTION NO. 10
BILLING AND COLLECTION
(continued)

B. Combining Meters - Minimum Bill Information

1. Each meter at a Customer's premises will be considered separately for billing purposes; and the readings of two (2) or more meters will not be combined unless approved by the Company.

2. Each bill for sales service will contain the following minimum information:

   a. Date and meter reading at the start of billing period or number of days in the billing period;

   b. Date and meter reading at the end of the billing period;

   c. Billed usage;

   d. Rate schedule number;

   e. Company's telephone number;

   f. Customer's name;

   g. Service account number;

   h. Amount due and due date;

   i. Past due amount;

   j. Adjustment factor, where applicable;

   k. Taxes; and

   l. The Arizona Corporation Commission's address.

SECTION NO. 10
BILLING AND COLLECTION
(continued)

C. Billing Terms

1. All bills for gas service are due and payable no later than ten (10) days from the date the bill is rendered. Any payment not received within this time-frame shall be considered past due and may be subject to a late payment penalty charge. If the tenth (10th) day falls on a weekend or holiday, then the past due date is extended to the next business day.

2. For purposes of this rule, the date the bill is rendered shall be the latest of the following:

   a. The postmark date;

   b. The mailing date; or

   c. The billing date shown on the bill (however, the billing date shall not differ from the postmark or mailing date by more than two (2) days.

3. All past due bills for gas service are due and payable within fifteen (15) days. Any payment not received within this time-frame shall be considered delinquent and will be issued a suspension of service notice. For Customers under the jurisdiction of a bankruptcy court, a more stringent payment or prepayment schedule may be required, if allowed by that court.

   a. The amount of the late payment penalty shall not exceed one and one-half percent (1.5%) of the delinquent bill, applied on a monthly basis.

4. All delinquent bills for which payment has not been received within five (5) days shall be subject to the provisions of the Company's suspension of service procedures.

5. All payments shall be made at or mailed to the office of the Company or to the Company's duly authorized representative.

SECTION NO. 10
BILLING AND COLLECTION
(continued)

D. Applicable Pricing Plans, Prepayments, Failure to Receive, Commencement Date

1. Each Customer shall be billed under the Pricing Plan indicated in the Customer's application for service.

2. The Company shall make provisions for advance payment for Company services.

3. Failure to receive bills or notices which have been properly placed in the United States mail shall not prevent such bills from becoming delinquent and does not relieve the Customer of the Customer's obligations therein.

4. Charges for service commence when the service is installed and connection made, whether used or not.

E. Meter Error Corrections

1. If, after testing, any meter is found to be more than three percent (3%) in error, either fast or slow, proper correction between three percent (3%) and the amount of the error shall be made on previous readings, and adjusted bills shall be rendered according to the following terms:

   a. For the period of three (3) months immediately preceding the removal of such meter from service for testing or from the time the meter was in service since last tested, but not exceeding three (3) months since the meter shall have been shown to be in error by such test.

   b. From the date the error occurred, if the date of the cause can be definitely fixed.

2. No adjustment shall be made by the Company except to the Customer last served by the meter tested.

SECTION NO. 10
BILLING AND COLLECTION
(continued)

F. Nonsufficient Funds ("NSF") Checks and Denied Electronic Funds Transfers

1. The Company shall be allowed to recover a fee, according to the Company's Pricing Plans, for each instance where a Customer tenders payment for a Company service with an NSF check. This fee shall also apply when an electronic funds transfer ("EFT") is denied for any reason, including for lack of sufficient funds.

2. When the Company is notified by the Customer's bank that there are insufficient funds to cover the check tendered for service, or an EFT has been denied for any reason, the Company may require the Customer to make payment in cash, by money order or certified check, or by other means which guarantee the Customer's payment to the Company.

3. A Customer who tenders an NSF check or for whom an EFT is denied, shall in no way be relieved of the obligation to render payment to the Company under the original terms of the bill, nor defer the Company's provision for termination of service for nonpayment of bills.

G. Elevation/Pressure Adjustment

The Company shall adjust for pressure according to the procedures in Section 8.H of these Rules and Regulations.

SECTION NO. 10
BILLING AND COLLECTION
(continued)

H. Deferred Payment Plan

1. The Company may, prior to termination of service, offer a deferred payment plan to qualifying residential Customers for the payment of unpaid bills for gas service.

2. Each deferred payment agreement entered into by the Company and the Customer, due to the Customer's inability to pay an outstanding bill in full, shall provide that service will not be discontinued if:

   a. The Customer agrees to pay a reasonable amount of the outstanding bill at the time the parties enter into the deferred payment agreement;

   b. The Customer agrees to pay all future bills for gas service in accordance with the Company's Pricing Plans; and

   c. The Customer agrees to pay a reasonable portion of the remaining outstanding balance in installments.

3. For the purposes of determining a reasonable installment payment schedule under these Rules, the Company and the Customer shall give consideration to the following conditions:

   a. The size of the delinquent account;

   b. The Customer's ability to pay;

   c. The Customer's payment history;

   d. The length of time that the debt has been outstanding;

   e. The circumstances which resulted in the debt being outstanding; and

   f. Any other relevant factors related to the circumstances of the Customer.

4. Any Customer who desires to enter into a deferred payment agreement shall establish such agreement prior to the Company's scheduled service termination date for nonpayment of bills. The Customer's failure to execute a deferred payment agreement prior to the scheduled service termination date shall not prevent the Company from terminating service for nonpayment.

5. Deferred payment agreements may be in writing and may be signed by the Customer and an authorized Company representative.

SECTION NO. 10
BILLING AND COLLECTION
(continued)

6. A deferred payment agreement may include a finance charge of one and one-half percent (1.5%) per month.

7. If a Customer does not fulfill the terms of a deferred payment agreement, the Company shall have the right to disconnect service pursuant to the Company's termination of service rules (Section No. 11 of these Rules) and, under such circumstances, it shall not be required to offer subsequent negotiation of a deferred payment agreement prior to disconnection.

I. Change of Occupancy

1. Not less than three (3) working days advance notice must be given in person at the Company's office, in writing, or by telephone to discontinue service or to change occupancy.

2. The outgoing party shall be responsible for all Company services provided and/or consumed up to the scheduled turn-off date.

J. Electronic Billing

Electronic Billing is an optional billing service whereby Customers may elect to receive, view, and pay their bills electronically. Electronic Billing includes the "UES e-bill" service and the "Sure No Hassle Automatic Payment ("SNAP") service. The Company may modify its electronic billing services from time to time. A Customer electing an electronic billing service may receive an electronic bill in lieu of a paper bill. Customers electing an electronic billing service may be required to complete additional forms and agreements. Electronic billing may be discontinued at any time by the Company or the Customer. An electronic bill will be considered rendered at the time it is electronically sent to the Customer. Failure to receive bills or notices which have been properly sent by an electronic billing system does not prevent such bills from becoming delinquent and does not relieve the Customer of the Customer's obligations therein. Any notices which Company is required to send to a Customer who has elected an electronic billing service may be sent by electronic means at the option of the Company. Except as otherwise provided in this subsection, all other provisions of the Company's Rules and Regulations and other applicable Pricing Plans are applicable to electronic billing.

SECTION NO. 11
TERMINATION OF SERVICE

A. Non-Permissible Reasons to Disconnect Service

1. The Company may not disconnect service for any of the reasons stated below:

   a. Delinquency in payment for services rendered to a prior Customer at the premises where service is being provided, except in the instance where the prior Customer continues to reside on the premises.

   b. Failure of the Customer to pay for services or equipment that are not regulated by the ACC.

   c. Nonpayment of a bill related to another class of service.

   d. Failure to pay a bill to correct a previous under-billing due to an inaccurate meter or meter failure, if the Customer agrees to pay over a reasonable period of time.

   e. The Company may not terminate residential service where the Customer has an inability to pay and:

      i. The Customer can establish through medical documentation that, in the opinion of a licensed medical physician, termination of service would be especially dangerous to the health of the Customer or to the health of a permanent resident residing on the Customer's premises;

      ii. Life-supporting equipment is used in the home that is dependent on Company service for operation of such apparatus; or

      iii. Where weather will be especially dangerous to health as defined herein or as determined by the ACC.

   f. Residential service to persons who have an inability to pay and who have an illness, are a senior citizen, or who are handicapped will not be terminated until all of the following have been attempted:

      i. The Customer has been informed of the availability of funds from various government and social assistance agencies; and

      ii. A third party previously designated by the Customer has been notified and has not made arrangement to pay the outstanding Company bill.

   A Customer utilizing the provisions of Subsection A.1.e or A.1.f above may be required to enter into a deferred payment agreement with the Company within ten (10) days after the scheduled service termination date.

   g. Failure to pay the bill of another Customer as guarantor thereof.

   h. Disputed bills where the Customer has complied with the ACC's rules on Customer bill disputes.

SECTION NO. 11
TERMINATION OF SERVICE
(continued)

B. Termination of Service Without Notice

1. The Company may disconnect service without advance written notice under the following conditions:

   a. The existence of an obvious hazard to the safety or health of the Customer, the general population or which imperils service to other Customers;

   b. The Company has evidence of tampering or fraud;

   c. There is an unauthorized resale or use of gas services that is not in accordance with the ACC's rules and/or these Rules and Regulations or other Company Pricing Plans; or

   d. The Customer has failed to comply with the curtailment procedures imposed by the Company in accordance with the Company's Pricing Plans.

2. The Company shall not be required to restore service until the conditions which resulted in the termination have been corrected to the satisfaction of the Company.

3. The Company shall maintain a record of all terminations of service without notice. This record shall be maintained for a minimum of one (1) year and shall be available for inspection by the ACC.

C. Termination of Service With Notice

1. The Company may disconnect service to any Customer for any reason stated below, provided that the Company has met the notice requirements described in Section 11.D below:

   a. Customer violation of any of the Company's Pricing Plans;

   b. Failure of the Customer to pay a delinquent bill for gas service;

   c. Failure of the Customer to meet agreed upon deferred payment arrangements;

   d. Failure to meet or maintain the Company's deposit requirements;

   e. Failure of the Customer to provide the Company reasonable access to its equipment and property;

   f. Customer breach of a written contract for service between the Company and Customer; or

   g. When necessary for the Company to comply with an order of any governmental agency having such jurisdiction.

2. The Company shall maintain a record of all terminations of service with notice. This record shall be maintained for one (1) year and shall be available for ACC inspection.

SECTION NO. 11
TERMINATION OF SERVICE
(continued)

D. Termination Notice Requirements

1. The Company may not terminate service to any of its Customers without providing advance written notice to the Customer of the Company's intent to disconnect service, except under those conditions specified where advance written notice is not required.

2. Such advance written notice shall contain, at a minimum the following information:

   a. The name of the person whose service is to be terminated and the address where service is being rendered;

   b. The Pricing Plan that was violated and explanation of the violation or the amount of the bill, which the Customer has failed to pay in accordance with the payment policy of the Company, if applicable;

   c. The date on or after which service may be terminated; and

   d. A statement advising the Customer that the Company's stated reason for the termination of services may be disputed by contacting the Company at a specific address or phone number, advising the Company of the dispute and making arrangements to discuss the cause for termination with a responsible employee of the Company in advance of the scheduled date of termination. The responsible employee shall be empowered to resolve the dispute and the Company shall retain the option to terminate service after affording this opportunity for a meeting, concluding that the reason of terminating is just, and advising the Customer of his right to file a complaint with the ACC.

3. Where applicable, a copy of the termination notice will be simultaneously forwarded to designated third parties.

E. Timing of Terminations With Notice

1. The Company shall be required to give at least five (5) days advance written notice prior to the termination date. For Customers under the jurisdiction of a bankruptcy court, a shorter notice may be provided, if permitted by that court.

2. Such notice shall be considered to be given to the Customer when a copy of the notice is left with the Customer or posted first class in the United States mail, and addressed to the Customer's last known address.

3. If, after the period of time allowed by the notice has elapsed, the delinquent account has not been paid nor arrangements made with the Company for the payment of the bill, or in the case of a violation of the Company's rules the Customer has not satisfied the Company that such violation has ceased, the Company may terminate service on or after the day specified in the notice without giving further notice.

SECTION NO. 11
TERMINATION OF SERVICE
(continued)

4. Service may only be disconnected in conjunction with a personal visit to the premises by an authorized representative of the Company.

5. The Company shall have the right, but not the obligation, to remove any or all of its property installed on the Customer's premises upon the termination of service.

F. Landlord/Tenant Rule

1. In situations where service is rendered at an address different from the mailing address of the bill or where the Company knows that a landlord/tenant relationship exists and that the landlord is the Customer of the Company, and where the landlord as Customer would otherwise be subject to disconnection of service, the Company may not disconnect service until the following actions have been taken:

   a. Where it is feasible to provide service, the Company, after providing notice as required in these rules, shall offer the occupant the opportunity to subscribe for service in the occupant's own name. If the occupant then declines to subscribe, the Company may disconnect service pursuant to the rules.

   b. The Company shall not attempt to recover payment of any outstanding bills or other charges due on the outstanding account of the landlord from a tenant. The Company shall not condition service to a tenant based on the payment of any outstanding bills or other charges due upon the outstanding account of the landlord.

SECTION NO. 12
ADMINISTRATIVE AND HEARING REQUIREMENTS

A. Customer Service Complaints

1. The Company shall make a full and prompt investigation of all service complaints made by its Customers, either directly to the Company or through the ACC.

2. The Company shall respond to the complainant and/or the ACC representative within five (5) working days as to the status of the Company's investigation of the complaint.

3. The Company shall notify the complainant and/or the ACC representative of the final disposition of each complaint. Upon request of the complainant or the ACC representative, the Company shall report the findings of its investigation in writing.

4. The Company shall inform the Customer of the right of appeal to the ACC.

5. The Company shall keep a record of all written service complaints received and which shall contain, at a minimum, the following data:

   a. Name and address of complainant;

   b. Date and nature of complaint;

   c. Disposition of the complaint; and

   d. A copy of any correspondence between the Company, the Customer, and/or the ACC.

   This record shall be maintained for a minimum period of one (1) year and shall be available for inspection by the ACC.

SECTION NO. 12
ADMINISTRATIVE AND HEARING REQUIREMENTS
(continued)

B. Customer Bill Disputes

1. Any Customer who disputes a portion of a bill rendered for gas service shall pay the undisputed portion of the bill prior to the delinquent date of the bill, and notify the Company's designated representative that any unpaid amount is in dispute.

2. Upon receipt of the Customer's notice of dispute, the Company shall:

   a. Notify the Customer within five (5) working days of the receipt of a written dispute notice.

   b. Initiate a prompt investigation as to the source of the dispute.

   c. Withhold disconnection of service until the investigation is completed and the Customer is informed of the results. Upon request of the Customer, the Company shall report the results of the investigation in writing.

   d. Inform the Customer of the right of appeal to the ACC.

3. Once the Customer has received the results of the Company's investigation, the Customer shall submit payment within five (5) working days to the Company for any disputed amounts. Failure to make full payment shall be grounds for termination of service.

C. ACC Resolution of Service and/or Bill Disputes

1. In the event a Customer and the Company cannot resolve a service and/or bill dispute, the Customer shall file a written statement with the ACC. By submitting such written notice to the ACC, the Customer shall be deemed to have filed an informal complaint against the Company.

2. Within thirty (30) days of the receipt of a written statement of Customer dissatisfaction related to a service or bill dispute, a designated representative of the ACC shall endeavor to resolve the dispute by correspondence and/or by telephone with the Company and the Customer. If resolution of the dispute is not achieved within twenty (20) days of the ACC representative's initial effort, the ACC shall hold an informal hearing to arbitrate the resolution of the dispute. The informal hearing shall be governed by the following rules:

   a. Each party may be represented by legal counsel, if desired;

   b. All such informal hearings may be recorded or held in the presence of a stenographer;

SECTION NO. 12
ADMINISTRATIVE AND HEARING REQUIREMENTS
(continued)

c. All parties will have the opportunity to present written or oral evidentiary material to support the positions of the individual parties; and

d. All parties and the ACC's representative shall be given an opportunity for cross-examination of the various parties.

The ACC's representative will render a written decision to all parties within five (5) working days after the date of the informal hearing. Such written decision of the ACC's representative is not binding on any of the parties and the parties will still have the right to make a formal complaint to the ACC.

3. The Company may implement normal termination procedures if the Customer fails to pay all bills rendered during the resolution of the dispute by the ACC.

4. The Company shall maintain a record of written statements of dissatisfaction and their resolution for a minimum of one (1) year and make such records available for ACC inspection.

D. Notice by Company of Responsible Officer or Agent

1. The Company shall file with the ACC a written statement containing the name, business address and telephone numbers (office and mobile) of at least one officer, agent or employee responsible for the general management of its operations as a Company in Arizona.

2. The Company shall give notice, by filing a written statement with the ACC, of any change in the information required herein within five (5) days from the date of any such change.

SECTION NO. 13
BUDGET BILLING PAYMENT PLAN

A. Residential Customers may elect to participate in the Company's Budget Billing Payment Plan ("Plan") for payment of charges for gas service.

B. Upon Customer request, the Company will develop an estimate of the Customer's levelized billing for a twelve (12) month period based on:

1. The Customer's actual consumption history at the service location, which may be adjusted for weather or other known variations. If sufficient history is not available, then an estimate will be prepared based on other similar service locations and Customer's anticipated load requirements; and

2. The applicable Pricing Plan, the estimated gas costs for the Plan year, and applicable taxes.

C. The Company shall provide the Customer with a concise explanation of how the levelized billing estimate was developed, the impact of levelized billing on a Customer's monthly bill, and the Company's right to adjust the Customer's billing for any variation between the Company's estimated billing and actual billing.

D. The Plan's monthly payment shall be determined as follows: Settlement month will be the Customer's anniversary date, twelve (12) months from the time the Customer is set up on the Budget Billing Payment Plan. The Company reserves the right to adjust the remaining monthly Plan semi-annually to reduce the likelihood of an excessive debt or credit balance in rates due to dramatic PGA increases or PGA surcharges.

1. The Company reserves the right to adjust the remaining monthly Plan payments of any Customer at any time if the Company's estimate of the Customer's usage and/or cost varies significantly from the Customer's actual usage and/or cost. Such review may also be initiated by the Customer. Any change resulting from such a review will be effective on a subsequent bill and no further notice is required.

2. The Customer shall continue to pay the monthly Plan payment amount each month, notwithstanding the current gas service charge shown on the bill.

3. Any other charges incurred by the Customer shall be paid monthly when due in addition to the monthly Plan payment.

4. Interest will not be charged the Customer on accrued debit balances nor paid by the Company on accrued credit balances.

5. Any amount due the Company will be settled and paid at the time a Customer, for any reason, ceases to be a participant in the Plan. If an amount due to the Customer exceeds fifty dollars ($50.00), the Customer has the option to receive a bill credit or a refund; otherwise the credit will remain as a bill credit.

SECTION NO. 13
BUDGET BILLING PAYMENT PLAN
(continued)

6. Any Customer's participation in the Plan may be discontinued by the Company if the monthly Plan payment has not been paid on or before the billing date of the next monthly Plan payment.

7. If a Customer in the Plan shall cease, for any reason, to participate in the Plan, then the Company may refuse that Customer's re-entry in the Plan until the following August or for six (6) months, whichever is longer.

8. For those Customers being billed under the Plan, the Company shall show, at a minimum, the following information on the Customer's monthly bill:

    a. Actual consumption;

    b. Amount due for actual consumption;

    c. Levelized billing amount due; and

    d. Accumulated variation in actual versus levelized billing amount.

SECTION NO. 14
CURTAILMENT PLAN

A. The Company shall use reasonable diligence in its operations to render continuous service to all its Customers other than those Customers served under Pricing Plans expressly permitting interruptions of service for peak shaving purposes. If for any reason, however, the Company is unable to supply the demand for gas in any one or more of its systems, interruptions or curtailments of service shall be made in accordance with the provisions of this section. The Company shall not be liable for damages because of the operation of this section.

B. Applicability

1. The order of curtailment shall be in inverse order of the curtailment priorities set forth in Subsection C below.

2. Curtailment priorities shall apply to both sales and transportation Customers.

3. Customers being served under a discounted transportation or sales rate schedule shall be curtailed first. Customers paying the least will be curtailed first within an affected priority.

4. Each priority shall be curtailed in full before the next priority in order is curtailed.

5. When Priority 1 Customers would be curtailed due to system supply failure (either upstream capacity or supply failure), the Company is authorized to "preempt" deliveries of lower priority transportation Customers' gas and divert such supplies to the otherwise affected Priority 1 Customers. Affected transportation Customers will be curtailed to the same extent as sales Customers of the same priority. Such transportation Customers will be compensated for the preemption of their gas supply by either crediting the Customer's account with a like quantity of gas for use on a subsequent gas day, or by providing a cash payment or credit to the Customer's bill at the cost of gas per unit paid by the Customer. If the gas supply of an alternate fuel-capable transportation Customer is preempted according to this provision, the Company shall provide additional compensation to such Customer for the incremental cost of using the alternate fuel, (the difference between the actual cost of using the alternate fuel and the actual cost of gas paid by the Customer for the preempted gas). Such credit shall be applied to the Company's next scheduled billing after the Customer has furnished adequate proof to the Company concerning alternate fuel costs, replacement volumes, and gas costs.

6. The installation of a cogeneration facility shall not affect the underlying end-use priority of the establishment.

7. Natural gas utilized as compressed natural gas for vehicle fuel shall be classified as a commercial end-use.

SECTION NO. 14
CURTAILMENT PLAN
(continued)

8. Application of curtailment priorities will normally be done on a scheduled basis as part of the daily gas requirement nomination and confirmation routine. Operational emergency curtailment will conform to these priorities to the extent possible and practical.

9. A transportation Customer may be curtailed to the level of actual supply scheduled for that Customer, regardless of end-use priority.

C. Priorities

Priority 1: Residential, small commercial (less than five hundred (500) therms on a peak day), schools, hospitals, police protection, fire protection, sanitation facility, correctional facility, and emergency situation uses.

Priority 2A: Essential agricultural uses as certified by the Secretary of Agriculture.

Priority 2B: Essential industrial process and feedstock uses.

Priority 2C: Large Commercial (five hundred (500) therms or more on a peak day) and storage injection requirements, industrial requirements for plant protection, feedstock, process, ignition and flame stabilization needs not specified in Priority 2B.

Priority 3A: Industrial requirements not specified in Priorities 2, 4, and 5, of less than one thousand (1,000) therms on a peak day.

Priority 3B: All industrial requirements not specified in Priorities 2, 3A, 4, and 5.

Priority 4: Industrial requirements for boiler fuel use at less than thirty thousand (30,000) therms per peak day, but more than fifteen thousand (15,000) therms per peak day, where alternate fuel capabilities can meet such requirements.

Priority 5: Industrial requirements for large volume (thirty thousand (30,000) therms per peak day or more) boiler fuel use where alternate fuel capabilities can meet such requirements.

D. In the event of isolated incidents in order to avoid hazards and protect the public, the Company may temporarily interrupt service to certain Customers without regard to priority or any other Customer classification.

SECTION NO. 14
CURTAILMENT PLAN
(continued)

E. Definitions

1. "Alternate Fuel Capability" – A situation where an alternate fuel can be utilized whether or not the facilities for such use have actually been installed.

2. "Correctional Facility Uses" – A facility, the primary function of which is to house, confine, or otherwise limit the activities of a person who has been assigned to such facilities as punishment by a court of law.

3. "Essential Agricultural Use" – Any use of natural gas which is certified by the Secretary of Agriculture as an "essential agricultural use."

4. "Essential Industrial Process and Feedstock Uses" – Any use of natural gas by an industrial Customer as process gas, or as a feedstock, or gas used for human comfort to protect health and hygiene in an industrial installation.

5. "Feedstock Gas" – Natural gas use for which alternate fuels are not technically feasible, such as in applications requiring precise temperature controls and precise flame characteristics. For the purposes of this definition, propane and other gaseous fuels shall not be considered alternate fuels.

6. "Fire Protection Uses" – Natural gas used by and for the benefit of fire fighting agencies in the performance of their duties.

7. "Flame Stabilization Gas" – Natural gas which is burned by igniters, main gas burners, or warm-up burners for the purpose of maintaining stable combustion of an alternate fuel.

8. "Hospital" – A facility, the primary function of which is delivering medical care to patients who remain at the facility (facility includes nursing and convalescent homes). Outpatient clinics or doctors' offices are not included in this definition.

9. "Ignition Gas" – Natural gas supplied to gas igniters in boilers to light main burners, whether the main burners are operated by gas, oil, or coal.

10. "Industrial Boiler Fuel" – Natural gas used in a boiler as a fuel for the generation of steam or electricity.

11. "Industrial Use" – Natural gas used primarily in a process which creates or changes raw or unfinished materials into another form or product, including electric power generation.

12. "Peak Day" – Maximum daily Customer use as determined by the best practical method available.

SECTION NO. 14
CURTAILMENT PLAN
(continued)

13. "Plant Protection Gas" – Minimum natural gas volumes 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.

14. "Police Protection Uses" – Natural gas used by law enforcement agencies in the performance of their duties.

15. "Process Gas" – Natural gas use for which alternate fuels are not technically feasible, such as in applications requiring precise temperature controls and precise flame characteristics. For the purposes of this definition, propane and other gaseous fuels shall not be considered alternate fuels.

16. "Sanitation Facility Uses" – Natural gas use in a facility where natural gas is used to a) dispose of refuse, or b) protect and maintain the general sanitation requirements of the community at large.

17. "School" – A facility, the primary function of which is to provide instruction to regularly enrolled students in attendance at such facility. Facilities used for both educational and non-educational activities are not included under this definition unless the latter activities are merely incidental to the provision of instruction.

18. "Small Commercial Establishment" – Any establishment (including institutions and local, state, and federal government agencies) engaged primarily in the sale of goods or services where natural gas is used:

    a. in amounts of less than fifty (50) MCF on a peak day; and

    b. for purposes other than those involving manufacturing or electric power generation.

19. "Storage Injection Gas" – Natural gas injected by a distributor into storage for later use.

SECTION NO. 15
RATES AND UNIT MEASUREMENT

A. The rates and charges for gas service shall be those of the Company legally in effect and on file with the ACC.

B. All rates set forth in the Company's Pricing Plans are stated in therms. Unless otherwise provided by special contract, the number of therms delivered to any Customer shall be determined by measuring the volume of gas passing through that Customer's meter during the month to the nearest one hundred (100) cubic feet and applying the procedures of Section 8.H of these Rules and Regulations.

C. The unit of volume for measurement of gas sold shall be one (1) Cubic Foot of gas, as defined in Section 2, Subsection A.13 of these Rules and Regulations. The volume of gas measured shall be rounded to the nearest one hundred (100) cubic feet for any given period.

D. The atmospheric pressure will be the standard atmospheric pressure for the location.

E. The standard serving pressure shall be seven (7) inches of water pressure (four (4) ounces per square inch gauge) above the atmospheric pressure.

F. The standard temperature of sixty (60) degrees Fahrenheit will be used for volume determination unless stated otherwise under special contract. The Company shall retain the right, but shall not be obligated, to install temperature recording or compensating equipment as part of the measuring facilities. When such temperature recording equipment is used, the arithmetic average temperature of the gas each day, during periods of flow only, shall be used in computing the quantity of gas delivered by that day.

G. The Company, at its own option, may elect to serve a Customer at a pressure higher than the standard serving pressure. The Company shall correct such volume to Standard Conditions by the use of compensating equipment or the use of a factor. The Company retains the right to determine the method used for applying such correction. The factor used to correct the measured volume shall be in accordance with American Gas Association Report 3.

H. The therm conversion factor shall be determined each month and shall be the product of the conversion factor and the most recent heating value content available using the weighted average delivered pressure by office. The weighted average delivered pressure is derived monthly using the delivered pressure for each town code served which is reflective of each town code's elevation, weighted by the sales distribution among assigned gas distribution systems within each respective office. Further explained in Section 8.H. of these Rules and Regulations.

SECTION NO. 16
GAS METER TESTING AND MAINTENANCE PLAN

A. General Plan

The Company will annually sample groups of meters to determine the continuing accuracy and performance of the group. Certain safe and proper standards are defined, and meters will remain in service as long as they meet these standards. This program will allow the Company to obtain all the useful service available from a meter until the meter no longer meets prescribed standards. At that time, then it is proper for the meter to be removed, tested, repaired, or retired.

This procedure is for the purpose of testing and controlling the performance of small gas meters that are two hundred fifty (250) CFH or less. The program will identify and remove meters that do not meet the standards of performance described in Subsection D below, and identify and retain in service meters that do meet or exceed the stated standards. Meters are classified into groups, samples of each group are tested annually, and groups are removed from service when they do not meet performance standards.

B. Meter Groups

1. Meters are segregated into groups on the following basis:

   a. Year last repaired or purchased;

   b. Manufacturer;

   c. Diaphragm type (leather or synthetic), when available; and

   d. Geographic district.

2. For meters repaired or purchased in a given year, the groups are established at the beginning of the next year. When a new group being established is found to contain less than one thousand (1,000) meters, this group may be combined with another group having meters of the same or similar operating characteristics. An existing group may be divided into two or more groups, if experience characteristics of part of the group are sufficiently different from the remainder of the group to warrant separate sampling of the parts.

C. Sampling

A representative random sample is selected from each group of meters. The samples are used in determining the performance of each group of meters each year. If the initial order for meter removals does not produce an adequate sample, additional meters are drawn on a random basis. These meters are combined with the original sample for determining acceptability of the group. Samples are taken annually from all groups that have been in service for ten years or longer.

SECTION NO. 16
GAS METER TESTING AND MAINTENANCE PLAN
(continued)

D. Performance Standard

The criteria for acceptability for a group to remain in service are:

1. No more than ten percent (10%) of the meters tested in the group are more than three percent (3%) fast.

2. At least eighty percent (80%) of the meters tested in the group are within +/- three percent (3%) of zero error. This results in a condition wherein a minimum of ninety percent (90%) of the meters remaining in service are either within +/- three percent (3%) or are more than three percent (3%) slow and in the Customer's favor.

E. Records

The test results for each group are kept in appropriate records that indicate the number of meters in the sample versus the test results, expressed as a percent.

F. Removal of Groups

1. A test result falling on or above the prescribed standards is satisfactory and the groups will remain in service.

2. A test falling below the prescribed standards is not satisfactory and the group will be removed from service.

3. The Company, for its convenience, may remove a group (or part of a group) even though the group meets the requirements for remaining in service.

SECTION NO. 16
GAS METER TESTING AND MAINTENANCE PLAN
(continued)

G. Annual Reports

A report of the meter performance control program will be filed annually with the ACC, which will contain the following:

1. A description of each group, showing its identification, size and composition;

2. A list of the total number of meters tested, at Company initiative or upon Customer request;

3. A detailed list of the performance results of each group, showing the number of meters in the group, the number of meters removed during the year, the number of meters not tested (dead, non-registering, damaged, etc.), the number or meters tested, the number of meters slow - minus three percent (-3%), the number of meters accurate, the percent of meters accurate, the number of meters fast - plus three percent (+3%), and the percent of meters fast;

4. A summary of results for each year of service; and

5. A summary or the overall results.

ATTACHMENT

"B"

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SECTION NO. 3
ESTABLISHMENT OF SERVICE

A. Information From Applicants

1. The Company may obtain the following minimum information from each Applicant:

   a. Name or names of Applicant(s);

   b. Service address or location and telephone number;

   c. Billing address or location and telephone number, if different than service address;

   d. Address where service was provided previously;

   e. Date Applicant will be ready for service;

   f. Indication of whether premises have been supplied with gas service previously;

   g. Purpose for which service is to be used;

   h. Indication of whether Applicant is owner or tenant of or agent for, the premises;

   i. Information concerning the gas usage and demand requirements of the Customer; and

   j. Type and kind of life-support equipment, if any, used by the Customer.

2. The Company may require a new Applicant for service to appear at the Company's designated place of business to produce proof of identity and sign the Company's application form.

3. Where service is requested by two or more individuals, the Company shall have the right to collect the full amount owed to the Company from any one of the Applicants.

4. An Applicant for gas service to new construction or a new extension shall complete the following Company forms:

   a. New Service Application~~; and~~

   ~~b.Excess Flow Valve Customer Notification (applies to Residential only).~~

The Customer is responsible for completing and returning the Application~~both~~ forms. Failure on the part of the Customer to provide a completed forms shall be grounds for the Company to delay or refuse service. For the purpose of this Rule, the definition of new construction/extension is where there is a need to run a new service line or install new gas facilities to a property that has never had prior natural gas service.

SECTION NO. 6
SERVICE LINES AND ESTABLISHMENTS
(continued)

3. Easements and Right-of-Way

Each Customer shall grant, at no cost to the Company, an adequate easement and right-of-way, satisfactory to the Company to ensure proper service connection. Failure on the part of the Customer to grant an adequate easement and right-of-way shall be grounds for the Company to refuse service.

4. Unauthorized work or facilities

When the Company discovers that a Customer or the Customer's Agent has performed work or has constructed facilities that has altered the installation of the Company's facilities to the point that work is necessary to restore the previously installed Company facilities to meet regulatory or Company requirements, the Company shall notify the Customer or the Customer's Agent and the Company shall take whatever actions are necessary to eliminate the hazard or violation at the Customer's expense.

5. Point of Delivery

The Point of Delivery for all gas delivered to any Customer shall be at the point of interconnection between the facilities of the Company and those of the Customer.

6. Excess Flow Valve Installation

In accordance with Title 49, Section 192.381 of the Code of Federal Regulations and requirements set forth in HR5782, the installation of an Excess Flow Valve ("EFV") shall be performed by the Company on each single family residence service line connected to its distribution system if the service line is installed or entirely replaced after June 1, 2008.

a. The Applicant shall provide the Company information concerning the gas usage and demand requirements. The EFV will be designed and constructed so that suitable gas capacity is available and satisfactory to the Company.

b. The Company will construct, own, operate, and maintain the EFV in connection with the service line installation.

c. Costs associated with the mandated installation of the EFV shall be paid by the Applicant as a nonrefundable Contribution in Aid of Construction ("CIAC").

   i. The cost of installation, paid by the Applicant, shall be the average actual cost of installation, calculated and averaged annually by the Company.

d. Where it is necessary to change or alter the EFV, due to a request or alteration of the Customer's premise by the Customer, the Customer shall reimburse the Company for all expenses in connection with upgrading or removing the EFV.

e. The Company shall pay for all costs associated with replacement or maintenance of the EFV in connection with a line replacement or maintenance project.

SECTION NO. 7
EXTENSION OF LINES
(continued)

~~14.Excess Flow Valve Installation Option~~

~~In accordance with Title 49, Section 192.383 of the Code of Federal Regulations, the installation of an excess flow valve, as defined in Rule No. 1, shall be performed by the Company on a new or replaced single residence service line at the request of a Customer. The installation of an excess flow valve for new service installations will be mandatory starting July 2008. If a Customer elects this installation, the Company shall perform the installation subject to the Customer assuming responsibility for all costs associated with installation, maintenance and replacement. Each Customer requesting the installation of an excess flow valve will be required to execute a written agreement.~~

~~15.~~14. Exceptional Cases

In unusual circumstances, when the application of this rule appears impractical or unjust to either party, the Company or the Applicant may refer the matter to the ACC for special ruling or for the approval of special conditions which may be mutually agreed upon, prior to commencing construction.

~~16.~~15. Taxes Associated with Nonrefundable Contributions and Advances

Any federal, state or local income taxes resulting from a nonrefundable contribution or advance by the Customer in compliance with this rule will be recorded as a deferred tax and appropriately reflected in the Company's rate base. However, if the estimated cost of facilities for any service line or distribution main extension exceeds $500,000, the Company may require the Applicant to include in the contribution or advance an amount (the "gross up amount") equal to the estimated federal, state or local income tax liability of the Company resulting from the contribution or advance, computed as follows:

$$\text{Gross Up Amount} = \frac{\text{Estimated Construction Cost}}{(1 - \text{Combined Federal-State-Local Income Tax Rate})}$$

After the Company's tax returns are completed, and actual tax liability is known, to the extent that the computed gross up amount exceeds the actual tax liability resulting from the contribution or advance, the Company shall refund to the Applicant an amount equal to such excess. When a gross-up amount is to be obtained in connection with an extension agreement, the contract will state the tax rate used to compute the gross up amount, and will also disclose the gross-up amount separately from the estimated cost of facilities. In subsequent years, as tax depreciation deductions are taken by the Company on its tax returns for the constructed assets with tax bases that have been grossed-up, a refund will be made to the Applicant in an amount equal to the related tax benefit. Such refunds will be in addition to any required refunds of actual construction costs required by the extension agreement. In lieu of scheduling such refunds over the remaining tax life of the constructed assets, a reduced lump sum refund may be made at the time when actual construction costs are refunded in full. This lump sum payment shall reflect the net present value of remaining tax depreciation deductions discounted at the Company's authorized rate of return.