

Nebraska Tariff No. 1

Schedule of Rates
For
Natural Gas Service
Available
In The Entire Territory Served By
Black Hills Energy
In The State of Nebraska



Communications Concerning Tariffs Should Be Addressed to:

Regulatory Affairs
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SHEET RESERVED FOR FUTURE USE

PRELIMINARY STATEMENT

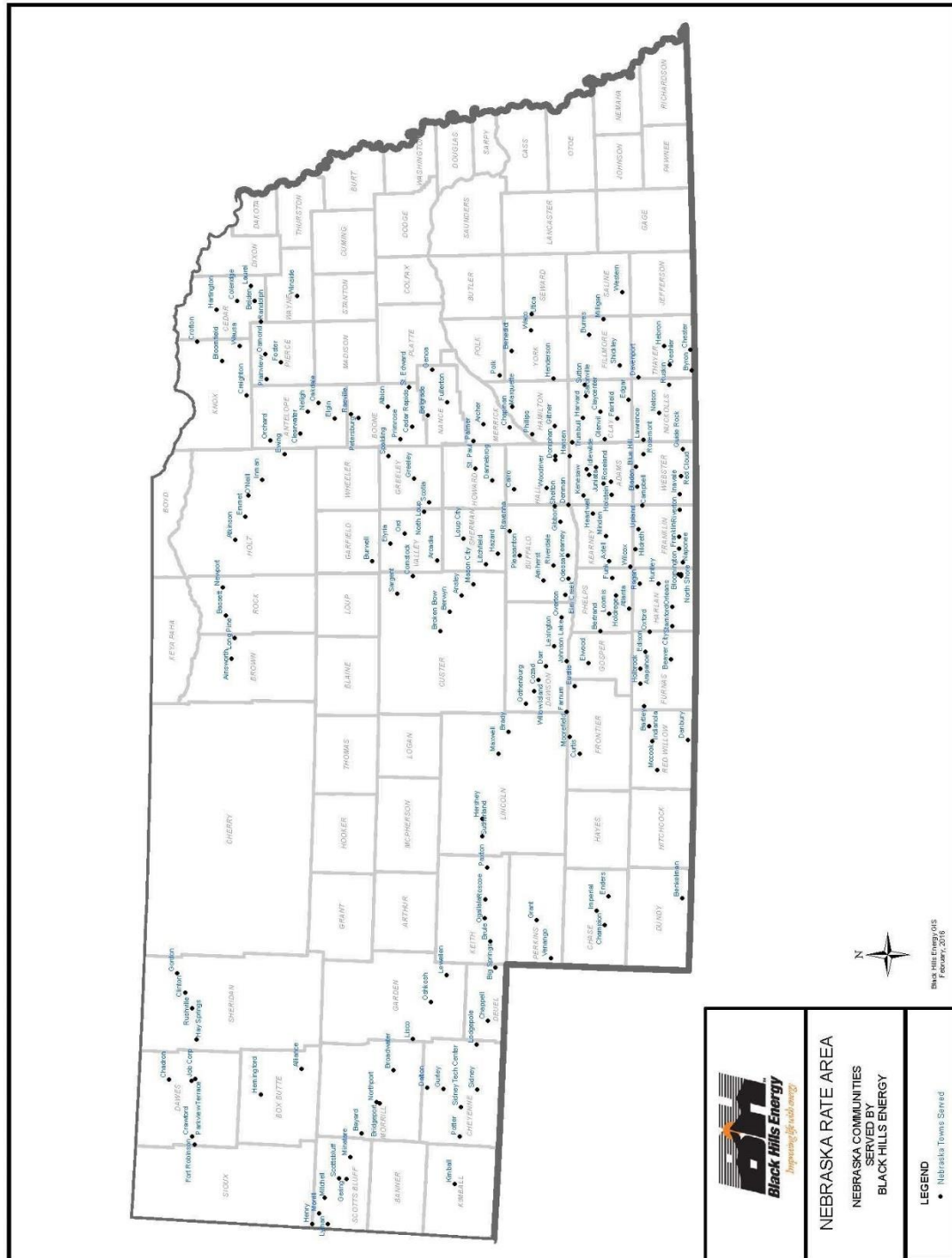
This Tariff contains the Rate Schedules, Schedule of Rates and Other Charges, and General Terms and Conditions applicable to the jurisdictional sales and Choice Gas Program services rendered by the Company in its Nebraska service area.

LIST OF COMMUNITIES SERVED

Ainsworth	Crawford	Holbrook	Overton
Albion	Creighton	Holdrege	Oxford
Alliance	Crofton	Holstein	Palmer
Amherst	Curtis	Huntley	Paxton
Ansley	Dalton	Imperial	Petersburg
Arapahoe	Danbury	Inavale*	Phillips
Arcadia	Dannebrog	Indianola	Plainview
Archer*	Darr*	Inman	Pleasanton
Atlanta	Davenport	Juniata	Polk
Assumption*	Deshler	Kearney	Potter
Atkinson	Doniphan	Keene*	Primrose
Axtell	Edgar	Kenesaw	Raeville*
Bartley	Edison	Kimball	Ragan
Bassett	Elgin	Laurel	Randolph
Bayard	Elm Creek	Lawrence	Ravenna
Beaver City	Elwood	Lewellen	Red Cloud
Belden	Elyria	Lexington	Republican City
Belgrade	Emmet	Lisco*	Riverdale
Benedict	Enders*	Litchfield	Riverton
Benkelman	Eustis	Lodgepole	Roscoe*
Bertrand	Ewing	Long Pine	Roseland
Berwyn	Fairfield	Loomis	Rosemont*
Big Springs	Farnam	Loup City	Rushville
Bladen	Foster	Lyman	Ruskin
Bloomfield	Franklin	Macon*	Sargent
Bloomington	Fullerton	Marquette	Saronville
Blue Hill	Funk	Mason City	Scotia
Brady	Geneva**	Maxwell	Scottsbluff
Bridgeport	Genoa	McCook	Shelton
Broadwater	Gering	Milligan	Shickley
Broken Bow	Gibbon	Minatare	Sidney
Brule	Giltner	Minden	Spalding
Burwell	Glenvil	Mitchell	St. Edward
Byron	Gordon	Moorefield	St. Paul
Cairo	Gothenburg	Morrill	Stamford
Cambridge	Grant	Naponee	Sutherland
Campbell	Greeley	Neligh	Sutton
Cedar Rapids	Guide Rock	Nelson	Terrytown
Chadron	Gurley	Newport	Trumbull
Champion*	Hartington	North Loup	Upland
Chapman	Harvard	Northport	Utica
Chappell	Hay Springs	O'Neill	Venanago
Chester	Hazard	Oakdale	Waco
Clay Center	Heartwell	Odessa*	Wausa
Clearwater	Hebron	Ogallala	Western
Clinton	Hemingford	Orchard	Wilcox
Coleridge	Henderson	Ord	Willow Island*
Comstock	Henry	Orleans	Winside
Cowles	Hershey	Oshkosh	Wood River
Cozad	Hildreth	Osmond	

* Unincorporated

** Applicable annexed area only.



SCHEDULE OF RATES AND OTHER CHARGES

Rate Schedules CGS and ACGS-NSS

<u>Type of Charge</u>	<u>Non-Gas Base Rate Component</u>	<u>Gas Cost</u>			<u>Total Rate</u>
		<u>Base Rate Component</u>	<u>Surcharge Rate Component 3/</u>	<u>Total Gas Cost</u>	
RESIDENTIAL SERVICE – Minimum Monthly Charge is Equal to the Customer Charge					
Customer Charge 1/, 4/	14.70				14.90
Pipeline Replacement Charge	0.00				0.00
Safety and Integrity Charge	4.15				4.15
<u>Distribution and Commodity Charges, Based on Usage 2/:</u>					
First 20	0.4675	0.0000	0.0481	0.0481	0.5156
Over 20	0.1338	0.0000	0.0481	0.0481	0.1819
SMALL COMMERCIAL SERVICE – Minimum Monthly Charge is Equal to the Customer Charge					
Customer Charge 1/, 4/	22.75				22.95
Pipeline Replacement Charge	0.00				0.00
Safety and Integrity Charge	8.82				8.82
<u>Distribution and Commodity Charges, Based on Usage 2/:</u>					
First 40	0.4675	0.0000	0.0481	0.0481	0.5156
Over 40	0.1338	0.0000	0.0481	0.0481	0.1819
LARGE COMMERCIAL SERVICE – Minimum Monthly Charge is Equal to the Customer Charge					
Customer Charge 1/, 4/	56.15				56.35
Pipeline Replacement Charge	0.00				0.00
Safety and Integrity Charge	60.86				60.86
<u>Distribution and Commodity Charges, Based on Usage 2/:</u>					
First 80	0.4675	0.0000	0.0481	0.0481	0.5156
Over 80	0.1338	0.0000	0.0481	0.0481	0.1819

1/ Total Customer Charge is \$/month and includes a charge for the HEAT program of \$0.20.

2/ Distribution and Commodity Charges are \$/Per Therm.

3/ Rate Component Includes:

1. Contract P-0802 Charge of \$0.0481 per Therm.

4/ In addition to the Customer Charge, an Extra Construction Allowance Charge of \$20.00, \$30.00, \$40.00, or \$50.00 per month will be added to a Customer's bill for premises that avail themselves of the Extra Construction Allowance for the duration of the repayment period and will appear as a separate line item on the Customer's bill.

SCHEDULE OF RATES AND OTHER CHARGES

Rate Schedules ACGS-SS

All Rate Areas

<u>Type of Charge</u>	Non-Gas Base Rate <u>Component</u>	<u>Gas Cost</u>			<u>Total Rate</u>
		<u>Base Rate Component</u>	Surcharge Rate <u>Component 2/</u>	<u>Total Gas Cost</u>	
<u>Distribution and Gas Supply Cost Adjustment Charges, Based on Usage 1/:</u>					
Minimum Charge	0.0010	0.0000	0.0481	0.0481	0.0491
Maximum Charge	0.5000	0.0000	0.0481	0.0481	0.5481

1/ Distribution and GSCA Charges are \$/per Therm.

2/ Rate Component Includes:

1. Contract P-0802 Charge of \$0.0481 per Therm.

SCHEDULE OF RATES AND OTHER CHARGES

Other Charges and Fees

Additional Facilities Charge:	As determined by the Company pursuant to Section 8, Additional Facilities, of the General Terms and Conditions, and included in the Facilities Agreement executed by the Company and the Customer(s).
After Hours and Holiday Call-Out Charge:	A charge equal to one-hundred percent (100%) of the applicable hourly rate(s) established by the Company for service calls occurring after normal working hours, and on holidays.
Bill Collection Charge:	A charge equal to fifty percent (50%) of the Company's standard hourly service charge.
Connection Charge:	A charge equal to sixty percent (60%) of the Company's standard hourly service charge.
Customer Deposits:	As determined by the Company pursuant to Section 5, Customer Deposits, of the General Terms and Conditions.
Customer Meter Test Request:	A charge equal to two-hundred (200%) of the Company's standard hourly service charge.
Excess Flow Valve Charge:	As determined by the Company pursuant to Section 37, Excess Flow Valves, of the General Terms and Conditions.
Facilities Relocation Charge:	As determined by the Company pursuant to Section 27, Relocation of Facilities, of the General Terms and Conditions.
Insufficient Funds Check Charge:	A charge equal to the maximum charge allowed by law.

SCHEDULE OF RATES AND OTHER CHARGES

Other Charges and Fees (cont.)

Late Payment Charges:	A monthly charge equal to: five percent (5%) on the first \$20.00 of the delinquent amount outstanding, plus two percent (2%) on the excess of the delinquent amount outstanding over \$20.00.
Missed Appointment Charge:	A charge equal to fifty percent (50%) of the Company's standard hourly service charge.
Service Disconnection Charge:	A charge equal to fifty percent (50%) of the Company's standard hourly service charge.
Service Reconnection Charge:	A charge equal to 100% of the Company's standard hourly service charge.

SCHEDULE OF RATES AND OTHER CHARGES

	<u>Administration 1/</u>	<u>Bad Debt 2/</u>	<u>Total 3/</u>
Supplier Fee	\$1.094	\$0.119	\$1.213

1/ This is a fixed fee, per month, per customer billed for each supplier in the Residential and Commercial Choice Gas Program.

2/ The Bad Debt cost portion of the Supplier Fee shall be determined by dividing the total Residential and Commercial Choice Gas Program supplier commodity bad debt write-offs debited to Account No. 144, Accumulated Provision for Uncollectible Accounts during the prior calendar year, by the number of customers billed. The change in this portion of the fee shall be filed with the Commission for their approval by February 15 of each year.

3/ This fee is charged to each Residential and Commercial Choice Gas Program participating supplier each month based on the number of customers billed for that supplier.

SYSTEM SAFETY AND INTEGRITY RIDER (“SSIR”)

1. SYSTEM SAFETY AND INTEGRITY RIDER (“SSIR”)

1.1 APPLICABILITY. Residential Service, Small Commercial Service and Large Commercial Service under Rate Schedules CGS (Choice Gas Service) and ACGS-NSS (Agricultural Choice Gas Service – Non-Seasonal Service) are subject to this SSIR designed to collect Eligible System Safety and Integrity Costs, as defined herein. As set forth in Section 1.2 and 1.6 of this SSIR, the System Safety and Integrity Rider Charge shall be subject to annual changes to be effective on February 1 of each year. The System Safety and Integrity Rider Charge to be applied to each Rate Schedule is set forth on the Schedule of Rates and Other Charges, Sheet No. 7 of this Tariff.

1.2 ANNUAL APPLICATION AND QUARTERLY SURVEILLANCE FILINGS.

A. Each proposed revision in the System Safety and Integrity Rider Charge shall be accomplished by filing an application by October 1 of each year to take effect on the following February 1 (the “Annual Application”). The Annual Application shall contain the following items:

- i. Pertinent information and supporting data related to Eligible System Safety and Integrity Costs, including, at a minimum, Project description and scope, Project costs and projected in-service dates for the Projects budgeted to be completed in the upcoming calendar year.
- ii. Details of the Project costs incurred during the previous calendar year including an explanation of how the Project costs were managed and any deviations between budgeted and actual costs.
- iii. The calculation of the SSIR True-Up Amount, if any.
- iv. The calculation of the Deferred SSIR Balance, if any.

SYSTEM SAFETY AND INTEGRITY RIDER ("SSIR")

A. The Public Advocate shall conduct an examination of the Annual Application. The Public Advocate shall cause an examination to be made of the Annual Application to confirm that the underlying actual and projected Eligible System Safety and Integrity Costs ("SSIR revenue requirement") are in accordance with this SSIR Tariff and to confirm proper calculation of the SSIR True-Up Amount and the Deferred SSIR Balance. The Commission shall require a report regarding such examination to be prepared and filed by the Public Advocate with the Commission not later than sixty days after the Annual Application is filed. No other revenue requirement or ratemaking issue shall be examined in consideration of the Annual Application unless the consideration of such affects the determination of the validity of the System Safety and Integrity Rider Charge.

B. The Commission shall hold a hearing on the Annual Application at which the Public Advocate shall present his or her report and shall act as trial staff before the Commission. The Commission shall issue an order to become effective not later than one hundred twenty days after the Annual Application is filed. If the Commission finds that the Annual Application complies with the requirements of this SSIR Tariff, the Commission shall enter an order authorizing the Company to collect the proposed System Safety and Integrity Rider Charge, including any SSIR True-Up Amount and any Deferred SSIR Balance, effective on February 1 of that year.

C. The Company shall make quarterly surveillance filings within sixty days of the end of each calendar quarter. Such filings shall include calculations of the rate base separated into regular and SSIR components, the realized rates of return on the rate base components, along with supporting calculations. Additionally, the filing shall include an update regarding the status of the current calendar year's SSIR Project costs, projected in-service dates, and the expected schedule over the remainder of the calendar year.

SYSTEM SAFETY AND INTEGRITY RIDER (“SSIR”)

1.3 DEFINITIONS.

A. “Deferred SSIR Balance” shall be equal to the balance, positive or negative, of SSIR revenues at the end of a particular calendar year less the Eligible System Safety and Integrity Costs as projected by the Company for that particular calendar year, plus monthly interest calculated on that balance at a rate equal to the then current rate of interest on pipeline refunds established by the Federal Energy Regulatory Commission.

B. “Eligible System Safety and Integrity Costs” shall mean (1) a return, at a percentage equal to the Company’s currently authorized weighted average cost of capital grossed up for taxes, on the projected increase in the jurisdictional component of the month ending net plant in-service balances associated with the Projects for the particular calendar year in which the System Safety and Integrity Rider Charge shall be in effect, exclusive of all plant in-service included in the determination of the revenue requirements approved in the Company’s last general rate case; (2) the plant-related ownership costs associated with such incremental plant investment, including depreciation, accumulated deferred income taxes, and all taxes including income taxes and property taxes; and (3) the projected jurisdictional component of the operation and maintenance expenses related to the Projects for the particular calendar year in which the System Safety and Integrity Rider Charge shall be in effect. The return and income taxes and plant related costs associated with improvements or upgrades to facilities, made at the discretion of the Company to extend service or for future growth that is not specifically required by a statute or regulation, shall be excluded from Eligible System Safety and Integrity Costs.

SYSTEM SAFETY AND INTEGRITY RIDER (“SSIR”)

C. “System Safety and Integrity Projects” (“Projects”) shall mean one or more of the following:

- i. Projects to comply with Code of Federal Regulations Title 49 (Transportation), Part 192 (Transportation of Natural and Other Gas by Pipeline: Minimum Federal Safety Standards), Subpart O (Gas Transmission Pipeline Integrity Management), including Projects in accordance with the Company’s transmission integrity management program (“TIMP”) and Projects in accordance with State enforcement of Subpart O and the Company’s TIMP;
- ii. Projects to comply with Code of Federal Regulations Title 49 (Transportation), Part 192 (Transportation of Natural and Other Gas by Pipeline: Minimum Federal Safety Standards), Subpart P (Gas Distribution Pipeline Integrity Management), including Projects in accordance with the Company’s distribution integrity management program (“DIMP”) and Projects in accordance with State enforcement of Subpart P and the Company’s DIMP;
- iii. Projects to comply with final rules and regulations of the U.S. Department of Transportation’s Pipeline and Hazardous Materials Safety Administration that become effective on or after the filing date of the Application requesting approval of this SSIR; and
- iv. Facility relocation projects with a per-Project total cost of \$20,000 or more, exclusive of all costs that have been, are being, or will be reimbursed otherwise, that are required due to construction or improvement of a highway, road, street, public way or other public work by or on behalf of the United States, the State of Nebraska, a political subdivision of the State of Nebraska or another entity having the power of eminent domain.

Projects shall be analyzed based upon objective criteria, such as, but not limited to: specific regulatory requirements, threat assessment, corrosion control analysis, pipeline vintage, pipeline material, pipeline design and class location, pipeline configuration and segmentation, pipeline system constraints, pipeline replacement history, population density, pipeline maintenance and internal inspection history, pipeline piggability, existence and reliability of pipeline asset and testing records, pipeline leakage and other incident history, subject matter expert knowledge, Project timeframe, weather and climate constraints on the construction season, permitting constraints, probability of pipeline testing failures and dewatering constraints, service outage management, and pipeline source of supply and availability of alternate gas supply. As part of its analysis, the Company shall identify and describe the proposed Projects that are for high-risk gas infrastructure by providing its risk assessment for each such Project including, if applicable, the probability of failure, the consequences of failure for the Project and how it prioritized the Project for which it seeks recovery.

SYSTEM SAFETY AND INTEGRITY RIDER (“SSIR”)

D. “SSIR True-Up Amount” shall be equal to the difference, positive or negative, between the Eligible System Safety and Integrity Costs as projected for a particular calendar year and the actual Eligible System Safety and Integrity Costs incurred by the Company for that particular calendar year, plus monthly interest calculated on that difference at a rate equal to the then current rate of interest on pipeline refunds established by the Federal Energy Regulatory Commission.

1.4 SSIR ADJUSTMENT CALCULATION

A. The System Safety and Integrity Rider Charge shall be equal to the Eligible System Safety and Integrity Costs, plus or minus the SSIR True-Up Amount, plus or minus the Deferred SSIR Balance, multiplied by the customer class allocation basis authorized by the Commission to determine the class cost of service in the Company’s most recent general rate case, divided by the applicable number of bills for the particular customer class, as follows:

$$\text{System Safety and Integrity Rider Charge} = ((A \pm B \pm C) * D) / E$$

Where:

A = Eligible System Safety and Integrity Costs

B = SSIR True-Up Amount

C = Deferred SSIR Balance

D = Customer class allocation basis authorized by the Commission to determine the class cost of service in the Company’s most recent general rate case

E = Applicable number of bills for the particular customer class

B. The calculated rate shall be an adjustment to the Customer Charge applicable to the Company’s Residential Service, Small Commercial Service and Large Commercial Service under Rate Schedule CGS (Choice Gas Service) and ACGS-NSS (Agricultural Choice Gas Service – Non-Seasonal Service).

SYSTEM SAFETY AND INTEGRITY RIDER ("SSIR")

- 1.5 SSIR ADJUSTMENT WITH CHANGES IN BASE RATES. Whenever the Company implements changes in base rates as a result of a final Commission order in a general rate case setting new rates based on approved revenue requirements, the Company shall simultaneously adjust the SSIR to remove all costs that have been included in base rates.
- 1.6 The Company shall not make effective any revision to the System Safety and Integrity Rider Charge that includes the addition of new SSIR Projects not previously recovered through the SSIR Charge if the Company has not had a general rate proceeding decided or dismissed by issuance of a Commission order within sixty months immediately preceding the date upon which the revision to the System Safety and Integrity Rider Charge otherwise would take effect. The Company shall continue to make annual revisions to the SSIR Charge to reflect appropriate true-ups and adjustments to the calculations, consistent with the other provisions contained in the System Safety and Integrity Rider Tariff, for each year that the Company is allowed to collect the SSIR Charge.

The Company may continue to collect a System Safety and Integrity Rider Charge until (a) the effective date of interim rates after the Company files an application for a general rate proceeding and requests to consolidate its Black Hills/Nebraska Gas Utility Company, LLC and Black Hills Gas Distribution, LLC, (b) the effective date of interim rates if Black Hills Gas Distribution, LLC solely files an application for a general rate proceeding, or (c) December 31, 2020, whichever is earliest.

RATE SCHEDULE
SS SALES
SERVICE

1. AVAILABILITY

This Rate Schedule is available through May 31, 2004 to all jurisdictional customers located within the corporate boundaries of incorporated Nebraska communities that have not adopted ordinances implementing the Choice Gas Program. Effective June 1, 2004, all such jurisdictional customers shall be transferred to Rate Schedule CGS. This Rate Schedule shall be available at any time after June 1, 2004 in the event that the Company terminates its Rate Schedule CGS, its Rate Schedule ACGS-SS or its Rate Schedule ACGS-NSS. Company retains the right to terminate the availability of this rate schedule upon giving ninety (90) days prior written notice to customers and the PSC.

2. APPLICABILITY

This Rate Schedule is applicable to jurisdictional residential and commercial service.

3. DESCRIPTION OF SERVICE

This Rate Schedule offers jurisdictional customers served hereunder a bundled sales service.

4. REQUEST FOR SERVICE

Requests for service shall be made in accordance with the General Terms and Conditions of this Tariff. By requesting service, and by accepting such service once initiated, the Customer agrees to abide by, and shall be obligated to comply with, all of the applicable provisions of this Tariff, including the applicable Schedule of Rates and Other Charges, Rate Schedules, and General Terms and Conditions, as amended from time-to-time, as a condition of service.

5. MONTHLY BILL

- 5.1 The applicable rates for this service are set forth in the Schedule of Rates and Other Charges of this Tariff. Except with respect to rates negotiated under Section 12, Negotiated Rates, of the General Terms and Conditions, each applicable unit rate under this Rate Schedule shall be a rate not in excess of the maximum unit rate(s) set forth in the Schedule of Rates applicable to this Rate Schedule. Company shall be permitted to discount rates to Customers and to negotiate rates with Customers as permitted by the State Natural Gas Regulation Act. Company also shall be permitted to offer its WinterGuard® rate to Customers.

RATE SCHEDULE SS
SALES SERVICE

5.2 Except as provided in paragraph 5.1 of this Rate Schedule, commencing for the month in which service begins under this Rate Schedule and each month thereafter, Company shall charge and Customer shall pay Company the following charges and fees, as the same may be amended from time-to-time:

C. Customer Charge. As set forth in the Schedule of Rates and Other Charges applicable to this Rate Schedule. This charge is billed to each Customer as a flat fee per month, and does not vary with Gas usage.

D. Distribution Charge. As set forth in the Schedule of Rates and Other Charges applicable to this Rate Schedule under the heading Non-Gas Base Rate Component. This charge equals the distribution charge multiplied by billed usage.

E. Commodity Charge. As set forth in the Schedule of Rates and Other Charges applicable to this Rate Schedule under the heading Total Gas Cost. The commodity charge is equal to the rate calculated under Section 6, Gas Supply Cost Adjustment (SS), of the General Terms and Conditions of this Tariff, multiplied by billed usage.

F. Franchise Fee. Franchise fees or charges imposed by any municipality will be charged only to residential and non- industrial, commercial customers receiving service under this Rate Schedule in such municipality. The appropriate franchise amount shall be set forth as a separate item on that Customer's bill.

G. Other Charges and Fees. In addition to the above charges and fees, any other charges and fees permitted by this Tariff, by PSC order, or by law or regulation may be applied to the Customer's bill, as applicable.

6. APPLICABLE TARIFF PROVISIONS

The applicable provisions of this Tariff, including the Schedule of Rates and Other Charges and the General Terms and Conditions, as revised from time-to-time, are hereby made a part of this Rate Schedule. To the extent that the General Terms and Conditions are inconsistent with the provisions of this Rate Schedule, the provisions of this Rate Schedule shall govern.

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RATE SCHEDULE CGS
CHOICE GAS SERVICE

1. AVAILABILITY

This Rate Schedule is available to all Nebraska jurisdictional residential and commercial Customers served by the Company. Company retains the right to terminate the availability of this Rate Schedule effective with its June billing cycle upon giving ninety (90) days prior written notice to affected Suppliers and Customers and to the PSC.

2. APPLICABILITY

Applicable to residential and commercial service.

3. DESCRIPTION OF SERVICE

The Choice Gas Program provides participating customers the opportunity to select their own gas Suppliers from a pool of qualified competing gas Suppliers. The Customer selects a gas Supplier and notifies the Company of its choice. The Company temporarily releases to such gas Suppliers an amount of firm transportation and no-notice Capacity on the Upstream Pipeline system which will be used by the supplier for the purposes of providing delivery of Customer's gas supply to the Company's system. The Company may retain an amount of firm transportation and no-notice service on the upstream pipeline for backup or emergency use, and recover the cost of such service as provided hereunder. Company agrees to receive from each gas Supplier natural gas for the account of Customer at the Receipt Point(s) and to transport across its system and deliver such volumes of gas, less Retention Quantity, to Customer at the Delivery Point(s).

4. REQUEST FOR SERVICE

Requests for service shall be made in accordance with the General Terms and Conditions of this Tariff. By requesting service, and by accepting such service once initiated, the Customer agrees to abide by, and shall be obligated to comply with, all of the applicable provisions of this Tariff, including the applicable Schedule of Rates and Other Charges, Rate Schedules, and General Terms and Conditions, as amended from time-to-time, as a condition of service.

5. CHOICE GAS PROGRAM RULES

- 5.1 Service under this rate schedule runs in one-year cycles, from the June billing cycle of one year through the May billing cycle of the succeeding year.

RATE SCHEDULE CGS

CHOICE GAS SERVICE

- 5.2 Customers must choose their supplier from a pool of qualified Suppliers. Such qualifications are set forth in the Supplier participation agreement executed by the Supplier as a prerequisite to participating as a Supplier under this Rate Schedule. Except for Customers that have subscribed to multi-year supply arrangements as permitted under paragraph 8.6 of this rate schedule, Customers may change their Supplier selection once every twelve months effective at the beginning of the twelve- month program year commencing with the June bill cycle. If the Company does not receive from any Customer, during a selection period applicable to the Customer, a properly completed selection form or other available supplier selection medium that reasonably can be interpreted as to the selection made, such Customer will be served as a default customer during the upcoming twelve-month service period.
- 5.3 Company will provide Customer lists to Suppliers containing customer names, mailing addresses, telephone numbers, and usage history, by month, for the preceding calendar year; provided, that Suppliers treat the information as confidential, only use such information for purposes directly related to the Choice Gas Program and are expressly prohibited from selling such lists, or otherwise disclosing information from the Customer list to any other person or business entity for any purpose other than marketing of the Choice Gas Program. Company may require Suppliers to sign an agreement protecting the confidentiality of Customer information disclosed under the Choice Gas Program. Information regarding new Customers during the program year will be provided to all Suppliers within five (5) business days of the Company putting the new Customer information into the Company's computer system.
- 5.4 Absent force majeure, Interruption or Curtailment circumstances, for purposes of billing and allocation of volumes at the Company's custody transfer points with the Upstream Pipeline, Section 13 of this Rate Schedule shall apply. Company shall hold firm transportation and no-notice service on the Upstream Pipeline system, which will be temporarily released to and used by the Customer's Supplier for the purpose of providing delivery of Customer's supply to the Company's system.
- 5.5 The Supplier Commodity Charge will be remitted by the Company to the Customer's selected gas Supplier.

6. BILLING AND RATES

- 6.1 The applicable rates for this service are set forth in the Schedule of Rates and Other Charges of this Tariff. Except with respect to rates negotiated under Section 12, Negotiated Rates, of the General Terms and Conditions, each applicable unit rate under this Rate Schedule shall be a rate not in excess of the maximum unit rate(s) set forth in the Schedule of Rates applicable to this Rate Schedule. Company shall be permitted to discount rates to Customers and to negotiate rates with Customers as permitted by the State Natural Gas Regulation Act.

RATE SCHEDULE CGS

CHOICE GAS SERVICE

- 6.2 Monthly Bill. Except as provided in paragraph 6.1 of this Rate Schedule, commencing with the month in which service begins under this Rate Schedule and each month thereafter, Company shall charge and Customer shall pay Company the following charges and fees, as the same may be amended from time-to-time:
- A. Customer Charge. As set forth in the Schedule of Rates and Other Charges applicable to this Rate Schedule. This charge is billed to each customer as a flat fee per month, and does not vary with gas usage.
 - B. Distribution Charge. As set forth in the Schedule of Rates and Other Charges applicable to this Rate Schedule under the heading Non-Gas Base Rate Component. This charge equals the distribution charge multiplied by billed usage.
 - C. Gas Supply Cost Adjustment Charge (CGS). As set forth in the Schedule of Rates applicable to this Rate Schedule under the heading Total Gas Cost. The Gas Supply Cost Adjustment Charge is equal to the rate calculated under Section 7, Gas Supply Cost Adjustment (CGS), of the General Terms and Conditions of this Tariff, multiplied by billed usage.
 - D. Supplier Commodity Charge. This charge equals the applicable rate agreed to by the Customer and its Supplier, and communicated to the Company as prescribed in this rate schedule, multiplied by billed usage. The applicable rate may be changed by agreement of the Customer and its Supplier; provided that the change will not become effective until it is communicated to the Company and reflected in the account information for said Customer. This rate includes, but is not limited to, the cost of Natural Gas and Upstream Pipeline services. The rates charged by Suppliers are established in the competitive free market and are not listed in the Schedule of Rates and Other Charges of this Tariff.
 - E. Franchise Fee. Franchise fees or charges imposed by any municipality will be charged only to residential and non-industrial, commercial Customers receiving service under this Rate Schedule in such municipality. The appropriate franchise amount shall be set forth as a separate item on that Customer's bill.
 - F. Other Charges and Fees. In addition to the above charges and fees, any other charges and fees permitted by this Tariff, by PSC order, or by law or regulation may be applied to the Customer's bill, as applicable.
- 6.3 Notwithstanding any provision of this Section 6, a Supplier may offer a fixed bill pricing option to Customers under which the Customer is billed a fixed monthly amount by the Company and the Supplier pays the Company for all applicable charges that otherwise would have been billed directly to the Customer under this Section.

RATE SCHEDULE CGS
CHOICE GAS SERVICE

7. SUPPLIER QUALIFICATIONS

As a prerequisite to participating in the Choice Gas Program as a qualified Supplier, each Supplier must (a) receive the certification required under the State Natural Gas Regulation Act, and (b) execute, on an annual basis, a Supplier participation agreement in the form tendered by the Company. The conditions for Supplier participation are governed by such Supplier participation agreement. Company may be a Supplier in the Choice Gas Program and will be treated like all other Suppliers under the Code of Conduct Guidelines set forth in Section 38, Code of Conduct, of the General Terms and Conditions of this Tariff.

8. SUPPLIER SELECTION

- 8.1 All Customers under this Rate Schedule have the option to choose a Gas Supplier from a pool of qualified Suppliers. The list of qualified Suppliers will be provided by the Company. Customer shall pick a gas Supplier from the list and notify the Company of its choice as provided herein.
- 8.2 Except as provided in paragraph 8.6 of this rate schedule, the term for which the Customer selection applies will be the twelve months commencing with the Customer's first normally scheduled meter read cycle on or after June 1 of each year, excluding those Customers moving on or off the system during a term. Company will provide a selection medium(s) to Customers or to such other party as is properly designated by a Customer, listing Suppliers from which the Customer may choose. Selection forms submitted by the Supplier must be accompanied by a delegation agreement or other form as the Company may use from time to time, signed by the Customer. At least two weeks prior to the date by when Customers must make their Supplier selection for the upcoming twelve month period, Suppliers must have price quotes and service information available for Customers. Supplier may choose to post any or all of its prices on the supplier selection form issued by the Company, which once selected by the customer and returned to the Company, will represent a commitment between the Customer and Supplier for service; or the Supplier can choose to provide prices directly to the Customer and must provide a means for signing up Customers at that price. Customer, with the Supplier's consent, may switch between rate offerings of its current Supplier during the Choice Gas Program year.
- 8.3 A Supplier selection medium(s) will be provided to each Customer before each annual selection period applicable to the Customer. If a Customer does not select a Supplier during the selection period, or if the Company receives an improperly completed selection form which reasonably cannot be interpreted as to the selection made, the Customer's gas supply will be provided during the upcoming twelve (12) month service period by the Customer's current Supplier and price option at a default price that will be determined after the selection period has ended; provided that if such Supplier does not participate as a supplier in the next twelve (12) month program cycle, such Customer will default to the Company as its Supplier. If the Customer chooses to change gas Suppliers to be effective with the June billing cycle of the next twelve (12) month program term, the Customer must notify the Company through an appropriate selection medium returned to the Company, or postmarked, on or before the deadline specified by the Company for the annual selection period. Unless otherwise agreed to by the Customer and the affected Suppliers, in case more than one selection is received from the Customer, the Supplier on the earliest received valid selection will be the Supplier for that Customer.

RATE SCHEDULE CGS
CHOICE GAS SERVICE

- 8.4 After the completion of Customers' Supplier selections, Suppliers will provide to the Company a list of Customer price options and applicable prices. Suppliers will provide to the Company their default price(s) pursuant to a schedule provided to the Suppliers by the Company. A Supplier may agree during the course of a program year to change the price applicable to one or more of its Customers; provided that the change will not become effective until it is communicated to the Company and reflected in the account information for said Customer(s). Company shall have a reasonable period of time in which to reflect a price change in the account information for a Customer once the change is communicated to the Company. Unless instructed to the contrary by the Supplier, the Company shall bill the Customer the new price on any bill that has begun to be processed after the date that the price change is reflected in the account information for the Customer. Company is entitled to rely upon the pricing information provided to it by Suppliers, and each Supplier must indemnify Company for any costs incurred, or liability arising from, inaccurate pricing information provided to the Company by the Supplier. Company will indemnify a Supplier for any costs incurred, or liability arising from, the Company's failure to bill the price(s) applicable to the Supplier's Customers as communicated to the Company by the Supplier as provided in this section.
- 8.5 Changes in Gas Suppliers will not be made effective prior to the end of the twelve-month term except as provided herein.
- 8.6 Multi-Year Supply Arrangements. Notwithstanding any other provision of this rate schedule to the contrary, a Supplier may negotiate a multi-year supply arrangement with any Customer taking service under this rate schedule. By offering multi-year supply arrangements, the Supplier represents to the Company that it will continue to act as a Supplier in the Choice Gas Program throughout the term of the supply arrangement, meeting the attendant Supplier eligibility requirements in effect from time-to-time during the term thereof, and agrees that, if it ceases to be a Supplier during the term of a multi-year supply arrangement, the Supplier will reimburse the Company for any costs incurred by the Company in meeting the supply requirements of Customers purchasing Gas from the Supplier during the remainder of the program year in which the default occurs. If a Supplier defaults during the term of a multi-year supply arrangement, Company will provide Gas supply to the Customer during the remainder of the then-current program year, and the Customer will be provided with a selection medium for choosing a new Supplier commencing for the succeeding program year.

RATE SCHEDULE CGS
CHOICE GAS SERVICE

9. TIMING FOR SELECTION PROCESS

The timing for the steps required to implement the selection process will be determined each Choice Gas program year and provided to participating Suppliers. The schedule so established by the Company will be determined so as to permit program years to begin on June 1. The annual selection period is the two calendar weeks specified in the schedule for submission of supplier selection ballots to the Company. Company will accept and give due consideration to the input of participating Suppliers regarding the timing for the selection process.

10. MOVING POLICY

If a Customer moves from one premise to another within the Company's service territory, or if a Customer who immediately prior to such move was not a Customer of the Company moves into a premise within the Company's service territory, the Customer will continue purchasing Gas commodity from the Supplier last chosen for that premise until the end of the then-current program year, at which time the Customer may select a different Supplier if the Customer so chooses. If a Customer constructs a new premise or moves into a premise which was inactive at the time of the immediately preceding Supplier selection period, the Company will provide a selection form listing Suppliers from which the Customer may choose a Supplier. Landlords who are temporarily receiving service for short time periods between occupants will be served by the existing Supplier. Company will mail a selection form to Customers for purposes of setting forth the choices provided under this paragraph. Selection forms will be due back to the Company within two weeks.

11. NOMINATIONS

Company may require nominations of the daily volumes to be transported across the Company's system for the account of a Customer under circumstances necessary to preserve the operational integrity of the Company's system. The approved daily nomination is the quantity of Gas stated in terms which the Company has approved to be delivered on a particular day for a particular Supplier. Nominations shall be submitted through the Company's interactive website, if available, or otherwise in writing. Nominations are subject to approval by the Company based upon system Capacity availability and the preservation of system operational integrity or if such nomination exceeds the specified maximum Daily Contract quantities with the Customer or Supplier. A written nomination process shall be provided by the Company.

RATE SCHEDULE CGS
CHOICE GAS SERVICE

12. RELEASE OF UPSTREAM CAPACITY

Company will temporarily release firm transportation and no-notice service held on the Upstream Pipeline to Suppliers for the program Year. Company will notify each Supplier of the levels of firm transportation and no-notice service that will be released by the Company to such Supplier for the purpose of serving the Customers selecting such Supplier, affirmatively or through the defaulting process. Company will allocate such released capacity among all Suppliers, including itself, a pro-rata share of the capacity as available for the primary Delivery Points at which each Supplier's Customers are located. The allocated capacity shall be temporarily released to Supplier for the program Year at rate(s) not to exceed the FERC-approved Upstream Pipeline rate applicable to the path released to the Supplier. To protect service to Customers during the winter season, Suppliers shall not re-release the Upstream Pipeline no-notice service capacity allocated to the Supplier under this Rate Schedule between the months of November and March, inclusive. In addition, without the Company's prior written consent, Suppliers shall not change the primary receipt and delivery points related to the allocated Upstream Pipeline capacity if and when such capacity is re-released.

13. DAILY BALANCING

13.1 For Company Systems that do not utilize Pre-Determined Allocations:

Volumes delivered by the Upstream Pipeline into the Company's system for a Customer shall be deemed to be equal to the Customer's actual usage plus Retention Quantity. The Retention Quantity will be allocated pro-rata among Suppliers based upon actual end-use metered volumes. Actual daily usage or if not available, daily usage as estimated by the Company, will be provided by the Company to the Upstream Pipeline for purposes of allocating deliveries to the Company's system among the various Suppliers delivering quantities for Customers, including the Company.

RATE SCHEDULE CGS
CHOICE GAS SERVICE

13.2 For Company Systems that utilize Pre-Determined Allocations:

A. Volumes delivered by the Upstream Pipeline into the Company's system, inclusive of Retention Quantity, for the Customer shall be deemed to be equal to each Supplier's estimated market share. The estimated market share is determined by multiplying the pre-determined allocation(PDA) percentage of the custody measurement point by the total volume at the custody measurement point. The PDA percentages will be provided to the Upstream Pipeline on a monthly basis prior to the start of the flow month and maybe changed prospectively by the Company at any time during the flow month. The volumes delivered out of the Company's system will be equal to the custody measurement point's volumes and be allocated to the Suppliers based on their actual end-use metered market share. If actual usage is not available, Daily usage as estimated by the Company will be used by the Company for purposes of allocating deliveries off of the Company's system.

B. If the difference between the forecasted Supplier market share and the actual Supplier market share varies by 5% or more, a Supplier may request that the Company review the forecasted market share percentages. This forecasted market share review will be conducted by the Company and will consider any Supplier recommendations. The review will be finalized and provided to Suppliers within thirty (30) days of the request.

RATE SCHEDULE CGS
CHOICE GAS SERVICE

C. Predetermined Allocation Imbalance Curing Methodology

- i. For purposes of balancing, a negative imbalance occurs when a supplier's allocated receipts are less than its allocated deliveries and a positive imbalance occurs when a Supplier's allocated receipts are more than its allocated deliveries. Company will provide Suppliers a Balancing statement and a Storage Transfer Request form by the 10th business day for the prior month's imbalances. A Supplier with a negative imbalance shall transfer its imbalance from its KMIGT storage account to the KMIGT storage account of the Supplier(s) with a positive imbalance. The total imbalance volumes that will be transferred will be equal to the total of each supplier's negative imbalance volume plus applicable KMIGT transportation fuel, lost and unaccounted for gas (FL&U). Each supplier is required to return an executed Storage Transfer Request form by the 12th business day via facsimile to confirm agreement among suppliers of the transfer of imbalance volumes. Once the storage transfers are confirmed with KMIGT, the affected supplier's imbalances will be adjusted. These volume adjustments will be reflected on the balancing statements generated the second month after the imbalance occurred. An adjustment to each supplier's monthly commodity payment will be made to allow for the recovery of the cost of the KMIGT firm transportation commodity charges applicable to the imbalance volumes transferred in accordance with these procedures. The monthly commodity payment to each supplier that has a negative imbalance will be reduced by an amount equal to its negative imbalance volume multiplied by the currently approved KMIGT firm transportation commodity rate. The monthly commodity payment to each supplier that has a positive imbalance will be increased by an amount equal to its positive imbalance volume multiplied by the currently approved KMIGT firm transportation commodity rate.
- ii. In the event a supplier is unwilling or unable to cure its negative or positive imbalance by transfer of storage volumes as stated in paragraph i. of this subsection, that supplier, with mutual consent of the affected suppliers, may attempt to cure the imbalance through an alternative method. Each supplier is required to notify the Company that its imbalance has been partially or fully cured under this option. This notification must be received by the Company via fax or e-mail by the end of the month following the month the imbalance was incurred. After the notices are received, the affected supplier's imbalances will be adjusted. These volume adjustments will be reflected on the balancing statements generated the second month after the imbalance occurred.

RATE SCHEDULE CGS

CHOICE GAS SERVICE

- iii. In the event Suppliers do not utilize the procedures set forth in paragraphs i. or ii. of this subsection to cure imbalances, then the suppliers will be subject to the procedures established in this paragraph for curing the imbalance. If a Supplier is unwilling or unable to cure its full imbalance pursuant to paragraph i. of this subsection by the end of the month following the month the imbalance was incurred, that supplier will be deemed to be a Non-Performing Supplier. A supplier that is willing and able to cure its imbalance pursuant to paragraph i. of this subsection by the end of the month following the month the imbalance was incurred will be deemed to be a Performing Supplier. The Performing Supplier's positive imbalance will be cured through a credit adjustment to the Performing Supplier's monthly commodity payment. The credit will be based on the product of the highest of the daily "Gas Daily" CIG (Colorado Interstate Gas Company) Midpoint Price or "Gas Daily" PEPL (Panhandle Eastern Pipe Line Company) Midpoint Price during the period of time starting with the first day of the month that the imbalance was incurred and ending with the 10th business day of the second month following the month the imbalance was incurred multiplied by the imbalance volume plus all applicable KMITG transportation FL&U and Storage Retention Fuel volumes. The cost of the KMITG firm transportation commodity charges applicable to the imbalance volumes will also be credited to the Performing Supplier's monthly commodity payment. The Non-Performing Supplier's offsetting negative imbalance will be cured through a reduction to the Non-Performing Supplier's monthly commodity payment in an amount equal to the credit applied to the Performing Supplier's monthly commodity payment. The Performing Supplier's negative imbalance will be cured through a reduction to the Performing Supplier's monthly commodity payment. The reduction will be based on the product of the lowest of the Gas Daily CIG Midpoint Price or Gas Daily PEPL Midpoint Price during the period of time starting with the first day of the month that the imbalance was incurred and ending with the 10th business day of the second month following the month the imbalance was incurred multiplied by the imbalance volume. The cost of the KMITG firm transportation commodity charges applicable to the imbalance volumes will also be a reduction to the Performing Supplier's monthly commodity payment. The Non-Performing Supplier's offsetting positive imbalance will be cured through a credit to the Non-Performing Supplier's monthly commodity payment in an amount equal to the reduction applied to the Performing Supplier's monthly commodity payment. All adjustments to the suppliers' monthly commodity payments will be made during the second month following the month the imbalance was incurred and the volume adjustments will be reflected on the balancing statements generated the second month after the imbalance occurred.

RATE SCHEDULE CGS
CHOICE GAS SERVICE

14. CODE OF CONDUCT

Company and Suppliers are subject to the code of conduct guidelines set forth in Section 38, Code of Conduct, of the General Terms and Conditions of this Tariff.

15. EQUAL TREATMENT

Company will give fair and equitable treatment in its customer and public communications and in its administration of the Choice Gas Program to all Suppliers. Company will inform its Customers that the Suppliers have met specified qualification standards.

16. APPLICABLE TARIFF PROVISIONS

The applicable provisions of this Tariff, including the Schedule of Rates and Other Charges and the General Terms and Conditions, as revised from time-to-time, are hereby made a part of this Rate Schedule. To the extent that the General Terms and Conditions are inconsistent with the provisions of this Rate Schedule, the provisions of this Rate Schedule shall govern.

SHEET NOS. 29-30 RESERVED FOR FUTURE USE

RATE SCHEDULE ACGS – NSS
AGRICULTURAL CHOICE GAS SERVICE
NON-SEASONAL SERVICE

1. AVAILABILITY

This Rate Schedule is available to all Nebraska jurisdictional agricultural Customers that are not served under Rate Schedule ACGS - SS. Company retains the right to terminate the availability of this Rate Schedule in any year effective with its June billing cycle upon giving ninety (90) days prior written notice to affected Suppliers and Customers and to the PSC. Company may modify the terms of this Rate Schedule upon filing changes with the PSC.

2. INCORPORATION OF PROVISIONS BY REFERENCE

Sections 3 through 16 of Rate Schedule CGS are incorporated into this Rate Schedule by reference as if set forth herein. Customers served under this Rate Schedule shall be served in accordance with the principles set forth in the incorporated sections and are bound thereby. Suppliers selling gas to Customers under this Rate Schedule shall have the rights and obligations set forth in such sections and are bound thereby.

SHEET NO. 32 RESERVED FOR FUTURE USE

RATE SCHEDULE ACGS – SS
AGRICULTURAL CHOICE GAS SERVICE
SEASONAL SERVICE

1. AVAILABILITY

This Rate Schedule is available to all Nebraska jurisdictional agricultural Customers whose principal use of Natural Gas is for irrigation and/or grain drying purposes. Company retains the right to terminate the availability of this rate schedule effective on April 1 of any year upon giving ninety (90) days prior written notice to affected Suppliers and Customers and to the PSC. Company may modify the terms of this Rate Schedule upon filing changes with the PSC.

2. APPLICABILITY

Applicable to irrigation service and grain drying service.

Additionally, any Customer who meets all of the following criteria is eligible for service under this Rate Schedule: 1) Customer demonstrates to Company that the Customer economically can connect directly to an interstate pipeline and thereby bypass Company's facilities; 2) Customer's Natural Gas usage that would be served by such a bypass is not for human needs requirements as that term is defined by Company or by the Commission; and 3) Company's service to Customer is not rendered through facilities used to serve any residential or commercial Customer(s).

3. DESCRIPTION OF SERVICE

Choice Gas Program service provides participating Customers the opportunity to select their own gas Suppliers from a pool of qualified competing Gas Suppliers. The Customer selects a Gas Supplier and notifies the Company of its choice. Company agrees to receive from Supplier Natural Gas for the account of Customer at the Receipt Point(s) and to transport across its system and deliver such volumes of Gas, less Retention Quantity, to Customer at the Delivery Point(s). The Agricultural Choice Gas Service Program runs in one-year cycles, from the April billing cycle of one year through the March billing cycle of the succeeding year.

4. REQUEST FOR SERVICE

Requests for service shall be made in accordance with the General Terms and Conditions of this Tariff. By requesting service, and by accepting such service once initiated, the Customer agrees to abide by, and shall be obligated to comply with, all of the applicable provisions of this Tariff, including the applicable Schedule of Rates and Other Charges, this Rate Schedule, and the General Terms and Conditions, as amended from time-to-time, as a condition of service.

5. CHOICE GAS PROGRAM RULES

5.1 Service under this Rate Schedule runs in one year cycles, from the April billing cycle of one year through the March billing cycle of the succeeding year.

RATE SCHEDULE ACGS – SS
AGRICULTURAL CHOICE GAS SERVICE
SEASONAL SERVICE

- 5.2 Customers must choose their supplier from a pool of qualified Suppliers. Such qualifications are set forth in the Supplier participation agreement executed by the Supplier as a prerequisite to participating as a Supplier under this Rate Schedule. Except for Customers purchasing commodity under multi-year supply arrangements, a Customer may change its Supplier selection once every twelve months effective at the beginning of the next twelve-month program year commencing with the April bill cycle. Any such change in Supplier selection can be communicated to the Company at any time prior to the conclusion of the Supplier selection period established under paragraph 11 of this rate schedule for a program year. If the Company does not receive from any Customer, by the conclusion of the selection period established under paragraph 11 hereof applicable to the Customer, a properly completed selection form or other available supplier selection medium that reasonably can be interpreted as to the selection made, such Customer will be served as a default customer during the upcoming twelve-month service period.
- 5.3 Company will provide customer lists to Suppliers containing customer names, mailing addresses and usage history, by month, for the preceding calendar year; provided, that Suppliers treat the information as confidential, only use such information for purposes directly related to the Choice Gas Program and are expressly prohibited from selling such lists, or otherwise disclosing information from the customer list to any other person or business entity for any purpose other than marketing of the Choice Gas Program. Company may require Suppliers to sign an agreement protecting the confidentiality of customer information disclosed under the Choice Gas Program. Information regarding new Customers during the program year will be provided to all Suppliers within five (5) business days of the Company putting the new customer information into the Company's computer system.
- 5.4 Absent force majeure, Interruption or Curtailment circumstances, for purposes of billing and allocation of volumes at the Company's custody transfer points with the Upstream Pipeline, Section 12, Daily Balancing, of this Rate Schedule shall apply.
- 5.5 The Supplier Charge collected from a Supplier's Customers will be forwarded by the Company to the Customer's selected gas Supplier.

6. BILLING AND RATES

- 6.1 The applicable rates for this service are set forth in the Schedule of Rates and Other Charges of this Tariff. Except with respect to rates negotiated under Section 12, Negotiated Rates, of the General Terms and Conditions, each applicable unit rate under this Rate Schedule shall be a rate not in excess of the maximum unit rate(s) set forth in the Schedule of Rates applicable to this Rate Schedule. Company shall be permitted to discount rates to Customers and to negotiate rates with Customers as permitted by the State Natural Gas Regulation Act.

RATE SCHEDULE ACGS – SS
AGRICULTURAL CHOICE GAS SERVICE
SEASONAL SERVICE

6.2 Monthly Bill. Except as provided in paragraph 6.1 of this Rate Schedule, commencing with the Month in which service begins under this Rate Schedule and each Month thereafter, the Company shall charge and the Customer shall pay the Company the following charges and fees, as the same may be amended from time-to-time:

A. Distribution Charge. As set forth in the Schedule of Rates and Other Charges applicable to this Rate Schedule under the heading Non-Gas Base Rate Component. This charge equals the distribution charge multiplied by billed usage.

B. Gas Supply Cost Adjustment Charge (CGS). As set forth in the Schedule of Rates applicable to this Rate Schedule under the heading Total Gas Cost. The Gas Supply Cost Adjustment Charge is equal to the rate calculated under Section 7, Gas Supply Cost Adjustment (CGS), of the General Terms and Conditions of this Tariff, multiplied by billed usage.

C. Supplier Charge. This charge equals the applicable rate agreed to by the Customer and the Customer's Supplier, and communicated to the Company as prescribed in this rate schedule, multiplied by billed usage. The applicable rate may be changed by agreement of the Customer and its Supplier; provided that the change will not become effective until it is communicated to the Company and reflected in the account information for said Customer. This rate includes, but is not limited to, the cost of natural gas and upstream pipeline services. The rates charged by Suppliers are established in the competitive free market and are not listed in the Schedule of Rates and Other Charges of this Tariff.

D. Other Charges and Fees. In addition to the above charges, any other charges and fees permitted by this Tariff, by PSC order, or bylaw or regulation may be applied to the Customer's bill, as applicable.

7. NOMINATIONS

Company may require nominations of the daily volumes to be transported across the Company's system for the account of a Customer under circumstances necessary to preserve the operational integrity of the Company's system. The approved daily nomination is the quantity of gas stated in terms which the Company has approved to be delivered on a particular day for a particular supplier. Nominations shall be submitted through the Company's interactive website, if available, or otherwise in writing. Nominations are subject to approval by the Company based upon system capacity availability and the preservation of system operational integrity or if such nomination exceeds the specified maximum daily contract quantities with the Customer. A written nomination process shall be provided by the Company.

RATE SCHEDULE ACGS – SS
AGRICULTURAL CHOICE GAS SERVICE
SEASONAL SERVICE

8. SUPPLIER QUALIFICATION

As a prerequisite to participating in the Choice Gas Program as a qualified Supplier, each Supplier must (a) receive the certification required by the State Natural Gas Regulation Act, and (b) execute, on an annual basis, a supplier participation agreement in the form tendered by the Company. The conditions for supplier participation are governed by such supplier participation agreement. Company may be a Supplier in the Choice Gas Program and will be treated like all other Suppliers under the Code of Conduct Guidelines set forth in Section 38, Code of Conduct, of the General Terms and Conditions of this Tariff.

9. SUPPLIER SELECTION

- 9.1 All Customers under this Rate Schedule have the option to choose a Gas Supplier from a pool of qualified Suppliers. The list of qualified Suppliers will be provided by the Company. Customer shall pick a gas Supplier from the list and notify the Company of its choice as provided herein.
- 9.2 Except as provided in paragraph 9.6 of this rate schedule, the term for which the customer selection and the supplier selection applies will be each twelve months commencing with the Customer's first normally scheduled meter read date after April 1 of each year, exclusive of those Customers moving on or off the system during a term. Company will provide a selection medium(s) to Customers and any other interested parties, listing Suppliers from which the Customer may choose. Selection forms submitted by Suppliers for the Customer must be accompanied by an agency authorization signed by the Customer. Supplier may choose to post any or all of its prices on the supplier selection form issued by the Company, which, once selected by the Customer and returned to the Company, will represent a commitment between the customer and supplier for service, or the supplier may choose to provide prices directly to the Customer and must provide a method for signing up Customers at that price. After the completion of Customers' supplier selections, Suppliers will provide to the Company a list of customer prices.

RATE SCHEDULE ACGS – SS
AGRICULTURAL CHOICE GAS SERVICE
SEASONAL SERVICE

- 9.3 Except for Customers purchasing commodity under multi-year supply arrangements, a Supplier selection medium(s) will be provided to each Customer annually before each annual selection period. If a Customer has not selected a Supplier by the end of a selection period applicable to the Customer, or if the Company receives an improperly completed selection which reasonably cannot be interpreted as to the selection made, the Customer's gas supply will be provided during the upcoming twelve month service period by the Customer's current Supplier and price option at a default price that will be determined after the selection period has ended; provided that if such Supplier does not participate as a supplier in the next twelve-month program cycle, such Customer will default to the Company as its Supplier. If the Customer chooses to change gas Suppliers to be effective with the April billing cycle of the next twelve-month program term, the Customer must notify the Company through an appropriate selection medium returned to the Company, or postmarked, on or before March 15 of the annual selection period. In case more than one selection is received from the Customer, the Supplier on the earliest received valid selection will be the Supplier for that Customer.
- 9.4 Changes in Gas Suppliers will not be made effective prior to the end of the twelve-month term except as provided herein.
- 9.5 After the completion of Customers' Supplier selections, Suppliers will provide to the Company a list of Customer price options and applicable prices. A Supplier may agree during the course of a program year to change the price applicable to one or more of its Customers; provided that the change will not become effective until it is communicated to the Company and reflected in the account information for said Customer(s). Company shall have a reasonable period of time in which to reflect a price change in the account information for a Customer once the change is communicated to the Company. Unless instructed to the contrary by the Supplier, the Company shall bill the Customer the new price on any bill that has begun to be processed after the date that the price change is reflected in the account information for the Customer. Company is entitled to rely upon the pricing information provided to it by Suppliers, and each Supplier must indemnify Company for any costs incurred, or liability arising from, inaccurate pricing information provided to the Company by the Supplier. Company will indemnify a Supplier for any costs incurred, or liability arising from, the Company's failure to bill the price(s) applicable to the Supplier's Customers as communicated to the Company by the Supplier as provided in this section.
- 9.6 Multi-Year Supply Arrangements. Notwithstanding any other provision of this rate schedule to the contrary, a Supplier may negotiate a

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AGRICULTURAL CHOICE GAS SERVICE
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multi-year supply arrangement with any Customer taking service under this rate schedule. By offering multi-year supply arrangements, the Supplier represents to the Company that it will continue to act as a Supplier in the Choice Gas Program throughout the term of the supply arrangement, meeting the attendant Supplier eligibility requirements in effect from time-to-time during the term thereof, and agrees that, if it ceases to be a Supplier during the term of a multi-year supply arrangement, the Supplier will reimburse the Company for any costs incurred by the Company in meeting the supply requirements of Customers purchasing Gas from the Supplier during the remainder of the program year in which the default occurs. If a Supplier defaults during the term of a multi-year supply arrangement, Company will provide Gas supply to the Customer during the remainder of the then-current program year, and the Customer will be provided with a selection medium for choosing a new Supplier commencing for the succeeding program year. The Customer's election to enter into a multi-year supply arrangement with a Supplier must be memorialized on a form developed for such purpose by the Company, which form must be signed by the Customer and its Supplier and returned promptly to the Company upon execution. Said form must state with specificity (i) the price or pricing option(s) negotiated by the Customer and the Supplier, such that the price in effect from time-to-time for such Customer can be determined by reference to information readily available to the Company and other participating Suppliers, and (ii) the period over which such price or pricing option(s) will be in effect. Said form also must state the term of the multi-year supply arrangement, which arrangement may not provide for automatic extensions or roll-overs beyond the initial term of the arrangement. The Customer and Supplier at any time may negotiate changes to the price or pricing option(s) applicable prospectively to the multi-year supply arrangement; provided that the changes are memorialized on the form supplied by the Company, which form must be signed by the Customer and its Supplier and returned promptly to the Company upon execution.

RATE SCHEDULE ACGS – SS
AGRICULTURAL CHOICE GAS SERVICE
SEASONAL SERVICE

10. MOVING POLICY

If a Customer moves from one premise to another within the Company's service territory, or if a Customer who immediately prior to such move was not a Customer of the Company moves into a premise within the Company's service territory, the Customer will continue purchasing gas commodity from the supplier last chosen for that premise until the end of the then-current program year, at which time the Customer may select a different Supplier if the Customer so chooses. If a Customer constructs a new premise or moves into a premise which was inactive at the time of the immediately preceding supplier selection period, the Company will provide a selection form listing Suppliers from which the Customer may choose a Supplier. Landlords who are temporarily receiving service for short time periods between occupants will be served by the existing Supplier. Company will mail a selection form to Customers for purposes of setting forth the choices provided under this paragraph. Selection forms will be due back to the Company within two weeks.

11. TIMING FOR SELECTION PROCESS

The timing for the steps required to implement the selection process will be determined each Choice Gas program year and provided to participating Suppliers. The schedule so established by the Company will be determined so as to permit program years to begin on April 1. The annual selection period is the two calendar weeks specified in the schedule for submission of supplier selection ballots to the Company. Company will accept and give due consideration to the input of participating Suppliers regarding the timing for the selection process.

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12. DAILY BALANCING

12.1 For Company Systems that do not utilize Pre-Determined Allocations:

Volumes delivered by the upstream pipeline into the Company's system for a Customer shall be deemed to be equal to the Customer's actual usage plus retention quantity. The retention quantity will be allocated pro- rata among Suppliers based upon actual end-use metered volumes. Actual daily usage or if not available, daily usage as estimated by the Company, will be provided by the Company to the upstream pipeline for purposes of allocating deliveries to the Company's system among the various Suppliers delivering quantities for Customers, including the Company.

12.2 For Company Systems that utilize Pre-Determined Allocations:

A. Volumes delivered by the upstream pipeline into the Company's system, inclusive of retention quantity, for the Customer shall be deemed to be equal to each Supplier's estimated market share. The estimated market share is determined by multiplying the pre-determined allocation(PDA) percentage of the custody measurement point by the total volume at the custody measurement point. The PDA percentages will be provided to the upstream pipeline on a monthly basis prior to the start of the flow month and may be changed prospectively by the Company at any time during the flow month. The volumes delivered out of the Company's system will be equal to the custody measurement point's volumes and be allocated to the Suppliers based on their actual end-use metered market share. If actual usage is not available, daily usage as estimated by the Company will be used by the Company for purposes of allocating deliveries off of the Company's system.

B. If the difference between the forecasted supplier market share and the actual supplier market share varies by 5% or more, a Supplier may request that the Company review the forecasted market share percentages. This forecasted market share review will be conducted by the Company and will consider any Supplier recommendations. The review will be finalized and provided to Suppliers within thirty (30) days of the request.

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C. Predetermined Allocation Imbalance Curing Methodology

- (1) For purposes of balancing, a negative imbalance occurs when a Supplier's allocated receipts are less than its allocated deliveries, and a positive imbalance occurs when a Supplier's allocated receipts are more than its allocated deliveries. Company will provide Suppliers a balancing statement and a Storage Transfer Request form by the 10th Business Day for the prior month's imbalances. A Supplier with a negative imbalance shall transfer its imbalance from its KMIGT storage account to the KMIGT storage account of the Supplier(s) with a positive imbalance. The total imbalance volumes that will be transferred will be equal to the total of each Supplier's negative imbalance volume plus applicable KMIGT transportation fuel, lost and unaccounted for gas (FL&U). Each Supplier is required to return an executed Storage Transfer Request form by the 12th Business Day via facsimile to confirm agreement among Suppliers of the transfer of imbalance volumes. Once the storage transfers are confirmed with KMIGT, the affected Supplier's imbalances will be adjusted. These volume adjustments will be reflected on the balancing statements generated the second month after the imbalance occurred. An adjustment to each Supplier's monthly commodity payment will be made to allow for the recovery of the cost of the KMIGT firm transportation commodity charges applicable to the imbalance volumes transferred in accordance with these procedures. The monthly commodity payment to each Supplier that has a negative imbalance will be reduced by an amount equal to its negative imbalance volume multiplied by the currently approved KMIGT firm transportation commodity rate. The monthly commodity payment to each Supplier that has a positive imbalance will be increased by an amount equal to its positive imbalance volume multiplied by the currently approved KMIGT firm transportation commodity rate.
- (2) In the event a Supplier is unwilling or unable to cure its negative or positive imbalance by transfer of storage volumes as stated in paragraph i of this subsection, that Supplier, with mutual consent of the affected Suppliers, may attempt to cure the imbalance through an alternative method. Each Supplier is required to notify the Company that its imbalance has been partially or fully cured under this option. This notification must be received by the Company via fax or e-mail by the end of the month following the month the imbalance was incurred. After the notices are received, the affected Supplier's imbalances will be adjusted. These volume adjustments will be reflected on the balancing statements generated the second month after the imbalance occurred.

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- (3) In the event Suppliers do not utilize the procedures set forth in paragraphs i or ii of this subsection to cure imbalances, then the Suppliers will be subject to the procedures established in this paragraph for curing the imbalance. If a Supplier is unwilling or unable to cure its full imbalance pursuant to paragraph i of this subsection by the end of the month following the month the imbalance was incurred, that Supplier will be deemed to be a Non-Performing Supplier. A Supplier that is willing and able to cure its imbalance pursuant to paragraph i of this subsection by the end of the month following the month the imbalance was incurred will be deemed to be a Performing Supplier. The Performing Supplier's positive imbalance will be cured through a credit adjustment to the Performing Supplier's monthly commodity payment. The credit will be based on the product of the highest of the daily "Gas Daily" CIG (Colorado Interstate Gas Company) Midpoint Price or "Gas Daily" PEPL (Panhandle Eastern Pipe Line Company) Midpoint Price during the period of time starting with the first day of the month that the imbalance was incurred and ending with the 10th Business Day of the second month following the month the imbalance was incurred multiplied by the imbalance volume plus all applicable KMITG transportation FL&U and Storage Retention Fuel volumes. The cost of the KMITG firm transportation commodity charges applicable to the imbalance volumes will also be credited to the Performing Supplier's monthly commodity payment. The Non-Performing Supplier's offsetting negative imbalance will be cured through a reduction to the Non-Performing Supplier's monthly commodity payment in an amount equal to the credit applied to the Performing Supplier's monthly commodity payment. The Performing Supplier's negative imbalance will be cured through a reduction to the Performing Supplier's monthly commodity payment. The reduction will be based on the product of the lowest of the Gas Daily CIG Midpoint Price or Gas Daily PEPL Midpoint Price during the period of time starting with the first day of the month that the imbalance was incurred and ending with the 10th Business Day of the second month following the month the imbalance was incurred multiplied by the imbalance volume. The cost of the KMITG firm transportation commodity charges applicable to the imbalance volumes will also be a reduction to the Performing Supplier's monthly commodity payment. The Non-Performing Supplier's offsetting positive imbalance will be cured through a credit to the Non-Performing Supplier's monthly commodity payment in an amount equal to the reduction applied to the Performing Supplier's monthly commodity payment. All adjustments to the Suppliers' monthly commodity payments will be made during the second month following the month the imbalance was incurred and the volume adjustments will be reflected on the balancing statements generated the second month after the imbalance occurred.

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13. CODE OF CONDUCT

Company and Suppliers are subject to the code of conduct guidelines set forth in Section 38, Code of Conduct, of the General Terms and Conditions of this Tariff.

14. EQUAL TREATMENT

Company will give fair and equitable treatment in its customer and public communications and in its administration of the Choice Gas Program to all Suppliers. Company will inform its Customers that the Suppliers have met specified qualification standards.

15. APPLICABLE TARIFF PROVISIONS

The applicable provisions of this Tariff, including the Schedule of Rates and Other Charges and the General Terms and Conditions, as revised from time-to-time, are hereby made a part of this Rate Schedule. To the extent that the General Terms and Conditions are inconsistent with the provisions of this Rate Schedule, the provisions of this Rate Schedule shall govern.



GENERAL TERMS AND CONDITIONS

1. APPLICATION.

The following General Terms and Conditions apply to the extent indicated and to the extent not superseded by inconsistent provisions in each of the Company's rate schedules and contracts covering services subject to this Tariff.

2. DEFINITIONS.

Without regard to the case used in this Tariff (upper or lower case), the following terms shall have the meanings defined below:

- 2.1 "Balance" or "Balancing" means the obligation of a Supplier under Rate Schedule CGS, Rate Schedule ACGS-SS, or Rate Schedule ACGS-NSS to cause deliveries to equal receipts, with due consideration given to the applicable Retention Quantity.
- 2.2 "Billing Period" or "Billing Month" means the period between meter read dates of a Customer.
- 2.3 "British Thermal Unit" or "Btu" means the amount of energy required to increase the temperature of one (1) pound of water one (1) degree Fahrenheit at fifty-nine (59) degrees Fahrenheit. The term "MMBtu" means one million Btus.
- 2.4 "Capacity" means the maximum Gas volume which any particular segment of the Company's system is capable of carrying under then current operating conditions.
- 2.5 "Choice Gas Program" means the unbundled Gas service offering included within this Tariff under Rate Schedule CGS, Rate Schedule ACGS-NSS and Rate Schedule ACGS-SS. "Choice Gas" is a registered trademark of the Company.
- 2.6 "Company" means Black Hills Energy.
- 2.7 "Company-used gas" means the quantity of Gas consumed by the Company for purposes of its Gas operations.
- 2.8 "Contract" means a written agreement, providing for sales service or Choice Gas Program service, which is offered by the Company and accepted by the Customer, or the Customer's agent, and any exhibit, attachments, and/or amendments thereto.
- 2.9 "Cubic Foot of Gas" means the amount of Gas necessary to fill a cubic foot of space when the Gas is at a temperature of sixty (60) degrees Fahrenheit and under an absolute pressure of fourteen and seventy-three hundredths (14.73) pounds per square inch.

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- 2.10 “Curtailment” means the inability of a Customer to receive Natural Gas due to a shortage of Natural Gas supply.
- 2.11 “Customer” means a Jurisdictional end user connected, or requesting to be connected, to the Company’s Gas facilities, who has requested sales service or Choice Gas Program service from the Company, executed a Contract for such service with the Company, if required, and complied with all requirements, Contract provisions, applicable Tariff provisions of the Company, and the requirements of any regulatory body having jurisdiction.
- 2.12 “Customer Charge” means that portion of the amount to be paid monthly by the Customer for sales service, or Choice Gas Program service, which shall be a fixed amount without regard to the sales or Choice Gas Program quantities actually distributed to the Customer by the Company. The Customer Charge applicable to each service offering in this Tariff is set forth in the Schedule of Rates and Other Charges included in this Tariff.
- 2.13 “Day” or “Daily” means a period of twenty-four (24) consecutive hours beginning at nine o’clock a.m. Central Clock Time and ending at 9:00 a.m. on the following day, or at such other hour as Customer and the Company may agree upon.
- 2.14 “Distribution” means the movement of Gas through the Company’s facilities, including, but not limited to, distribution and transmission facilities.
- 2.15 “Gas” or “Natural Gas” means any mixture of hydrocarbons or of hydrocarbons and non-combustible gas, in a gaseous state, consisting essentially of methane.
- 2.16 “Imbalance” means the difference between the Therms of Gas received by the Company for the Customer’s or Supplier’s account and the Therms of Gas delivered by the Company to the Customer or for the Customer’s account at the Customer’s Delivery Point(s), with due regard given to the Retention Quantity.
- 2.17 “Interruption” means a partial or total reduction of the quantities of Gas which the Company otherwise would receive, transport, or deliver to the Customer, whether due to Capacity constraint, construction, maintenance, force majeure, or any other cause whatsoever.
- 2.18 “Jurisdictional” means any user of Natural Gas with requirements of less than 500 Therms of Natural Gas per Day, based upon average daily usage. “Jurisdictional service” means a service offered by the Company to Jurisdictional Customers. Average daily usage for year-round Customers shall be average daily usage over the prior calendar Year. Average daily usage for seasonal customers shall be average daily usage over the most recent season of Gas usage by the Customer. The Company may elect, in the case of a new Customer or a Customer that is adding additional gas-fired equipment, to make the determination of the Customer’s jurisdictional status based upon connected load.

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- 2.19 “KMIGT” means Kinder Morgan Interstate Gas Transmission LLC.
- 2.20 “Lost and Unaccounted-For Gas” means the difference between the sum of all input quantities of Gas received into the Company’s system and the sum of all output quantities of Gas delivered from the Company’s system, which difference shall exclude Company-Used Gas and shall include, but not be limited to, gas vented and lost as a result of an event of force majeure.
- 2.21 “Month,” unless the context otherwise dictates, means a period beginning at nine o’clock a.m., Central Clock Time, or at such other hour as Customer and Company have agreed upon, on the first day of the calendar month and ending at the same time on the first day of the next month.
- 2.22 “Party” means a Customer, a Supplier, an Upstream Pipeline, or the Company, as the context requires.
- 2.23 “Point of Delivery” or “Delivery Point” means the point of connection between facilities of the Company and another Party at which the Gas leaves the outlet side of the measuring equipment or main of the Company and enters the facility of another party, or another agreed upon point. A Delivery Point or Point of Delivery may consist of, but is not limited to, the Company’s historical site for the sale of Gas to the Customer.
- 2.24 “PSC” means the Nebraska Public Service Commission, or its successor body.
- 2.25 “Point of Receipt” or “Receipt Point” means the point(s) at which the facilities of an Upstream Pipeline are interconnected with the Company’s facilities. A Receipt Point may consist of, but is not limited to, the town border station applicable to the Customer.
- 2.26 “Retention Quantity” means that volume of Natural Gas received by the Company at a Receipt Point which is retained by the Company as compensation for Company-Used Gas and Lost and Unaccounted for Gas. Title to the retention quantity shall rest in the Company upon receipt at the Receipt Point(s) at no cost, and free and clear of all adverse claims.
- 2.27 “Supplier” means a Party that has executed a supplier participation agreement applicable to Rate Schedule CGS, Rate Schedule ACGS-SS, and/or Rate Schedule ACGS-NSS, and is supplying, or will supply, Gas to Customers pursuant thereto.
- 2.28 “Tariff” means the Company’s Nebraska tariff and all of its component parts, including the Schedule of Rates and Other Charges, Rate Schedules, and the General Terms and Conditions.
- 2.29 “TBS” or “town border station” means the Point of Receipt where Company receives gas for deliveries within the communities that it serves.

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- 2.30 “Therm” means one hundred thousand (100,000) British thermal units.
- 2.31 “Transportation” or “transport” means movement of Gas through the Company’s facilities from the Receipt Point to the Delivery Point.
- 2.32 “Unbundled” means the separation of the supply and transport components of service and the opening up of the supply service to Suppliers.
- 2.33 “Upstream Pipeline” means any pipeline delivering Gas to the Receipt Point(s). The upstream pipeline may include transmission facilities owned by an affiliate of the Company, or by another Party.
- 2.34 “Year” means a period of three hundred sixty-five (365) days commencing and ending at nine o’clock a.m., Central Clock Time, provided that any year which contains that date of February 29 shall consists of three hundred sixty-six (366) days.

3. REQUEST FOR SERVICE.

Upon request for Gas service, the Company shall supply the Customer with Gas service under the Schedule of Rates and Other Charges, Rate Schedules and General Terms and Conditions contained herein, and as amended from time-to-time, which apply to the particular type of service for which the request is made. By requesting service, and by accepting such service once initiated, the Customer agrees to abide by, and shall be obligated to comply with, all of the applicable provisions of this Tariff, including the applicable Schedule of Rates, Rate Schedules, and General Terms and Conditions, as amended from time-to-time, as a condition of service.

4. THE CUSTOMER.

A Customer is entitled to one class of service furnished by the Company to a single address or location. A single request for service cannot apply to different locations. A single request cannot cover more than one meter unless multiple meters are deemed by the Company to be at the same address or location. Classes of service available to Customers are as follows:

- 4.1 Residential Service. Residential service is service provided for domestic general household purposes in a space occupied as living quarters, typically designed for occupancy by one family. Typical service would include, but not be limited to the following: separately-metered units, such as a single private residence, single apartment, mobile home, low income housing unit, nursing home unit, a parsonage paid by the church, low-income housing paid by a housing authority, and employee housing paid by the government or business entity. In addition, auxiliary buildings on the same premises as the living quarters, used for residential purposes, will also be considered residential usage.

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- 4.2 Commercial or Industrial Service. Commercial or Industrial service is service provided to non-residential premises such as a business enterprise in a space occupied and operated for non-residential purposes. Typical service would include, but not be limited to the following: nursing home, apartments, low-income housing complex and a trailer park where natural gas is supplied through one meter, stores, offices, shops, restaurants, sorority and fraternity houses, boarding houses, hotels, service garages, filling stations, hospitals, schools, churches, service organizations, barber shops, beauty parlors, shopping malls, and manufacturing, mining, oil and gas extraction, construction, communication, and transportation enterprises.

The Company shall charge for Commercial or Industrial Service using the following designations:

- A. Small Commercial Service is defined as service provided to those Commercial or Industrial Customers whose annual gas consumption is five hundred (500) dekatherms or less.
- B. Large Commercial Service is defined as service provided to those Commercial or Industrial Customers whose annual gas consumption is more than five hundred (500) dekatherms.
- 4.3 Agricultural Service. Agricultural service is service provided for agricultural crop or livestock production, irrigation pumping, crop drying, or food production. Irrigation Service and Grain Drying service are categories of agricultural service. Agricultural service also includes all Jurisdictional customers receiving interruptible service for any purpose.
- 4.4 Irrigation Service. Irrigation service is service provided for pumping water for farm land irrigation purposes from an irrigation well.
- 4.5 Grain Drying Service. Grain Drying service is service provided for drying grain crop.

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- 4.6 In those instances where a single meter measures use for more than one class of service, the class of service provided to the Customer will be deemed to be the service that constitutes the principal use of Natural Gas at such premises; i.e., the service that constitutes more than 50% of the total estimated load. For instance, if 75% of a customer's estimated load is for irrigation service and the remaining 25% represents estimated load for residential service (space heating, cooking, etc.), the Customer will be deemed to be taking irrigation service from the Company.

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5. CUSTOMER DEPOSITS.

- 5.1 Company may request each Customer to provide credit information to the Company when a request for service is made and may at that time request a security deposit to guarantee payment of current bills. Company also may request a security deposit from an existing Customer. A deposit will be requested if the Company determines that (i) the Customer has an unsatisfactory credit history, (ii) the Customer has established an unsatisfactory payment record with the Company, (iii) the Customer has an outstanding undisputed and unpaid service amount owed the Company, or (iv) the Company otherwise has substantial reason to believe that the Customer represents a payment risk.
- 5.2 The amount of a security deposit shall not exceed the amount of an average estimated sixty (60) days' bill of the Customer. Company may accept a guarantor, a surety bond or letter of credit in lieu of a deposit. For purposes of establishing deposits and estimating monthly bills, the Company shall consider the length of the time the Customer reasonably can be expected to take service, past consumption history of the subject premises, end use of the service, consumption history of other similar customers, and any applicable provisions of this tariff. If the Company determines that a security deposit previously received from a Customer is insufficient under the criteria of this paragraph, the Company may require an increased deposit from such Customer.
- 5.3 When the Company requires a deposit or an increased deposit from a Customer, the Customer may pay such deposit or increased deposit in a lump sum, or in up to four (4) equal monthly installments included on the Customer's regular gas service bill. Failure to pay a required deposit is grounds for termination of service by the Company.
- 5.4 Company is authorized to apply a security deposit to unpaid charges or fees for Gas service authorized by this Tariff at the time that a Customer's service is disconnected for non-payment.
- 5.5 Simple interest shall be paid by the Company on a Customer deposit. The interest rate will be determined utilizing the U.S. Treasury constant maturities average for the previous 12-month period beginning October 1 and ending September 30, as published in the *Federal Reserve Bulletin*, and shall be the same rate utilized in the Company's Colorado service areas. Such interest shall be applied annually to the Customer's account; or upon return of the deposit, for the time the deposit is held by the Company and the Customer is served by the Company.

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- 5.6 The deposit and simple interest accrued for any customer who makes non-delinquent payments of undisputed bills for utility service for a period of twelve (12) consecutive months shall be promptly credited to the Customer's utility bill or shall be returned upon Customer request.
- 5.7 Security deposits shall not be transferable from one Customer to another Customer; however, upon termination of a Customer's service, the Company may transfer the deposit for service to that Customer's new service account.
- 5.8 Upon termination of a service account, if the deposit is not transferred to a new service account, the Company shall refund the amount of the security deposit, plus accrued simple interest, less any unpaid Tariff- authorized charge due the Company, to the Customer of record or an authorized representative. If the Company finds it impossible to make the refund due to a lack of knowledge of the Customer's whereabouts, the Company shall retain the deposit until the Customer notifies the Company. Company will not be obligated to pay interest from the date service is discontinued. Deposits may be returned to the Customer by crediting the deposit and interest to the outstanding amount owed by the Customer or by refunding to the Customer by check. Any non-refundable deposit held by the Company in Nebraska may escheat to the State of Nebraska as provided by law.

6. GAS SUPPLY COST ADJUSTMENT SS (Sales Service).

- 6.1 Applicability. The rates associated with providing natural gas service to Customers served under Rate Schedule SS may be adjusted upward and shall be adjusted downward to reflect changes in the Company's gas supply costs in accordance with the following provisions.
- 6.2 Gas Supply Cost Adjustment (GSCA) Clause
- A. The charges which the Company makes for gas sold to its Customers shall be subject to adjustment for changes in the system-wide average cost of gas (Base Gas Supply Cost).
- B. Effective October 1 of each year, a Gas Supply Cost Adjustment shall be computed on a unit-of-sales methodology, consisting of a projected annual filing based on the ensuing twelve month period ending September 30. Between annual filing periods, if the Company experiences a change or changes in supplier rates or in sources of supply, and the cumulative effect of these changes is to produce a projected increase or decrease in the effective rate of at least \$0.001 per Therm for the remaining portion of the projected period, then an adjusted Base Gas Supply Cost may be determined.

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C. The annual GSCA shall be filed at least thirty (30) days prior to the effective date and shall state the projected Base Gas Supply Cost and the Adjustment to Actual. Except for the Adjustment to Actual, a gas supply cost adjustment shall be reflected in rates only when it represents a dollar amount equal to at least \$0.001 per Therm of jurisdictional sales. The projected Base Gas Supply Cost projection and any revised projections throughout the year as well as the actual Base Gas Supply Cost used for monthly deferrals to FERC Account No. 191 will be computed using the following formulas:

Step 1:

$$(GC + DC + E + S - P) * JC\% = \text{Commodity Jurisdictional Gas Supply Costs (CJC)}$$

$$(GD * JD\%) + DD = \text{Demand Jurisdictional Gas Supply Cost (DJC) CJC + DJC}$$

$$= \text{Total Jurisdictional Gas Supply Cost (TJC)}$$

Step 2:

$$TJC \div JS = \text{Base Gas Supply Cost}$$

Where:

GC = The total dollar commodity cost of purchased gas supply for the period. Commodity purchased gas costs are those costs which are properly includable in the following FERC accounts:

800	Well Head Purchases
800.1	Well Head Purchases Intra-company Transfers
801	Field Line Purchases
802	Gasoline Plant Outlet Purchases
803	Transmission Line Purchases
804	Natural Gas City Gate Purchases

DC = The total dollar commodity delivery cost of purchased gas supply for the period. Commodity delivery costs include all commodity charges incurred for delivery and storage of gas except those charges specifically excluded in paragraph 6.6 of this section. Such costs shall be recorded in the same accounts as those used to record costs under GC.

GD = The total dollar demand cost of purchased gas from each supplier for the period. Demand purchased gas costs are those costs which are properly includable in the same FERC accounts as for GC.

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DD = The total dollar demand delivery cost for the rate area for the period. Demand delivery costs include all demand charges incurred for delivery and storage of gas except those charges specifically excluded in paragraph 6.6 of this section. Such costs shall be recorded in the same accounts as those used to record costs under GC.

E = The net cost arising from exchange gas transactions during the period. Exchange gas expense is the cost which is properly includible in FERC account 806 "Exchange Gas".

S = The net cost of stored gas for the period using the inventory accounting method adopted by the Company. Stored gas expense are those costs which are properly includible in FERC account 808.1 "Gas Withdrawn From Storage" and 808.2 "Gas Delivered To Storage".

P = The net revenues associated with the processing of natural gas. Such revenues shall be net of all costs required to process the gas, including the cost of fuel and shrink, and shall be net of all costs associated with disposal of the resulting processed byproducts.

JC% = The rate area jurisdictional sales volume divided by system-wide sales volumes stated in MMBtus for the period.

JD% = The currently-effective rate area contract demand level divided by the Company's system-wide contract demand level.

JS = The rate area jurisdictional billing determinants stated in Therms for the period.

D. Company also may include within the proper factors all costs and fees incurred with respect to gas price volatility risk management tools utilized by the Company, or projected to be utilized by the Company to minimize the risk of significant variations in gas costs.

E. In the event the Federal Energy Regulatory Commission or its successor modifies the Uniform System of Accounts for recording gas supply costs, such modifications are incorporated herein by reference and will be adopted by the Company.

6.3 Adjustment to Actual

A. In addition to the Base Gas Supply Cost described above, the annual GSCA filing shall also include an Adjustment to Actual. The purpose of this rate adjustment will be to true-up any over or under-recoveries of Jurisdictional Gas Supply Cost as calculated under paragraph 6.2 of this section arising from a prior accumulation period. The accumulation period for computing the Adjustment to Actual will be the twelve month period ending June 30.

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- B. The Adjustment to Actual shall be calculated by determining the difference between the actual Jurisdictional Gas Supply Cost experienced and the projected Jurisdictional Gas Supply Cost recovered in rates each month during the accumulation period as reflected in FERC account 191, "Unrecovered Purchased Gas Costs". The difference will be the amount over- or under- recovered for the accumulation period. This amount, plus any remaining unamortized amount at June 30 relating to prior periods, plus interest as provided in paragraph 6.5 of this section, will be amortized over projected normalized sales volumes for the twelve-month period commencing October 1 ("Adjustment to Actual").
- 6.4 Revisions to the GSCA. The Gas Supply Cost and Adjustment to Actual will be subject to revision annually on October 1, or at other times as appropriate. Changes will become effective upon thirty (30) days written notice.
- 6.5 Interest. Interest will be calculated and recorded in FERC Account No. 191 on any over- or under-recovered amounts at a rate equal to the then current rate of interest on pipeline refunds established by the Federal Energy Regulatory Commission. Interest will be calculated monthly by applying the interest rate to the current accumulation period over- or under-recovered gas cost beginning of month balance less related accumulated deferred income taxes reflected in FERC Account 283, "Accumulated Deferred Income Taxes - Other". Any accumulated interest amounts will be added to or subtracted from the accumulated deferred gas costs and become part of the Adjustment to Actual calculation as described under paragraph 6.3 of this section.
- 6.6 Certain gas supply costs will not be tracked through this section. These costs can only be changed through the general rate case procedures established in the State Natural Gas Regulation Act. Specifically, costs which are not tracked as a result of the provisions of this section are as follows:
- A. Costs incurred as a result of the Company changing its mix or level of FERC regulated services;
- B. Costs incurred as a result of Order No. 636 surcharges, excluding non-affiliated third party surcharges.
- 6.7 Order of Discounting. If and when the Company discounts its service in order to maintain or increase system load, the then-effective GSCA Charge and the HEAT Charge shall be discounted, in that order, prior to discounting of any other components of the base rates. In providing discounts, the Company shall not grant any undue preference or unjust discounts. Company is entitled to reflect the effect of prudence discounting in calculations of the GSCA Charge.

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7. GAS SUPPLY COST ADJUSTMENT CGS (Choice Gas Service).

7.1 Applicability. The rates associated with providing Natural Gas service to Customers served under Rate Schedule CGS, Rate Schedule ACGS-SS, and Rate Schedule ACGS-NSS may be adjusted upward and shall be adjusted downward to reflect changes in the Company's unbundled Gas supply costs in accordance with the following provisions.

7.2 Determination of Gas Supply Cost.

A. The Gas Supply Cost for the period shall include the above-market costs of the P-0802 Contract and the cost of backup, emergency, or replacement gas supplies or other services directly attributable to the Company's Nebraska jurisdiction during the period.

B. Contract P-0802 costs shall be computed on a unit-of-delivery methodology, based on the Nebraska portion of the projected difference between the purchase cost associated with Contract P-0802 purchase obligations and the revenues recovered by the Company, or an affiliate of the Company, through resale of such volumes at market prices, divided by the projected Nebraska customer delivered volumes for the upcoming twelve month period, adjusted to reflect the impact of prudent discounting by the Company. Contract P-0802 purchase costs shall include costs associated with Contract P-0802 which are transferred out of Account 165 due to physical deliveries associated with such costs. In the alternative, the Contract P-0802 costs shall be computed on a unit-of-delivery methodology based on the Nebraska portion of a negotiated buy-out amount for Contract P-0802 divided by projected total Nebraska customer delivered volumes for a period to be determined by the Company. In addition, an amount shall be added to or subtracted from the Contract P-0802 cost to represent a reconciliation from the prior twelve-month period between revenues the Company collected with respect to Contract P-0802 and actual net costs incurred by the Company for Contract P-0802.

C. In the event that the Company, at its sole discretion, needs to purchase: i) backup or emergency gas supplies or other services in order to ensure system integrity; or ii) replacement gas supplies or other services due to the failure of qualified supplier(s) to deliver sufficient gas volumes, and the Company does not recover sufficient dollars from the non-performing supplier(s) to fully reimburse it for any costs related to such purchases, then the actual unrecovered cost to the Company for such purchasing, including but not limited to gathering, transporting, storing, treating, and processing of any backup, emergency or replacement gas supply, or any other services, fees and taxes related to such gas, shall be included in the Gas Supply Cost for the period.

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D. If circumstances arise whereby the Company is required to implement its emergency backup service, the Company will immediately provide notice of such emergency to the PSC. For any costs not recovered from suppliers related to service described in paragraph 7.2C of this section, the Company shall request approval from the PSC to be reimbursed through the GSCA mechanism.

7.3 Projected Gas Supply Cost Rate Determination. The Company, at its sole discretion, but at least on an annual basis for any period in which Gas Supply Costs are expected to be incurred, will file an application with the PSC to establish a projected Gas Supply Cost rate to be included in rates. This filing will be made only when costs defined in paragraph 7.2 of this section are projected to be incurred. The projected Gas Supply Cost rate will be determined by dividing projected gas delivery costs as defined in paragraph 7.2 of this section by the projected volumes delivered under Rate Schedules CGS, CCGS-NSS and ACGS-SS, adjusted to reflect the impact of prudent discounting.

7.4 Actual Gas Supply Cost Determination. Actual unit gas supply costs for the period will be determined by dividing the actual Gas Supply Costs for the period as defined in paragraph 7.2 of this section above by actual volumes delivered under Rate Schedules CGS, CCGS-NSS and ACGS-SS, adjusted to reflect the impact of prudent discounting.

7.5 Gas Supply Cost Adjustment and Accrual.

A. The GSCA for each month will be determined by multiplying the difference between the actual unit Gas Supply Cost as determined in paragraph 7.4 of this section, and the projected unit Gas Supply Cost as determined in paragraph 7.3 of this section, by the jurisdictional Choice Gas Service volume as determined from actual billings to Jurisdictional Customers served under a Choice Gas Service rate schedule.

B. The monthly difference between actual costs and revenues calculated in accordance with the preceding paragraph shall be recorded in Account 191 - Unrecovered Purchased Gas Costs of the Uniform System of Accounts. A positive amount (defined as actual gas delivery cost exceeding projected gas delivery cost) represents an under-recovery of costs and will be debited to Account 191. A negative amount (defined as projected delivery cost exceeding actual gas delivery cost) represents an over-recovery of costs and will be credited to Account 191.

C. If the Company's projected gas supply costs during the remaining months of the projection period change significantly from the filed projected gas delivery cost, the Company may file an interim GSCA application before its next scheduled GSCA application, to revise its projected gas supply costs, provided that the Company's rate change equates to at least 0.05% of the gas cost supply rate for the period.

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7.6 Surcharge Determination.

A. Monthly interest will be calculated on any over- or under- recovered gas supply amounts at a rate equal to the then current rate of interest on pipeline refunds established by the Federal Energy Regulatory Commission.

B. Annually, the Company will calculate a surcharge (positive or negative) to amortize the accumulated over- or under-collected gas delivery costs by dividing the balance in Account 191 at the end of the accumulation period by projected jurisdictional Choice Gas Service volumes for the next twelve months. Total gas delivery cost rates will be determined by adding this unit surcharge to the projected gas delivery cost rate established in paragraph 7.2 of this section.

7.7 Timing of Filing and Determination of Accumulation Period.

A. If Gas Supply Costs are incurred, the Company may file, at least annually, to adjust its rates to be effective each June 1; provided the Company may make out of period filings as it deems necessary. The accumulation period of future gas delivery costs incurred shall be the twelve- month period ending each March 31.

B. There will be a GSCA developed and included in rates to refund or recover the under- or over-collected balance of gas costs that exists as of May 31, 2003. Such GSCA will be effective June 1, 2003, and will remain in effect until the balance of gas costs that exists at May 31, 2003 is fully amortized. If Rate Schedule SS is terminated, any under- or over- recovered costs applicable to the GSCA rate for that rate schedule shall be included in the next calculation of the GSCA under this section, or in an interim GSCA filing, if the magnitude required by this section for interim filings is met.

7.8 Discounting. If and when the Company discounts its service in order to maintain or increase system load, the Account No. 191 Charge, the P- 0802 Charge and the HEAT Charge shall be discounted, in that order, prior to discounting of any other components of the base rates. In providing discounts, the Company shall not grant any undue preference or unjust discounts. Company is entitled to reflect the effect of prudent discounting in calculations of the Account No. 191 Charge and the P-0802 Charge.

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8. ADDITIONAL FACILITIES.

- 8.1 Company is willing to add facilities whenever such are deemed, in Company's reasonable judgment, to be economically, operationally, and technically feasible, subject to the following conditions:
- A. Company has received an executed facilities agreement from an existing or prospective Customer(s) or Supplier(s) requesting such facilities;
 - B. The nature, extent and timing of the addition of facilities shall be at the reasonable discretion of Company; and
 - C. Company receives acceptable assurances of financial reliability from any Customer(s) or Supplier(s) requesting the additional facilities.
- 8.2 When Company, in its reasonable discretion, agrees with a Customer(s) or Supplier(s) to construct or acquire additional facilities, in order to provide service to the Customer(s) or Supplier(s), the Company shall require from such Customer(s) or Supplier(s):
- A. a facilities reimbursement payment, including a gross-up for applicable state and federal income tax expense, sufficient to cover all costs incurred by the Company associated with such facilities, less any allowances authorized by this Tariff, or as otherwise agreed upon by the Company;
 - B. payment for the additional facilities in one lump sum payment or by installment payments to be completed by the end of the contract terms, as negotiated by the parties; and
 - C. Agreement to a reimbursement schedule setting the terms, the rate, and the conditions for reimbursement of the additional facility charge, including an obligation to reimburse the Company upon demand, for any unamortized capital charges, under an agreed upon amortization schedule, which may remain in effect if service by the Company to the Customer(s) or Supplier(s) under this tariff is terminated prior to the end of said amortization period.

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9. CUSTOMER-OWNED FACILITIES.

- 9.1 Except as otherwise provided in this Tariff, all Gas piping, fixtures, appurtenant facilities and gas-burning appliances or equipment located at or within the Customer's property or premises shall be owned, maintained and controlled in a good and safe condition solely by the Customer and/or premises' owner in accordance with the National Fuel Gas Code, the Company's Tariff, and other applicable laws and regulations as amended from time-to-time. Except as otherwise required by law, the Company does not undertake to, or assume the obligation for, the inspection, testing, maintenance, or repair of equipment or facilities not owned by the Company. Company may refuse to connect service or immediately discontinue service until the Customer remedies or corrects faults or defects involving Customer-owned facilities. Company shall give written notice of any defective Customer owned facility or unsafe conditions which may impair service or may result in injury or damage to any person or property.
- 9.2 If the Company performs one or more inspections or surveys of a Customer's property, the Customer specifically understands and agrees that the Company shall not be liable in any manner for defective Customer-owned facilities, whether such defect is discovered at the time of any given inspection or survey or a later date, unless the defect is proximately caused by the Company's sole active negligence. Company reserves the right, but assumes no duty, to inspect Customer-owned facilities for hazardous or unsafe conditions.
- 9.3 The Company assumes no responsibility for the inspection and/or repair of defects in the Customer's piping, fixtures or appliances on the Customer's premises and will not be responsible for any injury, loss or damage resulting from such defects or improper installation, except where such loss, damage or injury is the result of the Company's sole active negligence or willful misconduct.

10. BILLING AND PAYMENT.

- 10.1 Billing Period. Bills will be rendered monthly at the rates shown in the Company's Tariff. Bills shall be due and payable upon the date stated thereon. Any bill not paid by such date is deemed to be delinquent.

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10.2 Contents of Bill.

A. Among other information, the Customer's bill will show the meter reading at the beginning and the end of the period for which the billing is rendered; billed usage; the date of the last reading; the date of the bill; the volume of gas supplied or delivered; the amount of franchise or similar fees, sales tax and fees/tax total due; the amount of any additional charges which are past due, collection, connection, or disconnection charges, installment payments, and other utility charges authorized by Tariff or rule; and the net amount of the bill. If the payment is being made pursuant to Section 11, Balanced Billing Plan, of the General Terms and Conditions, the bill will indicate the accumulated total of actual amounts paid to date as compared to the accumulated total Customer billings determined by the meter usage.

B. Company may include on the bill for utility services other charges for special services. Special services are those not authorized expressly by Tariff, including but not limited to, the sale of merchandise, installation or services performed in connection with merchandising and other non-regulated services. Charges for special services shall be indicated separately from charges for utility service.

10.3 Estimated Bills.

A. Billings of Customer consumption based on estimated usage may be issued under circumstances which include, but are not limited to, extreme weather conditions, emergencies, work stoppages, equipment failures, or other circumstances beyond the Company's control which prevent actual meter readings; when the Company is unable to reasonably obtain access to the Customer's premises for reading the meter. Failure of a Customer to provide the Company access to its meter is grounds for discontinuing service to the Customer under Section 14, Conditions for Refusal or Discontinuance of Service, of these General Terms and Conditions.

B. When the Company issues a bill based on estimated usage, it shall maintain accurate records concerning such estimates, shall indicate on the billing that the usage was estimated, and shall make any appropriate adjustments upon a subsequent reading of the meter in accordance with paragraph 10.4 of this section.

10.4 Adjusted Bills. The Company will adjust bills as permitted or required by the Commission's Natural Gas Pipeline Rules and Regulations. All adjusted bills shall show the credit due to the Customer for amounts paid, or shall show the balance due and payable. A credit may be applied against subsequent billings, and if the amount is greater than \$10.00, the Customer may request a refund. When a balance is due and payable to the Company, the Customer may, upon request, pay the amount in equal monthly installments over a period of time mutually agreed upon by the Customer and the Company that does not exceed the period over which the service covered by the adjusted bill was rendered.

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- 10.5 Bills, Duplicate Bills, and Failure to Receive Bills. Upon request, the Company shall advise the Customer of its approximate billing date each month. If a bill is not received or is lost, the Company shall, upon the Customer's request, issue a duplicate bill. Failure to receive a bill shall not relieve the Customer from making payment of amounts due as provided for in this Tariff.
- 10.6 Delinquency and Late Payment. Bills for service to Customers become delinquent if payment is not received by the Company within twenty-five (25) days of the bill date specified on the bill. If the bill becomes delinquent, the Company may charge, per month that the bill remains delinquent, a late payment charge. The late payment charge is set forth on the Schedule of Rates and Other Charges included in this Tariff. If the last calendar day for remittance of a bill payment falls on a Sunday, a legal holiday or other day when the offices of the Company are not open to the general public, the final payment date shall be extended through the next business day.

11. BALANCED BILLING PLAN

- 11.1 The Balanced Billing Plan provides gas customers with a method of paying for natural gas service in a manner that avoids the substantial fluctuations in monthly bills experienced by Customers not participating in the plan.
- 11.2 MONTHLY BILL CALCULATION. Monthly bills rendered under this Plan will be calculated as follows:

A. The Company determines the Customer's Average Monthly Bill (AMB), which is rounded to the nearest whole dollar amount and is calculated using the following formulas:

Formula (1):

$$\text{AMB} = \text{Average Daily Cost} \times \text{number of days in current months' billing period}$$

Formula (2):

$$\text{Average Daily Cost} = \frac{\text{Total Costs}}{\text{\# of days in the Total Costs billing periods}}$$

For the purposes of determining the Average Daily Cost, Total Costs are deemed to be the costs of regulated natural gas service incurred by the Customer over a period of at least three-hundred-sixty (360) days or estimated for the Customer for a period of at least three-hundred-sixty (360) days using the hierarchy set forth in Section 11.3. The Average Daily Cost is a rolling average and will be recalculated each month using the most recent actual or estimated monthly costs (including the current billing period) encompassing a period of at least three-hundred-sixty (360) days.

B. The Company determines the Customer's Monthly Bill by adjusting the Average Monthly Bill by four percent (4%) of the Total Deferred Balance applicable to the Customer, rounded to the nearest whole dollar amount. The Total Deferred Balance is the difference between the sum of the prior months' actual Total Costs incurred by the Customer for regulated natural gas service and the sum of prior months' payments made by the Customer for such service.

C. To each Monthly Bill, the Company shall add any amounts due from the Customer for regulated or non-regulated natural gas service not reflected in the calculation of the Monthly Bill.

11.3 Qualified customers with less than 360 days of actual usage history at their current premise are allowed to enroll in the Balanced Billing Plan. An estimated average monthly bill will be used to establish the initial AMB. The AMB will be established using the first of the following methods which shall be feasible to obtain 360 days of data:

- 1 – Customer actual cost (usage) history,
- 2 – Premise actual cost (usage) history, and
- 3 – Estimated bills based on customer class average.

11.4 The provisions of the Budget Billing Plan are available throughout the year to each Customer receiving natural gas service for domestic and commercial purposes ("eligible Customer"). Notwithstanding the foregoing, such service is not available to Large Commercial, seasonal, or erratic use Customers. Additionally, a Customer's account(s) which is part of a collective (group) bill is not eligible for the Balanced Billing Plan. In order to qualify for the Balanced Billing Plan, the Customer's account(s) for which the Balanced Billing Plan is requested would have to be removed from the group bill.

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- 11.5 In order to receive service under the Balanced Billing Plan, an eligible Customer must request to be enrolled in the Company's Balanced Billing Plan. The Balanced Billing Plan may be terminated at any time by the enrolled Customer for any reason or by the Company for any applicable reason described in Section 11.6.
- 11.6 The eligible Customer shall receive service through the Balanced Billing Plan under the following rules:
- A. The Customer's account must be current and otherwise qualify for enrollment in the Balanced Billing Plan. The customer will be informed at the time of the Customer's request whether this requirement has been met.
 - B. Customers who are delinquent cannot qualify for the Plan unless they are able to pay any amounts past due or enter into a Payment Agreement with, and satisfactory to, the Company for any past due amount.
 - C. Customers enrolled in the Plan will continue to be billed under the Plan provisions until they request removal.
 - D. If the Balanced Billing Plan is terminated, any amount payable by or due to an eligible Customer shall be billed or credited to that Customer on their next month's bill.
 - E. Each monthly payment becomes delinquent on the date specified in the Company's Tariff pursuant to Section 10.6 of these General Terms and Conditions. An eligible Customer's failure to pay the monthly balanced bill by the date specified shall be cause for termination of the Balanced Billing Plan by the Company.
 - F. The election to pay for gas service under the Balanced Billing Plan in no way modifies or revokes the Company's rules, tariffs or regulations regarding penalties and disconnection for nonpayment of gas bills.
 - G. A Customer's eligibility for participation in the Plan shall apply only to the premises then occupied by the Customer. If the premise is vacated by the Customer, the Balanced Billing Plan shall immediately terminate when the Company becomes aware of the vacancy.

12. **NEGOTIATED RATES.**

Company may enter into negotiated rate arrangements with a customer without reference to the applicable rates set forth on the Schedule of Rates and Other Charges of this tariff.

13. **RATE DISCOUNTING.**

As permitted by the State Natural Gas Regulation Act and this Tariff, the Company may discount any rate applicable to a Customer, except the Supplier Charge, when such discounting is appropriate, in the Company's sole judgment, to attract new customer load, to retain existing customer load or otherwise.

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14. CONDITIONS FOR REFUSAL OR DISCONTINUANCE OF SERVICE.

The Company may discontinue or refuse service for any of the following reasons:

- 14.1 Customer request (requires forty-eight (48) hours after notice, which Company may require in writing).
- 14.2 Existence of a dangerous condition on or about the premises of the applicant for service or the customer.
- 14.3 Delinquent service bill after proper notice has been given.
- 14.4 Any instance where subterfuge is involved to obtain or retain service, including, but not limited to the following:
 - A. A Customer received the benefit of service with respect to an account at the same or a different location when such Customer was not the Customer of record on such account and that account is subject to discontinuance for non-payment of service bills;
 - B. Customer causes, permits, or benefits from an unauthorized use, interference with, or a diversion of service on or about the customer's premises;
 - C. A connection, device, or by-pass is found on a meter or the regulating equipment of the Customer which prevents the meter from properly registering consumption, or a meter is found with broken seals, or shows any other evidence of tampering;
 - D. Misapplication of gas supply by the Customer which causes or may cause an unsatisfactory condition affecting the quality, safety, health or continuity of service to the customer or other customers;
 - E. Resale of or gift of natural gas by the Customer without written consent of the Company;
 - F. Fraud and/or misrepresentation by the Customer for the purpose of obtaining gas service;

When any event of subterfuge occurs, the Company shall have, in addition to the right to immediately discontinue service, the right to bill the Customer for the estimated amount of Gas consumed without proper measurement or otherwise as a result of the Customer's subterfuge.

- 14.5 Failure by the Customer to provide credit information, pay a security deposit, pay an additional deposit, or provide a guarantee, as required in Section 5 of these General Terms and Conditions.

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- 14.6 Failure by the Customer to comply with any applicable provisions of this Tariff, including the Schedule of Rates and Other Charges, Rate Schedules and General Terms and Conditions contained therein, as the same may be amended from time-to-time.
- 14.7 Failure by the Customer to comply with interruption or curtailment orders issued by the Company.
- 14.8 After notification by the Company and during normal working hours (except in an emergency), the Customer refuses to allow authorized Company personnel onto the Customer's premises for purposes of examining the piping, appliances, and other equipment relating to the Company's service; reading the meter, ascertaining connected loads; and in one of the following situations:
- A. Company is responding to a request for service which required that the Gas be turned on.
 - B. Company has not been able to obtain access to its meter to obtain an actual meter reading.
 - C. Company knows, or has reasonable grounds to suspect, a safety problem on the premises and has documented that knowledge.
 - D. Company is obligated under the Tariff or other safety/maintenance operating standards, to perform a service (such as switching out a meter), or complete an inspection where the service or inspection requires that the Company representative be on the premises.
- 14.9 Cooperation with Civil Authorities;
- 14.10 Tampering with or destroying Company facilities;
- 14.11 Customer (applicant for service) has an outstanding unpaid bill incurred for utility service, absent payment of the past due amount and an appropriate deposit; provided, however, that an applicant for service shall not be denied service because of unpaid bills for similar service which are not collectible at law because of statutes of limitations or discharge in bankruptcy proceedings.
- 14.12 The Company, in its judgment, does not have adequate facilities to render the service applied for or if the desired service appears to be unsafe, uneconomic or is of a character that is likely to adversely affect service to one or more other Customers.
- 14.13 Any other reason where authority is specifically granted by Nebraska statute or applicable administrative rule.

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15. PROCEDURE FOR REFUSAL OR DISCONTINUANCE OF SERVICE.

The procedure that the Company must follow in order to discontinue service to a Customer is as follows:

- 15.1 As used in Sections 15.2 through 15.12, unless the context otherwise requires, “domestic subscriber” shall not include municipalities, cities, villages, political subdivisions, companies, corporations, partnerships, limited liability companies, or businesses of any nature. Neb. Rev. Stat. § 70-1602.
- 15.2 Company will not discontinue service to a domestic subscriber for nonpayment of any past-due account unless the Company first gives notice by first-class mail or in person to any subscriber whose service is proposed to be terminated. If notice is given by first-class mail, such mail shall be conspicuously marked as to its importance. Service shall not be discontinued for at least seven days after notice is sent or given. Holidays and weekends shall be excluded from the seven days. As to any subscriber who has previously been identified as a welfare recipient to the Company by the Department of Health and Human Services, such notice shall be by certified mail and notice of such proposed termination shall be given to the department. Neb. Rev. Stat. § 70-1605.
- 15.3 The notice required by Section 15.2 shall contain the following information:
 - A. The reason for the proposed disconnection;
 - B. A statement of intention to disconnect unless the domestic subscriber either pays the bill or reaches an agreement with the utility regarding payment of the bill;
 - C. The date upon which service will be disconnected if the domestic subscriber does not take appropriate action;
 - D. The name, address, and telephone number of the employee or department to whom the domestic subscriber may address any inquiry or complaint;
 - E. The domestic subscriber's right, prior to the disconnection date, to request a conference regarding any dispute over such proposed disconnection;
 - F. A statement that the Company may not disconnect service pending the conclusion of the conference;

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- G. A statement to the effect that disconnection may be postponed or prevented upon presentation of a duly licensed physician's certificate which shall certify that a domestic subscriber or resident within such subscriber's household has an existing illness or handicap which would cause such subscriber or resident to suffer an immediate and serious health hazard by the disconnection of the Company's service to that household. Such certificate shall be filed with the utility within five days of receiving notice under this section and will prevent the disconnection of the utility's service for a period of thirty (30) days from such filing. Only one postponement of disconnection shall be allowed under this subdivision for each incidence of nonpayment of any past-due account;
- H. The cost that will be borne by the domestic subscriber for restoration of service;
- I. A statement that the domestic subscriber may arrange with the Company for an installment payment plan;
- J. A statement to the effect that those domestic subscribers who are welfare recipients may qualify for assistance in payment of their utility bill and that they should contact their caseworker in that regard; and
- K. Any additional information not inconsistent with this section which has received prior approval from the Company's board of directors. Neb. Rev. Stat. § 70-1606.
- 15.4 Company has established a third-party notice procedure for the notification of a designated third party of any proposed discontinuance of service and will advise its subscribers, including new subscribers, of the availability of such procedures. Neb. Rev. Stat. § 70-1607.
- 15.5 A domestic subscriber may request a conference in regard to any dispute over a proposed discontinuance of service before an employee designated by the Company to hear such matters. The employee designated by the Company shall hear and decide all matters disputed by domestic subscribers. The subjects to be heard shall include matters relating to a disputed bill. Neb. Rev. Stat. § 70-1608.
- 15.6 A domestic subscriber may dispute the proposed discontinuance of natural gas by notifying the Company with a written statement that sets forth the reasons for the dispute and the relief requested. If a statement has been made by the subscriber, a conference shall be held before the Company may discontinue service. Neb. Rev. Stat. § 70-1609.

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- 15.7 Upon notice to the employee designated by the Company of any request for a conference by a domestic subscriber, the employee shall:
- A. Notify the domestic subscriber, in writing, of the time, place, and date scheduled for the conference; and
- B. Hold a conference within fourteen (14) days of the receipt of the domestic subscriber's request. Such conference shall be informal and not governed by the Nebraska Evidence Rules. If the employee determines at the conference that the domestic subscriber did not receive proper notice or was denied any other right afforded under Sections 15.2 through 15.12, the employee shall recess and continue the conference at such time as the subscriber has been afforded his or her rights. Failure of a domestic subscriber to attend a scheduled conference shall relieve the Company of any further action prior to the discontinuance of service. If a domestic subscriber contacts the Company prior to the scheduled conference and demonstrates that failure to attend is for a legitimate reason, the Company will make a reasonable effort to reschedule the conference. Neb. Rev. Stat. § 70-1610.
- 15.8 The designated Company employee will, based solely on the evidence presented at the conference, affirm, reverse, or modify any decision by the Company involving a disputed bill which results in a threatened termination of utility service. The employee shall allow termination of utility service only as a measure of last resort after the Company has exhausted all other remedies less drastic than termination. Neb. Rev. Stat. § 70-1611.
- 15.9 Any domestic subscriber may appeal an adverse decision of the Company's designated employee to a management office designated by the Company or to a utility board if designated by the Company. Company shall establish a hearing procedure to resolve utility bills appealed by domestic subscribers. The procedure shall be in writing and a copy of such procedure shall be furnished upon the request of any domestic subscriber. Such appeal shall be filed with the management office or utility board within the time specified in the procedures established by the Company. Nothing in Sections 15.2 through 15.12 shall prohibit the Company from providing such additional stages of appeal as it may deem appropriate. Neb. Rev. Stat. § 70-1612.

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- 15.10 At any hearing held pursuant to Section 15.9, the domestic subscriber may:
- A. Be represented by legal counsel or other representative or spokesperson;
 - B. Examine and copy, not less than three business days prior to such hearing, the utility's file and records pertaining to all matters directly relevant to the dispute or utilized in any way by the utility in reaching the decision to propose termination or to take other action which is the subject of the hearing;
 - C. Present witnesses and offer evidence;
 - D. Confront and cross-examine such other witnesses as may appear and testify at the hearing; and
 - E. Make or have made a record of the proceedings at his or her own expense. Neb. Rev. Stat. § 70-1613.
- 15.11 In any appeal filed pursuant to Section 15.9, the management office designated by the Company shall notify the domestic subscriber of the time, place, and date scheduled for such hearing. The notice requirements, hearing procedures, and other rights of domestic subscribers shall be set forth in the procedures established under Sections 15.9 through 15.10. Neb. Rev. Stat. § 70-1614.
- 15.12 Sections 15.2 through 15.12 shall not apply to any disconnections or interruptions of services made necessary by the Company for reasons of repair or maintenance or to protect the health or safety of the domestic subscriber or of the general public. Neb. Rev. Stat. § 70-1615.
- 15.13 The Company will not disconnect natural gas service to a jurisdictional residential customer for non-payment of bills for natural gas service on any Saturday, Sunday, Nebraska legal holiday or day that the Company's business offices are not open to the public. During the period November 1 through March 31, the Company will delay the act of service disconnection for a period of 30 days where the disconnection is a result of a jurisdictional residential customer's failure to pay bills for natural gas service as required under this Tariff. The Company shall abide by any temporary ban on service disconnections lawfully ordered by the Commission.

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- 15.14 In order to have service restored during the period November 1 through March 31, in cases where service disconnection is the result of a jurisdictional residential customer's failure to pay bills for natural gas service as required under this Tariff, said Customer must:

- (1) Pay one-fourth (1/4th) of the total arrearage plus the bill for consumption during the most recent billing period for which service was rendered; and
- (2) Enter into an installment payment plan for current and future consumption with the arrearage paid in installments over no less than three (3) months, or over such period as otherwise agreed with the Company.
- (3) Nothing in this section shall be construed as preventing the Customer from agreeing to pay an arrearage in a lump sum, or to establish an alternate payment arrangement with the Company.

The Company is entitled to assess a reconnection charge or deposit requirement on any customer whose service has been disconnected, as provided for in the applicable provisions of this Tariff.

- 15.15 Transfer of Account Balances. In the event of discontinuance or termination of service, the Company may transfer any unpaid balance to another active account of the Customer. In the event of the failure of the Customer to pay a final bill at any metering point, residence or other location, the Company will not allow the Customer to open any successive service accounts unless the unpaid balance is paid in full or the Customer signs a written payment agreement for the unpaid balance on the previous account.

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16. CHARGES FOR MISCELLANEOUS SERVICES.

Unless waived for good cause, the Company may charge Customer the following amounts:

- 16.1 Connection Charge. The Company may assess a charge for connecting service to a new Customer upon a request for service. The Connection Charge is set forth on the Schedule of Rates and Other Charges included in this Tariff. If connected after normal working hours, the connection charge maybe charged in addition to the Company's after hours call out charges.
- 16.2 Disconnection Charge. The Company may assess a charge for disconnecting service to a Customer under Section 14 of these General Terms and Conditions. The Disconnection Charge is set forth on the Schedule of Rates and Other Charges included in this Tariff. This charge shall be in addition to the reconnection charge, if any, assessed the Customer for restoration of service following disconnection.
- 16.3 Reconnection Charge. The Company may assess a reconnection charge after the Customer's service has been disconnected under Section 14 of these General Terms and Conditions. The Reconnection Charge is set forth on the Schedule of Rates and Other Charges included in this Tariff. If reconnected after normal working hours, the reconnection charge may be charged in addition to the Company's after hours call out charges. In addition, the Company may require a security deposit as specified in Section 5 before service is reconnected, and payment of all-outstanding bills for utility service of the Customer.
- 16.4 After Hours and Holiday Call-Out Charge. This charge shall be established by the Company for service calls occurring after normal working hours, including holidays. The After Hours and Holiday Call-Out Charge is set forth on the Schedule of Rates and Other Charges included in this Tariff.
- 16.5 Reserved for Future Use.
- 16.6 Bill Collection Charge. A bill collection charge may be collected from the Customer when a service call is made for discontinuance of service and Customer avoids discontinuance by payment of the delinquent bill or by entering into a written payment agreement with the Company to pay the delinquent bill in installments. The Bill Collection Charge is set forth on the Schedule of Rates and Other Charges included in this Tariff.

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- 16.7 Missed Appointment Charge. A missed appointment charge may be collected from the Customer when a service call is made by Company personnel upon appointment with the Customer and the Customer is not present to permit the schedule work or business to be performed or conducted. The Missed Appointment Charge is set forth on the Schedule of Rates and Other Charges included in this Tariff.
- 16.8 Insufficient Funds Check Charge. The Company may require from the Customer the charge allowed by law for each check returned for insufficient funds or returned for any other reason.

17. DELIVERY GAS PRESSURE.

All gas will be delivered at the outlet side of the Company's meter at a pressure of not more than four (4) ounces per square inch gauge pressure. The average atmospheric pressure listed by the United States Weather Bureau will be used to establish the absolute pressure; provided, however, that gas delivered to Customers who require a pressure in excess of four (4) ounces shall be delivered at the pressure established by the Company for that particular installation.

18. MEASUREMENTS.

- 18.1 The unit of volume for the purpose of measurement and for the determination of total heating value shall be the cubic foot of gas as defined in this Tariff. Volumes of gas measured at prevailing meter pressures and temperatures shall be corrected to the unit of volume defined above by the procedures described below:
- A. Orifice Meters: Installation and the determination of volumes delivered through orifice meters shall conform to the recommendations in "Gas Measurement Committee Report Number Three" of the American Gas Association, as amended, revised or superseded from time to time. Values of the orifice thermal expansion factor, manometer factor and gauge location factor shall be assumed to be unity.
- B. Turbine Meters: Installation and the determination of volumes delivered through turbine meters shall conform to the recommendations in "Transmission Measurement Committee Report Number Seven" of the American Gas Association, as amended, revised or superseded from time-to-time.
- C. Positive Displacement Meters: Installation and the determination of volumes delivered shall conform to the recommendations in "Gas Measurement Manual Displacement Measurement Part Number Two" of the American Gas Association, as amended, revised or superseded from time-to-time.

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- 18.2 The atmospheric pressure shall be the atmospheric pressure assigned by the Company to the regions or location in which the point of delivery and the point of receipt are situated.
- 18.3 The volume of gas delivered through each point of delivery and point of receipt shall be corrected to a base temperature of sixty (60) degrees Fahrenheit by using:
- A. The arithmetic average of the hourly temperatures recorded by a properly installed continuously operated recording thermometer; or
- B. A meter containing a temperature operated device, hereinafter referred to as a temperature compensated meter, through the operation of which the meter correctly registers the volume, corrected to sixty (60) degrees Fahrenheit; or
- C. An assumed temperature of the gas flowing through the meters of fifty (50) degrees Fahrenheit in the case of any small volume delivery where the Company does not elect to install a recording thermometer or temperature compensated meter. However, in the event the Company does not install a recording thermometer or temperature compensated meter, the Customer may install a recording thermometer and in such case the temperature so recorded shall be used in correcting to a temperature of sixty (60) degrees Fahrenheit.
- 18.4 When orifice meters are used, the specific gravity of the gas delivered hereunder shall be determined by approved methods once a month, or as frequently as necessary by approved methods once a month, or as frequently as necessary for reasonable accurate determination, and the specific gravity so obtained shall be used in computing volumes of gas delivered hereunder.
- 18.5 The components for determining the deviation from Boyle's Law, at the pressure and temperature under which delivered, shall be determined by tests at intervals of twelve (12) months or at such shorter intervals as is found necessary. The correction factor determined by using American Gas Association "Report Number Eight" or American Gas Association "ProjectNX-19" shall be used in the computation of deliveries until the next test.
- 18.6 The unit of energy for delivery and billing purposes is a Therm. Company will apply appropriate corrections for gas temperature, gas pressure, gas heat content, and other appropriate factors to determine the number of Therms received, delivered or sold under this Tariff.

GENERAL TERMS AND CONDITIONS

19. MEASURING EQUIPMENT.

- 19.1 Company agrees to install, operate and maintain on its pipeline at or near each point of connection of the facilities of Company and Customer (or another party which is distributing the gas on behalf of Customer), a meter or meters of standard type and design to measure all of the gas to be delivered hereunder. Company also agrees to install, operate and maintain at or near each Point of Delivery such pressure regulating equipment as may be necessary.
- 19.2 Electronic Flow Measurement (EFM) devices may be installed at the Customer's expense when requested by the Customer or where the Company does not have reasonable access to the Customer's meter due to fences, landscaping, potentially menacing animals or for other reasons outside the Company's control. In instances where the Company installs an EFM device, the Customer will enter into a suitable Facilities Agreement with the Company providing for payment of the all-inclusive cost of acquiring and installing the device.
- 19.3 Customer may install, operate and maintain, at its own expense, check measuring equipment as it shall desire, provided that check meters and equipment shall be installed so as not to interfere with the operation of Company's meters at or near the Point of Delivery. Company shall have access to check measuring equipment at all reasonable hours but the reading, calibrating and adjusting thereof and changing of charts shall be done only by Customer.

20. METER TESTS.

- 20.1 Company shall test its meters at reasonable intervals in the presence of Customer's representatives, if Customer so elects. Customer, at its sole expense, may have tests or calibrations of the Company's meters made at reasonable times in the presence of Company's representatives. If, upon any test, measuring equipment is found to be not more than two (2) percent fast or slow, previous readings of such equipment shall be considered correct in computing deliveries of gas; the equipment shall be properly adjusted to record accurately.

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20.2 If for any reason the Company's meters are out of service or out of repair so that the quantity of gas delivered is not correctly indicated by the reading thereof, the gas delivered during the period such meters are out of service or out of repair shall be estimated and agreed upon on the basis of the best data available, using the first of the following methods which shall be feasible:

- A. By using the registration of any check meter or meters if installed and accurately registering;
- B. By correcting the error if the percentage of error is ascertainable by calibration, test or mathematical calculation; or
- C. By estimating the quantity of delivery by deliveries during preceding period under similar conditions when the meter was registering accurately.

20.3 If the Company institutes a new method or technique of gas measurement, such new method or technique may be substituted by Company in the exercise of its reasonable judgment. Company shall promptly notify Customer of any such new technique adopted and the date of its implementation.

21. INACCURACY OF REGISTRATION AND METER FAILURE.

21.1 Should any meter installed for the account of a Customer fail to register or register inaccurately and during a subsequent test be found to be more than two percent (2%) fast, the Company will refund to the Customer the percentage of the inaccuracy of the billed amount. The Company will refund the percentage of the inaccuracy of the billed amount for the period the meter exceeded the allowed tolerance stated in this section.

21.2 If during the test the Customer's meter is found to be more than two percent (2%) slow, the Company may collect from the Customer the amount estimated to be due for gas not charged for previously billed amounts for a period equal to one-half (1/2) of the time that the meter was in service, but not to exceed twelve months.

22. CUSTOMER METER TEST REQUESTS.

If the Customer requests a test of the accuracy of the Company's meter, the following provisions shall apply:

22.1 If the Company is required under its established testing schedule to make a test of the meter within a period of twelve (12) months from the date of the Customer request, the Company shall make the test requested within a reasonable time and without charge to the Customer.

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- 22.2 If the Company is not required to make a test of the meter within twelve (12) months, the Company shall notify the Customer that, upon receipt from the Customer of an amount equal to two (2) times the Company's then current standard hourly service charge, the Company will make the test. When tested, if the meter is found to be in error by more than two percent (2%) fast, the Company shall refund to the customer the amount previously advanced. If the meter is not found to be in error by more than two percent (2%) fast, the Company may retain the amount advanced by the customer for the test.
- 22.3 The Customer may be present when the Company conducts the test or may send an expert or other representative. Following the completion of any such test, the Company shall promptly advise the customer of the date of removal of the meter, the date tested, and the result of the testing.
- 22.4 If any gas service meter tested is found to be more than two percent (2%) in error, either fast or slow, proper correction shall be made to previous billings for the periods set forth in Section 21.1 or 21.2 of these General Terms and Conditions. If the meter shall have been shown to be in error by the test, an adjusted bill(s) shall be rendered. No refund is required from the Company except to the customer as served by the meter prior to the testing.

23. INSPECTION BY COMPANY.

Customer, when notified in advance, shall permit employees and agents of the Company, when properly identified, to enter upon the property and to enter the customer's premises at reasonable hours for the purposes of inspecting or repairing Company facilities and lines, conducting leak and cathodic protection surveys, visually examining the piping, appliances, and other equipment relating to the Company's service, ascertaining connected loads, or making other safety tests or inspections required by state or federal regulation.

24. LIABILITY.

- 24.1 The Company shall not be liable for damages of any kind, including consequential damages, to any customer, party or to third persons resulting from the use of the gas service on the customer's premises or from the presence of the Company's appliances or equipment on the customer's premises. Customer agrees to protect the Company's property located on the customer's property or premises from damage and to exercise due care with respect thereto.

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- 24.2 If service to a Customer is interrupted or curtailed at any time by any cause beyond the control of the Company, the Company shall not be held liable for damages of any kind, including consequential damages, to any Customer, party or to third persons, for such interruptions or curtailments unless such interruption or curtailment was a result of the Company's willful negligence. When interruptions in, or curtailments of, service to a Customer occur, the Company shall make reasonable efforts to restore the service as soon as practicable. Interruptions in, and curtailments of, service shall not relieve the Customer from the obligation to make payment for any charges for service actually rendered when due.
- 24.3 Company shall have the right, without liability to any Customer or other party, to interrupt the transportation, sales, or delivery of gas when necessary to test, alter, modify, enlarge, repair, or maintain any facility, property or appurtenance related to the operation of its system.
- 24.4 Company shall be without liability of any kind to a Customer or other Party for any injury or other damage caused by delivery of gas received by the Company from an Upstream Pipeline; provided that the Company has not materially altered the quality specifications of such gas after receipt from the Upstream Pipeline.

25. COMPANY AND CUSTOMER PIPING.

25.1 Definitions

- A. Service Line - The buried natural gas line from the customer's property line to the outermost foundation of the customer's primary structure at a location and route determined by the Company, regardless of the meter location.
- B. Customer Piping - All piping downstream of the outlet of the service line.

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25.2 Customer-Owned Service Lines. This term includes all customer service lines connected outside of a Company-identified distribution system, or in a mobile home park with one park owner who rents lots. This term may also include special circumstances where Company investment does not warrant Company ownership of the service lines. Such lines shall meet the following specifications:

A. Service line of adequate size to provide sufficient capacity for the appliances installed or to be installed. Such lines shall be further subject to the following conditions or requirements:

1. The entire service line shall be constructed and installed in accordance with Company standards, and Company reserves the right to inspect the service line upon completion prior to burial, if installed by anyone other than the Company, after notification to the Company by the installer;
2. The service line must enter the building above the grade line.

B. In accordance with DOT requirements for periodic surveys, the Company shall conduct surveys to check for leaks and cathodic protection on Customer-owned facilities. If the survey is required on the Company's system downstream of a town border station, or if the survey is required at a location on the Company's system upstream of a town border station serving six or more Customers within a quarter section, the Company shall make such survey and bear the costs thereof. If the survey is required at a location on the Company's system upstream of a town border station serving less than six Customers within a quarter section, the Customer shall arrange for the survey and bear the costs thereof. If the Company discovers a leak or inadequate cathodic protection on Customer-owned piping or facilities, the Company shall promptly notify the Customer or owner of such condition and the Company may, with or without notice, shut off the flow of gas to said piping and facilities until the condition is rectified.

C. Customer shall be responsible for all the costs relating to maintenance and replacement. The owner of the piping and/or facilities shall be responsible for arranging and paying for any required maintenance, repair or replacement of said piping and/or facilities and all materials, installation, and work performed must comply with all applicable laws and regulations. The owner of the piping and/or facilities shall provide the Company with an assurance acceptable to the Company that all materials, installation and work performed comply with all applicable specifications, laws, and regulations before gas service will be restored or continued. Company shall have no duty to inspect work performed by anyone other than the Company.

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D. Liability. The private owner of any service line, Customer Piping and/or facility shall be solely responsible for the loss or escape of any gas from said service line, Customer Piping and/or facility, and shall be responsible for any resulting fire, explosion, injury, or damage caused thereby. Nothing in this rule, or in any other tariff provision or regulations, shall be construed to impose any liability on the Company for the loss or escape of gas from any Customer-owned Service Line, Customer Piping or facility, or for any injury or damage caused thereby or otherwise related to any Customer-owned service line, piping or facility.

25.3 Company-Owned Service Lines. This term includes all service lines with the exception of those service lines identified in Section 25.2.

A. Any service line installed prior to January 1, 1992 will be owned by the Customer until the service line needs to be replaced, at which time the new service line will be installed, owned and maintained by the Company. Company is responsible for safety checks, maintenance and replacement of all existing Customer-owned service lines installed before January 1, 1992;

B. When a service line needs to be replaced, the Company shall notify the Customer of the anticipated date of work and the general concerns of the crew doing the work. If the Company discovers a leak or inadequate cathodic protection on piping or facilities, the Company shall promptly notify the Customer or owner of such condition and the Company may, with or without notice, shut off the flow of gas to said piping and facilities until the condition is rectified;

C. Customer shall be responsible for obtaining an easement from a third party if a planned service line will cross the property of a third party. The easement shall be granted to the Company, not to the Customer securing the easement for the Company.

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26. CUSTOMER SERVICE CONNECTION, SERVICE LINE AND MAIN EXTENSION POLICY FOR DISTRIBUTION CUSTOMERS.

26.1 Meters and Regulators. Company shall furnish typical domestic and smallcommercial meters and meter connections free of direct cost to the Customer. Non-typical meters, meter connections, automatic meter reading devices, or electronic flow measurement devices, as determined by the Company may be paid for by the Customer at the Company's discretion. Meters and meter connections are to be set and maintained at or near the Customer's structure; however, in some cases it will be more reasonable to set meters on the Customer's property line or other location. Such determinations will be made solely by the Company. Regardless of the location, the Customer agrees to take reasonable precaution to protect Company's property from damage. The meters and meter connections always remain the property of the Company and may be removed when the service is terminated for any cause.

26.2 Service Line and Main Extension Policy.

A, Statement of Policy

Within the Company's service territory, the Company shall make such reasonable, economically-viable extensions of the mains of its system from time to time as warranted by expansion and development of demand, subject to the Customer's compliance with any prior contractual relationships involving the Company. Service line installations shall be made as provided in Section 25 of the General Terms and Conditions of this Tariff. The Company will not extend its mains to make service connections to provide gas service to any premises located outside of the Company's service area as defined in the Certificates of Public Convenience and Necessity, or any extension thereof, issued to the Company by the Commission.

Notwithstanding any other provision in this Section 26.2, the Company may enter into agreements for service line and/or main extensions with any person or firm (such as Customers, Developers, or Builders) as set forth in Section 26.2.C. The Company may provide the Regular Construction Allowance and Extra Construction Allowance provided herein to any person or firm executing a service line and/or main extension agreement; provided that the Company shall offer only one Regular Construction Allowance and only one Extra Construction Allowance per home or structure attached to its system. Once a person or firm qualifies for the incentive(s) with respect to a home or structure, no other person or firm may qualify for an incentive(s) with respect to that home or structure. A Customer, Developer or Builder seeking an allowance under this section will be advised whether they qualify at the time they enter into the applicable agreement set forth in Section 26.2 C.

Main extensions and service line installations will be performed by the Company or a Company-approved third party contractor. Any and all contractors used for excavation, backfill or construction of service lines or main extensions owned or operated by the Company must be approved by the Company.

Allowances under this section shall be provided by the Company in a non-discriminatory manner.

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B. Definitions

1. Customer – As defined in Section 2.11 of the General Terms and Conditions of this Tariff, as any individually metered end user of gas. A Customer may or may not be a Developer or Builder.
2. Developer – A person or firm that enters into a Gas Service Extension Agreement or a Service Line Agreement for the purpose of developing homes or other structures that will attach to the Company's system. A Developer may or may not also be a Customer.
3. Builder – A person or firm engaged in the business of constructing homes or other structures that will attach to the Company's system. A Builder may or may not also be a Customer.

C. Agreements

- (1) Main Extensions. Unless undertaken on the Company's initiative and at the Company's expense, main extensions requested by a person or firm shall be made in conformance with the terms of a Gas Service Extension Agreement, as the same may be revised from time to time. The Gas Service Extension Agreement shall provide an estimate of the cost of installing the main extension (and service line installations and other additional facilities if requested by such person or firm), which cost must be paid before the main extension and other applicable facilities will be constructed. The Gas Service Extension Agreement shall specify the terms of the entitlement of the person or firm executing said agreement to the Regular Construction Allowance or Extra Construction Allowance for homes or other structures attaching to the main extension that is the subject of the Gas Service Extension Agreement, subject to the following terms and conditions:
 - i. The cost estimate required to be paid in by the person or firm executing the Gas Service Extension Agreement includes a Contribution in Advance of Construction (which is the amount required to be paid-in that may be refundable under the terms of the agreement) and/or a Contribution in Aid of Construction (which is the amount required to be paid-in that will not be refundable under the terms of the agreement).
 - ii. The Contribution in Advance of Construction may be refundable for a three-year period in the amount stipulated in the agreement for each subsequent Customer connected to the main extension where the home or structure has primary gas heat and a gas water heater or has gas appliance(s) with a comparable annual load. The refunds shall not exceed the total amount of the Contribution in Advance of Construction provided for in said agreement.

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- iii. The Company will own and operate all extensions made under the above mentioned agreements and shall have the right and privilege to extend its system from such extensions without any refund obligation whatsoever with respect to future attachments.

- (2) Service Line Installations. Service line installations shall be made in conformance with the terms of a Service Line Agreement, as the same may be revised from time to time. The Service Line Agreement shall provide an estimate of the cost of installing the service line; provided, however, that the person or firm executing the Service Line Agreement will be invoiced the actual cost of the service line installation, minus the applicable Regular Construction Allowance in the event that the person or firm qualifies for that allowance.

D. Regular Construction Allowance for New Service Lines and/or Main Extensions

The Regular Construction Allowance for new or replacement service lines and/or main extensions offered to any person or firm within the service area shall be up to \$1,210 where the home or structure has primary gas heat and gas water heating or has gas appliance(s) with a comparable annual load. Such person or firm shall pay any costs (including installation) in excess of \$1,210.

E. Extra Construction Allowance. An Extra Construction Allowance for new Main and/or Service Line extensions offered to new Customers within the service territory shall be available in an amount up to a maximum of the cost of connection (including installation) exceeding the Regular Construction Allowance, but not to exceed the Regular Construction Allowance by:

Up to \$2,000 for Customers selecting the \$20 per month Extra Construction Allowance Charge,
Up to \$3,000 for Customers selecting the \$30 per month Extra Construction Allowance Charge,
Up to \$4,000 for Customers selecting the \$40 per month Extra Construction Allowance Charge,
or
Up to \$5,000 for Customers selecting the \$50 per month Extra Construction Allowance Charge.

where:

- (1) The total cost of the service lines and/or main extensions exceeds the Regular Construction Allowance;
- (2) The home or structure has primary gas heat and gas water heating or has gas appliance(s) with a comparable annual load. Customer shall pay any costs (including installation) in excess of the sum of the applicable Regular Construction Allowance (in the event that the Customer is eligible for the Regular Construction Allowance) and the Extra Construction Allowance.
- (3) Only the property owner at the address requesting service is eligible to contract for the Extra Construction Allowance;
- (4) The Company shall establish, and the Customer shall accept, a reimbursement schedule to recover the costs of providing the Extra Construction Allowance, with the reimbursement period not to exceed 180 months and with the cost of recovery calculated to account for the time value of money at a rate equal to 7.67 percent;

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- (5) Customers have the option to make lump sum pay off of any remaining balance associated with the Extra Construction Allowance at any time. When requested by a Customer, the Company will calculate the lump sum payment amount based upon the remaining unpaid Extra Construction Allowance on a specified payment date. A lump sum payment made in full on or before the date specified by the Company will eliminate the Customer's obligation to make further Extra Construction Allowance payments; and
- (6) The liability for the Extra Construction Allowance Charge remains with the premise, such that in the event a new customer becomes responsible for paying the Company for service at that premise, that new customer will assume the responsibility for reimbursing the Company for the remainder of the total amount to be reimbursed. The Company will notify any subsequent Customer upon request for service when that Customer's premise is subject to the Extra Construction Allowance Charge.
- (7) The Company will provide in writing the following information to the Customer when presenting the estimated connection costs and Extra Construction Allowance:
 - i. The 7.67 percent Time Value of Money; and
 - ii. The Extra Construction Allowance Amount and the Time Value of Money amounts over the duration of the payment period; and
 - iii. The Customer has the option to make a lump sum payment at any time during the duration of the repayment period; and
 - iv. A phone number to address Extra Construction Allowance questions and the lump sum payment.

F. Customer specifically agrees that the Company may make additional extensions from the original extension, and the Company shall have the right and privilege to do so without any refund obligation whatsoever to the Customer.

G. Nothing contained herein shall be construed as prohibiting the Company from following a more liberal policy concerning allowances for extensions than that set forth herein when, in the sole judgment of the Company, circumstances warrant a more liberal policy. Notwithstanding, under a more liberal policy, there shall be no discrimination as to the applicants under similar circumstances and conditions.

H. In all cases where it is deemed desirable or necessary by the Company to construct a main extension of greater capacity than that which is required for Customer in order to conform with future plans of the Company, the excess construction cost shall be borne by the Company.

I. The main extension and service line policy shall not apply to mobile homes on rented lots. Main extensions and service lines to serve mobile homes on rented lots shall be installed by the Company or a contractor approved by the Company at the expense of the person or firm requesting the connection, and shall be thereafter maintained by the Company.

26.3 Company shall bear the expense of any required maintenance, repair, or replacement of pipeline or facilities owned by the Company, except as otherwise provided in this Tariff.

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27. RELOCATION OF FACILITIES.

Notwithstanding any provision contained within this Tariff, the Customer will bear the cost of relocating facilities used in the provision of gas service which are located downstream of the service line when made at the Customer's request or when necessary to comply with applicable legal requirements or to mitigate potential or existing safety hazards to property or personnel. The Company may assess a charge, pursuant to the Schedule of Rates and Other Charges, at the Company's current standard hourly service charge for all work performed.

28. INCIDENTAL PURCHASE AND SALE.

28.1 Company may buy and sell gas in connection with the provisions of all services rendered under this Tariff. Company may buy and sell gas to the extent necessary to maintain system pressure, to manage upstream storage, to replenish any upstream storage retained by Company for system operations, to maintain line pack and provide additional line pack for new facilities, to implement any cash-out imbalance procedures, and to perform other functions of Company in connection with services provided. Nothing herein shall impose on Company any obligation to provide a supply function to any Customer, supplier or other party.

28.2 Company will sell gas at any point on the system on a non-discriminatory basis. The purchasing party will be required to arrange with Company the necessary transportation agreements from the point of sale.

29. LIMITATIONS ON OBLIGATIONS.

29.1 Force Majeure.

A. It is expressly agreed that the Company shall not be liable on any account whatsoever to Customer for any failure, interruption or diminution in delivery of gas hereunder or any act, omission or circumstance occasioned by or in consequence of accident to or breakage of pipelines, equipment or machinery, explosions, landslides, earthquakes, fires, lightning, floods, washouts, freezing, storms, the elements, the making of repairs, maintenance, alterations or replacements, strikes, lockouts or other industrial disturbances, riots, insurrections, civil disturbances, pestilence, acts of God or the public enemy, war, legal interferences, orders or requirements of any court of competent authority, government agency, depletion or destruction of gas wells or fields, diminution or failure of, or interference, partial or entire, with Company's natural gas supply, or, and without limitation by the foregoing, any other causes beyond reasonable control of Company. In every case, Company shall exercise diligence to remove any such interference with its delivery of gas and shall resume such delivery at the earliest practical time.

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B. Customer shall not be liable to Company for any failure to receive natural gas hereunder when occasioned by, or in consequence of accident to or breakage of pipelines, equipment or machinery, explosions, landslides, earthquakes, fires, lightning, floods, washouts, freezing, storms, the elements, the making of repairs, alterations or replacements, strikes, lockouts or other industrial disturbances, riots, insurrections, civil disturbances, pestilence, acts of God or the public enemy, war, legal interferences, orders or requirements of any court of competent authority, government agency, or, and without limitation by the foregoing, any other causes beyond reasonable control of customer.

C. Any such cause or contingency exempting Customer from liability for non-performance (excepting where prevented by valid orders or requirements of Federal, State or other governmental regulatory bodies having jurisdiction in the premises) shall not relieve Customer of its obligation to pay, when due, any amount assessed the Customer under authority of this Tariff. In every case of force majeure, Customer shall exercise diligence to remove any interference with its receipt of gas and shall resume such receipt at the earliest practicable time.

29.2 Limitations on Capacity for Receipts and Deliveries. Whenever Company's system is unable, for any reason, to receive or deliver gas to satisfy the needs of all Customers requesting service, Company will reduce deliveries, as circumstances permit, as follows:

PRIORITY FOR INTERRUPTION OF SERVICE

Priority 1 (Highest Priority) Requirements of Jurisdictional Customers using natural gas in a dwelling for residential purposes, including apartment buildings and other multi-unit buildings, and requirements of small commercial Customers (including public and private institutions and local, state and federal governmental agencies) for purposes other than those involving manufacturing or electric power generation, including all requirements:

A. In a school, defined as a facility the primary function of which is to deliver instruction to regularly enrolled students in attendance at such facility;

B. In a hospital, defined as a facility the primary function of which is delivering medical care to patients who remain at the facility, including nursing and convalescent homes; and

C. For police and/or fire protection and in sanitation and correctional facilities.

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Priority 2 (Second Highest Priority) Any jurisdictional Customer having average daily requirements which has been certified by the U.S. Secretary of Agriculture as an essential agricultural use under Section 401(b) of the Natural Gas Policy Act.

Priority 3 (Third Highest Priority - All Other Customers) Any other jurisdictional Customer having average daily requirements.

30. OPERATIONAL FLOW ORDERS.

The Company may issue an Operational Flow Order (OFO) requiring delivery of specified volumes of gas. An OFO may be issued for the Company's entire system, for a discrete portion thereof, or for a single Supplier. Suppliers who fail to deliver specified OFO volumes of gas shall be billed an OFO Charge as specified in the applicable Supplier Participation Agreement executed by the Supplier.

31. REMEDIES.

- 31.1 Company is not required to perform service on behalf of any Customer that fails to comply with any applicable part of this Tariff, including the applicable Rate Schedule(s) and these General Terms and Conditions.
- 31.2 The failure of Customer to timely pay any bill rendered it by Company shall be handled in accordance with the applicable provisions of this Tariff.
- 31.3 Notwithstanding the foregoing, no provision of these General Terms and Conditions regarding specific remedies shall bar the Company from asserting any other remedy it may have at law or in equity.

32. DULY CONSTITUTED AUTHORITIES.

- 32.1 This Tariff including these General Terms and Conditions and the respective obligations of the parties hereunder are subject to present and future valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction.
- 32.2 The rates, terms, and conditions for service hereunder may require change from time-to-time. Accordingly, the Company's rates, rate schedules and terms and conditions, may from time-to-time be changed by appropriate lawful processes, including the filing of changed provisions with the PSC. Company shall be entitled to collect changed rates from Customer commencing with the effective date of such change. Customer shall be obligated to pay the changed rate, made effective in the manner described above.

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33. NOTICES.

Any notice, request, demand, statement or bill provided for in this Tariff, or any notice which either the Company or a Customer may desire to give to the other, shall be in writing and shall be considered as duly delivered when deposited in the United States mail, postage prepaid, addressed to the Post Office address of the Company or Customer, or at such other address as either shall designate by formal written notice, except that routine communications (including monthly statements and payments) shall be considered as duly delivered when mailed by ordinary mail. Notices pursuant to Section 29, "Limitations on Obligations" may be given orally.

34. TEMPORARY SERVICE.

In case of temporary service for short-term use, as distinguished from seasonal use, the Company may require the Customer to pay all the costs (including, but not limited to, labor and material) of making the service connection and extension, and removing the material after service has been discontinued, or to pay a fixed amount in advance to cover such expense.

35. ALTERATION OF TARIFF.

No Company agent or employee has the right to modify or alter any provision included within this Tariff, or to make any promises or representations not contained herein, supplements thereto, or revisions thereof.

36. TAX ADJUSTMENT.

36.1 When any city or other taxing subdivision imposes a franchise, occupation, business sales, license, excise, privilege or similar tax of any kind on the Company, the amounts thereof, insofar as practical, shall be charged on a *pro rata* (defined as prorating the tax to bill the Customer for the correct number of days on the new tax rate and the old tax rate, if applicable), basis to all Customers receiving gas service from the Company within the boundaries of the city or taxing subdivision. This tax charge, in all cases, will be in addition to the regular charges for gas service.

36.2 Where such tax is levied on a percentage of gross receipts, that percentage will be applied to each affected Customer's bill, and the amount computed will be added to the bill. Where such tax is levied on the quantity of gas delivered, the quantity of gas consumed, as shown on the Customer's bill, will be used to determine the tax amount added to the bill. Where the tax is levied other than on a percentage of gross receipts or quantity basis, an amount shall be added to each affected Customer's bill until the Customer's *pro rata* share of the total tax is paid. The amount of the tax charged to each affected Customer in each billing period will be shown as a separate item on the Customer's bill.

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37. EXCESS FLOW VALVES.

- 37.1 Company shall provide written notification of the availability for installation of an excess flow valve meeting the performance standards prescribed by the United States Department of Transportation at 49 C.F.R. § 192.381 to any single-residence, residential service Customer where a new or replacement service line/service stub that operates continuously at a pressure of ten (10) pounds per square inch gauge or greater is to be installed. The written notification will provide, at a minimum, the information prescribed by said Department of Transportation at 49 C.F.R. § 192.383.
- 37.2 While the Company will install an excess flow valve at a service address at the Customer's request, the Customer is responsible for reimbursing the Company for the fully-allocated cost of the installation. Company also shall be reimbursed for the fully-allocated cost of any post-installation activities, such as repairing, resetting, deactivating, removing or replacing an excess flow valve, by the then-current Customer at said service address at the time the activity is undertaken.
- 37.3 Company shall not be liable for any (1) injury to person, and/or (2) damage to or destruction of any property, resulting directly or indirectly from any failure of, or defect in, an excess flow valve installed by the Company, except where the failure or defect is caused directly or indirectly by a willfully negligent error or omission by the Company in the installation of the excess flow valve.

38. CODE OF CONDUCT.

- 38.1 This code of conduct sets forth guidelines to govern affiliate cost allocations and transactions under the Choice Gas Program.
- A. The Company shall maintain separate accounting records for revenues and costs related to its activities as a participating Supplier under the Choice Gas Program. Such costs and revenues shall be treated as "below-the-line" items and excluded for purposes of setting rates for the Company's regulated delivery utility services.
- B. Any use of shared employees, facilities or services related to the participating Supplier activities of the Company or its affiliates as participating Suppliers under the Choice Gas Program ("Gas Supplier Activities") shall be allocated and accounted for through time keeping separately to prevent ratepayer subsidization of such Gas Supplier Activities when setting the tariff rates for the Company's regulated delivery utility services.

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C. Any employees responsible for the allocation of upstream pipeline capacity to Suppliers, administration of the PDA agreement with KMITG, administration of the Choice Gas Terms and Conditions or supplier agreements shall not be shared employees related to the activities of the Company or its affiliates as participating Suppliers under the Choice Gas Program. Any employee responsible for regulated services who also allocates time to the Gas Supply function of the activities of the Company or its affiliates as participating Suppliers under the Choice Gas Program shall not set prices associated with the Gas Supply but shall only convey pricing available to potential Customers.

D. The Company shall not operate its utility system, provide utility services (including Choice Gas Program administrative services such as, balloting, billing, call center contacts and shipper services contacts), release upstream pipeline and storage capacity, grant of any discounts, distribution rate reductions or other distribution concessions, or disclose non-public utility or customer information in any manner which would make or grant any unreasonable preference or advantage to its own Gas Supplier Activities over those of other participating Suppliers or subject any of the other participating Suppliers to any unreasonable prejudice or disadvantage.

E. The Company shall not utilize or disclose non-public customer or utility information or provide leads, including preferential use of computer files or call center information received in its role as a provider of regulated delivery services, in any manner which would make or grant any unreasonable preference or advantage to the Company or any other person over the other participating Suppliers or subject any of the other participating Suppliers to any unreasonable prejudice or disadvantage. If a utility customer of the Company requests information about gas Suppliers, the Company shall provide a list of all participating Suppliers and shall not express any preference or recommendation in favor of any participating Supplier, including itself or its affiliates. The Company shall not request authorization from its customers to pass on customer information exclusively to its Gas Supplier Activities.

F. Information regarding new customers will not be used by the Company for purposes of its Gas Supplier Activities, or disclosed to other participating Suppliers, unless and until it is contemporaneously disclosed to all participating Suppliers.

G. The Company and its affiliates shall not represent through words or actions that the cost, quality, or reliability of the regulated delivery utility services provided by the Company to its utility customers shall vary, or be adversely affected in any way under the Choice Gas Program. If a customer requests information about gas Suppliers, the Company shall provide a list of all qualified and participating Suppliers on its system but shall not express any preferential recommendation for a Supplier that is a Company affiliate or for any other Supplier.

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H. If a Company tariff provision or the terms and conditions of its unbundling program allow for discretion in its application, the Company shall apply that provision in a nondiscriminatory manner to all persons, including the Company and its affiliates acting as participating Suppliers and other market participants and their respective customers under the Choice Gas Program. If the Company has no discretion in the application of such a provision, it shall strictly enforce that provision.

I. The Company shall not market or advertise its utility services (including the administration of the Choice Gas Program) jointly with the marketing or advertising of its services as a participating Supplier, including joint sales calls, joint proposals, joint correspondence, joint advertising, joint marketing appearances, or similar activities or events except in instances for selection forms, joint education and bill inserts where the Company as the administrator of the Choice Gas Program and as a participating Supplier appear together.

J. The Company shall clearly inform customers through a disclaimer on a bill insert and on all Choice Gas related advertising that the customers of the Gas Supplier Activities will have no preferential treatment with regard to regulated utility services over the other Suppliers in the Choice Gas Program. The disclaimer shall read “No Customer of any Supplier will receive preferential treatment with regard to utility services regulated by the Nebraska Public Service Commission.”

K. The Company will maintain 1) a list of Black Hills Energy entities doing business in the Choice Gas Program area and 2) a list of Company employees who charge time to Gas Supplier Activities.

L. If a participating Supplier has reason to believe that the Company may have failed to adhere to the guidelines set forth in this Code of Conduct, such participating Supplier shall contact the Company and identify with specificity the perceived failure. The Company shall respond to, or meet with, such participating Supplier within 15 workings days of the contact to address the matter. If the matter is not satisfactorily resolved, a complaint may be filed with the Nebraska Public Service Commission.

38.2 This code of conduct sets forth guidelines to govern Supplier conduct under the Choice Gas Program.

A. A Supplier shall not represent through words or actions that the quality, or reliability of the gas provided by any other Supplier, or the regulated delivery services provided by the Company to its utility customers shall vary, or be adversely affected in any way under the Choice Gas Program. If a customer requests information about gas suppliers, other Suppliers shall instruct the customer to contact that Supplier, but shall not express any preference for or opposition to any other Supplier.

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- B. A Supplier shall not misquote or misrepresent the commodity prices of any other Supplier, including the regulated utility, to a customer.
- C. A Supplier shall not engage in activities such as slamming or cramming, or otherwise act in a manner detrimental to the Customer in the Supplier selection process.
- D. A Supplier shall not market or advertise its commodity services in any manner that is misleading to the customer, or misrepresents the cost of commodity to the customer. A Supplier shall take such actions, especially in the context of multi-year supply arrangements, to ensure that a current or prospective customer and the Company understands the cost of commodity applicable to any pricing options being considered for selection by the customer.
- E. A Supplier will not unduly discriminate against similarly situated customers.
- F. If a Supplier or the Company has reason to believe that a Supplier may have failed to have complied with the guidelines set forth in this Code of Conduct, such Party shall contact the Company and identify with specificity the perceived failure. The Company shall contact the non-complying Supplier and the non-complying Supplier shall respond to, or meet with, the Company within fifteen (15) working days of the contact to address the matter, however the Company may require an immediate response based on the urgency of matter. If the matter is not satisfactorily resolved, a complaint may be filed by any Party with the PSC.

39. WAIVER.

Company may waive any provision of this Tariff as circumstances warrant in a manner that is not unduly discriminatory to individual Customers or classes of Customers.

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40. CUSTOMER RETENTION INCENTIVE PROGRAM CHARGE

- 40.1 Description. The customer retention incentive program, called High Efficiency Assistance Tool (HEAT), enables the Company to offer an incentive to Jurisdictional Residential and Commercial Service Customers to assist with the costs associated with the purchase and installation of a new, natural gas burning space- heating or water heating appliances.
- 40.2 HEAT Charge. A flat monthly HEAT Charge shall be added to the monthly Customer Charge for all jurisdictional Residential and Commercial Service Customers on the effective date of the HEAT Charge.
- 40.3 Determination of HEAT program costs.
- A. Annual Report. On or before November 1, the Company will submit a report to the Commission detailing HEAT activity and expenses for the 12-month period ending August 31. The resulting HEAT Charge, as determined below, will be assessed to Customers January 1 through December 31. This process will be repeated each year.
- B. HEAT program expenses which are eligible for inclusion in the determination of the HEAT Charge include only the actual incentive amounts paid.
- C. The report filed by November 1 will include the eligible expenses associated with HEAT as well as the allocation of those expenses as described below. Additionally, the report will state the proposed HEAT Charge to be effective January 1 of the upcoming year.
- D. The Company shall reconcile on an annual basis the eligible program expenses related to HEAT program activity with the revenues collected through the HEAT Charge.

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40.4 Determination of HEAT Charge.

A. The Residential and Commercial HEAT Charges will be determined by dividing the number of forecasted annual Residential and Commercial Service bills into the total of HEAT program costs as determined pursuant to Section 40.3 hereof.

B. The HEAT Charges will be added to the monthly Customer Charge component of the Customer's bill.

40.5 Discounting. If and when the Company discounts service charges or rates in order to maintain or increase system load, the Account 191 Charge, P-802 Charge and the HEAT Charge shall be discounted, in that order, prior to the discounting of any other components of the base rates.