

November 5, 2019

VIA ELECTRONIC FILING

Ms. Kimberley A. Campbell
Chief Clerk
North Carolina Utilities Commission
430 N. Salisbury Street, Dobbs Building
Raleigh, North Carolina 27603

Re: Docket No. G-9, Sub 743

Dear Ms. Campbell:

Pursuant to Ordering Paragraph 11 of the Commission's Order dated October 31, 2019, *Order Approving Stipulation, Granting Partial Rate Increase, Line 434 Revenue Rider, EDIT Riders, Provisional Revenues Rider, and Requiring Customer Notice* in Docket No. G-9, Sub 743, Piedmont Natural Gas Company, Inc. ("Piedmont") hereby submits its revised Rate Schedules and Service Regulations effective November 1, 2019.

Piedmont is also providing, by overnight delivery, fifteen (15) paper copies of this filing in accordance with Commission Rule R 1-28(e)(1).

Thank you for your assistance with this matter. If you have any questions regarding this filing, you may reach me at the number shown above.

Sincerely,

/s/ James H. Jeffries IV

James H. Jeffries IV

JHJ/sko

cc: All Parties of Record
Brian Heslin
Bruce Barkley
Pia Powers

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the attached is being served this date upon all of the parties to this docket electronically or by depositing a copy of the same in the United States Mail, First Class Postage Prepaid, at the addresses contained in the official service list in this proceeding.

This the 5th day of November, 2019.

/s/ Sloane K. O'Hare

Sloane K. O'Hare

Rate Schedules and Service Regulations

**RATE SCHEDULE 101
RESIDENTIAL SALES SERVICE**

Applicability and Character of Service

Gas Service under this Rate Schedule is available in the area served by the Company in the State of North Carolina to a residential unit which is individually metered and to family care homes as defined in G.S.168-21, upon application to and consent by the Company to such Service, as provided in the Company's Service Regulations. The nature of Service provided by Company to Customer under this Rate Schedule is firm sales Service.

Rates and Charges

The rates to be charged for gas Service pursuant to this Rate Schedule are set forth on the Company's "Rates and Charges" tariff sheet and may be viewed at the Company's Web Site at www.piedmontng.com. A copy of the "Rates and Charges" tariff sheet is also on file with the North Carolina Utilities Commission and available from the Company. Rates are subject to adjustment from time to time with the approval of the North Carolina Utilities Commission.

Restriction on Right to Service

Company reserves the right to decline the provision of Service under this Rate Schedule where Customer's Service Line would attach directly to a Company transmission Main.

Payment of Bills

Bills are net and due upon receipt. Bills become past due 25 days after bill date.

Late Payment Charge

A late payment charge of 1% per month will be applied to all balances not paid prior to the next month's billing date.

Service Interruption and Curtailment

Gas Service under this Rate Schedule is subject to the provisions contained with Rate Schedule 106, "Schedule for Limiting and Curtailing Service," and the Company's Service Regulations.

Applicable Documents Defining Obligations of the Company and Its Customers

The applicable documents defining the obligations of the Company and its Customers are those described in Section 3 of the Company's Service Regulations.

**RATE SCHEDULE 102
SMALL GENERAL SALES SERVICE**

Applicability and Character of Service

Gas Service under this Rate Schedule is available in the area served by the Company in the State of North Carolina to any full requirements non-residential Customer whose average daily usage is less than 20 dekatherms per day, upon application to and consent by the Company to such Service, as provided in the Company's Service Regulations. Average daily gas usage will be based on the Customer's usage during the most recent past calendar year ended on December 31 and adjusted for cycle length. Availability of this Rate Schedule for new Customers or for Customers without at least one full year of usage history will be based on reasonably anticipated usage.

The nature of Service provided by Company to Customer under this Rate Schedule is firm sales Service. Any reclassification or change in quantity or character of Service to Customer will be subject to the procedures set forth in the Company's Service Regulations.

At its option, a family care home, as defined in G.S. 168-21, may elect service under Rate Schedule 101 – Residential.

Rates and Charges

The rates to be charged for gas Service pursuant to this Rate Schedule are set forth on the Company's "Rates and Charges" tariff sheet and may be viewed at the Company's Web Site at www.piedmontng.com. A copy of the "Rates and Charges" tariff sheet is also on file with the North Carolina Utilities Commission and available from the Company. Rates are subject to adjustment from time to time with the approval of the North Carolina Utilities Commission.

Payment of Bills

Bills are net and due upon receipt. Bills become past due 15 days after bill date.

Late Payment Charge

A late payment charge of 1% per month will be applied to all balances not paid prior to the next month's billing date.

Service Interruption and Curtailment

Gas Service under this Rate Schedule is subject to the provisions contained within Rate Schedule 106, "Schedule for Limiting and Curtailing Service," and the Company's Service Regulations.

Applicable Documents Defining Obligations of the Company and Its Customers

The applicable documents defining the obligations of the Company and its Customers are those described in Section 3 of the Company's Service Regulations.

**RATE SCHEDULE 103
LARGE GENERAL SALES SERVICE**

Availability

Gas Service under this Rate Schedule is available in the area served by the Company in the State of North Carolina to any full requirements non-residential Customer whose average daily gas usage is reasonably anticipated to equal or exceed 50 dekatherms per day, upon application to and consent by the Company to such Service, as provided in the Company's Service Regulations.

Upon commencement of Service under this Rate Schedule, any reclassification or change in quantity or character of Service to Customer shall be subject to the provisions of this Rate Schedule 103 and the procedures set forth in the Company's Service Regulations.

Character of Service

The nature of Service provided by Company to Customer under this Rate Schedule is firm sales Service.

Once a qualified Customer is approved by the Company for Service under this Rate Schedule, all services will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. Subject to the requirements set forth above, a Customer may, subject to the consent of the Company, elect to discontinue Service under this Rate Schedule and receive Service under Rate Schedule 113 by giving written notice to the Company prior to March 1 of any year. The Company will not withhold such consent provided (a) the Company continues to offer Large General Transportation Service under Rate Schedule 113, (b) the Company is able to provide Service under Rate Schedule 113 under commercially reasonable terms and conditions, and (c) the analyses applicable to reclassifications or changes in Service set forth in the Company's Service Regulations support such consent. If timely notice is received from Customer and consent is provided by Company, the Customer shall discontinue Service under this Rate Schedule and Company shall provide service under Rate Schedule 113 effective the first June 1 following the notice.

All gas delivered pursuant to this Rate Schedule shall be metered by the Company separately from any gas delivered to Customer under any of the Company's other Rate Schedules.

Rates and Charges

The rates to be charged for gas service pursuant to this Rate Schedule are set forth on the Company's "Rates and Charges" tariff sheet and may be viewed at the Company's Web Site at www.piedmontng.com. A copy of the "Rates and Charges" tariff sheet is also on file with the North Carolina Utilities Commission and available from the Company. Rates are subject to adjustment from time to time with the approval of the North Carolina Utilities Commission.

Billing Demand

A Customer's billing demand determinant shall be the highest daily usage during the period from November 1 to March 31 of the previous winter period as metered and reported to the Company by the telemetering equipment installed by the Company.

Changes to the Customer's billing demand determinant will become effective June 1 of each year.

**RATE SCHEDULE 103
LARGE GENERAL SALES SERVICE**

For Customers commencing initial gas service under this Rate Schedule, the billing demand shall be the highest actual daily consumption to date during that initial partial year, but shall be a minimum of 50 dekatherms. If a Customer has received gas Service from the Company prior to receiving Service under this Rate Schedule but does not have daily telemetered records to determine peak day usage as described above, the Company shall use 6% of that Customer's highest previous winter month's consumption for the billing demand determinant.

The calculation of Customer billing determinants hereunder shall not create any right to Service at a specified level. All changes to character or quantity of Service shall be subject to the Company's consent based on the evaluation and analysis described in the Company's Service Regulations.

Volumetric Charges

The rate per therm shall be billed on the quantity of gas delivered by Company to Customer.

Payment of Bills

Bills are net and due upon receipt. Bills become past due 15 days after bill date.

Late Payment Charge

A late payment charge of 1% per month will be applied to all balances not paid prior to the next month's billing date.

Service Interruption and Curtailment

Gas Service under this Rate Schedule is subject to the provisions contained within Rate Schedule 106, "Schedule for Limiting and Curtailing Service," and the Company's Service Regulations.

Applicable Documents Defining Obligations of the Company and Its Customers

The applicable documents defining the obligations of the Company and its Customers are those described in Section 3 of the Company's Service Regulations.

**RATE SCHEDULE 104
LARGE GENERAL INTERRUPTIBLE SALES SERVICE**

Availability

Gas Service under this Rate Schedule is available in the area served by the Company in the State of North Carolina on an interruptible basis to any full requirements non-residential Customer whose average daily gas usage is reasonably anticipated to equal or exceed 50 dekatherms per day, upon application to and consent by the Company to such Service, as provided in the Company's Service Regulations.

Upon commencement of Service under this Rate Schedule, any reclassification or change in quantity or character of Service to Customer shall be subject to the provisions of this Rate Schedule 104 and the procedures set forth in the Company's Service Regulations.

Character of Service

The nature of Service provided by Company to Customer under this Rate Schedule is interruptible sales Service.

Once a qualified Customer is approved by the Company for Service under this Rate Schedule, all Services will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. Subject to the requirements set forth above, a Customer may, subject to the consent of the Company, elect to discontinue Service under this Rate Schedule and receive Service under Rate Schedule 114 by giving written notice to the Company prior to March 1 of any year. The Company will not withhold such consent provided (a) the Company continues to offer large general interruptible transportation Service under Rate Schedule 114, (b) the Company is able to provide Service under Rate Schedule 114 under commercially reasonable terms and conditions, and (c) the analyses applicable to reclassifications or changes in Service set forth in the Company's Service Regulations support such consent. If timely notice is received from Customer and consent is provided by Company, the Customer shall discontinue Service under this Rate Schedule and Company shall provide service under Rate Schedule 114 effective the first June 1 following the notice.

All gas delivered pursuant to this Rate Schedule shall be metered by the Company separately from any gas delivered to Customer under any of the Company's other Rate Schedules.

Customer at Risk in Case of Interruption or Curtailment of Service

Customers receiving Service under this Rate Schedule shall not be required to maintain alternate fuel capability; provided, however, that all business, operational, mechanical or other risks associated with the interruption or curtailment of service under this Rate Schedule shall be borne exclusively by Customer. Such interruption or Curtailment of Service may be ordered by Company at any time and for any reason deemed necessary or appropriate by Company and is an inherent risk of Service under this Rate Schedule. Such interruption or Curtailment shall be immediately effective upon verbal or written notification by the Company and Customer shall refrain from using gas until permitted to do so by the Company. It is understood and agreed that the Company will have the right to suspend gas Service without further notice to the Customer in the event Customer fails to cease Customer's use of gas in accordance with the Company's notice of interruption or Curtailment.

**RATE SCHEDULE 104
LARGE GENERAL INTERRUPTIBLE SALES SERVICE**

Rates and Charges

The rates to be charged for gas Service pursuant to this Rate Schedule are set forth on the Company's "Rates and Charges" tariff sheet and may be viewed at the Company's Web Site at www.piedmontng.com. A copy of the "Rates and Charges" tariff sheet is also on file with the North Carolina Utilities Commission and available from the Company. Rates are subject to adjustment from time to time with the approval of the North Carolina Utilities Commission.

Volumetric Charges

The rate per therm shall be billed on the quantity of gas delivered by Company to Customer.

Payment of Bills

Bills are net and due upon receipt. Bills become past due 15 days after bill date.

Late Payment Charge

A late payment charge of 1% per month will be applied to all balances not paid prior to the next month's billing date.

Service Interruption and Curtailment

Gas Service under this Rate Schedule is subject to the provisions contained within Rate Schedule 106, "Schedule for Limiting and Curtailing Service" and the Company's Service Regulations.

Applicable Documents Defining Obligations of the Company and Its Customers

The applicable documents defining the obligations of the Company and its Customers are those described in Section 3 of the Company's Service Regulations.

RATE SCHEDULE 106

SCHEDULE FOR LIMITING AND CURTAILING SERVICE

Applicability and Character of Service

This Rate Schedule defines the types of Curtailment, Interruption and penalty charges that the Company may invoke for Customers receiving firm or interruptible Service due to the occurrence of extreme weather conditions, operating condition constraints, Force Majeure events, or other causes for limitation of Service specified in the Company's Service Regulations and Rate Schedules and describes the process and procedures to be followed in the implementation of gas Service restrictions.

Curtailment/Interruption of Interruptible Service

Service provided under any Rate Schedule where the character of Service is designated as "interruptible" may be Interrupted or Curtailed by the Company at any time and for any reason deemed necessary or appropriate by Company. Customers receiving "interruptible" Service will be Curtailed or Interrupted prior to Curtailment of Customers receiving "firm" service. Upon Interruption or Curtailment of Service to Customers receiving interruptible Transportation Service from the Company, such Customers shall take all reasonably available measures to adjust their deliveries to the Company in order to minimize any imbalances on upstream pipelines. Customer shall be responsible for resolving all such imbalances.

Curtailment of Firm Service

Whenever the Company curtails Service to firm Customers pursuant to the Service Regulations and/or Rate Schedules, Service shall be Curtailed in accordance with the provisions and priorities set forth in the Service Regulations. Whenever the Company limits or restricts service to firm Customers through the issuance of an Operational Order, such restrictions shall be set forth in the Operational Order. Upon Curtailment, limitation or restriction of Service to Customers receiving Transportation Service from the Company, such Customers shall take all reasonably available measures to adjust their deliveries to the Company in order to minimize any imbalances. Customer shall be responsible for resolving all such imbalances on upstream pipelines.

Emergency Service

The Company will make every reasonable effort to deliver plant protection volumes to industrial and commercial Customers that do not have standby fuel systems sufficient to prevent damage to facilities or danger to personnel, or to Customers that find it impossible to continue operations on the Customer's standby or alternate energy source as a result of a bona fide existing or threatened emergency. This includes the protection of such existing material in process that would otherwise be destroyed, or deliveries required to maintain plant production. All emergency gas Service is interruptible and is of a discretionary nature on the part of the Company and implies no present or future obligation of the Company to any Customer to provide such Service on either a temporary or continuing basis. Deliveries of emergency Service hereunder shall be made pursuant only to advance operating arrangements between the Company's authorized personnel and the Customer and shall be subject to curtailment and interruption at any time should the Company deem it necessary.

RATE SCHEDULE 106

SCHEDULE FOR LIMITING AND CURTAILING SERVICE

Rate for Emergency Service

If the Company has authorized the Customer to consume limited quantities of emergency gas as provided in the above paragraph, then all gas so delivered by the Company to the Customer will be at a rate set forth on the Company's "Rates and Charges" tariff sheet plus the higher of two commodity indices - a "Monthly Contract Price" or a "Daily Price" - for each dekatherm of consumption. "Monthly Contract" shall be defined as the monthly contract index price for the applicable calendar month as first published in Inside F.E.R.C.'s - Gas Market Report in the table titled "Monthly Bidweek Spot Gas Prices" under the heading "Louisiana/Southeast –Transco, zone 3" in the column titled "Index", plus Transco's zone 3 to zone 5 IT transportation rate inclusive of all surcharges and fuel. "Daily Price" shall be defined as the daily price for gas defined by Gas Daily as stated in the "Daily Price Survey", "Northeast", "Transco, zone 6 non-N.Y.", "Midpoint" price. For days of consumption when the "Monthly Contract Price" is not published, the "Monthly Contract Price" shall equal the corresponding "Daily Price" published for the first day of the month of flow. For days of consumption when the "Daily Price" is not published, the "Daily Price" shall equal the average of the corresponding "Daily Price" as published on the nearest preceding and nearest subsequent day. The gas delivery to Customer will continue to be billed hereunder until the Company notifies the Customer that either (1) further gas sales or Transportation may be made under the Customer's regular Rate Schedule or (2) complete curtailment is unavoidable and that further gas sales and Transportation will be considered unauthorized.

Penalty for Unauthorized Gas

If at any time a Customer fails to discontinue the consumption of gas limited by the Company pursuant to an Operational Order, fails to abide by any restrictions on imbalances imposed by the Company through the issuance of an Operational Order, or otherwise takes or delivers gas at levels in excess of the quantities specified by the Company or in violation of the provisions of the Company's Rate Schedules or Service Regulations, any such quantities shall constitute "Unauthorized Gas". For each dekatherm of such Unauthorized Gas, Customer shall pay to the Company a rate set forth on the Company's "Rates and Charges" tariff sheet plus the higher of two gas commodity indices - a "Monthly Contract Price" or a "Daily Price" as both are defined above plus the maximum transportation unit rate for Rate Schedule 114. Such three-part rate shall constitute the Unauthorized Gas penalty charge applicable except in instances of Customer's failure to abide by restrictions on long imbalances which shall be subject only to the standalone rate set forth on the Company's "Rates and Charges" tariff sheet. Customers causing Unauthorized Gas shall be further subject to immediate termination of Service or disconnection from the Company's system. In the event of such termination of Service or disconnection, Service shall not be restored until the reconnection fee specified in the Company's Service Regulations has been paid by Customer to Company.

The Customer's consumption and/or gas deliveries to the Company will continue to be unauthorized until the Company notifies the Customer that either (1) the Curtailment event, Operational Order or other imposed restriction has been lifted, thereby enabling further gas sales

**RATE SCHEDULE 106
SCHEDULE FOR LIMITING AND CURTAILING SERVICE**

or Transportation to be made under the Customer's regular Rate Schedule or (2) the Company agrees to provide emergency Service under this Rate Schedule.

The Customer shall be liable for the above penalty charges together with and in addition to any incremental charges or assessments (including, but not limited to penalties) by the upstream interstate pipeline during the time of the unauthorized usage by such Customer. The payment of a penalty for Unauthorized Gas shall not under any circumstances be considered as giving any such Customer the right to fail to comply with an Operational Order, nor shall such payment be considered as a substitute for any other remedies available to the Company or any other Customer against the offending Customer for failure to adhere to its obligations under the provisions of this Rate Schedule.

Payment of Bills

Bills are net and due upon receipt. Bills become past due 15 days after bill date.

Late Payment Charge

A late payment charge of 1% per month will be applied to all balances not paid prior to the next month's billing date.

Applicable Documents Defining Obligations of the Company and Its Customers

The applicable documents defining the obligations of the Company and its Customers are those described in Section 3 of the Company's Service Regulations.

RATE SCHEDULE 107 BALANCING, CASH-OUT, AND AGENCY AUTHORIZATION

Applicability

The provisions of this Rate Schedule 107 shall apply to all tariffed transportation services provided by the Company under Rate Schedules 113, 114, T-10, and T-12, as well as all transportation special contracts, unless expressly provided otherwise therein.

Limitations on Intra-month Imbalances

Receipts and deliveries of gas hereunder shall be at uniform rates of flow with no significant fluctuations or imbalances. Customers (or its Agent) are responsible to match daily gas deliveries into the Company's system with daily gas consumption by Customer as closely as possible. Any imbalances shall be corrected by the Customer (or its Agent), insofar as practicable, during the month in which they occur. Customers (or its Agent) are expected to proactively manage intra-month imbalances. Customer (or its Agent) may adjust its daily nominations during a month in order to correct any accumulated imbalance and maintain a monthly balance subject to the operating limitations of the Company. The Company reserves the right to limit the amount of such imbalances to avoid operating problems, comply with balancing requirements of the upstream pipeline(s), and to mitigate the need to acquire additional daily supply at prices that would adversely affect sales customers. The Customer (or its Agent) will be responsible for any imbalance charges assessed by upstream pipeline(s) in connection with any gas transported by the Customer under this Rate Schedule.

In the event Customer (or its Agent) fails to abide by the requirements set forth above, the Company shall have the right to curtail deliveries to Customer (Customers in a transportation pool operated by a single Agent will be curtailed on a pro rata basis based on nominated quantities) if an imbalance is negative or reducing Customer's nominated quantities if an imbalance is positive. The Customer will be responsible for any imbalance charges assessed by upstream pipeline(s) in connection with any gas transported by the Customer. The Company reserves the right to take other reasonable action to mitigate system operational problems. The Company will use its reasonable efforts to notify the Customer or the Customer's Agent before proceeding with a unilateral nomination reduction or delivery curtailment and will notify Customer of any reduction to Customer's nomination that has been instituted by the Company. The Company reserves the right to initiate Standby Sales Service if elected by the Customer pursuant to Rate Schedule 113 when, in the judgment of the Company, such action is necessary to reduce or eliminate operational problems resulting from the gas imbalances of the Customer. The Company will use reasonable efforts to notify the Customer or the Customers' Agent before initiating Standby Sales Service hereunder.

No later than one-hour prior to the NAESB deadline for the timely nomination cycle on the fifth business day prior to the beginning of each month, the Customer must inform the Company of the nominating Agent for gas to be transported. If no notification to the contrary is provided, the Agent providing service during the prior month shall be deemed to be the nominating Agent by default. No later than one-hour prior to the NAESB deadline for the timely nomination cycle on the fourth business day prior to the beginning of each month, the Customer shall submit a timely and valid nomination for transportation. Changes to nominations for gas transportation within the month are due to the Company no later than one-hour prior to the NAESB deadline for the timely

RATE SCHEDULE 107

BALANCING, CASH-OUT, AND AGENCY AUTHORIZATION

nomination cycle on the day prior to gas flow. Company will have no obligation to accommodate post-timely nomination changes.

Balancing On Upstream Pipeline(s)

It shall be the Customer's responsibility to remain in balance on a daily and monthly basis with upstream pipeline(s) to avoid any assessment of penalties by such pipeline(s) against the Company. If the Company is assessed a penalty by an upstream pipeline, the Company shall have the right to pass-through all such penalties to the Customer or its Agent if the Customer has had an imbalance with the Company during the period for which the penalty was assessed.

Monthly Imbalance Resolution

Any differences between the monthly quantities delivered to the Company's city gate facilities for the account of the Customer monthly, and the monthly quantities consumed by the Customer as metered by the Company, shall be the monthly imbalance. The Percentage of Imbalance is defined as the monthly imbalance divided by the monthly quantities consumed by the customer. Unless the Company and Customer agree to correct imbalances "in kind," the imbalance shall be resolved monthly by "cashing out" the imbalances as they are known to exist at that time. If the Customer consumes more gas than it has delivered to the Company, the Customer will be deemed to be "short" by the amount of the deficiency, and the Company will sell the amount of the deficiency to the Customer by charging the price as specified below. If the Customer consumes less gas than has been delivered to the Company, the Customer will be deemed to be "long" by the amount of the surplus, and the Company will buy the amount of the surplus from the Customer by paying the price as specified below.

If the Customer's imbalance is less than or equal to 2% of the total monthly volume consumed, or if the total aggregated imbalance for the Agent is less than or equal to 2% of the total volume consumed by all of the Agent's Customers in that transportation pool, then the price paid by the Company if the imbalance is long or the price paid by the Customer (or Agent) if the imbalance is short will be the sum of (a) the average of all published indices for the month as published in Natural Gas Week as stated in the "Gas Price Report" table under "Louisiana, Gulf Coast, Onshore, Spot Delivered to Pipeline" plus (b) the rate under Transcontinental Gas Pipe Line's Rate Schedule IT, including applicable fuel and surcharges, for service from Zone 3 to Zone 5.

If the Customer's Percentage of Imbalance is more than 2%, or if the total aggregated Percentage of Imbalance for the Agent is more than 2% for all of the Agent's Customers in that transportation pool, then the price paid by the Company if the imbalance is long is the lower of the monthly index price listed in Platts Inside FERC's Gas Market Report for Transcontinental Gas Pipe Line Zone 3 deliveries plus applicable fuel and FT variable charges under Transcontinental Gas Pipe Line's Rate Schedule FT for service from Zone 3 to Zone 5 or the lowest weekly index price listed in Natural Gas Week's Gas Price Report "Delivered to Pipeline" for volumes listed under Louisiana – Gulf Coast, Onshore plus applicable fuel and FT variable charges under Transcontinental Gas Pipe Line's Rate Schedule FT for service from Zone 3 to Zone 5. If Customer (or Agent) imbalance is short, then the price paid by the Customer (or Agent) will be the higher of the monthly index price listed in Platts Inside FERC's Gas Market Report for

RATE SCHEDULE 107

BALANCING, CASH-OUT, AND AGENCY AUTHORIZATION

Transcontinental Gas Pipe Line Zone 3 deliveries plus applicable fuel and IT variable charges under Transcontinental Gas Pipe Line's Rate Schedule IT for service from Zone 3 to Zone 5 or the highest weekly index price listed in Natural Gas Week's Gas Price Report "Delivered to Pipeline" for volumes listed under Louisiana -- Gulf Coast, Onshore plus applicable fuel and IT variable charges under Transcontinental Gas Pipe Line's Rate Schedule IT for service from Zone 3 to Zone 5.

If the Percentage of Imbalance for the Customer (or Agent) is "short" by more than 2%, the price paid by the Customer (or Agent) to the Company for each dekatherm of the total deficiency will be equal to the price listed above for short imbalances times the premium percentage corresponding to the percentage of the deficiency listed in the table below.

If the Percentage of Imbalance for the Customer (or Agent) is "long" by more than 2%, the price paid by the Company to the Customer (or Agent) for each dekatherm of the total surplus will be equal to the price listed above for long imbalances times the discount percentage corresponding to the percentage of the surplus listed in the table below.

Percentage of the Imbalance	Short (Premium)	Long (Discount)
Over 2% & equal to or less than 5%	110%	90%
Over 5% & equal to or less than 10%	120%	80%
Over 10% & equal to or less than 15%	130%	70%
Over 15% & equal to or less than 20%	140%	60%
Over 20%	150%	50%

Agency Authorization Form

Certain Rate Schedules permit a Customer to appoint a Customer's Agent to act on its behalf with respect to nominations, imbalance resolution, and/or billing. Customer shall authorize a Customer's Agent by executing an Agency Authorization Form in the form attached to this Rate Schedule. In order to be considered a Customer's Agent, a third party must execute and be in compliance with all of the terms of the Customer Agent Agreement form set forth in Appendix B to the Company's Service Regulations. To the extent that the Agent appointed by the Customer is common to other Customers of the Company, the Company will permit such Agent to aggregate all such qualifying Customers' transportation quantities for purposes of administering service to such Agent. Once a Customer has designated an Agent, the Agent is then authorized to act on behalf of that Customer and as such, the Agent will be considered as the Customer in all corresponding references contained within this Rate Schedule. The Customer may not change Agents within the calendar month without the permission of the Company, unless the Agent's right to conduct business has been suspended by the Company, in which case, the Customer may act without an Agent or may provide written notice to the Company of the new Customer's Agent designated by the Customer. The Company will provide reasonable notice to Customer in the event of any suspension of Customer's Agent and will provide copies to Customer, on an expeditious basis and by electronic or other means, of any formal notices issued to the Customer's Agent. All Agents must utilize the electronic means made available by the Company

**RATE SCHEDULE 107
BALANCING, CASH-OUT, AND AGENCY AUTHORIZATION**

in order to submit nominations. The Company may recover from the Agent all costs incurred in providing the Agent access to the electronic bulletin board.

Applicable Documents Defining Obligations of the Company and Its Customers

The applicable documents defining the obligations of the Company and its Customers are those described in Section 3 of the Company's Service Regulations.

RATE SCHEDULE 107 BALANCING, CASH-OUT, AND AGENCY AUTHORIZATION

AGENCY AUTHORIZATION FORM**EFFECTIVE DATE** _____**CUSTOMER** _____**NAME OF FACILITY** _____**ACCOUNT NUMBER (S)** _____**AGENT** _____**AGENT CONTACT** _____**PHONE #** _____

This is to advise Piedmont Natural Gas Company that _____ **(Customer)** has authorized _____ **(Agent)** to act on its behalf for the following transactions:

_____ nominations, _____ imbalance resolution _____ billing,

of gas for the above listed account(s). Piedmont Natural Gas Company is hereby authorized to deal with the Agent directly, and the **CUSTOMER AND THE AGENT UNDERSTAND THAT THEY ARE RESPONSIBLE, JOINTLY AND SEVERALLY, FOR ANY AMOUNTS DUE PIEDMONT NATURAL GAS COMPANY ARISING UNDER THIS RATE SCHEDULE, PIEDMONT'S NORTH CAROLINA SERVICE REGULATIONS, OR AGENT'S CUSTOMER AGENT AGREEMENT** which are not paid on these accounts. Customer will provide Piedmont Natural Gas Company with a revised "AGENCY AUTHORIZATION FORM" at least five (5) business days prior to the beginning of the month for the accounts designated, unless the Agent's right to conduct business has been suspended by Piedmont Natural Gas Company without prior notice.

AUTHORIZED

SIGNATURE _____

FOR THE CUSTOMER

AUTHORIZED

SIGNATURE _____

FOR THE AGENT

Please Print

AGENT'S NAME _____ TITLE _____

PHONE # _____ FAX # _____

MAILING ADDRESS

Please submit to: Pipeline Services
 Transportation Piedmont Natural Gas Company OR Pipeline Services
 (704) 364-8320 Fax Number:
 P. O. Box 33068
 Charlotte, N.C. 28233

RATE SCHEDULE 108 NEGOTIATED SERVICE

Applicability and Character of Service

On occasions, the Company may have gas that it cannot sell or transportation service that it cannot provide pursuant to its Rate Schedules because its maximum rates are not competitive with alternate fuels. On such occasions, a service opportunity is lost to the Company and to its Customers. This Rate Schedule is designed to permit the Company to provide Services at negotiated rates.

Gas Service under this Rate Schedule is available on a limited term basis to Customers in the area served by the Company in the State of North Carolina who receive Services under the Company's Rate Schedules 104 or 114 or those Special Contracts whose contracts permit negotiated service. The Company may provide negotiated transportation and sales Service to Customers who receive service under Rate Schedules 104 or 114 in order to compete with alternate fuels. In addition, the Company may negotiate to permit a Customer to recoup the cost of converting equipment from other fuels to natural gas; to induce any Customer or Applicant to attach new gas loads to Company's system which would not be attached to the system absent Company's agreement to use this Rate Schedule; to provide incentives for any Customer to use gas on weekends, holidays, and other off-peak periods so the Company may meet its obligations to firm suppliers or may avoid uneconomic storage injections or imbalance penalties from its interstate pipeline suppliers; and in similar circumstances where gas sales and/or transportation would otherwise be lost to the Company and its other Customers. Unless otherwise agreed to by the Company, Service under this Rate Schedule is interruptible and the Company has the right to discontinue such Service as provided by the Company's Rate Schedules and Service Regulations.

Rate

The rate to be charged for gas Service pursuant to this Rate Schedule is subject to negotiation between the Customer and the Company.

Payment of Bills

Bills are net and due upon receipt. Bills become past due 15 days after bill date.

Late Payment Charge

A late payment charge of 1% per month will be applied to all balances not paid prior to the next month's billing date.

Service Interruption and Curtailment

Gas Service under this Rate Schedule is subject to the provisions contained within Rate Schedule 106, "Schedule for Limiting and Curtailing Service," and the Company's Service Regulations.

Applicable Documents Defining Obligations of the Company and Its Customers

The applicable documents defining the obligations of the Company and its Customers are those described in Section 3 of the Company's Service Regulations.

**RATE SCHEDULE 113
LARGE GENERAL TRANSPORTATION SERVICE**

Availability

Gas Service under this Rate Schedule is available in the area served by the Company in the State of North Carolina to any full requirements non-residential Customer whose average daily gas usage is reasonably anticipated to equal or exceed 50 dekatherms per day, upon application to and consent by the Company to such Service, as provided in the Company's Service Regulations.

Upon commencement of Service under this Rate Schedule, any reclassification or change in quantity or character of Service to Customer shall be subject to the provisions of this Rate Schedule 113 and the procedures set forth in the Company's Service Regulations.

Character of Service

The nature of Service provided by Company to Customer under this Rate Schedule is firm Transportation Service.

Once a qualified Customer is approved by the Company for Service under this Rate Schedule, all Services will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. Subject to the requirements set forth above, a Customer may, subject to the consent of the Company, elect to discontinue Service under this Rate Schedule and receive Service under Rate Schedule 103 by giving written notice to the Company prior to March 1 of any year. The Company will not withhold such consent provided (a) the Company continues to offer firm sales Service under Rate Schedule 103, (b) the Company is able to acquire firm gas supplies and capacity necessary to provide Service under Rate Schedule 103 under commercially reasonable terms and conditions, and (c) the analyses applicable to reclassifications or changes in Service set forth in the Company's Service Regulations support such consent. If timely notice is received from Customer and consent is provided by Company, the Customer shall discontinue Service under this Rate Schedule and Company shall provide Service under Rate Schedule 103 effective the first June 1 following the notice.

All gas delivered pursuant to this Rate Schedule shall be metered by the Company separately from any gas delivered to Customer under any of the Company's other Rate Schedules.

The Company will redeliver gas received by the Company from upstream pipeline(s) for the Customer's account under this Rate Schedule in accordance with the Customer's scheduled and confirmed nominations and subject to the Company's Operating Conditions.

Balancing, Cash-Out, and Agency Authorization

Service under this Rate Schedule shall be subject to all of the provisions and requirements of Rate Schedule 107, "Balancing, Cash-Out, and Agency Authorization."

**RATE SCHEDULE 113
LARGE GENERAL TRANSPORTATION SERVICE**

Rates and Charges

The rates to be charged for gas service pursuant to this Rate Schedule are set forth on the Company's "Rates and Charges" tariff sheet and may be viewed at the Company's Web Site at www.piedmontng.com. A copy of the "Rates and Charges" tariff sheet is also on file with the North Carolina Utilities Commission and available from the Company. Rates are subject to adjustment from time to time with the approval of the North Carolina Utilities Commission.

Billing Demand

A Customer's billing demand determinant shall be the highest daily usage during the period from November 1 to March 31 of the previous winter period as metered and reported to the Company by the telemetering equipment installed by the Company. Changes to the Customer's billing demand determinant will become effective June 1 of each year.

For Customers commencing initial gas Service under this Rate Schedule, the billing demand shall be the highest actual daily consumption to date during the partial year, but shall be a minimum of 50 dekatherms. If a Customer has received gas Service from the Company prior to receiving Service under this Rate Schedule but does not have daily telemetered records to determine peak day usage as described above, the Company shall use 6% of that Customer's highest previous winter month's consumption for the billing demand determinate.

The calculation of Customer billing determinants hereunder shall not create any right to Service at a specified level. All changes to character or quantity of Service shall be subject to the Company's consent based on the evaluation and analysis described in the Company's Service Regulations.

Volumetric Charges

The rate per therm shall be billed on the quantity of gas delivered by Company to Customer.

Payment of Bills

Bills are net and due upon receipt. Bills become past due 15 days after bill date.

Late Payment Charge

A late payment charge of 1% per month will be applied to all balances not paid prior to the next month's billing date.

Service Interruption and Curtailment

Gas Service under this Rate Schedule is subject to the provisions contained within Rate Schedule 106, "Schedule for Limiting and Curtailing Service" and the Company's Service Regulations.

Applicable Documents Defining Obligations of the Company and Its Customers

The applicable documents defining the obligations of the Company and its Customers are those described in Section 3 of the Company's Service Regulations.

**RATE SCHEDULE 114
LARGE GENERAL INTERRUPTIBLE TRANSPORTATION
SERVICE**

Availability

Gas Service under this Rate Schedule is available in the area served by the Company in the State of North Carolina **on an interruptible basis** to any full requirements non-residential Customer whose average daily gas usage is reasonably anticipated to equal or exceed 50 dekatherms per day, upon application to and consent by the Company to such Service, as provided in the Company's Service Regulations.

Upon commencement of Service under this Rate Schedule, any reclassification or change in quantity or character of Service to Customer shall be subject to the provisions of this Rate Schedule 114 and the procedures set forth in the Company's Service Regulations.

Character of Service

The nature of Service provided by Company to Customer under this Rate Schedule is interruptible Transportation Service.

Once a qualified Customer is approved by the Company for Service under this Rate Schedule, all Services will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. Subject to the requirements set forth above, a Customer may, subject to the consent of the Company, elect to discontinue Service under this Rate Schedule and receive Service under Rate Schedule 104 by giving written notice to the Company prior to March 1 of any year. The Company will not withhold such consent provided (a) the Company continues to offer interruptible sales Service under Rate Schedule 104, (b) the Company is able to acquire gas supplies and capacity necessary to provide Service under Rate Schedule 104 under commercially reasonable terms and conditions, and (c) the analyses applicable to reclassifications or changes in Service set forth in the Company's Service Regulations supports such consent. If timely notice is received from Customer and consent is provided by Company, the Customer shall discontinue Service under this Rate Schedule and Company shall provide service under Rate Schedule 104 effective the first June 1 following the notice.

All gas delivered pursuant to this Rate Schedule shall be metered by the Company separately from any gas delivered to Customer under any of the Company's other Rate Schedules.

The Company will redeliver gas received by the Company from upstream pipeline(s) for the Customer's account under this Rate Schedule in accordance with the Customer's scheduled and confirmed nominations and subject to the Company's Operating Conditions.

Customer at Risk in Case of Interruption or Curtailment of Service

Customers receiving Service under this Rate Schedule shall not be required to maintain alternate fuel capability; provided, however, that all business, operational, mechanical or other risks associated with the interruption or Curtailment of Service under this Rate Schedule shall be borne by Customer. Such interruption or Curtailment may be ordered by Company at any time and for any reason deemed necessary or appropriate by Company and is an inherent risk of Service under

**RATE SCHEDULE 114
LARGE GENERAL INTERRUPTIBLE TRANSPORTATION
SERVICE**

this Rate Schedule. Such interruption or curtailment shall be immediately effective upon verbal or written notification by the Company and Customer shall refrain from using gas until permitted to do so by the Company. It is understood and agreed that the Company will have the right to suspend gas Service without further notice to the Customer in the event Customer fails to cease Customer's use of gas in accordance with the Company's notice of interruption or Curtailment.

Balancing, Cash-Out, and Agency Authorization

Service under this Rate Schedule shall be subject to all of the provisions and requirements of Rate Schedule 107, "Balancing, Cash-Out, and Agency Authorization."

Rates and Charges

The rates to be charged for gas Service pursuant to this Rate Schedule are set forth on the Company's "Rates and Charges" tariff sheet and may be viewed at the Company's Web Site at www.piedmontng.com. A copy of the "Rates and Charges" tariff sheet is also on file with the North Carolina Utilities Commission and available from the Company. Rates are subject to adjustment from time to time with the approval of the North Carolina Utilities Commission.

Volumetric Charges

The rate per therm shall be billed on the quantity of gas delivered by Company to Customer.

Payment of Bills

Bills are net and due upon receipt. Bills become past due 15 days after bill date.

Late Payment Charge

A late payment charge of 1% per month will be applied to all balances not paid prior to the next month's billing date.

Service Interruption and Curtailment

Gas Service under this Rate Schedule is subject to the provisions contained within Rate Schedule 106, "Schedule for Limiting and Curtailing Service," and the Company's Service Regulations.

Applicable Documents Defining Obligations of the Company and Its Customers

The applicable documents defining the obligations of the Company and its Customers are those described in Section 3 of the Company's Service Regulations.

**RATE SCHEDULE 142
NATURAL GAS VEHICLE FUEL INTERRUPTIBLE SALES
SERVICE**

Applicability and Character of Service

Gas Service under this Rate Schedule is available at Company-operated public stations to Customers seeking to obtain Gas for placement into the fuel tank of a motor vehicle. The nature of Service provided by Company to Customer under this Rate Schedule is interruptible sales Service.

Rates and Charges

The rates to be charged for Gas Service pursuant to this Rate Schedule are set forth on the Company's "Rates and Charges" tariff sheet and may be viewed at the Company's Web Site at www.piedmontng.com. A copy of the "Rates and Charges" tariff sheet is also on file with the North Carolina Utilities Commission and available from the Company. Rates applicable to Service hereunder include a per therm charge designed to recover the costs associated with compression and related equipment necessary to provide this Service. Rates are subject to adjustment from time to time with the approval of the North Carolina Utilities Commission.

Highway Use Taxes

The rates to be charged for Service pursuant to this Rate Schedule do not include applicable federal, state and/or local road use or motor fuel taxes and fees. Such taxes and fees shall be added to Company's approved rates when calculating total Customer charges for Service under this Rate Schedule.

Payment of Bills

Bills for Service provided pursuant to this Rate Schedule shall be paid at the time of Service with a valid credit or debit card accepted by the Company.

Service Interruption and Curtailment

Gas Service under this Rate Schedule is subject to the provisions contained within Rate Schedule 106, "Schedule for Limiting and Curtailing Service," and the Company's Service Regulations.

Applicable Documents Defining Obligations of the Company and Its Customers

The applicable documents defining the obligations of the Company and its Customers are those described in Section 3 of the Company's Service Regulations.

**RATE SCHEDULE 144
EXPERIMENTAL MEDIUM GENERAL MOTOR FUEL
TRANSPORTATION SERVICE**

Availability

Gas Service under this Rate Schedule is available, on an experimental basis, in the area served by the Company in the State of North Carolina to qualifying Customers seeking to transport Natural Gas for use as a motor fuel. Customers qualifying for this Service shall be non-residential Customers seeking to utilize Gas for motor fuel purposes only whose actual or projected average daily usage under this Rate Schedule is equal to or greater than 20 dekatherms per day but less than 50 dekatherms per day. All requests for Service under this Rate Schedule shall be subject to application to and consent by the Company to such Service, as provided in the Company's Service Regulations.

This Rate Schedule is experimental in nature and designed to (a) determine if there is a market/need for medium general transportation service by Company to Customers who intend to utilize Gas as a motor fuel, and (b) to determine whether Company's existing facilities and structures can accommodate the provision of such Service. Company reserves the right, upon reasonable notice to the Commission, to suspend Service to new Customers under this Rate Schedule in the event further Service under this Rate Schedule would threaten, interfere with, or impede Piedmont's ability to meet its other contractual obligations or efficiently operate its system and/or facilities. Absent such suspension by Piedmont, this Rate Schedule shall remain in effect for a period of two (2) years after which Service hereunder may continue to be provided subject to any proposal by Piedmont or any other interested party to terminate, extend, modify or adjust the provision of such Service.

Character of Service

The nature of Service provided by Company to Customer under this Rate Schedule is firm Transportation Service. Gas redelivered under this Rate Schedule shall be used for motor vehicle fuel purposes only.

All gas delivered pursuant to this Rate Schedule shall be metered and billed by the Company separately from any gas delivered to Customer under any of the Company's other Rate Schedules.

The Company will redeliver Gas received by the Company from upstream pipeline(s) for the Customer's account under this Rate Schedule in accordance with the Customer's scheduled and confirmed nominations and subject to the Company's Operating Conditions.

Service Interruption and Curtailment

Gas Service under this Rate Schedule is subject to the provisions contained within Rate Schedule 106, "Schedule for Limiting and Curtailing Service" and the Company's Service Regulations.

Balancing, Cash-Out, and Agency Authorization

Service under this Rate Schedule shall be subject to all of the provisions and requirements of Rate Schedule 107, "Balancing, Cash-Out, and Agency Authorization."

**RATE SCHEDULE 144
EXPERIMENTAL MEDIUM GENERAL MOTOR FUEL
TRANSPORTATION SERVICE**

Rates and Charges

The rates to be charged for Gas Service pursuant to this Rate Schedule are set forth on the Company's "Rates and Charges" tariff sheet and may be viewed at the Company's Web Site at www.piedmontng.com. Rates applicable to Service hereunder, to the extent such Service includes compression of Gas for utilization as a motor vehicle fuel, may include a per therm compression charge designed to recover the costs associated with such compression and related equipment. A copy of the "Rates and Charges" tariff sheet is also on file with the North Carolina Utilities Commission and available from the Company. Rates are subject to adjustment from time to time with the approval of the North Carolina Utilities Commission.

Volumetric Charges

The rate per therm shall be billed on the quantity of Gas delivered by Company to Customer.

Payment of Bills

Bills are net and due upon receipt. Bills become past due 15 days after bill date.

Late Payment Charge

A late payment charge of 1% per month will be applied to all balances not paid prior to the next month's billing date.

Applicable Documents Defining Obligations of the Company and Its Customers

The applicable documents defining the obligations of the Company and its Customers are those described in Section 3 of the Company's Service Regulations.

Resale

Gas delivered to Customer under this Rate Schedule may be resold solely for use as a motor vehicle fuel.

Taxes

Customer shall be solely and exclusively responsible for the payment of any local, state, or federal road tax, motor fuel tax, or similar tax, fee, or charge attributable to or arising out of the utilization of Gas delivered hereunder as a motor vehicle fuel.

RATE SCHEDULE 152 MEDIUM GENERAL SALES SERVICE

Applicability and Character of Service

Gas Service under this Rate Schedule is available in the area served by the Company in the State of North Carolina to any full requirements non-residential Customer whose average daily usage is equal to or greater than 20 dekatherms per day but less than 50 dekatherms per day, upon application to and consent by the Company to such Service, as provided in the Company's Service Regulations. Average daily gas usage will be based on the Customer's usage during the most recent calendar year ended on December 31 and adjusted for cycle length. Availability of this Rate Schedule for new Customers or for Customers without at least one full year of usage history will be based on reasonably anticipated usage.

The nature of Service provided by Company to Customer under this Rate Schedule is firm sales Service. Any reclassification or change in quantity or character of Service to Customer will be subject to procedures set forth in the Company's Service Regulations.

At its option, a family care home, as defined in G.S. 168-21, may elect service under Rate Schedule 101.

Rates and Charges

The rates to be charged for gas Service pursuant to this Rate Schedule are set forth on the Company's "Rates and Charges" tariff sheet and may be viewed at the Company's Web Site at www.piedmontng.com. A copy of the "Rates and Charges" tariff sheet is also on file with the North Carolina Utilities Commission and available from the Company. Rates are subject to adjustment from time to time with the approval of the North Carolina Utilities Commission.

Payment of Bills

Bills are net and due upon receipt. Bills become past due 15 days after bill date.

Late Payment Charge

A late payment charge of 1% per month will be applied to all balances not paid prior to the next month's billing date.

Service Interruption and Curtailment

Gas Service under this Rate Schedule is subject to the provisions contained within Rate Schedule 106, "Schedule for Limiting and Curtailing Service," and the Company's Service Regulations.

Applicable Documents Defining Obligations of the Company and Its Customers

The applicable documents defining the obligations of the Company and its Customers are those described in Section 3 of the Company's Service Regulations.

RATE SCHEDULE 12
SERVICE TO MILITARY INSTALLATIONS LOCATED IN ONSLOW COUNTY

Availability

Gas Service under this Rate Schedule is available for the purchase from Company of natural gas by any military installation (Customer) located in Onslow County adjacent to Company's mains or to whom Company will extend its mains and who enters into a Service Agreement with the Company, pursuant to the Company's Service Regulations and subject to the terms and conditions of this Rate Schedule.

Character of Service

The nature of Service provided by Company to Customer under this Rate Schedule is firm sales Service.

The Service Agreement shall stipulate the maximum hourly and daily demand in therms and gas shall not be consumed hereunder in excess of the maximum hourly or daily demand so specified without specific permission of Company's dispatcher. Consumption in violation of this provision shall be subject to the Unauthorized Over Run Penalty provision of Rate Schedule 106.

Once a qualified Customer is approved by the Company for Service under this Rate Schedule, all Services will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. Subject to the requirements set forth above, a Customer may, subject to the consent of the Company, elect to discontinue Service under this Rate Schedule and receive Service under Rate Schedule T-12 by giving written notice to the Company prior to March 1 of any year. The Company will not withhold such consent provided (a) the Company continues to offer Transportation Service under Rate Schedule T-12, (b) the Company is able to provide Service under Rate Schedule T-12 under commercially reasonable terms and conditions, and (c) the analyses applicable to reclassifications or changes in Service set forth in the Company's Service Regulations support such consent. If timely notice is received from Customer and consent is provided by Company, the Customer shall discontinue Service under this Rate Schedule and Company shall provide service under Rate Schedule T-12 effective the first June 1 following the notice.

All gas delivered pursuant to this Rate Schedule shall be metered by the Company separately from any gas delivered to Customer under any of the Company's other Rate Schedules.

Gas Service hereunder shall be through a single point of delivery or through such number of delivery points as Company and Customer may agree upon.

Rates and Charges

The rates to be charged for gas Service pursuant to this Rate Schedule are set forth on the Company's "Rates and Charges" tariff sheet and may be viewed at the Company's Web Site at www.piedmontng.com. A copy of the "Rates and Charges" tariff sheet is also on file with the North Carolina Utilities Commission and available from the Company. Rates are subject to adjustment from time to time with the approval of the North Carolina Utilities Commission.

RATE SCHEDULE 12
SERVICE TO MILITARY INSTALLATIONS LOCATED IN ONSLOW COUNTY

Minimum Bill

The minimum bill shall be as provided in the Service Agreement.

Volumetric Charges

The rate per therm shall be billed on the quantity of gas delivered by Company to Customer.

Service Interruption and Curtailment

Gas Service under this Rate Schedule is subject to the provisions contained within Rate Schedule 106, "Schedule Limiting and Curtailing Service," and the Company's Service Regulations.

In all cases where continuous operation of Customer's gas-using facilities is necessary, it shall be Customer's responsibility to provide, in useable condition, alternate fuel facilities and the fuel required for their operation to the extent necessary in Customer's opinion to supply 100% of the establishment's gas requirements during periods of gas interruption or curtailment.

Payment of Bills

Bills are net and due upon receipt. Bills become past due 15 days after bill date.

Late Payment Charge

A late payment charge of 1% per month will be applied to all balances not paid prior to the next month's billing date.

Contract Period

The initial Service Agreement contract period for service to the military installations in Onslow County under this Rate Schedule shall be not less than ten years.

Applicable Documents Defining Obligations of the Company and Its Customer

The applicable documents defining the obligations of the Company and its Customers are those described in Section 3 of the Company's Service Regulations.

**RATE SCHEDULE T-10
TRANSPORTATION SERVICE TO MILITARY INSTALLATIONS WITH
CONTRACT DEMAND IN EXCESS OF 5,000 DT PER DAY**

Availability

Gas Service under this Rate Schedule is available for the delivery from Company of natural gas on a firm basis by any military installation (Customer) having natural gas requirements in excess of 5,000 dekatherms per day located adjacent to Company's mains or to whom Company will extend its mains upon application to and consent by the Company to such Service, as provided in the Company's Service Regulations, and subject to the terms and conditions of this Rate Schedule.

Character of Service

The nature of Service provided by Company to Customer under this Rate Schedule is firm Transportation Service.

All gas delivered pursuant to this Rate Schedule shall be metered by the Company separately from any gas delivered to or for Customer under any of the Company's other rate schedules.

The Company will redeliver gas received by the Company from upstream pipeline(s) for the Customer's account under this Rate Schedule in accordance with the Customer's scheduled and confirmed nominations and subject to the Company's Operating Conditions.

Balancing, Cash-Out, and Agency Authorization

Service under this Rate Schedule shall be subject to all of the provisions and requirements of Rate Schedule 107, "Balancing, Cash-Out, and Agency Authorization."

Rates and Charges

The rates to be charged for transportation service pursuant to this Rate Schedule are set forth on the Company's "Rates and Charges" tariff sheet and may be viewed at the Company's Web Site at www.piedmontng.com. A copy of the "Rates and Charges" tariff sheet is also on file with the North Carolina Utilities Commission and available from the Company. Rates are subject to adjustment from time to time with the approval of the North Carolina Utilities Commission.

Minimum Bill

Customer shall pay the monthly Demand Charge multiplied by the maximum daily demand set forth in the Service Agreement, regardless of the quantity of gas transported under this Rate Schedule during such month.

Volumetric Charges

The rate per therm shall be billed on the quantity of gas delivered by the Company to or for Customer.

Delivery Obligation

The Service Agreement shall set forth a maximum quantity in dekatherms per hour and per day that Company is required to deliver to Customer, which quantities shall not exceed the maximum delivery obligation per hour and per day specified in Customer's Service Agreement

**RATE SCHEDULE T-10
TRANSPORTATION SERVICE TO MILITARY INSTALLATIONS WITH
CONTRACT DEMAND IN EXCESS OF 5,000 DT PER DAY**

with the Company. Consumption in violation of this provision shall be subject to the Unauthorized Gas penalty provision of Rate Schedule 106.

Service Interruption and Curtailment

Gas Service under this Rate Schedule is subject to the provisions contained within Rate Schedule 106, "Schedule for Limiting and Curtailing Service," and the Company's Service Regulations.

Payment of Bills

Bills are net and due upon receipt. Bills become past due 15 days after bill date.

Late Payment Charge

A late payment charge of 1% per month will be applied to all balances not paid prior to the next month's billing date.

Applicable Documents Defining Obligations of the Company and Its Customers

The applicable documents defining the obligations of the Company and its Customers are those described in Section 3 of the Company's Service Regulations.

**RATE SCHEDULE T-12
TRANSPORTATION SERVICE TO MILITARY INSTALLATIONS
IN ONSLOW COUNTY**

Availability

Gas Service under this Rate Schedule is available for transportation by Company of natural gas for any military installation (Customer) located in Onslow County adjacent to Company's mains or to whom Company will extend its mains and who enters into a Service Agreement with the Company, upon application to and consent by the Company to such Service, as provided in the Company's Service Regulations, and subject to the terms and conditions of this Rate Schedule.

Character of Service

The nature of Service provided by Company to Customer under this Rate Schedule is firm Transportation Service.

All gas delivered pursuant to this Rate Schedule shall be metered by the Company separately from any gas delivered to or for Customer under any of the Company's other Rate Schedules.

The Company will redeliver gas received by the Company from upstream pipeline(s) for the Customer's account under this Rate Schedule in accordance with the Customer's scheduled and confirmed nominations and subject to the Company's Operating Conditions.

Balancing, Cash-Out, and Agency Authorization

Service under this Rate Schedule shall be subject to all of the provisions and requirements of Rate Schedule 107, "Balancing, Cash-Out, and Agency Authorization."

Rates and Charges

The rates to be charged for transportation service pursuant to this Rate Schedule are set forth on the Company's "Rates and Charges" tariff sheet and may be viewed at the Company's Web Site at www.piedmontng.com. A copy of the "Rates and Charges" tariff sheet is also on file with the North Carolina Utilities Commission and available from the Company. Rates are subject to adjustment from time to time with the approval of the North Carolina Utilities Commission.

Minimum Bill

The minimum bill for service under this rate schedule shall be satisfied by the minimum bill payable under Customer's Service Agreement with Company.

Volumetric Charges

The rate per therm shall be billed on the quantity of gas delivered by the Company to or for Customer.

Delivery Obligation

The Service Agreement shall set forth a maximum quantity in dekatherms per hour and per day that Company is required to deliver to Customer, which quantities shall not exceed the maximum delivery obligation per hour and per day specified in Customer's Service Agreement

**RATE SCHEDULE T-12
TRANSPORTATION SERVICE TO MILITARY INSTALLATIONS
IN ONSLOW COUNTY**

with the Company. Consumption in violation of this provision shall be subject to the Unauthorized Gas penalty provision of Rate Schedule 106.

Service Interruption and Curtailment

Gas Service under this Rate Schedule is subject to the provisions contained within Rate Schedule 106, "Schedule for Limiting and Curtailing Service," and the Company's Service Regulations.

Payment of Bills

Bills are net and due upon receipt. Bills become past due 15 days after bill date.

Late Payment Charge

A late payment charge of 1% per month will be applied to all balances not paid prior to the next month's billing date.

Applicable Documents Defining Obligations of the Company and Its Customers

The applicable documents defining the obligations of the Company and its Customers are those described in Section 3 of the Company's Service Regulations.

1. Foreword. Piedmont Natural Gas Company, Inc. is a natural gas distribution company and is engaged in the business of selling and transporting natural gas for various Customers. The purpose of these Service Regulations is to set forth the respective obligations of the Company and its North Carolina Customers. These Service Regulations, as well as the Company's approved Tariffs and Rate Schedules, apply to all Service rendered by the Company.

2. Definitions. As used in these Service Regulations, the following terms shall have the meanings assigned below:

- (a) "Applicant" shall mean any person, firm, association, partnership, joint venture, limited liability company, or corporation, or any agency of the Federal, State or local government applying for gas service from the Company.
- (b) "Bill Cycle Month" shall mean the period from a Customer's current meter read date to their previous meter read date.
- (c) "British Thermal Unit" (Btu) shall mean the quantity of heat necessary to raise the temperature of one (1) pound of water one (1) degree Fahrenheit from 58.5 to 59.5 degrees Fahrenheit under standard pressure of 30 inches of mercury at or near its point of maximum density.
- (d) "City Gate" shall mean the outlet side of the interstate pipeline meter that connects to the Company's system.
- (e) "Commission" shall mean the North Carolina Utilities Commission or any subsequent state administrative agency, which regulates gas utilities operating within the State of North Carolina.
- (f) "Commission Rules" shall mean the Rules and Regulations of the Commission.
- (g) "Company" shall mean Piedmont Natural Gas Company, Inc.
- (h) "Cubic Foot of Gas" is the volume of gas which occupies one (1) cubic foot at a temperature of 60 degrees Fahrenheit and at a pressure of 14.73 pounds per square inch absolute (psia), except that when gas is delivered at a pressure normally used for residential appliances, a cubic foot of gas shall be deemed to be that quantity of gas which, at the temperature and pressure existing in the meter, occupies one (1) cubic foot. The Cubic Foot of Gas is the basic measurement unit used by the Company.

- (i) “Curtailement” or “Interruption” is the interruption or cessation of gas service as permitted by the Commission rules and the terms of the Company’s Rate Schedules, Special Contracts, or Service Regulations.
- (j) “Customer” shall mean any person, firm, association, partnership, joint venture, limited liability company, or corporation, or any agency of the Federal, State or local government receiving Service at a Premises and through a single Gas Service Line from the Company. In the case of Service rendered in accordance with Chapter 24 of the Commission’s Rules and Regulations, the term Customer shall include Providers as defined in Rule R24-2(d).
- (k) “Customer’s Agent” shall mean a person or other entity authorized to act for or on behalf of a Customer.
- (l) “Cycle Month” is a period beginning on a gas Day, at the point of delivery on the first Day of the calendar month and ending at the aforesaid time on the first Day of the succeeding calendar month.
- (m) “Day” is a period of 24 consecutive hours as defined in the FERC Gas Tariff of Transcontinental Gas Pipe Line Corporation, or its successor.
- (n) “Dekatherm” is the basic energy unit purchased by the Company and shall mean the unit of energy equivalent to 1,000,000 Btus.
- (o) “Force Majeure” shall mean acts of God, extreme weather conditions, strikes, lockouts, or other industrial disturbances, acts of the public enemy or terrorists, war, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, tornadoes, storms, floods, washouts, arrests and restraints of governments and people, the order of any court or government authority having jurisdiction while the same is in force and effect, civil disturbances, explosions, act of sabotage or terrorism, breakages or freezing of or accidents or damage to wells, machinery, lines of pipe or the Company's other facilities (including, without limitation, Mains, Gas Service Lines, Service Facilities, Meter Assemblies, LNG facilities, and compression equipment), National Weather Service warnings or advisories, whether official or unofficial, that result in the evacuation of facilities, partial or complete curtailement of deliveries to the Company by its suppliers, reduction in gas pressure by its suppliers, inability to obtain or unavoidable delay in obtaining rights-of-way or permits or materials, equipment or supplies for use in the Company's facilities, and any other causes, whether of the kind herein enumerated or otherwise, not within the control of the Company and which by the exercise of due diligence the Company is unable to prevent

or overcome. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the Company, and that the Company shall not be required to settle strikes or lockouts when such course is inadvisable in the discretion of the Company.

- (p) “Gas” or “Natural Gas” shall mean processed or unprocessed natural gas, vaporized liquid natural gas, synthetic gas, gas from coal seams or any mixture of these gases.
- (q) “Gas Service Line(s)” shall mean the pipe or pipes that run between a Main or a pipe and a Customer’s Meter. As determined by and in the Company’s discretion, more than one Gas Service Line may be connected in order to deliver service to multiple Customer Meters from a single Main connection.
- (r) “Main” shall mean a gas pipe, owned, operated or maintained by the Company, which is used for the purpose of transmission or distribution of gas, but does not include Gas Service Line.
- (s) “Margin” for curtailment purposes, shall mean the filed tariff rate per unit of gas or negotiated rate per unit of gas for a Customer, less the per unit cost of gas, where applicable, as determined in the Company’s last general rate case or Purchased Gas Adjustment Procedure, adjusted for any Commission approved temporary decrements or increments in the filed tariff rate.
- (t) “Meter”, without other qualification, shall mean any device, or instrument which is used by the Company in measuring a quantity of gas.
- (u) “Meter Assembly” shall mean Company’s meters, regulator, piping, valves, vents, relief valves, gauges and/or other apparatus required to meter and control the flow and/or pressure of gas.
- (v) “Operating Conditions” shall mean the prevailing conditions on the Company’s system as they relate to conditions under which Piedmont is providing or attempting to provide service, including the impact of any modifications, tests or scheduled or unscheduled repairs to the Company’s distribution system, which in the Company’s discretion are necessary or appropriate to maintain the integrity of the Company’s distribution system or to provide for the safety of the Company or the public.
- (w) “Operational Order” shall mean an order by Company’s dispatcher, or other Company representative acting on behalf of Company’s dispatcher, to limit, modify, curtail or interrupt the use of Natural Gas as required or permitted by the Commission Rules and the Company’s Service Regulations, Special Contracts, and Rate Schedules.

- (x) “Premises” shall mean a single contiguous piece of land or real estate, including buildings and other appurtenances thereon.
- (y) “Rate Schedules” shall mean the Company’s various rate schedules approved by and on file with the Commission, as the same may be changed or amended from time to time.
- (z) “Service(s)” shall mean any sales, Transportation, redelivery or other service provided by the Company to a Customer pursuant to the provisions of the Company’s filed and approved Rate Schedules, Special Contracts, or Service Regulations.
- (aa) “Service Facilities” are all Natural Gas delivery equipment and gas service piping to a Customer’s Meter that the Company considers necessary to safely serve the Customer’s connected gas equipment.
- (bb) “Service Regulations” shall mean the Company’s Service Regulations approved by and on file with the Commission as the same may be changed or amended from time to time.
- (cc) “Special Contract” shall mean any contract for Services entered into between the Company and a Customer that provides for rates, terms or conditions of service that vary from those set forth in the Company’s tariffs, Rate Schedules or Service Regulations.
- (dd) “Transportation” shall mean the receipt of Natural Gas supplies that have been delivered by or on behalf of the Customer to the Company’s City Gate and the redelivery of such Natural Gas supplies to the Customer’s Premises.
- (ee) “Unauthorized Gas” shall have the meaning set forth in Rate Schedule 106.

3. Applicable Documents Defining Obligations of the Company and its Customers. The obligations of the Company to provide Service and the obligations of the Customer upon receipt of Service are governed by and set forth in (a) applicable statutes, including those set forth in Chapter 62 of the North Carolina General Statutes, (b) applicable Commission Rules, (c) applicable tariffs or Rate Schedule(s), (d) these Service Regulations, (e) any application, agreement, Special Contract, or similar document executed by Customer and approved, as necessary, by the Commission pertaining to such service, and (f) any standard operating procedures of the Company reasonably necessary for the provision of such Service and administered on a nondiscriminatory basis. Copies of Chapter 62 of the General Statutes, applicable Commission Rules, Rate Schedules, and these Service Regulations are available from the Company for public inspection, as are

copies of forms of applications, agreements, and other documents approved by the Commission. A copy of the Commission's Rules may also be obtained from the Chief Clerk of the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina, 27699-4300, upon payment of the applicable fee or at the Commission's Web Site at www.ncuc.net. Unofficial copies of the Company's Rate Schedules and Service Regulations are also available at the Company's Web Site at www.piedmontng.com. The Company shall provide all new non-residential Customers with a copy of the applicable Rate Schedule(s) and written application for Service and/or other documents executed by the Company and the Customer pertaining to such Service. After a Customer has executed a written application and/or contract, no promise, statement or representation by an employee or agent of the Company or by any other person inconsistent with the written application and/or contract shall bind the Company to provide Service or to change the terms and conditions upon which Service will be rendered unless the same is in writing and is executed by an authorized representative of the Company. In the event there is a conflict between these Service Regulations and the provisions of the applicable currently effective Rate Schedule, the provisions of the Rate Schedule shall govern. The Commission Rules shall govern in the event of a conflict with these Service Regulations. The Company may not make any representation that conflicts with Commission Rules, its Rate Schedules or these Service Regulations.

4. Applicable Documents Subject to Change. All of the documents defining the obligations of the Company to provide Service and the obligations of the Customer upon the receipt of Service are subject to change from time to time upon order of or approval by the Commission and by other duly constituted governmental authorities. The Company does not undertake to advise any Customer of any such change except as may be required by the Commission or other duly constituted governmental authority.

5. Delivery Pressure. The Company will provide to Residential Customers a delivery pressure of either 7 inches water column (approximately 1/4 pounds per square inch, gauge (psig)) or 2 psig. Small, Medium and Large General Customers can be provided a delivery pressure of up to 5 psig. The Company will consider providing delivery pressures greater than 5 psig on a case-by-case basis provided (1) it receives a request in writing, and (2) greater pressures are justified by requirements of Customer's Gas burning equipment or compression equipment. Approval will be conditioned on the Company's distribution system pressure availability and documentation supporting the need for a delivery pressure greater than 5 psig. Exceptions are subject to the approval of the Company.

6. Non-Waiver. The failure of the Company to enforce any provision of any applicable documents defining the obligations of the Company and its Customers shall not be deemed to be a continuing waiver of such provisions for any Customer or a waiver of any other provision of any of the applicable documents.

7. Process for Obtaining Consent to New or Changed Service. All Customers shall be required to make application to the Company for new or changed Service under any of the Company's Rate Schedules in such form and manner as may reasonably be required by the Company. Such applications shall be required in order to initiate Service under any Rate Schedule irrespective of whether Customer is then receiving service under any other Company Rate Schedule and for changes in the quantity of Service to be provided under an existing Rate Schedule. At a minimum, such application shall set forth the date of the application, the name of the Applicant, the location of the Premises for which Service is requested, the type of Service applied for and estimated Gas consumption. Prior to being obligated to provide Service to Customer pursuant to such application, Company shall conduct an examination and review of Customer's application for Service to determine: (1) that the Company has the operational ability to provide the Service requested, including the requisite upstream supply and/or capacity assets; (2) that the requested Service will not impede or interfere with the Company's ability to maintain Service to existing Customers with the same or a higher priority of service; (3) that provision of the requested Service will not have a materially adverse impact on the Company's ability to recover its approved margin; (4) that provision of the requested Service is economically feasible; and (5) that Customer is creditworthy as determined in accordance with the Commission's Rules and the Company's procedures. Provided that the Company's review and analysis indicates that Service can be provided as requested, the Company will then approve the requested Service. Company shall have no obligation to provide the requested Service absent such approval.

When the requested Service is to be provided to a Residential, Small or Medium General Service Customer, and the provision of such Service is economically feasible, the application and the Company's acceptance thereof may be oral at the Company's option. In such event, the Company's applicable Rate Schedules and these Service Regulations shall become effective and applicable to any Service rendered to such Applicant in the same manner as if the Company's standard written form of application for Service had been signed by the Applicant and accepted by the Company. Upon the provision of Service by the Company to such Customer, such oral service agreement shall be presumed to exist in any case where there is no written application accepted in writing by the Company.

In the event a Customer receiving Service under the Company's Large General sales Rate Schedules anticipates a reduction in its Gas consumption, it shall provide prompt notice thereof to Company.

8. Gas Quality and **WAIVER OF WARRANTIES.** All Gas delivered by the Company originates from upstream sources of supply over which the Company has no control. The quality requirements associated with such Gas are, for traditional sources of geologic natural gas, matters under the exclusive jurisdiction of the Federal Energy Regulatory Commission and, for non-geologic Alternative Gas, matters governed by Appendix F hereto. As such, the Company shall have no liability to Customer or to any third-party

recipient of Gas (in cases of Customer resales of Gas) for damages of any kind related to or arising from the quality or constituent characteristics of Gas delivered or sold to Customer. **ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE THAT MIGHT OTHERWISE ATTACH OR BE APPLICABLE TO THE SALE OF GAS FOR RESALE IS HEREBY DISCLAIMED AND WAIVED.** Company shall further have no responsibility to process, condition or otherwise modify Gas delivered to its system for Transportation or sale to Customers. It is Customer's (and any third-party recipient's) sole responsibility to install, adjust, maintain, and operate their Gas burning equipment in a manner consistent with the prevailing quality of Gas delivered to the Company.

9. Non-Assignability of Right to Service. Any rights which accrue to the Customer under any of the applicable documents defining the obligations of the Company and its Customers are personal to Customer and may not be transferred or assigned without the written consent of the Company.

10. Vacated Premises. The Customer will notify the Company before quitting or vacating the Premises served and will pay, upon presentation, all bills due the Company for Service at the Premises. In the absence of the notice required by this paragraph, Customer shall remain fully liable for all Gas usage at the Premises on a continuing basis.

11. Right-of-Way. The Customer shall at all times furnish the Company a satisfactory and lawful right-of-way, at no cost to the Company, onto the Customer's Premises for the installation or servicing of Mains, Gas Service Lines, Meter Assemblies and other apparatus or Service Facilities necessary or incidental to the furnishing of Service to the Customer. The obligation of the Company to supply Service is dependent upon the Company securing and retaining all necessary rights-of-way, privileges, franchises or permits, for the delivery of such Service, and the Company shall not be liable to the Customer for any failure to deliver Service because of the Company's inability to secure or retain such rights-of-way, privileges, franchises or permits.

12. Access to Customer's Premises. The Company shall at all reasonable times have the right of ingress to and egress from the Premises of the Customer for any and all purposes connected with the delivery or termination of Service. The Company shall have the right, at its option and at its own expense, to place demand meters, pressure gauges, or other instruments on the Premises of the Customer for billing, testing, or other purposes with respect to the Customer's Service.

If a condition exists on a Premises, which in the Company's opinion is dangerous to Company employees or facilities and/or prevents normal access to the Company's facilities, including Meters, the Company may at its sole option and at the sole expense of the Customer remove or relocate its Service Facilities, Meter Assemblies and accessory equipment.

13. Installation and Maintenance of Facilities. The Company will install and maintain the necessary Mains, Gas Service Lines, Service Facilities, valves, regulators, Meter Assemblies, over-pressure devices, indexes, gauges, and/or other equipment or facilities required to provide Service. All facilities from the point of connection at the outlet of the Meter Assembly shall be owned, installed and maintained by and at the expense of the Customer. Notwithstanding the foregoing two sentences, Company and Customer may agree that the Company will construct compression and/or metering equipment required for utilization of Gas as a motor vehicle fuel and that such facilities shall remain the property of Company even if some or all such facilities are downstream of Customer's Meter Assembly. The method of recovery of the costs of such additional facilities shall be agreed upon by the Company and Customer. The Company may specify the content and pressure of the Gas to be furnished, the location of the Meter and the point where the service connection shall be made. The Company's obligation to install all such equipment and facilities, and to otherwise provide Service to Customer, shall be subject to Company's prior consent obtained through the processes set forth in paragraph 7 of these Service Regulations. Nothing in this section or any other provision of these Service Regulations shall prevent Customer, at its own expense, from constructing compression and/or metering equipment required for utilization of Gas as a motor vehicle fuel, provided that Customer complies with all other provisions of these Service Regulations and Company's Rate Schedules applicable to the utilization of Gas as a motor vehicle fuel.

For residential Customers, a presumption of the feasibility of providing new Service shall exist, and the connection of facilities needed to provide Service will be at no cost to the residential Customer, if (1) at a minimum, the Customer will be installing central gas primary heating, (2) the Gas Service Line extends along the route selected by the Company, (3) a Company distribution Main borders the Customer's Premises and (4) the Gas Service Line is no more than 100 feet in length. In the event that the above conditions are not met for new residential Customers, and in all cases of applications for changed residential Service or new or changed Service under non-residential Rate Schedules, the Service to be rendered to the Customer must provide a reasonable return to the Company. If the Customer wishes the facilities to be constructed along a route other than the route selected by the Company and/or if the Gas Service Line is more than 100 feet (for residential Customers) and/or the Service to be rendered to the Customer will not produce a reasonable return to the Company, the Company may require the Customer to pay the excess cost of constructing the facilities along the alternate route or in excess of 100 feet, provide a minimum margin commitment for Service to be rendered through the facilities, and/or to make a contribution which will permit the Company to earn a reasonable return on the facilities needed to provide Service.

14. Relocation of Facilities and Placement of Excess Flow Valves.

- (a) After a Service connection has been made, it may be relocated on the Customer's Premises by the Company upon request of the Customer. The

Customer must agree to change the location of the right-of-way and to bear the expense of the relocation, except to the extent such expense is offset by any additional load gained in connection with such relocation, as reasonably determined by Company. The relocation will not be made where it will interfere with or jeopardize the Company's Service either to the Customer desiring the change or to any other Customer(s). All rights of the Company incidental to the original location shall apply to the new location.

- (b) Customer has the right to request the placement of an Excess Flow Valve ("EFV") on any Gas Service Line that does not already have such a valve installed. Company shall work with the Customer to reasonably determine the date of such installation. The installation will not be made where it will interfere with or jeopardize the Company's Service either to the Customer desiring the installation or to any other Customer(s). As a precondition to installation of an EFV, Customer shall be required to enter into a written agreement with Company reflecting the terms of such installation and assuming responsibility for all of the actual costs of such installation. Company shall be entitled to collect a deposit on such costs prior to initiating installation of the EFV in the amount of the estimated cost of installation.

15. Title to the Facilities. The title to all facilities including Mains, Service Facilities, Gas Service Lines, Meters and accessory equipment up to and including the outlet of the Meter Assembly, and any additional Company owned facilities for the compression or metering of Gas as a motor vehicle fuel downstream of the Meter Assembly, shall be vested in the Company, notwithstanding any charge which may be made to the Customer or payment made by the Customer for placement or relocation thereof.

16. Responsibility Beyond Delivery Point.

- (a) All piping and equipment installed by or on behalf of the Customer must be installed and maintained in accordance with the requirements of the local, county, state, and federal authorities, and the Customer shall keep in good and safe repair and condition all such piping and equipment from the outlet side of the Meter.
- (b) If the Customer's equipment might create either a vacuum or a backpressure, a device must be installed and maintained by the Customer to protect the Company's facilities.
- (c) Company shall not be responsible for equipment failures or malfunctions attributable to the Customer's or third-party recipient's failure to install or operate equipment appropriate for the Service provided by the Company

including but not limited to the pressure and chemical composition of Gas delivered to Customer.

- (d) The Company's responsibility is to deliver Gas to the Customer at the outlet side of the Meter Assembly serving Customer in accordance with the applicable documents defining the obligations of the Company and its Customers. The Company is not responsible for the installation or maintenance of any pipes, facilities, gas using equipment or any other property beyond the point of delivery to the Customer, except for any compression and/or metering equipment for the utilization of Gas as a motor vehicle fuel over which Company maintains ownership. As between the Company and the Customer, the installation, maintenance and use of any pipes, facilities, gas using equipment or any other property beyond the outlet side of the Meter Assembly other than that owned by Company is the sole responsibility of the Customer.

17. Interference with Company Property. The Customer shall not tamper, interfere with or alter the Company's Meters or other property or permit the same to be done by any person other than the Company's authorized agents or employees. Damages caused or permitted by the Customer to said property shall be paid for by the Customer. North Carolina law makes it unlawful to alter, tamper with or by-pass a Gas Meter. This law provides for fines and/or imprisonment at the discretion of the court for this offense. In addition, this statute provides for recovery in a civil action by the Company for losses and damages sustained.

18. Excavation in Proximity of Company's Facilities. The Customer shall inform the Company of planned excavation activities in the proximity of the Company's facilities by calling 811 at least 48 business hours in advance of the planned excavation activities. The Customer will notify the Company prior to any additions or changes at the Customer's Premises which will extend over, under, or in close proximity to the Company's facilities, Mains, Meters, Gas Service Lines or Service Facilities.

19. Prohibition Against Resale of Gas. Gas is sold and/or delivered upon the express condition that the Customer shall not directly or indirectly sell or resell, assign, deliver, or otherwise dispose of Gas, or any part thereof, to any person, firm, or corporation, except where (i) Service is provided under a Rate Schedule specifically providing for resale or (ii) is permitted pursuant to Chapter 24 of the Commission's Rules and Regulations.

20. No Liability for Curtailment/Interruption of Service or Damages. In the event of a Curtailment or Interruption of Service, regardless of cause, the Company shall use all reasonable diligence to remove the cause or causes thereof, but the Company shall not be liable for any loss or damage resulting directly or indirectly from such Curtailment or interruption. In the event of a resale of Gas by Customer, Company shall not be liable to

Customer or to any third-party with respect to damage to persons, property, or business interests arising from or attributable to the resale and/or utilization of Gas delivered to Customer except to the extent such damage is the direct, proximate, and sole result of Company's gross negligence or intentional wrongful conduct. Company shall not be responsible for the utilization of Gas by Customer or third-parties beyond its facilities.

21. Action to Maintain System Integrity. When the Company, in its sole discretion, determines that it is necessary to modify, curtail or interrupt service to maintain the integrity of its distribution or transmission system, to provide for its or the public's safety, or otherwise when Operating Conditions are such that the Company deems such action to be necessary, the Company shall have the right to limit, modify, curtail or interrupt Service to any Customer through the issuance of an Operational Order. The Company shall not be liable for any loss or damage resulting from such Curtailment or Interruption of Service. Violation of such Operational Orders by any Customer shall subject such Customer to disconnection and/or financial penalties as provided in Rate Schedule 106.

22. Discontinuance of Service. The Company, subject to the Commission Rules, shall have the right to modify, suspend or discontinue its Service for (a) repairs or other necessary work on its Mains or systems, (b) nonpayment of bills in accordance with Rules R6-16, R12-8 and R12-10 of the Commission Rules, as the same may be amended from time to time, and (c) for any of the following reasons:

- (a) For any material misrepresentation as to the identity of the Customer making the application for Service.
- (b) For a material violation by the Customer of any terms or conditions of the documents that are approved by the Commission defining the obligations of the Company to provide Service and the obligations of the Customer upon the receipt of Service.
- (c) For the reason that the Customer's use of the Company's Service is detrimental to the service of other Customers. This may cover a Customer's failure, directly or indirectly, to deliver Gas to the Company or the violation by the Custom of an Operational Order.
- (d) For the reason that the Customer's use of the Company's Service conflicts with or violates orders, ordinances or laws of the State of North Carolina, or any subdivision thereof, or of the Commission or of any other governmental agency having jurisdiction over the Company or the Customer.

- (e) For the reason that piping, equipment, appliances or devices are installed or in use on the Customer's Premises, which permit the Gas to be used without passing through the Company's Meter, or which prevent, or interfere with the accurate measuring of the Gas by the Company's Meter.
- (f) For failure of the Customer to make, restore, or increase his deposit as required.
- (g) In the event of any condition determined by the Company to be hazardous.
- (h) In the event of tampering with the facilities and/or equipment installed and owned by the Company.
- (i) In the event of Operating Conditions or events of Force Majeure.

Where the Service has been discontinued for any reason except for the failure to pay for repairs or other necessary work by the Company, the Company shall have the right to refuse Service at the same Premises where there is clear, documented evidence of action taken by the Applicant with the intent to evade payment for utility Services. The Company may require reasonable proof of identity of the Applicant as a condition to providing Service.

23. Removal of Equipment. In the event of discontinuation of Service, the Company may enter the Premises of the Customer at any reasonable time and remove the Company's Meters, apparatus, appliances, fixtures or other property.

24. Non-Waiver of Default. Any delay or omission on the part of the Company in exercising its right to discontinue or suspend Service, or the acceptance of a part of any amount due, shall not be deemed a waiver by the Company of such right so long as any default in whole or in part or breach of contract on the part of the Customer shall continue, and whenever and as often as any default or breach of contract shall occur.

25. Establishment of Credit by Customer. The Company may require an Applicant for Service, or any existing Customer, to satisfactorily establish credit in accordance with the provisions of Rule R12-2 of the Commission Rules or to reestablish credit in accordance with the provisions of Rule R12-3 of the Commission Rules as the same may be amended from time to time. Applicants for new or changed service may be required to provide standard credit information at the request of Company in connection with the establishment or continuation of Service and to evidence continued creditworthiness for continuation of service in accordance with the Company's procedures.

26. Deposits. The Company may require a cash deposit prior to establishing, reestablishing, or continuing existing Service as one way for the Customer to establish credit in accordance with the provisions of Chapter 12 of the Commission Rules as the same may be amended from time to time.

27. Billing Procedure.

- (a) Meters will be read and bills rendered monthly for each Customer account on a cycle basis of approximately thirty (30) days. All bills are due and payable when rendered and become past due after twenty-five (25) days in the case of residential Customers and fifteen (15) days in the case of Customers other than residential, from the date the bill is rendered.
- (b) The Company shall measure all Gas in cubic feet and convert the volume of Gas measured to therms or dekatherms, as applicable, for billing purposes by multiplying such volume by the BTU factor. The BTU factor shall be based on the weighted average BTU content of Gas entering Piedmont's eastern and western system, as applicable, for the days of Customer's billing cycle.
- (c) A late payment charge of one percent (1%) per month will be applied to all Customer's balances not paid prior to the next month's billing date.
- (d) The Company will deliver to the Customer a monthly bill of the amount due to the Company by mailing said bill by first-class mail to the mailing address furnished by the Customer or, at the Customer's election with Company agreement, by sending the bill electronically by way of computer internet connection. As long as the Company has placed the bill in the mail or sent the bill electronically on or before the billing date, a Customer's failure to receive a bill will not entitle the Customer to any extension of time for payment beyond the past due date. For Customers that elect, with the consent of the Company, to receive their bills electronically, notices regarding rate or Service changes, account status, or other notices typically provided with written bills, shall also be provided electronically.
- (e) The Company may, in its discretion and upon reasonable terms, accept major credit cards as payment of the monthly bill.
- (f) Where a Meter for any reason is not read at the regular reading date, the Company may estimate the amount of Service used by referring to the Customer's history of consumption for a similar prior period. To the extent practicable, the Company will avoid sending a Customer two successive estimated bills; however, in cases of Force Majeure, including actions or inaction rendering the Meter unreadable, bill estimates may be permitted for two successive billing periods, or greater. The Company will bill the

Customer on the basis of the estimated use and will make any necessary adjustments when the Meter is next read.

- (g) No claim or demand which the Customer may have against the Company shall be offset or counter-claimed against the payment of any sum of money due the

Company by the Customer for Services rendered, and all such sums shall be paid in accordance with the applicable documents defining the obligations of the Company and the Customer regardless of such claim or demand.

- (h) Monthly charges will not be prorated and will be assessed in full for provision of Gas Service during a partial billing period, except that if an initial bill covers 5 or fewer days of a billing period, no monthly charge will be assessed.
- (i) Customers shall not be entitled to aggregate usage from different Premises or Customer accounts for billing or any other purposes.
- (j) Customers who elect, with the consent of Company, to receive their bills electronically, shall also receive initial notices of disconnection of Service for nonpayment through electronic means as part of their regular bill, as anticipated by Commission Rule R12-10.

28. Adjustment of Bills Due to Failure or Inaccuracy of Meter. Bills which are incorrect due to meter or billing errors will be adjusted as provided in Rule R6-15 of the Commission Rules as the same may be amended from time to time.

Transportation Customers requiring adjustment to their bills for Meter failure or inaccuracy shall be adjusted in accordance with Rule R6-15 except for the commodity portion which will be cashed out in accordance with Rate Schedule 107.

29. Returned Check Charge. Where the Customer makes payment for Service by check which is not honored or paid by the bank, full payment will immediately be due and payable, and a Commission-approved handling charge will be added.

30. Curtailment Priority. It is contemplated that the Company will from time to time find it necessary to curtail or interrupt Gas Service to those Customers who purchase Gas from the Company under interruptible Rate Schedules. In addition, other factors beyond the control of the Company may make Curtailment or Interruption of any Customer necessary. In all such events, to the extent practicable, and in the absence of a Commission directive requiring a different curtailment priority, the Company will curtail Customers based on the priorities established in Commission Rule R6-19.2.

31. Reconnection Fees. When Service has been discontinued at the request of the Customer or the Customer's Agent or for nonpayment of bills or pursuant to Section 22

of these Service Regulations, and if reconnection is requested by the same Customer or the Customer's Agent at the same Premises, the Commission-approved Reconnection Fees will be charged.

32. Applicable Rate Schedules. The Company will at all times have current Rate Schedules on file with the Commission. The rates contained in these Rate Schedules are subject to change from time to time as permitted by the North Carolina Purchased Gas Adjustment Procedure attached hereto as Appendix A, the Margin Decoupling Mechanism attached hereto as Appendix C, the Integrity Management Rider Mechanism attached hereto as Appendix E, and/or any lawful order of the Commission. The rates approved by and on file with the Commission shall prevail in the event of conflict with rates posted on the Company's website.

33. Equal Payment Plan. The Equal Payment Plan ("EPP" or "Plan") is available to customers receiving service under Rate Schedules 101, 102 and 152. The availability and conditions of the Plan are attached hereto as Appendix D.

34. Small and Medium General Rate Service Classification. Small and Medium General Rate Service Classification under the Company's Rate Schedules 102 and 152 shall be based on the following criteria:

- A. Definitions: As used in Small and Medium General Rate Service Classification, the following terms shall have the meanings assigned below:
- (1) "Annual Review Period" shall mean the twelve (12) months ended on December 31 of each year.
 - (2) "Actual Annual Usage" shall mean the actual Natural Gas volumes consumed by the Customer during the Annual Review Period as reflected on the Company's invoices for the Customer.
 - (3) "Average Dekatherm per Day" shall be the Customer's Actual Annual Usage divided by the number of Service Days within the Annual Review Period.
 - (4) "Classification Usage" shall mean the usage criteria that establishes the minimum and/or maximum average daily usage that must be maintained in order to receive Service under a Rate Schedule. The classification usage for Rate Schedule 102 shall be less than an average of 20 Dekatherms per day. The classification usage for Rate Schedule 152 shall equal or exceed an average of 20 Dekatherms per day but be less than an average of 50 Dekatherms per day.

- (5) “Involuntary Curtailment Days” shall mean those days or portions of days in a given Annual Review Period where Curtailment of the Customer’s Natural Gas Service was imposed by the Company’s decision to curtail.
- (6) “Service Days” shall mean 365 days less the number of Involuntary Curtailment Days.

B. Procedures:

(1) During January and February of each year, the Company will determine for each Customer served under Rate Schedule 102 and Rate Schedule 152 that Customer’s Average Dekatherm per Day usage for each of the two most recent Annual Review Periods.

(2) Those Customers currently receiving Service under Rate Schedule 102 whose usage in each of the most recent two (2) Annual Review Periods is equal to or exceeds 20 Dekatherms a day, will be eligible for transfer to Rate Schedule 152.

(3) Those Customers currently receiving Service under Rate Schedule 152 whose usage in each of the most recent two (2) Annual Review Periods is less than 20 Dekatherms a day, will be eligible for transfer to Rate Schedule 102.

(4) Those Customers currently receiving Service under Rate Schedule 102 or 152 whose usage in each of the two (2) most recent Annual Review Periods is equal to or greater than 110% of 50 Dekatherms per day will be eligible for transfer to Rate Schedule 103, 104, 113, or 114, as applicable.

(5) All changes in rate classification under this section shall be subject to Company consent as provided under Section 7 of these Service Regulations. All changes in rate classification under this section shall be effective on the first day of June following the review. The Company shall not be liable for any loss or damage resulting from a change in rate classification.

(6) Customers who are reclassified shall be notified of the change in Rate Schedule, and receive a copy of the tariff sheets applicable to the Customer’s old and new Rate Schedules at least 21 days prior to the effective date of the change.

C. Exceptions: If a Customer currently being billed under Rate Schedule 102 adds Natural Gas equipment that increases the Customer’s Average Dekatherms per Day to the point where the Customer will qualify for Rate Schedules 152, 103 or 104, the Company may, upon notification from the Customer and subject to installation verification by the Company, transfer the Customer to the new Rate

Schedule prior to June 1 of that year.

35. Large General Rate Service Classification. Large General Rate Service classification under the Company's Rate Schedules 103, 104, 113 and 114 shall be based on the following criteria:

A. Definitions: As used in Large General Rate Service Classification, the following terms shall have the meanings assigned below:

- (1) "Actual Annual Usage" shall mean the actual Natural Gas volumes sold or transported for the Customer by the Company as reflected on the Company's bills for that Customer.
- (2) "Annual Review Period" shall mean the twelve (12) months ended on December 31 of each year.
- (3) "Average Dekatherm per Day" shall mean the Actual Annual Usage of a Customer divided by the number of Service Days within the Annual Review Period.
- (4) "Classification Usage" shall mean the usage criteria that establishes the minimum and/or maximum average usage that must be maintained in order to receive service under any rate schedule. For existing Customers, the classification usage for Rate Schedule 102 and 152 shall not exceed an average usage of 50 Dekatherms per day. For existing Customers, the classification usage for Rate Schedules 103, 104, 113 and 114 shall exceed an average usage of 50 Dekatherms per day.
- (5) "Involuntary Curtailment Days" shall mean those days or portions of days in a given Annual Review Period where curtailment of the Customer's Natural Gas Service was imposed by the Company's decision to curtail.
- (6) "Service Days" shall mean 365 days less the sum of the number of Involuntary Curtailment Days and the number of days that Customer consumed an alternative fuel to Natural Gas.

B. Procedures:

(1) During January and February of each year, the Company will determine for each Customer served under Rate Schedules 103, 104, 113 and 114 the Customer's Average Dekatherm per Day usage for each of the two (2) most recent Annual Review Periods.

- (2) A Rate Schedule 102 or 152 Customer whose usage is equal to or greater than 110% of the 50 Dekatherms threshold in the two most recent Review periods will be eligible for transfer to Rate Schedule 103, 104, 113 or 114, as applicable. A Rate Schedule 103, 104, 113 or 114 Customer whose usage is equal to or less than 90% of the 50 Dekatherms threshold in both of the two (2) most recent Annual Review Periods will be eligible for transfer to the appropriate Small or Medium General Service Rate Schedule. Customers receiving Service under Rate Schedules 103 or 104 shall be eligible to elect Transportation service to be effective with the rate reclassification.
- (3) All changes in rate classification under this section shall be subject to Company consent as provided under Section 7 of these Service Regulations. All changes in rate classification under this section shall be effective on the first day of June following the review. The Company shall not be liable for any loss or damage resulting from a change in rate classification, including any loss resulting from the purchase of gas by a Transportation Customer who has been reclassified to a sales Rate Schedule.
- (4) Customers who are reclassified shall be notified of the change in Rate Schedule, and receive a copy of the tariff sheets applicable to the Customer's old and new Rate Schedules at least 21 days prior to the effective date of the change.
- C. Exceptions: If a Customer adds or retires a major piece of gas-burning equipment, changes the hours of operations or otherwise materially alters the Customer's business that will clearly increase, or decrease, the Customer's consumption on an ongoing basis to a level that will change the Customer's ability to qualify for a particular Rate Schedule, the Customer shall report such changes to the Company and afford the Company an opportunity to inspect the change in equipment and to meet with the Customer to review and discuss the anticipated future level of consumption. If, after such inspection and meeting, the Company is satisfied that reclassification is appropriate, utilizing the mechanisms set forth in Section 7 of these Service Regulations, the reclassification will occur within two months after the new equipment is in place and operational, or the retirement is completed, and the first Meter reading reflects the higher anticipated usage resulting from the new equipment or the lower anticipated usage resulting from the retirement. Any reclassification pursuant to this paragraph is subject to correction if actual experience so warrants. If the reclassification results in qualification for Large General Service, the Customer shall provide an election form at least one week prior to reclassification if a Transportation election is desired. Otherwise, Service will be provided under Rate Schedule 103 or 104, by default, dependent upon rate qualification.

- D. Requirements: Upon reclassification from Rate 102 or 152 to either Rate 103, 104, 113, or 114, as well as new Customers on these Rate Schedules, the Customer will be responsible for installing and maintaining, at the Customer's expense, a dedicated 110v electrical service in a location suitable to provide electrical service for the Company's telemetering equipment.

36. Extra Facilities. At the request of the Customer with Company agreement, the Company will furnish, install, own and maintain facilities which are in addition to those necessary for delivery of Service at one point, through one Meter, at a maximum pressure in accordance with the applicable Rate Schedule, such additional facilities to be furnished under an "Extra Facilities Clause" added to and made a part of the Company's standard form of contract and containing the following provisions:

- A. Service shall be used solely by the contracting Customer in a single enterprise located entirely on a single, contiguous Premises, and there shall be no exemption from any of the other provisions of these Service Regulations.
- B. "Extra Facilities" shall consist of such of the following as may be required: Meter, Meter Assembly, Gas Service Line, Main, telemetering equipment or other equipment installed for the exclusive use of the contracting Customer, other than facilities which the Company would furnish to the Customer without cost under its standard form of contract.
- C. The facility to be supplied shall be Company standard Main, Gas Service Lines and Meter equipment installed only on the Company side of the point of delivery.
- D. A monthly "Extra Facilities Charge" equal to 1.7% of the installed cost of the facilities, but not less than \$25, shall be billed to the Customer in addition to the billing for facilities charge, demand charge and sales or Transportation charges.
- E. The "Installed Cost of Extra Facilities" shall be the original cost of material used, including spare equipment, if any, plus applicable labor, Transportation, stores, tax, engineering and general expenses, all estimated if not known. The original cost of materials used is the current market price of the equipment at the time the equipment is installed, whether said equipment is new or out of inventory.
- F. When the Extra Facilities requested by the Customer consist of those required to furnish Service at either more than one delivery point on the Premises or at more than one pressure, or both, the Installed Cost of the Extra Facilities to be used in the computation of the Extra Facilities Charge shall be the difference between the installed cost of the facilities made necessary by the Customer's request, and the

installed cost of the facilities which the Company would furnish without cost to the Customer under its standard form of contract.

- G. The Company shall have the option of refusing requests for Extra Facilities if, on its own determination, the requested facilities are not feasible, or may adversely affect the Company's Service to other customers.
- H. Contracts containing the Extra Facilities clause shall have a minimum original term of 5 years to continue from year to year thereafter, but the Company may require the payment of removal costs in contracts with original terms of 10 years or less, and may require advance payment of the Extra Facilities Charge for a period equal to one-half the original term of the contract.

37. Complaints. Customers who have a disagreement with the Company may call the Public Staff Consumer Services Division at telephone number (919) 733-9277 for assistance, or write to the address below:

Public Staff - NC Utilities Commission
Consumer Services Division
4326 Mail Service Center
Raleigh, NC 27699-4300

38. Taxes. Customer shall be responsible for payment of all taxes or tax liabilities attributable to or due in connection with the provision of any Service by the Company to the Customer, including any excise or sales tax required by Chapter 105 of the North Carolina General Statutes. With respect to any local, state, or federal tax, charge, or fee attributable to or arising out of the utilization of Gas delivered by the Company as a motor vehicle fuel, Customer shall be solely and exclusively responsible for the payment of any such tax, charge, or fee.

39. Agency Authorization. Certain Rate Schedules permit a Customer to authorize a Customer's Agent to act on its behalf with respect to nominations, imbalance resolution, and/or billing. In order to be considered a Customer's Agent, the agent must execute and be in compliance with all of the terms of the Customer Agent Agreement form set forth in Appendix B to these Service Regulations.

APPENDIX E

Integrity Management Rider

Pursuant to G.S. 62-133.7A, “[i]n setting rates for a natural gas local distribution company in a general rate case proceeding under G.S. 62-133, the Commission may adopt, implement, modify, or eliminate a rate adjustment mechanism to enable the company to recover the prudently incurred capital investment and associated costs of complying with federal gas pipeline safety requirements, including a return based on the company’s then authorized return.” These capital investment and associated costs are required in order to comply with federal laws and regulations, will generate no additional revenue for Piedmont Natural Gas Company, Inc. (Company), and vary significantly in nature, scope, and scale from prior system reinforcement/maintenance projects and also from the Company’s more usual system expansion projects.

1. Provision for Adjustment

The base rates per therm (100,000 Btu) for gas service set forth in Rate Schedules 101, 102, 152, 142, 103, 104, 113, 114, T-10, 12, and T-12 of the Company shall be adjusted by an amount hereinafter described which amount is referred to as the “Integrity Management Adjustment.” The Integrity Management Adjustment shall be calculated as an increment and applied to Applicable Rate Schedules to recover the Integrity Management Revenue Requirement (IMRR). The Integrity Management Adjustment shall be implemented on a biannual basis subject to an audit and adjustment process as described herein. The Integrity Management Deferred Account shall be established to track the Company’s recovery of the IMRR.

2. Definitions

For the purposes of this revised Rider:

“Applicable Rate Schedules” means Rate Schedules 101, 102, 152, 142, 103, 104, 113, 114, T-10, 12, and T-12.

“Commission” means the North Carolina Utilities Commission.

“Relevant Rate Order” means the final order of the Commission in the most recent litigated rate case of the Company fixing the rates of the Company or the most recent final order of the Commission specifically prescribing or fixing the factors and procedures to be used in the application of this revised Rider.

“Integrity Management Plant Investment” means the gross plant and associated costs incurred by the Company resulting from prevailing federal standards for pipeline integrity and safety and not otherwise included in current base rates. At the time of the Company’s next general rate case proceeding, all prudently incurred Integrity Management Plant Investment associated with this revised Rider shall be included in base rates.

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Integrity Management Rider

“Special Contracts” has the same meaning as set forth in Section 2(cc) of the Company’s Service Regulations and includes electric generation contracts.

“Vintage Period” means the period of time during which the Integrity Management Plant Investment is made.

3. Computation of Integrity Management Revenue Requirement (IMRR)

The Company shall file by October 31st and April 30th of each year information showing the computation of the IMRR that forms the basis of the next biannual Integrity Management Adjustment. The total annual revenue requirement will be calculated for each Vintage Period of Integrity Management Plant Investment, as follows:

Integrity Management Plant Investment	\$X,XXX,XXX
Less: Accumulated Depreciation	XXX,XXX
Less: Accumulated Deferred Income Taxes	XXX,XXX
Net Plant Investment	\$X,XXX,XXX
Pre-Tax ROR set forth in the Relevant Rate Order	X.XX%
Allowed Pre-Tax Return	\$X,XXX,XXX
Plus: Depreciation Expense	XXX,XXX
Total	\$X,XXX,XXX

The total of the annual revenue requirements for each Vintage Period of Integrity Management Plant Investment is the annual IMRR. The IMRR shall be reduced by a Special Contract Credit to compute the Net IMRR that forms the basis for determining the Integrity Management Adjustment. The Special Contract Credit represents the amount provided by the Special Contracts towards the Integrity Management Plant Investment. The Special Contract Credit applicable to each twelve-month period beginning December 1 are as follows:

December 1, 2020	\$1,500,721
December 1, 2021	\$2,855,243
December 1, 2022	\$4,258,694
December 1, 2023	\$5,631,510
December 1, 2024	\$6,988,394
December 1, 2025	\$8,343,543

For the purposes of determining the Net IMRR on a biannual basis, the Special Contract Credit shall be prorated by month using the Integrity Management Month Factors shown below in this Section 3.

APPENDIX E

Integrity Management Rider

Each month the Company shall charge its Integrity Management Deferred Account for the portion of the Net IMRR (the IMRR as reduced by the Special Contract Credit), that corresponds to that month. The monthly IMRR is the product of the annual Net IMRR and the Integrity Management Month Factor. The Integrity Management Month Factor represents the percentage of annualized and normalized therms as set forth in the Relevant Rate Order by month for the Applicable Rate Schedules. The Integrity Management Month Factors for each month are as follows:

January	14.04%
February	13.21%
March	11.12%
April	8.43%
May	5.98%
June	5.09%
July	4.93%
August	5.13%
September	4.54%
October	6.22%
November	9.31%
December	12.00%

4. Computation of Biannual Integrity Management Adjustment

The Company will file for Commission approval by November 15th and May 15th of each year information showing the computation of the Integrity Management Adjustment for each rate schedule and the revised tariffs that it proposes to charge customers during the six month period beginning the following December 1st and June 1st, respectively. To compute the Integrity Management Adjustment, the Net IMRR shall first be apportioned to each customer class based on margin apportionment established in the Relevant Rate Order. The customer class apportionment percentages are as follows:

Residential	Rate Schedule 101	64.78%
Small/Med General & NGV	Rate Schedules 102, 142, 152	30.18%
Large General - Firm	Rate Schedules 103, 113, T-10, T-12, 12	2.73%
Large General - Interruptible	Rate Schedules 104, 114	2.31%

The amount of the Net IMRR apportioned to each rate schedule shall then be divided by the annual therms as set forth in the Relevant Rate Order for each rate schedule to determine the Integrity Management Adjustment to the nearest one-thousandth cent per therm. The annual therms of throughput used in the computation of the Integrity Management Adjustment for each rate schedule are as follows:

Residential	Rate Schedule 101	393,058,205
Small/Med General & NGV	Rate Schedules 102, 142, 152	320,559,515

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Integrity Management Rider

Large General - Firm	Rate Schedules 103, 113, T-10, T-12, 12	351,217,528
Large General - Interruptible	Rate Schedules 104, 114	299,237,581

Each month the Company shall credit the Integrity Management Deferred Account for the amount of the Integrity Management Adjustment collected from customers. The amount of the Integrity Management Adjustment collected from customers shall be computed by multiplying the Integrity Management Adjustment for each rate schedule by the corresponding actual therms of usage billed customers for the month.

5. Computation of Integrity Management Deferred Account True-Up Adjustment

The Company shall file with the Commission by November 15th to recover the balance in the Integrity Management Deferred Account as of October 31st. The Integrity Management Deferred Account True-Up Adjustment shall be computed by multiplying the balance of the Integrity Management Deferred Account as of October 31st, by the customer class apportionment percentages shown in Section 4 above. The Integrity Management Deferred Account balance apportioned to each customer class shall then be divided by the annual therms of throughput for each rate schedule shown in Section 4 above to determine the Integrity Management Deferred Account True-Up Adjustment applicable to each rate schedule for the following twelve-month period beginning December 1st. The Integrity Management Deferred Account True-Up Adjustment shall be computed to the nearest one-thousandth cent per therm. The Company may, at its discretion, file for further Integrity Management Deferred Account True-Up Adjustments throughout the year, upon 14 days notice to the Commission.

6. Interest

Interest will be applied to the Integrity Management Deferred Account at the Company's authorized net-of-tax overall rate of return.

7. Integrity Management Deferred Account

The Company shall maintain an Integrity Management Deferred Account for the purpose of recording the monthly (a) net IMRR, (b) Integrity Management Adjustment, (c) Integrity Management Deferred Account True-Up Adjustment, and (d) interest on the Integrity Management Deferred Account.

8. Monthly Filing with Commission

The Company shall file monthly (a) detail of the current month's Integrity Management Plant Investment, including supporting documentation for the amount incurred, (b) the cumulative Integrity Management Plant Investment subject to this revised Rider, and (c) a report of the activity recorded for the month in the Integrity Management Deferred Account. Such reports will be filed within 45 days after the end of the month for which the report is being filed.

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Integrity Management Rider

9. Annual Integrity Management Plant Investment Forecast

The Company shall file by October 31st its projected three-year plan of Integrity Management Plant Investment, which will encompass Integrity Management Plant Investment planned for its next three fiscal years.

10. Review and Approval of Annual IMR Report and Rates

The Company shall file the Annual IMR Report summarizing the Integrity Management Plant Investment for the prior 12-month period ending September 30th and the data substantiating and supporting its IMRR calculation for the next biannual Integrity Management Adjustment by October 31st.

Upon the Annual IMR Report filing, the Public Staff and any other intervenors of record shall have until the following February 15th to review such filing and to prepare and file with the Commission a report of such review to include supporting testimony if disallowances or adjustments are proposed in such report. The Company shall have until March 1st to respond to any report or testimony filed with the Commission and, to the extent necessary to resolve disputes regarding the Company's Annual IMR Report, such disputes shall be promptly scheduled for hearing by the Commission with the goal of resolving such disputes by Commission order issued by May 15th with corresponding rate adjustments made on a prospective basis on June 1st.

11. Commission Review

The terms and conditions of this revised Rider shall be reviewed, and prospective modifications considered by the Commission: (1) in the Company's next general rate case; or (2) at the end of four years from the effective date of this revised Rider, whichever first occurs. Further any interested party may petition the Commission to modify or terminate the revised Rider on the grounds that the revised Rider, as approved, is no longer in the public interest