



**FILED**

**OCT 31 2008**

Clerk's Office  
N.C. Utilities Commission

October 31, 2008

Ms. Renne Vance  
Chief Clerk  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, NC 27699-4325

Re: Docket No. G-5, Sub 495, General Increase in Rates and Charges  
Docket No. G-5, Sub 501, Benchmark Commodity Cost of Gas

Dear Ms. Vance:

**OFFICIAL COPY**

PSNC is submitting for filing an original and 11 copies of its "Summary of Rates and Charges", Tariffs, Riders A and C, Rules and Regulations and Transportation Pooling Agreement approved by the Commission's Order dated October 24, 2008 in Docket No. G-5, Sub 495, and to reflect the decrease in PSNC's Benchmark Commodity Gas Cost approved by the Commission on October 27, 2008 in Docket No. G-5, Sub 501. PSNC is making the required changes effective for natural gas service rendered on and after November 1, 2008. A marked-up copy of the previously approved "Summary of Rates and Charges" is also enclosed.

If you have any questions, please call me at 704-834-6317.

Sincerely,

Candace A. Paton  
Rates & Regulatory Manager

Enclosures

2 Clenu  
AG  
Kirby  
Gilmore  
1 PS Legal  
1 PS ACCTG  
1 PS ECO  
4 PS GAS

**FILED**  
**OCT 31 2008**

Clerk's Office  
N.C. Utilities Commission (a)

Summary of Rates and Charges Applicable to  
Rate Schedules in N.C.U.C. Tariff

RATE SCHEDULE NO. AND DESCRIPTION

101 -	<b>RESIDENTIAL SERVICE</b>		
	Facilities Charge	\$10.00	per month
	Summer Energy Charge – May through October	\$1.47179 1.37705	per therm
	Winter Energy Charge – November through April	\$1.52014 1.42540	per therm
115 -	<b>OPEN FLAME GAS LANTERNS UNMETERED LIGHTING SERVICE</b>		
	Facilities Charge	\$10.00	per month
	Summer Energy Charge – May through October	\$1.47179 1.37569	per therm
	Winter Energy Charge – November through April	\$1.52014 1.42404	per therm
120 -	<b>UNMETERED OUTDOOR LIGHTING SERVICE</b>		
	— Single Upright Mantle	\$10.16	per month
	— Double Inverted Mantle	\$10.16	per month
	Each Additional Mantle:		
	— Inverted type up to 1,250 BTU/hr.	\$5.08	per month
	— Upright type up to 2,500 BTU/hr.	\$9.68	per month
125 -	<b>SMALL GENERAL SERVICE</b>		
	Facilities Charge	\$17.50	per month
	Energy Charge First 500	\$1.42725 1.32198	per therm
	Next 4,500	\$1.35725 1.26842	per therm
	All Over 5,000	\$1.30725 1.22938	per therm
126 -	<b>SMALL GENERAL SERVICE - COOLING</b>		
	Facilities Charge	\$30.00	per month
	Energy Charge	\$1.31402 1.22938	per therm
145 -	<b>LARGE-QUANTITY GENERAL SERVICE</b>		
	Facilities Charge	\$300.00	per month
	Energy Charge First 15,000	\$1.23398 1.13314	per therm
	Next 15,000	\$1.21498 1.11121	per therm
	Next 15,000	\$1.19598 1.09161	per therm
	Next 15,000	\$1.17046 1.06602	per therm
	All Over 60,000	\$1.14946 1.04473	per therm
150 -	<b>LARGE-QUANTITY INTERRUPTIBLE COMMERCIAL AND INDUSTRIAL SERVICE</b>		
	Facilities Charge	\$600.00	per month
	Energy Charge First 15,000	\$1.17472 1.07326	per therm
	Next 15,000	\$1.15372 1.05226	per therm
	Next 70,000	\$1.13272 1.03129	per therm
	Next 500,000	\$1.11172 1.01061	per therm
	All Over 600,000	\$1.09072 0.98964	per therm
160 -	<b>SPECIAL SERVICE SALES RATE</b>		
	Facilities Charge (b)	\$600.00	per month
	Energy Charge	See Sheet Rate Schedule No. 160	

Summary of Rates and Charges Applicable to Rate Schedules in N.C.U.C. Tariff			
RATE SCHEDULE NO. AND DESCRIPTION		CHARGES (a)	
165-	<b>SPECIAL TRANSPORTATION RATE</b>		
	Facilities Charge	\$600.00	per month
	Energy Charge	See Rate Schedule No. 165	
175-	<b>FIRM TRANSPORTATION SERVICE CUSTOMERS QUALIFYING FOR SERVICE ON RATE SCHEDULE NO. 145</b>		
	Facilities Charge (b)	\$300.00	per month
	Transportation Charge First 15,000	\$0.15560 0.14677	per therm
	Next 15,000	\$0.13650 0.12484	per therm
	Next 15,000	\$0.11750 0.10524	per therm
	Next 15,000	\$0.09498 0.07965	per therm
	All Over 60,000	\$0.07098 0.05836	per therm
180-	<b>INTERRUPTIBLE TRANSPORTATION SERVICE FOR CUSTOMERS QUALIFYING FOR SERVICE ON RATE SCHEDULE NO. 150</b>		
	Facilities Charge (b)	\$600.00	per month
	Transportation Charge First 15,000	\$ 0.10863 0.10411	per therm
	Next 15,000	\$ 0.08763 0.08311	per therm
	Next 70,000	\$ 0.06663 0.06214	per therm
	Next 500,000	\$ 0.04563 0.04146	per therm
	All Over 600,000	\$ 0.02463 0.02049	per therm
195-	<b>NATURAL GAS VEHICLE DEVELOPMENTAL RATE</b>		
	Facilities Charge	\$60.00	per month
	Energy Charge	\$1.05100 (c)	per therm
Rider A -	<b>EMERGENCY SERVICES</b>		
	Limited Emergency Service	\$1.72748 1.00 plus cost of gas	per therm
	On-Peak Emergency Service	\$ 2.02748 1.50 plus cost of gas	per therm
	Unauthorized Gas	\$10.00000 2.50 plus cost of gas	per therm
<b>MISCELLANEOUS FEE SCHEDULE</b>			
	<b>RETURNED CHECKS AND BANK DRAFTS</b>	\$25.00	
	<b>RECONNECTION (db)</b>		
	Residential - Regular Hours	\$65.00	
	--After 5 p.m., weekends, holidays	\$95.00	
	Non-Residential - Regular Hours	\$95.00	
	--After 5 p.m., weekends, holidays	\$125.00	
(a)	<del>State Excise Tax applies to all natural gas deliveries. Rates do not include applicable excise taxes</del>		
(b)	<del>The Facilities Charge is the Facilities Charge applicable to the Large Quantity Rate Schedule under which the Customer is entitled to receive sales Service.</del>		
(c)	<del>Rate adjustment procedures stated in PSNC's Rider D shall not apply to this rate. The rate is subject to adjustment, with the approval of the North Carolina Utilities Commission, so that it will exceed the benchmark commodity gas cost at all times.</del>		
(db)	All reconstructions that exceed one hour shall be billed the indicated rates per hour.		

Summary of Rates and Charges			
<u>RATE SCHEDULE NO. AND DESCRIPTION</u>		<u>CHARGES (a)</u>	
101 -	<b>RESIDENTIAL SERVICE</b>		
	Facilities Charge	\$10.00	per month
	Summer Energy Charge – May through October	\$1.37705	per therm
	Winter Energy Charge – November through April	\$1.42540	per therm
115 -	<b>UNMETERED LIGHTING SERVICE</b>		
	Facilities Charge	\$10.00	per month
	Summer Energy Charge – May through October	\$1.37569	per therm
	Winter Energy Charge – November through April	\$1.42404	per therm
125 -	<b>SMALL GENERAL SERVICE</b>		
	Facilities Charge	\$17.50	per month
	Energy Charge First 500	\$1.32198	per therm
	Next 4,500	\$1.26842	per therm
	All Over 5,000	\$1.22938	per therm
126 -	<b>SMALL GENERAL SERVICE - COOLING</b>		
	Facilities Charge	\$30.00	per month
	Energy Charge	\$1.22938	per therm
145 -	<b>LARGE-QUANTITY GENERAL SERVICE</b>		
	Facilities Charge	\$300.00	per month
	Energy Charge First 15,000	\$1.13314	per therm
	Next 15,000	\$1.11121	per therm
	Next 15,000	\$1.09161	per therm
	Next 15,000	\$1.06602	per therm
	All Over 60,000	\$1.04473	per therm
150 -	<b>LARGE-QUANTITY INTERRUPTIBLE COMMERCIAL AND INDUSTRIAL SERVICE</b>		
	Facilities Charge	\$600.00	per month
	Energy Charge First 15,000	\$1.07326	per therm
	Next 15,000	\$1.05226	per therm
	Next 70,000	\$1.03129	per therm
	Next 500,000	\$1.01061	per therm
	All Over 600,000	\$0.98964	per therm
160 -	<b>SPECIAL SALES RATE</b>		
	Facilities Charge	\$600.00	per month
	Energy Charge	See Rate Schedule No. 160	

Summary of Rates and Charges			
<u>RATE SCHEDULE NO. AND DESCRIPTION</u>		<u>CHARGES (a)</u>	
165-	<b>SPECIAL TRANSPORTATION RATE</b>		
	Facilities Charge	\$600.00	per month
	Energy Charge	See Rate Schedule No. 165	
175-	<b>FIRM TRANSPORTATION SERVICE CUSTOMERS QUALIFYING FOR SERVICE ON RATE SCHEDULE NO. 145</b>		
	Facilities Charge	\$300.00	per month
	Transportation Charge First 15,000	\$0.14677	per therm
	Next 15,000	\$0.12484	per therm
	Next 15,000	\$0.10524	per therm
	Next 15,000	\$0.07965	per therm
	All Over 60,000	\$0.05836	per therm
180-	<b>INTERRUPTIBLE TRANSPORTATION SERVICE FOR CUSTOMERS QUALIFYING FOR SERVICE ON RATE SCHEDULE NO. 150</b>		
	Facilities Charge	\$600.00	per month
	Transportation Charge First 15,000	\$ 0.10411	per therm
	Next 15,000	\$ 0.08311	per therm
	Next 70,000	\$ 0.06214	per therm
	Next 500,000	\$ 0.04146	per therm
	All Over 600,000	\$ 0.02049	per therm
Rider A -	<b>EMERGENCY SERVICES</b>		
	Limited Emergency Service	\$1.00 plus cost of gas	per therm
	On-Peak Emergency Service	\$1.50 plus cost of gas	per therm
	Unauthorized Gas	\$2.50 plus cost of gas	per therm
<u>MISCELLANEOUS FEE SCHEDULE</u>			
	<b>RETURNED CHECKS AND BANK DRAFTS</b>	\$25.00	
	<b>RECONNECTION (b)</b>		
	Residential – Regular Hours	\$65.00	
	--After 5 p.m., weekends, holidays	\$95.00	
	Non-Residential – Regular Hours	\$95.00	
	--After 5 p.m., weekends, holidays	\$125.00	
(a)	Rates do not include applicable excise taxes.		
(b)	All reconNECTIONS that exceed one hour shall be billed the indicated rates per hour.		

RATE SCHEDULE NO. 101

RESIDENTIAL SERVICE

This Rate Schedule is available to residential Customers. Family care homes as defined in G.S. 168-21 may elect Service under this Rate Schedule. Separate Meters, separate Accounts, and separate locations may not be combined for billing under this Rate Schedule.

Rate

The applicable monthly Facilities Charge and the applicable Energy Charge are set forth in the currently effective Summary of Rates and Charges of this Tariff and are incorporated herein by reference. Bills under this Rate Schedule are subject to the Customer Usage Tracker procedure set forth under Rider C of this Tariff.

The minimum monthly bill is the Facilities Charge.

Payment of Bills

Bills are due and payable upon receipt and become past due 25 days after the billing date. Late payment charges will be added to the total balances in arrears on the next billing date at the rate of 1% per month. A charge will be imposed for checks and drafts returned to PSNC. Reconnection charges will be made to restore Service for: (a) Customers whose Service was discontinued for nonpayment of bill or (b) Customers whose Service was discontinued and reconnected at the request of Customer at the same Premises within the past year.

The charges above are set forth in the currently effective Summary of Rates and Charges of this Tariff under the heading of Miscellaneous Fee Schedule and are described in PSNC's approved Rules and Regulations.

Rules and Regulations

Service under this Rate Schedule is subject to all lawful orders, rules, and regulations of duly constituted governmental authorities having jurisdiction over either PSNC or Customer, or both, including any orders of the Commission requiring PSNC to curtail or discontinue Service hereunder or setting priorities for such curtailment or discontinuance of Service. PSNC shall not be liable for any damages that may result to Customer or any other person, firm, or corporation by reason of PSNC's curtailing Service in accordance with any order by a duly constituted governmental authority or in accordance with any order of priorities which may be deemed practicable under existing conditions by PSNC. Service under this Rate Schedule is subject to PSNC's Rules and Regulations as approved by the Commission, which are incorporated herein by reference.

RATE SCHEDULE NO. 115  
UNMETERED LIGHTING SERVICE

This Rate Schedule is available for Customer owned unmetered gas lighting Service located wherever Gas is available within the certificated Service territory of PSNC. All Gas delivered is for use exclusively in permanently installed Gas lighting devices, including Gas lanterns, connected to PSNC's distribution system. Monthly consumption for billing under this Rate Schedule is determined based upon the manufacturer's BTU rating for each Gas lighting device according to the following formula:

$$\text{monthly consumption (Therms)} = \frac{\text{BTU rating (BTU/hour)} \times 24 \text{ hours/day} \times 365.25 \text{ days/year}}{12 \text{ months/year} \times 100,000 \text{ BTU/Therm}}$$

Rate

The applicable monthly Facilities Charge and the applicable Energy Charge are set forth in the currently effective Summary of Rates and Charges of this Tariff and are incorporated herein by reference.

One Facilities Charge will be billed per Account. However, if an existing Customer adds a Gas lighting device at Premises currently receiving Service, no additional Facilities Charge will be billed beyond that currently billed to Customer.

The minimum monthly bill is the Facilities Charge.

Payment of Bills

Bills are due and payable upon receipt and become past due 25 days after the billing date. Late payment charges will be added to the total balances in arrears on the next billing date at the rate of 1% per month. A charge will be imposed for checks and drafts returned to PSNC. Reconnection charges will be made to restore Service for: (a) Customers whose Service was discontinued for nonpayment of bill or (b) Customers whose Service was discontinued and reconnected at the request of the Customer at the same Premises within the past year.

The charges above are set forth in the currently effective Summary of Rates and Charges of this Tariff under the heading of Miscellaneous Fee Schedule and are described in PSNC's approved Rules and Regulations.

Rules and Regulations

Service under this Rate Schedule is subject to all lawful orders, rules, and regulations of duly constituted governmental authorities having jurisdiction over either PSNC or Customer, or both, including any orders of the Commission requiring PSNC to curtail or discontinue Service hereunder or setting priorities for such curtailment or discontinuance of Service. PSNC shall not be liable for any damages that may result to Customer or any other person, firm, or corporation by reason of PSNC's curtailing Service in accordance with any order by a duly constituted governmental authority or in accordance with any order of priorities which may be deemed practicable under existing conditions by PSNC. Service under this Rate Schedule is subject to PSNC's Rules and Regulations as approved by the Commission, which are incorporated herein by reference.

RATE SCHEDULE NO. 125

SMALL GENERAL SERVICE

This Rate Schedule is available to commercial and small industrial Customers that are primarily engaged in the sale of goods or services, manufacturing, schools, institutions, and governmental agencies, including single-metered health care facilities. This Rate Schedule is available to master metered apartment buildings, but is not available to any individual Customer who qualifies for Service under Rate Schedule No. 101. Family care homes as defined in G.S. 168-21 may elect Service under Rate Schedule No. 101. Separate Meters, separate Accounts, and separate locations may not be combined for billing under this Rate Schedule.

Rate

The applicable monthly Facilities Charge and the applicable Energy Charge are set forth in the currently effective Summary of Rates and Charges of this Tariff and are incorporated herein by reference.

The rates shown on the Summary of Rates and Charges for this Rate Schedule do not include applicable federal, state, or local highway motor fuel use taxes. Where applicable, bills rendered under this Rate Schedule will include such taxes.

The minimum monthly bill is the Facilities Charge.

Payment of Bills

Bills are due and payable upon receipt and become past due 15 days after the billing date. Late payment charges will be added to the total balances in arrears on the next billing date at the rate of 1% per month. A charge will be imposed for checks and drafts returned to PSNC. Reconnection charges will be made to restore Service for: (a) Customers whose Service was discontinued for nonpayment of bill or (b) Customers whose Service was discontinued and reconnected at the request of Customer at the same Premises within the past year.

The charges above are set forth in the currently effective Summary of Rates and Charges of this Tariff under the heading of Miscellaneous Fee Schedule and are described in PSNC's approved Rules and Regulations.

Rules and Regulations

Service under this Rate Schedule is subject to all lawful orders, rules, and regulations of duly constituted governmental authorities having jurisdiction over either PSNC or Customer, or both, including any orders of the Commission requiring PSNC to curtail or discontinue Service hereunder or setting priorities for such curtailment or discontinuance of Service. PSNC shall not be liable for any damages that may result to Customer or any other person, firm, or corporation by reason of PSNC's curtailing Service in accordance with any order by a duly constituted governmental authority or in accordance with any order of priorities which may be deemed practicable under existing conditions by PSNC. Service under this Rate Schedule is subject to PSNC's Rules and Regulations as approved by the Commission, which are incorporated herein by reference.



RATE SCHEDULE NO. 126

SMALL GENERAL SERVICE - COOLING

This Rate Schedule is available to commercial and small industrial Customers that are primarily engaged in the sale of goods or services, manufacturing, schools, institutions, and governmental agencies, including single-metered health care facilities. This Rate Schedule is available to master metered apartment buildings, but is not available to any individual Customer who qualifies for Service under Rate Schedule No. 101. Family care homes as defined in G.S. 168-21 may elect Service under Rate Schedule No. 101. This Rate Schedule is also available to Customers utilizing Gas-fired desiccant dehumidification systems or Gas-fired absorption or Gas engine-driven air conditioning units. Separate Meters, separate Accounts, and separate locations may not be combined for billing under this Rate Schedule.

Rate

The applicable monthly Facilities Charge and the applicable Energy Charge are set forth in the currently effective Summary of Rates and Charges of this Tariff and are incorporated herein by reference.

The minimum monthly bill is the Facilities Charge.

Payment of Bills

Bills are due and payable upon receipt and become past due 15 days after the billing date. Late payment charges will be added to the total balances in arrears on the next billing date at the rate of 1% per month. A charge will be imposed for checks and drafts returned to PSNC. Reconnection charges will be made to restore Service for: (a) Customers whose Service was discontinued for nonpayment of bill or (b) Customers whose Service was discontinued and reconnected at the request of Customer at the same Premises within the past year.

The charges above are set forth in the currently effective Summary of Rates and Charges of this Tariff under the heading of Miscellaneous Fee Schedule and are described in PSNC's approved Rules and Regulations.

Rules and Regulations

Service under this Rate Schedule is subject to all lawful orders, rules, and regulations of duly constituted governmental authorities having jurisdiction over either PSNC or Customer, or both, including any orders of the Commission requiring PSNC to curtail or discontinue Service hereunder or setting priorities for such curtailment or discontinuance of Service. PSNC shall not be liable for any damages that may result to Customers or any other person, firm, or corporation by reason of PSNC's curtailing Service in accordance with any order by a duly constituted governmental authority or in accordance with any order of priorities which may be deemed practicable under existing conditions by PSNC. Service under this Rate Schedule is subject to PSNC's Rules and Regulations as approved by the Commission, which are incorporated herein by reference.

RATE SCHEDULE NO. 145

LARGE-QUANTITY GENERAL SERVICE

This Rate Schedule is available to any large commercial and industrial Customer using in excess of 60,000 Therms per year, subject to an adequate supply of Gas and delivery capability at the location of the Customer's Premises.

Once a qualified Customer elects Service under this Rate Schedule, Service will be provided for a term extending through the following August 31; provided, however, that a new, qualifying Customer may change its election from this Rate Schedule to Rate Schedule No. 175 one time during the initial twelve-month period of Service. Customer may elect to discontinue Service under this Rate Schedule and receive Service from Rate Schedule No. 175 by giving written notice to PSNC prior to June 1 of any year. Proper notice having been provided, Customer shall discontinue Service under this Rate Schedule effective the first September 1 following the notice.

Customer may switch between this Rate Schedule and Rate Schedule No. 150 one time during any twelve-month period, provided that Customer qualifies for Service under Rate Schedule No. 150 before switching to Service under that Rate Schedule.

All Gas purchased under this Rate Schedule shall be separately measured from any Gas purchased or transported under any other Rate Schedule. Separate Meters, separate Accounts, and separate locations may not be combined in determining quantities for billing purposes.

Rate

The applicable monthly Facilities Charge and the applicable Energy Charge are set forth in the currently effective Summary of Rates and Charges of this Tariff and are incorporated herein by reference.

The minimum monthly bill is the Facilities Charge.

Payment of Bills

Bills are due and payable upon receipt and become past due 15 days after the billing date. Late payment charges will be added to the total balances in arrears on the next billing date at the rate of 1% per month. A charge will be imposed for checks and drafts returned to PSNC. Reconnection charges will be made to restore Service for: (a) Customers whose Service was discontinued for nonpayment of bill or (b) Customers whose Service was discontinued and reconnected at the request of Customer at the same Premises within the past year.

The charges above are set forth in the currently effective Summary of Rates and Charges of this Tariff under the heading of Miscellaneous Fee Schedule and are described in PSNC's approved Rules and Regulations.

Rules and Regulations

Service under this Rate Schedule is subject to all lawful orders, rules, and regulations of duly constituted governmental authorities having jurisdiction over either PSNC or Customer, or both, including any orders of the Commission requiring PSNC to curtail or discontinue Service hereunder or setting priorities for such curtailment or discontinuance of Service. PSNC shall not be liable for any damages that may result to Customers or any other person, firm, or corporation by reason of PSNC's curtailing Service in accordance with any order by a duly constituted governmental authority or in accordance with any order of priorities which may be deemed practicable under existing conditions by PSNC. Service under this Rate Schedule is subject to PSNC's Rules and Regulations as approved by the Commission, which are incorporated herein by reference.

## RATE SCHEDULE NO. 150

### LARGE-QUANTITY INTERRUPTIBLE COMMERCIAL AND INDUSTRIAL SERVICE

This Rate Schedule is available to any large commercial and industrial Customer using in excess of 500 Therms per day on an annual basis, adjusted for curtailment, subject to an adequate supply of Gas and delivery capability at the location of the Customer's Premises.

Once a qualified Customer elects Service under this Rate Schedule, Service will be provided for a term extending through the following August 31; provided, however, that a new, qualifying Customer may change its election from this Rate Schedule to Rate Schedule No. 180 one time during the initial twelve-month period of Service. Customer may elect to discontinue Service under this Rate Schedule and receive Service from Rate Schedule No. 180 by giving written notice to PSNC prior to June 1 of any year. Proper notice having been provided, Customer shall discontinue Service under this Rate Schedule effective the first September 1 following the notice.

Customer may switch between this Rate Schedule and Rate Schedule No. 145 one time during any twelve-month period, provided that PSNC's consent is obtained before Customer may switch to Service under Rate Schedule No. 145. PSNC will grant such consent if it has, or is able to acquire under commercially reasonable terms and conditions, the necessary Gas supplies and capacity to provide Service to Customer under Rate Schedule No. 145.

All Gas purchased under this Rate Schedule shall be separately measured from any Gas purchased or transported under any other Rate Schedule. Separate Meters, separate Accounts, and separate locations may not be combined in determining quantities for billing.

#### Rate

The applicable monthly Facilities Charge and the applicable Energy Charge are set forth in the currently effective Summary of Rates and Charges of this Tariff and are incorporated herein by reference.

When Customer has the installed and operable capability to burn an alternate fuel and the equivalent alternate fuel cost is less than the Energy Charge under this Rate Schedule, Customer may be served under Rate Schedule No. 160. In order to receive Service under Rate Schedule No. 160, Customer must maintain separately metered Accounts for each type of alternate fuel.

The minimum monthly bill is the Facilities Charge. The Facilities Charge will be waived in any month when PSNC is unable to deliver any Gas during that billing month. Service under this Rate Schedule is subject to Rider A of this Tariff.

#### Curtailment

Customer must be capable of being 100% curtailed, other than an allowance of 10 Therms per day for pilot usage, on two hours notice. In case of non-compliance with a curtailment order, PSNC shall have the right to valve off Service when necessary, in PSNC's sole opinion, to protect Service to higher margin Customers.

#### Unauthorized Gas

In the event a Customer fails to discontinue the use of Gas after two hours' notice that Gas under this Rate Schedule is not available, all Gas so used shall be paid for by Customer at the rate for Unauthorized Gas set forth in the currently effective Summary of Rates and Charges of this Tariff plus the cost of Gas used, as calculated under Rider A of this Tariff. In addition, Customer shall reimburse PSNC for any expenses caused by Customer's failure to discontinue use of Gas.

RATE SCHEDULE NO. 150 (Continued)

Payment of Bills

Bills are due and payable upon receipt and become past due 15 days after the billing date. Late payment charges will be added to the total balances in arrears on the next billing date at the rate of 1% per month. A charge will be imposed for checks and drafts returned to PSNC. Reconnection charges will be made to restore Service for: (a) Customers whose Service was discontinued for nonpayment of bill or (b) Customers whose Service was discontinued and reconnected at the request of Customer at the same Premises within the past year.

The charges above are set forth in the currently effective Summary of Rates and Charges of this Tariff under the heading of Miscellaneous Fee Schedule and are described in PSNC's approved Rules and Regulations.

Rules and Regulations

Service under this Rate Schedule is subject to all lawful orders, rules, and regulations of duly constituted governmental authorities having jurisdiction over either PSNC or Customer, or both, including any orders of the Commission requiring PSNC to curtail or discontinue Service hereunder or setting priorities for such curtailment or discontinuance of Service. PSNC shall not be liable for any damages that may result to Customer or any other person, firm, or corporation by reason of PSNC's curtailing Service in accordance with any order by a duly constituted governmental authority or in accordance with any order of priorities which may be deemed practicable under existing conditions by PSNC. Service under this Rate Schedule is subject to PSNC's Rules and Regulations as approved by the Commission, which are incorporated herein by reference.

RATE SCHEDULE NO. 160

SPECIAL SALES RATE

This Rate Schedule is available to any Rate Schedule No. 150 Customer that has installed and operable alternate fuel capability on those occasions when PSNC has Gas available that is not needed to provide Service under its other Rate Schedules containing fixed rates. PSNC may require Customer to demonstrate that its alternate fuel capability is able to operate prior to providing Service under this Rate Schedule. This Rate Schedule is designed to permit PSNC to sell such Gas. All sales under this Rate Schedule are provided only in accordance with PSNC's guidelines as may be revised from time to time.

All Gas purchased under this Rate Schedule shall be measured separately from Gas purchased or transported under any other Rate Schedule. Service under this Rate Schedule is temporary and PSNC has the right to discontinue such Service on two hours' notice. Service under this Rate Schedule will be provided at PSNC's sole discretion.

In order to receive Service under this Rate Schedule, Customer must maintain separately metered Accounts for each type of alternate fuel. On any given Account, all equipment must be able to accept 100% curtailment on two hours' notice and be capable of burning the same type of alternate fuel. Customer must be capable of being 100% curtailed on two hours' notice. In case of non-compliance with a curtailment order, PSNC shall have the right to valve off Service when it is necessary in PSNC's sole opinion to protect Service to higher margin Customers.

Rate

Customer shall pay PSNC for all Service provided under this Rate Schedule at a rate determined prior to delivery, plus the Facilities Charge which is set forth on the currently effective Summary of Rates and Charges of this Tariff and incorporated herein by reference.

Payment of Bills

Bills are due and payable upon receipt and become past due 15 days after the billing date. Late payment charges will be added to the total balances in arrears on the next billing date at the rate of 1% per month. A charge will be imposed for checks and drafts returned to PSNC. Reconnection charges will be made to restore Service for: (a) Customers whose Service was discontinued for nonpayment of bill or (b) Customers whose Service was discontinued and reconnected at the request of Customer at the same Premises within the past year.

The charges above are set forth in the currently effective Summary of Rates and Charges of this Tariff under the heading of Miscellaneous Fee Schedule and are described in PSNC's approved Rules and Regulations.

Unauthorized Gas

At PSNC's sole discretion, and upon prior written notification and approval, emergency Service as defined in Rider A of this Tariff shall be available to Customers served during any billing period when Customer is served under this Rate Schedule. If PSNC does not authorize emergency Service, and in the event a Customer fails to discontinue the use of Gas after two hours' notice that Service under this Rate Schedule is not available, all Gas so used shall be paid for by Customer at the rate for Unauthorized Gas set forth in the currently effective Summary of Rates and Charges of this Tariff plus the cost of Gas used, as calculated under Rider A of this Tariff. In addition, Customer shall reimburse PSNC for any expenses and liabilities imposed on PSNC caused by Customer's failure to discontinue use of Gas.

Rules and Regulations

Service under this Rate Schedule is subject to all lawful orders, rules, and regulations of duly constituted governmental authorities having jurisdiction over either PSNC or Customer, or both, including any orders of the Commission requiring PSNC to curtail or discontinue Service hereunder or setting priorities for such curtailment or discontinuance of Service. PSNC shall not be liable for any damages that may result to Customer or any other person, firm, or corporation by reason of PSNC's curtailing Service in accordance with any order by a duly constituted governmental authority or in accordance with any order of priorities which may be deemed practicable under existing conditions by PSNC. Service under this Rate Schedule is subject to PSNC's Rules and Regulations as approved by the Commission, which are incorporated herein by reference.

RATE SCHEDULE NO. 165

SPECIAL TRANSPORTATION RATE

This Rate Schedule is available to any Rate Schedule No. 180 Customer that has installed and operable alternate fuel capability on those occasions when PSNC has transportation Service available that is not needed to provide Service under its other Rate Schedules containing fixed rates. PSNC may require Customer to demonstrate that its alternate fuel capability is able to operate prior to providing Service under this Rate Schedule. This Rate Schedule is designed to permit PSNC to sell such transportation Service. All sales under this Rate Schedule are provided only in accordance with PSNC's guidelines as may be revised from time to time.

All transportation Service purchased under this Rate Schedule shall be measured separately from Gas purchased or transported under any other Rate Schedule. Service under this Rate Schedule is temporary and PSNC has the right to discontinue such Service on two hours' notice. Service under this Rate Schedule will be provided at PSNC's sole discretion.

In order to receive Service under this Rate Schedule, Customer must maintain separately metered Accounts for each type of alternate fuel. On any given Account, all equipment must be able to accept 100% curtailment on two hours' notice and be capable of burning the same type of alternate fuel. Customer must be capable of being 100% curtailed on two hours' notice. In case of non-compliance with a curtailment order, PSNC shall have the right to valve off Service when it is necessary in PSNC's sole opinion to protect Service to higher margin Customers.

Rate

Customer shall pay PSNC for all Service provided under this Rate Schedule at a rate determined prior to delivery, plus the Facilities Charge which is set forth on the currently effective Summary of Rates and Charges of this Tariff and incorporated herein by reference.

Payment of Bills

Bills are due and payable upon receipt and become past due 15 days after the billing date. Late payment charges will be added to the total balances in arrears on the next billing date at the rate of 1% per month. A charge will be imposed for checks and drafts returned to PSNC. Reconnection charges will be made to restore Service for: (a) Customers whose Service was discontinued for nonpayment of bill or (b) Customers whose Service was discontinued and reconnected at the request of Customer at the same Premises within the past year.

The charges above are set forth in the currently effective Summary of Rates and Charges of this Tariff under the heading of Miscellaneous Fee Schedule and are described in PSNC's approved Rules and Regulations.

Unauthorized Gas

At PSNC's sole discretion, and upon prior written notification and approval, emergency Service as defined in Rider A of this Tariff shall be available to Customers served during any billing period when Customer is served under this Rate Schedule. If PSNC does not authorize emergency Service, and in the event a Customer fails to discontinue the use of Gas after two hours' notice that Service under this Rate Schedule is not available, all Gas so used shall be paid for by Customer at the rate for Unauthorized Gas set forth in the currently effective Summary of Rates and Charges of this Tariff plus the cost of Gas used, as calculated under Rider A of this Tariff. In addition, Customer shall reimburse PSNC for any expenses and liabilities imposed on PSNC caused by Customer's failure to discontinue use of Gas.

Rules and Regulations

Service under this Rate Schedule is subject to all lawful orders, rules, and regulations of duly constituted governmental authorities having jurisdiction over either PSNC or Customer, or both, including any orders of the Commission requiring PSNC to curtail or discontinue Service hereunder or setting priorities for such curtailment or discontinuance of Service. PSNC shall not be liable for any damages that may result to Customer or any other person, firm, or corporation by reason of PSNC's curtailing Service in accordance with any order by a duly constituted governmental authority or in accordance with any order of priorities which may be deemed practicable under existing conditions by PSNC. Service under this Rate Schedule is subject to PSNC's Rules and Regulations as approved by the Commission, which are incorporated herein by reference.

RATE SCHEDULE NO. 175

FIRM TRANSPORTATION SERVICE  
FOR CUSTOMERS QUALIFYING FOR SERVICE ON RATE SCHEDULE NO. 145

Firm transportation Service under this Rate Schedule may be offered to a large commercial or industrial Customer that is presently connected to PSNC's system, has qualified for Service on Rate Schedule No. 145, has obtained an independent supply of Gas, and has made arrangements to have Gas delivered to one of PSNC's existing Receipt Points. All transportation under this Rate Schedule is provided in accordance with PSNC's Transportation Pooling Agreement, as it may be revised from time to time.

Once a qualified Customer elects Service under this Rate Schedule, Service will be provided for a term extending through the following August 31. Subject to the consent of PSNC, Customer may elect to discontinue Service under this Rate Schedule and receive Service from Rate Schedule No. 145 by giving written notice to PSNC prior to June 1 of any year. PSNC will grant such consent if it has, or is able to acquire under commercially reasonable terms and conditions, the necessary Gas supplies and capacity to provide Service to Customer under Rate Schedule No. 145. Proper notice having been provided and consent obtained, Customer shall discontinue Service under this Rate Schedule effective the first September 1 following the notice.

Gas transported under this Rate Schedule shall be separately measured from Gas purchased or transported under any other Rate Schedule. Neither separate Accounts nor separate locations may be combined to qualify for the minimum quantity provision of this Rate Schedule.

PSNC may refuse Service under this Rate Schedule if PSNC determines that:

- 1) it does not have Gas delivery capacity in excess of the requirements of its other existing Customers; or
- 2) the requested Service would require an uneconomic enlargement or extension of PSNC's facilities.

Rate

The applicable monthly Facilities Charge and the applicable Transportation Charge are set forth in the currently effective Summary of Rates and Charges of this Tariff and are incorporated herein by reference.

The minimum monthly bill is the Facilities Charge.

Payment of Bills

Bills are due and payable upon receipt and become past due 15 days after the billing date. Late payment charges will be added to the total balances in arrears on the next billing date at the rate of 1% per month. A charge will be imposed for checks and drafts returned to PSNC. Reconnection charges will be made to restore Service for: (a) Customers whose Service was discontinued for nonpayment of bill or (b) Customers whose Service was discontinued and reconnected at the request of Customer at the same Premises within the past year.

The charges above are set forth in the currently effective Summary of Rates and Charges of this Tariff under the heading of Miscellaneous Fee Schedule and are described in PSNC's approved Rules and Regulations.

Balancing of Transportation Quantities

At any time when Customer is consistently using more or less Gas than is being delivered to PSNC for Customer's Account, it shall be Customer's or its agent's responsibility to bring its supply and requirements into balance in accordance with PSNC's Transportation Pooling Agreement, as it may be revised from time to time. Customer, Customer's agent, and PSNC shall strive to keep the transportation quantities within a reasonable operating balance at all times. Customer or its agent shall notify PSNC immediately in the event of increases or reductions in the quantity of Gas being transported.

RATE SCHEDULE NO. 175 (Continued)

Inability to Obtain Independent Supply of Gas

In the event Customer is unable to obtain its independent supply of Gas, PSNC may, at its sole discretion, supply Gas to Customer. The Energy Charge for such Gas will be the Rate Schedule No. 145 Energy Charge set forth in the currently effective Summary of Rates and Charges of this Tariff; provided that, when PSNC is required to purchase incremental quantities of Gas to accommodate Customer's supply requirements, the Energy Charge shall be calculated on a daily basis as the higher of: (a) the Rate Schedule No. 145 Energy Charge or (b) the sum of the daily commodity cost of Gas supplied and the Rate Schedule No. 175 Transportation Charge. The daily commodity cost of Gas shall be the absolute high price for the day of consumption as published in **Gas Daily** in the "Daily price survey," "Citygates," "Transco, zone 5 delivered," "Absolute," high end of the range. For days of consumption when **Gas Daily** is not published, the daily price published by **Gas Daily** on the nearest subsequent day shall be used.

Rules and Regulations

Service under this Rate Schedule is subject to all lawful orders, rules, and regulations of duly constituted governmental authorities having jurisdiction over either PSNC or Customer, or both, including any orders of the Commission requiring PSNC to curtail or discontinue Service hereunder or setting priorities for such curtailment or discontinuance of Service. PSNC shall not be liable for any damages that may result to Customer or any other person, firm, or corporation by reason of PSNC's curtailing Service in accordance with any order by a duly constituted governmental authority or in accordance with any order of priorities which may be deemed practicable under existing conditions by PSNC. Service under this Rate Schedule is subject to PSNC's Rules and Regulations as approved by the Commission, which are incorporated herein by reference.



RATE SCHEDULE NO. 180

INTERRUPTIBLE TRANSPORTATION SERVICE  
FOR CUSTOMERS QUALIFYING FOR SERVICE ON RATE SCHEDULE NO. 150

Interruptible transportation Service under this Rate Schedule may be offered to a large commercial or industrial Customer that is presently connected to PSNC's system, has qualified for Service on Rate Schedule No. 150, has obtained an independent supply of Gas, and has made arrangements to have Gas delivered to one of PSNC's existing Receipt Points. All transportation under this Rate Schedule is provided in accordance with PSNC's Transportation Pooling Agreement, as may be revised from time to time.

Once a qualified Customer elects Service under this Rate Schedule, Service will be provided for a term extending through the following August 31. Subject to the consent of PSNC, Customer may elect to discontinue Service under this Rate Schedule and receive Service from Rate Schedule No. 150 by giving written notice to PSNC prior to June 1 of any year. PSNC will grant such consent if it has, or is able to acquire under commercially reasonable terms and conditions, the necessary Gas supplies and capacity to provide Service to Customer under Rate Schedule No. 150. Proper notice having been provided and consent obtained, Customer shall discontinue Service under this Rate Schedule effective the first September 1 following the notice.

Gas transported under this Rate Schedule shall be separately measured from Gas purchased or transported under any other Rate Schedule. Neither separate Accounts nor separate locations may be combined to qualify for the minimum quantity provision of this Rate Schedule.

PSNC may refuse transportation Service if PSNC determines that:

- 1) it does not have Gas delivery capacity in excess of the requirements of its other existing Customers; or
- 2) the requested Service would require an uneconomic enlargement or extension of PSNC's facilities; or
- 3) the provision of the requested Service might unreasonably increase the average cost of Gas purchased by PSNC for sales to other Customers due to PSNC's demand charge obligations, minimum bill obligations, or the take or pay obligations of Transcontinental Pipe Line Corporation.

PSNC will attempt to deliver Gas transported for Customer's Account under this Rate Schedule on a day-to-day basis in accordance with Customer's requirements; however, PSNC reserves the right to suspend Service on any day when, in PSNC's sole opinion, its operating conditions are such that this is necessary.

Rate

The applicable monthly Facilities Charge and the applicable Transportation Charge are set forth in the currently effective Summary of Rates and Charges of this Tariff and are incorporated herein by reference.

When Customer has the installed and operable capability to burn an alternate fuel and the equivalent alternate fuel cost is less than the combined cost of Gas received from Customer's independent supply and the Transportation Charge applicable under this Rate Schedule, Customer may be served under Rate Schedule No. 165. In order to receive Service under Rate Schedule No. 165, Customer must maintain separately metered Accounts for each type of alternate fuel.

The minimum monthly bill is the Facilities Charge. The Facilities Charge will be waived in any month when PSNC is unable to deliver any Gas during that billing month. Service under this Rate Schedule is subject to Rider A of this Tariff.

Payment of Bills

Bills are due and payable upon receipt and become past due 15 days after the billing date. Late payment charges will be added to the total balances in arrears on the next billing date at the rate of 1% per month. A charge will be imposed for checks and drafts returned to PSNC. Reconnection charges will be made to restore Service for: (a) Customers whose Service was discontinued for nonpayment of bill or (b) Customers whose Service was discontinued and reconnected at the request of Customer at the same Premises within the past year.

RATE SCHEDULE NO. 180 (Continued)

The charges above are set forth in the currently effective Summary of Rates and Charges of this Tariff under the heading of Miscellaneous Fee Schedule and are described in PSNC's approved Rules and Regulations.

Balancing of Transportation Quantities

At any time when Customer is consistently using more or less Gas than is being delivered to PSNC for Customer's Account, it shall be Customer's or its agent's responsibility to bring its supply and requirements into balance in accordance with PSNC's Transportation Pooling Agreement, as it may be revised from time to time. Customer, Customer's agent, and PSNC shall strive to keep the transportation quantities within a reasonable operating balance at all times. Customer or its agent shall notify PSNC immediately in the event of increases or reductions in the quantity of Gas being transported.

Inability to Obtain Independent Supply of Gas

In the event Customer is unable to obtain its independent supply of Gas, PSNC may, at its sole discretion, supply Gas to Customer. The Energy Charge for such Gas will be the Rate Schedule No. 150 Energy Charge set forth in the currently effective Summary of Rates and Charges of this Tariff; provided that, when PSNC is required to purchase incremental quantities of Gas to accommodate Customer's supply requirements, the Energy Charge shall be calculated on a daily basis as the higher of: (a) the Rate Schedule No. 150 Energy Charge or (b) the sum of the daily commodity cost of Gas supplied and the Rate Schedule No. 180 Transportation Charge. The daily commodity cost of Gas shall be the absolute high price for the day of consumption as published in **Gas Daily** in the "Daily price survey," "Citygates," "Transco, zone 5 delivered," "Absolute," high end of the range. For days of consumption when **Gas Daily** is not published, the daily price published by **Gas Daily** on the nearest subsequent day shall be used.

Unauthorized Gas

*In the event a Customer fails to discontinue the use of Gas after two hours' notice that Gas under this Rate Schedule is not available, all Gas so used, other than an allowance of 10 Therms per day for pilot usage, shall be paid for by Customer at the rate for Unauthorized Gas set forth in the currently effective Summary of Rates and Charges of this Tariff plus the cost of Gas used, as calculated under Rider A of this Tariff. In addition, Customer shall reimburse PSNC for any expenses or liabilities imposed on PSNC that are caused by Customer's failure to discontinue use of Gas.*

Rules and Regulations

Service under this Rate Schedule is subject to all lawful orders, rules, and regulations of duly constituted governmental authorities having jurisdiction over either PSNC or Customer, or both, including any orders of the Commission requiring PSNC to curtail or discontinue Service hereunder or setting priorities for such curtailment or discontinuance of Service. PSNC shall not be liable for any damages that may result to Customer or any other person, firm, or corporation by reason of PSNC's curtailing Service in accordance with any order by a duly constituted governmental authority or in accordance with any order of priorities which may be deemed practicable under existing conditions by PSNC. Service under this Rate Schedule is subject to PSNC's Rules and Regulations as approved by the Commission, which are incorporated herein by reference.

CURTAILMENT OF SERVICE UNDER NCUC RULE R6-19.2  
AND EMERGENCY SERVICES - RIDER A

1. PSNC shall curtail service to its Customers in accordance with Rule R6-19.2, as promulgated, and amended from time to time, by the Commission.
2. PSNC does not maintain metering by priority but shall do so if required by Rule R6-19.2.
3. Nothing shall be construed to require PSNC to curtail any Customer if such curtailment will not make additional Gas available for Service to higher margin Customers.
4. The definition of alternate fuel in Rule R6-19.2 applies only to the priority system. For purposes of PSNC's Rate Schedules, alternate fuel capability is defined as the actual installed capability to burn any fuel other than Gas. An alternate fuel is that fuel which is predominately burned when Service is curtailed and includes the type, grade, and sulfur content of the fuel.
5. The cost of Gas for Emergency Service under this Rider A and for Unauthorized Gas under PSNC's Rate Schedules is calculated by using the higher of: (a) the monthly contract index price for the applicable month as published in **Inside F.E.R.C.'s Gas Market Report**, "Prices of Spot Gas Delivered to Pipelines," "Transcontinental Gas Pipe Line Corp.- Zone 3 (pooling points)," "Index," plus the one hundred percent (100%) load factor rate under Transcontinental Pipe Line Corporation's currently effective Rate Schedule FT for deliveries from Zone 3 to Zone 5, including applicable fuel retention and surcharges, or (b) the absolute high price for the day of consumption as published in **Gas Daily** in the "Daily price survey," "Citygates," "Transco, zone 5 delivered," "Absolute," high end of the range. For days of consumption when **Gas Daily** is not published, the daily price published by **Gas Daily** on the nearest subsequent day shall be used.
6. Limited Emergency Service may be made available to any Customer that would otherwise be curtailed under this Rider A if such Customer is unable to continue operations on its standby or alternate energy source because of some bona fide existing or threatened emergency when and if PSNC has Gas available from its regular allocated storage volumes or some outside source other than its regular services. PSNC, in its sole discretion, may furnish such Limited Emergency Service for such specific times and for such specific controlled quantities at the rate for this Service set forth in the currently effective Summary of Rates and Charges of PSNC's Tariff, plus the cost of the Gas supplied as calculated under paragraph 5 of this Rider A.
7. On-Peak Emergency Service may be made available to any Customer, that would otherwise be curtailed, while PSNC is utilizing a peak shaving capability (e.g., liquefied natural Gas). PSNC shall determine the extent and timing of such Service, and Service may be discontinued at the sole discretion of PSNC. If, at any time or during any twenty four (24) hour period commencing at 8:00 a.m., PSNC, in its sole opinion, determines to operate a peak shaving facility to inject liquefied natural Gas into the system, then all Emergency Service Gas purchased by the Customer during such day or days shall be considered to be On-Peak Emergency Service for billing and operating purposes and shall be provided at the rate for this Service set forth in the currently effective Summary of Rates and Charges, plus the cost of the Gas supplied as calculated under paragraph 5 of this Rider A.
8. All Emergency Service is of a discretionary nature and implies no present or future obligation of PSNC to any Customer to provide any such Service on either a temporary or continuing basis. Deliveries of Gas hereunder shall be made pursuant only to advance operating arrangements agreed to in writing by PSNC's Gas Dispatching Department and the Customer and shall be subject to curtailment and interruption at any time that PSNC in its sole discretion deems such curtailment or interruption necessary.
9. PSNC shall not be liable for any damages that may result to Customer or any other person, firm, or corporation, by reason of PSNC's curtailing regular or emergency Service in accordance with any order of priorities which may be necessary under existing conditions.
10. All programs, agreements, contracts, Rate Schedules, and rules and regulations for Service by PSNC are subject to change and modification from time to time by PSNC, as such are approved by the Commission or otherwise imposed by lawful authority.

CUSTOMER USAGE TRACKER - RIDER C

**I. Definitions**

"Customer Usage Deferred Account" shall mean a deferred account established under this Rider C subject to the Customer Usage Deferred Account Adjustment for such account.

"Customer Usage Deferred Account Adjustment" shall mean a monthly adjustment to the applicable Customer Usage Deferred Account as calculated under this Rider C.

"Customer Usage Adjustment" shall mean a per-Therm amount calculated under this Rider C, as a decrement or increment, to refund or recover the balance in the applicable Customer Usage Deferred Account.

"Relevant Rate Order" shall mean the final Order of the Commission in PSNC's most recent rate case fixing PSNC's rates or the most recent final order of the Commission specifically prescribing the factors and procedures to be used in the application of this Rider C.

**II. Applicable Rate Schedules**

The base rates for Service under PSNC's Rate Schedule Nos. 101, 102, 125, and 127 shall be subject to a Customer Usage Adjustment in accordance with this Rider C.

**III. Computation of Customer Usage Deferred Account Adjustment**

The Customer Usage Deferred Account Adjustment for each of the applicable rate classes shall be computed monthly to the nearest dollar using the following formulas:

$\text{Base Load Therms}_i = \text{Actual Customers}_i \times \text{Base Load}_i$

$\text{Heat Sensitive Therms}_i = \text{Actual Customers}_i \times \text{Heat Sensitivity Factor}_i \times \text{Normal Degree Days}$

$\text{Normalized Therms}_i = \text{Base Load Therms}_i + \text{Heat Sensitive Therms}_i$

$\text{Normalized Margin}_i = \text{Normalized Therms}_i \times \text{R Factor}_i$

$\text{Actual Margin}_i = \text{Actual Therms}_i \times \text{R Factor}_i$

$\text{Customer Usage Deferred Account Adjustment}_i = \text{Normalized Margin}_i - \text{Actual Margin}_i$

Where:

$i =$  any particular rate class

$\text{Actual Customers}_i =$  actual customers billed for the billing cycle month for the  $i^{\text{th}}$  rate class

$\text{Actual Therms}_i =$  actual Therms used for the billing cycle month for the  $i^{\text{th}}$  rate class

$\text{R Factor}_i =$  base rate (approved rate less fixed and commodity cost of Gas) for the  $i^{\text{th}}$  rate class used by the Commission in the Relevant Rate Order for the purpose of determining normalized test year revenues

$\text{Heat Sensitivity Factor}_i =$  heat sensitivity factor for the  $i^{\text{th}}$  rate class used by the Commission in the Relevant Rate Order for the purpose of determining normalized test year revenues

$\text{Normal Degree Days} =$  average normal heating degree days used by the Commission in the Relevant Rate Order for the purpose of determining normalized test year revenues

$\text{Base Load}_i =$  base load sales for the  $i^{\text{th}}$  rate class used by the Commission in the Relevant Rate Order for the purpose of determining normalized test year revenues

#### **IV. Monthly Reports**

PSNC will file with the Commission monthly reports that include: (a) computation of each Customer Usage Deferred Account Adjustment; (b) a schedule showing the effective date of each Customer Usage Deferred Account Adjustment; and (c) a schedule showing the factors of values derived from the Relevant Rate Order used in calculating each Customer Usage Deferred Account Adjustment. Such reports will be filed within 45 dates after the end of the applicable month.

#### **V. Computation of Customer Usage Adjustment**

Effective for the first day of the April billing cycle month and the first day of the October billing cycle month, the Customer Usage Adjustment for each of the applicable Rate Schedules shall be calculated to the nearest one-thousandth of a cent per Therm using the following formula:

$$\text{Customer Usage Adjustment}_i = \text{Customer Usage Deferred Account Balance}_i / \text{Annual Therms}_i$$

Where:

$i =$	any particular rate class
$\text{Customer Usage Deferred Account Balance}_i =$	balance of Customer Usage Deferred Account as of the end of January or July, as applicable
$\text{Annual Therms}_i =$	normalized volumes assigned by the Commission in the Relevant Order

#### **VI. Interest**

Interest will be applied to the Customer Usage Deferred Account at PSNC's overall rate of return authorized by the Commission in the Relevant Rate Order.

#### **VII. Filing with Commission**

PSNC will file a revision to its Tariff for Commission approval upon 14 days notice to implement a decrement or increment each April and October. The filing will include the computation of each Customer Usage Adjustment.

PURCHASED GAS ADJUSTMENT PROCEDURES - RIDER D

**I. Definitions**

"Gas Costs" shall mean the total delivered cost of gas paid or to be paid to Suppliers, including but not limited to all commodity/gas charges, all direct transaction-related costs arising from PSNC's prudent efforts to stabilize or hedge commodity gas costs, demand charges, peaking charges, surcharges, emergency gas purchases, over-run charges, capacity charges, standby charges, reservation fees, gas inventory charges, minimum bill charges, minimum take charges, take-or-pay charges, take-and-pay charges, storage charges, service fees and transportation charges, and any other similar charges associated with the purchase, storage, or transportation of gas for PSNC's system supply.

"Suppliers" shall mean any person or entity, including an affiliate of PSNC, who locates, produces, purchases, sells, stores and/or transports gas or its equivalent for or on behalf of PSNC, or who provides hedging tools, including, but not limited to financial tools, designed to stabilize PSNC's commodity prices. Suppliers may include, but are not limited to, interstate pipeline transmission companies, producers, brokers, marketers, associations, intrastate pipeline transmission companies, joint ventures, providers of Liquefied Natural Gas, Liquefied Petroleum Gas, Synthetic Natural Gas and other hydrocarbons used as feed stock, other Local Distribution Companies, and end-users.

"Benchmark Commodity Gas Costs" shall mean PSNC's estimate of the City Gate Delivered Gas Costs for long-term gas supplies, excluding Demand Charges and Storage Charges as approved in PSNC's last general rate case or gas cost adjustment proceeding.

"City Gate Delivered Gas Costs" shall mean the total delivered Gas Costs to PSNC at its city gate.

"Commodity and Other Charges" shall mean all Gas Costs other than Demand Charges and Storage Charges and any other Gas Costs determined by the Commission to be properly recoverable from sales customers.

"Demand Charges and Storage Charges" shall mean all Gas Costs which are not based on the quantity of gas actually purchased or transported by PSNC and any other Gas Costs determined by the Commission to be properly recoverable from customers, including company use and unaccounted for costs.

"Other Gas Supply Charges" shall mean the per therm supply reservation fees. These charges shall be determined on an annual basis by dividing the total estimated reservation fees to be paid under the firm supply contracts by the total estimated quantities to be purchased under these contracts.

**II. Rate Adjustments Under These Procedures**

If PSNC anticipates a change in its City Gate Delivered Gas Costs, it may apply and file revised tariffs effective on 14 days notice in order to increase or decrease its rates to its customers as hereinafter provided. The Commission may issue an order allowing the rate change to become effective simultaneously with the effective date of the change or at any time ordered by the Commission. If the Commission has not issued an order within 120 days after the application, PSNC may place the requested rate adjustment into effect.

1. Demand Charges and Storage Charges. Whenever PSNC anticipates a change in the Demand Charges and Storage Charges, it may (as hereinabove provided) change its rates to customers under each applicable Rate Schedule by an amount computed as follows:

$$\frac{\begin{array}{l} \text{(Total Anticipated Demand Charges and} \\ \text{Storage Charges - Prior Demand Charges} \\ \text{and Storage Charges)} \\ \times \text{Rate Schedule Percentage}^* \end{array}}{\begin{array}{l} \text{Sales \& Transportation Quantities}^* \text{ (by Rate} \\ \text{Schedule)} \end{array}} = \begin{array}{l} \text{Increase} \\ \text{(Decrease) Per Unit} \end{array}$$

\* Established by the Commission in the last general rate case.

2. **Commodity and Other Charges.** Whenever PSNC's estimate of its Benchmark Commodity Gas Costs changes, it may (as hereinabove provided) change the rates to its customers purchasing gas under sales rate schedules, incorporating the Benchmark Commodity Gas Costs, by an amount computed as follows:

$$\frac{\text{Quantities of gas purchased * (excluding Company Use and Unaccounted For) x (New Benchmark Commodity Gas Costs - Old Benchmark Commodity Gas Costs)}}{\text{Quantities of gas purchased for System Supply * (excluding Company Use and Unaccounted For)}} = \begin{matrix} \text{Increase} \\ \text{(Decrease) Per Unit} \end{matrix}$$

\* Established by the Commission in the last general rate case.

3. **Company Use and Unaccounted For.** Whenever PSNC's estimate of its Benchmark Commodity Gas Costs changes, it may (as hereinabove provided) change the rates to its customers, by an amount computed as follows:

$$\frac{\text{Quantities of Company Use and Unaccounted For Gas* x (New Benchmark Commodity Gas Costs - Old Benchmark Commodity Gas Costs)}}{\text{Sales \& Transportation Quantities*}} = \begin{matrix} \text{Increase} \\ \text{(Decrease) Per Unit} \end{matrix}$$

\* Established by the Commission in the last general rate case.

4. **Other Changes in Purchased Gas Costs.** The intent of these procedures is to permit PSNC to recover its actual prudently incurred Gas Costs. If any other Gas Costs are incurred, they will be handled as in Section 1 if they are similar to Demand Charges and Storage Charges, or as in Section 2 if they are similar to Commodity and Other Charges.

### **III. True-up of Gas Costs**

**Demand Charges and Storage Charges.** On a monthly basis, PSNC shall determine the difference between (a) Demand Charges and Storage Charges billed to its customers in accordance with the Commission-approved allocation of such costs to PSNC's various Rate Schedules and (b) PSNC's actual Demand Charges and Storage Charges. This difference shall be recorded in PSNC's deferred account for demand and storage charges. Increments and decrements for Demand Charges and Storage Charges flow to applicable sales and transportation rate schedules. For purposes of this true-up, company use and unaccounted for costs will be excluded since they are subject to a separate true-up.

**Commodity and Other Charges.** On a monthly basis, PSNC shall determine with respect to gas sold (including company use and unaccounted for) during the month, the per unit difference between (a) the Benchmark Commodity Gas Costs most recently approved and (b) the actual Commodity and Other Charges incurred. The product of the actual quantities multiplied by the per unit difference shall be recorded in PSNC's deferred account for commodity and other charges. On a monthly basis, PSNC shall determine with respect to gas sold in previous months under its residential and commercial rate schedules, the difference between amounts billed for Gas Costs and the amounts actually recovered from customers for such Gas Costs. Such uncollectible Gas Costs shall be recorded in PSNC's deferred account for commodity and other charges. Any such deferred amounts that are subsequently paid by customers shall be credited to PSNC's deferred account for commodity and other charges. Increments and decrements for Commodity and Other Charges shall flow to all sales rate schedules incorporating the Benchmark Commodity Gas Costs.

**Company Use and Unaccounted For.** PSNC will true-up Gas Costs associated with company use and unaccounted for quantities annually. This shall be done by comparing the actual company use and unaccounted for quantities during the true-up period with the rate case approved company use and unaccounted for quantities used to establish rates during the twelve-month true-up period. Where there is more than one approved company use and unaccounted for quantities during the true-up period, the average monthly level will be used. The resulting quantities will be multiplied by the average of the Benchmark Commodity Gas Costs at the end of each month of the true-up period, and the resulting amount will be recorded in the deferred account for Demand and Storage Charges.

Supplier Refunds and Direct Bills. If PSNC receives supplier refunds or direct bills with respect to gas previously purchased, the amount of such supplier refunds or direct bills will be recorded in the appropriate deferred Account, unless directed otherwise by the Commission.

IV. Other

Gas Costs changes not tracked concurrently shall be recorded in the appropriate deferred account.

The Commodity and Other Charges portion of gas inventories shall be recorded at actual cost and the difference in that cost and the Benchmark Commodity Gas Costs most recently approved shall be recorded in the deferred account when the gas is withdrawn from inventory.

PSNC shall file with the Commission (with a copy to the Public Staff) a complete monthly accounting of the computations under these procedures, including all supporting workpapers, journal entries, etc., within 45 days after the end of each monthly reporting period. All such computations shall be deemed to be in compliance with these procedures unless within 60 days of such filing the Commission or the Public Staff notifies PSNC that the computations may not be in compliance; provided, however, that if the Commission or the Public Staff requests additional information reasonably required to evaluate such filing, the running of the 60 day period will be suspended for the number of days taken by PSNC to provide the additional information.

Periodically, PSNC may file to adjust its rates to refund or collect balances in these deferred accounts through decrements or increments to current rates. In filing for an increment or decrement, PSNC shall state the amount in the deferred account, the time period during which the increment or decrement is expected to be in effect, the rate classes to which the increment or decrement is to apply, and the level of quantities estimated to be delivered to those classes. Any such increments or decrements shall be made on a percentage basis for all affected rate classes as determined in PSNC's most recent general rate case, unless otherwise ordered by the Commission.

PSNC may negotiate with commercial and industrial customers on its sales and transportation rates to avoid the loss of deliveries to these customers. All margin loss from those customers served under Rate Schedule No. 160 which would otherwise have purchased or transported gas under Rate Schedule Nos. 150 and 180 shall be recorded in the deferred account for Demand Charges and Storage Charges. Such margin loss shall be based on the currently effective rates. PSNC may offset negotiated losses in any manner authorized by the Commission.



## 1. APPLICABILITY

(a) These Rules and Regulations apply to all services provided by Public Service Company of North Carolina, Incorporated ("PSNC") under its rate schedules on file with, and subject to the jurisdiction of, the North Carolina Utilities Commission ("Commission") and are adopted for the mutual protection of both the Customer and PSNC. They provide standards for PSNC's practices, promote safe and adequate service to the public, and establish a reasonable basis for meeting the public's demands for natural gas service.

(b) The rates, terms and other conditions, and rules and regulations stated in this tariff are subject to change upon PSNC's application to the Commission and approval of such application by the Commission, or upon order of the Commission, in the manner prescribed by law at any time. In the event of such change, the new rates, terms and conditions, and rules and regulations prescribed by the Commission will apply to Service received hereunder from the date such change is made effective. Customer agrees to accept and be bound by all such rates, terms and conditions, and rules and regulations in connection with such Service, which are now or may hereafter be filed with, or issued or promulgated by, the Commission or other governmental bodies having jurisdiction thereof.

(c) If a conflict exists between these Rules and Regulations and the provisions of the applicable currently effective Rate Schedule, the provisions of the Rate Schedule shall govern. The Rules and Regulations of the Commission shall govern in the event of a conflict with these Rules and Regulations.

## 2. DEFINITIONS

For the purposes of PSNC's Tariff, Rate Schedules and these Rules and Regulations, the following capitalized terms shall be defined as follows:

(a) "Account" means service provided to any Person at a single location on a single Rate Schedule.

(b) "Applicant" means any Person applying for Service.

(c) "BTU Factor" means the factor used to convert a volume of Gas (e.g. 100 cubic feet ("CCF")) into Therms.

(d) "CIAC" means a non-refundable cash contribution in aid of construction made by a Customer to PSNC to defray the cost of construction of Excess Facilities installed by PSNC to provide Service to that Customer.

(e) "City Gate" means point(s) where Gas is delivered to PSNC.

(f) "Commission" means the North Carolina Utilities Commission, which regulates gas utilities operating within the State of North Carolina, including PSNC.

(g) "Customer" means any Account being supplied Service by PSNC.

(h) "Customer Facilities" means any piping, appliances, gas burning devices, regulating, or other gas delivery Facilities located downstream of the Delivery Point.

(i) "Customer Usage Tracker" is the mechanism approved by the Commission that tracks and trues up variations in average per customer usage from levels approved in PSNC's last general rate case for residential and commercial customers receiving service on Rate Schedule Nos. 101 and 125. See Rider C.

(j) "Dekatherm" or "Dt" means the unit of energy equivalent to 10 Therms, or 1,000,000 British Thermal Units ("BTU"). PSNC's purchases of Gas are measured in Dts.

(k) "Delivery Point" means the physical point in the Gas delivery system where Customer Facilities meets the outlet of PSNC's Meter Assembly.

- (l) "Excess Facilities" means Gas Service Lines and Mains in excess of 100 feet or any additional PSNC Facilities required to supply service different from standard service from a high pressure (above 60 pounds per square inch gauge) Main.
- (m) "Facilities" means all infrastructure to deliver natural gas.
- (n) "Facilities Charge" means a fixed amount billed each month to cover the basic cost of providing Service regardless of the amount of Gas used.
- (o) "Farm Tap" means a connection to a high pressure (above 60 pounds per square inch gauge) Main including Facilities to reduce the delivery pressure to supply Service to one or more Customers.
- (p) "Feasibility Test" means an economic test performed by PSNC which compares the Net Present Value ("NPV") of the cost of certain PSNC Facilities to the anticipated NPV of the revenue to be received by PSNC from Service through those same PSNC Facilities.
- (q) "Force Majeure" means any acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, acts of sabotage or terrorism, war, blockades, insurrections, riots, epidemics, landslides, unusual conditions of weather or temperature, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage of or accidents to PSNC Facilities, supplier's or transporter's Facilities, Customer Facilities, lines of pipe, or PSNC's peak shaving plants, freezing of wells or lines of pipe, partial or complete curtailment of deliveries from PSNC's supplier(s) or transporters as a result of force majeure under the supplier(s) Gas purchase contracts, inability to obtain rights of way, franchises, permits, materials, Facilities, supplies, or an inability to obtain an unlimited supply of gas from PSNC's supplier(s), inadequate delivery pressure from PSNC's transporters, and any other causes, whether of the kind herein enumerated or otherwise, not within the control of PSNC and/or its supplier(s), transporters or the Customer and which by the exercise of due diligence either PSNC and/or its supplier(s), transporters or the Customer is unable to prevent or overcome.
- (r) "Gas" means undiluted natural gas, or a substitute for natural gas, or any mixture of natural gas and a substitute for natural gas, as delivered by PSNC.
- (s) "Gas Service Line" means the pipeline, owned by PSNC, that runs between a Main and a Meter.
- (t) "Main" means a gas pipeline other than a Gas Service Line, owned, operated or maintained by PSNC, which is used for the purpose of transmission or distribution of Gas.
- (u) "Meter" or "Meter Assembly" means any of PSNC's meter, regulator, piping, valves, vents, relief valves, gauges, and/or other apparatus, including automated or remote meter reading devices, used to measure, communicate, and control flow or pressure of Gas.
- (v) "Person" means an individual, partnership, corporation, trust, governmental agency, or other association.
- (w) "Premises" means the land or real estate, including buildings and other appurtenances thereon, where a Customer receives Service.
- (x) "PSNC" means Public Service Company of North Carolina, Incorporated, a South Carolina corporation d/b/a PSNC Energy, a natural gas utility operating under the jurisdiction of the Commission.
- (y) "PSNC Facilities" means any piping, mains, Gas Service Lines, Meters, Meter Assemblies, regulating or other Facilities of whatever nature owned by PSNC, including any such Facilities located downstream of the Delivery Point.

(z) "Rate Schedule" means the portion of PSNC's approved Tariff on file with the Commission describing the rates and charges, and the terms and conditions, for Service.

(aa) "Receipt Point" means the physical point where PSNC's system connects with its transporter's system.

(bb) "Residence" means any single or multiple family residence, condominium, townhouse, mobile or modular home, or apartment that is individually metered and has Gas used for any domestic usage such as space heating, air conditioning, water heating, cooking, or any other residential usage.

(cc) "Service" means the delivery, and all other activities incidental to the delivery, of Gas by PSNC to a Customer at its Delivery Point.

(dd) "Therm" means the unit of energy equivalent to 100,000 BTUs. PSNC bills on the basis of the Therms used by a Customer.

(ee) "Transportation Pooling Agreement" means an agreement executed by PSNC and a Customer or a Customer's agent that details the procedures to be followed when a Customer obtains an independent supply of Gas and arranges to have the Gas delivered to one of PSNC's existing Receipt Points. The required form of the Transportation Pooling Agreement is Appendix A to these Rules and Regulations.

### **3. AGREEMENT**

(a) PSNC shall not be required to provide Service unless and until application for Service has been made and any charges for Excess Facilities have been paid by Customer to PSNC. When no charges for Excess Facilities are involved, an Applicant's application for Service and PSNC's acceptance may be oral. In the absence of a written agreement, such agreement shall be conclusively presumed to exist if Gas is made available by PSNC for use by Customer or on the Customer's Premises. Service will be supplied pursuant to PSNC's standard service agreement, the applicable Rate Schedule(s), these Rules and Regulations, and the rules, regulations, and orders of the Commission.

(b) PSNC's obligations to provide Service and the Customer's obligations upon receipt of Service are set forth in the applicable provisions of Chapter 62 of the North Carolina General Statutes; the applicable Commission Rules and Regulations; the applicable Rate Schedule(s); these Rules and Regulations; and any written application or other document approved in form by the Commission and executed by PSNC and Customer pertaining to such Service.

(c) Copies of the Rate Schedules and these Rules and Regulations are available from PSNC. Upon Customer request, PSNC will provide Customer with a copy of the applicable Rate Schedule(s), these Rules and Regulations, any written application for Service, and all or other documents executed by PSNC and Customer pertaining to such Service. No promise, statement, or representation by any PSNC employee, agent, or representative, or by any other Person, shall bind PSNC to provide Service, or to change the terms and conditions upon which Service will be provided, unless the same is in writing and is executed by an authorized PSNC representative and Customer; no amendment, change, or modification to any such document shall be effective unless in writing and signed by an authorized PSNC representative and Customer.

### **4. ESTABLISHMENT AND REESTABLISHMENT OF CREDIT; DEPOSITS**

(a) Establishment and Reestablishment of Credit:

(1) Before the commencement of Service, the Applicant (whether a former Customer or not) must satisfactorily establish credit in accordance with Commission Rule R12-2. An Applicant for residential Service shall not be denied Service for failure to pay bills for any non-residential Service.

(2) If the conditions of Service or the basis on which credit was originally established have materially changed, PSNC may require a Customer to reestablish credit in accordance with Commission Rule R12-2.

(3) If a disagreement arises with respect to the establishment or reestablishment of credit with PSNC it shall be the Applicant's or Customer's right to have this problem reviewed and acted upon by PSNC's supervisory personnel. If unresolved after that review, then the Applicant or Customer shall have the right to have the problem reviewed by the Commission pursuant to Commission Rule R12-7.

(b) Deposits:

(1) PSNC may require payment of a cash deposit prior to establishing or reestablishing Service to an Applicant or a Customer in accordance with the provisions of Commission Rule R12-2 through R12-4.

(2) Interest on deposits will be paid in accordance with Commission Rule R12-4.

(3) Deposits will be refunded in accordance with Commission Rule R12-5.

**5. DENYING OR DISCONTINUING SERVICE**

(a) PSNC shall have the right to discontinue Service or to deny Service for any of the following reasons:

(1) PSNC *determines that a hazardous condition exists;*

(2) Service to Customer adversely affects PSNC Facilities or PSNC's Service to others;

(3) PSNC Facilities have been tampered with;

(4) The unauthorized use of Gas by Customer;

(5) Any material misrepresentation made by Customer or refusal to provide identification in connection with the application for Service;

(6) Any material breach of these Rules and Regulations or any terms and conditions of the applicable Rate Schedule(s) or service agreement(s), or any violation of any statute, or any order, regulation, or rule of the Commission or any governmental agency;

(7) Customer's failure to fulfill Customer's agreements and contractual obligations for Service subject to regulation by the Commission;

(8) Customer's failure either to establish or reestablish satisfactory credit pursuant to Commission Rule R12-2;

(9) Customer's failure to permit PSNC reasonable access to PSNC Facilities and/or Customer Facilities;

(10) Nonpayment of bill pursuant to Commission Rules R12-8 and R12-10;

(11) Customer's failure to furnish such Customer Facilities, permits, certificates, and/or rights-of-way as required by PSNC as a condition to obtaining or continuing Service; or

(12) Customer Facilities are installed or are in use on Customer's Premises which permits the Gas to be used without passing through the Meter(s), which prevents or interferes with the measuring of the Gas by the Meter(s), or which interconnects fuel systems supplied on separate Rate Schedules.

(b) **Prior Indebtedness:** PSNC reserves the right to deny service to any Applicant who is found to be indebted to PSNC for Service previously furnished to that Applicant at any Premises served by PSNC until satisfactory arrangements have been made for the payment of all such indebtedness. Further, where the Service has been discontinued to a Premises for nonpayment, PSNC 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. PSNC may require reasonable proof of identity of the Applicant as a condition to providing Service.

(c) **Discontinuing Service:**

(1) PSNC may discontinue or suspend Service without notice to Customer under the following circumstances:

- i. In the event of a condition determined by PSNC to be hazardous;
- ii. In the event of Customer use of equipment in such a manner as to adversely affect PSNC equipment or PSNC service to others;
- iii. In the event of tampering with the equipment furnished and owned by PSNC; or
- iv. In the event of unauthorized use.

(2) For any reason not listed in 5(c)(1) above and not otherwise addressed in Commission Rules R12-8 and R12-10, PSNC shall give Customer at least 10 days written notice that his/her service is subject to termination. This notice of proposed termination shall, at a minimum, contain the following:

- i. A clear explanation of the reasons which underlie the proposed termination;
- ii. The date of the proposed termination, which shall not be less than 10 days from the date of issuance of such notice;
- iii. Statements advising how Customer can avoid termination; and
- iv. Statements advising Customer that he/she should first contact PSNC with any questions he/she may have, and that in cases of dispute, a proposed termination action may thereafter be appealed informally to the Commission either by calling the Public Staff-North Carolina Utilities Commission, Consumer Services Division at (919) 733-9277 or toll free at 1-866-380-9816 or by appearing in person or by writing the Public Staff-North Carolina Utilities Commission, Consumer Services Division, 4326 Mail Service Center, Raleigh, NC 27699-4326.

(3) Customer is entitled to personal contact prior to termination as detailed in Commission Rule R12-10(i), and Customer retains all his/her rights as detailed in the Commission Rules, with special attention to Rules R6-16, R6-17, R12-8, and R12-10.

(d) **No Liability for Discontinuing or Denying Service:** PSNC shall have no liability to Customer or to any other Person for any damages incurred as a result of the discontinuance or denial of Service to the Premises such as, but not limited to, frozen water pipes, damaged Facilities, damages to any building or structure, or any other damage or injury of any type.

## **6. RECONNECTION TERMS AND FEES**

(a) Where Service has been discontinued at Customer's request and reconnection of Service is requested by the same Customer at the same Premises within one (1) year after the date of discontinuance, a reconnection fee shown in the Summary of Rates and Charges of PSNC's Tariff shall be charged.

(b) All reconnections that require more than one hour to complete will be billed the applicable reconnection rate per hour shown in the Summary of Rates and Charges of PSNC's Tariff.

(c) In cases where Service is discontinued for nonpayment of bills, Customer shall do the following before PSNC is obligated to restore Service:

- (1) pay the arrears portion of the bill in full;
- (2) reestablish credit in accordance with Commission Rule R12-3;
- (3) pay the applicable reconnection fee.

## **7. ACCESS TO CUSTOMER PREMISES**

Customer shall grant to PSNC the right of ingress and egress to, over, across, and through Customer Premises, for any and all purposes associated with the Service or the exercise of any and all rights under the Rate Schedule, service agreement, or these Rules and Regulations. Customer authorizes PSNC's representatives to enter Customer Premises to inspect Customer lines and appliances that use Gas, and to install, read, inspect, test, maintain, repair, or remove any or all of PSNC Facilities. Customer agrees that if a condition exists on Customer Premises, which, in PSNC's sole opinion, is dangerous to PSNC's representatives or PSNC Facilities, and/or prevents reasonable access to PSNC Facilities, PSNC may remove or relocate PSNC Facilities at Customer's sole expense.

## **8. RIGHT-OF-WAY**

- (a) PSNC shall not be required to extend its Facilities for the purpose of rendering Service to the Customer until satisfactory rights-of-way, easements, or permits have been obtained from government agencies and property owners, at Customer expense, to permit the installation, operation, and maintenance of PSNC Facilities. Customer in requesting or accepting Service thereby grants PSNC, without charge, necessary rights-of-way and privileges for PSNC Facilities on, along, across, and under property controlled by Customer to the extent that such rights-of-way required or necessary to enable PSNC to supply Service to the Customer and Customer also grants PSNC the right to continue or extend PSNC Facilities on, along, across, or under property, with necessary rights to serve other Customers. Customer shall maintain such right-of-way so as to grant PSNC continued access to PSNC Facilities by PSNC personnel, vehicles, and other power-operated equipment. Customer's application for Service and acceptance of such Service from PSNC shall be deemed to grant to PSNC an implied right-of-way on, along, across, and under the Premises, if Customer has not executed a written right-of-way agreement as requested by PSNC. PSNC shall not be liable to Customer for any failure to provide Service because of PSNC's inability to secure or retain such rights-of-way.
- (b) Customer may make full use and enjoyment of the Premises included within the right-of-way granted by this Section 8 in any manner not inconsistent with the use and purposes of the Premises by PSNC; provided, however, that Customer, its heirs, successors, and assigns, shall not construct, nor permit to be constructed, any house, structure, or obstruction, nor impound any water, nor permit any water to be impounded, on or over the right-of-way, and Customer, its heirs, successors, and assigns, further agrees that Customer, and its heirs, successors, and assigns, will not change the grade over the pipeline(s) in any manner which will reduce or increase the depth of the pipeline(s). Customer shall also furnish suitable space and satisfactory protection for PSNC Facilities installed on the Premises.

## **9. VACATED PREMISES**

Customer shall notify PSNC at least twenty-four (24) hours before vacating the Premises served and will pay upon presentation all bills due for Service provided to the Premises. PSNC shall have no liability to Customer or to any other Person for any damages incurred as a result of Customer vacating the Premises such as, but not limited to, frozen water pipes, damaged Facilities, damages to any building or structure, or any other damage or injury of any type.

## **10. NON-ASSIGNABILITY**

Customer's rights to Service and rights provided under any service agreement are personal and shall not be transferred or assigned by Customer without the prior written consent of PSNC, which PSNC, in its sole discretion, may refuse to grant.

## **11. INTERRUPTIONS**

Except where interruptions of Service are permitted by PSNC's Tariff or in accordance with Commission Rule R6-19.2, PSNC shall make reasonable efforts to avoid interruptions of Service. If interruptions occur for any reason, PSNC shall restore Service within the shortest time practical under the conditions. PSNC shall not be liable, in any manner to Customer or any other Person, for any loss or damage resulting from such failure or interruptions of Service.

## **12. ACTION TO MAINTAIN SYSTEM INTEGRITY**

If PSNC, in its sole discretion, determines that it is necessary to curtail or interrupt Service to maintain the integrity of its system or to provide for its or the public's safety, PSNC shall have the right to curtail or interrupt delivery of Gas to any Customer. PSNC shall not be liable, in any manner to Customer or any other Person, for any loss or damage resulting from such curtailment or interruptions of Service.

## **13. EMERGENCY USES**

It is expressly understood and agreed that PSNC does not furnish uninterruptible Service for pumping water, emergency power generation, or any other emergency use. If Customer uses Gas for emergency uses, Customer, at all times, shall maintain a standby supply of energy so that it shall not be necessary to rely on Gas during a time of emergency. PSNC shall not be liable, in any event, to any Customer, any inhabitants of any municipal Customer, or any other Person, for any loss or injury of or to property or persons occasioned by, or resulting directly or indirectly from, the failure of any fire protection or other emergency apparatus to operate, whether said failure shall be due to any act or omission of PSNC or otherwise.

## **14. INTERCONNECTIONS**

If PSNC supplies Service to Customer under more than one of the Rate Schedules in this Tariff, Customer shall not use the higher priority Service as a standby for any lower priority Service, nor shall Customer install, or permit to be installed, any interconnection between the fuel lines supplying Gas delivered under separate Accounts.

## **15. PRESSURE**

PSNC will generally provide Gas at a pressure of approximately 0.25 pounds per square inch gauge ("psig"). PSNC and Customer, however, may mutually agree upon a higher pressure at which Gas may be provided. PSNC shall supply only one delivery pressure per Account. In no event shall PSNC be required to furnish Gas to Customer at a pressure exceeding two (2) psig for residential Service, or five (5) psig for all other classes of Service, except to the extent that PSNC has agreed to do so in writing.

## **16. METERS AND OTHER PSNC FACILITIES; RELOCATION OF PSNC METERS AND FACILITIES; INTERFERENCE OR TAMPERING WITH PSNC PROPERTY**

(a) Meters: PSNC shall furnish, install, and maintain on Customer's Premises a Meter or Meters of suitable capacity and design to measure the quantity of Gas used by Customer, and such Meter or Meters shall be and remain the property of PSNC. Customer shall (i) provide suitable space for Meters and other PSNC Facilities, (ii) protect all of PSNC Facilities from damage or injury, and (iii) permit no Person other than PSNC's representative or agent, or a person otherwise lawfully authorized, to disturb or remove the same; and PSNC's representatives are hereby expressly authorized to enter Customer Premises at all hours to inspect Customer lines and appliances that use Gas, and to read, inspect, maintain, repair, or remove Meters and other Facilities. References to Meters do not apply to Rate Schedule No. 115, Unmetered Lighting Service.

(b) Other Facilities: PSNC shall also furnish, install, and maintain all other PSNC Facilities required to provide Service. PSNC shall have the right, at its option and at its own expense, to place additional PSNC Facilities on the Premises for billing, testing, system monitoring or other purposes related to the provision of Service. If PSNC elects to

install remote or automated Meter reading devices, Customer shall cooperate with PSNC to effect installation of any power, phone, or other service to the Meter site. Customer shall also provide suitable site(s) for any required communication antennas, batteries, and/or solar panels. All PSNC Facilities shall be and remain the sole property and sole responsibility of PSNC, regardless of whether the Customer was required to make a CIAC.

(c) Meter Tests: PSNC shall have the right to test its Meters and PSNC Facilities periodically. Customer shall provide adequate access, including vehicle access, to allow for testing of Facilities.

(d) Failure or Inaccuracy of Meter: In case of any failure, inaccuracy or nonregistering of a Meter, Customer's bills for the period of such failure or inaccuracy shall be calculated as provided in Commission Rule R6-15.

(e) Relocation of PSNC Facilities and Rights-of-Way: PSNC may change the location of PSNC Facilities and rights-of-way upon Customer's request, but Customer shall bear the expense of the change; provided, however, no change will be made where it will interfere with or jeopardize PSNC's Service, either to Customer requesting the change or to any other Customer(s). All privileges of PSNC incident to the original location shall apply to the new location. When a Meter is relocated at PSNC's option, all expense in connection with such change shall be borne by PSNC. If the relocation is made at Customer's request, all expense will be borne by Customer. If a change in the right-of-way is made, Customer shall be subject to the restrictions set forth in Section 8 of these rules and regulations with respect to the new right-of-way.

(f) If Service is discontinued, PSNC shall have the right to remove all PSNC Facilities from Customer's Premises. Such removal shall be at PSNC's sole expense.

## **17. INTERFERENCE WITH PSNC PROPERTY**

Customer shall not interfere with, alter, or remove PSNC Facilities, or permit the same to be done by others unless authorized in writing by PSNC. Damage or loss to PSNC Facilities caused or permitted by Customer shall be paid by Customer. When unauthorized use of Service is discovered, PSNC may discontinue Service and Customer shall be required to pay for the estimated unauthorized usage and the costs of inspection, investigation, and reconnection before Service is restored.

## **18. UNSAFE CONDITIONS**

If Customer creates an unsafe condition for PSNC's Facilities, all expenses to correct the condition shall be borne by Customer. Unsafe conditions include, but are not limited to, erecting structures, and planting trees or bushes over or in close proximity to PSNC Facilities.

## **19. BILLING**

(a) Bills: Bills for Service shall be rendered and paid monthly. PSNC or its agent shall read Meters, and PSNC shall render bills monthly on a cycle basis of approximately thirty (30) days. Facilities Charges shall not be prorated unless a billing adjustment is being made that covers more than forty-five (45) days of Service that has been previously provided and billed. Rate changes occurring from general rate cases and purchased gas adjustment proceedings shall be implemented on a "service rendered" or prorated basis.

(b) Payment: All bills are due when rendered and are payable by mail, bank draft, other electronic means, or at authorized payment centers. Residential bills become past due twenty-five (25) days after the billing date. All other bills become past due fifteen (15) days after the billing date. If any bill is not paid before becoming past due, a late payment charge of 1% per month will be applied at the next billing date to the balance in arrears and thereafter until the amount due is paid. This charge is applicable to all Customers and all classes of Service.



(c) **Returned Check Charge:** A charge equal to the approved state charge for returned items set forth in North Carolina General Statutes § 25-3-506 and shown in the Summary of Rates and Charges of PSNC's Tariff shall be imposed for checks or drafts tendered on Customer's account and returned to PSNC.

(d) **Valid Billing Address:** PSNC will deliver to Customer a monthly bill of the amount due to PSNC by mailing the bill by first class mail to the mailing address furnished by Customer or by electronic billing when agreed to by PSNC and Customer. Customer will be responsible for keeping PSNC informed of the proper billing address. If Customer fails to do so, delivery to the Premises address shall be deemed delivery to Customer. Failure to receive a bill will not entitle Customer to any extension of time for payment beyond the past due date.

(e) **Past Due Balance:** If PSNC, with good cause, determines a likelihood that Customer cannot pay the outstanding Gas bill, and Customer's deposit, if one has been provided, does not provide PSNC with adequate security, PSNC may accelerate the past due or delinquent date and proceed with disconnect procedures under Commission Rule R12-8 by issuing a written statement of cause to Customer and filing a copy of such statement with the Commission.

(f) **Estimate:** If a Meter is not read for any reason at the regular reading date, PSNC may estimate the amount of Service used by Customer to that date by referring, where possible, to Customer's consumption for a similar prior period. PSNC will bill Customer on the basis of that estimated use and will make any necessary adjustment on the bill when the Meter is next read.

(g) **Multiple Meters:** PSNC does not allow the combining of Meters for purposes of billing unless the design of the metering facilities requires the use of multiple Meters. PSNC will set an additional Meter when requested to do so by Customer, and Customer bears all costs of such installation. When PSNC provides an additional Meter, it establishes a separate Account, and Customer is responsible for paying a separate Facilities Charge and separate billing through the steps of the Rate Schedule, if applicable. Some current Customers receiving Service as of October 7, 1994, have been allowed to combine Meters for billing purposes. PSNC will grandfather these Accounts by coding them in its Customer database to allow them to remain as combined Accounts at their current locations and in their present configurations. If, in the future, additional Meters are set for these Customers, new Accounts will be established for such additional Meters and Customer will not be allowed to combine Service provided by such Meters with the existing Accounts.

(h) **Offsets Against Bills:** No claim which Customer has, or may claim to have, against PSNC shall be offset or counterclaimed against the payment of any sum of money due PSNC by Customer for Service(s) provided. All sums due PSNC shall be paid in accordance with the terms of the bill, these rules and regulations, and the Service Agreement regardless of such claim.

(i) **Equal Payment Plans for Residential and Commercial Customers:**

(1) An equal payment plan is available to any Customer receiving residential or commercial Service whose Account has not been removed from an equal payment plan for late payment of a bill within the previous three (3) months.

(2) At the request of an eligible Customer, PSNC will estimate Customer's bills for the next twelve (12) months based on actual consumption during the previous twelve (12) months (adjusted for normal weather), PSNC's currently approved margin rates, an estimated purchased gas adjustment factor for the upcoming twelve (12)-month period, and applicable fees and taxes. If Customer has an outstanding balance, the balance will be added to the estimated annual amount. Customer's monthly payment under the equal payment plan will be calculated by dividing the estimated annual billing amount by twelve (12).

(3) At the end of the twelve-(12) month period, Customer's bill will be recalculated based on actual consumption during the period and compared to Customer's payments under the equal payment plan. Any underage may be paid by Customer or added to the estimated annual amount used to calculate Customer's monthly payments for the next twelve (12) months, at Customer's election, and any overage will be deducted from the estimated annual amount. Unless otherwise requested, Customer will remain on the equal payment

plan during the next annual period with a new monthly payment based upon the factors set forth above.

(4) PSNC may adjust Customer's monthly payment under the equal payment plan as necessary to avoid a large balance in Customer's Account.

## **20. FORCE MAJEURE**

In the event either PSNC or its transporter or supplier or Customer is unable, wholly or in part, by reason of force majeure to carry out its obligations, other than to make payments for the Service received, it is agreed that on giving notice of such force majeure as soon as possible after the occurrence of the cause relied on, then the obligations of PSNC or Customer so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused but for no longer period, and such cause shall as far as possible be remedied with all reasonable dispatch.

It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the Person affected, and the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts when such course is inadvisable in the discretion of the Person affected thereby.

## **21. POSSESSION OF GAS**

Customer agrees that PSNC is responsible only for Service to the Delivery Point, and PSNC shall not be liable to Customer or any of Customer's agents, contractors or employees, or to any Person(s) whomever, for any loss, damage, or injury to any Person(s) or property resulting from the Gas or its use after it leaves Delivery Point. Customer shall assume all risks downstream of the Delivery Point, except when caused by the exclusive gross negligence or willful acts of the employees of PSNC.

PSNC shall not be responsible for the transmission, use, or control of Gas beyond the Delivery Point. PSNC shall not be liable for any loss, damage, or injury to Person(s) or property whatsoever, accruing or resulting in any manner, from the receipt, use, or discontinuance of the use of the Gas beyond the Delivery Point, defective Customer Facilities, or any cause not resulting from the direct, exclusive gross negligence or willful acts of PSNC.

## **22. REPORTS OF LEAKS**

Customer shall give immediate notice to PSNC when any leakage of Gas is discovered or suspected. Customer agrees not to use any potential source of ignition such as flame, electrical source, or other igniting medium, in the proximity of escaping Gas, which could ignite such Gas. PSNC shall not be liable for any leakage of Gas, or any damage or loss arising out of, or caused by, any leakage of Gas, except when due to the exclusive gross negligence or willful acts of the employees of PSNC.

## **23. EXTENSION OF SERVICE; CIAC**

(a) PSNC will extend Mains along the route selected by PSNC in streets that are at an established final grade for distances up to 100 feet without charge to Customer. If a Main extension exceeds 100 feet, PSNC will perform a Feasibility Test and may require a CIAC to reimburse PSNC for the cost of any Main extension in excess of 100 feet and any other Excess Facilities necessary to extend service if the anticipated revenue does not produce a reasonable return on the total cost of such Excess Facilities.

(b) PSNC will install up to 100 feet of Gas Service Line (measured from the Premises' property line to the Meter on Customer's Premises) at no charge. For installations requiring more than 100 feet of Gas Service Line, PSNC may require Customer to pay a CIAC based on the results of a Feasibility Test.

(c) If Excess Facilities are required, PSNC shall perform a Feasibility Test to determine whether or not these

additional facilities will require Customer to pay a CIAC.

(d) A CIAC may be required for Facilities located at a point other than that selected by PSNC or deviating from the route selected by PSNC.

(e) If a Feasibility Test is required, PSNC shall also calculate the estimated cost of (i) the Main in excess of the 100 feet of Main for which no CIAC is required and (ii) the Service Line in excess of the 100 feet of Service Line for which no CIAC is required for new Customers occupying existing structures. For proposed new sub-divisions, the allowances for extensions of Mains and Service Lines will be considered only for existing structures that plan to use Gas at the time the Main is to be extended. Any CIAC shall be the lesser of (i) the CIAC calculated in the Feasibility Test, or (ii) the full cost of extending the lines beyond the initial allowances of 100 feet of Main and Service Line. The Feasibility Test shall include all costs directly associated with the Service extension.

(f) Notwithstanding Paragraphs (a), (b), and (e) above, PSNC shall perform a Feasibility Test to determine whether a CIAC is required for all extensions of Service when the Applicant's/Customer's request for Service does not include the use of Gas for either central space heating or water heating. Failure to install or utilize Gas Facilities as agreed upon within ninety (90) days of the time of Facilities extension may result in the Customer being charged for the cost of PSNC Facilities and installation, if Customer has been given written notice that such Customer may be charged for the cost of PSNC Facilities and installation if Gas is not used within ninety (90) days.

(g) Location of Privately Owned Structures. Customer shall locate privately owned structures such as septic tanks, drain lines, water lines, and sprinkler systems prior to PSNC installing a Gas Service Line to Customer's Premises. PSNC and its contractors, if any, are not responsible for damages to privately owned facilities that are not adequately located.

## **24. FARM TAP SERVICE**

(a) Whenever an Applicant requests Service which can only be supplied from a high pressure (above 60 pounds per square inch gauge) Main, PSNC, subject to the results of a Feasibility Test, may tap the Main, install regulating Facilities, and extend its Facilities to the Delivery Point on Customer's Premises. Customer will provide PSNC with all necessary rights-of-way (including a station site) on its Premises at no expense to PSNC as set forth in Section 8 and shall execute a written right-of-way as requested by PSNC. Whether a CIAC is required of Customer prior to the installation of such Facilities shall be determined by the results of the Feasibility Test.

(b) For a Farm Tap Customer, a Feasibility Test shall be performed which includes all costs less an allowance for the cost of (i) the actual feet of Main required to serve Customer, not to exceed 100 feet, (ii) the actual feet of Gas Service Line required to serve Customer, not to exceed 100 feet, and (iii) the actual number of Meter set(s).

(c) Charges for Service shall be billed on the applicable PSNC Rate Schedule. All other terms and conditions of the applicable PSNC Rate Schedule(s) apply to Customers using Farm Tap service.

## **25. CUSTOMER FACILITIES**

(a) An Applicant shall supply PSNC a list of Customer Facilities located on the Premises which may increase Customer's load to enable PSNC to determine the feasibility of providing Service. PSNC shall provide information concerning the availability of Service (including whether PSNC can serve the increased load), delivery pressure, Meter location and size, and other information which may be pertinent to the installation.

(b) Customer Facilities must be installed and maintained in accordance with the manufacturer's instructions, approved installation standards, and the requirements of applicable local, state, and federal agencies. All Customer Facilities shall be maintained by, and be the sole responsibility of, Customer and/or the owner of the Premises.

(c) If Customer Facilities have the potential to create a vacuum, back pressure, or any other condition, which, in

PSNC's sole opinion, could cause operating difficulties on PSNC's system, a device meeting PSNC's specifications must be installed and maintained by Customer at Customer's sole expense to protect fully and completely PSNC's system.

(d) Customer shall not introduce and/or store any flammable or combustible material within close proximity to a Gas appliance or other Facilities.

## **26. REQUESTS TO INCREASE LOAD OR PRESSURE**

Customer shall make a request to PSNC, and shall receive PSNC's permission before increasing Gas loads or pressure *and before changing the purpose for which Customer uses Gas*. The request shall specify, at a minimum, the name of Customer, type of Service needed, estimated monthly Gas consumption, required delivery pressure, and the date needed. If, in PSNC's sole opinion, it has the capability to provide the additional or changed Service without interfering with its ability to provide Service to its other Customers, PSNC shall allow Customer to increase Customer's load and/or pressure or to change the purpose for which Customer uses Gas. A CIAC may be required depending on the nature of the request.

## **27. EXCAVATION NEAR PSNC FACILITIES**

Customer shall inform PSNC of any excavation activities near PSNC Facilities located on Customer's Premises by calling The North Carolina One Call Center, Inc. at 1-800-632-4949 not less than two (2) working days nor more than ten (10) working days prior to such activities. Customer will give a similar notice to PSNC prior to any additions or changes in Customer's Premises over, under, or near PSNC Facilities. Any damages incurred or losses of Gas resulting from any such activity shall be billed to, and paid by, Customer.

## **28. PROHIBITION AGAINST RESALE OF GAS**

Customer shall not directly or indirectly sell, resell, assign, or otherwise transfer Gas to any Person unless such transfer is pursuant to a contract or franchise acceptable to PSNC and, if required, approved by the Commission. This prohibition against resale shall not apply to sales to housing authorities which, on October 1, 1996, purchased Gas from PSNC for resale to the residents of such housing authorities; or to any housing authority which, after October 1, 1996, received authorization to purchase Gas from PSNC for resale to the residents of such housing authority; or to purchases under Rate Schedule No. 195 where Compressed Natural Gas is resold as a vehicular fuel.

## **29. METHODOLOGY FOR DETERMINING PROPER RATE SERVICE PRIORITY CLASSIFICATION PURSUANT TO COMMISSION RULES R6-12 & R6-19.2**

(a) Definitions:

- (1) "Actual Annual Usage" means the actual quantities of Gas sold to or transported for Customer by PSNC for a given Review Period as reflected on PSNC's invoices for that Customer.
- (2) "Classification Usage" means Gas quantities in an amount equal to Actual Annual Usage for a Customer for a Review Period divided by the Service Days for that same period.
- (3) "Involuntary Curtailment Days" means those days or portions of days in a given Review Period when curtailment of Customer's Service was imposed by PSNC's decision to curtail.
- (4) "Prospective Priority Classification" means the then current priority curtailment classification a Customer would otherwise qualify for based solely on the Classification Usage for a given Review Period.
- (5) "Prospective Rate Schedule" means PSNC's then current Rate Schedule that a Customer would otherwise qualify for based solely on the Classification Usage for a given Review Period.

(6) "Review Period" means the twelve (12) months ended June 30.

(7) "Service Days" means 365 less the number of Involuntary Curtailment Days.

(b) Procedure:

(1) During July and August of each year, the Prospective Rate Schedule for each Customer for the Review Period just ended shall be determined.

(2) If the Prospective Rate Schedule is the same rate schedule on which Customer is currently billed, no further Rate Schedule review is necessary. Customer shall remain on that Rate Schedule.

(3) If the Prospective Rate Schedule is different from the Rate Schedule on which Customer is currently billed, the Prospective Rate Schedule for Customer for the Review Period immediately preceding the one used in Section (b)(1) shall also be determined.

(4) If the Prospective Rate Schedule determined in Section (b)(1) is the same as that determined in Section (b)(3), Customer shall be reclassified to that Prospective Rate Schedule effective the following September 1.

(5) The reclassified Customer will be given notice of such reclassification as required by Commission Rule R6-12(7).

(6) A similar procedure will be followed for determining the proper curtailment priority for each Customer by using Prospective Priority Classification.

**30. NON-WAIVER**

No delay or failure of PSNC to exercise any right or remedy provided by these Rules and Regulations, the Rate Schedules, the service agreement, or other documents controlling the terms of Service shall impair any such right or remedy, nor shall it be construed to be a waiver of any breach or default, or an acquiescence therein of any similar breach or default subsequently occurring. No waiver shall be valid unless it is in writing and signed by the party against which it is sought to be enforced. Any written waiver will be effective only to the extent specifically set forth.



## TRANSPORTATION POOLING AGREEMENT

THIS AGREEMENT is made this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INCORPORATED, a South Carolina corporation, doing business as, and hereinafter called, "PSNC Energy," with its main office at 800 Gaston Road, Gastonia, North Carolina 28056,

and

\_\_\_\_\_ (hereinafter "Pooler"), a

\_\_\_\_\_ corporation, with its main office at \_\_\_\_\_

WHEREAS, PSNC Energy is willing to permit its Customers or their agents, which obtain transportation, whether firm, released, or interruptible, or any other form of transportation, on an interstate Pipeline, to deliver Gas into PSNC Energy's system for the purpose of enabling PSNC Energy's Customers to satisfy all of their Gas requirements through the use of transportation Services provided by PSNC Energy; and

WHEREAS, Pooling will permit PSNC Energy's Customers or their agents to accumulate various privileges accorded individual transportation Customers for the benefit of a group of transportation Customers; and

WHEREAS, Pooling will benefit all of PSNC Energy's transportation Customers.

NOW, THEREFORE, for and in consideration of mutual covenants and promises contained herein, PSNC Energy agrees to permit Pooling, and Pooler agrees to pool Gas supplies hereunder, in accordance with the following terms and conditions:

### **ARTICLE I** **Definitions**

For the purposes of this Agreement, the following definitions shall apply:

1. "Customer(s)" means any recipient of transportation Service provided by PSNC Energy that procures its supply of Gas from a Pooler's Pool.
2. "Gas" means undiluted natural gas, or a substitute for natural gas, or any mixture of natural gas and a substitute for natural gas, as delivered by PSNC Energy.
3. "Pipeline" means any interstate pipeline, including Transco, which establishes a physical interconnection with PSNC Energy's pipeline system.
4. "Pool" shall mean an aggregation of Gas quantities for one or more PSNC Energy transportation Customers which Pooler establishes under this Agreement.
5. "Pooling" is a service provided by PSNC Energy whereby a broker, marketer, producer, or any consumer of Gas qualifying for transportation Service under PSNC Energy's tariffs, which obtains transportation (firm, released, interruptible, or any other form), on a Pipeline and aggregates Gas supplies needed to satisfy the full requirements of one or more transportation Customers of PSNC Energy, and such Customer or Customers have assigned its rights to Pooler as agent, or such Customer is acting on its own behalf, for the purpose of delivering Gas to PSNC Energy.
6. "Transco" means Transcontinental Gas Pipe Line Corporation.

Any capitalized terms used herein, which are not defined herein, shall have the meanings set forth in PSNC Energy's Rules and Regulations.



## **ARTICLE II**

### **Applicability**

All persons and entities that obtain transportation, whether firm, released, interruptible, or any other form of transportation, on a Pipeline for the purpose of delivering Gas to an interconnection between Pipeline and PSNC Energy shall be required to execute a Transportation Pooling Agreement. Unless PSNC Energy agrees otherwise, only a single pooler may sell Gas to a Customer Account in one calendar month.

## **ARTICLE III**

### **Term**

This Agreement shall commence on the first day of \_\_\_\_\_, 20\_\_\_\_, and shall continue thereafter for twelve (12) calendar months; provided, however, that the term shall be extended from year to year thereafter, subject to cancellation by either party upon expiration of the primary term or any subsequent one (1) year period upon at least thirty (30) days written notice given prior to expiration of the primary term or prior to the expiration of any one year period occurring thereafter. Notwithstanding the foregoing, PSNC Energy may cancel or discontinue service under this Agreement as provided in Articles VIII, IX, and X below.

## **ARTICLE IV**

### **Transportation Nomination Procedures**

For each month that this Agreement is in effect, Pooler must submit its nomination for each month's transportation to PSNC Energy in writing or by facsimile on or before the deadline date indicated on the "Transportation Nomination Schedule" as published periodically by PSNC Energy. Such nominations shall include the following information:

1. Pooler's legal name, Pipeline contract number, and Pipeline transportation activity number;
2. daily quantity (Daily MMBTU) to be delivered to PSNC Energy;
3. list including the names of all PSNC Energy Customers to be served by Pooler and the corresponding PSNC Energy Customer Account number(s); and
4. effective date of transportation Service.

Intra-month revisions to Gas quantities being delivered to PSNC Energy must be received by PSNC Energy in writing or by facsimile no later than 5 p.m. Eastern Time two days prior to the day of Gas flow.

## **ARTICLE V**

### **Pooling Procedures**

For each month that this Agreement is in effect, PSNC Energy will allow Pooler to create a Pool in which Pooler shall aggregate all Gas quantities delivered to PSNC Energy by Pooler for delivery to PSNC Energy's Customer(s) or Pooler pursuant to Article IV above. Pooler agrees to make deliveries into its Pool at daily rates that are reasonably even and constant. Pooler may increase or decrease daily Gas deliveries to PSNC Energy provided that any such change does not impair PSNC Energy's operating ability, as determined by PSNC Energy, in its sole discretion.

## **ARTICLE VI**

### **Gas Measurement**

The quantity and heating value of the Gas delivered by Pooler to PSNC Energy shall be determined by the transporting Pipeline(s) in the manner provided in its (their) tariff(s).



## **ARTICLE VII**

### **Full Requirements Service**

For each month that this Agreement is in effect, Pooler agrees to satisfy the full requirements for Gas for each PSNC Energy Customer Account on Pooler's designated list provided pursuant to Article IV for each such month. Pooler's ability to satisfy all such requirements for Gas in any month shall be determined by subtracting the Customers' actual consumption for the listed Customer Accounts in that month from the total actual deliveries received in that month on the Pooler's account. Any imbalance resulting from an adjustment to actual consumption or deliveries due to meter inaccuracy, billing error, or otherwise, after the month in which such Gas requirements were determined, shall be cashed out under the procedure provided in Article VIII with all adjusted quantities cashed out under either paragraph 1 for shortage quantities or paragraph 1 for excess quantities, as applicable.

## **ARTICLE VIII**

### **Pool Balancing Procedures**

In the event that Pooler's Pool has insufficient Gas available to satisfy the actual needs of the Customer Account(s) to be served from the Pool in any month, the cashout procedure shall be as follows:

1. If such shortage is less than or equal to five percent (5%) of the Customers' actual usage, PSNC Energy shall sell to Pooler Gas required to cover such shortage quantities at a rate equal to the first of the month price for the month in which such shortage occurred for Transco Station 65 as published in **Natural Gas Week**, plus the one hundred percent (100%) load factor rate under Transco's currently effective Rate Schedule FT for deliveries from Transco's Zone 3 to Zone 5, plus applicable fuel retention and all applicable surcharges, for each Dekatherm of such shortage.
2. If such shortage is greater than five percent (5%) but less than or equal to ten percent (10%) of the Customers' actual usage, PSNC Energy shall sell to Pooler Gas required to cover such shortage quantities at a rate equal to the higher of the first of the month price or the highest weekly price for any subsequent week for the month in which such shortage occurred for Transco Station 65 as published in **Natural Gas Week**, multiplied by a factor of one hundred and fifteen percent (115%), plus the one hundred percent (100%) load factor rate under Transco's currently effective Rate Schedule FT for deliveries from Transco's Zone 3 to Zone 5, plus applicable fuel retention and all applicable surcharges, for each Dekatherm of such shortage.
3. If such shortage is greater than ten percent (10%) of the Customers' actual usage, PSNC Energy shall sell to Pooler Gas required to cover such shortage quantities at a rate equal to the higher of the first of the month price or the highest weekly price for any subsequent week for the month in which such shortage occurred for Transco Station 65 as published in **Natural Gas Week**, multiplied by a factor of one hundred and twenty-five percent (125%), plus the one hundred percent (100%) load factor rate under Transco's currently effective Rate Schedule FT for deliveries from Transco's Zone 3 to Zone 5, plus applicable fuel retention and all applicable surcharges, for each Dekatherm of such shortage.

In the event that Pooler's Pool has Gas in excess of the actual needs of the Customer Account(s) in any month, the cashout procedure shall be as follows:

1. If such excess is less than or equal to five percent (5%) of the Customers' actual usage, for each Dekatherm of such overage, PSNC Energy shall purchase from Pooler such excess quantities of Gas at a rate equal to the first of the month price for the month in which the excess accumulated for Transco Station 65 as published in **Natural Gas Week**, plus (a) for the months of November through March, the one hundred percent (100%) load factor rate under Transco's currently effective Rate Schedule FT for deliveries from Transco's Zone 3 to Zone 5, plus applicable fuel retention and all applicable surcharges, or (b) for the months of April through October, the commodity rate under Transco's currently effective Rate Schedule FT for





deliveries from Transco's Zone 3 to Zone 5, including applicable fuel retention and surcharges, plus \$.05.

2. If such excess is greater than five percent (5%) but less than or equal to ten percent (10%) of the Customers' actual usage, for each Dekatherm of such overage, PSNC Energy shall purchase from Pooler such excess quantities of Gas at a rate equal to the lower of the first of the month price or lowest weekly price for the month in which the excess accumulated for any subsequent week for Transco Station 65 as published in **Natural Gas Week**, multiplied by a factor of eighty-five percent (85%) plus (a) for the months of November through March, the one hundred percent (100%) load factor rate under Transco's currently effective Rate Schedule FT for deliveries from Transco's Zone 3 to Zone 5, plus applicable fuel retention and all applicable surcharges, or (b) for the months of April through October, the commodity rate under Transco's currently effective Rate Schedule FT for deliveries from Transco's Zone 3 to Zone 5, including applicable fuel retention and surcharges, plus \$.05.

3. If such excess is greater than ten percent (10%) of the Customers' actual usage, for each Dekatherm of such overage, PSNC Energy shall purchase from Pooler such excess quantities of Gas at a rate equal to the lower of the first of the month price or lowest weekly price for any subsequent week for the month in which the excess accumulated for Transco Station 65 as published in **Natural Gas Week**, multiplied by a factor of seventy-five percent (75%) plus (a) for the months of November through March, the one hundred percent (100%) load factor rate under Transco's currently effective Rate Schedule FT for deliveries from Transco's Zone 3 to Zone 5, plus applicable fuel retention and all applicable surcharges, or (b) for the months of April through October, the commodity rate under Transco's currently effective Rate Schedule FT for deliveries from Transco's Zone 3 to Zone 5, including applicable fuel retention and surcharges, plus \$.05.

If, for any month, the imbalance in Pooler's Pool exceeds twenty-five percent (25%), either positive or negative, PSNC Energy shall have the right, in its sole discretion, to cancel this agreement and to suspend the Pooler's right to establish a Pool for delivery to Customers that transport on PSNC Energy's system for twelve (12) months.

#### **ARTICLE IX** **Creditworthiness**

PSNC Energy shall not commence service to Pooler, and has the right to discontinue service upon five (5) days' written notice to Pooler, if Pooler fails to meet PSNC Energy's creditworthiness criteria. PSNC Energy shall apply consistent evaluative practices to determine the acceptability of Pooler's overall financial condition, working capital, and profitability trends. Acceptable creditworthiness is demonstrated by meeting the following criteria:

1. At PSNC Energy's request, Pooler shall provide current financial statements, annual reports, 10-K reports or other filings with regulatory agencies which discuss the Pooler's financial status, a list of all corporate affiliates, parent companies and subsidiaries, and any reports from credit reporting and bond rating agencies which are available.
2. At PSNC Energy's request, Pooler shall provide a bank reference and at least two trade references. Pooler authorizes PSNC Energy to obtain a current credit report on Pooler to determine whether to extend credit and releases generally all creditors to disclose otherwise confidential information. The results of reference checks and any credit reports submitted must show that Pooler's obligations are being paid on a prompt basis.
3. At PSNC Energy's request, Pooler shall provide a guarantee by a person or another entity acceptable to PSNC Energy that satisfies the credit appraisal, or a standby irrevocable letter of credit drawn upon a bank acceptable to PSNC Energy.
4. Pooler must not be operating under any chapter of the bankruptcy laws and must not be subject to liquidation or debt reduction procedures under state laws such as an assignment for the benefit of creditors, or any informal creditors' committee agreement.



5. Pooler shall not be subject to the uncertainty of pending liquidation or regulatory proceedings in state or federal courts or before other governmental or regulatory bodies having jurisdiction, which could cause a substantial deterioration in its financial condition, a condition of insolvency, or an impairment of Pooler's ability to exist as an ongoing business entity.
6. Pooler shall have no significant collection lawsuits or judgments outstanding that might affect Pooler's ability to remain solvent.
7. If any of the events or actions described in paragraphs 4, 5, and 6 above shall be initiated or imposed during the terms of service under this Agreement, Pooler shall provide notification thereof to PSNC Energy within two (2) working days of any such initiated or imposed event or action.
8. If Pooler has an ongoing business relationship with PSNC Energy, no delinquent balances shall be consistently outstanding for undisputed billings made previously by PSNC Energy, and Pooler must have paid its account in the past according to the established terms and not made deductions or withheld payment for claims other than for disputed billings.

#### **ARTICLE X** **Billing and Payment**

No later than three (3) business days following PSNC Energy's end-of-the-month meter reading date for the month of delivery, PSNC Energy will provide Pooler with a statement detailing the total quantities delivered by Pooler into its Pool for the preceding month as well as the total metered consumption in MMBTU for each individual PSNC Energy Customer Account served by Pooler. Pooler is responsible for billing each of PSNC Energy's Customer(s) served from Pooler's Pool for all Gas consumed by such Customer(s) determined pursuant to Article VII above with the exception of unauthorized quantities or other penalties assessed directly to a Customer by PSNC Energy. PSNC Energy shall continue to bill its applicable transportation and Facilities Charges directly to the Customer.

If the total quantities present in Pooler's Pool fail to cover the total accumulated usage for PSNC Energy's Customer(s) served by Pooler's Pool in any month, PSNC Energy shall bill Pooler for any shortage quantities pursuant to the procedures described in Article VIII above. Such statement shall be furnished to Pooler by PSNC Energy no later than the fifth (5th) business day following PSNC Energy's end-of-the-month meter reading date for the month of delivery and is due and payable within ten (10) days after the statement date. A bill shall be deemed delinquent when it remains unpaid after the due date set forth on the bill. If Pooler fails to remit the full amount when due, interest on the unpaid portion shall accrue at a rate of one percent (1%) per month. If a Pooler withholds any portion of any amount billed by PSNC Energy as a disputed amount and any portion or all of the amount so withheld is determined to have been properly billed, then interest (as set forth above) shall accrue on the withheld amount that was properly billed from the date due until the date that PSNC Energy receives it. PSNC Energy may terminate this Agreement when any bill becomes delinquent.

If the total quantities present in Pooler's Pool exceed the total accumulated usage for the Customer(s) served from Pooler's Pool in any month, PSNC Energy shall purchase such Gas pursuant to the procedures described in Article VIII above. PSNC Energy shall furnish Pooler with a statement identifying the quantities purchased from Pooler no later than the fifth (5th) business day following PSNC Energy's end-of-the-month meter reading date for the month of delivery and shall pay Pooler no later than ten (10) days after the statement date.

#### **ARTICLE XI** **Force Majeure**

The term "Force Majeure," as used herein, and as applied to PSNC Energy or Pooler, shall mean acts of law including governmental bodies acting pursuant to law, acts of God, strikes, lockouts or other disturbances, acts of a public enemy, war, blockades, insurrections, riots, epidemics, lightning, fires, floods, washouts, arrests, civil disturbances, explosions, breakage or accidents to machinery or lines of pipe, freezing of wells or pipelines, or any other cause, whether of the kind enumerated or otherwise, not reasonably within the control of the affected party. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the party affected.



Such causes or contingencies affecting the performance of this Agreement by PSNC Energy or the Pooler shall not relieve the affected party of liability unless such party shall give notice and full particulars of such cause or contingency in writing or by facsimile to the other party as soon as reasonably practical after the occurrence of the cause relied upon, nor shall such causes or contingencies affecting this Agreement by either party relieve it of liability in the event of its concurring negligence, nor shall such causes or contingencies affecting the performance of this Agreement relieve either party from its obligations to make payments of amounts due under the Agreement for Gas already allocated to the Customers served by Pooler.

## **ARTICLE XII**

### **Miscellaneous**

1. No modification of the terms and provisions of this Agreement shall be or become effective except by the execution of a written agreement or by modification of PSNC Energy's Tariff.
2. No waiver by any party of any one or more defaults by any other party in the performance of any provisions of this Agreement shall operate or be construed as a waiver or any other default or defaults, whether of a like or of a different character.
3. Any company, which shall succeed by purchase, merger, or consolidation to the properties, substantially as an entirety, of PSNC Energy or of Pooler, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement. Without relieving itself of its obligations under this Agreement, any party may assign any of its rights hereunder to a company with which it is affiliated, but otherwise no assignment of this Agreement or any of the rights or obligations hereunder shall be made unless there first shall have been obtained the consent thereto in writing of the other party, provided that such consent will not be unreasonably withheld.
4. Except as otherwise provided, any notice, request, demand, statement, or bill provided for in this Agreement, or any notice which any party may desire to give to the other, shall be in writing and shall be considered as duly delivered when delivered to the United States Postal Service to be sent by registered or certified mail to the Post Office address of the parties hereto, as the case may be, or at such address as either party shall designate by formal written notice, as follows:

#### Notices to PSNC Energy:

PSNC Energy  
Attention: Transportation & Administration  
P O Box 1398  
Gastonia, North Carolina 28053-1398  
Telephone: (704) 834-6338  
Facsimile: (704) 834-6555

#### Notices to Pooler: (Enter Applicable Information)

\_\_\_\_\_  
Pooler Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
City / State / Zip Code

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Fax Number

#### Payments to PSNC Energy:

PSNC Energy  
Wachovia, Charlotte, North Carolina  
ABA No: 0530-0021-9  
Account. No: 20706-59001624

#### Payments to Pooler: (Enter Applicable Information)

\_\_\_\_\_  
Pooler Name

\_\_\_\_\_  
Pooler Bank Name

\_\_\_\_\_  
ABA Number

\_\_\_\_\_  
Account Number



5. This Agreement and the respective obligations of the parties hereunder are subject to valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction.
6. The subject headings of the articles of this Agreement are inserted for the purpose of convenient reference and are not intended to be a part of the Agreement nor considered in any interpretation of the same.
7. The construction, interpretation, and performance of this Agreement shall be in accordance with the laws of the State of North Carolina, excluding any conflicts-of-law rule or principle which might refer the construction, interpretation, or performance of this Agreement to the law of another jurisdiction.
8. In the event of a conflict between the provisions of this Agreement and PSNC Energy's Tariff, PSNC Energy's Tariff shall control.
9. This Agreement supersedes all preexisting agreements for Pooling between PSNC Energy and Pooler.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and witnessed, or their respective corporate seals to be hereto affixed and attested, the day and year first above written.

ATTEST: PSNC Energy

ATTEST: POOLER

By: \_\_\_\_\_  
(Signature)

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_  
(Type or Print)

Name: \_\_\_\_\_  
(Type or Print)

Title: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_  
(Signature)

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_  
(Type or Print)

Name: \_\_\_\_\_  
(Type or Print)

Title: \_\_\_\_\_

Title: \_\_\_\_\_