

	Policy: Natural Gas Division General Rules and Regulations	Effective Date: July 5, 1994
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	<i>Bobby Kilgore</i> Bobby Kilgore, Mayor	<u>Natural Gas Division</u> Responsible Party

1. FOREWORD

The following rules and regulations are intended to promote safe and adequate service to the public, to provide standards for reasonable practices by the City, and to establish a basis for determining the reasonableness of demands for natural gas service by the public. The Rules and Regulations hereinafter set forth are incorporated by reference in each City rate schedule, contract and agreement for gas service and are made applicable to all sales of gas and other utility services rendered by the City, except that Sections 41 through 52 apply to service rendered under the City's transportation rate schedules only.

2. DEFINITIONS

a. Applicant - Any individual, person, firm, corporation or governmental agency applying for gas service from City.

b. British Thermal Unit (Btu) - The quantity of heat necessary to raise the temperature of one (1) pound of water one (1) degree Fahrenheit from 58.5 to 59.5 degrees Fahrenheit under standard pressure of 30 inches of mercury at or near its point of maximum density.

c. Commission - The North Carolina Utilities Commission, which regulates natural gas Pipeline Safety within the State of North Carolina.

d. City - The City of Monroe.

e. Cubic Foot of Gas - The volume of gas which occupies one cubic foot at a temperature of 60 degrees Fahrenheit and at a pressure of 14.73 pounds per square inch (psia), except that when gas is delivered at a pressure normally used for residential appliances, a cubic foot of gas shall be deemed to be that quantity of gas which, at the temperature and pressure existing in the meter, occupies one cubic foot. The Cubic Foot of Gas is the basic measurement and billing unit used by the City.

f. Curtailment Order - An order by City's Gas System Manager, or their designee, or other City representative acting on behalf of City's Gas System Manager, to curtail or interrupt use of natural gas as required or permitted by the City's Natural Gas Division General Rules and Regulations or the rate schedules contained in City's tariff or Service Agreements with City.

g. Customer - Any individual, person, firm, corporation or governmental agency being served by City under these General Rules and Regulations.

h. Customer Service Policy - City of Monroe Utilities Customer Service Policy, the most recent revision as on file in the City of Clerk's office.

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i. Standard Gas Day - a period of 24 consecutive hours beginning at 10:00 a.m. (Eastern Clock Time), or at such other hour as Customer and City agree upon; its date shall be that of its beginning.

j. Dekatherm (dt) - Ten therms; the heat energy equivalent to 1,000,000 Btu.

k. Delivery Point - The outlet flange or side of the City's meter and regulator station or assembly.

l. Gas - Undiluted natural gas, or a substitute for or mixture thereof, as received from the supplier or transporter and delivered by the City.

m. Gas Service Line – Gas Service line means a distribution line that transports gas from a common source of supply to an individual customer, to two adjacent or adjoining residential or small commercial customers, or to multiple residential or small commercial customers served through a meter header or manifold. A service line ends at the outlet of the customer meter or at the connection to a customer's piping, whichever is further downstream, or at the connection to customer piping if there is no meter.

n. Gross Heating Value - The number of Btu's produced by the complete combustion at constant pressure of the amount of dry gas which would occupy a volume of one (1) cubic foot at an absolute pressure of 14.73 pounds per square inch (psia) and at 60 degrees Fahrenheit with combustion air at the same temperature and pressure as the gas, the products of combustion being cooled to the initial temperature of the gas and air and the water formed by combustion condensed to the liquid state.

o. House piping - The customer-owned gas piping and accessories running from the delivery point to the Customer's gas using appliances or equipment.

p. Main - Main means a distribution line that serves as a common source of supply for more than one service line or is intended or available to serve as a common source of supply for more than one service line and is neither Transmission nor Gas Service Line.

q. Meter - Any device or instrument which is used by the City in measuring a quantity of gas.

r. Meter Assembly - City's meter, instrument, regulator, piping, valves, vents, relief valves, gauges and/or other apparatus required to measure and control flow or pressure of gas.

s. Month - A period beginning at 10:00 a.m. (Eastern Clock Day) or at such other hour as Customer and City agree upon, at the point of delivery on the first day of the calendar month and ending at the aforesaid time on the first day of the next succeeding calendar month.

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t. Premises - A piece of land or real estate, including buildings and other appurtenances thereon owned, leased or otherwise controlled by the Customer.

u. Service Agreement - Any application, contract or agreement for service under one or more of the City's rate schedules, executed by the Customer and City.

v. Therm (th) - The heat energy equivalent to 100,000 Btu. The number of therms delivered shall be determined by multiplying the cubic feet delivered by a fraction, the numerator of which is the Btu per cubic foot and the denominator of which is 100,000.

w. Year - A period of three hundred sixty-five (365) consecutive days beginning on the date of initial delivery of natural gas under the contract, or on any anniversary thereof; provided, however, that any such year which contains a date of February 29th shall consist of three hundred sixty-six (366) consecutive days.

3. APPLICATION AND CONTRACT FOR SERVICE

See Customer Service Policy for application and contract policies and information.

4. ASSIGNMENT OF SERVICE AGREEMENT

See Customer Service Policy for policies and information concerning assignment of Service Agreement.

5. SERVICE USED IN ADVANCE

In the event gas service is used by the Customer before the Service Agreement is signed, such service shall be governed by these General Rules and Regulations and the appropriate rate schedule. The City may discontinue such service at any time upon failure or refusal of the Customer to sign the Service Agreement, failure to establish credit and/or failure to pay in full the amount due for service to that date.

6. ESTABLISHMENT OF CREDIT BY CUSTOMER

See Customer Service Policy.

7. RE-ESTABLISHMENT OF CREDIT

See Customer Service Policy.

8. CUSTOMER DEPOSITS

See Customer Service Policy.

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9. INSTALLATION OF GAS SERVICE LINES AND CONNECTIONS FROM EXISTING MAINS

The Gas Service Line and connections from the Main to Meter shall be made by the City upon application. The Gas Service Line shall be of the size and type prescribed by the City. No Gas Service Line shall be installed across private property other than the Premises to be supplied with gas, except after special investigation and approval by the City.

The property owner shall provide a meter location which allows for unimpeded installation and maintenance of the Gas Service Line and Meter. The property owner shall locate all non-utility underground facilities before the City begins installation of the Gas Service Line. The City will not be responsible for damage to any non-utility facilities which are not properly located.

When the length of required Gas Service Line exceeds the allowance provided for in the Natural Gas Connection Fee Schedule, the Applicant will pay to the City an amount as spelled out in such policy for the portion in excess of the allowance provided, except that City may agree to bear the entire cost of Gas Service Line installation if, in the judgment of the City, the probable use of gas is sufficient to justify the investment.

If extraordinary construction conditions exist including rock in excess or hardness greater than that estimated, the City reserves the right to stop construction, revise construction cost estimates based on actual conditions and offer the applicant the opportunity to excavate the rock, pay for the extraordinary costs, or look for an alternative route, design, or recourse including not extending service to the building(s). Twelve inches of cover on private property is required in consolidated rock. To the extent that this is not able to be excavated with equipment that is owned by the City in a reasonable time-frame, the City reserves the right to post-pone installation until such time as an agreement can be reached with the applicant.

When it is necessary to establish a special service connection or a service connection of temporary character, the cost of the entire connection and removal of same, less the salvage value of the returned material, will be charged to the Customer requesting same. For the portion of the temporary Gas Service Line that is used for the permanent establishment of service, the City will install the gas service line as part of the service fee, provided the dwelling meets the requirements in Section 2.0 of the Natural Gas Connection Fee Schedule. Additional service-line credit may be installed for similar installations as the ones described above for multiple dwelling units. The intent of this policy is to encourage the use of natural gas for temporary heating during construction and to consider the permanent service-line requirements when requesting temporary service.

The City will own and control all Gas Service Lines and connections from the main to the outlet side of the Meter. The customer will install, own, and maintain all pipe, fittings, and equipment downstream of the outlet side of the meter. The City will operate customer-owned

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valves as necessary to maintain service during maintenance or testing or to maintain gas pressure on the customer's piping while maintenance is performed.

After a service connection has been made, it may be relocated on the Premises by the City upon request of the Customer; but the Customer must bear the expense of the relocation, and the relocation will not be made where it will interfere with or jeopardize the City's service either to the Customer desiring the change or to any other customer or customers.

10. EXTENSION OF MAINS

Upon application for service requiring extension of City's Mains, such extension will be made by City in accordance with the provisions of this section. All extensions will be of the size and type prescribed by the City.

When specific buildings are to be served and the length of Main extension required does not exceed 100 feet for each building, the entire extension will be made at the expense of the City, provided that there is evidence or contractual assurance that major gas appliances will be used when made available. Furthermore, if the building includes three or more dwelling units per building, and each dwelling unit shows evidence or assurance that major gas appliances will be used, the allowance per building may be increased by 50 feet per dwelling unit in each building.

When specific buildings are to be served and the length of Main extension required exceeds 100 feet for each building, the entire extension will be installed at the expense of the City provided that an economic analysis shows that the City shall recover the cost of installation in an eight year time-frame at the rates prevailing at the time of application. Any projected deficiency in recovery of the investment may be provided by the developer, builder, or owner as contribution in aid to construction. The contribution may be required in full prior to construction and if the contribution exceeds \$50,000, a portion equal to 10% of the estimated construction cost or 25% of the aid to construction, whichever is greater, must be received prior to permitting and design and will be non-refundable.

If extraordinary construction conditions exist including rock in excess or hardness greater than that estimated, the City reserves the right to stop construction, revise construction cost estimates based on actual conditions and offer the applicant the opportunity to excavate the rock, pay for the extraordinary costs, or look for an alternative route, design, or recourse including not extending main to the buildings.

The Applicant or Customer shall pay the full cost of any main extension requested by the Customer or Applicant which is of a temporary character.

These provisions shall not require the City to extend its Mains across private property or in the streets that are not at established grade; nor prohibit the City from making extensions of Mains of greater length than required herein.

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11. RIGHT-OF-WAY

The Customer shall at all times furnish the City a satisfactory and lawful right-of-way, at no cost to the City, through its Premises for the City's Mains, Gas Service Lines, and other apparatus necessary or incidental to the furnishing of service, and shall also furnish satisfactory protection for meters and other apparatus of the City installed on the Premises.

The City may change the location of City facilities and rights-of-way upon request of the Customer, but the Customer must bear the expense of the change and the change will not be made where it will interfere with or jeopardize the City's service, either to the Customer requesting the change or to any other customer. All privileges of the City incident to the original location shall apply to the new location.

The City's obligation to supply service is dependent upon its securing and retaining all necessary rights-of-way for the delivery of such service, and the City shall not be liable to the Customer for any failure to deliver service because of the City's inability to secure or retain such rights-of-way.

A request for service and the Customer's acceptance of such service from the City shall be deemed to grant the City an implied right-of-way through the Customer's Premises.

12. CITY FACILITIES

The City will install and maintain necessary Main, Gas Service Line, valves, regulators, Meters, over pressure protection devices, indexes, gauges and/or other equipment or facilities required to provide service. The title to all such equipment up to and including the outlet of the Meter Assembly shall be vested in the City regardless of any contributions in aid of construction paid to the City by any Customer or third party.

13. INTERFERENCE OR TAMPERING WITH CITY PROPERTY

The Customer shall not interfere with, alter or remove the City's meters, or other property, or permit the same to be done by others. Damage or loss caused or permitted by the Customer to said property shall be paid for by the Customer.

North Carolina General Statute (GS) 14-151.1 makes it unlawful to alter, tamper with, or bypass a gas meter. This statute provides for fines of up to \$500.00 and for imprisonment for up to two (2) years in the discretion of the Court for this criminal offense. In addition, this statute provides for recovery in a civil action by the Company of three (3) times the amount of losses and damages sustained or \$500.00, whichever is greater.

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14. ACCESS TO CUSTOMER'S PREMISES

The City shall have the right of ingress to and egress from the Customer's Premises, at all reasonable times, for any and all purposes associated with the delivery of service, or the exercise of any and all rights under the Service Agreement.

If a condition exists on a Premises, which in the City's opinion is dangerous to City employees or facilities, and/or prevents normal ingress to or egress from the City's facilities, the City may remove or relocate its service facilities at the Customer's expense.

15. CUSTOMER'S EQUIPMENT

The Customer shall give the City notice prior to installing any gas-burning equipment to determine the feasibility of providing service to such equipment. The City shall provide information concerning the availability of service, average delivery pressure, meter location and other information which may be pertinent to the installation.

The Customer's equipment and piping from its connection with the City's meter assembly must be installed and maintained in accordance with approved installation standards and the requirements of Local, State, and Federal agencies having legal jurisdiction, and with the rules of the National Board of Fire Underwriters. Upon the installation of Customer's equipment, customer shall certify to the City that such installed equipment has been tested and certified by a nationally-recognized testing laboratory approved by the State of North Carolina. All House piping and equipment beyond the outlet of the City's Meter Assembly shall be owned and maintained by, and is the sole responsibility of, the Customer, the owner of the Premises occupied by Customer, or the owner of the equipment.

Notwithstanding the above, City personnel may light pilots and make flame adjustments to the extent same is in accordance with City's policies then in effect.

The Customer assumes responsibility for the use of gas in its equipment and Customer agrees that it shall determine the fuel specifications for its equipment and the capacity requirements of its House piping and install and maintain such House piping and devices as it determines are adequate to protect and safeguard its equipment from liquid hydrocarbons, other liquids, or fluctuations or changes in gas pressure or other irregularities that may be present in the natural gas stream at the Delivery Point.

The nature and condition of Customer's equipment shall be such as not to endanger life or property, interfere with the service to other customers or permit the passage of gas without meter registration, and it shall not be used for any illegal purpose.

If the Customer's equipment might create a vacuum, back pressure, or any other condition which in the City's sole opinion could cause operating difficulties on the City's system, a device meeting the City's specifications must be installed and maintained by the Customer to fully

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protect the City's facilities. Customer shall advise City of any such condition known to Customer.

City shall have no obligation to extend service for space heating or conditioning equipment which uses natural gas only as a standby or auxiliary energy source.

16. QUALITY

The gas delivered hereunder shall conform to the Utilities Commission's standards contained in Chapter 6, Article 7, of the Commission's Rules and Regulations.

17. MEASUREMENT

a. Measurement Unit

The measurement unit shall be one Cubic Foot of Gas as defined in Section 2e.

Where gas is delivered at a pressure of 20 pounds per square inch gauge or less, the gas shall be assumed to obey Boyle's Law. Where gas is delivered at a pressure greater than 20 pounds per square inch gauge, the measurement of gas volumes shall be adjusted for deviation from Boyle's Law in accordance with generally accepted engineering practice.

18. MEASURING EQUIPMENT

a. City's Equipment and Responsibility

City will provide, install, maintain and operate for each Customer such Meter Assembly and any other equipment as may be required by the City for the service being rendered. Ultrasonic and Turbine meters shall be installed and operated in accordance with the latest approved revision of the A.G.A. Gas Measurement Committee Reports and shall include the use of straightening vanes. Electronic instruments and computers that perform metering without the use of charts and meet the accuracy requirements of A.G.A. Report No. 3 hereinabove identified, or an acceptable alternative, may be used.

The City shall have the right at its option and at its own expense, to place demand meters, pressure gauges, or other instruments on the Premises of the Customer for billing, testing, or other purposes related to the delivery of service.

b. Customer's Equipment and Responsibility

The Customer shall provide a suitable location satisfactory to the City for its Meter Assembly and related equipment. This location shall be convenient and accessible at all reasonable times to the City's meter readers and other agents, and shall conform with all applicable Local, State, and Federal requirements, and with rules of the National Board of Fire

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Underwriters. Where City elects to install remote Meter reading devices, the Customer shall cooperate with the City to effect installation of and required power and phone service to such equipment at the Meter location.

Customer acting jointly with City may install, maintain, and operate, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed and operated as not to interfere with the operation of City's measuring equipment.

Representatives of the City shall be given access to the Premises of the Customer at all reasonable hours for obtaining meter readings, for shutting off the flow of gas for reasons herein prescribed, for inspection of piping and appliances, and for inspecting, removing, repairing, or protecting from abuse or fraud any of the property of the City installed on the Premises. Access shall be granted at all times for emergency purposes.

Customer shall be liable to the City for damages to or loss of the Meter, Meter Assembly, or other City property on the Customer's Premises due to negligence or lack of care on the part of the Customer, Customer's agents or employees, or members of the Customer's household. The City may refuse or suspend service upon refusal of legitimate access to City's equipment, or until any damage or loss to such equipment has been settled to City's satisfaction.

c. Relocation of Measuring Equipment

When a Meter Assembly or related equipment is relocated at the City's option, all expense in connection with such change shall be borne by the City. If the relocation is made at the Customer's request, the expense will be borne by the Customer.

19. TESTING OF GAS METERS AND ADJUSTMENT OF BILLS

a. Testing

Every Meter and/or associated measuring device shall be inspected, tested and sealed before being placed in service and after removal from service. In addition, every Meter shall be subjected to either random or periodic field verification, testing upon removal, or field calibration.

Meter tests requested by a Customer will be made in accordance with the Customer Service Policy.

20. BILLING

See Customer Service Policy.

21. PAYMENT TERMS

See Customer Service Policy.

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22. OFFSETS AGAINST BILLS PROHIBITED

See Customer Service Policy.

23. RESPONSIBILITY BEYOND DELIVERY POINT

The City is responsible for the gas service to the Delivery Point at the outlet of the City's Meter Assembly or tie-in to customer owned piping, whichever is further downstream. The City shall not be responsible for the transmission, use or control of gas beyond the Delivery Point, and shall not be liable for any damage or injury to any person or property whatsoever, or death of any person arising, accruing or resulting in any manner from the receiving or use of said gas, defective equipment of the Customer, or other cause not resulting from the direct, exclusive negligence of the City. On occasion, the City will install piping downstream of the meter assembly. The ownership of all such non-jurisdictional piping located downstream of the meter assembly is granted to the customer after it is put in service for the first time. The City makes no warranty, written or otherwise to the maintenance of such line and the customer is responsible for its cathodic protection, if applicable, its physical protection, and any other on-going maintenance.

The Customer shall be responsible for the existence, use and control of gas on the Customer's side of the Delivery Point.

24. RESALE OF GAS

Gas supplied to any Customer, under any of the City's rate schedules, shall not be re-metered for sale or resold, either directly or indirectly, unless specifically provided for in the Customer's rate schedule and in the Customer's Service Agreement with City. The City will not, under any circumstances, supply gas to the Customer for resale in direct competition with the City.

25. INTERRUPTIONS OF SERVICE

Except where interruptions of service are permitted by contract, tariff or in accordance with these Natural Gas Division General Rules and Regulations, the City shall make reasonable efforts to avoid interruptions of service; but, when interruptions occur for any reason, service shall be reestablished within the shortest time practical, consistent with safety and, if applicable, in accordance with the conditions of "force majeure" set forth in Section 26 controlling service; however, the City shall not be liable for any loss or damage resulting from such interruption of service.

The City may temporarily shut off the supply of gas to the Customer's Premises after reasonable notice for the purpose of making necessary repairs or adjustments to Mains or supply pipes. The City reserves the right to shut off the supply of gas without notice in case of an emergency.

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26. FORCE MAJEURE

The term "force majeure" as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrection, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, other extreme conditions of weather or temperature, arrests, the order of any courts or government authority having jurisdiction while the same is in force and effect, civil disturbances, explosions, breakage, accidents to machinery or lines of pipe, freezing of wells or lines or pipe, temporary failure of gas supply, inability to obtain sufficient year-round firm natural gas supply from pipeline suppliers to meet the winter peak load and any other cause whether of the kind herein enumerated or otherwise, not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.

In the case of service provided under City's transportation rate schedules, force majeure shall also include interruption of deliveries of Customer's gas to City by Transco.

In the event of either party being rendered unable, wholly or in part, by force majeure to carry out its obligations other than the obligation to make payment of amounts accrued and due at the time thereof, it is agreed that on such party's giving notice and full particulars of such force majeure in writing or by telephonic notice to the other party within a reasonable time after the occurrence of the cause relied on, the obligations of both parties, 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 be so far as possible remedied with all reasonable dispatch.

Neither party shall be liable for damages to the other for any act, omission or circumstances occasioned by, or in consequence of force majeure, as herein defined.

Such causes or contingencies affecting the performance by either party, however, shall not relieve it of liability unless such party shall give notice and full particulars of such cause or contingency in writing or by telephonic notice to the other party as soon as possible after the occurrence relied upon, nor shall such causes or contingencies affecting the performance by either party relieve it of liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting the performance relieve either party from its obligations to make payments of amounts then due in respect of natural gas theretofore delivered.

27. REASONS FOR DENYING OR DISCONTINUING SERVICE

The City shall have the right to suspend its service for repairs or other necessary work on its Mains or system, or to deny or discontinue its service as spelled out in the Customer Service Policy and for any of the following reasons:

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- (1) Without notice in the event of a condition determined by the city to be hazardous.
- (2) Without notice in the event of Customer use of equipment or service in such a manner as to adversely affect the City equipment or the City's service to others.
- (3) Without notice in the event of tampering with equipment furnished and owned by the City.
- (4) Without notice in the event of unauthorized use or for any material misrepresentation as to the identity of the Customer making the contract for service.
- (5) For violation and/or noncompliance with the City's General Rules and Regulations, or any terms and conditions of the Service Agreement between the City and the Customer and for violation of any order, ordinance, or law of Local, State or Federal government.
- (6) For failure of the Customer to fulfill his contractual obligations for service and/or facilities.
- (7) For failure of the Customer to permit the city reasonable access to its equipment.
- (8) For failure of the Customer to furnish such service equipment, permits, certificates and/or rights-of-way as shall have been specified by the City as a condition to obtaining service, or in the event such equipment or permissions are withdrawn or terminated.
- (9) Without notice in the event that piping, equipment, appliances or devices are installed or in use on the Customer's Premises which permit the gas to be used without passing through the City's meter, or which prevent or interfere with the measuring of the gas by the City's Meter.

28. VACATED PREMISES AND DISCONTINUANCE OF SERVICE BY CUSTOMER

See Customer Service Policy.

29. REMOVAL OF CITY EQUIPMENT

In the event of discontinuance of service or expiration of the Service Agreement, the city shall have the right to remove its Meters and other equipment.

If a gas service line has been inactive for a period of one year, the City shall have the right to disconnect it from the gas main. If the customer should then request service to be

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provided, the full cost of new service line installation shall be charged in accordance with Section 9.

Such removal shall be at the City's sole expense. However, the City shall not be liable to any person for damages or repairs to the Premises reasonably caused or necessitated by such removal.

30. RECONNECTION FEES

See Customer Service Policy

31. CUSTOMER INFORMATION

Customer shall furnish city monthly, upon request, complete information concerning the use or disposition of the gas delivered by City pertinent to the rate schedules or contracts under which Customer is receiving gas service.

Each Customer will advise the City or City's representatives by telephone, written notice, or otherwise of changes in its scheduled daily deliveries as far in advance as operating conditions will permit.

City and Customer shall upon request each deliver to the other for examination such pertinent records and charts as shall be necessary to verify the accuracy of any statement, chart or computation made by either of them under or pursuant to any of the provisions hereof, of the applicable rate schedule or of the Service Agreement.

32. GAS LEAKS

The Customer shall give immediate notice to the City of leakage of gas. No deduction on account of leakage shall be made from Customer's bills unless such leakage occurs as the result of fault or neglect of agents of the City.

33. PRESSURES

City shall deliver natural gas to Customer at a pressure of 7" w.c. or two pounds per square inch gauge unless otherwise agreed upon in the Service Agreement.

The Customer shall maintain their piping system to receive pressures in excess of the delivery pressure according to the following:

When the customer's delivery pressure is 7" w.c., they shall maintain their house piping to safely receive a minimum of 2.5 psig in the event of a regulator malfunction but no less than what may be required by the North Carolina Fuel Gas Code.

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When the customer's delivery pressure is 2 psig, they shall maintain their house piping to receive a minimum of 7.5 psig in the event of a regulator malfunction but no less than what may be required by the North Carolina Fuel Gas Code.

34. TYPES OF SERVICE

The City has several rate schedules, all of which are contained in its Tariff. The availability to any Customer or Applicant of service under any of the City's rate schedules is generally subject to the availability of an adequate supply of natural gas, the City's delivery capacity to the location of the Customer, the Customer's location adjacent to the City's Mains, or the City's willingness to extend its Mains to an Applicant who enters into a Service Agreement with the City.

When service is supplied to the Customer under more than one of the City's rate schedules, the Customer shall not use service rendered under the higher priced rate schedule as a standby for service rendered under the lower priced rate schedule, and Customer shall not install any interconnection between the fuel lines supplying gas delivered under separate accounts without written approval of the City.

35. REQUESTS TO INCREASE LOAD

All customers, other than those served under the City's **Natural Gas Rate Schedule R-1**, shall make a request to the City before installing equipment that results in increased gas load or before changing the purpose for which gas is used. The city shall treat such requests to increase load in the same manner as a request for new service.

If a customer served under the City's **Natural Gas Rate Schedule R-1** proposes to install equipment that results in increased gas load that totals more than 400,000 btuh, they shall make a request to the City.

36. STANDBY FUEL

The City may require any Customer to have and maintain complete standby fuel and equipment as a condition of service under any rate schedule when the City determines, on its sole discretion, that curtailment is likely to occur at the Customer's location or for any other reason deemed valid by the City.

37. DULY CONSTITUTED AUTHORITIES

The rate schedules of City, these General Rules and Regulations, and the respective obligations of the parties under the Service Agreement, are subject to valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction over either or both City and Customer.

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38. COPIES OF APPLICATIONS, CONTRACTS, ETC.

Application forms, Service Agreement forms, copies of City's rate schedules and General Rules and Regulations, and related documents are available at the offices of the City and will be furnished to the Customer or Applicant on request.

All programs, agreements or contracts for service between the City and its customers, City's rate schedules, and these General Rules and Regulations are subject to change and modification from time to time.

39. NOTICES

Except as otherwise provided in these Rules and Regulations or in the executed Service Agreement, any notice, request, demand, statement or bill which either City or Customer may desire to give to the other, shall be in writing and shall be considered as duly delivered when mailed by postpaid registered mail addressed to said party at its last known post office address, or at such other address as either party may designate in writing. Routine communications, including monthly statements and payments, shall be considered as duly delivered when mailed by either registered or ordinary mail.

40. NON-WAIVER

The failure of the City to enforce any provision of the Rules and Regulations shall not be deemed to be a continuing waiver of such provision for any Customer or a waiver of any other provision of these Rules and Regulations.

41. CONFLICTS BETWEEN "GENERAL RULES AND REGULATIONS" AND FILED TARIFFS

In the event there is a conflict between any of the provisions contained in these General Rules and Regulations and the provisions contained in the currently effective tariffs of the City, the provisions of the tariffs shall govern.

42. SUPPLEMENTAL RULES AND REGULATIONS PERTAINING TO TRANSPORTATION SERVICE PROVIDED BY CITY

Sections 43-54 apply only to transportation service provided by City. These sections in no way limit the applicability of all other sections of City's General Rules and Regulations to transportation services provided by City.

43. DEFINITIONS

a. Entitlement Volume - the quantity of gas received by City from Transcontinental Gas Pipe Line Corporation (Transco) for Customer's account during a monthly billing period.

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b. Imbalance - the positive or negative difference between Customer's Entitlement Volume and the quantity billed to Customer under transportation rate schedule during a monthly billing period. Customer's Imbalance will be positive if Customer has not been billed all of its Entitlement Volume for use at Customer's facilities, and Customer's Imbalance will be negative if Customer has been billed for use at Customer's facilities exceeding its Entitlement Volume.

c. Cumulative Imbalance - Customer's Imbalance combined with any imbalance carried forward from the immediately preceding monthly billing period.

44. IMBALANCES

The City or a gas marketer designated by the City shall maintain a record of Customer's imbalances, and shall notify Customer of Customer's Cumulative Imbalance after City receives a monthly statement of deliveries from Transco for each month Customer is served under city's transportation rate schedule.

Customer shall be responsible for correcting its Cumulative Imbalance with City within one calendar month following the end of the period to which the Cumulative Imbalance applies. If Customer's Cumulative Imbalance is positive, and Customer fails to correct all or part of such imbalance within one calendar month, City may bill Customer the remaining imbalance under City's applicable sales rate schedule, in which case City shall credit Customer the per dekatherm transportation charge Customer has paid City for such imbalance quantity.

45. GAS COST ADJUSTMENT

In the event (a) Customer's Cumulative Imbalance at the end of any calendar month is positive and City's cost of system supply gas increases in the following calendar month, or (b) Customer's Cumulative Imbalance at the end of any calendar month is negative and City's cost of system supply gas decreases in the following calendar month, Customer shall pay City an amount equal to Customer's Cumulative Imbalance multiplied by the increase or decrease in City's cost of system supply gas in the following month, in addition to any and all charges payable to City under City's transportation rate schedule.

In addition to the amount payable to the City based on changes in the index price described above, in the event Customer's Cumulative Imbalance is positive as of October 31 of any year, and Customer's Cumulative Imbalance exceeds five percent (5%) of Customer's actual use billed under City's transportation rate schedule for the month of October, Customer shall pay City a surcharge of \$.50 for each dekatherm by which Customer's Cumulative Imbalance exceeds five percent (5%) of Customer's October use. Customer may, by written notice to City, waive any right to receive Customer's Cumulative Imbalance quantity until April of the following calendar year, in which case City shall waive the surcharge provided for in this paragraph, and the gas Cost Adjustment applied to such Cumulative Imbalance shall be based on the change from the October index price to the index price for the following April.

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46. NOMINATIONS

To permit City to forecast its system supply gas requirements, City may require Customer to make advance nominations for service under City's transportation rate schedules for periods of one or more months in duration.

City shall have no obligation to provide service to Customer under City's sales service rate schedules during any period when Customer has nominated service under City's transportation rate schedules, but city may provide sales service to Customer on a best-effort, as-available basis if requested by Customer during any such period when transportation service has been nominated.

City shall have no obligation to provide service to Customer under City's transportation rate schedules if Customer has failed to nominate service as required by City.

47. SCHEDULING

Customer shall notify the City's Gas Marketer or Scheduler of the quantity and source of gas to be delivered to City by Transco for Customer's account each month no later than the pipeline's deadline for scheduling transportation receipts for the first day of such month. In the event Customer wishes to change the daily quantity or source of gas during any month, Customer shall notify the City's Gas Marketer or Scheduler of such change no later than thirty (30) minutes prior to the respective interstate pipeline's deadline for scheduling transportation receipts for the day the change is requested to take effect. Customer may authorize Customer's supplier to provide any notice to City required by this section.

Customer shall coordinate with Customer's supplier to reduce quantities scheduled for delivery by Transco for Customer's account during known periods when Customer's gas requirements will be reduced. City may refuse, on any day, the quantities scheduled by Customer in excess of the known gas requirements at Customer's facility on such day to the extent City's acceptance of such quantity would prevent City from accepting gas City has committed to purchase from its suppliers and City cannot inject the gas it has committed to purchase from its suppliers into storage without economic penalty to City or its other Customers.

Unless agreed to otherwise by City, service shall be provided under City's transportation rate schedules for whole calendar months only, and City shall have no obligation to accept deliveries by Transco for Customer's account commencing after the first day of any calendar month.

48. ALLOCATION OF GAS RECEIPTS AT CITY'S RECEIPT LOCATION

City shall have the right to designate Customer's supply as a swing supply at city's receipt location for purposes of delivery point allocation procedures of Transco's transportation tariffs.

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City shall notify Customer whenever City becomes aware that a portion of Customer's supply scheduled on Transco has not been received at City's receipt location to assist Customer in avoiding imbalances with Transco, but City shall not be liable for any imbalance charge, penalty, or other expense incurred by Customer as a result of City's failure to accept delivery of the full volume scheduled by Customer at City's receipt location.

49. INTERSTATE PIPELINE PENALTIES

Customer shall be responsible for any overrun, under run or other imbalance charges, including any premium or discount to the market price of gas which may apply under imbalance "cash out" provisions, levied by Transco as a result of the transportation of gas for Customer's account.

50. SPECIAL RULES PERTAINING TO CURTAILMENT OR INTERRUPTION OF SERVICE

The Special Rules set forth in this section are supplemental to the rules governing curtailment or interruption of service set forth elsewhere in these General Rules and Regulations, and to the provisions contained in tariffs for City's transportation rate schedules.

If Customer or Customer's supplier delivers gas for Customer's account under Transco, the following shall apply:

(a) Subject to City's review and acceptance of Customer's firm supply arrangements, if Customer is transporting on a portion of City's firm capacity rights on Transco, under capacity assignment arrangements, that portion of the charges payable by Customer to City for such capacity assignments which reimburses City for the fixed charges payable by City to Transco for such capacity shall be imputed to the gross margin payable by Customer to City, in addition to the per dekatherm charge payable to transport the gas on City's system under city's transportation rate schedule.

(b) If Customer's gas is transported on firm capacity on Transco, which is incremental to City's firm capacity rights on Transco, and City has sufficient capacity through its interconnect with the respective pipeline to accept the incremental supply for Customer's account without reducing receipts from City's own firm supply sources, service to Customer shall be subject to curtailment, discontinuance or interruption only in the event of Force Majeure, operating conditions beyond the control of City or Customer, lack of capacity on City's transmission system to meet the demands of City's residential, commercial and other higher priority customers, or if weather forecasts indicate lower than normal mean temperature conditions which would result in abnormally low pressure within city's gas system and, in City's opinion, such interruption shall be required to preserve pressure in the system, subject to the following

(1) Customer's supply arrangements must be firm, subject only to Force Majeure, and must be reviewed and accepted by City.

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(2) This provision shall be limited to the quantity of gas delivered to City for customer's account utilizing incremental firm capacity on Transco.

(3) If the quantity of gas delivered to city for Customer's account on any day is less than the gas requirements of Customer's facility on such day, City may order full curtailment of Customer's gas use on such day, without liability to Customer, to Customer's supplier, or to any other party if partial curtailment of Customer's use is not practical in City's sole judgment.

(c) Provisions of this section shall not apply to interruptible back-haul arrangements on Transco.

51. CUSTOMER'S RESPONSIBILITY

Customer shall be responsible for any and all amounts due to Customer's supplier or to any other party for Customer's gas, to any transporter for transporting customer's gas prior to delivery to the City's facilities, and for any royalties, severance taxes, penalties or surcharges, fees, sales or use taxes, and similar charges payable by Customer on account of Customer's purchase or transportation of the gas prior to delivery to Customer's facilities or Customer's use of the gas after redelivery to Customer at Customer's facilities.