GENERAL RULES AND REGULATIONS
APPLICABLE TO GAS SERVICE

1. **RULES AND REGULATIONS ON FILE**
A copy of all rates, rules an regulations under which service will be supplied is posted or filed for the convenience of the public in the office of the Company and with the Indiana Utility Regulatory Commission.

2. **WRITTEN APPLICATION OR CONTRACT REQUIRED**
A written application for service or properly executed contract may be required from Customers before the Company will be required to supply service. The Company shall have the right to reject any application or contract for valid reason. When special construction or equipment expense is necessary to furnish service, the Company may require contracts for a suitable period of time and reasonable guarantees.

3. **MODIFICATION OF CONTRACT**
No promises, agreements or representations of any agent of the Company shall be binding upon the Company unless the same shall have been incorporated in a written contract before such contract is signed and approved.

4. **ACCESS TO PREMISES**
The properly authorized agents of the Company shall have the right to enter upon the premises of the Customer at all reasonable times for the purpose of inspecting, reading, testing, repairing or replacing the meter or meters, appliances and equipment used in connection with its service and removing the same on the termination of the contract or the discontinuance of the service.

5. **EQUIPMENT LOCATION PERMIT**
If the Customer is not the owner of the premises served or of intervening property between such premises and the Company's main, the Customer shall obtain from such owner, or owners, in form satisfactory to Company, such permits or easements as are, in the opinion of the Company, necessary for the installation and maintenance on such premises and on such intervening property, all piping, or other gas equipment required for the supplying of gas to the Customer.

6. **CUSTOMER BILLING**
   A. Payment of Bills
   Bills will be issued and payable monthly and must be paid at an office or an establishment collection agency of the Company. If a bill is not paid within seventeen (17) days from the date mailed, the Customer shall be considered delinquent in payment, and the Company may, upon complying with Rule 16 of the Rules and Regulations of Service for Gas Public Utilities in Indiana of the Indiana Utility Regulatory Commission (IURC Rules and Regulations), disconnect service. Failure to receive the bill shall not entitle the Customer to relief from the deferred payment provisions of the rate if he fails to make payment within said seventeen-day period, nor shall it affect the right of the Company to disconnect service for non-payment as above provided.

GENERAL RULES AND REGULATIONS
APPLICABLE TO GAS SERVICE (continued)

6. CUSTOMER BILLING (continued)

B. Senior Citizen Payment Plan

The Company may, upon request, extend the due date (i.e., the date 17 days following the billing date) to the sixth day of the month following the month in which a customer is billed, provided that the Customer applies for and is accepted by the Company as a participant in the Senior Citizen Payment Plan. In order to participate in the Senior Citizen Payment Plan, the Customer must meet the following conditions:

1. The Customer must be taking Residential service, which must be in the Customer's name;

2. The Customer must be retired and must show proof of receiving monthly social security benefits;

3. The Customer must be sixty years of age or older and must show proof of age in a form acceptable to the Company; and

4. The Customer's normal due date falls either on or between the first and the fourth day, or on or between the twenty-first and last day of the month.

7. PAYMENT AFTER DUE DATE OF SERVICE BILL

Once in each half calendar year, but not more often, the Company may upon the Customer's request waive the deferred payment charge on a delinquent bill, provided payment is tendered not later than the last date for payment of net amount of the next succeeding month's bill.

8. RECONNECTION CHARGE

Whenever the service has been turned off the Company for non-payment of bills or whenever a reconnection of service is made for a Customer at the same location, more often than once in a twelve-month period, and service in each such case has been turned off at the Customer's request, a charge will be made by the Company to cover the cost of reconnection of service for each such reconnection in accordance with the schedule of charges as included in the Miscellaneous Nonrecurring Charges Schedule (Sheet No. 24).

9. CHARGE FOR NONSUFFICIENT FUND CHECKS

A charge will be made to reimburse the Company for its cost in handling a check returned by any bank for nonsufficient funds, which charge shall be twenty dollars ($20.00).

10. DEPOSIT TO INSURE PAYMENT OF BILLS

A. Applicable to Residential Customers

The Company shall determine the credit worthiness of an applicant or Customer in an equitable non-discriminatory method and may require a deposit to insure payment of bills in accordance with Rule 15 of the IURC Rules and Regulations.

B. Applicable to Commercial and Industrial Customers

The Company may require from any applicant, as a guarantee against the non-payment of bills, a cash deposit equal to the amount payable for service for a sixty-day period as estimated by the Company. In all cases where the monthly amount payable is in excess.

GENERAL RULES AND REGULATIONS
APPLICABLE TO GAS SERVICE (continued)

10. **DEPOSIT TO INSURE PAYMENT OF BILLS (continued)**

B. Applicable to Commercial and Industrial Customers (continued)

of that covered by the deposit, the Company may increase the amount of deposit required, but such deposit shall not exceed the estimated amount payable for a sixty-day period.

In the case of a cash deposit as a guarantee against the non-payment of bills, simple interest thereon at the rate established by the Indiana Utility Regulatory Commission shall be paid by the Company for the time such deposit is held by the Company, but for no period less than six (6) months. Upon discontinuance of service, the amount of the final bill will be deducted from the sum of the deposit and interest due, and the balance, if any, shall be remitted to the depositor.

11. **PREDICATION OF RATES**

The Company's gas rates are predicated upon the supply of service to the Customer separately for each premises and for the ultimate usage of such separate premises. The combining of service of two (2) or more separate classifications through a single meter, or of two or more premises, or of two (2) or more separate living quarters of the same premises, will be permitted only under such rules and regulations as filed by the Company and approved by the Indiana Utility Regulatory Commission. (See Rules Nos. 12,13, and 14). An outlying or adjacent building of the Customer, if located on the same premises, may be served from the supply to the main residence or building, provided the use of such supply to the adjacent building is supplementary to the usage in the main building. "Premises" as herein used shall mean the main residence, or living quarters for the use of a single family, or main building of a commercial Customer, and shall include the outlying or adjacent buildings used by the same provided the use of the service in the outlying or adjacent building is supplemental to the service used in the main residence or building.

12. **BUILDING CONTAINING TWO OR MORE SEPARATE LIVING QUARTERS**

Where residential service is supplied through one meter to an apartment house or to a building containing two or more separate living quarters, the Customer shall be served under the multiple family housing rate.

The Customer may arrange the piping at his own expense, so as to separate the combined service and permit the Company to install a separate meter for each separate living quarter. In each such case the reading of each such meter shall be billed separately on the residential rate. In such case the piping shall be arranged to provide for the grouping of all meters at the service entrance.

This rule has no application to rooming houses.

13. **COMBINED RESIDENTIAL AND COMMERCIAL SERVICE**

Where both residential and commercial classes of service are supplied through one service and one meter to the same Customer on the same premises, such combined service shall be classed as commercial and billed under the general service rate.

GENERAL RULES AND REGULATIONS
APPLICABLE TO GAS SERVICE (continued)

13. **COMBINED RESIDENTIAL AND COMMERCIAL SERVICE (continued)**
At the option of the Customer, the connections may be arranged at the Customer's expense so as to separate the commercial service and the residential service to permit installation of two (2) meters, in which case the residential rate will apply to the residential service and the general service rate to the commercial service.

14. **RESALE OF THE SERVICE**
Service will not be furnished under any schedule of the Company on file with the Commission to any Customer, applicant, or group of applicants desiring service with the intent or for the purpose of reselling any or all of such service, except service to other utilities.

15. **CHOICE OF OPTIONAL RATE**
Where optional rate schedules are available for the same class of service, the Customer shall designate the schedule he desires. Where selection of the most favorable schedule is difficult to pre-determine, the Customer will be given reasonable opportunity to change to another schedule, provided, however, that after one such change is made, the Customer may not make a further change in schedule until twelve (12) months have elapsed.

The Company will, at the request of the Customer, assist the Customer in the choice of the schedule most advantageous to the Customer, but the Company does not guarantee that the Customer will at all times be served under the most favorable rate, nor will the Company make refunds representing the difference in charges between the rate under which service has actually been billed and another rate applicable to the same class of service; provided that if the Customer is placed on an unfavorable rate through erroneous advice of the Company, the Customer shall be changed to the most advantageous rate immediately upon discovering such error.

16. **COMPANY RESERVES THE RIGHT TO SHUT OFF SUPPLY**
The Company reserves the right to shut off the supply of all service to all or any part of the premises for any of the following reasons:

(1) if a condition dangerous or hazardous to life, physical safety or property exists; or
(2) upon order by any court, the Commission or other duly authorized public authority; or
(3) if fraudulent or unauthorized use of gas is detected and the utility has reasonable grounds to believe the affected Customer is responsible for such use; or
(4) If the utility's regulating or measuring equipment has been tampered with and the utility has reasonable grounds to believe that the affected Customer is responsible for such tampering; or
(5) for violation of any of the Rules and Regulations applicable to the service, and
(6) For repairs; or
(7) for non-payment of bills upon compliance with the IURC Rules and Regulations; or
(8) for want of supply; or

GENERAL RULES AND REGULATIONS
APPLICABLE TO GAS SERVICE (continued)

16. **COMPANY RESERVES THE RIGHT TO SHUT OFF SUPPLY (continued)**
(9) for any lawful reason. Such discontinuance shall not, however, invalidate any contract and said Company shall have the right to enforce any contract notwithstanding such discontinuance.

17. **FAILURE OF METER**
Whenever it is discovered that a meter is not recording within the limits of accuracy as prescribed in the IURC Rules and Regulations, adjustment shall be made in accordance with such rules.

18. **COMPANY'S PROPERTY AND PROTECTION THEREOF**
All meters or other appliances and equipment furnished by and at the expense of the Company, which may at any time be on or in the Customer's premises, shall, unless otherwise expressly provided, be and remain the property of the Company, and the Customer shall protect such property from loss or damage, and no one who is not an agent of the Company shall be permitted to remove such property or tamper therewith.

19. **INTERRUPTION OF SERVICE, ETC.**
The Company shall not be responsible in damages for any failure to supply gas service or for interruption of the supply of gas, or for defective piping on the Customer's premises, or for damages resulting to a Customer or to third persons from the use of gas or the presence of the Company's equipment o the Custom er's premises, unless due to fault, neglect or culpability on the part of the Company. Neither party shall be liable to the other for any failure or delay in case such failure or delay is caused by strikes, the Act of God, or unavoidable accidents or contingencies beyond its control and is not due to fault, neglect or culpability on its part.

20. **DISCONTINUANCE OF SERVICE**
The Customer shall be responsible and pay for all gas service supplied to the Customer's premises until the third working day following notice duly given by the Customer at the office of the Company to discontinue service.

21. **MONTH**
A "month" means the period between any two consecutive regularly scheduled readings by the Company of the meter or meters on the premises, such readings being scheduled as nearly as practicable every thirty days.

22. **DESCRIPTION OF SERVICE TO BE FURNISHED**
The Customer shall, upon request of the Company, present in writing to the Company a list of the gas consuming equipment initially to be connected to the Company's gas supply giving the location of the premises, and the Company will then advise the character of service and the conditions under which it will be furnished.

GENERAL RULES AND REGULATIONS
APPLICABLE TO GAS SERVICE (continued)

23. **SERVICE CONNECTIONS**

The Company will supply for a residential or commercial Customer without charge a service line of not more than 150 feet in length from the property line of the Customer to the service connection at the meter. A charge based on current prices will be make by the Company for a service line on the Customer's property in excess of 150 feet in length.

In case of industrial service, suitable arrangements shall be made between the Company and the Customer with regard to the extent of the service line installed by the Company.

The Company will locate the point at which the Company's meter installation will attach to the Customer's piping, and the Customer's piping shall be run to this point for attachment to the meter. In no event shall the service line be run under or through any portion of the building then constructed or to be constructed at a future date, except at the point immediately preceding the metering location. The Company will extend its distribution mains a reasonable distance, as may be determined by the Company for the purpose of supplying gas service for a new connection. Any changes made in the locations of service connections at the Customer's request, after once installed, shall be at the customer's expense.

To comply with the minimum State Safety Standards for the Transportation of Gas and Related Pipeline Facilities, any required relocation of the Company's' facilities due to changes made by the Customer after once installed shall be made at the Customer's expense.

24. **CUSTOMER PIPING AND EQUIPMENT**

Applicants for service, shall at their own expense, equip their premises with all piping and attachments from the meter to the appliances or equipment served. Such piping and attachments shall be installed and maintained in accordance with effective applicable state and local codes and in accordance with the rules of the Company in force at the time.

The Company shall be under no duty to inspect the piping and equipment of the Customer. The Customer shall at all times maintain the piping and equipment beyond the outlet side of the meter.

25. **LOCATION OF COMPANY REGULATORS, METERS, AND APPLIANCES**

When the form of service requires, the Customer shall provide free of expense to the Company and at a location satisfactory to the Company a suitable place for necessary regulators, meters, or other equipment which may be furnished by the Company.

26. **MEASUREMENT**

The gas supplied, unless otherwise specified, shall be measured by a meter or meters of standard manufacture, installed by the Company. Each meter shall be considered by itself in calculating the amount of any bills except when, for the convenience of the Company, more than one meter installed on the same class of service in the same premises for the same Customer in which case the sum of the registrations shall be in all cases be taken as the total registration.

GENERAL RULES AND REGULATIONS
APPLICABLE TO GAS SERVICE (continued)

26. **MEASUREMENT (continued)**
Where service is supplied at pressures in excess of ten (10) inches of water column or where gas temperature varies from 60° F., the Company may correct the volume of gas metered to correspond to gas of standard condition on a water vapor free basis, at an absolute pressure of 14.65 pounds per square inch, and at a temperature of 60° F.

27. **EXTRA METERS AT CUSTOMER'S REQUEST**
The Company will not supply meters other than those deemed necessary by the Company to render gas service to the Customer except for temporary installation. When such temporary extra meters are installed at the request of the Customer, the Customer shall be required to pay the cost, (excepting meter) required for the installation and removal. A rental charge, dependent upon size and type of meter, but in no case less than $1.00 per meter per month, will be made for each extra meter.

28. **TEMPORARY SERVICE**
An applicant for temporary service shall be required to pay the cost of labor and material required in connection with such installation in accordance with the Company's job work procedure.

The applicable rate schedule shall apply for service furnished.

Temporary installation may continue for a period of more than twelve (12) months, if such installation conforms to the requirements of a permanent installation.

29. **NOTIFY COMPANY BEFORE INCREASING LOAD**
The service connections, regulators, meters and equipment supplied by the Company have definite capacity, and no substantial addition to the gas consuming equipment should be made without first consulting with the Company.

30. **FRAUD, THEFT OR UNAUTHORIZED USE**
When the Company detects fraudulent or unauthorized use of gas, or that the Company's regulation, measuring equipment or other service facilities have been tampered with, the Company may reasonably assume that the Customer or other user has benefited by such fraudulent or unauthorized use or such tampering and, therefore, is responsible for payment of the reasonable cost of the service used during the period such fraudulent or unauthorized use or tampering occurred or is reasonably assumed to have occurred and is responsible for the cost of field calls and for the cost of effecting repairs necessitated by such use and/or tampering. In any event, the Company may make a charge for such out-of-pocket costs. Under circumstances of fraud, theft, unauthorized use of gas, tampering or alteration of the Company's regulation, measuring equipment and/or other service facilities, the Company may disconnect service without notice and is not required to reconnect the service until a deposit and all the aforementioned charges, or an estimate of such charges are paid in full, subject to any provision of the Indiana Utility Regulatory Commission rules to the contrary.

GENERAL RULES AND REGULATIONS
APPLICABLE TO GAS SERVICE (continued)

30. **FRAUD, THEFT OR UNAUTHORIZED USE (continued)**

In the event of fraud, theft or unauthorized use of gas which is not upon or connected with a Customer's premises, the ultimate user of the service shall be liable in the same manner as a Customer for gas service used, the incurred costs of field calls and the cost of effecting repairs, and disconnection without notice.

31. **RESTRICTIONS APPLICABLE TO USE OF GAS FOR CERTAIN APPLICATIONS**

The Company's gas service taken under any of its gas rate schedules shall not be available thereunder for application or use on the part of the Customer to processes wherein the consumption of gas is both of an intermittent character and associated with cold weather conditions.

32. **DUAL-FUEL SERVICE**

The Company's gas service shall be available under the following conditions to commercial and industrial spaceheating and/or waterheating Customers entering into a contract therefor:

A. Such Customers may be served hereunder provided dual-fuel equipment assigned to use the Company's gas service in conjunction with an alternate fuel supply, is installed by the Customer, and provided that the Customer agrees to purchase, or schedules for purchase, prior to each heating season, such alternate fuel in sufficient quantity as required by the Customer at all times when the Company's primary gas supply is not available hereunder.

B. The Company's primary gas supply shall be available, or not available when the outside temperature is as follows:
   (1) When the outside temperature falls to 15° F., at which temperature the Company's gas service shall automatically be shut off.
   (2) When the temperature next returns to 20° F., at which later temperature and higher temperatures, the Company's gas service shall again be available.
   (3) The temperature range above specified at which the Company's gas service is available may at the option of the Company be changed from time to time to a lower temperature range for all Customers so served, through adjustment by the Company of the Customer's temperature actuated equipment, dependent upon the sufficiency as determined by the Company, of the Company's gas supply to meet the additional load incidental to such lowered temperatures.

C. The Customer shall furnish at the Customer's expense, the following equipment approved by the Company for control of the Customer's primary load in accordance with the applicable terms, conditions and restrictions:
   (1) A temperature recording gauge with locking device to be secured by a lock or seal provided by the Company and opened only in the presence of a representative of the Company.
   (2) A pressure-volume-time-temperature (PVTT) gauge or other suitable equipment for determining and recording the volume and/or time of usage of gas service.
   (3) A single dual-fuel thermostat with cover and locking device for converting all dual-fuel equipment from one fuel to the alternate to be secured by a lock or seal

GENERAL RULES AND REGULATIONS
APPLICABLE TO GAS SERVICE (continued)

32. **DUAL-FUEL SERVICE (continued)**

provided by the Company and opened only in the presence of a representative of the Company.

(4) Such wiring circuits and auxiliary equipment for transmitting the necessary readings or indications.

The Company will install, at the Customer's expense, items (1) and (2) above. All such equipment shall be fully automatic for transferring from one fuel to the other, except that, subject to the approval of the Company, semi-automatic operation may be employed for the reestablishment of the Company's gas service, where the size of equipment operated, the loads involved or regulations applicable, make fully automatic operation impractical.

It will be permissible for the Customer to install a manually operated switching device in a manner approved by the Company for use in testing equipment changeover operation provided no testing shall be done when gas is not available under the provision hereof except with the specific approval of the Company and in the presence of a Company representative.

D. A secondary, uninterrupted gas supply may be provided for use in pilot or ignition burners installed on dual-free equipment served hereunder. Such pilot or ignition burners must have a use incidental to the main gas burner and be installed in a manner approved by the Company.

33. **EXCESS FACILITIES**

Unless otherwise provided for in the Rate Schedule:

(1) The Company will furnish as normal installation, facilities adequate to supply service at a single point of delivery,

(2) The Company will furnish as a normal metering installation meters adequate to measure at a single point of delivery gas consumption of the entire premises, the type of such meters to be determined by the Company.

GENERAL RULES AND REGULATIONS
APPLICABLE TO GAS SERVICE (continued)

33. **EXCESS FACILITIES (continued)**

In the event service facilities in excess of a normal installation are requested by the Customer or are required to serve the Customer's load, the Company, subject to rules currently approved by the Indiana Utility Regulatory Commission, shall determine whether to extend facilities therefore, and if so, the Company shall furnish, install, and maintain such facilities, subject to the following conditions and such others as are reasonably necessary due to special conditions of service:

(a) The type, extent, and location of such service facilities shall be determined by the agreement between the Company and the Customer.

(b) Such service facilities shall be the property of the Company.

(c) The Customer shall agree to pay to the Company a monthly rental equal to two and two tenths percent (2.2%) of the estimated installed cost of the excess facilities.

(d) The monthly rental shall be appropriately adjusted if a change is made in the excess facilities provided by the Company.

(e) The Customer shall provide power as specified by the Company, if so required, to operate such service facilities.

GENERAL RULES AND REGULATIONS
APPLICABLE TO GAS SERVICE (continued)

34. **CURTAILMENT, LIMITATION, AND PRIORITIES OF SERVICE**

When sufficient volumes of gas, in the judgment of the Company, are not available to the Company to meet all existing and reasonably anticipated demands for service or to protect and replenish its underground gas storage reserves, the Company shall have the right to restrict, limit, or curtail gas service within any of its systems so affected in accordance with any of the provisions of this Rule.

34.1 Limitations on New or Additional Loads

If in the Company's judgment it has a sufficient supply of gas so that no curtailment is reasonably foreseeable, the Company may supply new or additional requirements to its Customers.

New applicants for service shall certify to the Company that the applicant's facility to which service is to be supplied meets the insulation requirements specified in Rule 34.2-I.

34.2 Definitions

For the purpose of this Rule, the following terms shall have the following meanings.

A. Human Needs Customers

Human Needs Customers shall include hospitals, medical centers, nursing homes, and Customers where curtailments would adversely affect public health and safety such as municipal fire departments, police departments, civil defense, and emergency Red Cross services.

B. Residential Customers

Residential Customers shall be residential dwellings, mobile homes, apartments, or condominiums using gas for space heating, cooing, water heating, and other residential uses.

C. Commercial Customers

Commercial Customers shall be Customers engaged primarily in wholesale or retail trade and services including clubs, institutions, and local, state and federal governmental agencies.

D. Industrial Customers

Industrial Customers shall be Customers who are engaged primarily in a process that creates or changes raw or unfinished materials into another form or product.

GENERAL RULES AND REGULATIONS
APPLICABLE TO GAS SERVICE (continued)

34. CURTAILMENT, LIMITATION, AND PRIORITIES OF SERVICE (continued)

E. Contract Obligation

Contract obligation shall be the volume of gas as specified in the contract between the Company and the Customer as of the commencement of a curtailment.

F. Average Daily Usage

Average daily usage as used in Service Priority Classes I and II shall mean the volume used in a peak month in the prior year divided by the number of days in that month.

G. Feed Stock Gas

Feed stock gas is natural gas used as a raw material for its chemical property in creating a product.

H. Living Quarters

Living quarters as used in Service Priority Class II shall mean hotels, motels, dormitories, and similar dwelling places.

I. Insulation

Insulation requirements as used in Rule 34.1 shall be:

	Minimum Rating	
Exterior walls	R-11	Three (3) inches of batt or equivalent.
Ceilings	R-19*	Six (6) inches of batt or 8-3/4 inches blown Insulation or equivalent.
Floors**	R-10	Three (3) inches of batt or equivalent.

Double glass or insulated windows and storm doors.

Applicants for service shall certify that they have insulated the premises to be served in compliance with the above insulation requirements or to the extent reasonably possible with current available technology.

* except for mobile homes for which R-16 rating will be applicable.
** over crawl spaces and unheated basements only.

34.3 Emergency Curtailment Without Regard to Priority

The Company reserves the right to order gas curtailment without regard to the priority of service when in its judgment such curtailment is required to forestall imminent and irreparable injury to life or property, and which emergency is due to causes other than pipeline curtailments pursuant to Federal Energy Regulatory Commission Orders. A curtailment pursuant to this rule shall not exceed ten (10) days but may be extended by order of the Indiana Utility Regulatory Commission.

GENERAL RULES AND REGULATIONS
APPLICABLE TO GAS SERVICE (continued)

34. CURTAILMENT, LIMITATION, AND PRIORITIES OF SERVICE (continued)

34.4 Priority of Service

Priority of service shall be as set forth below. The highest priority is Service Priority Class I and the lowest priority of service is Service Priority Class V.

Service Priority Class	Description
I	Residential and other firm sales and firm transportation Customers averaging not more than ten (10) Mcf per day and human needs Customers.
II	Commercial and industrial firm sales and firm transportation Customers having a contract obligation or an average daily usage of more than 10 Mcf per day but no more than 50 Mcf per day, feedstock gas, and living quarters not included in Service Priority Class I.
III	Commercial and industrial firm sales and firm transportation Customers having a contract obligation or an average daily usage of more than 50 Mcf per day, but less than 500 Mcf per day and schools.
IV	Commercial and industrial firm sales and firm transportation Customers having a contract obligation or an average daily usage of more than 500 Mcf per day.
V	Interruptible sales and interruptible transportation Customer.

34.5 Curtailment Procedure

Curtailment, unless pursuant to 34.3 shall begin with Service Priority Class V and continue as necessary through Service Priority Class IV, III, II and I as follows:

(1) Service Priority Class V shall be fully curtailed one hundred percent (100%) before any curtailment is commenced to any other class.

(2) After Service Priority Class V is fully curtailed, curtailment to Service Priority Class IV shall commence and progress as necessary and as further provided in Rule 34.5 (4) and (6).

(3) After Service Priority Class V is fully curtailed and curtailment has commenced in Service Priority Class IV, curtailment to Service Priority Class III shall commence and progress as necessary provided that the percentage of contract obligation volume supplied to Service Priority Class III shall be at least ten percent (10%) but not more than twenty percent (20%) greater than the percentage of contract obligation supplied to Service Priority Class IV Customers except as set forth in Rule 34.5 (4) and (6).

(4) Curtailment to Service Priority Classes IV or III shall not exceed sixty-five percent (65%) of the contract obligation volumes of any Customer in either class except as set forth in Rule 34.5 (6). After Service Priority Class IV is curtailed to where the Customers in the class are supplied not more than thirty-five percent (35%) of contract obligation volume, curtailment of Service Priority Class III shall progress to where the

GENERAL RULES AND REGULATIONS
APPLICABLE TO GAS SERVICE (continued)

34. **CURTAILMENT, LIMITATION, AND PRIORITIES OF SERVICE (continued)**

34.5 Curtailment Procedure (continued)

Customers in the class are supplied not more than thirty-five percent (35%) of contract obligation volume.

(5) After Service Priority Class V is fully curtailed one hundred percent (100%) and Service Priority Classes IV and III are curtailed to where the Customers in the classes are supplied not more than thirty-five percent (35%) of the contract obligation, curtailment to Service Priority Class II Customers shall commence and continue as necessary, but shall not exceed sixty-five percent (65%) of contract obligation or average daily usage (whichever is applicable) except as set forth in Rule 34.5 (6).

(6) After Service Priority Class V is fully curtailed one hundred percent (100%) and Service Priority Classes IV, III and II are curtailed to where the Customers in the classes are supplied not more than thirty-five percent (35%) of the contract obligation or average daily usage (whichever is applicable in Class II) Service Priority Classes IV, III and II shall each be further curtailed by equal percentages until full curtailment one hundred percent (100%) of Service Priority Classes IV, III and II occurs.

(7) After Service Priority Classes V, IV, III and II are in full one hundred percent (100%) curtailment, curtailment shall commence in Service Priority Class I and progress as necessary.
The Company will give notice of curtailment in the most effective manner possible and as much in advance as possible with regard to the exigencies and the number of Customers to be notified.

The curtailment shall be effective as of the time and date specified in the notice.

34.6 Restoration of Service Levels

Service shall be restored in the reverse order of the original curtailment.

34.7 Penalties

Any commercial or industrial customers who exceed the limitations specified in the curtailment notice in excess of five per cent (5%) during such curtailment shall be subject to a $1.00 per therm penalty charge for all gas taken in excess of the limitation. Intentional overruns by a customer who has made no good faith effort to avoid overruns shall authorize the Company to terminate gas service to such customer. Penalty charges collected hereunder shall be segregated in a separate account, and may be expended only for (i) penalties assessed to the Company by pipeline suppliers for overruns, or (ii) costs of exploring for new gas supplies.

GENERAL RULES AND REGULATIONS
APPLICABLE TO GAS SERVICE (continued)

34. CURTAILMENT, LIMITATION, AND PRIORITIES OF SERVICE (continued)

34.8 Applicability

The terms and provisions of this Rule shall be applicable notwithstanding any provisions contained in the rate schedules and General Rules and Regulations of the Company, or in any contract or agreement between the Company and any Customer.

35. CURTAILMENT OF CUSTOMER - OWNED GAS

When sufficient volumes of Company gas, scheduled for sale to the Company's consumers, in the judgement of the Company, are not available to the Company to meet the demands for the gas sales service requirements, the Company shall have the right to curtail on a pro-rata basis Customer-owned gas scheduled to be transported for the Customer to fulfill the gas requirements of the Company. The Company shall impose this right as set forth in Rule 34.4.

The Company shall reimburse Customers for the gas used by reason of the curtailment at an amount equal to the average of the Chicago City Gate Index Price for large end users as published in the Natural Gas Intelligence Daily Gas Price Index for the day on which the gas is utilitized times the volume of gas utilized.

Any gas purchased by the Company under these provisions will be included in the Company's reconciliation of gas costs under the Gas Cost Adjustment Mechanism as approved by the Commission for the time period of such Company use of Customer-owned gas.

36. UTILITY RESIDENTIAL WEATHERIZATION PROGRAM (URWP)

The Company has replaced its Utility Residential Weatherization Loan Program (URWP) with a program for NIPSCO Energy Saver Loans as follows:

A NIPSCO Energy Saver Loan will be available through branch offices of NBD Bank and its affiliates located throughout the Company's service territory. The loans will be available for energy improvements to any residential customer upon approval for credit by NBD. The loans will be available at NBD’s current interest rates, with principal amounts ranging from a minimum of $1,000 to a maximum of $10,000.

Customers must contact a participating NBD Bank or affiliated branch during regular business hours to apply for or inquire about the specific terms and conditions of a NIPSCO Energy Saver Loan. NBD is an Equal Housing and Equal Opportunity Lender.

WHERE AVAILABLE
ALL TERRITORY FURNISHED GAS SERVICE.

GENERAL RULES AND REGULATIONS
APPLICABLE TO GAS SERVICE (continued)

37. GAS COST INCENTIVE MECHANISM

The Company will adjust the gas cost adjustment factors for billing purposes by the effect of the application of the Gas Cost Incentive Mechanism (GCIM) approved in Cause No. 40342.

The GCIM rewards and/or penalizes the Company for its performance of gas supply acquisition when compared to a market standard (Benchmark).

The Benchmark shall incorporate a "Benchmark Price" that 1) for first of month purchases will be an average of the first of month ("FOM") spot market natural gas commodity prices as published in Natural Gas Week as the "Spot Market on Interstate Pipeline Systems, Bid Week for ___(Applicable Month)", and in Inside FERC's Gas Market Report, and 2) for purchases designated as not made on the first of the month will be the average of the published Gas Daily "Daily Price Survey, Daily Midpoint" and NGI's Daily Gas Price Index "Cash Market Prices" natural gas commodity price applicable as of the date of purchase. These gas prices shall reflect the gas prices for the geographic locations representative of the supply basin/location where the gas was purchased and delivered to the primary and secondary receipt points of the Company's transportation capacity. The "Benchmark Price" will be determined for each month (FOM pricing) and each day (Daily Pricing) of the year.

The Benchmark Dollars are calculated by applying the Benchmark Prices from the indices to the actual units purchased within the geographic supply zones. The aggregated dollars are the Benchmark Dollars which will be compared to the Company's actual gas commodity purchases on a monthly basis in order to determine the Company's performance under the GCIM. If the Company's actual gas commodity purchase dollars are less than the Benchmark Dollars, a Positive Performance exists. If the Company's actual gas commodity purchase dollars are greater than the Benchmark Dollars plus the Tolerance Band, a Negative Performance exists. Sharing of the dollar differences between the Company and the Customers will be as follows:

GENERAL RULES AND REGULATIONS
APPLICABLE TO GAS SERVICE (continued)

37. GAS COST INCENTIVE MECHANISM

For the period, December 1, 2000, to October 31, 2002:

Negative Differential (Actual cost > Benchmark Price)

% of Benchmark Price above Benchmark Price	% of Sharing Customer	% of Sharing Northern Indiana
>5%	30	70
>3% to 5%	50	50
>1% to 3%	70	30
0% to 1%	100	0

Positive Differential (Actual cost > Benchmark Price)

% of Benchmark Price above Benchmark Price	% of Sharing Customer	% of Sharing Northern Indiana
0 % to 2%	70	30
>2% to 4%	50	50
>4%	30	70

For the period, November 1, 2002, to April 30, 2006:

Negative Differential (Actual cost > Benchmark Price)

% of Benchmark Price above Benchmark Price	% of Sharing Customer	% of Sharing Northern Indiana
>4%	30	70
>2 to 4%	50	50
0 to 4%	70	30

Positive Differential (Actual cost < Benchmark Price)

% of Benchmark Price above Benchmark Price	% of Sharing Customer	% of Sharing Northern Indiana
0 to 2%	70	30
>2 to 4%	50	50
>4%	30	70

GENERAL RULES AND REGULATIONS
APPLICABLE TO GAS SERVICE (continued)

37. GAS COST INCENTIVE MECHANISM (CONT)

For the period, May 1, 2006 to April 30, 2010:

Negative Differential (Actual cost > Benchmark Price)

% of Benchmark Price above Benchmark Price	% of Sharing Customer	% of Sharing Northern Indiana
>0%	50	50

Positive Differential (Actual cost < Benchmark Price)

% of Benchmark Price above Benchmark Price	% of Sharing Customer	% of Sharing Northern Indiana
>0%%	50	50

The Customers' share of dollars as determined on a monthly basis will be included in the Gas Cost Adjustment calculations for sales service customers.