

GENERAL RULES AND REGULATIONS
Applicable to Gas Service

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1. DEFINITIONS

Unless otherwise specified in the Rate Schedule, the following terms shall have the meanings defined below when used in this Tariff for Gas Service:

- 1.1 Annual Usage. Customer's actual total gas usage for the most recent twelve consecutive billing months, or Company's estimate of Customer's total gas usage for the next twelve consecutive billing months if actual usage information is not available.
- 1.2 Applicant. Any new customer requesting a new or current customer changing existing Rate schedules.
- 1.3 Average Daily Usage. Average Daily Usage as used in Service Priority Classes II, III and IV shall mean the quantity of gas used in the Company's Peak Month in the prior year divided by the number of days in that month.
- 1.4 Bill. An itemized list or statement of fees and charges for gas service. A Bill may be rendered by mail or by electronic means.
- 1.5 Billing Demand. That Demand, stated in Therms, upon which the Demand Charge in the Customer's Bill is determined in any given month.
- 1.6 Billing Period. The Billing Period is defined as the period for which a Customer has been billed. The Billing Period is the duration from the Bill's start date to the Bill's end date.
- 1.7 British Thermal Unit (Btu). The average amount of heat necessary to increase the temperature of one pound of water by 1 degree Fahrenheit in the temperature range of 32 degrees to 212 degrees Fahrenheit at 14.73 pounds per square inch absolute pressure.
- 1.8 Burner Tip. The point of commodity transfer between the Company and the Customer.
- 1.9 Cash-out. The monetary settlement of over-delivery and under-delivery gas imbalances between the Company and Pool Operators or Transportation Customers.
- 1.10 Ccf. One hundred cubic feet, a measurement of the quantity of gas at standard conditions.
- 1.11 Commercial Customer. Any customer primarily engaged in wholesale or retail trade and services, any local, state and federal government agency and any Customer not covered by another classification.
- 1.12 Commission. Indiana Utility Regulatory Commission (IURC) or its successor.
- 1.13 Commodity Charge. The portion of a Customer's Bill based on the Customer's energy consumption, in Therms, under the applicable Rate Schedule.

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- 1.14 Company. Northern Indiana Public Service Company.
- 1.15 Contract Obligation. The quantity of gas as specified in the contract between the Company and the Customer as of the commencement of a Curtailment.
- 1.16 Contract Year. Twelve consecutive months used in the application of Rate Schedules.
- 1.17 Curtailment. The reduction of a Customer's delivery at the request of the Company pursuant to the Rules.
- 1.18 Customer. Any person, firm, corporation, municipality, or other government agency which has agreed orally or otherwise, to pay for gas service received from a public utility.
- 1.19 Customer Charge. The dollar amount set forth in each Rate Schedule.
- 1.20 Delinquent Bill. A Customer Bill that has remained unpaid for the period set forth in the IURC Rules (170 IAC 5-1-13).
- 1.21 Demand. The daily average of the quantity of gas used by the Customer for the Billing Period that the Company's Peak Day occurs. It is calculated by taking the Customer's total quantity of gas that is delivered in the Billing Period that the Peak Day occurs and dividing by the number of days in that Billing Period.
- 1.22 Demand Charge. The portion of a Customer's Bill based on the Customer's Demand and calculated on the Billing Demand under the applicable Rate Schedule.
- 1.23 Disconnection. The termination or discontinuance of gas service.
- 1.24 Distribution Charge. The portion of a Customer's Bill based on the Customer's per unit Therm consumption under the applicable Rate Schedule.
- 1.25 Dekatherm (Dth). A unit of energy equal to ten (10) Therms or one million Btu.
- 1.26 Dwelling Unit. A residential living quarter.
- 1.27 Feed Stock Gas. Natural gas used as a raw material for its chemical property in creating a product.
- 1.28 FERC. Federal Energy Regulatory Commission or its successor.
- 1.29 Gas Cost Adjustment (GCA). The gas cost recovery process approved for the Company through various Commission orders.
- 1.30 General Service. Service provided to a Non-Residential Customer.

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- 1.31 Human Needs Customers. Customers that 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.
- 1.32 Industrial Customer. Any Customer who is engaged primarily in a process that creates or changes raw or unfinished materials into another form or product.
- 1.33 Interruption. The implementation of the terms and conditions of an applicable interruptible Rate Schedule at the request of the Company.
- 1.34 IURC. Indiana Utility Regulatory Commission or its successor.
- 1.35 IURC Rules. Rules and regulations for gas utilities promulgated by the IURC, codified in Title 170 of the Indiana Administrative Code (IAC), Article 5.
- 1.36 Late Payment Charge. A one-time penalty assessed upon a Delinquent Bill.
- 1.37 Living Quarters. Hotels, motels, dormitories and similar dwelling places under Service Priority Class II.
- 1.38 Maximum Daily Quantity. The maximum amount of gas that the Company is contractually required to deliver to the Customer during any day in the billing month.
- 1.39 Mcf. One thousand cubic feet, a measurement of the quantity of gas at standard conditions.
- 1.40 Non-Residential Customer. Any customer that is not a Residential Customer.
- 1.41 Non-Sufficient Funds. An account shall be considered to have Non-Sufficient Funds for the following reasons: (a) the Customer's payment is considered delinquent by the banking institution; (b) the Customer has supplied the incorrect bank account number; (c) the Customer's bank account number is no longer available; (d) the Customer has issued a stop payment by the banking institution to the Company; (e) the Customer pays electronically, and a chargeback is subsequently assessed by the Customer's financial institution; or (f) any other instance when the financial institution refuses to honor the tendered payment.
- 1.42 Peak Day. The day of the year that the maximum throughput of gas occurs for the Company.
- 1.43 Peak Month. The month of the year that the maximum system wide throughput of gas occurs for the Company.
- 1.44 Plant Protection Level. The minimum quantity of Gas Service for firm curtailable Transport Customers, required by Customer to prevent endangering the health and safety of personnel, or to prevent material damage to Customer's facilities, equipment, or property. This includes the protection of such material currently in process at the time a Curtailment is called which would otherwise be destroyed, but shall not include Gas Service required to maintain plant production.

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- 1.45 Premise. The main residence, or Living Quarters for the use of a single family, or main building of a Commercial Customer, which includes the outlying or adjacent buildings used by the Customer provided the use of the service in the outlying or adjacent buildings is supplemental to the service used in the main residence or building.
- 1.46 PSIG. Pounds per square inch gauge.
- 1.47 Rate Schedules. The part of the Tariff setting forth the availability and charges for service supplied to a particular group of Customers, as filed with and approved by the IURC.
- 1.48 Residential Customer. Any Customer that resides in a residential dwelling, mobile home, apartment or condominium using gas for space heating, cooling, water heating and/or other residential uses.
- 1.49 Residential Service. Service provided to a Residential Customer.
- 1.50 Riders. The part of the Tariff setting forth supplemental provisions applicable to specific Rate Schedules, as filed with and approved by the IURC.
- 1.51 Rules. The part of the Tariff setting forth the General Rules and Regulations Applicable to Gas Service, as filed with and approved by the IURC.
- 1.52 Sales Customer. A Customer receiving Sales Service from the Company.
- 1.53 Sales Service. Gas service involving the delivery by the Company to the Customer of Company supplied gas.
- 1.54 Tariff. The entire body of the Rules, Rate Schedules and Riders.
- 1.55 Therm. Commercial unit of heat. One Therm equals one hundred thousand Btu.
- 1.56 Transportation Customer. A Customer receiving Transportation Service from the Company.
- 1.57 Transportation Service. Gas service involving the delivery by the Company to the Customer of Customer-delivered gas.

2. TARIFF ON FILE

2.1 Tariff on File

A copy of the Tariff 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 IURC. The IURC has continuing jurisdiction over the Tariff in its entirety. The Tariff, or any part thereof, may be revised, amended, or otherwise changed from time to time and any such changes, when filed with and approved by the IURC, will supersede the present Tariff.

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2.2 Special Conditions and Provisions

The Rules set forth the conditions under which service is to be rendered, and govern all Rate Schedules to the extent applicable. In case of conflict between any provision of an IURC-approved contract, Rate Schedule, Rider and/or Rule, the order of priority in interpretation shall be the (1) contract, (2) Rate Schedule, (3) Rider, and (4) Rule.

The Company shall have the right to execute contracts for service under any Rate Schedule or Rider that requires a contract. The Company shall also have the right to execute other contracts for service provided, however, such contracts requiring IURC approval shall be contingent upon receipt of such approval.

3. CHARACTER OF SERVICE

3.1 Standard Installation

The Company will supply a Residential Customer served from a medium pressure system (60 psig or less) without charge for a service 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 made by the Company for a service in excess of 150 feet in length from the property line of the customer to the service connection at the meter in accordance with Rule 6.1.

For Residential Service, the maximum Customer required delivery pressure shall be 2 psig. Any Customer requiring pressure exceeding 2 psig will be ineligible for the Residential Rate, and will instead be served under the applicable General Service.

The Company will supply a non-Residential Customer served from a medium pressure system (60 psig or less) without charge for a service 150 feet or less of 2 inch Iron Pipe Size or smaller pipe from the property line of the Customer to the service connection at the meter set with a delivery pressure of 10 Psig or less. A charge based on current prices will be made by the Company for a service in excess of 150 feet, an IPS pipe larger than 2 inches or a delivery pressure of greater than 10 Psig in accordance with Rule 6.1.

For General Service, suitable arrangements shall be made between the Company and the Customer with regard to the extent of the service facilities installed by the Company in accordance with Rules 4.1 and 6.1.

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.

After installation, any required relocation of the Company's facilities due to changes made either at

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the Customer's request or as the result of the Customer's activity that causes the installation to be out of compliance with the Minimum State Safety Standards for the Transportation of Gas and Related Pipeline Facilities shall be made at the Customer's expense.

3.2 Average Heating Value

Gas supplied under the Rate Schedules shall have a monthly average heating value of approximately 1,000 Btu per cubic foot.

4. APPLICATION, SERVICE REQUEST OR CONTRACT

4.1 Written Application or Contract Required

A written application for service may be required from a Customer before the Company will be obligated 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 a contract for a suitable period of time and reasonable guarantees pursuant to Rule 6. Certain Rate Schedules may require the execution of a contract for service, and specify a minimum contract term.

4.2 Service to be Furnished

4.2.1 New Customers

The Customer shall provide in writing upon request of the Company its gas usage characteristics to be served. This information will be used by the Company to determine the character of the service and the conditions under which the Customer will be served.

4.2.2 Existing Customers: 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. The Customer shall give written notification in the form of a letter or e-mail to the Company of any material increase in load no less than sixty (60) days prior to the addition of that load.

4.3 Modification of Contract

No promises, agreements or representation 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 by an agent of the Company with apparent authority to sign such contract on behalf of the Company.

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5. PREDICATION OF RATES AND RATE SCHEDULES SELECTION

5.1 Single Premise

The Rate Schedules are predicated upon the supply of service to the Customer separately for each Premise and for the ultimate usage of such separate Premise. The combining of service of two or more separate classifications through a single meter, or of two or more Premises, or of two or more separate Dwelling Units of the same Premise, will be permitted only under such Rules as filed by the Company and approved by the IURC. An outlying or adjacent building of the Customer, if located on the same Premise, 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 residence or building.

5.2 Premise Containing Two Meters

If the Customer chooses not to supply the outlying or adjacent buildings by the main service, the Company will consider this a non-standard installation and may install a separate service pursuant to Rule 6. The installed separate service shall be classified under one of the Rate Schedules based on the Customer's gas usage characteristics.

5.3 Building Containing Two or More Separate Dwelling Units

Where Residential Service is supplied through one meter to an apartment house or to a building, each containing five or less separate Dwelling Units, the Customer shall be served under the Multiple Family Housing Service rate (Rate 415).

The Customer may arrange the piping at the Customer's own expense, so as to separate the combined service and permit the Company to install a separate meter for each separate Dwelling Unit. In each such case, the readings of each separate meter shall be billed separately under the Residential Rate (Rate 411). In such case, the piping shall be arranged to provide for the grouping of all meters at the service entrance.

5.4 Combined Residential and Non-Residential Service

Where both Residential and Non-Residential Service are supplied through one service and one meter to the same Customer on the same Premise, such combined service shall be classed as Non-Residential and billed under the applicable General Service rate.

At the option of the Customer, the connections may be arranged at the Customer's expense so as to separate the Residential and Non-Residential Service to permit installation of two (2) meters, in which case the Residential Rate (Rate 411) will apply to the Residential Service and the applicable General Service rate will apply to the Non-Residential Service.

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5.5 Choice of Optional Rate

Where optional Rate Schedules are available for the same class of service, the Customer shall designate the applicable Rate Schedule. Where selection of the most favorable Rate Schedule is difficult to predetermine, the Customer will be given a reasonable opportunity to change to another Rate Schedule, provided, however, that after one such change is made, the Customer may not make a further change in Rate Schedule until twelve (12) months have elapsed.

The Company will, at the request of the Customer, assist the Customer in selecting the Rate Schedule most advantageous to the Customer, but the Company does not guarantee that the Customer will at all times be served under the most advantageous Rate Schedule, nor will the Company make refunds representing the difference in charges between the Rate Schedule under which service has actually been billed and another Rate Schedule applicable to the same class of service.

5.6 Resale of Service

Service will not be furnished under any Rate Schedule to any Customer for the purpose of reselling any or all such service.

5.7 Transportation and Sales Service

A Non-Choice Customer requesting a switch from or to a third-party supplier of natural gas to or from the Company's supply service option will be in accordance with the following provisions:

5.7.1 The customer shall provide a 120-day notice to the Company.

5.7.2 As a condition precedent to such a request, the Customer shall enter into a written contract with the Company. The initial term of the contract will be for 24 months and will continue thereafter on a month-to-month basis for a maximum additional 36 months, until terminated in accordance with the notice provision above.

5.7.3 Upon the Customer's switching from a third-party supplier of natural gas to the Company's supply service option, the Customer will be included as part of the pool of customers associated with the Company's Rider 470 – Gas Cost Adjustment Rider and/or any other successor and/or applicable rider.

5.7.4 Upon receipt of such notice, the Company will determine whether Customer's request will require the Company to modify its interstate transportation, storage and supply positions. The Company may charge the Customer for costs that are incurred to accommodate Customer's request.

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6. SERVICE EXTENSIONS AND MODIFICATIONS

6.1 Extension of Services Beyond Standard Installations

Upon request by a Residential Customer for service, the Company will provide necessary facilities for rendering standard service. A contribution, a letter of credit in a form satisfactory to the Company, or minimum guarantee will be necessary prior to facilities installation when facilities beyond the standard installation pursuant to Company Rule 3.1 are required to serve the Residential Customer.

A Non-Residential Customer must provide a contribution, a letter of credit in a form satisfactory to the Company, or minimum guarantee prior to facilities installation when the estimated direct installed costs of the facilities installed less the Customer's estimated present value of gross margin (revenue minus gas cost) for a 6 year period is greater than zero. Once the Customer comes online, the Customer shall be entitled to the estimated direct installed costs of the facilities installed less the greater of the Customer's estimated present value of gross margin for a 6 year period or the estimated installed costs of the standard service installation as defined in Rule 3.1. Any such funds acquired under these conditions will be netted against any required Customer deposit before rendering service.

For each Customer, exclusive of the initial applicants considered in the making of an extension, connected to such an extension within the period of six years from the completion of such extension, the gas utility shall refund to such initial applicants, in proportion to their respective contributions toward the cost of such extension, an amount equal to the present value of gross margin over a 6 year period of each meter when each meter comes on line, less the cost to service such new customer, but the total of all refunds to any such applicants shall in no event exceed the aforesaid contribution of such applicants.

6.2 New Residential Development Procedures

Before the Company will undertake facility investment and extensions of service to residential developments or phase thereof:

(a) As used in this Rule, "extensions" shall refer to extension of Company facilities required in order to provide gas service as requested by Customer(s) or prospective Customer(s).

(b) As used in this Rule, "Margin Credit" shall be equal to the total product of the planned number of residential meters multiplied by \$1,800. This amount shall be subject to change in any proceeding proposing adjustment to NIPSCO's basic rates and charges initiated after 2010, or in a separate proceeding filed in conformance with the Commission's rules and regulations.

(c) As used in this Rule, "Margin Costs" shall be equal to 0.52 multiplied by the total amount of actual costs for the extension of gas facilities to a specific Development, as estimated by the Company using the information provided to the Commission in the Company's annual filings pursuant to 170 IAC § 5-1-27(D).

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6.2 New Residential Development Procedures (continued)

(d) Upon request for gas service by initial applicants (a developer or a group of prospective Customers located in the same area), Company will extend, without charge, its facilities including distribution mains, underground service pipes, meters and other equipment necessary to provide the service, provided:

(1) the Margin Credits for the specific Development are equal to or greater than the Margin Costs for that Development; and

(2) the prospective patronage or demand is of such permanency as to warrant the capital expenditure involved.

(e) If the Margin Costs of the facilities necessary to provide the gas service requested by initial applicant(s) exceeds the Margin Credit from such extension as provided in (d) above, Company shall make such extension if the initial applicant(s) meets one of the following conditions:

(1) Upon adequate provision for payment to Company by initial applicant(s) of that part of the Margin Costs in excess of the Margin Credits as provided in (d) above; or

(2) If in the opinion of Company (a) the estimated cost of such extension and the prospective margin to be received from it is so meager or speculative as to make it doubtful whether the Margin Credits from the extension would ever pay a fair return on the investment involved in such extension, or (b) with slight or no immediate demand for service, or (c) in the case of an installation requiring extensive equipment with slight or irregular service, or (d) the estimated cost of the extension otherwise places Company and/or other customers at risk of recovering the costs associated with the investment; then in any of the above cases Company may require, in advance of materials procurement or construction, a deposit or adequate provision of payment from the initial applicant(s) in the amount of the total estimated cost of construction and other improvements.

(i) Deposits held may be returned to initial applicant(s) based on the amount of Margin Credits received by Company, for a period of six (6) years and up to the amount of the original deposit, in at least annual installments.

(ii) In the event that the initial applicant(s) is (are) required to make any deposit, Company shall upon request make available to the initial applicant(s) the information used to establish the basis for the applicable deposit amount.

(f) Initial applicant(s) may, at its (their) option, submit, or require Company to submit, or the Company, on its own may submit, to the Commission the terms of service and deposit or Contribution determined by Company under (e)(1) or (e)(2) for review and determination as to the reasonableness of said terms.

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6.2 New Residential Development Procedures (continued)

(g) For each new Customer, exclusive of the initial applicant(s) considered in the making of an extension, connected to such an extension within the period of six (6) years from the completion of such extension, Company shall refund to such initial applicant(s), in proportion to their respective contribution(s) toward the cost of such extension, an amount equal to the Margin Credits from such new Customer(s), less the estimated cost to serve such new Customer(s), but the total of all refunds to any such initial applicant(s) shall in no event exceed the individual contribution of such applicant. Where a deposit is required under (e)(2) above, the total of all refunds to all initial applicant(s) in aggregate shall in no event exceed the total aggregate deposit of all initial applicant(s). Such estimated Margin Credits from new Customer(s) shall also be subject to the provisions of (e)(2) above.

(h) Company shall not be required to make extension as provided in this Rule unless Customer(s) to be initially served by such extension upon its installation has (have) entered into an agreement with Company setting forth the obligations and commitments of the parties consistent with the provisions of this tariff.

(i) Company reserves the right, with respect to Customers whose establishments are remote from Company's existing suitable facilities, whose potential load qualifies for any economic development rider as may be applicable in Company's tariff, or whose load characteristics or load dispersal require unusual investments by Company in service facilities, to make special agreements as to duration of contract, reasonable guarantee of revenues, or other service conditions, provided that such special agreements are made on a non-discriminatory basis.

6.3 Temporary Service

The charge for temporary service, where existing facilities can be utilized to supply gas is consistent with the cost filings submitted annually to the IURC pursuant to the IURC Rules (170 IAC 5-1-27). The applicable Rate Schedule shall apply for service furnished. The charge for temporary service other than those stated above shall be determined by estimating the cost of construction and removal of facilities, including labor, material, stores freight and handling, and job order overhead, less any estimated salvage value of material recovered. Temporary installation may continue for a period of more than twelve (12) months, if such installation conforms to the requirements of a permanent installation.

6.4 Excess Facilities

In the event service facilities in excess of a standard service under Rule 3.1 are requested by the Customer or are required to serve the Customer's load, the Company will extend such facilities therefore, subject to the following conditions:

6.4.1 The type, extent, and location of such service facilities shall be determined by agreement between the Company and the Customer;

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6.4 Excess Facilities (continued)

6.4.2 Such service facilities shall be the property of the Company;

6.4.3 The Customer shall agree to pay to the Company a monthly rental equal to two and two tenths percent (2.20%) of the estimated installed cost of the excess facilities;

6.4.4 The monthly rental shall be appropriately adjusted if a change is made in the excess facilities provided by the Company;

6.4.5 The Customer shall provide power as specified by the Company, if so required, to operate such service facilities; and

6.4.6 Such other conditions as are reasonably necessary due to special conditions of service.

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7. CUSTOMER INSTALLATION

7.1 Customer Piping and Equipment

Applicants for service, shall at their own expense, equip their Premises with all piping and equipment from the meter to the appliances or equipment served. Such piping and equipment 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 of installation. The Company shall be under no duty to inspect the piping and equipment of the Customer. The Customer shall at all times maintain its piping and equipment beyond the outlet side of the meter.

8. COMPANY EQUIPMENT ON CUSTOMER'S PREMISE

8.1 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 Premise, 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 or tamper with such property. If Company property is damaged or destroyed, through the negligence of the Customer or in violation of any tariff provision, the cost of necessary repairs or replacements shall be paid by the Customer.

8.2 Location of Company Regulators, Meters and Equipment

If 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.

8.3 Equipment Location Permit

If the Customer is not the owner of the Premises served or of intervening property between such

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Premises and the Company's main, the Customer shall obtain from such owner, or owners, in a form satisfactory to the 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 as may be necessary for the supplying of gas service to the Customer.

8.4 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(s), appliances and equipment used in connection with its service and removing the same on the termination of the contract or the discontinuation of service. Each meter and service regulator, whether inside or outside a building, must be installed in a readily accessible location and be protected from corrosion and other damage, including, if installed outside a building, vehicular damage that may be anticipated. "Readily accessible" means the location should accommodate immediate access at the request of the Company for reading, inspection, repairs, testing, maintenance, and changing and operation of the gas shut-off valve. If a location is not readily accessible, or jeopardizes the safety of an authorized agent of the Company, as determined by the Company, the Company may request that the Customer take steps to correct the problem, or the Company may require the Customer to make payment to the Company of the full cost of correcting the problem.

8.5 Tampering, 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 effecting repairs necessitated by such unauthorized use and/or tampering. In any event, the Company may require Customer payment 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 in the IURC Rules to the contrary. In the event of fraud, the theft or unauthorized use of gas which is not upon or connected with a Customer's Premise, 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 effecting repairs, and disconnection without notice.

9. METERING

9.1 Meters to be Installed by Company

The gas supplied, unless otherwise specified, shall be measured by a meter or meters of standard manufacture, installed and owned 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

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meter is 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, taken as the total registration.

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.

9.2 Meter Testing

The Company will test meters used for billing Customers in accordance with the IURC Rules (170 IAC 5-1-9).

9.3 Failure of Meter and/or Instrumentation

Whenever it is discovered that a meter or associated instrumentation when used to correct metered gas volumes to standard conditions is not operating within the limits of accuracy as prescribed in the IURC Rules, an adjustment shall be made in accordance with such IURC Rules.

9.4 Correction of Metered Quantities for Billing

For the purpose of billing under this Rule, a Therm shall be one hundred cubic feet of gas at a temperature of 60° F, at an absolute pressure of 14.65 pounds per square inch, having an average total heating value equivalent to 100,000 British thermal units (Btu). Metered quantities of gas, corrected for temperature and pressure conditions, shall be adjusted for Btu content by multiplying by the average heating value per cubic foot of gas, as determined for the latest monthly period available, and dividing by 1,000.

9.5 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, (with the exception of the meter) required for the installation and removal. A rental charge in accordance with Rule 6.4, 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.

9.6 Meter Reading Charge – Missed Appointment (Trip Charge)

For Customers with hard-to-access meters, a Meter Reading Charge of \$40 shall be added to Customer's account if Customer fails to provide access to the meter during a scheduled appointment. For purposes of this Rule, a hard-to-access meter is defined as a meter that (a) is located inside the premises of Customer, located behind a locked gate, located in an area proximate to an animal that in the judgment of the meter reader is dangerous, or is otherwise inaccessible to the meter reader or presents an unsafe condition; and (b) has not been read by a meter reader during the previous four

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consecutive months. No Meter Reading Charge shall be assessed if (1) the appointment is cancelled by the Customer with four hours' prior notice; (2) the Customer is not present due to a medical emergency; or (3) in NIPSCO's reasonable discretion, for any other reason that is outside of the Customer's control. Customer shall be provided the opportunity to set the time of the appointment, which must be during regular business hours and within a two-hour window of time. If two appointments scheduled by the Customer are cancelled (with four hours' prior notice) at the request of Customer or Customer fails to set an appointment, then the Company shall set the time of the next appointment, during regular business hours, which cannot be cancelled by the Customer. At the Company's option, assessment of a Meter Reading Charge may be waived if Customer agrees to and permits the installation of a remote meter-reading device.

10. DEPOSIT TO INSURE PAYMENT OF BILLS

10.1 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.

10.2 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 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. RENDERING AND PAYMENT OF BILLS

11.1 Payment of Bills

Bills will be issued monthly and payment must be received by the Company no later than the due date specified on the Bill.

11.2 Payment After Due Date of Bill

A Bill is delinquent unless payment is received by the due date printed on the Bill. The due date is seventeen (17) days from the next business day of the statement date printed on the Bill. A Delinquent Bill may be assessed a late payment charge equal to ten percent (10%) of the first three

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dollars (\$3) and three percent (3%) of the remaining amount that is delinquent and the Company may disconnect service after complying with any applicable IURC Rules. The company will not apply the late payment charge to previous late payment fees.

Failure to receive the Bill shall not entitle the Customer to relief from the deferred payment provisions of the Bill if the Customer 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.

Once in each half calendar year, but not more often, the Company will upon the Customer's request waive the late 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.

11.3 Billing Disputes

A Customer shall not be disconnected for failing to pay an outstanding Bill in full if the unpaid portion of the Bill is disputed by the Customer and the Customer complies with the applicable IURC Rules.

11.4 Social Security Payment Plan

The Company may, upon request, revise the due date by up to ten (10) calendar days, provided that the Customer applies for and is accepted by the Company as a participant in the Social Security Payment Plan. In order to participate in the Social Security Payment Plan, the Customer must meet the following conditions:

11.4.1 The Customer must be taking Residential Service, which must be in the Customer's name; and

11.4.2 The Customer must be retired or legally disabled and must show proof of receiving monthly social security or retirement benefits.

11.5 Interruption or Curtailment of Service

The minimum Bill shall not be reduced for any billing month because of any interruption, suspension, reduction or Curtailment of the delivery of gas except in the event it shall be due to, occasioned by, or in consequence of, a default of the Company, a strike or strikes of employees or workmen of the Company, differences between the Company and its employees or workmen, inability of the Company to secure gas or other material, supplies or equipment, failure of the gas supply, or Curtailment or diminution of gas deliveries to the Company by its supplier or suppliers, breakage or failure of the Company's machinery, equipment, compressors, mains, pipes, delivery lines, storage or delivery facilities, federal, state or other governmental laws, orders, decrees, restraints or regulations applicable to the operations of the Company when, in any event, if the Company does not supply and deliver gas in sufficient quantity that the bill therefore calculated at the applicable rate is at least equal to the minimum monthly payment hereunder, then the minimum for such month shall be based on the maximum daily demand for the month multiplied by a fraction, the

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numerator of which is the hours in the month that gas service was not curtailed, and the denominator of which is the total hours in the month.

12. DISCONNECTION AND RECONNECTION OF SERVICE

12.1 Customer Request for Disconnection

The Customer shall be responsible and pay for all gas service supplied to the Customer's Premises until the third business day following the requested disconnection date given by the Customer to the Company to discontinue service.

12.2 Company Right to Disconnect Service Without Notice

The Company reserves the right to disconnect the supply of all service to all or any part of the Customer's Premises without notice in accordance with the IURC Rules for any of the following reasons:

- 12.2.1 If a condition dangerous or hazardous to life, physical safety or property exists;
- 12.2.2 Upon order by any court, the IURC or other duly authorized public authority;
- 12.2.3 If fraudulent or unauthorized use of gas is detected and the Company has reasonable grounds to believe the affected Customer is responsible for such fraudulent or unauthorized use; or
- 12.2.4 If the Company's regulating or measuring equipment has been tampered with and the Company has reasonable grounds to believe that the affected Customer is responsible for such tampering.

No disconnection shall invalidate any contract with the Customer and the Company shall have the right to enforce any contract notwithstanding such disconnection.

12.3 Company Right to Disconnect Service With Notice

The Company may disconnect the supply of all service to the Customer's Premises (and refuse to serve any other member of the same household or firm at the same Premises) in accordance with the IURC Rules or other applicable law and with reasonable notice provided to such Customer at the address shown upon the Company's records for any of the following reasons:

- 12.3.1 For repairs (if required);
- 12.3.2 For non-payment of Bills or failure to post a required security deposit or collateral;
- 12.3.3 For failure by the Customer to allow access by employees of the Company to the Customer's meter or other facilities; or

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12.3.4 For any other lawful reason.

12.4 Reconnection Charges

Whenever service has been discontinued at a Premise (1) for non-payment of charges; (2) for failure to provide a security deposit or collateral; (3) at the request of a Customer; or (4) for any other reason authorized under the Company Rules and caused by the Customer's actions, a charge will be made by the Company to cover the cost of reconnection of service, in accordance with the Reconnection Charges shown in Rule 16.

A charge equal to the Customer Charge for each month of discontinued service will also be included for reconnection for the same non – Industrial Customer at the same Premise, where service has been discontinued at the non- Industrial Customers request anytime during the preceding nine (9) months. However, the Company may waive this charge if the Customer provides documentation that the discontinuance of service was due to an unforeseen circumstance of an emergency nature.

13. SERVICE INTERRUPTIONS AND CURTAILMENTS

13.1 Interruption of Service

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 to the Customer'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, acts of God, or unavoidable accidents or contingencies beyond its control and is not due to fault, neglect or culpability on its part.

13.2 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 FERC Orders. A Curtailment pursuant to this Rule shall not exceed ten (10) consecutive days but may be extended by IURC Order.

13.3 Curtailment 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 on system gas storage reserves, the Company shall have the right to restrict, limit, or curtail gas service within any or all parts of its systems so affected in accordance with any of the provisions of this Rule.

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13.4 Applicability

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

13.5 Curtailment of Customer's Gas

When sufficient quantity of Company gas, scheduled for sale to the Company's consumers, in the judgment 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 13.3.

The Company shall reimburse Customers for the gas used by reason of the Curtailment at an amount equal to published daily Chicago City Gate midpoint price for the day on which the gas is utilized times the quantity 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 as approved by the Commission for the time period of such Company use of Customer-owned gas.

13.6 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 10 Mcf per day and Human Needs Customers.
II	Non-Residential firm Sales and firm Transportation Customers having a contract obligation or an Average Daily Usage of more than 10 Mcf per day but less than 50 Mcf per day, and Living Quarters not included in Service Priority Class I.
III	Non-Residential 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	Non-Residential 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 Customers.

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13.7 Curtailment Procedure

Curtailment, unless pursuant to Rule 13.6, shall begin with Service Priority Class V and continue as necessary through Service Priority Classes IV, III, II and I as follows:

- 13.7.1 Service Priority Class V shall be fully curtailed one hundred percent (100%) before any Curtailment is commenced to any other class.
- 13.7.2 After Service Priority Class V is curtailed, Curtailment to Service Priority Class IV shall commence and progress as necessary and as further provided in Rule 13.7.5 and 13.7.7.
- 13.7.3 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 except as set forth in Rule 13.7.4 and 13.7.6.
- 13.7.4 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 13.7.7. After Service Priority Class IV is curtailed to where the Customers in the class are supplied not more than the greater of (i) thirty-five percent (35%) of contract obligation volume or (ii) Customer Plant Protection Level, then Curtailment of Service Priority Class III shall progress to where the Customers in the class are supplied not more than the greater of (i) thirty-five percent (35%) of contract obligation volume or (ii) Customer Plant Protection Level.
- 13.7.5 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 the greater of (i) thirty-five percent (35%) of the contract obligation or (ii) Customer Plant Protection Level, then Curtailment to Service Priority Class II 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 13.7.7.
- 13.7.6 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 the greater of (i) thirty-five percent (35%) of the contract obligation or Average Daily Usage (whichever is applicable in Class II), or (ii) Customer Plant Protection Levels, then Service Priority Classes IV, III and II shall each be further curtailed by equal percentages until one hundred percent (100%) Curtailment of Service Priority Classes IV, III and II occurs.

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13.7.7 After Service Priority Classes V, IV, III and II are in one hundred percent (100%) Curtailment, Curtailment shall commence in Service Priority Class I and progress as necessary.

13.7.8 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.

13.8 Restoration of Service Levels

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

13.9 Penalties

Any Non-Residential Customers who exceed the limitations specified in the Curtailment notice in excess of five percent (5%) during such Curtailment shall be subject to five (5) times the published daily Chicago City Gate midpoint price 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.

14. LIMITATIONS OF LIABILITY

14.1 Neither Company nor Customer shall be liable to the other for any act, omission or event caused by strikes, acts of God, or unavoidable accidents or contingencies beyond its control.

14.2 Company shall not be liable for damages for any failure to supply gas or for an interruption, limitation, or curtailment of Gas Service, whether or not such disruption is ordered by a governmental agency having jurisdiction, if such failure, interruption, limitation, or curtailment is due to the inability of Company to obtain sufficient gas supplies at economical prices from its usual and regular sources or due to any other cause whatsoever other than willful default or negligence of Company.

14.3 Company shall not be liable for damages caused by defective piping or appliances on Customer's Premises.

14.4 Company shall not be liable for damages resulting to Customer or to third persons from the presence or use of gas or the presence of Company's equipment on Customer's Premises, unless due to the willful default or negligence on the part of Company.

15. 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 approved in Cause No. 40342, as modified and extended in Cause Nos. 42800, 42884 and 43837.

The Gas Cost Incentive Mechanism rewards and/or penalizes the Company for its performance of gas supply

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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 Gas Cost Incentive Mechanism. 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:

For the period, May 1, 2006 to April 30, 2012:

Negative Differential (Actual cost > Benchmark Price)

% of Benchmark Price above Benchmark Price >0%	% of Sharing Customer 50	% of Sharing Company 50
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Positive Differential (Actual cost < Benchmark Price)

% of Benchmark Price above Benchmark Price >0%	% of Sharing Customer 50	% of Sharing Company 50
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The Customers' share of dollars as determined on a monthly basis will be included in the Gas Cost Adjustment calculations for Sales Customers.

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16. MISCELLANEOUS AND NON-REOCCURRING CHARGES

16.1 Reconnection Charges

Whenever the service has been turned off by the Company in accordance with Rule 12, a charge will be made by the Company to cover the cost of reconnection of service, which charge shall be as follows:

- | | | |
|----|--|----------|
| A. | Reconnect during normal working hours (8:00 AM to 5:00 PM) | \$70.00 |
| B. | Reconnect after normal working hours (Monday through Friday)
Saturday | \$85.00 |
| C. | Reconnect on Sunday and Holidays | \$100.00 |

16.2 Non-Sufficient Funds

A charge of \$20.00 to reimburse the Company for its cost incident to Non-Sufficient Funds will be assessed.

16.3 After Hours / Same Day Charge.

If Customer requests that gas service be initially connected, reconnected or disconnected outside of normal business hours or on the same day the request is submitted, Customer shall be charged an After Hours / Same Day Charge of \$55.00 in addition to any other applicable charges for each connection, reconnection or disconnection.

16.4 Return Trip Charge.

If Customer schedules an appointment in association with a service request, and the Company's serviceman is not able to gain access to Company's facilities due to the absence of the Customer, the Customer shall be charged a Return Trip Charge in the amount of \$40.00 at the time an appointment is rescheduled by the Customer.

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