

## 1. APPLICABILITY

- (a) These Rules and Regulations apply to all services provided by Public Service Company of North Carolina, Incorporated (“PSNC”) under its rate schedules on file with, and subject to the jurisdiction of, the North Carolina Utilities Commission (“Commission”) and are adopted for the mutual protection of both the Customer and PSNC. They provide standards for PSNC’s practices, promote safe and adequate service to the public, and establish a reasonable basis for meeting the public’s demands for natural gas service.
- (b) The rates, terms and other conditions, and rules and regulations stated in this tariff are subject to change upon PSNC’s application to the Commission and approval of such application by the Commission, or upon order of the Commission, in the manner prescribed by law at any time. In the event of such change, the new rates, terms and conditions, and rules and regulations prescribed by the Commission will apply to Service received hereunder from the date such change is made effective. Customer agrees to accept and be bound by all such rates, terms and conditions, and rules and regulations in connection with such Service, which are now or may hereafter be filed with, or issued or promulgated by, the Commission or other governmental bodies having jurisdiction thereof.
- (c) If a conflict exists between these Rules and Regulations and the provisions of the applicable currently effective Rate Schedule, the provisions of the Rate Schedule shall govern. The Rules and Regulations of the Commission shall govern in the event of a conflict with these Rules and Regulations.

## 2. DEFINITIONS

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

- (a) “Account” means service provided to any Person at a single location on a single Rate Schedule.
- (b) “Applicant” means any Person applying for Service.
- (c) “BTU Factor” means the factor used to convert a volume of Gas (e.g. 100 cubic feet (“CCF”)) into Therms.
- (d) “CIAC” means a non-refundable cash contribution in aid of construction made by a Customer to PSNC to defray the cost of construction of Excess Facilities installed by PSNC to provide Service to that Customer.
- (e) “City Gate” means point(s) where Gas is delivered to PSNC.
- (f) “Commission” means the North Carolina Utilities Commission, which regulates gas utilities operating within the State of North Carolina, including PSNC.
- (g) “Customer” means any Account being supplied Service by PSNC.
- (h) “Customer Facilities” means any piping, appliances, gas burning devices, regulating, or other gas delivery Facilities located downstream of the Delivery Point.
- (i) “Customer Usage Tracker” is the mechanism approved by the Commission that tracks and trues up variations in average per customer usage from levels approved in PSNC’s last general rate case for residential and commercial customers receiving service on Rate Schedule Nos. 101 and 125. See Rider C.
- (j) “Dekatherm” or “Dt” means the unit of energy equivalent to 10 Therms, or 1,000,000 British Thermal Units (“BTU”). PSNC’s purchases of Gas are measured in Dts.
- (k) “Delivery Point” means the physical point in the Gas delivery system where Customer Facilities meets the outlet of PSNC’s Meter Assembly.

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

- (aa) "Receipt Point" means the physical point where PSNC's system connects with its transporter's system.
- (bb) "Residence" means any single or multiple family residence, condominium, townhouse, mobile or modular home, or apartment that is individually metered and has Gas used for any domestic usage such as space heating, air conditioning, water heating, cooking, or any other residential usage.
- (cc) "Service" means the delivery, and all other activities incidental to the delivery, of Gas by PSNC to a Customer at its Delivery Point.
- (dd) "Therm" means the unit of energy equivalent to 100,000 BTUs. PSNC bills on the basis of the Therms used by a Customer.
- (ee) "Transportation Pooling Agreement" means an agreement executed by PSNC and a Customer or a Customer's agent that details the procedures to be followed when a Customer obtains an independent supply of Gas and arranges to have the Gas delivered to one of PSNC's existing Receipt Points. The required form of the Transportation Pooling Agreement is Appendix A to these Rules and Regulations.

### **3. AGREEMENT**

- (a) PSNC shall not be required to provide Service unless and until application for Service has been made and any charges for Excess Facilities have been paid by Customer to PSNC. When no charges for Excess Facilities are involved, an Applicant's application for Service and PSNC's acceptance may be oral. In the absence of a written agreement, such agreement shall be conclusively presumed to exist if Gas is made available by PSNC for use by Customer or on the Customer's Premises. Service will be supplied pursuant to PSNC's standard service agreement, the applicable Rate Schedule(s), these Rules and Regulations, and the rules, regulations, and orders of the Commission.
- (b) PSNC's obligations to provide Service and the Customer's obligations upon receipt of Service are set forth in the applicable provisions of Chapter 62 of the North Carolina General Statutes; the applicable Commission Rules and Regulations; the applicable Rate Schedule(s); these Rules and Regulations; and any written application or other document approved in form by the Commission and executed by PSNC and Customer pertaining to such Service.
- (c) Copies of the Rate Schedules and these Rules and Regulations are available from PSNC. Upon Customer request, PSNC will provide Customer with a copy of the applicable Rate Schedule(s), these Rules and Regulations, any written application for Service, and all or other documents executed by PSNC and Customer pertaining to such Service. No promise, statement, or representation by any PSNC employee, agent, or representative, or by any other Person, shall bind PSNC to provide Service, or to change the terms and conditions upon which Service will be provided, unless the same is in writing and is executed by an authorized PSNC representative and Customer; no amendment, change, or modification to any such document shall be effective unless in writing and signed by an authorized PSNC representative and Customer.

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

- (a) Establishment and Reestablishment of Credit:
- (1) Before the commencement of Service, the Applicant (whether a former Customer or not) must satisfactorily establish credit in accordance with Commission Rule R12-2. An Applicant for residential Service shall not be denied Service for failure to pay bills for any non-residential Service.
- (2) If the conditions of Service or the basis on which credit was originally established have materially changed, PSNC may require a Customer to reestablish credit in accordance with Commission Rule R12-2.

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

(b) Deposits:

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

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

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

**5. DENYING OR DISCONTINUING SERVICE**

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

(1) PSNC determines that a hazardous condition exists;

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

(3) PSNC Facilities have been tampered with;

(4) The unauthorized use of Gas by Customer;

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

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

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

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

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

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

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

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

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

there is clear, documented evidence of action taken by the Applicant with the intent to evade payment for utility services. PSNC may require reasonable proof of identity of the Applicant as a condition to providing Service.

(c) Discontinuing Service:

- (1) PSNC may discontinue or suspend Service without notice to Customer under the following circumstances:
  - i. In the event of a condition determined by PSNC to be hazardous;
  - ii. In the event of Customer use of equipment in such a manner as to adversely affect PSNC equipment or PSNC service to others;
  - iii. In the event of tampering with the equipment furnished and owned by PSNC; or
  - iv. In the event of unauthorized use.

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

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

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

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

## 6. RECONNECTION TERMS AND FEES

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

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

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

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

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

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

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

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

## **9. VACATED PREMISES**

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

## **10. NON-ASSIGNABILITY**

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

## **11. INTERRUPTIONS**

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

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

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

## **13. EMERGENCY USES**

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

## **14. INTERCONNECTIONS**

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

## **15. PRESSURE**

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

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

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

(b) Other Facilities: PSNC shall also furnish, install, and maintain all other PSNC Facilities required to provide Service. PSNC shall have the right, at its option and at its own expense, to place additional PSNC Facilities on the Premises for billing, testing, system monitoring or other purposes related to the provision of Service. If PSNC elects to install remote or automated Meter reading devices, Customer shall cooperate with PSNC to effect installation of any power, phone, or other service to the Meter site. Customer shall also provide suitable site(s) for any required communication antennas, batteries, and/or solar panels. All PSNC Facilities shall be and remain the sole property and sole responsibility of PSNC, regardless of whether the Customer was required to make a CIAC.

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

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

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

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

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

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

## **18. UNSAFE CONDITIONS**

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

## **19. BILLING**

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

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

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

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

entitle Customer to any extension of time for payment beyond the past due date.

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

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

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

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

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

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

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

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

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

## **20. FORCE MAJEURE**

In the event either PSNC or its transporter or supplier or Customer is unable, wholly or in part, by reason of force

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

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

## **21. POSSESSION OF GAS**

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

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

## **22. REPORTS OF LEAKS**

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

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

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

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

(c) If Excess Facilities are required, PSNC shall perform a Feasibility Test to determine whether or not these additional facilities will require Customer to pay a CIAC.

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

(e) If a Feasibility Test is required, PSNC shall also calculate the estimated cost of (i) the Main in excess of the 100 feet of Main for which no CIAC is required and (ii) the Service Line in excess of the 100 feet of Service Line for which no CIAC is required for new Customers occupying existing structures. For proposed new sub-divisions, the allowances for extensions of Mains and Service Lines will be considered only for existing structures that plan to use Gas at the

time the Main is to be extended. Any CIAC shall be the lesser of (i) the CIAC calculated in the Feasibility Test, or (ii) the full cost of extending the lines beyond the initial allowances of 100 feet of Main and Service Line. The Feasibility Test shall include all costs directly associated with the Service extension.

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

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

#### **24. FARM TAP SERVICE**

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

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

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

#### **25. CUSTOMER FACILITIES**

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

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

(c) If Customer Facilities have the potential to create a vacuum, back pressure, or any other condition, which, in PSNC's sole opinion, could cause operating difficulties on PSNC's system, a device meeting PSNC's specifications must be installed and maintained by Customer at Customer's sole expense to protect fully and completely PSNC's system.

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

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

Customer shall make a request to PSNC, and shall receive PSNC's permission before increasing Gas loads or pressure

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

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

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

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

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

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

### **(a) Definitions:**

- (1) "Actual Annual Usage" means the actual quantities of Gas sold to or transported for Customer by PSNC for a given Review Period as reflected on PSNC's invoices for that Customer.
- (2) "Classification Usage" means Gas quantities in an amount equal to Actual Annual Usage for a Customer for a Review Period divided by the Service Days for that same period.
- (3) "Involuntary Curtailment Days" means those days or portions of days in a given Review Period when curtailment of Customer's Service was imposed by PSNC's decision to curtail.
- (4) "Prospective Priority Classification" means the then current priority curtailment classification a Customer would otherwise qualify for based solely on the Classification Usage for a given Review Period.
- (5) "Prospective Rate Schedule" means PSNC's then current Rate Schedule that a Customer would otherwise qualify for based solely on the Classification Usage for a given Review Period.
- (6) "Review Period" means the twelve (12) months ended June 30.
- (7) "Service Days" means 365 less the number of Involuntary Curtailment Days.

### **(b) Procedure:**

- (1) During July and August of each year, the Prospective Rate Schedule for each Customer for the Review Period just ended shall be determined.
- (2) If the Prospective Rate Schedule is the same rate schedule on which Customer is currently billed, no further

Rate Schedule review is necessary. Customer shall remain on that Rate Schedule.

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

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

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

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

### **30. NON-WAIVER**

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