

PRESQUE ISLE ELECTRIC & GAS CO-OP
RATE BOOK
FOR
NATURAL GAS SERVICE

These Standard Rules and Regulations and Rate Schedules contained herein have been adopted by the Cooperative to govern its relations with Member-Consumers and have been approved by the Michigan Public Service Commission as an integral part of its Rate Book for Gas Service.

Copies of the Cooperative's Rate Book for Natural Gas Service are available on Presque Isle Electric & Gas Co-op's website at the following website address <https://www.pieg.com/RateInformation.cfm?p=78> or at the Michigan Public Service Commission's website at the following website address, <http://www.dleg.state.mi.us/mpsc/gas/tariffpresqueisle.htm>

Territory

This Rate Book for Natural Gas Service applies to the regulated territory served with Natural Gas by the Cooperative.

Issued **October 9, 2012**
By: Brian Burns
President and CEO
Onaway, Michigan



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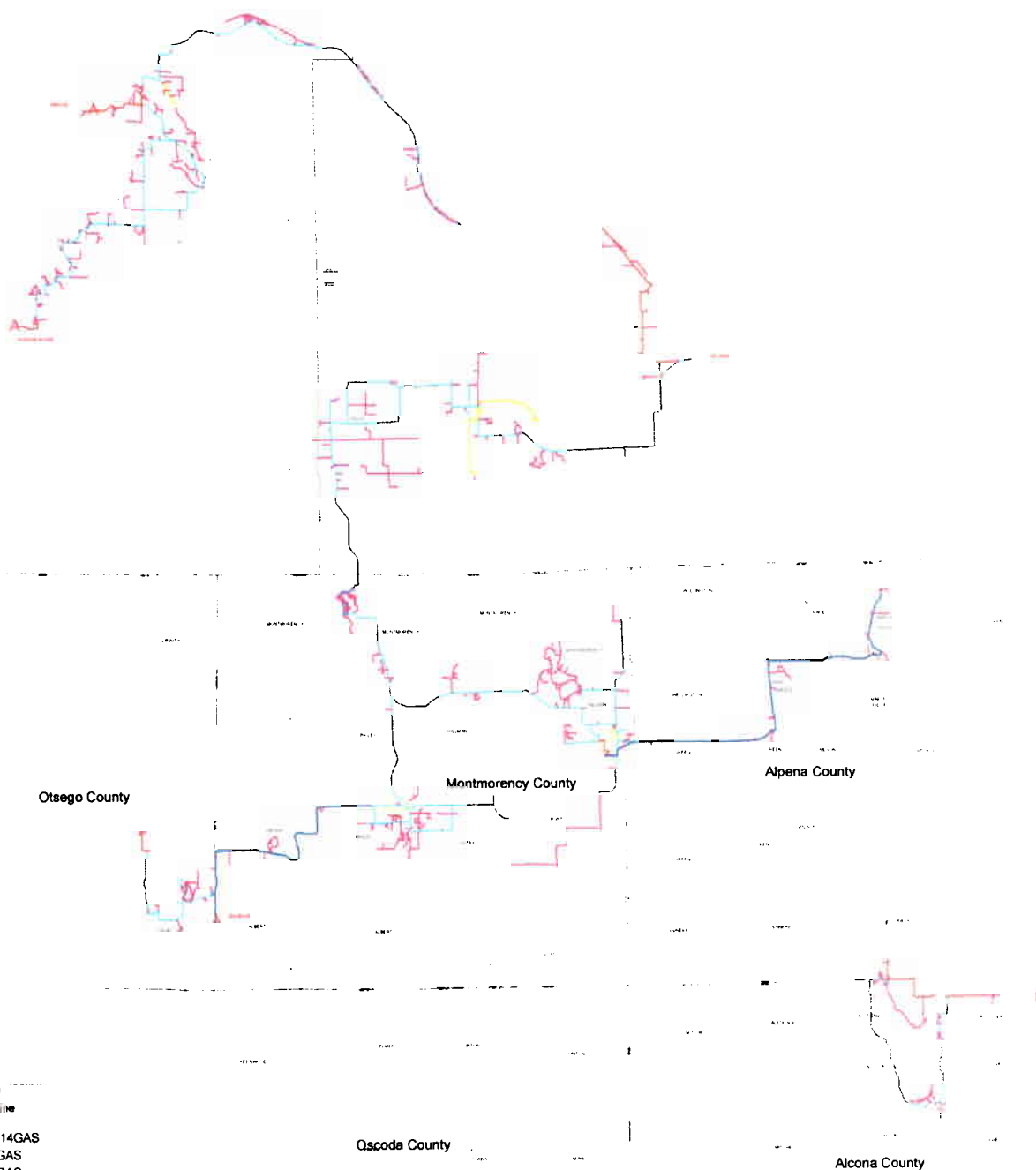
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Onaway, Michigan



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FRANCHISE AREA MAP



- Legend
Gas Line
- 1-14GAS
 - 1GAS
 - 2GAS
 - 3GAS
 - 4GAS
 - 6GAS
 - 8GAS

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FRANCHISE AGREEMENTS

The rates of the Cooperative within all of the territory serviced by the Cooperative are governed by franchise agreements.

The franchise agreements of the Cooperative are identified as follows:

NAME OF MUNICIPALITY	DATE OF ADOPTION OF ORDINANCE
Township of Alcona	December 14, 1999
Township of Allis	March 27, 1996
Township of Aloha	April 29, 1996
Township of Avery	July 5, 1994
Township of Bagley	February 10, 2003
Township of Bearinger	February 2, 1998
Township of Belknap	April 17, 1995
Township of Benton	August 19, 1996
Township of Bismarck	December 5, 1994
Township of Briley	July 7, 1994
Township of Caledonia	December 8, 1999
Township of Case	December 5, 1994
Township of Charlton	October 12, 1998
Township of Chester	March 13, 2001
Township of Green	August 17, 1994
Township of Hawes	December 14, 1999
Township of Hillman	August 2, 1994
Township of Inverness	March 11, 1997
Township of Koehler	April 22, 1996
Township of Krakow	July 9, 1996
Township of Long Rapids	June 17, 1998
Township of Loud	May 18, 1995
Township of Maple Ridge	September 2, 1998
Township of Metz	March 9, 1995
Township of Moltke	November 7, 2000
Township of Montmorency	August 3, 1994
Township of Mullett	April 26, 1996
Township of Ocqueoc	August 10, 1995
Township of Ossineke	March 25, 2000
Township of Presque Isle	August 5, 1996
Township of Pulawski	August 26, 1996
Township of Rogers	October 21, 1996
Township of Rust	July 5, 1994
Township of Vienna	June 18, 1998
Village of Hillman	August 2, 1994
Village of Millersburg	December 12, 1994

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**TECHNICAL TERMS AND ABBREVIATIONS
(FOR ALL CUSTOMERS)**

The definitions of the following technical terms and abbreviations are applicable to the Cooperative's Gas Rate Book and are not contained in the other sections thereof.

A. FOR ALL UTILITIES

1. "Commission" means the Michigan public service commission.
2. "Effective Date" means the date when the tariff sheet must be followed.
3. "Issue Date" means the date the Cooperative files a tariff sheet with the Commission.
4. "Rate Book" means the complete set of Cooperative filings submitted in accordance with the "Filing Procedures for Electric, Wastewater, Steam and Gas Utilities".
5. "Rate Schedule" or "Rider" means the rate or charge for a particular classification of service , including all special terms and conditions under which that service is furnished at the prescribed rate or charge .
6. "Rate Sheet" or "Tariff Sheet" means any of the documents filed in accordance with the "Filing Procedures for Electric, Wastewater, Steam and Gas Utilities".
7. "Rules and Regulations" means the rules, regulations, practices, classifications, exceptions, and conditions that the Cooperative must observe when providing service.
8. "Standard Customer Forms Index" means a listing showing the number, title, and revision date for all standard forms, in any format (preprinted or electronically preformatted) that the Cooperative uses to document contracts or other agreements that create or alter a customer's rights or responsibilities in dealings with the Cooperative. Standard customer forms require a customer signature or are specifically referenced within the Rate Book for execution between the Cooperative and customers.

B. COOPERATIVE

1. Ccf - 100 cubic feet
2. Cooperative - Presque Isle Electric & Gas Co-op
3. Dekatherm - 10 therms or 1,000,000 British thermal units
4. Mcf - 1,000 cubic feet

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SECTION B
ADMINISTRATIVE RULES INDEX

B1. TECHNICAL STANDARDS FOR GAS SERVICE (R 460.2301 R 460.2384) (FOR ALL CUSTOMERS)

http://w3.lara.state.mi.us/orrsearch/108_06_AdminCode.pdf

PART 1.	GENERAL PROVISIONS
R 460.2301	Definitions
R 460.2302	Application, Intention, and Interpretation of Rules; Utility Rules and Regulations
R 460.2303	Rescission
PART 2	RECORDS, REPORTS, AND OTHER INFORMATION
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R 460.2322	Location of Records
R 460.2323	Reports and Records Generally
PART 3	SERVICE REQUIREMENTS
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R 460.2332	Permanent Service Line Rules
R 460.2333	Main Extension Rules
R 460.2334	Temporary Service
R 460.2335	Interruptions of Service
PART 4	ENGINEERING
R 460.2341	Gas Facilities; Construction and Installation
R 460.2342	Standards of Accepted Engineering Practice
PART 5	INSPECTION OF METERS
R 460.2351	Meters and Associated Metering Devices; Inspections and Tests
R 460.2352	Diaphragm-Type Meters; Meter Tests; Reports
R 460.2353	Retirement of Meters
R 460.2354	Accuracy of Metering Equipment; Tests; Standards
R 460.2355	Meter Shop; Design; Meter Testing System; Standards; Handling; Calibration Cards; Calibrated Orifices
R 460.2356	Pressure Measurement Standards
R 460.2357	Records; Meter Tests
R 460.2358	Records; Meter and Associated Metering Device Data

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SECTION B
ADMINISTRATIVE RULES INDEX
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B1. TECHNICAL STANDARDS FOR GAS SERVICE (R 460.2301 R 460.2384) (FOR ALL CUSTOMERS)

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R 460.2362 Determination of Adjustment
R 460.2363 Refunds
R 460.2364 Rebilling
R 460.2365 Consumption Data Records

PART 7 SHUTOFF OF SERVICE

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R 460.2372 Gas Facilities Hazard
R 460.2373 Shutoff of Service
R 460.2374 Customer Notification of Shutoff of Service

PART 8 GAS QUALITY

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R 460.2382 Heating Value; Authorized Variations
R 460.2383 Heating Value Records; Location and Accuracy of Measuring Equipment; Frequency of Heating Value Determination
R 460.2384 Rescinded

B2. CONSUMERS STANDARDS AND BILLING PRACTICES FOR ELECTRIC AND GAS RESIDENTIAL SERVICE (R 460.101 R 460.169)

http://w3.lara.state.mi.us/orrsearch/107_92_AdminCode.pdf

PART 1 GENERAL PROVISIONS AND DEFINITIONS

R 460.101 Application of Rules
R 460.102 Definitions
R 460.103 Discrimination Prohibited
R 460.104 Conduct of Proceedings
R 460.105 Additional Rules

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B2. CONSUMERS STANDARDS AND BILLING PRACTICES FOR ELECTRIC AND GAS RESIDENTIAL SERVICE (R 460.101 R 460.169) (Contd)
http://w3.lara.state.mi.us/orrsearch/107_92_AdminCode.pdf

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- R 460.106 Service Requests for New or Previous Customers
R 460.107 Applicant Information
- PART 3. DEPOSITS AND GUARANTEE TERMS AND CONDITIONS
- R 460.108 Prohibited Practices
R 460.109 Deposit for New Customers
R 460.110 Deposit for a Previous Customer or for Continued Service
R 460.111 General Deposit Conditions
R 460.112 Guarantee Terms and Conditions
- PART 4. METER READING PROCEDURES, METER ACCURACY, METER ERRORS AND RELOCATION
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R 460.114 Company Representative Identification
R 460.115 Customer Meter Reading
R 460.116 Meter Accuracy, Meter Errors, Meter Relocation
- PART 5. BILLING AND PAYMENT STANDARDS
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R 460.118 Equal Monthly Billing
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- R 460.127 Voluntary Termination

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http://w3.lara.state.mi.us/orrsearch/107_92_AdminCode.pdf

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R 460.130	Personnel Procedures
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B3. UNCOLLECTIBLES ALLOWANCE RECOVERY FUND (R 460.2601 - R 460.2625) **RESCINDED**
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*Waivers may have been granted by the Commission to the Company for certain portions of the administrative rules below.

- B5. Practice and Procedure Before the Commission (R 460.17101 - R 460.17701)**
http://w3.lara.state.mi.us/orrsearch/934_2009-046LR_AdminCode.pdf
- B6. Filing Procedures for Electric, Water, Steam and Gas Utilities (R 460.2011 - R 460.2031)**
http://w3.lara.state.mi.us/orrsearch/108_04_AdminCode.pdf
- B7. Residential Conservation Program Standards (R 460.2401 - R 460.2414)**
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- B8. Preservation of Records of Electric, Gas and Water Utilities (R 460.2501 - R 460.2582)**
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- B10. Production and Transmission of Natural Gas (R 460.851 - R 460.875)**
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- B11. Uniform System of Accounts for Major and Nonmajor Gas Utilities (R 460.9021, R 460.9039)**
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- B12. Rate Case Filing Requirements for Major Gas Utilities**
http://www.cis.state.mi.us/mpsc/orders/archive/pdfs/U-10039_01-17-1992.PDF

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**SECTION C
COOPERATIVE RULES AND REGULATIONS
(FOR ALL MEMBER-CONSUMERS)**

INTENT OF SECTION C

These General Rules and Regulations for all Member-Consumers are not to supersede but are in addition to Rule B1, Technical Standards for Gas Service, Rule B2, Consumer Standards and Billing Practices for Electric and Gas Residential Service, and Rule B4, Billing Practices Applicable to Non-Residential Electric and Gas Member-Consumers.

C1. CHARACTERISTICS OF SERVICE

C1.1. Character of Service

The Cooperative shall endeavor, but does not guarantee, to furnish a continuous supply of gas and to maintain pressure in its lines within reasonable limits.

The Cooperative shall not be liable for interruptions in the service, variations in the pressure, or variations in the service characteristics, or for any loss or damage of any kind or character occasioned thereby, due to causes or conditions beyond the Cooperative's reasonable control, and such causes or conditions shall be deemed to specifically include, but not be limited to the following: acts or omissions of Member-Consumers or third parties; operation of safety devices except when such operation is caused by the negligence of the Cooperative; absence of an alternate supply of service; failure, malfunction, breakage, necessary repairs or inspection of machinery, facilities or equipment when the Cooperative has carried on a program of maintenance consistent with the general standards prevailing in the industry; act of God; war; action of the elements; storm or flood; fire; riot; labor dispute or disturbances; or the exercise of authority or regulation by governmental or military authorities.

Regardless of contracts in force, the Cooperative shall have the right (a) to institute and maintain curtailments of gas service in accordance with the provisions of Rule C3, Curtailment of Gas Service, of this Gas Rate Book, and (b) in the event of an emergency causing a short-term shortage of gas supply, to grant preference to that service, which in the Cooperative's judgment, is most essential to the public health, safety and welfare.

Before purchasing equipment or installing piping, the Member-Consumer shall secure from the Cooperative information regarding whether new or additional gas loads are being accepted and the characteristics of the service available.

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C1. CHARACTERISTICS OF SERVICE (Contd)

No ownership rights in facilities provided by the Cooperative shall pass to any person as a result of any deposit or contribution made under these rules. Deposits or contributions made by Member-Consumers shall not be refundable unless expressly provided in these rules.

The Cooperative will make a leakage test prior to the establishment of gas service. The Cooperative shall not be liable for the installation, maintenance or use of fuel lines, piping or appliances owned by the Member-Consumer or installed beyond the Cooperative's meter nor shall the Cooperative be liable for any continuing duty of inspection of such equipment or facilities.

C1.2. Hours of Service

Gas shall be supplied 24 hours per day except as provided elsewhere in the Cooperative's Gas Rate Book.

C1.3. Use of Service

The Member-Consumer shall use the service so as not to cause a safety hazard, endanger the Cooperative facilities or the Member-Consumer's equipment or to disturb the Cooperative's service to other Member-Consumers. The Cooperative disclaims any responsibility to inspect the Member-Consumer's piping or equipment and shall not be held liable for any injury or damage resulting from the condition thereof.

The Cooperative reserves the right to deny or shut off service under the following conditions or for any of the following reasons:

- A. Without prior notice to any Member-Consumer for a condition on the Member-Consumer's premises which is determined by the Cooperative or a code authority to be hazardous.
- B. To any Member-Consumer for a condition on the Member-Consumer's premises which is determined by the Cooperative or a code authority to be potentially hazardous.
- C. To any Member-Consumer who uses equipment in a manner which adversely affects the Cooperative's equipment or the Cooperative's service to others.

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C1. CHARACTERISTICS OF SERVICE (Contd)

C1.3 Use of Service (Contd)

- D. To any Member-Consumer involved in metered or unmetered energy theft, including obtaining the use of equipment by submitting a falsified application. Energy theft includes but is not limited to:
 - 1. Tampering
 - 2. Unauthorized Use
 - 3. Diversion
 - 4. Interference
- E. For misrepresentation of identity for the purpose of obtaining utility service.
- F. For failure of the Member-Consumer to permit the Cooperative reasonable access to equipment installed upon the premises for the purpose of inspection, meter reading, maintenance, relocation, replacement or removal.
- G. For failure of the Member-Consumer to install and/or maintain necessary devices to protect the Member-Consumer's equipment in the event of service interruptions.
- H. For failure of the Member-Consumer to install and/or maintain necessary devices to protect the Cooperative's facilities against the creation of a vacuum or back pressure and against the entrance of any foreign material into the Cooperative's system.
- I. For failure of the Member-Consumer receiving service at 1 psig or greater to install and/or maintain equipment of adequate pressure ratings.
- J. For failure of the Member-Consumer to comply with Rule C2, Controlled Service, and/or Rule C3, Curtailment of Gas Service.
- K. For failure of the Member-Consumer to post a cash security deposit or other form of guarantee, when required in accordance with the Rules and Regulations.

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C1. CHARACTERISTICS OF SERVICE (Contd)

C1.3 Use of Service (Contd)

- L. For failure of the Member-Consumer to pay a delinquent account not in dispute.
- M. For failure of the Non-Residential Member-Consumer to pay any delinquent Non-Residential account incurred by the Member-Consumer under a different account name, by the Member-Consumer's predecessor in interest or by any other entity, the debt of which, the Member-Consumer is legally obligated to assume.
- N. For failure of the Member-Consumer to comply with the terms and conditions of a settlement agreement, interim determination or complaint determination between the Member-Consumer and the Cooperative.
- O. For violation of, or noncompliance with, the Cooperative's Gas Rate Book.

C1.4. Unusual Facility Requirements

The Cooperative reserves the right to make special contractual arrangements as to the provision of necessary service facilities, duration of contract, minimum bills, or other service conditions with respect to Member-Consumers with large or unusual requirements for gas, or with respect to Member-Consumers whose establishments are remote from the Cooperative's existing suitable facilities, or with respect to Member-Consumers whose requirements otherwise necessitate unusual investments by the Cooperative or with respect to Member-Consumers whose service requirements may be of a short term, temporary or transient nature.

C1.5. Invalidity of Oral Agreements or Representations

No employee or agent of the Cooperative is authorized to modify or supplement the Rules and Regulations and Rate Schedules of this Gas Rate Book or any contract by oral agreement or representation, and no such oral agreement or representation shall be binding upon the Cooperative.

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C1. CHARACTERISTICS OF SERVICE (Contd)

C1.6. Transfers of Gas

Member-Consumers shall be allowed to transfer their gas requirements from one location to another under the following conditions:

- A. Member-Consumers owning a building may transfer gas requirements for gas equipment in that building to a new location provided that such gas requirements are not used at the old location.
- B. Member-Consumers not owning a building may transfer gas requirements attributable to the gas equipment they own; provided however, that gas requirements associated with heating and maintaining a building in habitable condition cannot be transferred without the specific written consent of the building owner.
- C. Where partial transfer of gas requirements for gas equipment in a building is requested, sufficient equipment must be removed from service or converted to another source of fuel in that building to equal the gas requirements of the transferred equipment.
- D. Gas requirements for gas equipment cannot be transferred from one class of service to another, except residences converted to commercial use may continue to utilize gas requirements of existing equipment.
- E. Service to transferred equipment must be initiated within 12 months after shutoff of service at the original location. All costs (except the costs of a standard meter and standard regulator) associated with transfers must be borne by the Member-Consumer requesting the transfer.
- F. Once gas requirements are transferred to a new location, resumption of service at the old location is subject to the rules (including gas allocation) governing service to new Member-Consumers.
- G. Member-Consumers restricted by a gas service contract to an annual capacity reservation and who operate at two or more locations may transfer, in total or in part, gas volumes from one such restricted account to another.

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C2. CONTROLLED SERVICE

A. Scope

This rule provides the Cooperative with the authorization to control the attachment of load, consistent with changes in gas supply as they occur.

This rule shall apply to additional equipment installed by an existing Member-Consumer following the declaration of a controlled service condition but not to the additional use of gas in equipment installed previous to the declaration of a Controlled Service Condition.

B. Notice of Controlled Service Condition

The Cooperative shall provide not less than 90 days' advance written notice of a Controlled Service condition to all firm Member-Consumers, except where actions by foreign, federal, state or local government, regulatory agencies or force majeure preclude the giving of such notice.

C. Application for Service

Upon the declaration of a Controlled Service condition, all those within the affected priorities requesting gas sales service shall make written application for such service on a form provided by the Cooperative.

D. Approval of Application for Service

1. As the Cooperative is able to contract for gas supplies at reasonable and prudent prices, terms and conditions, applications for service shall be approved subject to the following:
 - a. Approval shall be on a first-requested, first-served basis within each Controlled Service Priority.
 - b. The Cooperative shall open the highest Priority first. If all the applicants within that Priority are granted service, and sufficient supply is available, the next highest Priority shall be opened. When the Cooperative opens a Priority previously closed, the Cooperative shall supply written notice to those within that Priority that have applications on file indicating the Priority is open and that the requested supplies of gas are available.

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C2. CONTROLLED SERVICE (Contd)

- c. If the available supply is committed before granting all applicants service, then those applicants who do not receive service shall have their application kept on file and their standing reserved within their Priority, but shall not receive preference over a later applicant who qualifies for a higher Priority, when gas becomes available and Priorities are again opened.
 - d. An applicant whose Priority is open at the time of application may be granted immediate approval through written notification by the Cooperative, provided such applicant demonstrates to the satisfaction of the Cooperative that the construction and installation of the necessary equipment will proceed in a timely manner.
 - e. An applicant whose Priority is closed at the time of application, shall have that application for service kept on file by Priority and by the date the application was received.
2. The Cooperative may not grant service to new Member-Consumers or permit additional load by existing Member-Consumers, if:
 - a. The Cooperative is curtailing any Member-Consumers in the affected service area under the Capacity Deficiency provisions of Rule C3, Curtailment of Gas Service.
 - b. The Cooperative is curtailing any Member-Consumers under the Gas Supply Deficiency provisions of Rule C3, Curtailment of Gas Service, except that the Cooperative may attach Priority One Member-Consumers provided no Member-Consumers in Curtailment Priority Two are being curtailed and except that the Cooperative may attach transportation load without System Supply Entitlement Charge (SSEC) backup.
 3. The Cooperative reserves the right to attach new interruptible loads, to provide Transportation rate Member-Consumers with "Authorized Gas" under the "Authorized Gas Usage Charge" provision of the rate or to supply gas under the "Restricted Sales" provision of this rule.
 4. The written notification by the Cooperative granting approval of the application shall specify the date by which gas service must commence.

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C2. CONTROLLED SERVICE (Contd)

E. Forfeiture

1. A Member-Consumer shall install the necessary equipment and commence gas service by the date specified in the Cooperative's notification of approval, otherwise the Member-Consumer's reservation of gas supply is forfeited.
2. When the Cooperative grants approval in those cases where the Application for Gas Service was not initially granted, the Member-Consumer shall notify the Cooperative in writing within 30 days (from the date of the Cooperative's written notification of approval) of the Member-Consumer's intention to accept service. If the Member-Consumer does not respond within 30 days, the Member-Consumer's original application is void.
3. If any time after commencing firm gas service, a Member-Consumer switches to transportation service, that Member-Consumer forfeits firm sales Member-Consumer status on all volumes except those volumes protected by payment of the SSEC. After five years from the date of such forfeit, a Member-Consumer may apply for firm sales rate status.

F. Restricted Sales

As a result of warmer-than-normal weather, or other factors, the Cooperative may have gas in excess of its immediate load. The Cooperative may sell such excess gas subject to:

1. The provision of a net economic benefit to the Cooperative's Member-Consumers as a result of the sale of such gas.
2. Demonstration by the Cooperative that the sale of such gas caused no detriment to its Member-Consumers.
3. The Gas Supply Deficiency Curtailment Priority Eight of Rule C3, Curtailment of Gas Service, for all special contract sales of such gas.
4. Commission approval of such sales on a special contract basis, limited as to time and volume.

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C2. CONTROLLED SERVICE (Contd)

G. Priorities

1. Service shall be controlled under this rule in accordance with the following Priorities. Priority One constitutes the highest Priority which will be the last Priority controlled.

PRIORITY ONE

The purchase of natural gas by any residential Member-Consumer for any purpose except space heating or air conditioning. The use of gas by any commercial Member-Consumer to provide a service such as would normally be provided by non-space heating or air conditioning residential use of gas.

PRIORITY TWO

The purchase of natural gas by any residential Member-Consumer for space heating or air conditioning and the use of natural gas for services essential for public health and safety as defined in Rule C3, Curtailment of Gas Service.

PRIORITY THREE

The purchase of natural gas by any Non-Residential Member-Consumer for space heating or air conditioning or any use of gas by a commercial Member-Consumer not included in Priority One.

PRIORITY FOUR

The purchase of natural gas by any industrial Member-Consumer for industrial processing or in gas-fired afterburners to limit or abate obnoxious odors or air pollution.

PRIORITY FIVE

The purchase of natural gas for all other purposes not listed in Priority One through Four or Priority Six.

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C2. CONTROLLED SERVICE (Contd)

PRIORITY SIX

The purchase of natural gas for the generation of steam or electricity by utilities, or the firing of kilns which can be fired by other fuels.

2. A Member-Consumer who has a pollution problem which presents a threat to the public health and safety, where the use of natural gas offers the only feasible solution to the problem, may petition the Commission to assign a Priority of use higher than that to which the Member-Consumer would otherwise be entitled. The matter shall be considered by the Commission pursuant to its Rules of Practice relating to petitions or complaints.
3. The use of natural gas in boilers which have alternate fuel capability shall not qualify as requirements for services essential for public health and safety without the express authorization of the Commission. The matter shall be considered by the Commission pursuant to its Rules of Practice relating to petitions or complaints.

H. Penalties for Violation

Any gas used by a Member-Consumer in additional equipment installed by an existing Member-Consumer following the declaration of a controlled service condition and for which the Member-Consumer has not received authorization, shall, during the period when a gas controlled service condition has been instituted pursuant to this rule, be subject to excess use charges of \$10 per Mcf, with such charges being in addition to the rates set forth in the applicable Cooperative Rate Schedule. Failure of the Member-Consumer to pay such excess use charge when due shall constitute sufficient cause for the Cooperative to shut off gas service to such Member-Consumer. The Cooperative reserves the right to shut off service to any Member-Consumer who violates any of the provisions of this rule.

C3. CURTAILMENT OF GAS SERVICE

C3.1. Definitions

The following terms used in this rule shall have the meanings hereinafter set forth:

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C3. CURTAILMENT OF GAS SERVICE (Contd)

- A. **Capacity deficiency** shall mean emergency situations whereby load temporarily exceeds the capacity of the Cooperative's pipeline system to deliver volumes commensurate with such load, but such that the full design capacity of the system is unaffected. See Section C3.3D(3) of this rule.
- B. **Capacity restriction** shall mean restriction due to force majeure or other damage to the Cooperative's facilities such that the full design capacity of the pipeline system is not available. See Section C3.3D(1). of this rule.
- C. **Commercial gas requirements** shall include all service to Member-Consumers engaged primarily in the furnishing or sale of goods or services including schools, local, state and federal government agencies and other public or private institutions for use other than those involving manufacturing or electric power generation.
- D. **Member-Consumers**, unless otherwise specified, shall mean sales Member-Consumers, transportation Member-Consumers and storage Member-Consumers.
- E. **Deliveries** shall mean both transportation and sales volumes.
- F. **End use Member-Consumer** is a Member-Consumer under the Cooperative's sales and transportation Rate Schedules where the gas is used or consumed on the Member-Consumer's premises to which the gas was delivered.
- G. **Force majeure** shall mean acts of God, strikes, lockouts, or other industrial disturbances; acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms (including but not limited to hurricanes or hurricane warnings), crevasses, floods, washouts, arrests and restraints of the government, either Federal or State, civil or military, civil disturbances. Force majeure shall also mean shutdowns for purposes of necessary repairs, relocation, or construction of facilities; failure of electronic data capability; breakage or accident to machinery or lines of pipe; the necessity of

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C3. CURTAILMENT OF GAS SERVICE (Contd)

testing (as required by governmental authority or as deemed necessary by the Cooperative for the safe operation thereof), the necessity of making repairs or alterations to machinery or lines of pipe; failure of surface equipment or pipelines; accidents, breakdowns, inability to obtain necessary materials, supplies or permits, or labor to perform or comply with any obligation or condition of service, rights of way; and any other causes, whether of the kind herein enumerated or otherwise which are not reasonably within the control of the Cooperative. It is understood that the settlement of strikes and lockouts or controversies with landowners involving rights of way shall be entirely within the Cooperative's discretion and that the above requirement that any force majeure be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts or controversies with landowners involving rights of way by acceding to the demands of the opposing party when such course is inadvisable in the discretion of the Cooperative.

- H. **Industrial gas requirements** shall include all service to Member-Consumers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product including the generation of electric power.
- I. **Requirements for plant protection** shall mean such minimum volumes of gas as required to prevent physical harm to the plant facilities or danger to plant personnel when such protection cannot be afforded through the use of an alternate fuel. This includes the protection of such material in process as would otherwise be destroyed, but shall not include deliveries required to maintain plant production.
- J. **Requirements for services essential for public health and safety** shall mean gas purchased for food processing and for use by or in connection with hospitals, convalescent homes, nursing homes, medical centers and clinics; water and sewage treatment and waste disposal facilities; civil defense centers and public utility buildings; newspapers, radio and television stations; fire stations, police stations, jails and penal institutions; and such other uses of gas as are found qualified by the Commission as requirements for services essential for public health and safety; provided, however, that requirements for boilers which have alternate fuel capability shall not qualify as requirements for services essential for public health and safety without the express authorization of the Commission.

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C3. CURTAILMENT OF GAS SERVICE (Contd)

- K. **Residential gas requirements** shall include all direct natural gas usage for space heating, cooking, water heating, and other residential uses in a single family dwelling or in an individual flat or apartment; or to two or more households served by a single meter (one Member-Consumer) in a multiple family dwelling, or portion thereof. A "multiple family dwelling" includes such living facilities as, for example, cooperatives, condominiums and apartments; provided each household within such multiple family dwelling has the normal household facilities such as bathroom, individual cooking and kitchen sink. A "multiple family dwelling" does not include such living facilities as, for example, penal or corrective institutions, motels, hotels, dormitories, nursing homes, tourist homes, military barracks, hospitals, special care facilities or any other facilities primarily associated with the purchase, sale or supplying (for profit or otherwise) of a commodity, product or service by a public or private person, entity, organization or institution.
- L. **System supply Member-Consumer**, shall mean those Member-Consumers who purchase natural gas requirements from the Cooperative.

C3.2. Curtailment of Gas Service for Gas Supply Deficiency

- A. Determination of Need for Curtailment
1. If at any time the Cooperative cannot provide continuous service to its system supply Member-Consumers because of an inability to procure sufficient gas volumes from its interstate pipeline suppliers or other suppliers, and reliable short term supplies are not available at reasonable and prudent prices, the Cooperative has the right to curtail the distribution of system supply gas to its Member-Consumers in accordance with the provisions of this Rule.
 2. In implementing this Rule, however, all sales of system supply gas to other than system supply Member-Consumers shall be curtailed prior to curtailing, limiting or interrupting the distribution of gas to system supply Member-Consumers.

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C3. CURTAILMENT OF GAS SERVICE (Contd)

C3.2 Curtailment of Gas Service for Gas Supply Deficiency (Contd)

3. The Cooperative may separately institute curtailment of its system supply gas in the integrated and non-integrated portions of its total system, consistent with the inability to procure sufficient gas volumes in each respective portion of its system.
4. This Curtailment Rule (C3.2) does not apply to gas owned by parties other than the Cooperative.

B. Notice of Curtailment

1. The Cooperative shall provide not less than 90 days advance written notice of curtailment to all system supply Member-Consumers expected to be curtailed, except where actions by foreign, federal, state, or local government or regulatory agencies preclude the giving of such notice.
2. The Cooperative may immediately curtail or interrupt the distribution of system supply gas to non-system supply Member-Consumers, by oral notice or otherwise, to the extent and for such duration as the Cooperative in its sole judgment shall deem necessary.
3. Notification of curtailment shall specify the starting date, an estimate of the length of time the curtailment is expected to be in effect, and the classification of the priorities to be curtailed. Prior to and during the period of curtailment, all Member-Consumers in curtailment priorities to be affected shall be given not less than 30 days advance written notice of the authorized volumes to which they will be entitled for the following month.

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C3. CURTAILMENT OF GAS SERVICE (Contd)

C3.2 Curtailment of Gas Service for Gas Supply Deficiency (Contd)

C. Method of Curtailment

1. Prior to curtailment, the Cooperative will make a Public Service Announcement for voluntary dial-down actions by system supply Member-Consumers.
2. Curtailments shall be made in accordance with the curtailment priorities set forth in Section E of this Rule, beginning with the lowest priority category and proceeding to the next highest priority category. The total curtailment shall equal the estimated deficiency of gas brought about by the demands of all Member-Consumers purchasing system supply gas in the integrated and/or non-integrated portions of the Cooperative's system.
3. Curtailments may be simultaneously instituted in more than one curtailment category provided that gas usage falling within a lower priority category has been completely curtailed.
4. When curtailment of less than 100% of the sales volume in a particular curtailment priority is required, the available volumes shall be allocated to each Member-Consumer assigned to that priority, on a pro-rata basis, using the Member-Consumer's base period volumes that correspond to the month being curtailed.

D. Base Period

1. Base Period for System Supply Member-Consumers

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C3. CURTAILMENT OF GAS SERVICE (Contd)

C3.2 Curtailment of Gas Service for Gas Supply Deficiency (Contd)

- a. For the purpose of determining the Member-Consumer's volumes within each curtailment priority category, a twelve month base period shall be established. Such base period shall be fixed for the term of the curtailment. The base period volumes shall consist of the twelve consecutive monthly consumptions ending June of each year. In those instances where the Member-Consumer has encountered strikes, interruption of gas service or unavoidable operational abnormalities, the Cooperative may make reasonable adjustments to normalize the Member-Consumer's requirements. Base period volumes may be adjusted for equipment added or deleted.
- b. In determining monthly consumptions, the Cooperative shall determine the gas used during each month of the period described above for all buildings, parts of buildings, and equipment associated with each Member-Consumer's gas billing in accordance with the Cooperative's Rules and Regulations. Volumes specified in Curtailment Priorities One through Five shall apply in the aggregate for all equipment of the same end use rather than on a unit of equipment basis.
- c. The monthly consumption so determined, with such adjustments as provided above, shall then be used as the monthly requirement specified in the Curtailment Priority Categories. In determining a Member-Consumer's Curtailment Priority Category, the applicable monthly requirement in the base period shall be used.

2. Base Period for Non-System Supply Member-Consumers

A base period is not established pursuant to this Rule for non-system supply Member-Consumers. The distribution of system supply gas to non-system supply Member-Consumers is subject to Curtailment Priority Five whereby the Cooperative has sole discretion in determining the extent and duration of curtailment of such Member-Consumers.

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C3. CURTAILMENT OF GAS SERVICE (Contd)

C3.2 Curtailment of Gas Service for Gas Supply Deficiency (Contd)

E. Curtailment Priorities

For purposes of curtailment, five categories are established with Priority Five constituting the lowest priority and Priority One the highest.

PRIORITY FIVE

All non-residential Member-Consumers having alternate fuel capability for that portion of their load covered by the alternate fuel and all sales of system supply gas to non-system supply Member-Consumers.

PRIORITY FOUR

Commercial and industrial gas requirements in excess of 41,667 Mcf per the base period month being curtailed.

PRIORITY THREE

Commercial and industrial gas requirements of 8,334 Mcf to 41,667 Mcf per the base period month being curtailed.

PRIORITY TWO

Commercial gas requirements of 1,250 Mcf to 8,334 Mcf per the base period month being curtailed and industrial gas requirements of 8,334 Mcf or less per the base period month being curtailed.

PRIORITY ONE

Residential gas requirements, commercial gas requirements of 1,250 Mcf or less per the base period month being curtailed, requirements for plant protection, and requirements for services essential for public health and safety not covered by an alternate fuel.

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C3. CURTAILMENT OF GAS SERVICE (Contd)

C3.2 Curtailment of Gas Service for Gas Supply Deficiency (Contd)

F. Rate Adjustments

A Member-Consumer shall not be liable for any part of a monthly service charge provided in a Rate Schedule if such Member-Consumer's consumption under that rate is completely curtailed for the entire billing period. No other rate adjustments will be permitted.

G. Enforcement

1. The Cooperative reserves the right to take special daily meter reads during periods when a curtailment has been instituted pursuant to Part C3.2 of this Rule. The Cooperative reserves the right to inspect the Member-Consumer's equipment, to install special metering, and to immediately terminate gas service for violations of this Rule. Once gas service is terminated, the Cooperative may withhold such service until it is satisfied that the terms and conditions of this Rule will be observed.
2. There is nothing in this Rule that shall prevent a Member-Consumer from challenging before the Commission the continuation of a curtailment or that shall abridge the Member-Consumer's right to appeal any such determination to the Commission.

H. Penalty

After the Cooperative has provided actual oral or written notice of curtailment to the affected end use Member-Consumer, any gas used by such Member-Consumer in excess of the volumes authorized during the period when a curtailment has been instituted pursuant to Part C3.2 of this Rule will be subject to excess use charges, with such charges being in addition to those normal charges made under the applicable Rate Schedules. The charge for such excess usage shall be the highest price reported for the Mich Con, Michigan Consumers Energy and Chicago LDCs during the period of curtailment as reported by Gas Daily or, in the event that Gas Daily discontinues its reporting of such prices, any comparable reporting services, plus \$10 per Mcf. Failure to pay an excess charge when rendered shall subject the Member-Consumer to termination of gas service.

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C3. CURTAILMENT OF GAS SERVICE (Contd)

C3.3. Curtailment of Gas Service During an Emergency

A. Cooperative's Rights to Curtail

The Cooperative recognizes its primary public service obligation is to maintain gas service to its Member-Consumers. If, in the event of an emergency arising out of extreme cold weather or other causes referred to as force majeure situations the Cooperative determines that its ability to deliver gas may become inadequate to support continuous service to its Member-Consumers on its system, the Cooperative shall have the right to partially or completely curtail service to each of its Member-Consumers in accordance with the order of curtailment set forth below, irrespective of the contracts in force. This plan applies to all gas sales, transportation and storage service provided by the Cooperative except for gas moving on the Cooperative's gathering systems. The Cooperative will implement this curtailment plan throughout its system to the extent necessary and possible, consistent with its practical operation, considering such factors as system capacity and the extent to which curtailment of Member-Consumers in a specific portion of the Cooperative's system may remedy the emergency.

B. Steps Prior to Curtailment

When there is adequate time during an emergency situation, and if applicable, the following steps will be implemented by the Cooperative prior to the enforcement of the curtailment plan established by this Rule.

1. Interrupt service provided under an "interruptible" rate or contract then in effect;
2. Implement contingency contracts for emergency gas supply purchases established in advance. Seek to purchase additional gas supplies at prices which shall be regarded as reasonable and prudent;
3. Curtail deliveries to any Member-Consumer in excess of volumes allowed under contracts;

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C3. CURTAILMENT OF GAS SERVICE (Contd)

C3.3 Curtailment of Gas Service During an Emergency (Contd)

4. Implement an Operational Flow Order (OFO). An OFO invokes daily-balancing upon transportation Member-Consumers and allows the Cooperative to limit both transportation and storage Member-Consumers' daily storage withdrawal volumes to that level authorized by the Cooperative. Member-Consumers not balancing deliveries to the Cooperative, with use, and authorized storage withdrawal volumes, on any date during an OFO will be subject to C3.3 penalties applied to such excess usage.
5. Make a public service announcement for voluntarily dial-down actions by system supply Member-Consumers;
6. Ask transportation Member-Consumers to voluntarily reduce use and/or increase deliveries.

C. Notice of Operational Flow Order (OFO) or Curtailment

If an OFO or curtailment becomes necessary, the Cooperative shall provide notice to the Commission and all affected Member-Consumers of the nature, probable duration and extent of such OFO or curtailment. Such notice will be given as far in advance as possible.

D. Method of Curtailment

1. If a curtailment becomes necessary due to capacity restrictions, the Cooperative shall determine the amount of firm service capacity that is available (residual firm capacity).

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C3. CURTAILMENT OF GAS SERVICE (Contd)

C3.3 Curtailment of Gas Service During an Emergency (Contd)

- a. The residual firm capacity shall be curtailed in accordance with the curtailment priority categories set forth in Section F of this Rule, beginning with Curtailment Priority Five and proceeding to the next highest priority category.
- (1) Curtailments may be simultaneously instituted in more than one curtailment priority category provided that gas usage falling within a lower priority category is being completely curtailed.
 - (2) If system deliverability permits only partial delivery of gas to a given priority category of use, curtailment will be effected on the basis of a pro rata sharing using the base period deliveries to Member-Consumers for that priority category. If a Member-Consumer has entered into an arrangement for voluntary reduction of use and/or increase in deliveries pursuant to Paragraph(B)(6) above, the volumes associated with such voluntary reductions of use or increase in deliveries shall be attributed to that Member-Consumer's pro rata share.
 - (3) Upon notice of a curtailment, the Cooperative shall give Member-Consumers with multiple locations, the option to select which location will be subject to the curtailment, consistent with the practical and physical operational constraints of the Cooperative's system.

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C3. CURTAILMENT OF GAS SERVICE (Contd)

C3.3 Curtailment of Gas Service During an Emergency (Contd)

2. If curtailment becomes necessary due to an emergency situation resulting in a supply deficiency, with no associated capacity deficiency, the Cooperative shall curtail gas service in accordance with Section C3.3D(1), subject to the following conditions.
 - a. Transportation Member-Consumers shall have the option of having electronic remote metering installed or of establishing a means acceptable to the Cooperative and the Member-Consumer of determining daily consumption at the Member-Consumer's expense. Negative daily imbalances incurred shall be curtailed pursuant to priorities determined as in Section (E) Base Period. Usage in balance with deliveries (flowing pipeline supplies) on a daily basis is exempt from curtailment under this paragraph.
3. If curtailment becomes necessary due to an emergency situation resulting in a capacity deficiency, the Cooperative shall curtail gas service in accordance with Section C3.3D(1).

E. Base Period

1. For the purpose of determining the Member-Consumer's volumes within each curtailment priority category, a twelve month base period shall be established. Such base period shall be fixed for the term of the curtailment. The base period volumes shall consist of the twelve consecutive monthly deliveries ending June of each year. In those instances where the Member-Consumer has encountered strikes, interruption of gas service or unavoidable operational abnormalities, the Cooperative may make reasonable adjustments to normalize the Member-Consumer's requirements. Base period volumes shall be adjusted for equipment added or deleted and new loads.

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C3. CURTAILMENT OF GAS SERVICE (Contd)

C3.3 Curtailment of Gas Service During an Emergency (Contd)

2. In determining monthly deliveries, the Cooperative shall determine the gas used during each month of the period described above for all buildings, parts of buildings, and equipment associated with each Member-Consumer's gas billing in accordance with the Cooperative's Rules and Regulations. Volumes specified in Curtailment Priority One through Five shall apply in the aggregate for all equipment of the same end use rather than on a unit of equipment basis.
3. The monthly deliveries so determined, with such adjustments as provided above, shall then be used as the monthly requirement specified in the Curtailment Priority Categories. In determining a Member-Consumer's Curtailment Priority Category, the applicable monthly requirement in the base period shall be used.

F. Curtailment Priorities

1. For purposes of curtailment, firm end use sales and transportation Member-Consumers will be treated equally in accordance with the curtailment priority categories set forth. Five categories are established with Priority Five being the first category to be curtailed and Priority One being the last. The Cooperative will implement this curtailment plan throughout its system (except for its gathering systems) to the extent necessary and possible, consistent with its practical operation, considering such factors as system capacity and the extent to which curtailment of Member-Consumers in a specific portion of the Cooperative's system may remedy the emergency. Specifically, if curtailment of gas deliveries to a Member-Consumer does not provide any relief to the Cooperative, then the Cooperative may continue to provide gas service for the Member-Consumers.

PRIORITY FIVE

All non-residential Member-Consumers having alternate fuel capability for that portion of their load covered by the alternate fuel and all sales of system supply gas to non-system supply Member-Consumers.

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C3. CURTAILMENT OF GAS SERVICE (Contd)

C3.3 Curtailment of Gas Service During an Emergency (Contd)

PRIORITY FOUR

Commercial and industrial gas requirements in excess of 41,667 Mcf per the base period month being curtailed.

PRIORITY THREE

Commercial and industrial gas requirements of 8,334 Mcf to 41,667 Mcf per the base period month being curtailed.

PRIORITY TWO

Non-residential Member-Consumers having commercial gas requirements of 1,250 Mcf to 8,334 Mcf per the base period month being curtailed and industrial gas requirements of 8,334 Mcf or less per the base period month being curtailed.

PRIORITY ONE

Residential gas requirements, commercial gas requirements of 1,250 Mcf or less per the base period month being curtailed, requirements for plant protection, and requirements for services essential for public health and safety not covered by an alternate fuel.

2. The volumes of gas destined to end users of other local distribution companies (LDC) shall be classified into the same priority categories as the Cooperative's on-system sales and transportation Member-Consumers if the LDC provides the Cooperative with the information necessary to make such a classification and an affidavit verifying the accuracy of such information. Such information shall be provided for each priority category in a manner similar to the information regarding the base period volumes of other Member-Consumers as set forth in Paragraph E above. Any volumes for which the LDC fails to provide such information shall be presumed to be in Priority Four.

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C3. CURTAILMENT OF GAS SERVICE (Contd)

C3.3 Curtailment of Gas Service During an Emergency (Contd)

3. During an emergency curtailment of gas service, public utilities that generate and distribute electricity shall be granted Priority One service for that portion of the gas requirements of owned or firm contracted generation necessary to the discharge of the utilities' obligation to provide essential services and for which no practical alternatives exist.
 - a. Such classification of volumes qualifying for Priority One shall be contingent upon the electric utility exercising due diligence in taking reasonable steps to minimize the use of natural gas during the course of the gas emergency, and consistent with maintenance of electric system integrity. To the extent that certain actions can minimize the use of natural gas, such actions may include, but are not limited to the following:
 - (1) Bring on line any non-gas reserve capacity.
 - (2) Switch gas fired dual-fuel generating plants to an alternate fuel.
 - (3) Attempt to procure incremental purchased power.
 - (4) Curtail all non-firm off-system electric sales.
 - b. If, after having exhausted all available options to minimize the use of natural gas, conditions are such that curtailment of any portion of the remaining gas service to the electric utility will induce the implementation of the Emergency Electrical Procedures, then Priority One capacity shall be allocated to the electric utility:

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C3. CURTAILMENT OF GAS SERVICE (Contd)

C3.3 Curtailment of Gas Service During an Emergency (Contd)

- (1) Sufficient to obviate the need to implement short-term Emergency Electrical Procedures during the first week of the gas emergency provided that the Cooperative has not invoked curtailment of Priority One Member-Consumers. If, however, the emergency is of such a severe nature that Priority One Member-Consumers must be curtailed, then the Cooperative shall provide sufficient gas service to the electric utility to allow it to maintain its system integrity as it implements, to the fullest extent required by the emergency, both its short-term and long-term Emergency Electrical Procedures.
- (2) Or, if the Cooperative has invoked curtailment priorities to a level no deeper than Priority Two, the Cooperative shall provide the electric utility sufficient Priority One service to enable it to avoid the implementation of short-term Emergency Electrical Procedures during the first week of the gas emergency, and sufficient to avoid implementing long-term Emergency Electrical Procedures requiring public notification.
- (3) Or, if the Cooperative has invoked curtailment priorities to a level no deeper than Priority Three, then the Cooperative shall provide sufficient Priority One service to enable the electric utility to avoid the implementation of both short-term and long-term Emergency Electrical Procedures.

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C3. CURTAILMENT OF GAS SERVICE (Contd)

C3.3 Curtailment of Gas Service During an Emergency (Contd)

G. Diversion of Member-Consumer-Owned Gas During Gas Emergencies

If the Cooperative determines that its ability to deliver gas is inadequate to support continuous service to its Member-Consumers on its system and it enforces the curtailment plan established in this Rule, the Cooperative shall give end user transportation Member-Consumers the option to 1) have their curtailed deliveries injected into storage (if storage available) with the suspension of any penalties and with no other additional charges; or 2) sell to the Cooperative their flowing pipeline supplies that have been curtailed. The price of the purchased gas will be negotiated between the transportation Member-Consumer and the Cooperative but be limited to the higher of a) the Member-Consumer's reasonable costs associated with using alternate fuels during the period of diversion, b) the actual cost of the Member-Consumer's diverted gas, or c) the highest city gate price of gas for the Cooperative's end users contained in the publication "Gas Daily", delivered into the Cooperative's system during the period of diversion. The Cooperative shall not divert gas from transportation Member-Consumers who do not have title to the gas being transported unless the owner of such gas voluntarily agrees that its gas may be purchased, borrowed or otherwise diverted by the Cooperative pursuant to Option 1 or 2 above. Nothing in these Rules relieves the Cooperative from its obligation, under Act 304, of demonstrating the reasonableness and prudence of its gas purchases.

H. Rate Adjustments

A Member-Consumer shall not be liable for any part of a monthly service charge provided in a Rate Schedule if such Member-Consumer's consumption under that rate is completely curtailed for the entire billing period. No other rate adjustments will be permitted unless otherwise provided by contract.

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C3. CURTAILMENT OF GAS SERVICE (Contd)

C3.3 Curtailment of Gas Service During an Emergency (Contd)

I. Enforcement

1. The Cooperative reserves the right to take special daily meter reads during periods when an Operational Flow Order (OFO) or curtailment has been instituted pursuant to Part C3.3 of this Rule. The Cooperative reserves the right to inspect the Member-Consumer's equipment, to install special metering, and to immediately physically interrupt gas service for violations of this Rule. Once gas service is terminated, the Cooperative may withhold such service during the OFO or period of the curtailment until it is satisfied that the terms and conditions of this Rule will be observe.
2. There is nothing in this Rule that shall prevent a Member-Consumer from challenging before the Commission the continuation of a curtailment or that shall abridge the Member-Consumer's right to appeal any such determination to the Commission.

J. Penalty

After the Cooperative has provided actual oral or written notice of implementation of and Operational Flow Order (OFO) or curtailment pursuant to Part C3.3 to the affected end use Member-Consumer, any gas used by such Member-Consumer in excess of the volumes authorized during the period when an OFO or curtailment has been instituted pursuant to Part C3.3 of this Rule will be subject to excess use charges, with such charges being in addition to those normal charges made under the applicable Rate Schedules. The charge for such excess usage shall be the highest price reported for the Mich Con, Michigan Consumers Energy and Chicago LDCs during the OFO or period of curtailment as reported by Gas Daily or, in the event that Gas Daily discontinues its reporting of such prices, any comparable reporting service, plus \$10 per Mcf. Failure to pay an excess charge when rendered shall subject the Member-Consumer to termination of gas service.

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C3. CURTAILMENT OF GAS SERVICE (Contd)

C3.4. Limitation of Liability

The Cooperative shall, when acting reasonably and prudently in accordance with these rules, not be liable for any loss, cost, damage, injury, or expense that may be sustained by Member-Consumer by reason of partial or complete curtailment of gas service.

C4. APPLICATION OF RATES

C4.1. Classes of Service

The rates specified in this schedule are predicated upon the delivery of each class of service to a single metering point for the total requirements of each separate premises of the Member-Consumer, unless otherwise provided for in the Cooperative's Gas Rate Book.

Service to different delivery points and/or different classes of service on the same premises shall be separately metered and separately billed. In no case shall service be shared with another premises or transmitted off the premises to which it is delivered.

C4.2. Choice of Rates

In some cases the Member-Consumer is eligible to take service under a choice of rates. Upon request, the Cooperative shall advise the Member-Consumer in the selection of the rate which will give the Member-Consumer the lowest cost of service, based on the information available, but the responsibility for the selection of the rate lies with the Member-Consumer.

After the Member-Consumer has selected the rate under which the Member-Consumer elects to take service, the Member-Consumer shall not be permitted to change from that rate to another rate until at least 12 months have elapsed. The Member-Consumer shall not be permitted to evade this rule by temporarily terminating service. However, the Cooperative may, at its option, waive the provisions of this paragraph where it appears that an earlier change is requested for permanent rather than for temporary or seasonal advantage. The effective date of a rate change under this rule shall be the beginning read date of the next bill issued. The intent of this rule is to prohibit frequent shifts from rate to rate.

No refund shall be made of the difference in charges under different rates applicable to the same class of service.

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C4. APPLICATION OF RATES (Contd)

C4.3. Application of Residential Usage and Non-Residential Usage

A. Residential Usage and Rate Application

For purposes of rate application "residential usage" shall be usage metered and consumed within an individual household, and reasonably appurtenant and related to and normally associated with such a household, for such applications as space conditioning, cooking, water heating, refrigeration, clothes drying, incineration, lighting and other similar household applications.

The term "household" includes single-family homes, farm homes, seasonal dwellings, duplexes, and individual living units within mobile home parks, condominiums, apartments and cooperatives; provided, however, to qualify for residential usage a household must have the normal household facilities such as bathroom, individual cooking and kitchen sink facilities.

1. Private Family Dwellings

Private family dwellings where individual household usage is separately metered and consumed shall be billed on the Residential Rate. A private family dwelling shall include:

- a. a single-family home
- b. a farm home
- c. a seasonal dwelling
- d. a duplex
- e. a separately metered mobile home
- f. a separately metered household within a condominium

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C4. APPLICATION OF RATES (Contd)

- g. a separately metered household within an apartment complex
 - h. a separately metered household within a cooperative complex
 - i. a separately metered generator to serve a residential household
2. Homes or Dormitories for Groups Other Than Private Family Dwellings:
- Tourist homes, rooming houses, dormitories, nursing homes and other similarly occupied buildings containing sleeping accommodations for up to six persons where residential usage is metered and consumed shall be classified as residential and billed on the Residential Rate. The landlord and the landlord's immediate family are not included in the six-person limitation.
3. Multifamily Dwellings Served Through a Single Meter:
- A multifamily dwelling shall be considered any duplex, apartment building, mobile home park, condominium, cooperative or other grouping of households. A multifamily dwelling served through a single meter where residential usage is metered and consumed shall be billed as follows:
- a. Multifamily dwellings containing two households shall be billed on the Residential Rate.
 - b. Multifamily dwellings containing more than two households shall be billed on the General Service Rate.

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C4. APPLICATION OF RATES (Contd)

B. Non-Residential Usage and Rate Application

For purposes of rate application, "Non-Residential usage" shall be usage metered and consumed that does not qualify for residential usage. Non-Residential usage includes usage associated with the purchase, sale, or supplying (for profit or otherwise) of a commodity or service by a public or private person, entity, organization or institution. Non-Residential usage includes usage associated with penal institutions, corrective institutions, motels, hotels or swimming pool heater usage that is separately metered at a private family dwelling that is taking service under a gas residential service rate.

Non-Residential usage shall be billed on the Cooperative's appropriate General Service Rate.

Tourist homes, rooming houses, dormitories, nursing homes and other similarly occupied buildings containing sleeping accommodations for more than six persons shall be classified as Non-Residential and billed on the appropriate General Service Rate. The landlord and the landlord's immediate family are not included in the six-person rule.

C. Combined Residential and Non-Residential Usage and Rate Application

When the gas supplied to a Member-Consumer is used for both residential and Non-Residential purposes, the piping may be so arranged that the residential and Non-Residential usage is metered separately. Each type of usage shall be billed on the appropriate rate. If the usage is not separately metered, the combined usage shall be billed on the appropriate General Service Rate.

C4.4. Resale

No Member-Consumer shall resell gas service to others. The renting of premises with the cost of gas service included in the rental as an incident of tenancy, the sale of gas to transient tenants or supplying gas under the terms of the General Service Rate is not considered to be a resale of such service.

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C4. APPLICATION OF RATES (Contd)

C4.5. Mobile Home Park - Individually Served

For purposes of this rule, the definition of a mobile home park is a parcel or tract of land under the control of a person upon which three or more mobile homes are located on a continual, non-recreational basis and which is offered to the public for that purpose regardless of whether a charge is made therefore, together with any building, structure, enclosure, street, equipment, or facility used or intended for use incident to the occupancy of a mobile home.

Service to separately metered mobile homes shall be billed on the Residential Rate.

The mobile home park shall be of a permanent nature with improved streets and with individual water and sewer connections to each lot. Ordinarily, gas service to a mobile home shall be in the name of the occupant. However, service to lots designated for occasional or short-term occupancy shall be in the name of the owner of the park or an authorized representative.

At the request of the owner of the mobile home park or an authorized representative, the Cooperative shall install gas distribution mains in accordance the General Terms and Conditions of the Rate Schedules, Sheet Nos. D-1.01-D-1.03, for any mobile home park qualifying hereunder.

The owner of the park or an authorized representative shall provide the Cooperative with the necessary easement for construction, operation, maintenance and replacement of the Cooperative's facilities on the park property. The owner of the mobile home park or an authorized representative shall provide, own, install and maintain, in accordance with Cooperative specifications, suitable meter and regulator pedestals of a design subject to approval of the Cooperative. The owner of the park or an authorized representative shall provide, own, install and maintain the facilities from the outlet side of the meter and regulator to each mobile home.

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C5. MEMBER-CONSUMER RESPONSIBILITIES

C5.1. Access to Member-Consumer's Premises

The Cooperative's authorized agents shall have access to the Member-Consumer's premises at all reasonable hours, to install, inspect, read, repair, relocate or remove its meters; to install, operate, maintain, relocate and remove other Cooperative property, and to inspect and determine the load characteristics of appliances installed on the Member-Consumer's premises. Neglect or refusal on the part of the Member-Consumer to provide reasonable access shall be sufficient cause for shutoff of service by the Cooperative, and assurance of access may be required before service is restored.

C5.2. Bills and Payments

A. Billing Frequency

Bills for gas service shall be rendered on approximately a monthly basis, and shall be due and payable on or before the due date shown on each bill.

B. Meter Reads and Estimated Bills

Meter readings are to be supplied by the Member-Consumers on a once per month basis. When the Cooperative is unable to obtain an actual meter reading, the bill shall be estimated on the basis of past service records, adjusted, as may be appropriate. Where past service records are not available or suitable for use, such billing shall be based upon whatever other service data are available. Each such account shall be adjusted as necessary each time an actual meter reading is obtained. If the Member-Consumer fails to provide a reading for three consecutive months, Cooperative will obtain a reading and bill each metered account the Meter Reading Charge as shown on Sheet No. D-5.00, Special Charges.

C. Member-Consumer Meter Reads

Bills rendered for gas service for periods for which readings were not obtained shall have the same force and effect as those based upon actual meter readings. Any Member-Consumer may read his/her own meter and provide the readings to the Cooperative on a secure Cooperative website, by telephone or on appropriate forms which shall be provided by the Cooperative.

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C5. MEMBER-CONSUMER RESPONSIBILITIES (Contd)

D. Responsibility for Payment

The Member-Consumer is responsible for the payment of bills until service is ordered shut off or terminated and the Cooperative has had reasonable time to secure a final meter reading.

E. Due Date

The Cooperative shall allow each Member-Consumer a period of not less than 21 calendar days, from the date the bill was transmitted to pay in full.

If a bill remains unpaid and not in dispute five days after its due date, the Cooperative shall then have the right to issue to the Member-Consumer a notice of intent to shut off service ten days or more after issuance of the notice.

F. Late Payment Charge

The Cooperative shall assess a late payment charge as authorized by the Cooperative's Gas Rate Book.

G. Returned Bill Payments

A check, debit card, credit card or other form of payment remitted as a bill payment and returned or an authorized prepayment not honored by the bank or financial institution against which it is drawn shall be re-billed to the Member-Consumer's account. A bad check handling charge shall be assessed to the Member-Consumer for processing a payment or an authorized prepayment returned by a bank or other financial institution for reason of insufficient funds, account closed, no account and similar situations, excluding bank or financial institution errors. See Sheet No. D-5.00, Special Charges.

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C5. MEMBER-CONSUMER RESPONSIBILITIES (Contd)

H. Billing Error

1. Overcharge

If a Member-Consumer has been overcharged as a result of incorrect reading of the meter by a Cooperative representative, incorrect remote meter read, incorrect meter constant, incorrect calculation of the applicable rate, incorrect application of the Rate Schedule, a meter switched by the Cooperative or a Cooperative representative, or other similar reasons, the amount of the overcharge shall be adjusted, refunded, or credited to the Member-Consumer promptly upon discovery by the Cooperative. The Cooperative shall not make retroactive adjustments when the Member-Consumer has not notified the Cooperative as to pertinent conditions of service. The Cooperative is not required to adjust, refund or credit an overcharge beyond the three-year period immediately preceding discovery of the overcharge, unless the Member-Consumer is able to present a record establishing an earlier date of occurrence or commencement of the overcharge.

2. Undercharge

a. If a Member-Consumer has been undercharged as a result of incorrect reading of the meter by a Cooperative representative, incorrect remote meter read, incorrect meter constant, incorrect calculation of the applicable rate, incorrect application of the Rate Schedule, a meter switched by the Cooperative or a Cooperative representative, or other similar reasons, the undercharge may be billed to the Member-Consumer subject to Section H(2)(b) of this rule. The Cooperative shall not make retroactive adjustments when the Member-Consumer has not notified the Cooperative as to pertinent conditions of service.

b. Except in cases of energy theft, stolen meter, switched meter by someone other than the Cooperative or a Cooperative representative, meter error or nonregistering meter, the following limitations shall apply to the backbilling of Member-Consumers.

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C5. MEMBER-CONSUMER RESPONSIBILITIES (Contd)

- (1) Backbilling of residential Member-Consumers is limited to the one-year period immediately preceding the discovery of the undercharge. The Member-Consumer shall be given a reasonable time in which to pay the amount of the backbilling and service shall not be shut off during this time for nonpayment of the amount of the backbilling.
- (2) Backbilling of *Non-Residential* Member-Consumers and Multifamily Dwelling Service Rate A-1 Member-Consumers is limited to the one-year period immediately preceding discovery of the undercharge. In instances where the Cooperative could not have detected the undercharge through regular meter readings or the exercise of reasonable diligence in preparing and reviewing a Member-Consumer's bills or records, the Cooperative may backbill a Member-Consumer for a period of up to three years immediately preceding discovery of the undercharge. The Member-Consumer shall be given a reasonable time in which to pay the amount of the backbilling and service shall not be shut off during this time for nonpayment of the amount of the backbilling.

I. Meter Error or Non-Registering Meter

1. Overcharge

If a Member-Consumer has been overcharged as a result of a meter error or nonregistering meter, the amount of the overcharge shall be adjusted, refunded or credited to the Member-Consumer promptly upon discovery by the Cooperative in accordance with Rule B1 of the Technical Standards for Gas Service.

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C5. MEMBER-CONSUMER RESPONSIBILITIES (Contd)

2. Undercharge

If a Member-Consumer has been undercharged as a result of a meter error or nonregistering meter, the amount of the undercharge may be billed to the Member-Consumer in accordance with Rule B1 of the Technical Standards for Gas Service.

J. Energy Theft, Stolen Meter and Switched Meter

In cases where metered or unmetered energy theft, stolen meter or switched meter by someone other than a Cooperative representative are involved, refunds and backbillings are for the determined duration of the period. Where the duration cannot be reasonably established or estimated, the Cooperative shall adjust the billing for the past three years on the basis of actual monthly consumption determined from the most recent 36 months of consumption data.

Metered or unmetered energy theft includes but is not limited to tampering, unauthorized use, diversion and interference. For purposes of this rule, a stolen meter is classified as any meter not specifically assigned to that service location by the Cooperative. For purposes of this rule, a switched meter is classified as a meter incorrectly assigned to a Member-Consumer resulting in the Member-Consumer being billed for another Member-Consumer's consumption.

The Cooperative reserves the right to recover all unbilled service revenue and costs associated with the theft of energy, stolen meter or switched meter. The offending Member-Consumer who intentionally stole a meter, switched a meter or who was intentionally involved in energy theft shall pay all associated costs including costs for discovery, investigation and rewards for discovery. The Member-Consumer who did not intentionally steal a meter, switch a meter or who did not intentionally become involved in energy theft shall pay for their energy usage according to Section H of this rule.

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C5. MEMBER-CONSUMER RESPONSIBILITIES (Contd)

The owner of a multiple-metered building shall be responsible for accurately tracing all fuel lines and for tagging such fuel lines with Cooperative-provided tags to assure individual units are properly metered. The Cooperative shall not set the meters until the fuel lines are identified. The owner of a multiple-metered building could be held responsible for any underrecovery of revenues resulting from improperly tagged meters. Any future expense of tracing fuel lines due to instances of switched meters related to errors in tracing and tagging of such fuel lines shall be the responsibility of the current owner of the multiple-metered building.

C5.3. Restoration of Service

Restoration charges and meter relocation charges shall be made by the Cooperative to partially cover the cost of shutting off, terminating and restoring service.

Where service has been shut off for reasons as outlined in Rule C1.3, Use of Service, or where service is restored following a voluntary termination within less than twelve months of that termination by the same Member-Consumer at the same location, a restoration charge shall be collected per the charges contained in Sheet D-5.00 from the Member-Consumer whose service was shut off if service was shut off at the Member-Consumer's meter or at the curb valve. The restoration/reconnect charge will be increased by the amount of the minimum charge in the applicable rate schedule for the months service was disconnected, provided such reconnect is made during the twelve (12) month period immediately following disconnect. If an excavation was necessary to shut off service, a restoration charge based upon the actual cost shall be collected from the Member-Consumer whose service was shut off. The Cooperative shall provide a minimum of 48 hours notice to the Member-Consumer that excavation is to be scheduled through a tag left on the premises or notification by mail.

Where service has been shut off for reasons as outlined in Rule C1.3, Use of Service, a meter relocation charge, if applicable, and assessed in accordance with Rule B2, Consumer Standards and Billing Practices for Electric and Gas Residential Service, R 460.116, Meter Accuracy, Meter Errors, Meter Relocations, R 460.144, Restoration of Service, and with Rule B4, Billing Practices Applicable to Non-Residential Electric and Gas Member-Consumers, R 460.1611, Meter or Facilities Relocation Charge, shall be collected from the Member-Consumer whose service was shut off. The Cooperative shall charge the Member-Consumer for relocating the meter, based on the Cooperative's current cost.

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C5. MEMBER-CONSUMER RESPONSIBILITIES (Contd)

The restoration charge and meter relocation charge, if applicable, shall be billed to the Member-Consumer and shall be paid before service is restored.

An on-premises collection charge shall be assessed to the Member-Consumer if a Cooperative employee is sent to the premises to either serve the Member-Consumer with a shut-off notification or to shut off service, unless the Member-Consumer presents evidence that reasonably indicates the claim has been satisfied or is currently in dispute. The charge may be collected at the time of the site visit or charged to the Member-Consumer account. The Cooperative shall not assess this fee twice on the same notice for shutoff. See Sheet No. D-5.00, Special Charges.

In the case of shutoff of service, the Cooperative shall restore service only after the Member-Consumer has paid all applicable charges authorized by its Gas Rate Book, subject to the Member-Consumer's right to dispute such charges as set forth in Rule B2, Consumer Standards and Billing Practices for Electric and Gas Residential Service, and Rule B4, Billing Practices Applicable to Non-Residential Electric and Gas Member-Consumers.

C6. METERING AND METERING EQUIPMENT

The Member-Consumer shall provide and maintain, free of expense to the Cooperative, space suitable for the meter set assembly, regulator, meter and other metering facilities located in accordance with the following:

New Residential Service - shall be outside at a point of attachment designated by the Cooperative.

New Commercial and Industrial Service - shall be outside, but if not feasible, then at the point of service line entrance designated by the Cooperative.

Mobile Home Service - shall be on an outside meter pedestal of a design approved by the Cooperative and which the mobile home park owner or authorized representative shall provide, own, install and maintain in accordance with Cooperative specifications.

The Member-Consumer shall permit only authorized agents of the Cooperative, or other personnel lawfully authorized to do so to initiate service or to inspect, test, repair or remove Cooperative-owned equipment. If the meter set assembly regulator, meter or metering facilities are damaged or destroyed through the neglect of the Member-Consumer, the cost of necessary repairs or replacements shall be paid by the Member-Consumer.

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C6. METERING AND METERING EQUIPMENT (Contd)

The Cooperative shall test meter accuracy upon request of a Member-Consumer if the Member-Consumer does not request a test more than once every two years, and if the Member-Consumer agrees to accept the results of the test as the basis for determining the difference claimed. No charge shall be made to the Member-Consumer for the first test in any five-year period, but if subsequent tests during the same period, for the same Member-Consumer, show the meter to be within the allowable limits of accuracy, the Cooperative shall charge the Member-Consumer for subsequent tests based on the Cooperative's current costs. The charge to a Member-Consumer for a meter test shall be filed with the Commission at least thirty days prior to being amended. If such test reveals the meter registration to be outside the accuracy limits prescribed in these rules, the cost of the test shall be refunded and a billing adjustment made. The Member-Consumer may be present at the time of the test if the Member-Consumer makes a request prior to the test. A written report shall be made to the Member-Consumer by the Cooperative and the Cooperative shall maintain a record of the test.

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C7. GAS COST RECOVERY CLAUSE

C7.1. Applicability of Clause

All rates for gas service, unless otherwise provided in the applicable rate schedule, shall include a Gas Cost Recovery Factor to allow the Cooperative to recover the booked costs of gas sold by the Cooperative if incurred under reasonable and prudent policies and practices.

C7.2. Booked Cost of Gas Sold

- A. Booked cost of gas sold as used in this rule includes the following as expensed on the books of the Cooperative:
1. Interstate Purchases: Cost of gas service.
 2. Intrastate Purchases: Cost of gas service incurred pursuant to all contracts on file with the Michigan Public Service Commission.
 3. Cooperative Produced Natural Gas: Cost which vary with volume produced.
 4. Cooperative Produced Substitute Natural Gas: Cost for feedstock used to produce substitute natural gas.
 5. Liquefied Petroleum Air Gas: Cost for propane used to produce a propane-air gas mixture.
 6. Storage Gas: Net costs of gas injected and withdrawn from underground storage facilities.
 7. Purchases From Other Michigan Utilities: Costs for gas service pursuant to contracts approved by the appropriate regulatory body.
 8. Supplier Refunds And Credits: Refunds and credits from suppliers in the period realized.

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C7. GAS COST RECOVERY CLAUSE (Contd)

- B. Booked cost of gas sold as used in this rule specifically excludes the following items:
- C. Gas used by the Cooperative, at the annual average booked cost of gas sold.
- D. Lost and unaccounted for gas, at the annual average booked cost of gas sold.
- E. Gas Sold at a price which does not include a gas cost recovery factor, at the incremental cost from the Cooperative's supplier.
- F. Contract, tariff and other penalties, unless the Members of the Cooperative benefit as a result of payment of such penalties.

C7.3. Billing

- A. In applying the Gas Cost Recovery Factor, per Mcf or dekatherm, any fraction of 0.01 cent shall be rounded to the nearest 0.01 cent.
- B. Each month the cooperative shall include in its rates a Gas Cost Recovery Factor up to the maximum authorized by the Commission as shown on Sheet No. D3.00. For months in which the Michigan Public Service Commission has not approved a specific Gas Cost Recovery Factor, the Cooperative may include an appropriate Gas Cost Recovery Factor in its rates if authorized by law to do so.
- C. The Gas Cost Recovery Factor shall be the same per Mcf or Ccf for each member metered using a pressure base of 14.65 PSIA. Members metered at pressures other than 14.65 PSIA shall be billed the appropriate monthly Gas Cost Recovery Factor adjusted by the ratio that the metered pressure bears to 14.65 PSIA. The factor shall be placed into effect in the first billing cycle of each monthly billing period and shall continue in effect throughout all cycles in each monthly billing period.
- D. The Gas Cost Recovery Factor shall appear on all member bills.

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C7. GAS COST RECOVERY CLAUSE (Contd)

C7.4. General Conditions

- A. At least fifteen days prior to each billing month, the cooperative will notify the Public Service Commission Staff as to the actual factor or factors to be billed to its Members in the subsequent month.

If the factor or factors are subject to change after this date due to an adjustment mechanism, the cooperative will notify the Public Service Commission Staff as to the actual factor or factors to be billed to its Members as soon as practical after the rate has been determined. The cooperative will also submit the revised tariff sheet D-3.00 showing the new factor or factors at that time.

- B. This Gas Cost Recovery Clause is authorized by the provisions of 1982 P.A. 304. A copy of that act is available for public inspection at each business office of the Cooperative. The Cooperative will provide a copy of the act to any member upon request.

C8. REFUNDING PROCEDURES

C8.1. Receipt of Refunds

- A. Supplier Refunds

By April 15th of each year the Cooperative shall notify the Michigan Public Service Commission Staff of any pipeline or other supplier refunds (other than a routine bill adjustment) received during the prior twelve months ended March 31st. During the period that the GCR clause is suspended, the notification shall include an indication of which amounts may be refundable to members for periods prior to the April 1999 Billing Cycle and allocations to non GCR members shall include deductions for Cooperative Use and Lost and Unaccounted for Gas in accordance with C8.3A. This notification shall be in the form of a letter and shall include:

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C8. REFUNDING PROCEDURES (Contd)

1. The amount of the refund, including interest.
2. Date each refund was received.
3. Source and reason for each refund.
4. Period covered by each refund (historical refund period).

B. Gas Cost Recovery (GCR) Plan Reconciliation

Over/(under)-recovery amounts arising from the annual GCR Reconciliation shall be reported in accordance with the provisions of 1982 PA 304. GCR Member Refunds:

C8.2. GCR Member Refunds

A. Supplier Refunds

All supplier refunds allocable to GCR members shall be reflected as reduction to the GCR Cost of Gas Sold in the month received and included in the Cost of Purchased and Produced Gas. No deductions for Cooperative Use and Lost and Unaccounted For Gas volumes shall be made from refunds allocated to GCR members.

B. GCR Reconciliation

Prior year GCR over/under-recoveries due to reconciliation provisions of the Cooperative's GCR Clause shall be computed annually according to the provisions of 1982 PA 304. Such over/underrecoveries and any Commission ordered adjustments or disallowances associated with the prior GCR year shall be reflected separately below the GCR Cost of Gas Sold line on the GCR Over/Under-recovery Reconciliation report.

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(Continued from Sheet No. C-45.00)

C8. REFUNDING PROCEDURES

C. Other Refunds

All other refunds shall be reflected in the month the refund is received and shall be included on a separate line below the Cost of Gas Sold line on the Over/Underrecovery Reconciliation Report so that such refunds are readily identifiable.

C8.3. Non-GCR Member Refunds

- A. All supplier refunds allocable to non-GCR members shall be allocated on the basis of actual consumption during the historical refund period. Deductions for Cooperative Use and Lost and Unaccounted For volumes shall be made from the non-GCR portion of the refund based upon the actual percentages for Cooperative Use and Lost and Unaccounted For during the historical refund period.
- B. Portions of the refunds allocable to non-GCR members shall be credited to a refund liability account to accrue interest until distributed. The Cooperative shall include an application to refund these moneys in its next GCR Reconciliation filing.
- C. The Cooperative is not required to issue checks to members who are in arrears with the Cooperative, to members for whom checks were returned as undeliverable in previous refunds or for refund amounts of less than \$5.00. Refunds may be applied against past due amounts owed to the Cooperative and any excess refunded according to these procedures. After 90 days, any returned or uncashed refund checks shall be transferred to the non-GCR refund liability account for refund to non-GCR members in the next GCR Reconciliation. Rights to any portion of a refund shall not vest until a refund check has been negotiated.
- D. Refund completion reports for non-GCR members shall be submitted to the Michigan Public Service Commission Staff six months following initial distribution of a non-GCR member refund. Reports, at a minimum, should include the amount authorized for refund compared to the amount actually refunded and the date of the refund distribution.

Issued August 24, 2009
By: Brian Burns
President and CEO
Onaway, Michigan



Effective for gas service rendered on and
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Issued under authority of the Michigan
Public Service Commission dated
August 11, 2009 in Case No. **U-15774**

**SECTION D
RATE SCHEDULES**

GENERAL TERMS AND CONDITIONS OF THE RATE SCHEDULES

- A. Bills for utility service are subject to Michigan State Sales Tax. Member-Consumers may file a request with the Cooperative for partial or total exemption from the application of sales tax in accordance with the laws of the State of Michigan and the rules of the Michigan State Department of Treasury.
- B. Bills shall be increased within the limits of political subdivisions which levy special taxes, license fees or rentals against the Cooperative's property, or its operation, or the production and/or sale of gas, to offset such special charges and thereby prevent other Member-Consumers from being compelled to share such local increases.
- C. Bills shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority upon the Cooperative's production or sale of gas.
- D. A Member-Consumer that commences service under any of the Cooperative's Rate Schedules thereby agrees to abide by all of the applicable Rules and Regulations contained in this Rate Book for Natural Gas Service.
- E. Except for municipalities where home rule has been waived, all classes of service are subject to home rule as per a franchise agreement in each municipality.
- F. In all areas designated AER, an AER rate will apply until such time as the cost of said AER construction project is collected through the AER. The Cooperative reserves the right to waive the AER. The AER rate applies when a service or main extension is made from a designated AER pipeline.

(Continued on Sheet No. D-1.01)

Issued August 24, 2009
By: Brian Burns
President and CEO
Onaway, Michigan



Effective for gas service rendered on and
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SECTION D
RATE SCHEDULES
(Continued from Sheet No. D-1.00)

GENERAL TERMS AND CONDITIONS OF THE RATE SCHEDULES (Contd)

- G. Service installation charges will be computed measuring from main to meter at the service location. The following charges will apply to all services. Presque Isle Electric & Gas Co-op reserves the right to adjust fees based on ground conditions, extenuating or unusual circumstances (frost, rock, etc.).

The installation charge for services is as follows:

The first 50 feet	\$300
51 feet to 150 feet	\$4.00/ft
In excess of 151 feet	\$2.00/ft

Directional Bore (Does NOT include pipe)	\$10.00/ft
Excess Flow Valve	\$80.00

- H. All service classifications are billed monthly.
- I. Budget Billing is available to provide even monthly billings with a reconciliation billing to reflect actual usage following twelve (12) even billings. Members with one year of recorded usage history at their present meter location and have an acceptable payment history are eligible for budget billing. The Budget Billing amount will be recalculated to reflect actual usage after one year.

(Continued on Sheet No. D-1.02)

Issued August 24, 2009
By: Brian Burns
President and CEO
Onaway, Michigan



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Issued under authority of the Michigan
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SECTION D
RATE SCHEDULES
(Continued from Sheet No. D-1.01)

GENERAL TERMS AND CONDITIONS OF THE RATE SCHEDULES (Contd)

- J. Presque Isle Electric & Gas Co-op will only extend and construct new natural gas pipeline when it is part of its overall business strategy; however, we do recognize the fact that a Member-Consumer, or Member-Consumers, may wish to obtain natural gas service and would be willing to pay for the extension of the natural gas pipeline to accommodate his or her (their) needs. Any natural gas pipeline that is extended and financed in whole or in part by the Member-Consumer is the property of the Cooperative.

When Presque Isle Electric & Gas Co-op has been requested to extend its natural gas pipeline to its members, the following aid-to-construction (ATC) fees apply. Presque Isle Electric & Gas Co-op reserves the right to adjust fees based on ground conditions,

Aid-to-Construction - Gas Main: Residential /Seasonal \$4.50/ft
Commercial As determined by the Cooperative

Aid-to-Construction – Misc. Directional Bore (Does NOT Include Pipe) \$10.00/ft

Construction Credit:

There will be a credit issued to offset the cost of gas main extensions per the schedule below. This credit is a maximum amount that can be applied to construction costs and there will be no refund where the credit amount exceeds the actual construction cost. Accounts will be classified as a monthly billed account or an annually billed account per the residency policy used by PIE&G to determine electric account status.

Seasonal Residential Accounts \$500.00

All Other Accounts \$800.00

(Continued on Sheet No. D-1.03)

Issued August 24, 2009
By: Brian Burns
President and CEO
Onaway, Michigan



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SECTION D
RATE SCHEDULES
(Continued from Sheet No. D-1.02)

GENERAL TERMS AND CONDITIONS OF THE RATE SCHEDULES (Contd)

- K. During the five (5) year period immediately following the date of payment, the Cooperative will make refunds of the charges paid for a main extension. The amount of any such refund shall be \$250 for each active natural gas service subsequently connected directly to the facilities financed by the member. Directly connected members are those, which do not require the construction of more natural gas main pipeline. Such refunds will be made only to the original contributor, and will not include any amount of contribution and aid of construction for gas service lines made under the provisions of the Cooperative's policy, nor the cost of brushing. The total refund shall not exceed the refundable portion paid by the member. It shall be the responsibility of the member to notify the Cooperative of his or her eligibility for refund.
- L. Presque Isle Electric & Gas Co-op reserves to itself the right to decide whether or not any proposed or requested extension or directional bore of its gas facilities shall be made.

Issued August 24, 2009
By: Brian Burns
President and CEO
Onaway, Michigan



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SURCHARGES

Reserved for Future Use

Issued August 24, 2009
By: Brian Burns
President and CEO
Onaway, Michigan

Michigan Public Service
Commission
August 25, 2009
Filed RL

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after **August 31, 2009**

Issued under authority of the Michigan
Public Service Commission dated
August 11, 2009 in Case No. **U-15774**

GAS COST RECOVERY FACTORS

The listed monthly Gas Cost Recovery amounts are authorized pursuant to Commission Order in Case No. U-18156.

The Actual Billed amount is the sum of the Base Price and an amount contingent on the Quarterly Adjustment (not to exceed \$0.30/ccf).

<u>Billing Month</u>	Base Price <u>\$/ccf</u>	Quarterly Adjustment <u>\$/ccf</u>	Actual Billed <u>\$/ccf</u>
April, 2017	\$0.4795	\$0.00	\$0.4795
May, 2017	\$0.4795	\$0.00	\$0.4795
June, 2017	\$0.4795	\$0.00	\$0.4795
July, 2017	\$0.4795		
August, 2017	\$0.4795		
September, 2017	\$0.4795		
October, 2017	\$0.4795		
November, 2017	\$0.4795		
December, 2017	\$0.4795		
January, 2018	\$0.4795		
February, 2018	\$0.4795		
March, 2018	\$0.4795		

Issued: **May 11, 2017**
By: Brian Burns
President and CEO



Effective for bills rendered on and
after **April 1, 2017**
Issued under authority of the order issued in
MPSC Case No. U-18156 on May 11, 2017

**MONTHLY GAS COST RECOVERY (GCR) FACTOR
 CEILING PRICE ADJUSTMENT (CONTINGENCY) MECHANISM
 (Continued from Sheet No. D-3.00)**

12 Month Plan NYMEX **2.7136**
 Base GCR Ceiling Factor **4.941**
 Fractional Multiplier **0.27**

NYMEX Increase	\$/mcf	NYMEX Increase	\$/mcf
<\$0.10	4.9410	<\$1.60	5.3460
<\$0.20	4.9680	<\$1.70	5.3730
<\$0.30	4.9950	<\$1.80	5.4000
<\$0.40	5.0220	<\$1.90	5.4270
<\$0.50	5.0490	<\$2.00	5.4540
<\$0.60	5.0760	<\$2.10	5.4810
<\$0.70	5.1030	<\$2.20	5.5080
<\$0.80	5.1300	<\$2.30	5.5350
<\$0.90	5.1570	<\$2.40	5.5620
<\$1.00	5.1840	<\$2.50	5.5890
<\$1.10	5.2110	<\$2.60	5.6160
<\$1.20	5.2380	<\$2.70	5.6430
<\$1.30	5.2650	<\$2.80	5.6700
<\$1.40	5.2920	<\$2.90	5.6970
<\$1.50	5.3190	<\$3.00	5.7240
		≥\$3.00	5.7510

Issued: May 26, 2016
 By: Brian Burns
 President and CEO
 Onaway, Michigan



Effective for bills rendered on and
 after **May 26, 2016**

Issued under authority of the MPSC
 dated **May 20, 2016** Case No. U-17945

GCR QUARTERLY ADJUSTMENT PROCESS

The GCR factors listed on Sheet No. D-3.00 may be increased on a quarterly basis, for the remaining quarters of the **April** through March GCR Plan partial-year, contingent upon the NYMEX futures prices for natural gas increasing to a level above the level incorporated into the calculation of the GCR base price.

The Quarterly Adjustment Process monitors the GCR factor as compared to changes in the NYMEX. The Quarterly Adjustment Process is summarized as follows:

- A. At least fifteen days before the beginning of each quarter, i.e., June 15, September 15 and December 15, Presque Isle will, if it so chooses, file with the Commission an updated GCR price, less than or equal to the maximum authorized GCR factor, based on the impact of the NYMEX future prices for the remainder of the GCR period. The information filing will include all supporting documents necessary to verify the updated price, including a copy of the five-day average of the NYMEX strip for the remaining months of the GCR period, and a copy of the NYMEX future prices sheets for the first five trading days of the month, such sheets being an authoritative source used by the gas industry. The filing would be incorporated into the GCR Plan docket, Case No. U-15776 and provided with notice to Staff and all village and townships served by Presque Isle's Regulated Gas Division.

- B. If the impact of the NYMEX prices on remaining GCR plan year unpurchased volumes is to reduce the GCR plan price significantly, Presque Isle would have the ability to charge less than the maximum authorized GCR factor. If the impact of the NYMEX prices on remaining GCR plan year unpurchased volumes is to increase the GCR plan year base price by more than 5%, Presque Isle could prospectively adjust its GCR price to that level, but remaining equal to or less than the maximum authorized factor, subject to the annual reconciliation process.

Issued: **February 13, 2013**
By: Brian Burns
President and CEO
Onaway, Michigan



Effective for gas service rendered on and after **February 1, 2013**

Issued under authority of Michigan Public Service Commission Order dated **January 31, 2013** in Case No. **U-17003**

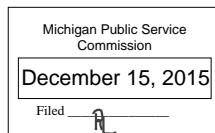
SPECIAL CHARGES

The Cooperative will make such charges for reasonable special services as necessary to discourage abuse and to minimize subsidy of such services by other members. The following schedule shall apply where applicable:

A.	Charge for Any Special Services at Member-Consumer Request –	
	During Regular Working Hours	\$50
	Outside Regular Working Hours	\$100
	Meter Reading Charge	\$20
	Meter Test Charge	\$55
	Reconnect Charge – During Regular Working Hours	\$50
	Reconnect Charge – Outside Regular Working Hours	\$100
	Collection Charge when Nonpayment Disconnect Order is Written	\$20
	Bad Check Handling Charge	\$25
	Energy Audit	\$15
	Account Transfer	\$10
	Service Line/Meter Relocation	\$300
	Service Line/Meter Relocation if EFV required	\$380
B.	Fee Applicable to the Transfer of Accounts	

In those instances where the Cooperative is required to transfer a Member-Consumer's account to another Member-Consumer, the Cooperative will require that a \$10 transfer fee be paid by the Member-Consumer who will be receiving the account.

Issued **December 14, 2015**
By: Brian Burns
President and CEO
Onaway, Michigan



Effective for bills rendered on and after **February 1, 2016**

Issued under authority of the Michigan Public Service Commission dated **12/12/15** in Case No. **U-17848**

REGULATORY COST MONTHLY CHARGE ADDER

For annual TIER Interest Earned Ratio ("TIER") filings covering the 2012 calendar year and thereafter, a Regulatory Cost Monthly Charge Adder ("RCMCA") shall be added to the Monthly Member Charge to allocate Commission related regulatory costs to those municipalities whose natural gas rates are subject to Commission regulation. The RCMCA shall be calculated as follows:

Presque Isle shall provide an exhibit detailing the following:

Line 1: Commission Related Regulatory Costs*	\$ <u>6.603</u>
Line 2: Number of Consumers**	616
Line 3: Annual Cost Per Consumer (Line 1+Line 2)	\$ <u>10.72</u>
Line 4: Monthly Cost Per Consumer (Line 3+12)	\$ <u>0.89</u>
Line 5: Resulting RCMCA (Line 4)	\$ <u>0.89</u>

The RCMCA for the 2015 calendar year is: \$ 0.89

*For the TIER calendar year at issue.

**Commission regulated natural gas division consumers.

Issued: **October 20, 2016**
By: Brian Burns
President and CEO
Onaway, Michigan



Effective for gas service rendered on
and after **November 1, 2016**

Issued under authority of Michigan Public Service
Commission Order dated **October 11, 2016**
in Case No. **U-18059**

RESIDENTIAL RATE

AVAILABILITY

Subject to any restrictions, this rate is available to any member desiring gas service for any usual residential use in private family dwellings; tourist homes, rooming houses, dormitories, nursing homes and other similarly occupied buildings containing sleeping accommodations for up to six persons; or multifamily dwellings containing two households served through a single meter.

This rate is not available for resale service, multifamily dwellings containing more than two living units served through a single meter or for tourist homes, rooming houses, dormitories, nursing homes and similarly occupied buildings containing sleeping accommodations for more than six persons or for any other Non-Residential usage.

Subject to limitations and restrictions contained in orders of the Michigan Public Service Commission in effect from time to time and in the Rules and Regulations of the Cooperative.

RATE

Member Charge

\$12.00 per member per month plus distribution charge, gas cost recovery charge and regulatory cost monthly charge adder.

Distribution Charge

\$0.37424 per ccf.

Gas Cost Recovery Charge

The monthly gas cost recovery charge is set forth on Sheet No. D-3.00.

Regulatory Cost Monthly Charge Adder

The regulatory cost monthly charge adder is set forth on Sheet No. D-5.01.

Minimum Charge

The minimum charge shall be the member charge included in the rate.

(Continued on Sheet No. D-6.01)

Issued: **October 20, 2016**

By: Brian Burns
President and CEO
Onaway, Michigan



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Issued under authority of Michigan Public Service Commission Order dated **October 11, 2016** in Case No. **U-18059**

RESIDENTIAL RATE
(Continued from Sheet No. D-6.00)

SPECIAL TAXES

- A. In municipalities which levy special taxes, license fees, or street rentals against the Cooperative, and which levy has been successfully maintained, the standard of rates shall be increased within the limits of such municipalities so as to offset such special charges and thereby prevent the members in other localities from being compelled to share any portion of such local increase.
- B. Bill shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority upon the Cooperative's production, transmission or sale of gas.

RULES AND REGULATIONS

Service under this rate schedule shall be subject to the Standard Rules and Regulations of the Cooperative.

LATE PAYMENT CHARGE

A one-time late payment charge of two percent of the unpaid balance, net of taxes, will be assessed on any bill which is delinquent.

Issued August 24, 2009
By: Brian Burns
President and CEO
Onaway, Michigan



Effective for gas service rendered on and
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Issued under authority of the Michigan
Public Service Commission dated
August 11, 2009 in Case No. **U-15774**

GENERAL SERVICE RATE

AVAILABILITY

Subject to any restrictions, this rate is available to any member desiring gas service for any Non - Residential usage which includes tourist homes, rooming houses, dormitories, nursing homes and similarly occupied buildings containing sleeping accommodations for more than six persons. Gas shall not be purchased under any other rate for any equipment or process which uses gas under this rate.

This rate is not available for residential usage or for resale purposes.

Subject to limitations and restrictions contained in orders of the Michigan Public Service Commission in effect from time to time and in the Rules and Regulations of the Cooperative.

RATE

Member Charge

\$17.00 per member per month plus distribution charge, gas cost recovery charge and regulatory cost monthly charge adder.

Distribution Charge

\$0.25629 per ccf.

Gas Cost Recovery Charge

The monthly gas cost recovery charge is set forth on Sheet No. D-3.00.

Regulatory Cost Monthly Charge Adder

The regulatory cost monthly charge adder is set forth on Sheet No. D-5.01.

Minimum Charge

The minimum charge shall be the member charge included in the rate.

SPECIAL TAXES

- A. In municipalities which levy special taxes, license fees, or street rentals against the Cooperative, and which levy has been successfully maintained, the standard of rates shall be increased within the limits of such municipalities so as to offset such special charges and thereby prevent the members in other localities from being compelled to share any portion of such local increase.
- B. Bill shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority upon the Cooperative's production, transmission or sale of gas.

(Continued on Sheet No. D-7.01)

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President and CEO
Onaway, Michigan



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Case No. **U-18059**

GENERAL SERVICE RATE
(Continued from Sheet No. D-7.00)

RULES AND REGULATIONS

Service under this rate schedule shall be subject to the Standard Rules and Regulations of the Cooperative.

LATE PAYMENT CHARGE

A one-time late payment charge of two percent of the unpaid balance, net of taxes, will be assessed on any bill which is delinquent.

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President and CEO
Onaway, Michigan



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INDUSTRIAL RATE

AVAILABILITY

Subject to any restrictions, this rate is available to any member desiring gas service for any Non - Residential usage with use in excess of 50,000 ccf in the previous 12 calendar months. In order to meet this minimum threshold, the member may aggregate as many as five (5) meters.

Subject to limitations and restrictions contained in orders of the Michigan Public Service Commission in effect from time to time and in the Rules and Regulations of the Cooperative.

RATE

Member Charge

\$188.00 per member per month plus distribution charge, gas cost recovery charge and regulatory cost monthly charge adder.

Distribution Charge

\$0.19383 per ccf.

Gas Cost Recovery Charge

The monthly gas cost recovery charge is set forth on Sheet No. D-3.00.

Regulatory Cost Monthly Charge Adder

The regulatory cost monthly charge adder is set forth on Sheet No. D-5.01.

Minimum Charge

The minimum charge shall be the member charge included in the rate.

SPECIAL TAXES

- A. In municipalities which levy special taxes, license fees, or street rentals against the Cooperative, and which levy has been successfully maintained, the standard of rates shall be increased within the limits of such municipalities so as to offset such special charges and thereby prevent the members in other localities from being compelled to share any portion of such local increase.
- B. Bill shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority upon the Cooperative's production, transmission or sale of gas.

(Continued on Sheet No. D-8.01)

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President and CEO
Onaway, Michigan



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Case No. **U-18059**

INDUSTRIAL RATE
(Continued from Sheet No. D-8.00)

RULES AND REGULATIONS

Service under this rate schedule shall be subject to the Standard Rules and Regulations of the Cooperative.

LATE PAYMENT CHARGE

A one-time late payment charge of two percent of the unpaid balance, net of taxes, will be assessed on any bill which is delinquent.

Issued August 24, 2009
By: Brian Burns
President and CEO
Onaway, Michigan



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THIS SHEET IS CANCELLED
RESERVED FOR FUTURE USE

Issued: **February 13, 2013**
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President and CEO
Onaway, Michigan



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Commission Order dated **January 31, 2013** in
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THIS SHEET IS CANCELLED

RESERVED FOR FUTURE USE

Issued: **February 13, 2013**

By: Brian Burns
President and CEO
Onaway, Michigan

Michigan Public Service Commission
February 13, 2013
Filed _____ 

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President and CEO
Onaway, Michigan



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**SECTION E
TRANSPORTATION SERVICE**

(NOT APPLICABLE AT THIS TIME, BUT INCLUDED FOR FUTURE USE)

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President and CEO
Onaway, Michigan



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**SECTION F
GAS CUSTOMER CHOICE PROGRAM**

(NOT APPLICABLE AT THIS TIME, BUT INCLUDED FOR FUTURE USE)

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President and CEO
Onaway, Michigan



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August 11, 2009 in Case No. **U-15774**

