

BUDGET PAYMENT PLAN

APPLICABILITY

Residential customers may elect to pay their bills under the Company's Budget Payment Plan. Customers electing to enroll in the Company's Budget Plan may do so in any month that a customer elects. The monthly budget amount will be calculated using 12 months of actual usage history at the premise or estimated usage.

Monthly budget amounts will be reviewed no later than every sixth month and may be reviewed monthly and adjusted by the Company to recognize known changes, although the monthly budget amount will remain in effect for a minimum of two months. Examples of known changes include changes in a customer's consumption pattern, approved changes in rates or the effects of abnormal weather conditions. If a customer's budget account has resulted in an overpayment or underpayment, upon the sixth-month review, the credit or debit position will be included in the budget calculation so as to spread the credit or debit balance forward for 12 months into the coming budget year.

A customer who requests the Budget Payment Plan will be placed on the Plan either during the current calendar month or during the succeeding month, at the customer's option. The customer may terminate participation in the Plan at any time by giving notice to the Company, and the customer may be removed from the Plan by the Company for nonpayment, as hereinafter provided.

If the account of a customer who terminates participation in the Plan is in a credit position, i.e., the value of the gas used from the start of the budget year to the current billing period is less than the total of all budget payments made during the same period, such credit amount at the customer's direction will be refunded by draft or be applied to future gas bills. If the account of a customer who terminates his participation in the Plan is in a debit position, i.e., the value of the gas used from the start of the budget year to the current billing period exceeds the total of all budget payments made during the same period, the customer may pay the arrearage with the next payment or in installments mutually agreed upon and consistent with the Commission GAS RULES regarding deferred payment plans.

The Company reserves the right to remove from the Plan a customer who, during any budget year, fails to make two consecutive budget payments.

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