

The Peoples Gas Light and Coke Company

TERMS AND CONDITIONS OF SERVICE

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Application for Service

Each customer must make an application for service. The Company may require a customer to submit a written application for service, signed by the customer. Such application shall contain the information necessary to determine the type of service required by the customer and the conditions under which the Company shall render service.

The customer shall select the service classification or rider under which it wishes to receive service. If the Company determines in its sole discretion that the customer meets the eligibility requirements of the selected service classification or rider, the Company shall render service under the same. The Company shall assist the customer in making such selection, but does not guarantee that the customer shall receive service under, and shall not be responsible to notify the customer of, the most favorable service classification or rider at all times. The Company reserves the right to change the service classification or rider under which a customer receives service if the Company determines, in its sole discretion, that the customer is not eligible for service under its existing service classification or rider.

The customer shall notify the Company of any material changes in the customer's gas requirements or in premises characteristics that affect eligibility for a service classification or rider. After the Company receives such notification, the Company shall assist the customer in determining if a change in service classification or rider is best suited to or required for the customer's changed gas requirements or premises characteristics.

Except as specifically required or provided in a service classification or rider, no customer who receives service under a particular service classification or rider hereof for a particular use or uses at the customer's premises, shall receive service for the same from the Company except under said service classification or rider.

Unless required by material changes in the customer's gas requirements or premises characteristics, not more than one change of service classification or rider shall be allowed within any twelve-month period.

Right to Refuse or Discontinue Service

The Company shall have the right to refuse to initiate gas service to an applicant or to discontinue service to a customer and remove its property from the premises in accordance with the terms of 83 Illinois Administrative Code Part 280. The Company shall have the right, after mailing the customer three letters and a notice of disconnection, to discontinue service when the customer fails to allow the Company or its authorized agents to have access to its premises for the purpose of inspection of metering equipment, service pipe and all other equipment relating to the Company's service.

Deposits

The Company shall bill applicants for gas service and customers under any service classification or rider for deposits in accordance with 83 Illinois Administrative Code Part 280. The Company shall use a credit scoring system as one of the methods to determine whether it shall bill a deposit to a residential service applicant. A deposit shall be billed if the credit score of the applicant is below the predetermined minimum. This may not apply if the applicant is eligible for the Low Income Home Energy Assistance Program (LIHEAP) or provides proof of identity fraud.

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* **Service Activation Charge**

The Company shall assess a service activation charge whenever a Company employee activates service at a customer's premises. The service activation charge shall be \$15.00 when only a meter reading is taken. The service activation charge shall be \$25.00 when gas has to be turned on and a maximum of four gas appliances are relit. Each additional gas appliance being relit shall be done at a charge of \$5.00 per appliance.

* **Service Reconnection Charges**

When the Company has discontinued service to any customer as provided in this rate schedule or in Chapter 83 of the Illinois Administrative Code, before restoration, the Company shall collect a reconnection charge. The reconnection charge shall be \$60.00 except that (1) where service has been discontinued by removing the meter, the reconnection charge shall be \$125.00, and (2) where service has been discontinued by excavating either to cut the service pipe or shut off the service at the main, the reconnection charge shall be \$350.00. Each customer shall receive an automatic waiver for the first reconnection charge of \$60.00 in any calendar year where service has been reconnected at the meter.

* For any customer whose service is discontinued at the customer's request, reinstatement of service within twelve months shall be provided at a charge of \$60.00, plus the Customer Charges applicable during the period of service discontinuance.

* For any customer whose service has been discontinued because of the customer's failure to allow the Company or its authorized agents to have access to the customer's premises for the purpose of inspection of metering equipment, service pipe and all other equipment relating to the Company's service, the reconnection charge shall be \$60.00, except where service has been discontinued by excavating either to cut the service pipe or shut off the service at the main, in which case the reconnection charge shall be \$350.00.

* Included in any reconnection charge is the relighting of a maximum of four gas appliances per account. Any additional gas appliances to be relit shall be done at a charge of \$5.00 per appliance. This provision and charges shall apply regardless of any automatic reconnection charge waiver.

* **Second Pulse Data Capability**

A customer that has an installed and operational meter, meter corrector, or daily demand measurement device capable of providing a second pulse for further data collection capability may choose to have the Company enable this capability on such meter or device for a monthly charge of \$14.00; provided that, any customer who, prior to February 14, 2008, had such capability installed and paid for the device shall not be subject to such monthly charge. Installation of such capability shall be pursuant to a written contract specifying the customer name, account(s) and term.

The initial term of the contract shall end on the first April 30 following the effective date thereof, and the contract shall automatically renew for one-year periods upon expiration of the initial term and each one-year extension. The Company or the customer shall have the right to terminate service under the contract at the end of the initial term or any subsequent contract year on 30 days written notice; provided, however, that in the event of early termination, all amounts due the Company for the unexpired portion of the remaining contract term shall forthwith be paid.

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Controlled Attachment on the Rendering of Gas Service

All requests for firm gas service for inputs over 500 cubic feet per hour for central space heating, any type of commercial or industrial space heating or industrial processing or power generation must be made in writing. Rider 10 of this rate schedule governs the Company's obligation to render gas service for such requests.

Operational Integrity and Delivery Restrictions

In order to maintain the safe, efficient, and cost effective operation of its system, the Company, on any Gas Day, may, but shall not be obligated to, specify the quantity of gas that it shall accept at one or more of its citygate stations or specify the total quantity of gas that an entity may deliver to its system, and such specification may be stated in any reasonable manner, including as a specific percentage or other cap on increases from prior Gas Day's deliveries. Each entity delivering gas to the Company's system is responsible for adhering to such specifications. The Company shall not invoke this Operational Integrity and Delivery Restrictions provision for economic reasons, and shall provide a two-hour minimum notice of such specifications prior to any applicable nomination deadlines. This Operational Integrity and Delivery Restrictions provision shall be applied to all entities in a non-discriminatory manner. If an entity delivering gas requests to deliver gas in excess of a delivery restriction, the Company shall use reasonable efforts to adjust, on a non-discriminatory basis, the applicable restriction to allow the entity to deliver sufficient gas to meet the expected usage of customers served by the delivering entity and taking into account usage (deliveries to and from) those customers' gas bank accounts. Nothing in this paragraph shall prevent the Company from unilaterally taking actions, in addition to or in lieu of specifying delivery requirements at citygate stations, as may be necessary to maintain system pressure and preserve the integrity of its system.

Limitations on the Rendering of Gas Service

In the event of a gas shortage or an interruption in the Company's gas supply for any reason, the Company shall be entitled (1) to curtail deliveries of gas to any firm commercial or industrial customer, whenever in its judgment such curtailment shall be necessary for the maintenance of gas service to the Company's residential and small commercial customers, and (2) to allocate available gas supply among some or all of its remaining firm customers, whenever in its judgment such supply shall be inadequate to provide gas service to all of those customers in addition to other customer classes.

- * In effecting any such curtailment or allocation of deliveries, the Company shall first curtail or discontinue the supply of gas to such customers as commonly use large quantities of gas and are not engaged in an activity essential to health or safety, and where the Company can conveniently and readily use the gas not delivered to reduce any gas supply deficiency to its other customers. The Company shall not be liable for any damage whatsoever by reason of any such curtailment or discontinuance or because of any shortness of advance notice given directing such curtailment or discontinuance.

Suspension or Termination of Contract in Case of Fire or Other Casualty

In the event of a fire or other casualty occurring in a customer's premises, rendering them wholly unsuitable for its business purposes, any contract between the Company and the customer for service under any service classification or rider shall, at the option of the customer, be either terminated or suspended until such time as the premises shall have been reconstructed and reoccupied by the customer for its business purposes.

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Continuous Service

The Company will endeavor to furnish a regular supply of gas to the customer, unless otherwise specified in the service classification or rider. The liability of the Company for damages arising out of service interruptions occurring in the course of furnishing service, and not caused by the negligence of the customer, shall in no event exceed an amount equivalent to the fixed charges that would otherwise be billed to the customer for the period of service during which such service interruption occurs. No other liability shall in any case attach to the Company.

Measurement of Gas Delivered by the Company

The gas delivered to a customer under each service classification and rider shall be measured by a meter or meters to be installed by, and at a location suitable to, the Company, provided by the customer upon its premises. The Company may use remote meter reading devices, which include any device that reads the meter and any device that corrects for pressure, temperature or supercompressibility; readings transmitted by such remote devices shall be considered actual meter readings within the meaning of the Public Utilities Act and 83 Illinois Administrative Code Part 280. Where the Company has installed a remote meter reading device, the volume of gas delivered to the customer may be determined on the basis of readings taken. The registration of the meter shall control in any case that discrepancies exist or the device malfunctions.

All bills for gas service shall be based upon such measurement, except that, in any case where the Company is unable to take the regular reading of the meter and in alternate months for certain customers served under Service Classification No. 1 or 2, the Company shall issue an estimated bill based upon the customer's use of service in previous billing periods and reflecting the effect of weather measured in degree days.

Gas Not to Be Submetered for Sale or Resale

No gas purchased or delivered under this rate schedule shall, for the purpose of sale or resale, be submetered or remeasured by the customer. This prohibition, however, shall not apply to gas purchased or delivered for use as vehicular fuel.

* **Correction for Pressure, Temperature and/or Supercompressibility**

In any case where the Company measures the gas delivered to said customer under a pressure greater than that exerted by a column of water 12 inches in height, the volume of gas registered by the gas measurement meter shall be corrected for billing purposes by a device or by the application of a proper pressure correction factor. The Company reserves the right to correct the volume of gas registered by such meter to a base temperature of 60° Fahrenheit and for supercompressibility.

Heating Value of Gas

The term "therm" means a quantity of heat at least equivalent to one hundred thousand British thermal units.

The gas to be supplied under each service classification and rider shall have a minimum average total heating value of one thousand British thermal units per cubic foot.

The terms for which the customer is billed shall be determined in accordance with Rider 8 of this rate schedule. Unless otherwise provided in this rate schedule, all quantities shall be therms.

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Unaccounted For Gas Adjustment (Factor U)

The unaccounted for adjustment shall be the amount of gas unaccounted for, for the most recent 12 months ended June, as a percentage of total gas available for deliveries, expressed as a decimal.

Billing

The term "bill" means a statement of amount due for gas service that is computed on the basis of two consecutive readings of a meter or meters, or the equivalent thereof for an estimated bill.

The terms "month" and "monthly" mean the period between any two regular consecutive readings of meters that are made at approximately 30-day intervals.

The term "bimonthly" means the period between any two regular consecutive readings of meters that are made at approximately 60-day intervals.

The summation of the consumptions registered by two or more meters in a given period shall not be permitted for the purpose of applying the rates under this rate schedule in the determination of a customer's bill except with respect to (1) customers for whom consumptions had been combined under a given service classification prior to October 27, 1962, and (2) two or more meters installed in lieu of a single meter of larger capacity as a matter of convenience to the Company.

The Company shall take meter readings, as nearly as practicable, every 60 days and issue bills for service, as nearly as practicable, every 30 days under Service Classification Nos. 1 and 2 except that in the case of certain customers served under Service Classification No. 1 or 2 whose consumption is low, the Company may take meter readings and issue bills for service, as nearly as practicable, every 60 days.

The Customer Charge of Service Classification Nos. 1 and 2 shall be doubled in the computation of a bimonthly bill. The Company may base bills falling between bimonthly meter readings on estimated readings. The Company shall take meter readings and issue bills to customers served under all other service classifications, as nearly as practicable, every 30 days.

If it is established that bimonthly billing or bimonthly meter reading with monthly billing has in any instance resulted in a customer paying for a bimonthly period an amount in excess of the total of the amounts the customer would have paid under monthly billing with monthly meter reading, the customer may, by written request made within three months after the due date of such bimonthly or monthly bill, have such excess credited on the next bill thereafter issued.

When the Company obtains a meter reading for a Service Classification No. 1 or 2 gas sales customer following a series of two or more consecutive estimated bills, the Company shall estimate the quantity of gas taken during the billing period ending with the meter reading. If the difference between the meter reading and the preceding estimated reading exceeds such estimate by at least the greater of ten percent or 2,000 cubic feet, the Company shall reallocate usage among the periods covered by the estimated bills; cancel each previously consecutive estimated bill in the series; reissue a bill or bills for the period based on the reallocated usage and associated rates and charges; and issue a bill based on the meter reading difference. The Company shall estimate usage and perform the reallocation using the meter reading and the customer's usage in previous billing periods and reflect the effect of weather measured in degree days.

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Bills to Customers

Bills to customers shall contain the information required by 83 Illinois Administrative Code Part 500. A sample bill is set forth on Sheet Nos. 28 and 29.

Net Payment Period

The customer shall make payment of any bill issued to it within the net payment period. The net payment period shall be 21 days for residential service and 14 days for non-residential service. For a customer who purchases residential service and who qualifies under the provision Preferred Payment Date contained in 83 Illinois Administrative Code Part 280, the net payment period shall be 31 days; subject to annual confirmation by the customer of this qualification. If a customer mails a payment and it is received at the Company's offices no more than two business days after the due date, the payment is considered timely.

"Residential service" means gas service rendered for a single family house, a residential building containing not more than two dwelling units or any individually metered dwelling unit; all other gas service rendered is "non-residential." "Net payment period" means the period immediately following the postmark date of any bill through and including the due date for each as shown thereon; provided, however, (a) when the due date of any bill falls on Saturday, Sunday or a legal holiday, such net payment period shall be extended to include the first following business day, and (b) when a customer shall make on or before the due date a good faith objection to any bill issued to it, the net payment period shall be extended to include 14 days after dispute resolution. All bills scheduled for mailing shall be mailed on the date of issuance or the next business day; all bills scheduled for manual delivery shall be either delivered or mailed no later than one day after the date of issuance.

Late Payment Charge

The Company shall assess a late payment charge equal to one and one-half percent of the amount of any bill issued for service under any service classification or rider, excluding tax charges under Rider 1, if such bill is not paid within the net payment period as defined in these Terms and Conditions of Service.

The late payment charge shall not be applicable to installments under Rider 3 of this rate schedule.

For a customer taking service under Service Classification No. 1, the Company shall waive the first applicable late payment charge in any calendar year. Such waiver shall not apply to the late payment charge applicable to amounts previously past due. As used in this paragraph, the term "amounts previously past due" shall include the amount of any bill for service that remains unpaid as of the customer's second or subsequent regular billing date after becoming past due, any late payment charge that remains unpaid as of the customer's second or subsequent regular billing date after being charged to the customer's account, and any amount outstanding under a deferred payment arrangement. For accounts billed bimonthly, the term "regular billing date" shall include the date between bimonthly bills on which bills are issued for customers in the same billing district.

Net Payment Period and Late Payment Charges for Governmental Bodies

Notwithstanding anything to the contrary in this rate schedule, the net payment period, and the application of late payment charges, applicable to bills for gas service rendered to units of the federal, state or local government shall be controlled by the Federal Prompt Payment Act, the State Prompt Payment Act, and the Local Government Prompt Payment Act, whichever is applicable.

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Charge for Dishonored Checks and/or Incomplete Electronic Withdrawal

A charge of \$25.00 shall be assessed a customer who remits any negotiable instrument that is not honored and subsequently returned by a bank, savings institution or other financial institution for any reason except error of the institution.

A charge of \$25.00 shall be assessed any customer participating in the Company's Automatic Payment Plan when the electronic withdrawal from the designated account is not completed by the participating bank, savings institution or other financial institution for any reason except error of the institution.

Any customer who, within a twelve-month period, remits two checks that are dishonored or has two incomplete electronic withdrawals, or has a combination of two dishonored checks or incomplete electronic withdrawals, for any reason except error of the financial institution shall be required to make all future payments by United States currency, money order, or certified check for the following twelve months.

Charge for Payment by Wire Transfer

The Company shall permit a customer to pay any amounts due and owing by wire transfer to the account designated by the Company. A customer making payment by wire transfer shall be liable for the charge assessed the Company by the financial institution effectuating the wire transfer.

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Access to Premises

Properly authorized Company agents shall, at all reasonable times, have free access to the customer's premises for the purpose of initiating, maintaining, interrupting or discontinuing service; reading meters; inspecting metering equipment, service pipe and all other equipment relating to the Company's service; and installing, repairing or removing the Company's meters or other property and equipment.

Company's Property and Protection Thereof

Unless otherwise provided by contract between the Company and the customer, all meters and other appliances and equipment furnished by and at the expense of the Company that may at any time be upon the customer's premises shall be and remain Company property, and no one other than a Company agent is authorized to remove or disturb such property.

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The Peoples Gas Light and Coke Company

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Company's Property and Protection Thereof - continued

The Company will charge a person for damages to the Company's property, including, without limitation, pipes, meters and regulators, an amount that allows the Company to recover the actual costs determined by the time, material and overhead associated with making any and all repairs, including replacement in whole or in part, and with responding to related service interruptions, including relighting appliances. In determining labor costs, the time of all personnel, including supervisory personnel, shall be included.

Equipment Furnished and Maintained by Customer

All customer gas equipment, including appliances, piping and venting equipment, shall be installed, operated and maintained by the customer at all times in conformity with accepted practice as determined by rules of public health and safety, law, local ordinance or rules of any properly constituted authorities.

The Company shall assume no obligation or responsibility for any claims, loss, liability or damage whatsoever resulting from or in connection with the construction, use, maintenance or operation of any such customer equipment installed or used for or in connection with the purchase of gas and service hereunder. The Company may use bill inserts to provide general notice to customers of safety matters, including, without limitation, safety matters related to the use of uncoated brass flexible connectors. The customer is responsible for addressing such matters related to customer equipment, including inspecting the customer's premises for, identifying and remedying any such matters. The Company shall have no responsibility to inspect for, identify or remedy any such matters and shall have no liability or responsibility for any claims, loss, injury or damages whatsoever resulting from or in connection with matters described in such bill inserts. The envelope with such bill inserts need not be marked in any way, and sending such bill inserts shall constitute the use of reasonable care to provide notice.

Interfering Equipment

Whenever any of the customer's utilization equipment, such as compressors, furnaces, boilers or gas turbines, has characteristics that may interfere with proper metering or service to any other customer or that may adversely affect the Company's transmission or distribution system operation, the Company or the customer shall provide suitable preventative facilities and system improvement at the customer's expense and/or the Company shall purchase incremental services to accommodate the customer's service. The customer shall pay for these improvements either in one payment or in monthly installments.

In addition, the customer shall pay, monthly, for any incremental services purchased by the Company necessary to provide service to that customer. The customer may agree to reduced service levels to minimize such charges. Any contract relating to charges to be billed pursuant to this provision or an agreed reduction in service level shall be submitted to the Illinois Commerce Commission for informational purposes on a confidential basis as provided by 83 Illinois Administrative Code Part 335.

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Agents Can Not Modify Rate Schedule or Contracts

No agent of the Company shall have the power to amend, modify, alter or waive any of the conditions of this rate schedule or any contract entered into between the Company and a customer under any of the service classifications or riders of this rate schedule, or to bind the Company by making any promise or representation contrary to or inconsistent with the provisions of this rate schedule or any such contract.

Providing Customer Information That Does Not Require Customer Consent

The Company shall provide, by written contract, certain customer information to non-utility gas suppliers. The Company shall provide the customer information in an electronic format and may provide such information using its electronic bulletin board system or other means. The Company shall provide to CFY Suppliers, without charge and no more than once every six months, customer lists that include Service Classification No. 1 customer names and service and billing addresses. The Company shall provide, without charge, certain account level information (including therms billed, billing dates and whether the information is based on estimated or actual meter readings) that does not identify customers by name, address or other customer-specific identification ("tier 1 data"). The Company shall not require customer consent to provide the information described in this paragraph.

Providing Customer Information That Requires Customer Consent

The Company shall provide, by written contract, certain customer information to non-utility gas suppliers. The Company shall provide customer information in an electronic format and may provide such information using its electronic bulletin board system or other means. The Company shall require explicit customer consent ("customer consent") to provide the information described in this section. The "contract year" shall be April 1 through March 31, and the initial term of the contract shall end on the first March 31 following the effective date; the contract shall automatically renew for one-year periods upon expiration of the initial term and each one-year extension unless cancelled, effective on the next March 31, on thirty (30) days prior written notice.

The Company shall provide specific customer information, such as service (service classification and rider), usage and billing information, by name address and account and meter numbers for specific customers ("tier 2 data"), payment arrearages, and payment history (together with tier 2 data, "customer information"), only to suppliers having customer consent to receive such customer information. The supplier shall indemnify and hold the Company harmless from any customer damage claim if the supplier does not have the requisite authority, or if the customer revokes the requisite authority, to receive the customer information. The Company shall not be responsible or liable to the customer or the supplier if there is a dispute between the supplier and the customer about the scope or effectiveness of the customer's consent.

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Providing Customer Information That Requires Customer Consent - continued

Customer consent must be stated in unambiguous and everyday language and unequivocal with respect to the customer information sought. The customer's written signature is not required if other satisfactory indicia of customer consent are present. Independent third party verification may be used as evidence of customer consent, but it is not required. Customer consent may be evidenced in different ways, and the supplier need not use the same method for all customers. Any supplier wishing to obtain customer information from the Company must, by written contract with the Company, warrant and represent that it has the necessary customer consent and agree to produce proof of customer consent upon the Company's request, including for audit purposes or to resolve a dispute.

The charge per contract year for customer information shall be based on the incremental costs of providing such information, and, until April 1, 2011, such charge shall be determined by dividing \$57,500 by the number of customers who have contracted for such service by April 1 of the contract year. For a supplier who contracts for such service during a contract year, such contract shall be effective on the first day of the month following execution and the annual charge shall be determined by dividing \$57,500 by the number of customers who have executed a contract during the contract year and prorated by the number of months remaining in the contract year. Any amounts recovered from customers who execute a contract during the contract year shall be refunded in equal amounts to suppliers under previously effective contracts, such that the total amount charged in a contract year does not exceed \$57,500. Effective April 1, 2011, the amount used to determine the annual charge shall be reduced from \$57,500 to \$23,300.

Use of Gas as Compressed Natural Gas

A customer purchasing gas for compression and use as compressed natural gas to propel a vehicle on the public highways shall give the Company prior written notice of intent to purchase gas for that purpose. All gas delivered for such use shall be metered separately by the Company. In the event that any customer's equipment relating to compression of gas may or does interfere with service to any other customer or with metering, the Company or the customer shall, at the customer's expense, provide suitable facilities to preclude such interference.

Definition of Gas Day

The term "Gas Day" shall mean the period beginning at 9:00 a.m. Central Time, and ending at 9:00 a.m. Central Time on the following day. When required by the context in which it is used the word "day" shall mean Gas Day. "Central Time" shall mean the prevailing time in the Central time zone.

Definition of Person

The term "person" shall have the meaning set forth in Article III of the Public Utilities Act (220 ILCS 5/1-101, *et seq.*).

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