

GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 2528 COMPANY NAME: STERLING NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 1

DESCRIPTION: Distribution Sales STATUS: A
 EFFECTIVE DATE: 02/01/2017 ORIGINAL CONTRACT DATE: 08/01/2000 RECEIVED DATE: 06/29/2017
 GAS CONSUMED: N AMENDMENT DATE: 02/01/2017 OPERATOR NO:
 BILLS RENDERED: Y INACTIVE DATE:

RATE SCHEDULE

SCHEDULE ID DESCRIPTION
 Res-Com Inc

Sterling Natural Gas, Inc.
 Rate Sheet
 Approved by Ordinance # 161212 on 12/12/2016 to be Effective on 02/01/2017

(b) The following charges are hereby established and shall be collected for residential and commercial locations furnished by Sterling Natural Gas:

(1) Customer Charge \$20.00
 All Consumption x Cost of Gas (PGA)

(2) Late Fee \$20.00
 Bills are due and payable when rendered and must be paid by the 19th of each month. Any bill not paid within that frame will be assessed this fee and termination of service if not paid within two (2) billing periods.

(3) Cost of Gas (Purchased Gas Adjustment) PGA
 Each monthly bill at the above rates shall be adjusted for gas cost as follows:
 The city gate increases or decreases applicable to the current billing month: residential and commercial sales shall be estimated to the nearest \$0.0001 mcf upon:

The preceding month's average cost of gas per mcf multiplied by 1.05 which is the unaccounted for gas factor.

(4) Tax Adjustment
 The tax adjustment shall be an amount equivalent to the proportionate part of any new tax, or increased tax, or any other governmental imposition, rental, fee or charge (except state, county, city, and special district ad valorem taxes and taxes on net income) levied, assessed or imposed subsequent to January 1, 2016, upon or allocable to the Company's distribution operations by any new or amended law, ordinance or contract.

(5) Statement of Changes:
 Monthly bill for customers using 0, 5, 10 and 50 MCF (PGA at \$5.4886)

0 mcf \$20.00
 1 mcf \$29.99
 5 mcf \$69.94
 10 mcf \$119.89
 50 mcf \$519.43

RATE ADJUSTMENT PROVISIONS

None

RAILROAD COMMISSION OF TEXAS
GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 2528 COMPANY NAME: STERLING NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 1

CUSTOMERS				
<u>RRC CUSTOMER NO</u>	<u>CONFIDENTIAL?</u>	<u>BILLING UNIT</u>	<u>PGA CURRENT CHARGE</u>	<u>PGA EFFECTIVE DATE</u>
3087	N	MCF	\$4.0952	01/01/2018
<u>CUSTOMER NAME</u>	Sterling County (Incorporated Only)			
3087	N	MCF	\$3.6631	02/01/2018
<u>CUSTOMER NAME</u>	Sterling County (Incorporated Only)			
3087	N	MCF	\$4.0392	03/01/2018
<u>CUSTOMER NAME</u>	Sterling County (Incorporated Only)			
3087	N	MCF	\$3.9892	04/01/2018
<u>CUSTOMER NAME</u>	Sterling County (Incorporated Only)			
3087	N	MCF	\$5.6743	09/01/2017
<u>CUSTOMER NAME</u>	Sterling County (Incorporated Only)			
3087	N	MCF	\$5.4373	10/01/2017
<u>CUSTOMER NAME</u>	Sterling County (Incorporated Only)			
3087	N	MCF	\$4.7489	11/01/2017
<u>CUSTOMER NAME</u>	Sterling County (Incorporated Only)			
3087	N	MCF	\$5.0863	07/01/2016
<u>CUSTOMER NAME</u>	Sterling County (Incorporated Only)			
3087	N	MCF	\$6.6279	08/01/2016
<u>CUSTOMER NAME</u>	Sterling County (Incorporated Only)			
3087	N	MCF	\$6.2491	09/01/2016
<u>CUSTOMER NAME</u>	Sterling County (Incorporated Only)			
3087	N	MCF	\$5.6101	10/01/2016
<u>CUSTOMER NAME</u>	Sterling County (Incorporated Only)			
3087	N	MCF	\$5.4886	11/01/2016
<u>CUSTOMER NAME</u>	Sterling County (Incorporated Only)			
3087	N	MCF	\$4.6233	12/01/2016
<u>CUSTOMER NAME</u>	Sterling County (Incorporated Only)			
3087	N	MCF	\$4.8674	01/01/2017
<u>CUSTOMER NAME</u>	Sterling County (Incorporated Only)			
3087	N	MCF	\$5.5629	02/01/2017
<u>CUSTOMER NAME</u>	Sterling County (Incorporated Only)			
3087	N	MCF	\$4.5934	03/01/2017
<u>CUSTOMER NAME</u>	Sterling County (Incorporated Only)			
3087	N	MCF	\$3.8714	04/01/2017
<u>CUSTOMER NAME</u>	Sterling County (Incorporated Only)			

GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 2528 COMPANY NAME: STERLING NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 1

CUSTOMERS

<u>RRC CUSTOMER NO</u>	<u>CONFIDENTIAL?</u>	<u>BILLING UNIT</u>	<u>PGA CURRENT CHARGE</u>	<u>PGA EFFECTIVE DATE</u>
3087	N	MCF	\$5.6313	05/01/2017
<u>CUSTOMER NAME</u>	Sterling County (Incorporated Only)			
3087	N	MCF	\$6.0217	08/01/2017
<u>CUSTOMER NAME</u>	Sterling County (Incorporated Only)			
3087	N	MCF	\$4.7545	12/01/2017
<u>CUSTOMER NAME</u>	Sterling County (Incorporated Only)			
3087	N	MCF	\$5.0886	06/01/2017
<u>CUSTOMER NAME</u>	Sterling County (Incorporated Only)			
3087	N	MCF	\$6.5353	07/01/2017
<u>CUSTOMER NAME</u>	Sterling County (Incorporated Only)			

REASONS FOR FILING

NEW?: N

RRC DOCKET NO:

CITY ORDINANCE NO: Ordinance 161212

AMENDMENT (EXPLAIN):

OTHER (EXPLAIN): File new rates as per City Ordinance 161212, effective 02/01/17. Delayed due to oversight.

SERVICES

<u>TYPE OF SERVICE</u>	<u>SERVICE DESCRIPTION</u>
B	Commercial Sales
<u>OTHER TYPE DESCRIPTION</u>	
A	Residential Sales
<u>OTHER TYPE DESCRIPTION</u>	

PREPARER - PERSON FILING

RRC NO: 22 ACTIVE FLAG: Y INACTIVE DATE:
 FIRST NAME: Suzanne MIDDLE: LAST NAME: Davis
 TITLE: Vice President
 ADDRESS LINE 1: PO Box 812
 ADDRESS LINE 2:
 CITY: STERLING CITY STATE: TX ZIP: 76951 ZIP4:
 AREA CODE: 325 PHONE NO: 378-2119 EXTENSION:

RAILROAD COMMISSION OF TEXAS
 GAS SERVICES DIVISION
 GSD - 1 TARIFF REPORT

RRC COID: 2528 COMPANY NAME: STERLING NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 1

CURTAILMENT PLAN

<u>PLAN ID</u>	<u>DESCRIPTION</u>
489	RAILROAD COMMISSION OF TEXAS OIL AND GAS DIVISION GAS UTILITIES DIVISION OIL AND GAS DOCKET GAS UTILITIES DIVISION NO. 20-62,505 DOCKET NO. 489 ORDER RELATING TO THE APPROVAL BY THE COMMISSION OF CURTAILMENT PROGRAMS FOR NATURAL GAS TRANSPORTED AND SOLD WITHIN THE STATE OF TEXAS

After due notice the Railroad Commission of Texas on the 30th day of November, 1972, heard testimony and requested written curtailment priorities from representatives of investor owned and municipal gas utilities companies, private industry consumers and others responsible for directing available natural gas supplies to the consumers of natural gas in the State of Texas.

WHEREAS, pursuant to the authority granted to the Railroad Commission of Texas in Article 6050 to 6066, inclusive, R.C.S., as amended; and

WHEREAS, the Commission has determined the need for a curtailment program to assure effective control of the flow of natural gas to the proper destinations to avoid suffering and hardship of domestic consumers; and

WHEREAS, the Commission has determined a need to make natural gas available to all gas consumers on a reasonable but limited basis during times of needed curtailment to the end that the public will be best served; and

WHEREAS, the Commission has determined that the transportation delivery and/or sale of natural gas in the State of Texas for any purpose other than human need consumption will be curtailed to whatever extent and for whatever periods the Commission may find necessary for the primary benefit of human needs customers (domestic and commercial consumption) and such small industries as cannot practically be curtailed without curtailing human needs.

IT IS THEREFORE, ORDERED BY THE RAILROAD COMMISSION OF TEXAS that the following rules relating to the approval by the Commission of curtailment programs for gas transported and sold within the State of Texas shall apply to all parties responsible for directing available and future natural gas supplies to the consumers of natural gas in the State of Texas.

RULE 1. Every natural gas utility, as that term is defined in Article 6050, R.C.S. of Texas, as amended, intrastate operations only, shall file with the Railroad Commission on or before Feb. 12, 1973, its curtailment program. The Commission may approve the program without a hearing; set the matter for a public hearing on its own motion or on the motion of any affected customer of said utility. The curtailment program to be filed shall include, in verified form, the following information:

A. Volume of gas reserves attached to its system together with a brief description of each separate source of gas reserves setting forth the following:

1. the name of the supplier,
2. the term of each contract in years, and the years remaining on said contract,
3. the volume of recoverable reserve contracted for, and
4. rated deliverability of such reserves in MCF.

GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 2528 COMPANY NAME: STERLING NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 1

B. Capacity and location of underground storage, if any, attached to its system with a statement of whether the company's storage balance is above or below its desired level for this time, and, if below, what plans has the company made to restore the balance.

C. Peak day and average daily deliverability on an annual basis of its wells, gas plants and underground storage attached to its system.

D. Peak day capacity of its system.

E. Forecast of additions to reserves for each of the next two succeeding years.

F. Location and size of the line pipes, compressor stations, operating maximum line pressures, and a map showing delivery points along the system.

G. Disposition of all gas entering its system, with names of all customers other than residential customers and volumes delivered to each during the past calendar year. Identify those customers using 3,000 MCF gas per day, or more, which are under a service contract, and if such contract includes an "Interruptible Service" clause, and if so, attach a reproduced copy of the relevant provisions of such contract.

H. Steps taken in past years, being taken at the present, and to be taken to alleviate curtailments.

RULE 2. Until such time as the Commission has specifically approved a utilities curtailment program, the following priorities in descending order shall be observed:

A. Deliveries for residences, hospitals, schools, churches and other human needs customers.

B. Deliveries of gas to small industrials and regular commercial loads (defined as those customers using less than 3,000 MCF per day) and delivery of gas for use as pilot lights or in accessory or auxiliary equipment essential to avoid serious damage to industrial plants.

C. Large users of gas for fuel or as a raw material where an alternate cannot be used and operation and plant production would be curtailed or shut down completely when gas is curtailed.

D. Large users of gas for boiler fuel or other fuel users where alternate fuels can be used. This category is not to be determined by whether or not a user has actually installed alternate fuel facilities, but whether or not an alternate fuel "could" be used. E. Interruptible sales made subject to interruption or curtailment at Seller's sole discretion under contracts or tariffs which provide in effect for the sale of such gas as Seller may be agreeable to selling and Buyer may be agreeable to buying from time to time.

RULE 3. Each gas utility that has obtained Commission approval of a curtailment program shall conduct operations in compliance with such program. So long as any gas utility which has obtained Commission approval of a curtailment program continues to curtail deliveries to its customers, except as provided by contract or those customers included in Part E of Rule 2 above, it

(a) shall file on or before April 1 of each year, under oath, the information called for in

GAS SERVICES DIVISION
 GSD - 1 TARIFF REPORT

RRC COID: 2528 COMPANY NAME: STERLING NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 1

Rule 1, for the preceeding year, and

(b) shall not, without Commission approval, make sales of gas to any new customers or increase volumes sold to existing customers, except those new or existing customers defined in Parts A & B of Rule 2 above.

IT IS FURTHER ORDERED that this cause be held open for such other and further orders as may be deemed necessary. ENTERED AT AUSTIN, TEXAS, this 5th day of January, 1973.

LINE EXTENSION POLICY

<u>POLICY ID</u>	<u>DESCRIPTION</u>
7	<p>Service is already present on most blocks within the city limits of Sterling City. Service may be added to a new location on a steel main within a block that has existing service, by utilizing the nearest riser to the new location. A new location over 150' from the nearest riser is economically unfeasible for the customer and the company and should be pointed out to the prospective customer. The customer is to split the cost of materials needed to extend service from the nearest riser evenly with the company. The customer can purchase all materials and receive credit for half on his bill or pay half the company's cost of materials before construction. The company will perform the installation per construction procedures with no charge for labor. For mains that have been replaced with plastic, a tap will be installed on the main for the new location per the company's service charge listed as part of tariff information.</p> <p>Any consideration of main extension up to the point in time the entire system is replaced will be examined individually. There will be no cost of extension to the customer in cases where extension is granted. At the time the system is completely replaced, this policy will be updated.</p>

GAS SERVICES DIVISION
 GSD - 1 TARIFF REPORT

RRC COID: 2528 COMPANY NAME: STERLING NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 1

QUALITY OF SERVICE

<u>QUAL_SERVICE ID</u>	<u>DESCRIPTION</u>
7.45a	<p>Texas Administrative Code TITLE 16 PART 1 CHAPTER 7 SUBCHAPTER B</p> <p>ECONOMIC REGULATION RAILROAD COMMISSION OF TEXAS GAS UTILITIES DIVISION</p> <p>SUBSTANTIVE RULES RULE Section 7.45 Quality of Service</p> <p>For gas utility service to residential and small commercial customers, the following minimum service standards shall be applicable in unincorporated areas. In addition, each gas distribution utility is ordered to amend its service rules to include said minimum service standards within the utility service rules applicable to residential and small commercial customers within incorporated areas, but only to the extent that said minimum service standards do not conflict with standards lawfully established within a particular municipality for a gas distribution utility. Said gas distribution utility shall file service rules incorporating said minimum service standards with the Railroad Commission and with the municipalities in the manner prescribed by law.</p> <p>(1) Continuity of service.</p> <p>(A) Service interruptions.</p> <p>(i) Every gas utility shall make all reasonable efforts to prevent interruptions of service. When interruptions occur, the utility shall reestablish service within the shortest possible time consistent with prudent operating principles so that the smallest number of customers are affected.</p> <p>(ii) Each utility shall make reasonable provisions to meet emergencies resulting from failure of service, and each utility shall issue instructions to its employees covering procedures to be followed in the event of an emergency in order to prevent or mitigate interruption or impairment of service.</p> <p>(iii) In the event of national emergency or local disaster resulting in disruption of normal service, the utility may, in the public interest, interrupt service to other customers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.</p> <p>(B) Record of interruption. Except for momentary interruptions which do not cause a major disruption of service, each utility shall keep a complete record of all interruptions, both emergency and scheduled. This record shall show the cause of interruptions, date, time duration, location, approximate number of customers affected, and, in cases of emergency interruptions, the remedy and steps taken to prevent recurrence.</p>

RAILROAD COMMISSION OF TEXAS
GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

06/19/2018

RRC COID: 2528 COMPANY NAME: STERLING NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 1

(C) Report to commission. The commission shall be notified in writing within 48 hours of interruptions in service affecting the entire system or any major division thereof lasting more than four hours. The notice shall also state the cause of such interruptions. If any service interruption is reported to the commission otherwise (for example, as a curtailment report or safety report), such other report is sufficient to comply with the terms of this paragraph.

(2) Customer relations.

(A) Information to customers. Each utility shall:

(i) maintain a current set of maps showing the physical locations of its facilities. All distribution facilities shall be labeled to indicate the size or any pertinent information which will accurately describe the utility's facilities. These maps, or such other maps as may be required by the regulatory authority, shall be kept by the utility in a central location and will be available for inspection by the regulatory authority during normal working hours. Each business office or service center shall have available up-to-date maps, plans, or records of its immediate area, with such other information as may be necessary to enable the utility to advise applicants and others entitled to the information as to the facilities available for serving that locality;

(ii) assist the customer or applicant in selecting the most economical rate schedule;

(iii) in compliance with applicable law or regulations, notify customers affected by a change in rates or schedule or classification;

(iv) post a notice in a conspicuous place in each business office of the utility where applications for service are received informing the public that copies of the rate schedules and rules relating to the service of the utility as filed with the commission are available for inspection;

(v) upon request inform its customers as to the method of reading meters;

(vi) provide to new customers, at the time service is initiated or as an insert in the first billing, a pamphlet or information packet containing the following information. This information shall be provided in English and Spanish as necessary to adequately inform the customers; provided, however, the regulatory authority upon application and a showing of good cause may exempt the utility from the requirement that the information be provided in Spanish:

(I) the customer's right to information concerning rates and services and the customer's right to inspect or obtain at reproduction cost a copy of the applicable tariffs and service rules;

(II) the customer's right to have his or her meter checked without charge under paragraph (7) of this section, if applicable;

(III) the time allowed to pay outstanding bills;

(IV) grounds for termination of service;

RAILROAD COMMISSION OF TEXAS
 GAS SERVICES DIVISION
 GSD - 1 TARIFF REPORT

RRC COID: 2528 COMPANY NAME: STERLING NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 1

(V) the steps the utility must take before terminating service;

(VI) how the customer can resolve billing disputes with the utility and how disputes and health emergencies may affect termination of service;

(VII) information on alternative payment plans offered by the utility;

(VIII) the steps necessary to have service reconnected after involuntary termination;

(IX) the appropriate regulatory authority with whom to register a complaint and how to contact such authority;

(X) the hours, addresses, and telephone numbers of utility offices where bills may be paid and information may be obtained; and

(XI) the customer's right to be instructed by the utility how to read his or her meter;

(vii) at least once each calendar year, notify customers that information is available upon request, at no charge to the customer, concerning the items listed in clause (vi)(I)-(XI) of this subparagraph. This notice may be accomplished by use of a billing insert or a printed statement upon the bill itself.

(B) Customer complaints. Upon complaint to the utility by residential or small commercial customers either at its office, by letter, or by telephone, the utility shall promptly make a suitable investigation and advise the complainant of the results

thereof. It shall keep a record of all complaints which shall show the name and address of the complainant, the date and nature of the complaint, and the adjustment or disposition thereof for a period of one year subsequent to the final disposition of the complaint.

7.45b (C) Utility response. Upon receipt of a complaint, either by letter or by telephone, from the regulatory authority on behalf of a customer, the utility shall make a suitable investigation and advise the regulatory authority and complainant of the results thereof. An initial response must be made by the next working day. The utility must make a final and complete response within 15 days from the date of the complaint, unless additional time is granted within the 15-day period. The commission encourages all customer complaints to be made in writing to assist the regulatory authority in maintaining records of the quality of service of each utility; however, telephone communications will be acceptable.

(D) Deferred payment plan. The utility is encouraged to offer a deferred payment plan for delinquent residential accounts. If such a plan is offered, it shall conform to the following guidelines:

(i) Every deferred payment plan entered into due to the customer's inability to pay the outstanding bill in full must provide that service will not be discontinued if the customer pays current bills and a reasonable amount of the outstanding bill and agrees to pay the balance in reasonable installments until the bill is paid.

RAILROAD COMMISSION OF TEXAS
 GAS SERVICES DIVISION
 GSD - 1 TARIFF REPORT

RRC COID: 2528 COMPANY NAME: STERLING NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 1

(ii) For purposes of determining reasonableness under these rules, the following shall be considered: size of delinquent account; customer's ability to pay; customer's payment history; time that the debt has been outstanding; reasons why debt has been outstanding; and other relevant factors concerning the circumstances of the customer.

(iii) A deferred payment plan, if reduced to writing, offered by a utility shall state, immediately preceding the space provided for the customer's signature and in bold-face print at least two sizes larger than any other used, that: "If you are not satisfied with this agreement, do not sign. If you are satisfied with this agreement, you give up your right to dispute the amount due under the agreement except for the utility's failure or refusal to comply with the terms of this agreement."

(iv) A deferred payment plan may include a one-time 5.0% penalty for late payment on the original amount of the outstanding bill with no prompt payment discount allowed except in cases where the outstanding bill is unusually high as a result of the utility's error (such as an inaccurately estimated bill or an incorrectly read meter). A deferred payment plan shall not include a finance charge.

(v) If a customer for utility service has not fulfilled terms of a deferred payment agreement or refuses to sign the same if it is reduced to writing, the utility shall have the right to disconnect pursuant to disconnection rules herein and, under such circumstances, it shall not be required to offer a subsequent negotiation of a deferred payment agreement prior to disconnection.

(vi) Any utility which institutes a deferred payment plan shall not refuse a customer participation in such a program on the basis of race, color, creed, sex, marital status, age, or any other form of discrimination prohibited by law.

(E) Delayed payment of bills by elderly persons.

(i) Applicability. This subparagraph applies only to:

(I) a utility that assesses late payment charges on residential customers and that suspends service before the 26th day after the date of the bill for which collection action is taken;

(II) utility bills issued on or after August 30, 1993; and

(III) an elderly person, as defined in clause (ii) of this subparagraph, who is a residential customer and who occupies the entire premises for which a delay is requested.

(ii) Definitions.

(I) Elderly person--A person who is 60 years of age or older.

(II) Utility--A gas utility or municipally owned utility, as defined in Texas Utilities Code, Sections 101.003(7), 101.003(8), and 121.001-121.006.

(iii) An elderly person may request that the utility implement the delay for either the most recent utility bill or for the most recent utility bill and each subsequent utility bill.

RAILROAD COMMISSION OF TEXAS
GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 2528 COMPANY NAME: STERLING NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 1

(iv) On request of an elderly person, a utility shall delay without penalty the payment date of a bill for providing utility services to that person until the 25th day after the date on which the bill is issued.

(v) The utility may require the requesting person to present reasonable proof that the person is 60 years of age or older.

(vi) Every utility shall notify its customers of this delayed payment option no less often than yearly. A utility may include this notice with other information provided pursuant to subparagraph (A) of this paragraph.

(3) Refusal of service.

(A) Compliance by applicant. Any utility may decline to serve an applicant for whom service is available from previously installed facilities until such applicant has complied with the state and municipal regulations and approved rules and regulations of the utility on file with the commission governing the service applied for or for the following reasons.

(i) Applicant's facilities inadequate. If the applicant's installation or equipment is known to be hazardous or of such character that satisfactory service cannot be given.

(ii) For indebtedness. If the applicant is indebted to any utility for the same kind of service as that applied for; provided, however, that in the event the indebtedness of the applicant for service is in dispute, the applicant shall be served upon complying with the applicable deposit requirement.

(iii) Refusal to make deposit. For refusal to make a deposit if applicant is required to make a deposit under these rules.

(B) Applicant's recourse. In the event that the utility shall refuse to serve an applicant under the provisions of these rules, the utility must inform the applicant of the basis of its refusal and that the applicant may file a complaint with the municipal regulatory authority or commission, whichever is appropriate.

(C) Insufficient grounds for refusal to serve. The following shall not constitute sufficient cause for refusal of service to a present customer or applicant:

(i) delinquency in payment for service by a previous occupant of the premises to be served;

(ii) failure to pay for merchandise or charges for nonutility service purchased from the utility;

(iii) failure to pay a bill to correct previous underbilling due to misapplication of rates more than six months prior to the date of application;

(iv) violation of the utility's rules pertaining to operation of nonstandard equipment or unauthorized attachments which interfere with the service of others unless the customer has first been notified and been afforded reasonable opportunity to comply with these rules;

(v) failure to pay a bill of another customer as guarantor thereof unless the guarantee was

RAILROAD COMMISSION OF TEXAS
GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 2528	COMPANY NAME: STERLING NATURAL GAS, INC.
----------------	--

TARIFF CODE: DS	RRC TARIFF NO: 1
-----------------	------------------

made in writing to the utility as a condition precedent to service; and

(vi) failure to pay the bill of another customer at the same address except where the change of customer identity is made to avoid or evade payment of a utility bill.

(4) Discontinuance of service.

(A) The due date of the bill for utility service shall not be less than 15 days after issuance, or such other period of time as may be provided by order of the regulatory authority. A bill for utility service is delinquent if unpaid by the due date.

(B) A utility may offer an inducement for prompt payment of bills by allowing a discount in the amount of 5.0% for payment of bills within 10 days after their issuance. This provision shall not apply where it conflicts with existing orders or ordinances of the appropriate regulatory authority.

(C) A customer's utility service may be disconnected if the bill has not been paid or a deferred payment plan pursuant to paragraph (2)(D) of this section has not been entered into within five working days after the bill has become delinquent and proper notice has been given. Proper notice consists of a deposit in the United States mail, postage prepaid, or hand delivery to the customer at least five working days prior to the stated date of disconnection, with the words "Termination Notice" or similar language prominently displayed on the notice. The notice shall be provided in English and Spanish as necessary to adequately inform the customer, and shall include the date of termination, the hours, address, and telephone number where payment may be made, and a statement that if a health or other emergency exists, the utility may be contacted concerning the nature of the emergency and the relief available, if any, to meet such emergency.

(D) Utility service may be disconnected for any of the following reasons:

(i) failure to pay a delinquent account or failure to comply with the terms of a deferred payment plan for installment payment of a delinquent account;

(ii) violation of the utility's rules pertaining to the use of service in a manner which interferes with the service of others or the operation of nonstandard equipment, if a reasonable attempt has been made to notify the customer and the customer is provided with a reasonable opportunity to remedy the situation;

(iii) failure to comply with deposit or guarantee arrangements where required by paragraph (5) of this section;

(iv) without notice where a known dangerous condition exists for as long as the condition exists;

(v) tampering with the utility company's meter or equipment or bypassing the same.

(E) Utility service may not be disconnected for any of the following reasons:

(i) delinquency in payment for service by a previous occupant of the premises;

RAILROAD COMMISSION OF TEXAS
GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 2528	COMPANY NAME: STERLING NATURAL GAS, INC.
----------------	--

TARIFF CODE: DS	RRC TARIFF NO: 1
-----------------	------------------

(ii) failure to pay for merchandise or charges for nonutility service by the utility;

(iii) failure to pay for a different type or class of utility service unless fee for such service is included on the same bill;

(iv) failure to pay the account of another customer as guarantor thereof, unless the utility has in writing the guarantee as a condition precedent to service;

(v) failure to pay charges arising from an underbilling occurring due to any misapplication of rates more than six months prior to the current billings;

(vi) failure to pay charges arising from an underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due;

(vii) failure to pay an estimated bill other than a bill rendered pursuant to an approved meter reading plan, unless the utility is unable to read the meter due to circumstances beyond its control.

(F) Unless a dangerous condition exists, or unless the customer requests disconnection, service shall not be disconnected on a day, or on a day immediately preceding a day, when personnel of the utility are not available to the public for the purpose of making collections and reconnecting service.

(G) No utility may abandon a customer without written approval from the regulatory authority.

(H) No utility may discontinue service to a delinquent residential customer permanently residing in an individually metered dwelling unit when that customer establishes that discontinuance of service will result in some person residing at that residence becoming seriously ill or more seriously ill if the service is discontinued. Any customer seeking to avoid termination of service under this section must make a written request supported by a written statement from a licensed physician. Both the request and the statement must be received by the utility not more than five working days after the date of delinquency of the bill. The prohibition against service termination provided by this section shall last 20 days from the date of receipt by the utility of the request and statement or such lesser period as may be agreed upon by the utility and the customer. The customer who makes such request shall sign an installment agreement which provides for payment of such service along with timely payments for subsequent monthly billings.

(5) Applicant deposit.

(A) Establishment of credit for residential applicants. Each utility may require a residential applicant for service to satisfactorily establish credit but such establishment of credit shall not relieve the customer from complying with rules for prompt payment of bills. Subject to these rules, a residential applicant shall not be required to pay a deposit:

(i) if the residential applicant has been a customer of any utility for the same kind of service within the last two years and is not delinquent in payment of any such utility service account and during the last 12 consecutive months of service did not have more than one occasion in which a bill for such utility service was paid after becoming delinquent and never had service disconnected for nonpayment;

RAILROAD COMMISSION OF TEXAS
GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 2528	COMPANY NAME: STERLING NATURAL GAS, INC.
----------------	--

TARIFF CODE: DS	RRC TARIFF NO: 1
-----------------	------------------

(ii) if the residential applicant furnishes in writing a satisfactory guarantee to secure payment of bills for the service required; or

(iii) if the residential applicant furnishes in writing a satisfactory credit rating by appropriate means, including, but not limited to, the production of generally acceptable credit cards, letters of credit reference, the names of credit references which may be quickly and inexpensively contacted by the utility, or ownership of substantial equity.

(B) Reestablishment of credit. Every applicant who has previously been a customer of the utility and whose service has been discontinued for nonpayment of bills shall be required before service is rendered to pay all his amounts due the utility or execute a written deferred payment agreement, if offered, and reestablish credit as provided in subparagraph (A) of this paragraph.

(C) Amount of deposit and interest for residential service, and exemption from deposit.

(i) The required deposit shall not exceed an amount equivalent to one-sixth of the estimated annual billings. If actual use is at least twice the amount of the estimated billings, a new deposit requirement may be calculated and an additional deposit may be required within two days. If such additional deposit is not made, the utility may disconnect service under the standard disconnection procedure for failure to comply with deposit requirements.

(ii) All applicants for residential service who are 65 years of age or older will be considered as having established credit if such applicant does not have an outstanding account balance with the utility or another utility for the same utility service which accrued within the last two years. No cash deposit shall be required of such applicant under these conditions.

(iii) Each utility which requires deposits to be made by its customers shall pay a minimum interest on such deposits according to the rate as established by law. If refund of deposit is made within 30 days of receipt of deposit, no interest payment is required. If the utility retains the deposit more than 30 days, payment of interest shall be made retroactive to the date of deposit.

(I) Payment of interest to the customer shall be annually or at the time the deposit is returned or credited to the customer's account.

(II) The deposit shall cease to draw interest on the date it is returned or credited to the customer's account.

(D) Deposits for temporary or seasonal service and for weekend or seasonal residences. The utility may require a deposit sufficient to reasonably protect it against the assumed risk, provided such a policy is applied in a uniform and nondiscriminatory manner.

(E) Records of deposits.

(i) The utility shall keep records to show:

(I) the name and address of each depositor;

RAILROAD COMMISSION OF TEXAS
GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 2528 COMPANY NAME: STERLING NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 1

(II) the amount and date of the deposit; and

(III) each transaction concerning the deposit.

(ii) The utility shall issue a receipt of deposit to each applicant from whom a deposit is received and shall provide means whereby a depositor may establish claim if the receipt is lost.

(iii) A record of each unclaimed deposit must be maintained for at least four years, during which time the utility shall make a reasonable effort to return the deposit.

(F) Refund of deposit.

(i) If service is not connected or after disconnection of service, the utility shall promptly and automatically refund the customer's deposit plus accrued interest on the balance, if any, in excess of the unpaid bills for service furnished. The transfer of service from one premise to another within the service area of the utility shall not be deemed a disconnection within the meaning of these rules, and no additional deposit may be demanded unless permitted by these rules.

7.45c (ii) When the customer has paid bills for service for 12 consecutive residential bills without having service disconnected for nonpayment of bill and without having more than two occasions in which a bill was delinquent and when the customer is not delinquent in the payment of the current bills, the utility shall promptly and automatically refund the deposit plus accrued interest to the customer in the form of cash or credit to a customer's account.

(G) Upon sale or transfer of utility or company. Upon the sale or transfer of any public utility or operating units thereof, the seller shall file with the commission under oath, in addition to other information, a list showing the names and addresses of all customers served by such utility or unit who have to their credit a deposit, the date such deposit was made, the amount thereof, and the unpaid interest thereon.

(H) Complaint by applicant or customer. Each utility shall direct its personnel engaged in initial contact with an applicant or customer for service seeking to establish or reestablish credit under the provisions of these rules to inform the customer, if dissatisfaction is expressed with the utility's decision, of the customer's right to file a complaint with the regulatory authority thereon.

(6) Billing.

(A) Bills for gas service shall be rendered monthly, unless otherwise authorized or unless service is rendered for a period less than a month. Bills shall be rendered as promptly as possible following the reading of meters.

(B) The customer's bill must show all the following information. The information must be arranged and displayed in such a manner as to allow the customer to compute his bill with the applicable rate schedule. The applicable rate schedule must be mailed to the customer on request of the customer. A utility may exhaust its present stock of nonconforming bill forms before compliance is required by this section:

RAILROAD COMMISSION OF TEXAS
GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 2528 COMPANY NAME: STERLING NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 1

(i) if the meter is read by the utility, the date and reading of the meter at the beginning and end of the period for which rendered;

(ii) the number and kind of units billed;

(iii) the applicable rate schedule title or code;

(iv) the total base bill;

(v) the total of any adjustments to the base bill and the amount of adjustments per billing unit;

(vi) the date by which the customer must pay the bill to get prompt payment discount;

(vii) the total amount due before and after any discount for prompt payment within a designated period;

(viii) a distinct marking to identify an estimated bill.

(C) Where there is good reason for doing so, estimated bills may be submitted, provided that an actual meter reading is taken at least every six months. For the second consecutive month in which the meter reader is unable to gain access to the premises to read the meter on regular meter reading trips, or in months where meters are not read otherwise, the utility must provide the customer with a postcard and request that the customer read the meter and return the card to the utility if the meter is of a type that can be read by the customer without significant inconvenience or special tools or equipment. If such a postcard is not received by the utility in time for billing, the utility may estimate the meter reading and render the bill accordingly.

(D) Disputed bills.

(i) In the event of a dispute between the customer and the utility regarding the bill, the utility must forthwith make such investigation as is required by the particular case and report the results thereof to the customer. If the customer wishes to obtain the benefits of clause (ii) of this subparagraph, notification of the dispute must be given to the utility prior to the date the bill becomes delinquent. In the event the dispute is not resolved, the utility shall inform the customer of the complaint procedures of the appropriate regulatory authority.

(ii) Notwithstanding any other subsection of this section, the customer shall not be required to pay the disputed portion of the bill which exceeds the amount of that customer's average usage for the billing period at current rates until the earlier of the following: resolution of the dispute or the expiration of the 60-day period beginning on the day the disputed bill is issued. For purposes of this section only, the customer's average usage for the billing period shall be the average of the customer's usage for the same billing period during the preceding two years. Where no previous usage history exists, the average usage shall be estimated on the basis of usage levels of similar customers and under similar conditions.

(7) Meters.

RAILROAD COMMISSION OF TEXAS
GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 2528 COMPANY NAME: STERLING NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 1

(A) Meter requirements.

(i) Use of meter. All gas sold by a utility must be charged for by meter measurements, except where otherwise provided for by applicable law, regulation of the regulatory authority, or tariff.

(ii) Installation by utility. Unless otherwise authorized by the regulatory authority, each utility must provide and install and will continue to own and maintain all meters necessary for measurement of gas delivered to its customers.

(iii) Standard type. No utility may furnish, set up, or put in use any meter which is not reliable and of a standard type which meets generally accepted industry standards; provided, however, special meters not necessarily conforming to such standard types may be used for investigation, testing, or experimental purposes.

(B) Meter records. Each utility must keep the following records:

(i) Meter equipment records. Each utility must keep a record of all its meters, showing the customer's address and date of the last test.

(ii) Records of meter tests. All meter tests must be properly referenced to the meter record provided for therein. The record of each test made on request of a customer must show the identifying number and constants of the meter, the standard meter and other measuring devices used, the date and kind of test made, by whom made, the error (or percentage of accuracy) at each load tested, and sufficient data to permit verification of all calculations.

(iii) Meter readings--meter unit location. In general, each meter must indicate clearly the units of service for which charge is made to the customer.

(iv) Meter tests on request of customer.

(I) Each utility must, upon request of a customer, make a test of the accuracy of the meter serving that customer. The utility must inform the customer of the time and place of the test and permit the customer or his authorized representative to be present if the customer so desires. If no such test has been performed within the previous four years for the same customer at the same location, the test is to be performed without charge. If such a test has been performed for the same customer at the same location within the previous four years, the utility is entitled to charge a fee for the test not to

exceed \$15 or such other fee for the testing of meters as may be set forth in the utility's tariff properly on file with the regulatory authority. The customer must be properly informed of the result of any test on a meter that serves him.

(II) Notwithstanding subclause (I) of this clause, if the meter is found to be more than nominally defective, to either the customer's or the utility's disadvantage, any fee charged for a meter test must be refunded to the customer. More than nominally defective means a deviation of more than 2.0% from accurate registration.

(v) Bill adjustments due to meter error.

RAILROAD COMMISSION OF TEXAS
GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 2528 COMPANY NAME: STERLING NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 1

(I) If any meter test reveals a meter to be more than nominally defective, the utility must correct previous readings consistent with the inaccuracy found in the meter for the period of either:

(-a-) the last six months; or

(-b-) the last test of the meter, whichever is shorter. Any resulting underbillings or overbillings are to be corrected in subsequent bills, unless service is terminated, in which event a monetary adjustment is to be made. This requirement for a correction may be foregone by the utility if the error is to the utility's disadvantage.

(II) If a meter is found not to register for any period of time, the utility may make a charge for units used but not metered for a period not to exceed three months previous to the time the meter is found not to be registering. The determination of amounts used but not metered is to be based on consumption during other like periods by the same customer at the same location, when available, and on consumption under similar conditions at the same location or of other similarly situated customers, when not available.

(8) New construction.

(A) Standards of construction. Each utility is to construct, install, operate, and maintain its plant, structures, equipment, and lines in accordance with the provisions of such codes and standards as are generally accepted by the industry, as modified by rule or regulation of the regulatory authority or otherwise by law, and in such manner to best accommodate the public and to prevent interference with service furnished by other public utilities insofar as practical.

(B) Line extension and construction charges. Every utility must file its extension policy. The policy must be consistent, nondiscriminatory, and is subject to the approval of the regulatory authority. No contribution in aid of construction may be required of any customer except as provided for in extension policy.

(C) Response to request for service. Every gas utility must serve each qualified applicant for service within its service area as rapidly as practical. As a general policy, those applications not involving line extensions or new facilities should be filled within seven working days. Those applications for individual residential service requiring line extensions should be filled within 90 days unless unavailability of materials or other causes beyond the control of the utility result in unavoidable delays. In the event that residential service is delayed in excess of 90 days after an applicant has met credit requirements and made satisfactory arrangements for payment of any required construction charges, a report must be made to the regulatory authority listing the name of the applicant, location, and cause for delay. Unless such delays are due to causes which are reasonably beyond the control of the utility, a delay in excess of 90 days may be found to constitute a refusal to serve.

Source Note: The provisions of this Section 7.45 adopted to be effective June 26, 1977, 2 TexReg 2371; amended to be effective March 30, 1983, 8 TexReg 887; amended to be effective September 25, 1987, 12 TexReg 3040; amended to be effective September 21, 1998, 23 TexReg 9543.

GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 2528 COMPANY NAME: STERLING NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 1

SERVICE CHARGES

<u>RRC CHARGE NO.</u>	<u>CHARGE ID</u>	<u>CHARGE AMOUNT</u>	<u>SERVICE PROVIDED</u>
2596	(1) Connection Fee		(a) The following fees are hereby established and shall be collected for residential and commercial locations furnished by Sterling Natural Gas: (1) Connection Fee (New and Reconnects) \$20.00
2597	(2) Security Deposit		(a) The following fees are hereby established and shall be collected for residential and commercial locations furnished by Sterling Natural Gas: (2) Security Deposit Owner \$60.00 Renter \$120.00
2598	(3) Line Tapping Fee		(a) The following fees are hereby established and shall be collected for residential and commercial locations furnished by Sterling Natural Gas: (3) Line Tapping Fee \$120.00
2599	(4) Meter Install		(a) The following fees are hereby established and shall be collected for residential and commercial locations furnished by Sterling Natural Gas: (4) Meter Installation Fee \$75.00
2600	(5) Late Payment Fee		(a) The following fees are hereby established and shall be collected for residential and commercial locations furnished by Sterling Natural Gas: (5) Late Payment Fee \$20.00
2601	(6) Line Safety Fee		(a) The following fees are hereby established and shall be collected for residential and commercial locations furnished by Sterling Natural Gas: (6) Line Safety Fee \$1.00 (To be charged once a year per RRC)