
GAS RATE NO. D4

GENERAL HEATING DELIVERY SERVICE

APPLICABILITY:

This rate schedule applies to all Gas delivered in a Month or any portion thereof for heating purposes for a single End-Use Customer through one Meter supplying a single Premise.

SPECIAL PROVISIONS:

Incorporated herein, and made part of this Gas Rate No. D4, are the Terms and Conditions for Gas Service, as amended from time to time. Capitalized terms used in this rate schedule are defined in the Terms and Conditions for Gas Service.

FACILITIES CHARGE:

Meter Class I - \$22.00 per Meter per Month
Meter Class II - \$35.00 per Meter per Month
Meter Class III - \$65.00 per Meter per Month

The total Facilities Charge will be the sum of all applicable per Meter charges.

METER CLASSIFICATIONS:

For the purpose of the application of the Facilities Charge under this rate schedule, the Utility's Gas Meters are classified as follows:

Meter Class I <u>(CF/Hour)</u>	Meter Class II <u>(CF/Hour)</u>	Meter Class III <u>(CF/Hour)</u>
175	8C	5000
240	800	5M
250	1000	7M
425	1400	11M
SONIX6	2300	16M
	3000	23M
	1M740-CD	38M
	1.5M	56M
	3M	102M
	630TC	4 Turbo
	SONIX25	6 Turbo
		8 Turbo
		12 Turbo

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DELIVERY CHARGE:

\$0.1936 per Therm for the first 500 Therms delivered each Month

\$0.1780 per Therm for the next 1,500 Therms delivered each Month

\$0.1650 per Therm for the next 3,000 Therms delivered each Month

\$0.1544 per Therm for all therms over 5,000 delivered each Month

In addition, applicable Balancing Charges from Rider A and the Customer Benefit Distribution from Rider C, Normal Temperature Adjustment from Rider D, Energy Efficiency Adjustment from Rider E, and Universal Service Fund from Rider F shall apply to all Therms delivered.

BASIC DELIVERY OPTION:

End-Use Customers with annual usage greater than 50,000 Therms at a Single Account are eligible to elect the Basic Delivery Service Option, in accordance with the Utility's requirements. End-Use Customers choosing the Basic Delivery Service Option must select a 3rd Party Supplier for Gas supply service.

Delivery charges for Basic Delivery Service are as follows:

\$0.1842 per Therm for the first 500 Therms delivered each Month

\$0.1687 per Therm for the next 1,500 Therms delivered each Month

\$0.1558 per Therm for the next 3,000 Therms delivered each Month

\$0.1454 per Therm for all therms over 5,000 delivered each Month

In addition, applicable Balancing Charges from Rider A and Customer Benefit Distribution from Rider C, Normal Temperature Adjustment from Rider D, Energy Efficiency Adjustment from Rider E, and Universal Service Fund from Rider F shall apply to all Therms delivered.

End-Use Customers choosing the Basic Delivery Service Option must have Automatic Meter Reading (AMR) devices, provided by the Utility through Information Service, under Gas Rate No. A7.

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GAS SUPPLY:

This rate schedule and the above-stated charges or adjustments do not provide for a supply of Gas. Gas Supply is available from the Utility through Variable-Rate Gas Supply Service, under Gas Rate No. S1.

When eligible under the Citizens Energy Select program, End-Use Customers may also choose to purchase Gas supply from a 3rd Party Supplier.

End-Use Customers choosing not to make a Gas supply selection, either from the Utility, or from a 3rd Party Supplier, will receive Variable-Rate Gas Supply Service under Gas Rate No. S1.

End-Use Customers electing the Basic Delivery Service Option are eligible, but are not required, to act as their own Supply Agent. An End-Use Customer acting as a Supply Agent must be an approved bidder on CMS Panhandle Eastern Pipe Line and/or Texas Gas Transmission Corporation or its successor and is expected to perform all responsibilities normally handled by 3rd Party Suppliers. These include, but are not limited to, forecasting Gas supply volumes, making Daily Gas Supply Nominations, and balancing their nominations, deliveries and usage. End-Use Customers acting as their own Supply Agent are responsible for charges for Supply Administration Service, under Gas Rate No. A1, as well as for Basic Usage Balancing Service, under Gas Rate No. A3, and, if applicable, Non-Performance Charges, under Gas Rate No. A4.

GAS SUPPLY FROM 3RD PARTY SUPPLIERS:

End-Use Customers may, when eligible under the Citizens Energy Select program, choose a 3rd Party Supplier to furnish a supply of Gas in accordance with the Utility's requirements. It is the End-Use Customer's responsibility to ensure that the 3rd Party Supplier delivers the directed proportion of Gas supplies at delivery points designated by the Utility.

The Utility also reserves the right to bill the End-Use Customer at appropriate Gas Supply Service rates for Gas consumed in excess of Daily Gas Supply Deliveries, following cessation of any agreement with a 3rd Party Supplier.

Back-up Gas Supply Service, under Gas Rate No. S2, is available from the Utility to End-Use Customers for each Single Account with annual usage at a single Meter greater than 50,000 Therms, and choosing a 3rd Party Supplier. Back-up Gas Supply Service provides for reservation of a designated level of pipeline capacity and Gas supply to be available on a daily basis, in order to provide an additional measure of Gas supply security. Back-up Gas Supply Service is only available to those customers choosing the Basic Delivery option.

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Following expiration of their contracts with 3rd Party Suppliers, and with appropriate notice, as described in the accompanying Terms and Conditions for Gas Service, End-Use Customers may choose to purchase Gas Supply from the Utility under Gas Rate Nos. S1, with the Utility's approval.

End-Use Customers who switch 3rd Party Suppliers, or return to Utility Gas Supply Service, will be subject to Switching Charges, under Gas Rate No. A8. End-Use Customers switching to a 3rd Party Supplier from Utility Gas Supply Service may do so at no charge.

Gas Imbalance Provisions

Delivery Imbalances for Supplier Groups arising from differences in the level of Daily Gas Supply Nominations compared to the level of Daily Gas Supply Deliveries to the Utility's Gas system, will be monitored on a daily basis and accumulated Monthly for all End-Use Customers of a 3rd Party Supplier, in a Supplier Group. Charges for all Delivery Imbalances will be billed, at Month end, to 3rd Party Suppliers, through Non-Performance No. A4.

Usage Imbalances for Supplier Groups, arising from differences in the level of accumulated Daily Gas Supply Deliveries compared to the level of Gas consumed by End-Use Customers in the Supplier Group, will be monitored, combined and netted, on a monthly basis. Unless an Operational Flow Order is issued, all Monthly net Usage Imbalances will be charged, at Month end, to 3rd Party Suppliers through Usage Balancing Service, under Gas Rate No. A2. In the event of an Operational Flow Order, Monthly net Usage Imbalances will be charged, at Month end, to 3rd Party Suppliers through Non-Performance Charges, under Gas Rate No. A4.

Basic Usage Imbalances, for Basic Delivery Service Customers, arising from differences in the level of Daily Gas Supply Deliveries compared to the level of Gas consumed by the End-Use Customer, will be monitored, combined and netted, on a daily basis, for all End-Use Customers in a single Supplier Group. All daily net Basic Usage Imbalances will be calculated daily and charged, at Month end, to 3rd Party Suppliers through Basic Usage Balancing Service, under Gas Rate No. A3.

In the event of 3rd Party Supplier default, the Gas volumes consumed by End-Use Customers during the first three days of default will be charged at Month end to 3rd Party Suppliers through Non-Performance Charges, under Gas Rate No. A4.

Supply of Last Resort

If the 3rd Party Supplier defaults, (as indicated by its failure to nominate and/or deliver Gas supplies for three consecutive days), beginning with the fourth day following default, End-Use Customers who have contracted for Gas supply services from 3rd Party Suppliers will have access to Supply of Last Resort Service from the Utility, under Gas Rate No. S3, if available. Supply of Last Resort Service, if available, will be provided until the first day of the End-Use Customer's next billing cycle, at which time Variable Rate Gas Supply Service, under Gas Rate No. S1, will apply for a minimum of one billing cycle, subject to the Utility's discretion. If End-Use Customers do not have Automated Meter Reading devices, usage applicable to Supply of Last Resort Service will be prorated. A Switching Charge will be assessed, pursuant to Gas Rate No. A8, on the first day of the next billing cycle.

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Nominations

3rd Party Suppliers of End-Use Customers in a Supplier Group will be required to provide an estimate of Daily Gas Supply Nominations for the following Month to the Utility by the required date, as stated in the Terms and Conditions for Gas Service, prior to the beginning of the month. 3rd Party Suppliers of End-Use Customers in a Supplier Group also will be required to provide Daily Gas Supply Nominations to the Utility, as stated in the Terms and Conditions for Gas Service. The Utility retains the right to refuse Daily Gas Supply Nominations that vary significantly from the estimated daily nomination previously provided to the Utility.

Except as otherwise provided herein, on a seasonal basis, 3rd Party Suppliers of Supplier Groups are required to provide a specified percent of their Daily Gas Supply Nominations on the Panhandle Eastern Pipe Line and the remainder on the other pipelines connected to the Utility's system (in any combination) at the 3rd Party Supplier's level. For purposes of this section, deliveries on Rockies Express Pipeline and Heartland Gas Pipeline should be considered as one delivery point.

Season	Panhandle Eastern Pipeline	Other Pipelines Connected to the Utility's System
Winter (November – March)	50%	50%
Shoulder (April and October)	Up to 75%	Up to 75%
Summer (May – September)	Up to 100%	Up to 100 %

Non-Economic Operational Flow Order

The Utility, in its discretion, shall have the right to issue a Non-Economic Operational Flow Order in accordance with the provisions stated in the Terms and Conditions for Gas Service. If a Non-Economic Operational Flow Order is declared, the Utility will notify the affected 3rd Party Suppliers, in accordance with the Non-Economic Operational Flow Order procedures stated in the Terms and Conditions for Gas Service. 3rd Party Suppliers who do not comply with the Non-Economic Operational Flow Order, will be subject to the Operational Flow Order imbalance provisions of Basic Usage Balancing Service, under Gas Rate No. A3, or Non-Performance Charges, under Gas Rate No. A4.

Economic Operational Flow Order

The Utility, in its discretion, shall have the right to issue an Economic Operational Flow Order in accordance with the provisions stated in the Terms and Conditions for Gas Service. If an Economic Operational Flow Order is declared, the Utility will notify the affected 3rd Party Suppliers, in accordance with the Economic Operational Flow Order procedures stated in the Terms and Conditions for Gas Service. 3rd Party Suppliers who do not comply with the Economic Operational Flow Order, will be subject to the Operational Flow Order imbalance provisions of Basic Usage Balancing Service, under Gas Rate No. A3, or Non-Performance Charges, under Gas Rate No. A4.

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Unaccounted-For Gas and Company Use Gas

The Utility will retain the allowances for Unaccounted-For Gas and Company Use Gas of the volumes tendered for delivery to the End-Use Customer for Company Use Gas as approved by the Commission in Gas Rate No. S4.

Curtailement

Service under this rate schedule may be curtailed, as described in Terms and Conditions for Gas Service. If a Curtailement is declared, the Utility will notify End-Use Customers, and 3rd Party Suppliers, as soon as practicable, but not less than 30 minutes prior to the effective time. End-Use Customers may be directed to restrict their Gas consumption on an hourly or daily basis. End-Use Customers who do not comply with the Utility's request may be subject to Non-Performance Charges, under Gas Rate No. A4, for all Gas taken in excess of the Utility's order.