

RATE SDSS - SUPPLIER DEFAULT SALES SERVICE

APPLICABILITY

Throughout the territory served under this Tariff.

AVAILABILITY

Available to any commercial or industrial customer with annual throughput requirements of 6,438 thms or greater, and whose natural gas supplier has defaulted according to the provisions of section 2.13 of the Rules Applicable to Distribution Service section of this tariff, and who at the time of the default was receiving General Distribution Service under Rate SGS – Small General Service, Rate SDS – Small Distribution Service, Rate LDS – Large Distribution Service, Rate MLS – Main Line Distribution Service, Rate CDS – Cogeneration Distribution Service or Rate GDS – Generation Distribution Service. (C)

The Company may place Customers meeting the availability requirements on Rate SDSS automatically upon the first billing cycle following the default of the customer's natural gas supplier, unless the Customer notifies the Company that it does not desire to be served under Rate SDSS.

CHARACTER OF SERVICE

The Company shall provide interruptible Natural Gas Supply Service ("Sales" service) to customers taking Rate SDSS on a best efforts basis and customers served under Rate SDSS shall be considered Sales customers for purposes of administering provisions of the Company's tariff. Nevertheless, the Company undertakes no responsibility to obtain sufficient gas supplies to avoid interruption on a daily basis, and service hereunder is totally interruptible on any day when the Company gives notice to the customer that gas supply is inadequate to supply the customer's requirements, except to the extent the customer nominates Maximum Daily Firm Requirement under Rate SS.

RATE

Customers served under Rate SDSS shall pay all applicable customer, administrative, distribution, minimum, and State Tax Adjustment Surcharge under their former General Distribution Service rate schedule, and charges under all applicable riders. Each customer served under Rate SDSS shall remain subject to the charges under the Service Option previously chosen under Rider EBS. Customers served under Rate SDSS shall not pay any charges under the Rules Applicable to Distribution Service section of the Tariff ("RADS"), nor shall they pay the Applicable Sales Service Rate contained in their former General Distribution Service rate schedule. Instead, Customers served under Rate SDSS shall pay a commodity charge which shall be the product of multiplying the rate per thm, determined as provided below, by the quantity of gas sold to the customer by the Company during the applicable billing month. (C)

Determination of Commodity Rate:

A charge for commodity gas costs shall be determined by selecting the greater of: (1) the average of the highest "City Gate" price for deliveries for ten (10) consecutive days during the calendar month as published in Platts Gas Daily "Daily price survey" under the heading "Texas Eastern, M-3", or (2) the highest commodity cost of purchases by the Company during the calendar month, including the delivered cost of purchases at the city gate, if any, excluding any purchases under fixed price commodity contracts for which the price was determined more than thirty days before the beginning of the calendar month. The commodity gas cost shall be increased by a premium of 5% in order to determine the final applicable Commodity Rate.

(C) Indicates Change

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CHARGE FOR UNAUTHORIZED TAKES AFTER NOTICE TO INTERRUPT

On any day when the Customer has been given notice by the Company to interrupt, any quantity of gas taken in excess of the quantity specified to be made available on that day shall constitute unauthorized takes and shall be subject to a penalty charge of \$2.79590 per thm. Payment of such penalty charge shall be in addition to the charges specified in this rate schedule. (C)

TERMS OF PAYMENT

The above rates are net. Bills for gas service will be rendered monthly and are due and payable upon presentation. All bills shall be paid on or before the final date of payment shown on the bill, which date shall be not less than fifteen (15) days after presentation (date of postmark).

If the customer fails to pay the full amount of any bill a delayed payment penalty charge of one and one-quarter percent (1 ¼%) per month will accrue on the portion of the bill that is unpaid on the due date.

SPECIAL PROVISIONS APPLICABLE TO ALL SDSS CUSTOMERS

1. In the event customer's throughput requirements, as determined annually under the customer charge provisions of this rate, fall below 6,438 thms, the customer shall be transferred to Rate SGS – Small General Service Sales Service, effective the immediately succeeding January 1. (C)
2. The Company reserves the right, as a condition of service under this Rate Schedule, to require any customer requesting service under this rate schedule to install and bear the costs associated with a daily demand reading meter plus all costs associated with dedicated telephone lines and telemetering equipment, and such installation shall be at the expense of the customer, excluding the cost of the meter. The Company also reserves the right to require installation of such a meter, at the customer's expense, as a condition of continuation of service under this Rate Schedule. The meter and associated telemetering equipment shall be the property of the Company.

RULES AND REGULATIONS

Rules and Regulations Governing the Distribution and Sale of Gas of this Tariff, which are not inconsistent with the provisions of this rate schedule, shall govern, where applicable, the supply of gas service under this rate schedule.

(C) Indicates Change