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BUDGET PAYMENT PLAN

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Residential customers using gas as their primary source for either space heating or cooling may elect to pay their bills in accordance with the Company's Budget Payment Plan, subject to conditions hereinafter provided. Qualified customers may join, or terminate participation in, the Budget Payment Plan at any time during the year.

Customers in arrears in payments for gas service are not qualified to participate in the Budget Payment Plan, unless permitted to do so by the Company. In addition, the Company may remove from the Budget Payment Plan any customer who fails to make two or more budget payments in any 12-month billing period.

Monthly budget payments are based upon actual or if unavailable estimated annual usage at the customer's premises, adjusted for normal temperatures, and priced at the Company's currently approved rates. Monthly budget payments are subject to modification at quarterly intervals to reflect changes in the customer's usage pattern and at any time of the year whenever Commission approved rates become effective.

At the end of each budget year, any debit or credit balance in the customer's account, determined by the difference between billings based upon actual usage and the budget payments for said budget year, is applied in equal amounts to the budget payment for the next succeeding 12-month period. If the customer's participation in the Budget Payment Plan terminates and the customer's account has a credit balance, the customer may elect to receive a refund or to have the credit applied against future gas bills; if the customer's account has a debit balance, the debit amount will become due and payable immediately.