

Okaloosa Gas District Natural Gas Rate Tariff

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**This Document Sets Forth the Rates and
Rules for Providing Gas Services to
Okaloosa Gas District Customers**



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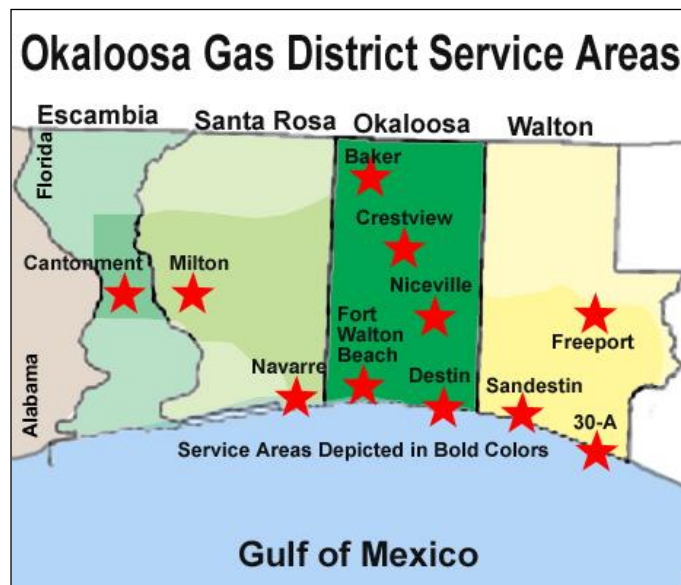
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I. DESCRIPTION OF SERVICE TERRITORY

The District service territory covers over 400 square miles in Okaloosa, Santa Rosa, South Walton and Escambia counties including the following cities:

City or Area	Zip Code(s)			
Baker	32531			
Cantonment	32533			
Crestview	32539	32536		
Destin	32540	32541		
Freeport	32439			
Ft. Walton Beach	32547	32548	32549	
Holt	32564			
Mary Esther	32569			
Navarre	32566			
Niceville	32578	32588		
North Santa Rosa County	32571	32570	32572	32583
Rosemary Beach	32461			
Sandestin	32550			
Santa Rosa Beach	32459			
Shalimar	32579			
Valparaiso	32580			

The service area includes several military installations which cover over 61 square miles of military reservation. The Okaloosa Gas District provides natural gas service for approximately 37,000 residential, commercial, military, governmental and industrial customers within this territory.



II. INITIATION OF SERVICE

All verbal, electronic or written communication between the District and the Customer will be in English. The District will attempt to assist Customers within reason that do not speak, read or understand English.

A. Request for Gas Service

All Applicants desiring any type of service from the District under this Tariff shall contact the District to specifically request the type and nature of service:

1. Verbal, telephone or electronic request to a business office of the District
2. By submitting a completed Gas Service Agreement to the District

All residential applicants must produce a valid Social Security Number, driver's license or other appropriate form of government issued identification.

B. Acceptance of Request for Gas Service

When the District accepts the completed application form, the District will, as soon as practical, turn the gas on at the meter. At this point, the Applicant shall become a customer of the District

Obligation of Customer and District

The terms and conditions of the Customer's Gas Service Agreement, these Rules and Regulations, and the applicable Rate Schedules shall become binding upon the Customer and District upon acceptance by the District of the Customer's Gas Service Agreement.

C. Miscellaneous Service Charges

Whenever Gas Service is established or re-established at any location, some charges could apply. Applicable charges detailed herein Article (XII) *Gas Service Charges*.

D. Withholding of Gas Service

The District will refuse to establish Gas Service to any location where it finds that establishment of Gas Service will create an unsafe or hazardous condition on the Customer's premises.

The District may discontinue Gas Service to an existing Customer or refuse to serve a prospective Customer where such Customer's use of Gas is or will be detrimental or hazardous to the Gas Service supplied to other Customers.

The District will not establish Gas Service to any customer where that Customer is in arrears for Gas Service at that location or another location in the District's service area.

If a prospective Customer requests connection for Gas Service but denies the District's employees and representatives access to the Customer's property for the purpose of inspecting the appliances prior to establishing Gas Service, the District may refuse to provide Gas Service to the prospective Customer.

E. Limitation of Use

Gas delivered to a Customer shall be for such Customer's own use and shall not be resold by such Customer, either by sub-metering or otherwise, unless such resale has been authorized by the District.

In case of any unauthorized sub-metering, sale, or disposition of Gas by a Customer, Gas Service to such Customer may be discontinued and, if discontinued, such Gas Service will not be restored until such unauthorized activities have ceased and all bills outstanding have been paid in full. Billings for Gas sold or disposed of by the Customer may be recalculated under appropriate rate schedules and, in addition, a bill may be rendered to the Customer for all expenses incurred by the District for clerical work, testing, and inspections in connection with such recalculation. To the extent unauthorized Gas Service is resold or shared with others by the Customer; the District is not liable for any damage or loss that may be directly or indirectly related to such unauthorized use.

F. Pressure

District shall make reasonable efforts to maintain its Standard Delivery Pressure at the point of delivery. Where delivery pressure higher than Standard Delivery Pressure is supplied, District will make reasonable effort to maintain that delivery pressure.

Prospective industrial and large commercial Customers who desire to utilize Gas at pressures higher than the Standard Delivery Pressure should inquire of the District to determine the pressure that the District can make available at any given location in its service territory before obtaining any equipment requiring pressures higher than the Standard Delivery Pressure.

G. Continuity of Service

The District shall use reasonable efforts to provide regular, uninterrupted gas service, but if the service is suspended, curtailed or discontinued by the District for any reason set forth in Article V, Sections G, H & K of these terms and conditions, or should the service be interrupted curtailed, deficient, defective or fail by any reason of any act of God, accident, strike, legal process, government interference, or other causes whatsoever beyond its control, the District shall not be liable for any loss, damage, direct or

consequential, resulting from any such suspension, discontinuance, defect, interruption, curtailment, deficiency, or failure.

H. Limitations of Service

The District reserves the right to place limitations on the amount and character of service it will supply, to refuse service to new customers or existing customers for additional load, if unable to obtain sufficient supply for such services; to reject applications for service for additional service where such service is not available or where such service might affect the supply of gas to other customers; or for other good and sufficient reasons subject to orders or rules of the District's Board of Directors.

III. CUSTOMER'S INSTALLATION

A. General

Customer's Installation shall be constructed, installed and maintained in accordance with standard practices as determined by local codes and ordinances, the rules and regulations within this Tariff and other applicable government requirements.

B. Inspection of Customer's Installation

Where governmental inspection of a Customer's Installation is required, the District will not supply Gas Service to such installation until the necessary inspections have been made and District has been authorized to provide Gas Service.

The District may also inspect Customer's Installation prior to rendering Gas Service, and from time to time thereafter, but assumes no responsibility whatsoever as a result of having made such inspection. The District will not render Gas Service to any Customer who fails to meet applicable code, ordinance, regulation or statute. Even if the installation has passed a government inspection, the District reserves the right to withhold gas service until the installation meets District standards

The District will discontinue Gas Service to a Customer's appliance whenever it finds a hazardous condition or a condition that is in violation of a code, ordinance, regulation or statute governing the installation or use of a Gas appliance. Gas Service will be rendered or restored only when the hazardous condition or noncompliance has been corrected.

C. Changes in Customer's Installation

A Customer shall notify the District of any change in Customer's requirements for Gas Service and receive authorization from the District prior to making any such change so that the District may be in a position to meet the Customer's requirements. A Customer will be liable for any damage resulting from a violation of this rule.

D. Right of Way

Customer shall grant to District, without cost to District, all rights, easements, permits and privileges which, in District's opinion, are necessary for the rendering of Gas Service. Customer will furnish to District without charge, an acceptable location for District's Meter.

E. Protection of District Property

Customer shall properly protect District's property on Customer's premises, and shall permit no one but District's employees or agents, or persons authorized by law, to have access to District's piping, meters or apparatus. In the event of any loss or damage to District's property caused by, or arising out of carelessness or misuse thereof by, Customer, Customer shall pay District the cost of replacing such loss or repairing such damage.

F. Access to Premises

Customer shall give District's employees and representative access to Customer's property so that District may operate, inspect and maintain its facilities on Customer's premises.

G. Operation of District Facilities

No Customer or other person shall, unless authorized by District to do so, operate, change or tamper with any of the District's facilities.

H. Customer Tampering with District Facilities

Where evidence is found that District facilities or service lines, meters, or other appurtenances on the Customer's premises have been tampered with, the Customer shall be required to bear all costs incurred by the District for investigations and inspections and for such protective equipment as, in the judgment of the District, may be necessary. In addition, where the tampering has resulted in improper measurement of the service supplied, the Customer shall be required to pay for such natural gas service, including interest at the late-payment charge rate, as the District may estimate, from available information to have been used but not registered by the District meters.

I. District Liability

The District shall not be liable for damage to Customer equipment or injuries sustained by Customer or others due to the condition or character of the Customer facilities or equipment. The District is not responsible for use, care or handling of the gas delivered to the Customer beyond the outlet of the meter.

IV. DEPOSITS

A. Establishment of Credit

Each prospective Customer shall establish credit prior to the commencement of Gas Service by the District by one of the following methods:

1. For Residential Customers:
 - a. Furnishing a recent credit reference from another Gas or electric utility reflecting a good credit rating for the prior twelve (12) consecutive months.
 - b. A former residential Customer of the District who (within six months of the time of discontinuing service, and who has, for the twelve months immediately preceding his termination, established a satisfactory payment record as set forth in Section F below) requests service under the same rate schedule shall be deemed to have established credit.
 - c. Making a cash deposit per Article (XII)
2. For Commercial Customers:
 - a. Commercial Customers may make a deposit equal to two months of average projected gas bills. Commercial Customers requiring Deposits greater than \$100 may meet their obligation by furnishing an irrevocable letter of credit from a bank, or a surety bond. The amount of such deposit, letter of credit or surety bond shall be equal to two (2) times the estimated average monthly bill for service hereunder.
 - b. By possessing and maintaining a Standard & Poor's (S & P) Long Term Debt Rating of A- or better; or by possessing and maintaining a Moody's rating of A3 or better. Comparable ratings may be considered from other nationally recognized rating organizations acceptable to the District.
 - c. A parent Company may serve as a guarantor for a subsidiary Company to secure the payment of bills for Gas Service. A satisfactory guarantor shall meet the terms of established credit as stated above.

B. Receipt for Cash Deposit

A non-transferable receipt will be issued to a Customer for any cash deposit and means provided so that such Customer may claim the deposit if the receipt is lost. When a new or additional cash deposit is required under Section C of this rule, a Customer's canceled check or validated bill coupon may serve as a deposit receipt.

C. New or Additional Deposits

The District may require of any customer, upon reasonable written notice of not less than 30 days, and such request or notice being separate and apart from any bill for Gas Service, a new cash deposit, guaranty, letter of credit or surety bond (where previously waived or returned), or an additional cash deposit (or increase in the amount of a guaranty, letter of credit or surety bond) in order to secure payment of current bills.

The thirty (30) day notice shall not apply when service is being reestablished after discontinuance of service non-payment. If Customer has received Gas Service for less than twelve (12) months, then the District will base the amount of the new or additional cash deposit or other security upon the average actual monthly billing available.

D. Record of Deposit

With respect to a cash deposit, the District will keep records to show;

1. The name of the Customer making the deposit;
2. The premises occupied by the Customer;
3. The date and amount of the deposit; and
4. Each transaction concerning the deposit.

E. Interest on Cash Deposits

The District does not pay interest on deposits.

F. Refund of Residential Deposit

When a customer has established a good paying record with no returned checks, has not appeared on the cut-off list, or has received no more than one late charge during a 12-month period, the deposit will be credited to their account.

G. Refund of Deposit When Gas Service is Disconnected

Upon termination of Gas Service, a cash deposit may be credited against the final account and the balance, if any, shall be returned promptly, after Gas Service is discontinued, to the Customer.

H. Returned Checks

If the Customer's check for Gas Service is returned to the District and not paid by the Customer's bank, the District will follow the procedures set forth in Section 832.07, Florida Statutes. Termination of Gas Service shall not be made for failure to pay such returned check charge.

V. BILLING

A. Billing Periods

Bills for Gas Service will be rendered each month. Bills shall be considered received by Customer when mailed to most recent billing address supplied by Customer to District.

It is the Customer's obligation to make payments to the District of all bills rendered. Payments will be credited to the Customer's account on the day it is received by the District.

B. Non-Receipt of Bills

Failure of Customer to receive a bill shall not relieve Customer of its obligation to pay the bill.

C. Combining Meter Readings for Billing Purposes

All meters will be billed on separate bills with the following exception:

1. A Customer taking Gas Service through more than one meter for a like class of service at a single delivery point can request and receive a combined bill.

D. Connect Fee

A connect fee as per Article (XII) may be charged for the initial connection at any location. If the connection is required after normal working hours, a service charge may be assessed per parameters established in the Article (XII). The connection fee may be billed to the Customer on their first bill.

E. Transfer Fee

The District shall charge a transfer fee as established in Article (XII) to residential and commercial applicants when natural gas service is not being initiated or reinstated but is continuing from a prior Customer who is not the builder of a residence or commercial building. The District shall charge a connection fee per Article (XII) for residential and commercial applicants when natural Gas Service is being initiated for the first time or had been previously discontinued at the location. A connection fee or transfer fee may be waived to the builder of a residence or commercial building who is using natural gas during the construction process; or to a Customer in a competitive posture, as determined at the sole discretion of the District. The initial occupant of newly constructed residences or commercial buildings will be charged the connection fee. Separate connection fees for reinstatement of service after termination by the District are set forth in Article (XII).

F. Delinquent Bills

Bills for services rendered hereunder are payable within 25 days from bill date. All delinquent bills are charged a 10% late charge. The District, at its sole discretion, may waive this late charge. The Customer will have 15 days from the rendering of the next bill to pay the unpaid balance from the previous bill or the Customer's meter may be turned off and locked.

G. Discontinuance of Service for Non-Payment of Bills

The District may turn gas off for unpaid balances greater than \$15.

Residential - Disconnections will be performed between 8:00 AM and 3:00 PM, Monday through Thursday. On Friday and other days preceding days when the offices are not open, no disconnects will be performed after 12:00 noon. Cut-offs will not be performed in extreme weather conditions that may result in an undue hardship for the Customer.

Commercial - If the past due balance is equal to or greater than 125% of their cash deposit, letter of credit, or bond a letter will be mailed to the Customer. This will indicate that they are now on the cut-off list and they will be cut off in approximately 10 business days from the date of the letter, unless they contact the District to make arrangements, to pay the past due balance.

The District shall not furnish further Gas service until the past due balance is paid in full, together with a reconnection fee and a deposit as outline in Article (XII) of this Tariff.

H. Non-Gas Delinquent Accounts

Non-gas accounts will be closed upon becoming 90 days past due and letters of Delinquent Standing will be mailed to the Customer, in the same manner as residential Customers that have been shut off for failure to pay. After 90 days, the account will be turned over to the Credit Bureau for collection if payment is not received or arrangements for payment made.

I. Collection Agency Fees

If it becomes necessary to turn over to a collection agency an account for failure to pay, the District will charge the Customer the fee charged by the collection agency.

J. Charges for Cut-off of Gas at the Main

When it becomes necessary to cut off a Customer's Gas Service at the main due to a failure to pay and where access to the meter by the Customer has been denied, and or it is necessary to cut off the gas service at the main the Customer will be charged a cut-off fee per Article (XII) All efforts to notify the Customer will be made in the form of a letter left on the Customer's service address door that the charges will be added to the balances due if the Customer does not make the necessary arrangements for access to their meter. If there has been no response in 10 days of the notification described above, a certified letter will be prepared and mailed.

K. Discontinuance of Service and/or Change of Occupancy

Unless otherwise provided in the specific rate schedule under which Customer receives Gas Service, a Customer intending to discontinue Gas Service shall furnish notice of such intent to District not less than five (5) business days prior to the desired date of discontinuation. Upon request by a customer for termination of Gas Service, the meter will be read for final billing, and unless there is a turn-on request at the same time for the next customer at that location, the meter will be placed in the off position and locked, and a final bill will be rendered to the Customer. If there is a deposit outstanding, that deposit will be applied to the final bill, and if the deposit is in excess of the final bill, a refund will be sent via U.S. mail to the customer at that time. No refunds or billings will be made for balances less than \$1.00.

L. Adjustment of Bills for Meter Error

Whenever a meter is found to have an average error of more than two percent fast, the District will refund to Customer the amount billed in error for a period not to exceed twelve months.

The District may bill for back amounts of Gas used by the Customer if a meter is found to be slow, non-registering or partially registering. District may not back bill for any period greater than twelve months from the date it removes the meter of a Customer, which meter is later found by District to be slow, non-registering or partially registering.

Customer may extend the payments of the back bill over the same amount of time for which District issued the back bill.

VI. MEASUREMENT

A. Meters

District will own, operate and maintain the meters and regulating equipment needed to accurately measure Gas Service provided to Customer. The meters and regulation equipment shall be at all times open to inspection of both the District and the Customer for the purpose of seeing that they are in condition of good repair.

Customer will provide a location, satisfactory to District, for installation of necessary meters, regulators, and ancillary equipment.

Customer will safeguard District facilities on Customer's property and will not permit unauthorized person(s) to tamper with such facilities or otherwise operate or alter them in any manner.

All Gas delivered to Customers shall be measured by commercially acceptable measuring devices owned and maintained by the utility, except where it is impractical to meter loads, such as street lighting, and temporary or special installations, in which case the consumption may be estimated, or billed on a rate or as provided in this tariff

B. Estimating the Meter Reading

Every effort must be made by the District to read meters each month. In instances where this is impossible, the following procedures will be followed:

1. The first month the Customer's bill will be estimated and noted as "Estimated" on the bill. The second month, the same procedure as the first month will be performed. In addition, a notice will be left indicating that it is imperative that the Meter Reader has access to the meter, at least every third month, and to contact the District to work out arrangements.
2. For the third month, the same procedure as described for the first month will once again be performed.
3. After three months of estimating bills without a response from the Customer, the bill will be estimated at the highest amount billed in the previous twelve months or a fee in accordance with Article (XII), whichever is larger. The account will continue to be billed this amount until the Customer makes arrangements to have the meter read. In no instance will a District employee adjust an estimated bill without visual reading of the meter.

C. Meter Accuracy at Installation

All Meters, when installed, shall be not more than 1% fast or 1% slow and will have been tested not more than twelve (12) months prior to being installed.

D. Meter Tests by Request

In the event of the Customer's dissatisfaction with the registration of the Meter, the District will, upon written application have the same Meter removed, sealed, and tested and a certificate of test given the Customer. If the meter so tested shall be found to be accurate within +or -2% the District shall bill the charge for such test as specified in Article (XII).

At the request of the Customer, the District shall make arrangements for a meter test to be conducted by an independent meter testing facility of the Customer's choosing. The Customer shall be responsible for all the costs to the District associated with a meter test by an independent meter testing facility. The District shall provide a detailed estimate of such costs and may require payment of such costs prior to the actual meter test. If the meter is found to be running fast in excess of the limits established by these rules, such costs of testing the meter shall be refunded; but if said Meter is found within the allowable limits, the District may retain the costs.

VII. MAIN AND SERVICE EXTENSIONS

A. Main Extensions

Whenever a prospective Customer or other person (i.e.: real estate developer, builder, municipality, county, or other authority) requests Gas Service at a location where the District does not have a Main, the District will extend Mains and Services to the prospective Customer or Customers under the following conditions (for provisions governing installation of service lines only, see VII.B):

1. The extension of Gas Service to the prospective Customer will not jeopardize Gas Service to existing Customers.
2. The maximum capital cost to be incurred by the District for an extension of Main and Service facilities shall be defined as the Maximum Allowable Cost (MAC). The MAC shall not exceed three times the annual revenue, less the cost of Gas plus it may include a hurdle rate (interest rate) to cover the potential risk of the project. Where the District, in its reasonable discretion, believes that there is significant uncertainty regarding the revenues to be derived from service provided through the requested extension of Main and Service facilities, the District shall use reasonable efforts to calculate the MAC giving due consideration to such uncertainty.
3. Where the facilities to be installed will require an investment by the District in excess of the MAC, the District will construct the necessary facilities provided the Customer contributes with the District an amount equal to the excess of the estimated construction cost over the MAC. In this case, the District and the Customer will then enter into a Construction Agreement which will provide for a mutually agreeable payment and/or deposit arrangement that will assist the District in constructing the system to service the potential customer or customers.
4. Payments in excess of the MAC may be refunded to the Customer in accordance with the following procedures.
 - a. On the date that was mutually agreed upon by the Customer and the District shall recalculate the MAC. A re-estimation of the annual revenue (considering the actual revenue derived over the last 12 months) shall be used in such recalculation. The District shall refund to the Customer an amount equal to the positive difference between the actual revenue pursuant to this paragraph and the actual cost of construction.
 - b. The aggregate refund to any Customer made through the provision above shall not exceed the original payment of such Customer.

- c. The extension shall at all times be the property of the District and any un-refunded portion of said payment at the end of one (1) year or such longer or shorter period as may be agreed by the Customer and District pursuant to above, shall accrue to the District.

B. Service Extensions from Existing Mains

The District will install, at no charge to the Customer, the Gas Service Facilities, commencing from an existing Main, necessary to serve a Customer applying for Gas Service, where the cost of such service extension does not exceed the MAC as defined above. Customers not meeting the above criteria will be required to make a non-refundable contribution in aid of construction based on the difference between the cost of the required service facilities and MAC as calculated for each respective Customer

The District may offer special programs to targeted customers.

C. Relocation of Gas Service Facilities

When alterations or additions to structures or improvements on premises to which the District renders Gas Service necessitate the relocation of District metering equipment or service line; or when such relocation is requested by the Customer for whatever reason; the Customer may be required to reimburse the District for all or any part of the costs incurred by the District in the performance of such relocation.

VIII. PRIORITY OF SERVICE & CURTAILMENT

The available gas supplies to the District shall be allocated among its Customers in accordance with the priorities of use listed below. Customers in higher priority will not be curtailed until all Customers falling into the lower classifications have been substantially curtailed; where only partial curtailment of any one classification is required, the implementation of curtailment shall be prorated. Following are the priority categories and subcategories listed in descending order:

1. Residential and firm critical commercial (essential human needs)
2. Firm commercial and military requirements, excluding critical essential human needs requirements in Category 1, and firm commercial and industrial requirements for plant protection
3. Firm industrial requirements
4. Contractually interruptible use

IX. FORCE MAJEURE

In the event of either District or Customer being rendered unable wholly or in part by *Force Majeure*¹ to carry out its obligations under an application, acceptance of which has been made, or under a Rate Schedule or Service Agreement, other than the obligation to make payment, it is agreed that on such party giving notice and full particulars of such *Force Majeure* in writing to the other party as soon as possible after the occurrence of the cause relied on, then the obligations of the party giving such notice (other than the obligation to make payments), so far as they are affected by such *Force Majeure*, shall be suspended during the continuance of any inability so caused but for no longer period, and such cause shall as far as possible be remedied with all reasonable dispatch. It is further agreed that, except for the obligation to make payments, neither District nor Customer shall be liable to the other for any damage occasioned by *Force Majeure*.

It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the party having difficulty, and that the above requirement that any *force majeure* shall be remedied with all reasonable

¹ The term "Force Majeure" as employed herein shall mean: acts of God, strikes, lockouts, or other industrial disturbance, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of the governments and people, civil disturbances, explosions, breakage or accidents to machinery or lines of pipe, the necessity for making repairs or alterations to machinery or lines of pipe, freezing of wells or lines to pipe, partial or entire failure of source of supply, planned or unplanned outages on the District's system or on any pipeline system, or the inability of any such system to deliver Gas, acts of civil or military authority (including, but not limited to courts or administrative or regulatory agencies), and any other cause, whether of the kind herein enumerated or otherwise and whether caused or occasioned by or happening on account of the act or omission party of District or Customer or any other person or concern, not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. Such term shall likewise include (a) in those instances where either party is required to obtain servitudes, rights-of-way grants, permits or licenses to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such servitudes, rights-of-way grants, permits or licenses; and (b) in those instances where either party is required to furnish materials and supplies for the purpose of constructing or maintaining facilities or is required to secure grants or permissions from any governmental agency to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such materials and supplies, permits and permissions.

dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of opposing party when such course is inadvisable in the discretion of the party having the difficulty.

Customer shall not be entitled to recover from District any consequential, indirect, incidental or special damages, such as lost loss of use of any property or equipment, loss of profits or income, loss of production, rental expenses for replacement property or equipment, diminution in value of real property, or expenses to restore operations.

X. IDEMNITY TO DISTRICT

The Customer shall indemnify, hold harmless, and defend the District from and against any and all liability, proceedings, suits, cost or expense for loss, damage or injury to person or property, in any manner directly or indirectly connected with or growing out of the distribution and/or use of Gas by the Customer at or on the Customer's side of the Point of Delivery or out of the Customer's negligent acts or omissions.

XI. RELEASE OF CUSTOMER INFORMATION

Customer information may be released upon written authorization by the Customer or in compliance with applicable local, state, federal or personal law.

A Customer may identify persons authorized to make changes to the Customer's account. To accomplish this, the Customer must provide the District with a signed document identifying, by name, the person(s) who have the authority to initiate any change to the Customer's account.

XII. GAS SERVICE CHARGES

Service and Administrative Charges

A.	New Customer deposit	
	Residential	\$35.00
	Commercial	An amount equal to two (2) months estimated average bills
B.	Reconnect deposit for nonpayment	\$70.00
C.	Third time nonpayment deposit	\$150.00
D.	Fee for turning gas off at the main	\$200.00
E.	Returned check charge	
	Check totals less than \$50.00	\$25.00
	Check totals from \$50.00 to less than \$300.00	\$30.00
	Check totals over \$300.00	\$45.00
F.	Connection Charges	
	Connection fee	\$30.00
	Transfer Fee	\$20.00
G	Re-Connect Charges	
	During regular service hours	\$50.00
	After regular service hours (per hour)	\$70.00
	Seasonal Reconnect*	\$70.00

*Applies to customers who disconnect service during the summer months (usually because they don't have a year around appliance or the home is lived in seasonally) and reconnect during the heating season.

I. Gas Leaks

There will be no charges for the response to a reported gas leak. Any reported leak call will be responded to and investigated by a qualified employee immediately.

If a leak is found on the Customer side of the meter, the Gas will be turned off. Charges will apply as indicated in the above (add charges for labor and material) schedule for the labor and materials used to repair the leak if requested to do so by the Customer. Rates for services and repairs are also made available on the Okaloosa Gas District Consumer

Web Site at <http://www.okaloosagas.com>.

XIII. NATURAL GAS SERVICE RATE SCHEDULES

Natural Gas Service Rate Description

Gas rates are broken down into the following three (3) components:

A. Customer Charge

The Customer Charge is a monthly charge to cover such natural gas distribution costs as maintaining the Customer's gas service line and meter, meter reading and billing.

B. Delivery Charge

A charge designed to recover the costs the District incurs in using its distribution system or local pipelines to deliver natural gas to a Customer.

C. Cost of Gas Charge

The intent of this tariff is to allow the District to buy and resale natural gas without monetary gain or loss. The rates specified for this tariff are subject to increases or decreases in the cost of gas purchased by the District. The expected weighted average cost of Gas (WACOG) will be estimated and billed to the Customer and adjusted for prior months' differences between projected and actual costs of Gas purchased. The District may adjust the WACOG monthly, quarterly, semi-annually or annually based on changes in market conditions.

The following pages contain rate schedules for each customer class. The rates were revised and approved by the Okaloosa Gas District Board of Directors with an effective date of 07/01/2006.

Residential Service Rate Schedule)

Availability:

This rate is available to Residential Customers throughout the service areas of the District.

Applicability:

Residential Customers are customers who use gas for household purposes, including single-family dwellings, boarding and rooming houses, duplex houses, town homes, private garage appurtenant to private homes or dwellings, apartments, apartment buildings, and governmental housing in which the units are individually billed. Master-metered multi-family dwellings that fit the following criteria will be considered residential when the element of human welfare and comfort in a residential setting is the distinguishing test of the customer's use of gas. Subject to the following criteria

100% of the Gas is used exclusively for the co-owner's benefit.

1. None of the Gas is used in any endeavor which sells or rents a commodity or provides service for a fee.
2. Each point of Delivery will be separately metered.
3. A responsible legal entity is established as the Customer to whom the District can render its bills for said services.

Monthly Rate:

1. Customer Charge: \$10.80 per month
2. Distribution Charge: \$0.4898 per Therm
3. The bill for the Therms billed at the above rates shall be increased in accordance with the provisions of the District Cost of Gas Clause in Article (XIII-3)

Minimum Bill: The Customer charge.

The above rates, plus charges for services and repairs are also made available on the Okaloosa Gas District Consumer Web Site at <http://www.okaloosagas.com>.

Special Conditions:

1. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
2. The rates set forth above shall be subject to the operation of the District's Tax and Fee Adjustment required by federal, state or local governments.

Off Meter Service Rate Schedule

Availability:

This rate is NO LONGER AVAILABLE.

Applicability:

Off Meter Customers use gas for gas lights where the metering of such light is impractical. This rate is no longer offered and is only available to current off meter customers.

Monthly Rate:

1. Customer Charge: \$10.80 per month
2. Distribution Charge: \$0.4898 per Therm
3. The bill for the Therms billed at the above rates shall be increased in accordance with the provisions of the District Cost of Gas Clause in Article (XIII-3)

Minimum Bill: The Customer charge.

Special Conditions:

1. The therms usage of the gas light(s) will be estimated by the district.
2. Once the customer moves or request gas to be turned off at the gas light the line will be disconnected from the gas light and the rate will no longer be available to that location.
3. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
4. The rates set forth above shall be subject to the operation of the District's Tax and Fee Adjustment required by federal, state or local governments.

Governmental Housing Service Rate Schedule

Availability:

This rate is available to Governmental Housing throughout the service areas of the District.

Applicability:

Governmental Housing Customers are customers who use gas for household purposes, including single and multi-family dwellings, in which the units are master metered and billed and when the element of human welfare and comfort in a residential setting is the distinguishing test of the customer's use of gas. Subject to the following criteria:

1. 100% of the Gas is used exclusively for the tenant's benefit.
2. None of the Gas is used in any endeavor which sells or rents a commodity or provides service for a fee.
3. A responsible legal entity is established as the Customer to whom the District can render its bills for said services.

Monthly Rate:

1. Customer Demand Charge: \$8.91 per month times the number of individual dwellings
2. Distribution Charge: \$0.3733 per Therm
3. The bill for the Therms billed at the above rates shall be increased in accordance with the provisions of the District Cost of Gas Clause in Article (XIII-3)

Minimum Bill: The Customer Demand Charge.

Special Conditions:

1. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
2. The rates set forth above shall be subject to the operation of the District's Tax and Fee Adjustment required by federal, state or local governments.

Government Monument Service Rate Schedule

Availability:

This rate is available to Government Authorities throughout the territory served by the District.

Applicability:

This Rate Schedule is for Gas burned in an eternal flame which is part of a public monument. Subject to the following criteria:

1. 100% of the Gas is used exclusively the eternal flame.
2. None of the Gas is used in any endeavor which sells or rents a commodity or provides service for a fee.

Monthly Rate:

1. Customer Charge: \$8.91 per month
2. Distribution Charge: \$0.2523 Therm
3. The bill for the Therms billed at the above rates shall be increased in accordance with the provisions of the District Cost of Gas Clause in Article (XIII-3)

Minimum Bill: The Customer charge.

Special Conditions:

1. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
2. The rates set forth above shall be subject to the operation of the District's Tax and Fee Adjustment required by federal, state or local governments.

Commercial Service Rate Schedule

Availability:

This rate is available to Commercial Customers throughout the service areas of the District.

Applicability:

Commercial Customers include customers who use gas in establishments of a commercial or service nature for purposes and Customers who do not use gas for large-volume electric generation or process steam generation. In this class are included, among others, hotels, restaurants, cafeterias, tea rooms, bars, grills, delicatessens, butchers, grocers, beauty parlors, barber shops, wearing apparel shops, department stores, garages not appurtenant to dwelling houses, gasoline stations, tailors, neighborhood pressing shops and laundries, bakeries, dairies, warehouses, office buildings, clubs, fraternities, sororities, lodges, associations, cooperatives, theaters, auditoriums, professional offices, printing shops, mercantile establishments, schools, colleges, churches, charitable institutions, libraries, hospitals, public buildings, governmental entities, and multi-family dwellings that are master-metered. Master-metered multi-family dwellings include those structures in which gas measured by one meter is used to operate at least one appliance that serves more than one household (except as noted under residential)

Monthly Rate:

Customer Charge: \$10.80 per month

1. Distribution Charge:
 - a. First 300 therms \$0.5474
 - b. Next 700 therms \$0.4386
 - c. Next 1000 therms \$0.3292
 - d. Over 2000 therms \$0.2983
2. The bill for the Therms billed at the above rates shall be increased in accordance with the provisions of the District Cost of Gas Clause in Article (XIII-3)

Minimum Bill: The Customer charge.

Special Conditions:

1. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
2. The rates set forth above shall be subject to the operation of the District's Tax and Fee Adjustment required by federal, state or local governments.

Wholesale Service – Firm Rate Schedule

Availability:

This rate is available to Gas Distribution Companies and electric utilities throughout the service areas or adjacent to the service areas of the District qualify for this service rate.

Applicability:

This Gas service is for Gas Distribution Company resale to end-use customers or for use by an electric utility for the generation of electrical power. Gas Service under this schedule will only be rendered when the District has sufficient Gas and interstate pipeline capacity to meet all its other needs during the term of the sale under this schedule. A Customer eligible for service pursuant to this rate schedule is eligible for transportation service.

Monthly Rate:

Distribution Charge: \$0.4100 per Dekatherm

1. The bill for the Therms billed at the above rates shall be increased in accordance with the provisions of the District Cost of Gas Clause in Article (XIII-3)
2. Minimum Bill: \$1,000 monthly – The minimum charge will be added to a bill when Gas consumption is less than 2,778 Dths per month.

Special Conditions:

1. An executed contract for a period of at least one year is required as a condition precedent to service hereunder.
2. If any facilities other than metering and regulating equipment are required to render service under this schedule, the Customer shall pay for these facilities prior to the commencement of service.
3. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
4. The rates set forth above shall be subject to the operation of the District's Tax and Fee Adjustment required by federal, state or local governments.

Interruptible Service Rate Schedule

Availability:

This Rate Service is available to Manufacturing Customers throughout the service areas of the District.

Applicability:

The minimum threshold to qualify for this rate schedule is 200,000 therms per year. Gas Service rendered under Interruptible and Contract Interruptible Rate Schedules will be curtailed or fully interrupted at the sole discretion of the District. The Customer shall hold the District harmless from any and all liabilities, penalties, alternate fuel subsidies, price adjustments and claims of whatever type, resulting from or arising out of the District curtailment or interruption of Gas consumption or deliveries to Customers electing Interruptible Service.

Service will be provided by the District based on available pipeline capacity.

Monthly Rate:

Distribution Charge: \$2.5250 per Dekatherm

1. The bill for the Therms billed at the above rates shall be increased in accordance with the provisions of the District Cost of Gas Clause in Article (XIII-3)

Minimum Bill: As defined by the service agreement.

Special Conditions:

1. A service agreement accepted by the District is a condition precedent for service under this schedule. The term of the agreement shall be set forth therein but shall not be less than one year.
2. The primary use of Gas must be for manufacturing or producing a product and can not be used for the element of human welfare and comfort
3. If the Customer's requirements for Gas change, the Customer shall notify the District so that the daily and the annual quantities in the service agreement may be changed. If the Customer's usage indicates that the amounts set forth in the then existing agreement are not applicable, the District may require that the daily and annual estimates be changed to reflect the existing conditions.
4. Interruption and curtailment: The District may notify the Customer at any time to reduce or cease using Gas. The District will endeavor to give as much notice as possible to the Customer.

5. Any gas taken in excess of the volume allocated to the Customer in an interruption or curtailment order shall be considered to be unauthorized overrun gas. District may bill and Customer shall pay for such unauthorized overrun gas at five (5) times the weighted average cost of gas for the calendar day on which such unauthorized overrun gas was taken.
6. The rates set forth above shall be subject to the operation of the District's Tax and Fee Adjustment required by federal, state or local governments.

Competitive Service Rate Schedule

Availability:

This Rate Service is available throughout the service areas of the District.

Applicability:

The minimum threshold to qualify for this rate schedule is 100,000 therms per year. The District retains the right to offer reduced or special rates to individual customers meeting the minimum annual Gas consumption in order to remain competitive with other fuels.

Service will be provided by at the District's discretion.

Monthly Rate:

Distribution Charge: As defined by the service agreement.

1. The bill for the Therms billed at the above rates shall be increased in accordance with the provisions of the District Cost of Gas Clause in Article (XIII-3)

Minimum Bill: As defined by the service agreement.

Special Conditions:

1. A service agreement accepted by the District is a condition precedent for service under this schedule. The term of the agreement shall be set forth therein but shall not be less than one year.
2. If the Customer's requirements for Gas change, the Customer shall notify the District so that the daily and the annual quantities in the service agreement may be changed. If the Customer's usage indicates that the amounts set forth in the then existing agreement are not applicable, the District may require that the daily and annual estimates be changed to reflect the existing conditions.
3. The rates set forth above shall be subject to the operation of the District's Tax and Fee Adjustment required by federal, state or local governments.

Military Service Rate Schedule

Availability:

This Rate Service is available to U.S. Government Military Installations throughout the service areas of the District.

Applicability:

This class applies to all Gas purchased by the United States Government for use on military bases within the District's service territory.

Monthly Rate:

Distribution Charge: \$2.27 per Dekatherm

1. The bill for the Therms billed at the above rates shall be increased in accordance with the provisions of the District Cost of Gas Clause in Article (XIII-3)

Minimum Bill: No minimum

Special Conditions:

1. A GSA service agreement accepted by the District is a condition precedent for service under this schedule. The term of the agreement shall be set forth therein but shall not be less than ten years.