

RULE NO. 9

BILLING AND COLLECTION

A. FREQUENCY OF BILLS

1. The Utility shall bill monthly for services rendered. Meter readings shall be scheduled for periods of not less than 25 days or more than 35 days.
2. Bills will be based on meter registration.

a. Therms

Bills based upon therm usage for gas service will show the date and the reading of the meter at the start of the billing period, the date and the reading of the meter at the end of the period for which the bill is rendered, the billing factor, and the number of therms used.

b. Ccf

Bills based on volumetric measurement for gas service will show the date and the reading of the meter at the start of the billing period, the date and the reading of the meter at the end of the period for which the bill is rendered, the billing factor and the volume of gas used.

c. Other

For customers receiving gas through flow rate measuring devices, bills will be rendered in accordance with the contract between the Utility and the customer in accordance with the industry acceptable measurement standards as set forth in Rule No. 8.

B. ESTIMATED BILLS

1. If the Utility is unable to read the meter on the scheduled meter read date, the Utility will estimate the consumption for the billing period giving consideration to the following factors where applicable.
 - a. The customer's usage during the same month of the previous year.

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- b. The amount of usage during the preceding month.
 - c. Any change in temperature from the preceding month.
 - d. Seasonal load factors and weather patterns.
2. After the second consecutive month of estimating the customer's bill for reasons other than severe weather, the Utility will attempt to secure an accurate reading of the meter.
 3. Failure on the part of the customer to comply with a reasonable request by the Utility for access to its meter may lead to the discontinuance of service.
 4. Estimated bills will be issued only under the following conditions:
 - a. Severe weather conditions which prevent the Utility from reading the meter.
 - b. Circumstances that make it impossible to read the meter, i.e., locked gates, blocked meters, vicious or dangerous animals, etc.
 5. Each current bill based on estimated usage will indicate that it is an estimated bill.

C. PRORATION OF BILLS

With the exception of opening and closing bills for periods of less than 25 days, no proration shall be made to the basic service charge and no bill shall be less than the specified minimum charge.

Bills rendered for periods of less than 25 days or more than 35 days will be prorated in accordance with the following:

1. 30.4 days in average month
Number of days in meter read = Prorate Factor PRF
2. Usage Billed × PRF = Monthly Usage Adjusted
3. Monthly Usage Adjusted × Appropriate Commodity Charge = Monthly Commodity Revenue Adjusted

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C. PRORATION OF BILLS (Continued)

4. Monthly Commodity Revenue Adjusted
PRF = Prorated Revenue

D. COMBINING METERS, MINIMUM BILL INFORMATION

1. Each meter at a customer's premises will be considered separately for billing purposes, and the readings of two or more meters will not be combined except in those instances approved by the Utility.
2. Each bill for residential service will contain the following minimum information:
 - a. Date and meter reading at the start of billing period or number of days in the billing period
 - b. Date and meter reading at the end of the billing period
 - c. Billed usage
 - d. Schedule number
 - e. Utility telephone number and address
 - f. Customer's name
 - g. Service account number and service address
 - h. Amount due and due date
 - i. Past due amount
 - j. Adjustment factor, where applicable
 - k. Taxes
 - l. The address of the Arizona Corporation Commission
 - m. Date of presentation

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E. BILLING TERMS

1. All current bills for Utility services are due and payable no later than 20 days from the date the bill is rendered. Any payment not received within this time frame shall be considered past due.
2. For purposes of this rule, the date a bill is rendered may be evidenced by:
 - a. The postmark date
 - b. The mailing date
 - c. The billing date shown on the bill (however, where the billing date differs from the postmark or mailing date, a. or b. above applies).
3. Any payment not received before the next bill is rendered shall be considered delinquent. The Utility shall be allowed to assess a late charge on all delinquent bills as set forth in the currently effective Statement of Rates, A.C.C. Sheet No. 15 of this Arizona Gas Tariff, which is incorporated herein by reference.
4. All delinquent bills for which payment has not been received within ten days shall be subject to the provisions of the Utility's termination procedures.

The following information will be included with each delinquent bill for service:

- a. The scheduled "Pay by" date to avoid discontinuance of service
- b. Reconnection fees if service is discontinued
- c. Reestablishment of credit requirements as set forth in Rule No. 3
- d. Address and telephone number of local office
- e. A statement of rights and remedies if the bill is disputed

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E. BILLING TERMS *(Continued)*

5. When it becomes necessary to collect a delinquent payment in the field to avoid termination of service, the Utility will collect a field collection fee as set forth in the currently effective Statement of Rates, A.C.C. Sheet No. 15 of this Arizona Gas Tariff.

F. SUMMARY BILLING

Summary Billing is an optional billing service for sales customers whereby customers with several individual accounts may receive a summary bill with summarized billing data for these accounts. A summary bill may be generated in lieu of the individual bills under the following conditions:

1. Customers electing this service shall execute a service agreement in order to participate in Summary Billing.
2. Eligibility for this service is limited to customers with a minimum of ten (10) individual accounts.
3. The customer name on all of the individual accounts summarized under any one Summary Billing account must be the same.
4. Each month's payment of a summary bill for the "Amount Due" must be one (1) payment in the form of a check, cashier's check or money order drawn on a bank or other financial institution and payable to the Utility in U.S. currency, unless other arrangements acceptable to the Utility have been previously established.
5. Payment of a summary bill is past due and subject to a late charge if the payment is not received within fifteen (15) days after its issuance.
6. The Utility shall not be required to offer or to continue to offer Summary Billing to any customer whose account(s) is(are) past due or in arrears.
7. Except as otherwise provided in this section, all other provisions of the Utility's Rules and Regulations as contained in this Arizona Gas Tariff are applicable to Summary Billing and are made a part hereof.

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G. METHODS OF PAYMENT

1. Payments are required to be made in cash, by check, money order, certified check or any other means mutually agreeable to the Utility and the customer.
2. All payments shall be presented by mail, telephone, in person, or electronically to the office of the Utility or to the Utility's duly-authorized representative.

H. APPLICABLE TARIFFS, PREPAYMENT, FAILURE TO RECEIVE, COMMENCEMENT DATE AND TAXES

1. Each customer shall be billed under the applicable tariff indicated in the customer's application for service.
2. The Utility shall make provisions for advance payment of the Utility's services.
3. Failure to receive bills or notices which have been properly placed in the United States mail or sent by means of electronic transfer shall not prevent such bills from becoming delinquent nor relieve the customer of his obligation therein.
4. Charges for services commence when the service is installed and connection made, whether used or not.

I. METER ERROR CORRECTIONS

1. If any meter after testing is found to be more than 3 percent in error, either fast or slow, proper correction shall be made of previous readings and adjusted bills shall be rendered according to the following terms:
 - a. The period of three months immediately preceding the removal of such meter from service for test or from the time the meter was in service since last tested, but not exceeding three months since the meter shall have been shown to be in error by such test.
 - b. If the date of the cause for the error can be definitely determined, the undercharge or overcharge shall be computed back to, but not beyond the date established and will not exceed 12 months. No part of the minimum charge will be refunded.

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I. METER ERROR CORRECTIONS (Continued)

- c. In case of underbilling, the Utility may forego rendering a corrected bill if the amount of the underbilling is not significant in the opinion of the Utility.
2. In the event of stoppage or failure of any meter to register, the customer will be billed on an estimated consumption for a period not to exceed 12 months based upon his use of gas in a similar period of like use, to include adjustments for weather variations if applicable or known changes in the customer's connected load. In the event there have been changes in the customer's connected load the bill will be based on the customer's prior requirements, if reliable, taken in connection with subsequent requirements correctly metered, and the general characteristics of the customer's operations.
3. If the beginning date for meter error corrections cannot be reliably established, or the Utility and customer cannot agree, the matter will be resolved under the provisions of Rule No. 11.
4. No adjustment shall be made by the Utility except to the customer last served by the meter tested.

J. RETURNED ITEMS

1. The Utility shall be allowed to recover a charge as set forth in the currently effective Statement of Rates, A.C.C. Sheet No. 15 of this Arizona Gas Tariff, which is incorporated herein by reference, for each instance where an item from a customer used to pay a bill for Utility service is returned to the Utility as uncollectible for any reason, including a lack of sufficient funds.
2. When the Utility is notified that an item has been returned as uncollectible, the Utility may require the customer to make payment in cash, by money order, certified check, or other means which guarantee the customer's payment to the Utility.
3. A customer who tenders an item which has been returned as uncollectible shall in no way be relieved of the obligation to render payment to the Utility under the original terms of the bill or defer the Utility's provision for termination of service for nonpayment of bills.

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K. EQUAL PAYMENT PLAN

1. The Equal Payment Plan (EPP) is available to all residential customers receiving (or applicants qualifying and applying to receive) natural gas service provided that the customer (applicant) has established credit to the satisfaction of the Utility.
2. Participation in the EPP is subject to approval by the Utility.
3. Customers may sign up for the EPP at any time of year. The EPP amount will be based on the annual estimated bill divided into 12 equal monthly payments.
4. The Utility will render its regular monthly billing statement showing both the amount for actual usage for the period and the designated EPP amount. The customer will pay his designated EPP amount, plus any additional amount shown on the bill for materials, parts, labor or other charges.
5. The settlement month will be the customer's anniversary date, 12 months from the time the customer entered the EPP. The settlement amount is the difference between the EPP payments made and the amount actually owing based on actual usage during the period the customer was billed under the EPP. All debit amounts are due and payable in the settlement month. However, debit amounts of \$50 or less may be carried forward and added to the total annual estimated bill for the next EPP year. Credit amounts of \$50 or less will be carried forward and applied against the first billing or billings due in the next EPP year. Credit amounts over \$50 will be refunded by check.
6. The EPP amount may be adjusted quarterly to reduce the likelihood of an excessive debit or credit balance in the settlement month for changes in rates due to Commission-approved rate increases or decreases greater than 5 percent, or when estimates indicate that an overpayment or undercollection of \$50 or more may occur by the end of the plan year.
7. The Utility may remove from the EPP and place on regular billing any customer who fails to make timely payments according to his EPP obligation. Such a customer will then be subject to termination of service in accordance with Rule No. 10 for nonpayment of a bill.

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K. EQUAL PAYMENT PLAN *(Continued)*

8. Readmission to the EPP will be subject to approval by the Utility and payment in full of all past due amounts.
9. A customer may voluntarily withdraw from the EPP at any time. Any amounts then owing for usage in excess of usage already paid for under the EPP will become due and payable at the customer's next regular billing, in accordance with the Utility's filed tariff schedules. Any EPP payments in excess of amounts based upon actual usage at the time of withdrawal will be applied to the customer's next regular monthly bill, or will be refunded by check if so requested by the customer.

L. LANDLORD AGREEMENTS

A landlord agreement is defined herein as an agreement between the Utility and a qualified landlord which allows for the automatic continuation of service in the landlord's name when a tenant requests disconnection of service. A qualified landlord is a rental property owner that has established credit with the Utility according to the provisions set forth in Rule No. 3, Section B.1 of this Arizona Gas Tariff.

1. The landlord agreement shall not apply when a tenant is disconnected for nonpayment of gas bills.
2. Disputes regarding effective dates of service shall be resolved between the tenant and the landlord.
3. The service establishment charge may be waived when service under the landlord agreement automatically reverts to the landlord's account, but shall apply when a new tenant requests service at that location.
4. The landlord agreement may be terminated by the landlord or the Utility at any time with 30 days' written notice.

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M. DEFERRED PAYMENT PLAN

1. The Utility may, prior to termination, offer to qualifying residential customers a deferred payment plan for the customer to retire unpaid bills for Utility service.
2. Each deferred payment agreement entered into by the Utility and the customer due to the customer's inability to pay an outstanding bill in full shall provide that service will not be discontinued if:
 - a. Customer agrees to pay a reasonable amount of the outstanding bill at the time the parties enter into the deferred payment agreement.
 - b. Customer agrees to pay all future bills for Utility service in accordance with the billing and collection tariffs of the Utility.
 - c. Customer agrees to pay a reasonable portion of the remaining outstanding balance in installments over a period not to exceed six months.
3. For the purposes of determining a reasonable installment payment schedule under these rules, the Utility and the customer shall give consideration to the following conditions:
 - a. Size of the delinquent account
 - b. Customer's ability to pay
 - c. Customer's payment history
 - d. Length of time that the debt has been outstanding
 - e. Circumstances which resulted in the debt being outstanding
 - f. Any other relevant factors related to the circumstances of the customer

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M. DEFERRED PAYMENT PLAN (Continued)

4. Any customer who desires to enter into a deferred payment agreement shall establish such agreement prior to the Utility's scheduled termination date for nonpayment of bills. In the event a deferred payment agreement has been negotiated and the customer fails to execute said agreement prior to the scheduled termination date, the Utility shall discontinue service for nonpayment.
5. Deferred payment agreements may be in writing and shall be signed by the customer and an authorized Utility representative.
6. A deferred payment agreement may include a finance charge as approved by the Commission in a tariff proceeding.
7. If a customer has not fulfilled the terms of a deferred payment agreement, the Utility shall have the right to disconnect service pursuant to the Utility's termination of service rules and, under such circumstances, it shall not be required to offer subsequent negotiation of a deferred payment agreement prior to disconnection.

N. CHANGE OF OCCUPANCY

1. Not less than five working days' advance notice must be given in person, in writing, or by telephone to the Utility's office to discontinue service or to change occupancy.
2. The outgoing party shall be responsible for all Utility services provided and/or consumed up to the scheduled turn-off date.

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O. ELECTRONIC BILLING

Electronic Billing is an optional billing service for residential sales customers whereby customers may elect to receive, view, and pay their gas bills electronically. An electronic bill may be generated in lieu of a paper bill under the following conditions:

1. Customers requesting this service may be required to complete additional forms and agreements with the Utility and/or the Electronic Billing Service Provider.
2. Customers must use a third party Electronic Billing Service Provider.
3. Electronic Billing may be discontinued at any time by the Utility, the customer or the Electronic Billing Service Provider.
4. Except as otherwise provided in this section, all other provisions of the Utility's Rules and Regulations as contained in this Arizona Gas Tariff are applicable to Electronic Billing and made a part hereof.