

RULE NO. 7

DEPOSITS

A. AMOUNT TO ESTABLISH CREDIT

The amount of deposit required to establish credit is twice the estimated maximum monthly bill, or for Small Business Customers, twice the estimated monthly average bill.

B. AMOUNT TO REESTABLISH CREDIT

1. Former Customers

Where an applicant is a former customer whose service was discontinued during the last 12 months of their former service for nonpayment of bills, such applicant may be required to pay such former bills and reestablish credit by depositing an amount equal to twice the estimated maximum monthly bill for the service desired, or for Small Business Customers, twice the estimated monthly average bill.

2. Present Customers

a. A customer whose service has been discontinued for nonpayment of bills may be required to pay such bills and deposit an amount equal to twice the estimated maximum monthly bill or for Small Business Customers, twice the estimated monthly average bill.

b. If a customer receives a bill that is two months past due or becomes delinquent in the payment of a total of six monthly bills within a 12 consecutive month period, such customer may be required to reestablish credit by depositing an amount not to exceed twice the estimated maximum monthly bill. Unless the delinquency in payment is due to non-payment of all or a portion of a backbill, which occurred as a result of a billing or metering error, Small Business Customers may be required to reestablish credit by depositing an amount not to exceed twice the estimated average monthly bill. A Small Business Customer may enroll in the Company's Automatic Payment Program once within a twelve month consecutive period, in lieu of a cash deposit for reestablishing service.

C. APPLICABILITY TO UNPAID ACCOUNTS

Deposits prescribed herein are applicable to unpaid bills for gas service when such service has been discontinued. Deposits will not be applied as payment for past due bills to avoid discontinuance of service.

RULE NO. 7

DEPOSITS
(Continued)

D. RETURN OF DEPOSITS

The Company will refund the customer's deposit:

1. When service is ordered discontinued by the customer (less the amount of any unpaid bills), or
2. After the customer has, for 12 consecutive months, paid bills for service within 19 days after presentation, except as provided in accordance with Rule No. 6, Section B.4. of this California Gas Tariff.

E. INTEREST ON DEPOSITS

1. The Company will pay interest, compounded monthly and based on a daily calculation, at the time the deposit is applied to the customer's account or refunded, except as provided below. The Company will compute interest for each month at the rate of one-twelfth of the interest rate on Commercial Paper (prime, 3-month), published the prior month in the Federal Reserve Statistical Release, H.15, or its successor publication; except that when a refund is made within the first 15 days of a calendar month the interest rate applicable in the previous month shall be applied for the elapsed portion of the month in which the refund is made.
2. No interest will be paid if service is temporarily or permanently discontinued for nonpayment of bills.