

ATTACHMENT 1

to

Resolution No. 18-059

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**VICTORVILLE MUNICIPAL UTILITY SERVICES
NATURAL GAS SERVICE RULES, REGULATIONS AND RATE SCHEDULES**

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Victorville Municipal Utility Services
P.O. Box 5001, Victorville, CA 92393-5001

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Rule 1 – Definitions

For the purpose of these Tariff Schedules, the terms and expressions listed below shall have the meaning set forth opposite them:

Added or Special Facilities: The facilities provided by the Utility at the request of the Applicant/Customer that are over and above the Utility's standard facilities, which the Utility would normally install or use and represents additional costs to the Utility over normally installed facilities to provide natural gas service.

Applicant: The Person requesting the Utility to supply natural gas service and/or to provide natural gas facilities required to serve any Premises. Applicants shall be the owners, lessees or Persons with a legally cognizable possessory interest in the Premises to be served, or such Persons who are legally authorized to act on behalf of such owners, lessees or Persons with a legally cognizable possessory interest in the Premises to be served.

Billing Period: The time interval between two consecutive Meter readings that are taken for billing purposes.

British Thermal Unit (BTU): The amount of heat required to raise the temperature of one pound of water one degree Fahrenheit at sea level. There are approximately 1,000 BTUs in one Standard Cubic Foot of natural gas.

City: The City of Victorville.

City Council: The City Council of the City of Victorville. The City Council is the governing body for the Utility.

City Manager: The City Manager of the City of Victorville.

Connected Load: The sum of the rated capacities of all of the Customer's natural gas operated-equipment that can be turned on at one time.

Contribution: In-kind services and the value of all property conveyed to the Utility at any time during the Utility's work on an extension that is part of the Utility's total estimated installed cost of its facilities or cash Payments.

Customer: The Person in whose name service is rendered as evidenced by the signature on the application, contract, or agreement for that service, or in the absence of a signed instrument, by the receipt and Payment of bills regularly issued in such name regardless of the identity of the actual user of the service.

Customer's Mailing Address: The address specified in a Customer's application or contract, or any other address subsequently given to the Utility by the Customer, by which any notice or other communication is to be Mailed.

Date of Presentation: The date upon which a bill or notice is Mailed, emailed, or otherwise delivered by the Utility to the Customer.

Days: Any reference to days will be considered calendar days unless specified otherwise.

Director of Utilities: The Director of Utilities for the City of Victorville or his/her duly authorized designee. The Director of Utilities is responsible for the management and operation of the Utility for the businesses of the City of Victorville in accordance with these Rules, Regulations and Rate Schedules and any other such polices or direction adopted by the City Council.

Distribution Main: A distribution pipeline that serves as a common source of supply for more than one Service Line.

Distribution Main Extension: The physical extension of the Utility's existing natural gas main line, including any required Substructures.

Natural Gas Distribution System: Infrastructure owned and operated by the Utility for the purpose of transporting natural gas within the jurisdiction served by the Utility and operates at a pressure significantly higher than that provided to the Customer, at 60 psi or lower. The Natural Gas Distribution System transports natural gas from the Utility's Natural Gas Distribution System master Meter(s) with Southwest Gas Corporation to the Utility's Meter located on the Customer's Premises.

Energy Factor: A billing factor representing the amount of energy contained in the natural gas delivered that is used to convert the Metered volume of natural gas into units of heat energy.

Excavation: All necessary trenching, backfilling, and other digging to install Distribution Main or Service Extension facilities, including furnishing of any imported backfill material and disposal of spoil as required, surface repair and replacement, landscape repair and replacement.

Excess Flow Valve: An automatic shut-off device installed on a Service Line.

Houseline: The Customer's natural gas piping after the outlet of the Utility's Meter and the Customer's natural gas appliances. By definition, Houseline piping is not installed, maintained or owned by the Utility.

Mailed: Any notice or other communication will be considered "Mailed" when it is sent via electronic mail (e-mail) or enclosed in a sealed envelope, properly addressed and deposited in any United States post office box with postage prepaid.

Meter: An instrument used for measuring the natural gas delivered to the Customer.

Meter Set Assembly (MSA): An assembly including a Meter, valves, regulators, and associated piping, which is necessary to enable a Meter to service a Customer. It consists of the piping from the service shutoff to the Houseline.

Meter Factor: A multiplier applied to the Read representing the unit of measure in standard cubic feet, utilized by the natural gas Meter at ambient temperature and pressure conditions.

Payment: Cash payment made to the Utility for services, fees, or work to be completed prior to the initiation of any installation of Added or Special Facilities.

Permanent Service: Natural gas service, which in the opinion of the Utility is of a permanent and established character. Permanent Service may be continuous, intermittent, or seasonal in nature.

Person: Any individual, partnership, corporation, public agency or other organization operating as a single entity.

Pipe: Any pipe or tubing used in the transportation of natural gas including pipe type holders. A rigid conduit with a wall thickness and outside diameter corresponding to iron pipe sizes.

Point of Delivery: The point where the Utility's Service Facilities connect to the Customer's Houseline, regardless of the location of the Utility's Meter or Metering Set Assembly.

Premises: All of the real property and apparatus employed in a Single Enterprise on an integral parcel of land undivided, except in the case of industrial, agricultural, oil field, resort enterprises, and public or Quasi-public Institutions, by a dedicated street, highway, or other public thoroughfare, or a railway. Automobile parking lots constituting a part of and adjacent to a Single Enterprise may be separated by an alley from the remainder of the Premises served.

Pressure Factor: A multiplier applied to the Read to convert the measured consumption volume to a standard volume (at standard temperature and pressure conditions).

Protective Structures: Fences, retaining walls (in lieu of grading), barriers, posts, barricades and other structures as required by the Utility.

Quasi-public Institutions: Public utilities, educational institutions, and hospitals, whether publicly or privately owned, where the property, campus or hospital grounds extend over relatively large areas through which public streets may run.

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Rate Schedule: May be one or more Tariff Pages setting forth the charges and conditions for a particular class or type of service at a given location. A Rate Schedule, as referred to herein, shall include all the wording on the applicable Tariff Page or pages, such as, but not limited to the following: Class of Service, Character or Applicability, Territory, Rates, Conditions and references to the Utility's Rules and Regulations.

Read: A data point representing the uncorrected Metered natural gas usage and derived by subtracting the Meter reading for the previous Billing Period from that of the current Billing Period.

Regulator: A device on a Service Line that controls the pressure of natural gas delivered from a higher pressure to pressure delivered to the Customer. A service Regulator may serve one Customer or multiple Customers through a manifold.

Rules and Regulations: The Victorville Municipal Utility Services Natural Gas Service Rules and Regulations set forth herein, including the Rate Schedules set forth in Appendix A. Also referred to as "Tariff Schedules".

Service Line: A Distribution Line that transports natural gas from a common source of supply to a single Customer, two adjacent or adjoining Customers, or multiple Customers served through a Meter manifold. The Service Line ends at the outlet of the Utility-owned Meter or connection to a Customer's Houeline, whichever is farther downstream, or the connection to a Customer's Houeline if there is no Utility-owned Meter.

Service Extension: Service Facilities, as defined below, provided for a new Customer at a Premises not heretofore served in accordance with Rule 16.

Service Facilities: Consists of all Utility-owned service-related equipment between the Utility's Distribution Main and the Point of Delivery, including the connection fittings; Service Line; Valves; Regulators; Utility-owned Metering equipment; and other Utility-owned service related equipment.

Single Enterprise: A separate business or other individual activity carried on by a Customer. The term does not apply to associations or combinations of Customers.

Standard Cubic Foot: The quantity of natural gas at a temperature of sixty degrees Fahrenheit and a pressure of 14.73 pounds per square inch that occupies one cubic foot.

Standard Multiplier: A multiplier of 100 that is applied to the Energy Factor to create a common denominator for the purpose of converting the pressure and Meter-corrected Read in standard cubic feet, to actual usage in Therms.

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Service Stub: A lateral Pipe, including Valves and fittings, from and including the connection at the Distribution Main to a dead end near the curb or property line of the street in which the main is located.

Tariff Page: An individual page of the Tariff Schedules.

Tariff Schedules: The entire collective body of effective rates, fees, and charges of the Utility, as set forth herein, including the Rate Schedules and these Rules and Regulations.

Temporary Service: Natural gas service for enterprises or activities that are temporary in character or where it is known in advance that service will be of limited duration. Service, which in the opinion of the Utility, is for operations of a speculative character or the permanency of which has not been established, also is considered Temporary Service.

Therm: A unit of heating value equivalent to 100,000 British Thermal Units (BTU).

Trenching: See Excavation.

Utility: The City of Victorville Municipal Utility Services.

Utility's Operating Convenience: The term refers to the utilization, under certain circumstances, of facilities or practices not ordinarily employed that contribute to the overall efficiency of the Utility's operations; it does not refer to Customer convenience nor to the use of facilities or adoption of practices required to comply with applicable laws, ordinances, rules or regulations, or similar requirements of public authorities.

Valve: A mechanical device for stopping or manually controlling natural gas flow in Pipe.

Violence: Types of violence are to include, but not limited to: death or injury with a weapon, inflicting bodily harm, allowing animals to attack, physically detaining an employee against his/her will, and/or tearing employee's clothing.

Rule 2 – Description of Natural Gas Service

A. GENERAL

1. The character of service available at any particular location should be ascertained by inquiry at the Utility office.

2. The Rate Schedules included herein are applicable for service where the Customer purchases its entire natural gas requirement from the Utility, except where such schedules specifically provide otherwise and are not applicable where a part of the Customer's natural gas requirements are supplied from some other source.

3. The Rate Schedules included herein are applicable for service provided from the Utility's permanent, existing natural Gas Distribution System or in accordance with the provisions of Rules 15 and 16, except where schedules specifically provide otherwise.

B. KIND AND HEATING VALUE

1. The Utility receives transportation service through Southwest Gas Corporation, an investor-owned natural gas utility. The Utility purchases natural gas from various natural gas suppliers and the heating value of natural gas supplied will vary depending upon the natural gas fields being drawn upon. The average monthly heating value in British Thermal Units (BTU), dry basis, per Standard Cubic Foot of the natural gas served may vary within the limits of 0.750 to 1.150 Thousand BTU. This average heating value, as recorded by the Southwest Gas Corporation master Meter(s) at the point of connection with the Utility's Natural Gas Distribution System, represents the Energy Factor used in the billing process.

C. PRESSURES

1. Natural gas is supplied by the Utility either at standard "low pressure" or at "medium pressure." Low pressure service is available at all points where the Utility supplies natural gas. Where available from existing high pressure mains, and at the option of the Utility, high pressure service may be supplied. However, the Utility reserves the right to lower the pressure or discontinue the delivery of natural gas at high pressure.

a. The standard pressure for low pressure is seven inches (7") of Water Column (WC), which is approximately ¼ pound per square inch (psi) above atmospheric pressure.

b. Any pressure above 7" WC requires review and approval by the Utility and may not be immediately available upon request.

D. DETERMINATION OF THERMS TO BE BILLED

1. The unit of measure for billing purposes is the Therm as defined in Rule 1. The Utility's natural gas Meters measure volume of natural gas at ambient temperature and pressure conditions. Therms are derived from the Metered data by subtracting the Meter reading for the previous Billing Period from that of the current Billing Period to determine the uncorrected Read and then using the following calculation to apply the appropriate billing factors and multipliers:

$$\text{Therms} = \left[\frac{R \times MF \times PF}{SM} \right] \times EF$$

Where R = Read; MF = Meter Factor; PF = Pressure Factor; SM = Standard Multiplier; and EF = Energy Factor; all as defined in Rule 1.

E. ADDED FACILITIES

Added or Special Facilities are considered to be existing, enlarged, or new facilities installed and/or used by the Utility at the Customer's request in addition to, as enlargements of, as alternate to, or in substitution for, the standard facilities, which the Utility would normally install or use, and that represent additional costs to the Utility over normally installed facilities. Except where provided otherwise by Tariff Schedules, the installation of Added Facilities will be made, provided the type of Added Facilities requested is acceptable to the Utility and the Utility agrees to the installation of the Added Facilities, under the following conditions:

1. The Applicant for Added Facilities is also an Applicant for Permanent Service or is a Customer for Permanent Service at same location.

2. The Applicant/Customer executes an Added Facilities Contract ("AF Contract") with the Utility prior to the installation of the Added Facilities. In addition to providing for the Payment of charges as determined under the appropriate schedule, the AF Contract will provide for one of the following conditions:

a. Prior to the Utility installing Added Facilities, the Applicant/Customer shall pay the Utility for the Added Facilities and the cost of the installation of such facilities.

b. Prior to the Utility installing Added Facilities, the Applicant/Customer shall agree to pay a monthly charge to the Utility for the Added Facilities in the amount determined by the Utility based upon the added investment and maintenance of the facilities as described in the AF Contract.

3. In the event that the Added Facilities are abandoned prior to five years from the date service is first rendered from the Added Facilities, the Utility will charge the

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Applicant/Customer the balance owed on the cost of installed Added Facilities, plus the cost of removal, less the estimated salvage of removable materials. All monthly charges shall be reviewed and readjusted when changes occur in the Utility's cost for providing such service.

F. METERING FACILITIES AS ADDED FACILITIES.

Metering Facilities which meet the definition of Added Facilities will be installed, owned, and maintained under the terms of and conditions of an AF Contract between the Utility and the Customer.

Rule 3 – Application for Service

A. APPLICATION FOR SERVICE

Each Applicant/Customer for natural gas service may be required to sign an application on a form provided by the Utility and upon request, will be required to furnish the following information:

1. Name of Applicant/Customer.
2. Date of application.
3. Location of Premises to be served.
4. Date Applicant/Customer will be ready to receive service.
5. Purpose for which natural gas service is to be used.
6. Applicant/Customer Mailing Address.
7. Whether Applicant/Customer is owner or tenant of, or agent for the owner or tenant of the Premises.
8. Information to establish credit of Applicant/Customer.
9. Information pertinent to the design, installation, maintenance or operation of facilities.
10. Such other information as the Utility may reasonably require.

Upon acceptance and approval of the application, the Utility agrees to furnish and the Applicant/Customer agrees to take natural gas service in accordance with the Utility's applicable Rate Schedule and the Rules and Regulations set forth herein. These Rules, Regulations and Rate Schedules constitute the terms and conditions of the agreement between the Utility and the Applicant/Customer for natural gas service provided by the Utility, unless agreed otherwise in writing.

The Utility may disconnect or refuse to provide service to the Applicant/Customer if the conditions upon the Premises to be served indicate that false, incomplete, or inaccurate information was provided to the Utility by Applicant/Customer, or when the acts of the Applicant/Customer or anyone on the Premises creates an unsafe situation for the City's employees, or the health and welfare of the general public. The Utility shall provide the Applicant/Customer the reason for such refusal.

B. SUPPLEMENTAL INFORMATION/DOCUMENTATION

Applicant/Customer will be required to acknowledge receipt of any relevant supplemental information/documents by initialing the appropriate space on the application form. Supplemental information/documents may include, but are not limited to, public awareness and emergency contact information, information regarding the Excess Flow Valve option and other information regarding natural gas service.

C. INDIVIDUAL LIABILITY FOR JOINT SERVICE

Two or more Persons who join in one application or contract for service shall be jointly and severally liable thereunder and shall be billed by means of a single periodic bill Mailed to the Person designated on the application to receive the bill.

D. CHANGE IN APPLICANT/CUSTOMER EQUIPMENT OR OPERATIONS

Applicants/Customers shall give the Utility a minimum of ten (10) business days advance written notice of the extent and nature of any material change in the size, character, or extent of the utilizing equipment or operations for which the Utility is or will be supplying service before making any such change. If, based on such notice, the Utility determines the need to enlarge existing facilities or install new facilities to accommodate Applicant/Customer changes, the Applicant/Customer shall be required to proceed in accordance with the provisions for Added or Special Facilities under Rule 2.E. If Applicant/Customer proceeds with material changes without providing the Utility with the required notice, or if Applicant/Customer fails to adhere to the required Added or Special Facilities provisions, the Utility reserves the right to discontinue service in accordance with Rule 11 based on unsafe operation of equipment, service that is detrimental to other customers and/or unauthorized use.

E. SERVICE CHARGE

1. The Utility will charge a service charge, as specified under Rule 20, for any service(s) established (connected) at any individual Premises.

2. The service charge provided for herein is in addition to the charges in accordance with the applicable Rate Schedule (see Appendix A) and may be charged each time an account is established. As used herein, "established" means each time an account is opened, including a turn on of natural gas service or a change of name that requires a Meter reading.

3. In the event the Applicant/Customer places a request for natural gas service to be established on a day when the maximum workload has already been scheduled, an additional service charge will apply as specified under Rule 20.

Rule 4 - Contracts

A. WHEN SERVICE CONTRACTS ARE REQUIRED

Service contracts may be required by the Utility as a condition precedent to establishment of service:

1. Where required by provisions contained in the Tariff Schedules, in which case the terms and conditions of the Tariff Schedules and the service contract will both apply (with the terms and conditions of the service contract governing in the event of a conflict); or

2. Where it is necessary to install a Distribution Main Extension in excess of a normal installation, in which case a contract to take or pay for service for a period of three (3) years may be required; except that, when Temporary Service is to be supplied under the provisions of Rule 13, the contract to take or pay for service will cover the period of contemplated operations, but in no event longer than a period of three (3) years.

B. WHEN FACILITIES CONTRACTS ARE REQUIRED

1. A contract or agreement to pay for the use, construction, installation, or removal of Service Facilities ("Facilities Contract") will be required:

a. Where the provisions of the Tariff Schedules (including, without limitation Rules 2, 15 and 16) so specify, in which case the terms and conditions of the Tariff Schedules and the appropriate Facilities Contract will both apply (with the terms and conditions of the Facilities Contract governing in the event of a conflict); or

b. Where any Applicant/Customer desires new or increased distribution facilities for Temporary Service, in which case the Utility may require such Person to pay to the Utility, in advance or otherwise, the estimated cost installed, plus the estimated cost of removal, less the estimated salvage of the facilities necessary for furnishing service in accordance with provisions of Rule 13; or

c. Where a Person, whether or not an Applicant/Customer, desires to have the Utility modify, rearrange, relocate, or remove any of its facilities. The Utility, if it agrees to make such changes, shall require the Person at whose request the changes are made, to pay, in advance or otherwise, the cost to the Utility of making the changes.

2. Prior to the commencement of any facilities construction, installation, removal, modification, rearrangement or relocation work (whether such work is to be performed by the Applicant/Customer, the Utility, or both the Applicant/Customer and the Utility), all Applicants/Customers shall be required to execute a Facilities Contract in the form provided by the Utility. Such Facilities Contracts will specify the costs, Payment arrangements, division of

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labor/responsibilities, design requirements, equipment, conveyance of ownership of facilities, contractor qualifications, and such other terms and conditions as the Utility may require.

Rule 5 – Special Information Required on Forms

A. UTILITY BILL

The following statements will be printed on each Utility bill:

“PROCEDURES FOR PROCESSING PAYMENT OF DISPUTED UTILITY BILL:

Should you have a question regarding this bill, please request an explanation from the Utility, within ten (10) business days after receiving the bill. Your request may be made by telephone (760-243-6340) or in writing (Customer Service Manager, Utility Services Department, P.O. Box 5001, Victorville, CA 92353-5001). If, after you receive the explanation from Customer Service (which explanation may be given in writing or by telephone depending on the manner in which the request was made), you still believe you have been billed incorrectly, you have ten (10) business days from the date you receive the explanation from Customer Service to send your entire remittance (payable to the City of Victorville) with the bill and a written statement setting forth the reasons why you believe the bill is not correct to the Director or designee, City of Victorville, P.O. Box 5001, Victorville, California 92353-5001, to avoid discontinuance of service. Upon timely receipt of the written statement, the Director or designee will review the basis of the billed amount and communicate the results of the review and decision to you in writing. If the matter is not satisfactorily resolved by the Director or designee, you may request a review by the City Manager by sending a written statement to: City Manager, City of Victorville, P.O. Box 5001, Victorville, California 92393-5001, within five (5) business days after receiving the decision of the Director or designee. Upon timely receipt of this written statement, the City Manager will make his determination and communicate said determination to you in writing. If you are not satisfied with the findings of the City Manager, you may appeal to the City Council using the procedure set forth in Rule 10.G. In the absence of a timely filed appeal, the decision of the Director or designee will be final.”

B. DISCONTINUANCE OF SERVICE NOTICE (Final Notice)

The following statements will be printed on each discontinuance of service notice:

“If payment is not received by 5:00 p.m. on the date shown above, your service may be disconnected without further notice. Full payment of the bill, plus any reconnection charges, will be required prior to any restoration of services. A deposit may be required to reestablish your credit, whether or not service is disconnected for non-payment.”

“Tampering with meter or unauthorized breaking of a meter seal constitutes a misdemeanor subject to the provisions of Chapter 1.04 of the Victorville Municipal Code. Charges for equipment replacement must be paid in advance of restoring the service.”

Rule 6 – Establishment and Reestablishment of Service

A. ESTABLISHMENT OF CREDIT – ALL CLASSES OF SERVICE

Each Applicant/Customer for natural gas service will be required to satisfactorily establish credit that will be deemed established upon qualifying under any one of the following:

1. If Applicant/Customer makes a cash deposit to secure Payment of bills for service in the amount prescribed in Rule 7; or

2. If Applicant has been a Customer of the Utility for a similar type of service within the past two years, service was not disconnected due to non-Payment or theft of service, any closing bill was paid within 30 days of the date of issuance, and the last twelve consecutive Billing Periods of that prior service reflected a credit rating of “Good” (no more than one Final Notice), provided that the periodic bill for such previous service was equal to at least 50 percent of that estimated for the new service and provided further, that the credit of the Applicant/Customer is unimpaired in the opinion of the Utility; or

3. If Applicant/Customer furnishes an acceptable alternative to a cash deposit, namely a certificate of deposit, or an irrevocable standby letter of credit in an amount equal to or greater than the required deposit; or

4. If Applicant/Customer’s credit is otherwise established to the satisfaction of the Utility.

B. RE-ESTABLISHMENT OF CREDIT – ALL CLASSES OF SERVICE

1. An Applicant who previously has been a Customer of the Utility and whose service has been discontinued by the Utility one or more times during the past twelve (12) Billing Periods of that prior service because of non-Payment of bills, may be required to reestablish credit by depositing the amounts prescribed in Rule 7 for that purpose.

2. An Applicant who previously has been a Customer of the Utility and who failed to pay its closing bill within thirty (30) days of the Date of Presentation may be required to re-establish credit by depositing the amounts prescribed in Rule 7 for that purpose.

3. A Customer who fails to pay bills before they become past due as prescribed in Rule 11.A, and further fails to pay such bills by the date indicted on a discontinuance of service notice for non-Payment of bills, may be required to pay said bills and re-establish credit by depositing the amount prescribed in Rule 7. This Rule will apply regardless of whether or not service has been discontinued for such non-Payment.

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4. A Customer may be required to re-establish credit in accordance with Section 6.A above in case the conditions of service or basis on which credit was originally established have, in the opinion of the Utility, materially changed.

Rule 7 – Deposits

A. GENERAL

Deposits will be required when a Customer is otherwise unable to satisfactorily establish or re-establish credit as set forth in Rule 6.

B. AMOUNT OF DEPOSIT

The amount of deposit required to establish or re-establish credit for natural gas service is twice the maximum monthly bill as estimated by the Utility, but in no case shall the deposit amount be less than the minimum deposit as set forth in Rule 20.

C. RETURN OF DEPOSIT

1. Upon discontinuance of service, the Utility will refund the Customer's deposit or the balance in excess of the unpaid bills for service, except the City shall not be required to refund any advanced deposit balance where the cost to the City for processing such refund, which is herewith determined to be five dollars (\$5.00) exceeds said advanced deposit balance.

2. After the Customer has paid bills for service for 12 months and has maintained a "Good" credit rating (no discontinuance of service notices), or after 24 months and has maintained a Fair credit rating (no more than one final discontinuance of service notices), or has an otherwise unimpaired credit rating, the Utility will refund the deposit. If the Customer fails to meet the criteria for return of the deposit, the deposit will be held by the Utility until the Customer meets the criteria described above.

3. The Utility may return the deposit at any time upon request, provided the Customer's credit may otherwise be established in accordance with Rule 6.

Rule 8 – Notices

A. NOTICES TO CUSTOMERS

When notices from the Utility to a Customer are required, they will normally be given in writing, either Mailed to the address specified in the Customer's application for service or to any address subsequently specified by the Customer, hand-delivered to Customer or posted in the local newspaper of record. However, in the case of an emergency, the Utility may give notices in the manner most suitable under the existing conditions (radio, TV, telephone, etc.).

B. NOTICES FROM CUSTOMERS

Notices from a Customer to the Utility may be given by written communication Mailed to the Utility's office or may be given orally by the Customer or the Customer's authorized agent at the Utility's office except when written notice is specifically required in Tariff Schedules or in any written agreement.

Rule 9 – Rendering and Payment of Bills

A. RENDERING OF BILLS

1. Billing Period.

Bills for natural gas service will be rendered monthly, or as otherwise provided in the Tariff Schedules.

2. Metered Service.

a. Bills for metered service will be based on Meter registrations. Meters will be read manually as required for the preparation of regular bills, opening bills and closing bills.

b. If, because of unusual conditions or for reasons beyond its control, the Utility is unable to read the Meter on the scheduled reading date, the Utility may bill the Customer and/or those deriving the benefit of service, for estimated consumption during the Billing Period and make any necessary corrections when a reading is obtained.

(1) Estimated consumption for this purpose will be calculated considering the Customer's prior usage, the Utility's experience with other Customers of the same class in that area and the general characteristics of the Customer's operations. Adjustments for any underestimation or overestimation of a Customer's consumption will be reflected on the first regularly scheduled bill rendered and based on an actual reading following any periods when estimation was required.

(2) When a service start date can be reliably estimated, the undercharge can be computed back to that date, notwithstanding the provisions of Rule 17. Access to the Meter, sufficient to permit its being read shall be provided by the Customer as a prerequisite to the Utility making any adjustment of consumption billed on an estimated basis.

3. Unmetered Service.

A flat rate may be applied upon request (in writing) where the Applicant/Customer for service has a fixed Connected Load to be operated over a fixed number of hours during a Billing Period, and where the following conditions are met:

a. Provision has been made to prevent any additional consumption on the service.

b. The point of interconnection of the service is approved by the Utility.

c. Such service may be supplied under any appropriate Rate Schedule at the Utility's Operating Convenience and all conditions of the Rate Schedule shall apply.

4. Pro rata Computation.

All bills for natural gas service rendered will be computed in accordance with the applicable Rate Schedule and any flat monthly charges, such as the Meter fee, will be prorated on the basis of the ratio of the number of days service has been rendered to the number of days in the Billing Period, unless otherwise provided in the Tariff Schedules.

B. READINGS OF SEPARATE METERS NOT COMBINED

For the purpose of billing, each Meter upon the Customer's Premises will be considered separately, and the readings of two or more Meters will not be combined, except as follows:

1. Where combinations of Meter readings are specifically provided for in the Tariff Schedules.
2. Where the Utility's Operating Convenience requires the use of more than one Meter.

C. PAYMENT OF BILLS

1. All bills are due upon receipt and are considered past due if not paid within nineteen (19) days of the Date of Presentation. Accepted methods of Payment include checks sent via the U.S. Mail to the address on the Payment stub; checks, money orders or cash paid at the City of Victorville, Finance Department; or any other means mutually agreeable to the Utility and the Customer.

2. Bills for connection or reconnection of service and Payments for deposits or to reinstate deposits as required under the Rules and Regulations of the Utility shall be paid before service will be connected or reconnected.

D. RETURNED CHECK CHARGE

The Utility may require Payment of a returned check charge.

E. LATE PAYMENT CHARGE

A late Payment charge may be applied to the total unpaid balance of a Customer account if the Customer's Payment is not received by the date indicated on the Customer account bill or summary bill.

F. RULE 20 CONTAINS THE ABOVE REFERENCED FEES AND CHARGES.

Rule 10 – Billing Discrepancies

A. Customers who feel that their bill is in error should first contact Customer Service by phone or in writing within ten (10) business days after receiving the bill to attempt to resolve the disputed bill. Failure to do so will authorize discontinuance of service in accordance with Rule 11. Customer Service contact information can be found on the Customer bills (see also Rule 5).

B. If, after contact with Customer Service, the Customer believes the bill is still incorrect, the Customer must, within ten (10) business days after receiving the explanation from Customer Service, send his/her remittance for the entire amount of the disputed bill (payable to the City of Victorville) along with a written statement setting forth the reasons why the Customer believes the bill is incorrect to the Director or designee, P.O. Box 5001, Victorville, CA 92353-5001. The explanation from Customer Service shall be provided in writing if the Customer makes a written inquiry and by phone if the Customer makes its bill inquiry by phone.

C. Failure of the Customer to file a written statement with the Director or designee within ten (10) business days after receipt of the explanation from Customer Service will constitute acceptance by the Customer of the bill as rendered, and authorize discontinuance of service in accordance with Rule 11.

D. Upon timely receipt of the written statement, the Director or designee will review the basis of the billed amount, and communicate the results of the review and decision to the Customer in writing.

E. If, before completion of the review by the Director or designee, additional bills become due that the Customer wishes to dispute, the Customer will not be required to file the dispute with Customer Service, as stated in Section 10.A above, but will be required to send his/her remittance (payable to the City of Victorville) for the entire amount of the additional bills disputed to the Director or designee and file additional written statements within ten (10) business days after receipt of such bills setting forth the reasons why the Customer believes the additional bills are incorrect. Failure to do so will authorize discontinuance of service in accordance with Rule 11.

F. If the billing dispute is not satisfactorily resolved with the Director or designee, the Customer may request a review by the City Manager by sending a written statement to: City Manager, City of Victorville, P.O. Box 5001, Victorville, California 92393-5001, within five (5) business days after receiving the written decision of the Director or designee. Upon timely receipt of this written statement, the City Manager will make his determination and communicate said determination to the Customer in writing.

G. If the Customer is not satisfied with the findings of the City Manager, the Customer may appeal to the City Council. The appeal must be submitted in writing to the Victorville City Clerk, together with the reasons for the dispute within ten (10) business days following mailing of the

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City Manager's determination. In the absence of a timely filed appeal, the City Manager's determination will be final. Upon receipt of a timely appeal, the matter will be reviewed by the City Council within 45 days of receipt. A written decision of the City Council shall be delivered to the Customer by personal delivery or certified mail within fifteen days following the appeal hearing.

Rule 11 – Discontinuance & Restoration of Service

A. PAST DUE BILLS

Bills rendered are due upon receipt but will be considered past due if not paid within nineteen (19) days after the Date of Presentation.

B. DISCONTINUANCE OF SERVICE/SHUT OFF NOTICE

A Customer's natural gas service may be discontinued for non-Payment of a bill for service previously rendered to such Customer at any location served by the Utility, if such bill is not paid within fifteen (15) days after a notice is Mailed to Customer advising that present service will be discontinued for non-Payment of such bill for prior service.

C. NON-PAYMENT OF BILLS

1. When a bill for natural gas service has become past due and a past due notice and final discontinuance of service notice have been issued, service may be discontinued if the bill is not paid within the time required by such notice.

2. Any Customer who contests a bill and has initiated a complaint or requested an investigation within ten (10) days of receiving said bill shall not have service discontinued for non-Payment during the pendency of an investigation by the Utility of such Customer's dispute or complaint, provided the Customer also keeps current the account for natural gas services as charges accrue in each subsequent Billing Period. Services shall not be discontinued for non-Payment for any Customer complying with an amortization (Payment plan) agreement entered into with the Utility, provided the Customer also keeps current the account for natural gas services as charges accrue in each subsequent Billing Period. If a Customer fails to comply with an amortization agreement, the Utility will give a seven-day (7-day) discontinuance of service notice before discontinuing services, but such notice shall not entitle the Customer to further investigation by the Utility.

3. If a Customer is receiving natural gas service from the Utility through more than one Meter, any or all services may be discontinued when any one service, regardless of location, is discontinued for non-Payment.

4. Under no circumstances may service be discontinued for non-Payment of a bill issued by the Utility to the Customer to correct previously-billed incorrect charges if the time period associated with the incorrect charges exceeds three months and/or the Customer is complying with an associated amortization (Payment plan) agreement established with the Utility, unless such incorrect charges have resulted from the Customer not abiding by the Tariff Schedules.

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5. Bills collected on the Premises by a field Utility representative shall include a collection fee which is contained in Rule 20.

6. On any Saturday, Sunday, legal holiday recognized by the City, or at any time during which the business office of the City is not open to the public, service will not be discontinued by reason of delinquency in Payment for natural gas services.

D. UNSAFE EQUIPMENT

The Utility may refuse or discontinue service to a Customer if any part of the Customer's line or other equipment, or the use thereof, shall be determined by the Utility to be unsafe or in violation of these Rules and Regulations, or other applicable laws, ordinances, rules or regulations of the City or other public authorities having jurisdiction over Customer, or if any condition existing upon the Customer's Premises shall be thus determined to endanger the Utility's Service Facilities, until such equipment or use shall have been put in a safe condition and/or the violation remedied.

The Utility does not assume any responsibility for inspecting or repairing the Customer's piping or other equipment or any part thereof and assumes no liability therefor.

E. SERVICE DETRIMENTAL TO OTHER CUSTOMERS

The Utility will not provide service to equipment, the operation of which will be detrimental to the service of the Utility or its other Customers, and will discontinue natural gas service to any Customer who shall continue to operate such equipment after having been given notice by the Utility to cease so doing.

F. UNAUTHORIZED USE

The Utility may discontinue service if the acts of the Customer or the conditions suffered or permitted by Customer to exist on the Customer's Premises indicate an intent to deny the Utility full compensation for services rendered, including, but not limited to, Meter tampering or unauthorized use of natural gas service. Discontinuance of service for non-Payment of a bill for unauthorized use shall be in accordance with the provisions of Section 11.B of this Rule, "Discontinuance of Service/Shut Off Notice." A fee will be collected for the investigation of acts of unauthorized use or tampering, as referenced in Rule 20.

G. FAILURE TO ESTABLISH OR RE-ESTABLISH CREDIT

If, for Applicant/Customer convenience, the Utility should provide service before credit is established or should continue service to a Customer when credit has not been reestablished in accordance with Rule 6, and the Applicant/Customer fails to establish or re-establish credit, the Utility may discontinue service.

H. NONCOMPLIANCE

Except as otherwise specifically provided in this Rule, the Utility may discontinue service to a Customer for noncompliance with Tariff Schedules, if, after written notice of at least five (5) days, the Customer has not complied with the notice. The Utility may dispense with the giving of such notice in the event there exists, in the Utility's opinion, a dangerous condition thus rendering the immediate discontinuance of service to the Premises imperative.

I. CUSTOMER'S REQUEST FOR SERVICE DISCONTINUANCE

When a Customer desires to terminate responsibility for service, the Customer shall give the Utility not less than two (2) business days' written notice of this intention, which notice shall state the date on which the Customer wishes the termination to become effective and provide the Utility with the address to which the closing bill should be Mailed. A Customer may be held responsible for all service furnished at the Premises until two (2) days after receipt of such notice by the Utility or until the date of termination specified in the notice, whichever date is later.

J. RESTORATION – RECONNECTION CHARGE (SERVICE CALL FEE)

The Utility will require Payment of a reconnection charge for each incident in which the service(s) were disconnected before restoring service that has been disconnected for non-Payment of bills or for failure to otherwise comply with the Tariff Schedules. If service(s) has been illegally restored or Utility's facilities have been damaged due to tampering, the Customer must pay all damage charges prior to reconnection. The Customer and/or any beneficiary of illegally restored service are responsible for all damage charges whether or not service is reconnected.

If the Customer requires service on a day when maximum workload has been scheduled, an additional charge will be made.

K. UNSAFE ENVIRONMENT

If the Customer or anyone on the Customer's Premises inflicts Violence, as defined in Rule 1, or threatens with present ability to inflict Violence upon an employee of the Utility or the Utility's subcontractors or agents, the Utility may discontinue service to a Customer after written notice of at least five (5) days. The discontinuance of service may be avoided if the Customer agrees to meet with the Director or designee and/or law enforcement and the Customer agrees to cease engaging in any act(s) of Violence.

L. RULE 20 CONTAINS THE ABOVE REFERENCED FEES AND CHARGES.

Rule 12 – Rates and Optional Rates

A. EFFECTIVE RATES

The rates charged by the Utility for natural gas service are those on file with the Utility, legally in effect and specified in Appendix A. A copy of the complete Tariff Schedules, as adopted by the City Council from time to time, shall be maintained for public inspection in the Office of the City Clerk or in the Victorville Municipal Utilities Administration Department.

B. OPTIONAL RATES

1. Where there are two or more Rate Schedules, rates, or optional provisions applicable to the class of service requested by the Applicant/Customer, the Utility or its authorized employees will call to Applicant/Customer attention, at the time application is made, the several schedules, and the Applicant/Customer must designate which Rate Schedule, rate, or optional provision Applicant/Customer desires. When the Customer notifies the Utility of any material change in the size, character, or the extent of its utilization of equipment or operations, in accordance with Rule 3.D, the Utility will, within a reasonable time, advise the Customer of the resulting rate options. In the absence of the Notification provided for in Rule 3.D, the Utility assumes no responsibility for advising the Customer of lower optional rates under other existing schedules, rates, or optional provisions available as a result of the Customer's changes in equipment or operations.

2. When an Applicant/Customer for new service has applied for service under a mutually agreed upon Rate Schedule, the Rate Schedule will remain in effect for a minimum of three (3) Billing Periods to determine the accuracy of the application of the rate.

C. NEW OR REVISED RATES

Should new or revised rates be established after the time application is made, the Utility will, within a reasonable time, use such means as may be practicable to bring them to the attention of those of its Customers who may be affected thereby.

D. CHANGE OF RATE SCHEDULE

1. A change to another applicable Rate Schedule, rate, or optional provisions will be made only where the Customer elects to make such change, or where, in the opinion of the Utility, another Rate Schedule is more applicable.

2. Should a Customer so elect, the Rate Schedule change will be made, provided:

a. A change has not been made effective during the past 12-month period;

or

b. The change is made to, or from, a new or revised Rate Schedule; or

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c. There has been a change in the Customer's operating conditions for that service which, in the opinion of the Utility, justifies the change; and

d. The change is not made more often than once in any twelve month (12 month) period where service is being supplied under a Rate Schedule containing an annual fixed charge or an annual minimum charge; and

e. The Customer has made the request by written notice to the Utility.

3. The change will become effective for the Billing Period during which the Customer has requested the change and is not subject to a retroactive adjustment except when such change is the result of a Utility error, in accordance with Rule 17.D.

E. CHANGE OF LAW ADJUSTMENT FACTOR (CLAF)

Change in Law means any change, modification, revision, or adoption of: (1) any law, rule, regulation, order, writ, judgment, decree, resolution, ordinance, or other legal or regulatory determination by any court, regulatory agency or governmental authority of competent jurisdiction; or (2) any law, rule, regulation, order, writ, judgment, decree, resolution, ordinance, or other legal or regulatory determination, or interpretation thereof, which has been adopted, enacted, released or promulgated, which results in either partial or wholly new or different application of a pre-existing law. The CLAF is a charge or credit per Therm which is used to adjust the Utility's natural gas rates for the impact of Changes in Law that would materially change the Utility's revenue or expenses.

The CLAF as set forth in the Rate Schedule shall be applied to each Therm sold on and after the effective date, or also set forth below, and continuing thereafter until a new CLAF becomes effective. The amount to be added to or subtracted from each bill due to the CLAF shall be calculated by multiplying the number of Therms for which the bill is rendered by the applicable CLAF.

The CLAF, which may be either positive or negative, will be reviewed and revised quarterly to reflect actual changes in excess of a plus or minus ten percent (10%) of the amount stated in the Rate Schedule. The City Council shall have the responsibility for establishing the CLAF and its effective date.

F. INTERCONNECTION

Unless otherwise stated in the Rate Schedule, the Rate Schedules of the Utility are applicable only for service supplied entirely by the Utility without Customer interconnection with any other source of supply.

Rule 13 – Temporary Service

A. ESTABLISHMENT OF TEMPORARY SERVICE

If no undue hardship to its existing Customers will result therefrom, the Utility shall furnish Temporary Service under the following conditions:

1. The Applicant/Customer shall pay, in advance or as otherwise required by the Utility, the estimated cost of installation, plus the estimated cost of removal, less the estimated salvage value of the any facilities necessary for furnishing Temporary Service.

2. The Applicant/Customer shall establish credit as required by Rule 6, except that the amount of deposit prescribed in Rule 7 shall not exceed the estimated bill for the duration of the Temporary Service.

3. If service is requested to any structure not of a permanent construction with a foundation, or which can be classified as removable, such as trailers, sheds, etc., such structures shall be determined to be temporary and service to such structures shall be considered Temporary Service which is subject to the terms, conditions and requirements set forth in this Rule.

4. Temporary Service for construction purposes shall be discontinued to the Applicant/Customer and removed if such service is used for other than the intended purpose. With the Utility's approval, Temporary Service may be used for non-construction purposes when all applicable safety and construction codes are adhered to.

Rule 14 – Continuity of Service

A. SHORTAGE OR INTERRUPTION OF DELIVERY

1. The Utility will exercise reasonable diligence to furnish a continuous and sufficient supply of natural gas to its Customers and minimize the occurrence of shortages, interruptions, or other natural gas delivery problems; however, the Utility cannot and does not guarantee a continuous or sufficient supply, or freedom from such conditions that may affect the quality, pressure or supply of natural gas.

2. The Utility will not be liable for interruptions or shortages of natural gas supplied, nor for failure to supply a continuous or sufficient supply of natural gas, nor will it be liable for variations in the quality of natural gas supplied, nor for damage or loss occasioned by such failure to supply, or by shortages, interruptions, or other natural gas delivery problems.

3. Whenever in the operation of the Utility's Natural Gas Distribution System, interruption in the delivery of natural gas to Customers results from or is occasioned by causes other than the exercise by the Utility of its right to suspend temporarily the delivery of natural gas for the purpose of making repairs or improvements to its system, notice of any such interruption will not be given to the Customers of the Utility, but the Utility will exercise reasonable diligence to reinstate delivery of natural gas.

B. TEMPORARY SUSPENSION FOR REPAIRS

1. The Utility shall have the right to temporarily suspend the delivery of natural gas whenever the Utility shall find such temporary suspension is necessary for the purpose of making repair or improvements to its Natural Gas Distribution System. In all cases, as reasonable advance notice thereof as circumstances will permit will be given by the Utility to the Customer, and the making of such repairs or improvements will be prosecuted as rapidly as may be practicable consistent with prudent Utility practices; and, to the extent practicable and consistent with prudent Utility practices the inconvenience to the Utility's Customers will be minimized.

2. When it is necessary to suspend temporarily the delivery of natural gas for repairs or improvements to the system in accordance with Section B.1 of this Rule (above), and the Customer requests that such suspension of service occur at other than during normal Utility working hours, the Utility reserves the right to receive advance Payment from the Customer for the total estimated labor-related costs to be incurred by the Utility for performing the work during non-regular Utility work hours. The Customer shall also pay any additional cost actually incurred in excess of the estimated costs.

C. APPORTIONMENT OF SUPPLY DURING TIME OF SHORTAGE

Should a shortage of supply ever occur, the Utility will apportion its available supply of natural gas among its Customers as authorized or directed by the Director or designee in the manner which he/she determines, at his/her discretion, to be equitable under conditions then prevailing. The decision of the Director or designee shall be final in such matters.

Rule 15 – Natural Gas Distribution Main Extensions

A. GENERAL

This Rule is applicable to natural gas Distribution Main Extensions necessary to furnish Permanent Service to Applicants/Customers that will be installed by the Utility in accordance with the following provisions:

1. The Utility will be responsible for planning, designing, and engineering Distribution Main Extensions using the Utility's standards for materials, design, and construction. Applicant/Customer shall pay the Utility's charges as set forth in the Facilities Contract for providing the planning, designing and engineering services.

2. The Distribution Main Extension facilities installed under the provisions of this Rule, shall be owned, operated, and maintained by the Utility.

3. The Utility shall not be required to serve any Applicant/Customer from Distribution Main Extension facilities that are not owned, operated, and maintained by the Utility.

4. The Utility shall not be required to connect Service Facilities to or serve any Applicant/Customer from Distribution Main Extension facilities that are not owned, operated, and maintained by the Utility.

5. Distribution Main Extension Locations

a. The Utility will own, operate and maintain Distribution Main Extension facilities only along public streets, alleys, roads, highways and other publicly dedicated ways and places that the Utility has the legal right to occupy; and on public lands and private property across which rights-of-way and permits satisfactory to the Utility may be obtained without cost to or condemnation by the Utility.

b. The length and normal route of a Distribution Main Extension will be determined by the Utility and considered as the distance along the shortest, most practical, available and acceptable route that is clear of obstructions from the Utility's nearest permanent and available Natural Gas Distribution System to the point from which the Service Facilities will be connected.

6. Any Special or Added Facilities the Utility agrees in writing to install under an AF Contract at the request of Applicant/Customer will be installed at the expense of the Applicant/Customer in accordance with Rule 2.

In accordance with the Pipeline Inspection, Protection, Enforcement and Safety Act of 2006; the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011; and Title 49, Section 192.383 of the Code of Federal Regulations, the installation of an Excess Flow Valve

shall be performed by the Utility at the request of the Customer subject to the feasibility of such installation, and subject to the Customer assuming responsibility for all costs associated with such installation.

7. Facilities installed for Temporary Service or for operations of speculative character or questionable permanency shall be made in accordance with the fundamental installation and ownership provisions of this Rule and the provisions of Rule 13.

8. Service Facilities connected to the Distribution Mains to serve the Applicant/Customer Premises will be installed, owned and maintained as provided in Rule 16.

9. Each Applicant/Customer requesting a Distribution Main Extension shall be required to execute a written Facilities Contract with the Utility and pay the Utility for all charges and fees specified therein, and for such other charges and fees as may be required by applicable provisions of the Tariff Schedules, prior to the Utility performing its work on the Distribution Main Extension.

B. INSTALLATION OF DISTRIBUTION MAIN EXTENSIONS

1. In accordance with the Utility's design, specifications and other requirements, Utility is responsible for:

a. Excavation. All necessary trenching, backfilling, compacting and furnishing of imported or suitable natural backfill material as required and proper disposal of trench spoil as required and other digging as required;

b. Protective Structures. Furnishing and installing all necessary Protective Structures;

c. Furnishing and installing Distribution Main, Valves, Regulators and other distribution equipment required to complete the Distribution Main Extension. Applicant/Customer shall bear the Utility's costs of providing the inspection services, equipment and labor/installation specified in the preceding sentence; and

d. Providing inspection service to verify Applicant/Customer performance of any work mutually agreed upon to be completed by Applicant/Customer pursuant to Section B.2 of this Rule, below.

2. Applicant/Customer-Performed Work. Where requested by Applicant/Customer and mutually agreed upon in a Facilities Contract, Applicant/Customer may install that portion of a new Distribution Main Extension normally installed by the Utility (see Section B.1, above), in accordance with the provisions of Rule 15.D - "Applicant/Customer Installation Options".

C. CONTRIBUTIONS OR PAYMENTS BY APPLICANT/CUSTOMER.

1. Contributions or Payments by an Applicant/Customer to the Utility for the installation of a Distribution Main Extension to receive natural gas service consist of items such as cash Payments, the value of facilities deeded to the Utility, and the value of work performed by Applicant/Customer.

2. Project-Specific Cost Estimates. The Utility's total estimated installed cost will be based on a project-specific cost estimate and set forth in the Facilities Contract executed by the Applicant/Customer and the Utility.

3. The Applicant/Customer shall contribute or pay, before the start of the Utility's construction, the following:

a. The Utility's estimated value of Excavation and Protective Structures required by the Utility for the Distribution Main Extension under Section B.1 of this Rule, above; plus

b. The estimated installed cost of any necessary Distribution Main, Valves, Regulators and other distribution equipment installed by the Utility to complete the Distribution Main Extension.

c. After final design of the distribution facilities, the Utility will notify the Applicant/Customer of the estimated cost of any extra facilities or special requirements to be done at the request of the Applicant/Customer (e.g., Added Facilities). Extraordinary facilities or service provisions will be handled under Rule 2, "Description of Natural Gas Service".

4. The total Contribution or advance Payment from a group of Applicants/Customers will be apportioned among the members of the group in such manner as they may mutually agree.

5. If the loads provided by Applicant/Customer result in the Utility having paid for and installed facilities that are in excess of those needed to serve the actual loads and the Utility elects to reduce such excess facilities, the Applicant/Customer shall pay the Utility its estimated total costs to remove, abandon, or replace the excess facilities, less the estimated salvage of any removed facilities. Conversely, if the loads provided by Applicant/Customer result in damage to the facilities installed relative to the Distribution Main Extension and/or require upgrades to accommodate actual loads, the Applicant/Customer shall pay the Utility its estimated totals costs to replace or upgrade such facilities.

D. APPLICANT/CUSTOMER INSTALLATION OPTIONS

1. The Distribution Main Extension work normally performed by the Utility under Section B.1 of this Rule (above) may be performed by the Applicant/Customer Qualified Contractor(s) (as defined below) in accordance with the Utility's design and specifications.

Under this option, a fully-executed Facilities Contract is required prior to the commencement of any work. The Facilities Contract required under this option shall include, without limitation, the following provisions:

a. That upon inspection and acceptance by the Utility of the Applicant/Customer installed Distribution Main Extension facilities, ownership of all such facilities will transfer to the Utility.

b. That Applicant/Customer shall pay to the Utility all the Utility's costs associated with the Distribution Main Extension, including the estimated costs of design, administration, and installation of any Added Facilities and labor necessary to complete the Distribution Main Extension.

c. That Applicant/Customer shall pay to the Utility the cost of inspection.

d. That only duly authorized employees of the Utility or Qualified Contractors authorized by and subject to inspection and supervision by the Utility, are allowed to connect to, disconnect from, or perform any work upon the Utility's facilities.

e. That installation may only be performed by contractors/subcontractors approved in advance by the Utility, whose work is subject to inspection and supervision by the Utility, and which meet requirements, including without limitation, the following ("Qualified Contractor(s)"):

(1) Are currently licensed by the state of California for each type of type of contracting or other work to be performed;

(2) Employ or utilize workers properly qualified and possessing the specific skills required to perform the work;

(3) Perform work in compliance with all applicable State, Federal, and local ordinances, laws and regulations, including without limitation, such rules and regulations promulgated by the Equal Employment Opportunity Commission, the California Department of Fair Housing and Employment, the Occupational Safety and Health Administration ("OSHA"), Cal/OSHA and the U.S. and California Environmental Protection Agencies;

(4) Possess technical competence, access to proper equipment, and demonstrated financial responsibility commensurate with the scope of the work to be performed under the Facilities Contract;

(5) Obtain or maintain adequate insurance coverage, in accordance with the levels established by the City's Risk Manager, including without limitation, workers' compensation, commercial general liability and property damage; and

(6) Have the ability to furnish a surety bond for performance of the work, if required.

2. Use of Qualified Contractor(s) will not constitute any warranty by the Utility, whether expressed or implied, regarding such Qualified Contractor(s) performance.

E. SPECIAL CONDITIONS

1. Any relocation or rearrangement of the Utility's existing facilities, at the request of, or to meet the convenience of an Applicant/Customer, which has been agreed to by the Utility, normally shall be performed by the Utility. In all instances, the Utility shall abandon or remove its existing facilities at the option of the Utility. Applicant/Customer shall be responsible for all costs associated with relocation, rearrangement, and removal work performed by the Utility, and the Applicant/Customer shall be required to enter into a Facilities Contract with the Utility prior to the performance of any work by the Utility.

2. Exceptional Cases – In unusual circumstances, when the application of these Rules and Regulations appears impractical or unjust, or the circumstances are not expressly covered by these Rules and Regulations, Applicant/Customer may refer the matter to the Director or designee for a special ruling or for the approval of special conditions that shall be agreed to in writing by the Applicant/Customer and the Utility prior to commencing construction. If the matter is not satisfactorily resolved with the Director or designee, the Applicant/Customer may request a determination from the City Manager using the procedure set forth in Rule 10.F. If the matter is not satisfactorily resolved by the City Manager, the Applicant/Customer may seek appeal to the City Council using the procedure set forth in Rule 10.G.

Rule 16 – Natural Gas Service Extensions

This Rule is applicable to both Utility Service Facilities (as further defined below) that extend from the Utility’s Distribution Main facilities to the Point of Delivery and service related equipment required of the Applicant/Customer on the Applicant/Customer Premises to receive natural gas service.

A. GENERAL

1. The Utility will be responsible for planning, designing, and engineering Service Extensions using the Utility’s standards for materials, design, and construction.

2. The Utility’s Service Facilities shall consist of all Utility-owned, service-related equipment between the Utility’s Distribution Main and the Point of Delivery, including connection fittings, Service Line, Valves, Regulators, Utility-owned Metering equipment, and other Utility-owned service related equipment.

3. Service Facilities installed under the provisions of this Rule shall be owned, operated and maintained by the Utility if they are located: (1) in the street, road or a public right-of-way area; (2) installed by the Utility on the Applicant/Customer Premises for the purpose of delivering natural gas energy to Applicant/Customer under Section D.2 of this Rule, below; or (3) installed by Applicant/Customer under other provisions of this Rule and conveyed to the Utility.

4. The Utility shall not be required to connect Service Facilities to or serve any Applicant/Customer from natural gas facilities that are not owned, operated, and maintained by the Utility.

5. Any Special or Added Facilities the Utility agrees to install at the request of the Applicant/Customer will be installed at the expense of the Applicant/Customer in accordance with Rule 2.

6. Facilities installed for Temporary Service or for operations of speculative character or questionable permanency shall be made in accordance with the fundamental installation and ownership provisions of this Rule and the provisions of Rule 13.

7. Each Applicant/Customer requesting service may be required to execute a written Facilities Contract with the Utility and pay the Utility for all charges and fees specified therein and such other charges and fees as may be required by applicable provisions of the Tariff Schedules, prior to the Utility performing its work to establish service. The Facilities Contract shall be in the form provided by the Utility and shall specify the size of the service connection desired, the property to be served, and the purpose for which the natural gas is to be used. The information supplied by the Applicant/Customer shall be considered as authoritative and final. If any error in the application causes the installation of a service

connection that is improper either in type, size or location, the cost of all changes required to correct the connection shall be paid by the Applicant/Customer.

8. Whenever the Utility's Natural Gas Distribution System is not complete to the point designated by the Utility where the Service Extension is to be connected to the Utility's Natural Gas Distribution System, the extension of Distribution Main facilities will be installed in accordance with Rule 15.

9. Rights-of-way or easements may be required by the Service Facilities on the Applicant/Customer property to serve only the Applicant/Customer.

a. If the Service Facilities must cross property owned by a third party to serve the Applicant/Customer, the Utility may, at its option, install such Service Facilities after appropriate rights-of-way or easements, satisfactory to the Utility, are obtained without cost to the Utility; or

b. If the Utility's facilities installed on the Applicant/Customer property or third-party property, will be or are designed to serve adjacent property, then the Utility may, at its option, install its facilities under Rule 15, after appropriate rights-of-way or easements, satisfactory to the Utility, are obtained without cost to the Utility.

c. Any necessary rights-of-way or easements for the Utility's facilities shall have provisions to maintain legal clearances from adjacent structures.

d. The Customer shall exercise reasonable care to prevent the facilities of the Utility upon the Premises from being damaged or destroyed, and shall not relocate or otherwise interfere with them, and, if any defect is discovered shall promptly notify the Utility.

10. The Utility shall, at all times, have the right to enter and leave Applicant/Customer Premises for any purpose connected with the furnishing of natural gas service, including without limitation: Meter reading, inspection, testing, routine repairs, replacement, maintenance, emergency work, and the exercise of any and all rights secured to it by law or under the Utility's Tariff Schedules. These rights include, but are not limited to:

a. The use of a Utility-approved locking device, if the Applicant/Customer desires to prevent unauthorized access to the Utility's facilities;

b. Safe and ready access for Utility personnel free from unrestrained animals;

c. Unobstructed ready access for the Utility's vehicles and equipment to install, remove, repair, or maintain its facilities;

d. Removal of any and all of its property installed on the Applicant/Customer Premises after the termination of service.

11. Only duly authorized employees of the Utility, or Qualified Contractors (as defined in Rule 15.D.1.e, who are authorized by and whose work is subject to supervision and inspection by the Utility) are allowed to connect or disconnect service Pipe to or from the Utility's Distribution Main, remove Meters (unless otherwise allowed pursuant to Utility Tariff Schedules), remove Utility-owned Service Facilities, or perform any work upon Utility-owned existing facilities.

12. Due to the long lead time for engineering, material acquisition, crew scheduling and construction, application for service must be made as far in advance as possible. After receipt of fees, service charges, deposits and clearance from the inspection agency having jurisdiction over the facilities, the Utility shall endeavor to complete within a reasonable time the installation of the necessary facilities. However, neither the Utility or the City, nor any of their respective subcontractors, agents and/or employees shall be liable for any special, incidental, indirect, exemplary, consequential or other damages, including without limitation, loss of product, loss of profit or revenue, loss of use, costs of replacement supply, or delivery obligations as a result of any delay in completing the installation, even if the Utility has been advised of the possibility of such damages.

13. If, for any reason caused or requested by the Applicant/Customer, installation of a service cannot be accomplished during standard working hours, the Applicant/Customer shall pay in advance the estimated cost of the Utility overtime, to the extent that it exceeds any costs included in other charges.

14. The Utility shall be obligated to provide facilities adequate to serve only the load initially specified by the Applicant/Customer and connected by the Utility, regardless of the rating of the service equipment. Increased loads will be considered as new installations, and the Customer shall pay the net cost of any changes required and may be required to make specified changes in the Service Facilities or equipment to accommodate the increased load or the type of service to be supplied by the Utility.

B. METERING FACILITIES

1. General.

a. Delivery of all natural gas will be metered, unless otherwise provided for by the Utility's Tariff Schedules or by other applicable laws.

b. All Meters and associated metering equipment shall be located at some protected location on the Applicant/Customer Premises which location shall be approved by the Utility prior to installation.

2. Normally, only one Meter will be installed for a single non-residential enterprise on a single Premises, except:

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- a. When otherwise required or allowed under the Utility's Tariff Schedules; or
- b. At the option of and as determined by the Utility, for its Operating Convenience, consistent with its engineering design; or
- c. When required by law or local ordinance; or
- d. When additional services are granted by the Utility.

3. Natural Gas service shall be individually Metered to each tenant in a non-residential building or group of buildings or other development on a single Premises with multiple tenants or enterprises (such as, but not limited to, an office building or shopping center complex). Alternative Metering arrangements as determined by the Utility may be allowed only as specified in Rule 18 and applicable Rate Schedules.

4. All Utility Meters will be sealed by the Utility and no such seal shall be tampered with or broken, except by a representative of the Utility authorized to do so.

C. SERVICE FACILITIES

1. The location of the Service Facilities shall extend as described below:

a. Public Right-of-way Area: From the point of connection at the Distribution Main to the nearest Applicant/Customer property line abutting upon any street, highway, road, or right-of-way, along which it already has, or will install distribution facilities; and

b. Private Party: On private property, along the shortest, most practical and available route (clear of obstructions) as necessary to reach a Point of Delivery designated by the Utility.

2. The Utility will not normally provide more than one Service Lateral, including associated facilities, for any one building or group of buildings, for a Single Enterprise on a single Premises, except:

- a. Where otherwise allowed or required under the Utility's Tariff Schedules;
- b. At the option of and as determined by the Utility, for its operating convenience, consistent with its engineering design for different pressures and/or load demands or when replacing an existing service; or
- c. Where required by City ordinance or other applicable law.

The Utility may charge for additional services provided under this Section, as Special or Added Facilities.

3. Installation of natural gas service facilities for all new services shall be installed according to the Facilities Contract, applicable Tariff Schedules, laws, City ordinances, underground structure standards, and Utility plans and specifications supplied for each specific installation.

4. For additional approved Points of Delivery to serve another Applicant/Customer on the same or adjoining Premises, the Utility may install a branch service at the option of the Utility.

5. Where the Applicant/Customer requests another type of service connection, such as Service Stub or curb Meters and vaults, the Utility will consider each such request separately.

6. In cases where the Applicant/Customer building or facility is located a considerable distance from the available Distribution Main or where there is an obstruction or other deterrent obstacle or hazard, such as plowed land, ditches or inaccessible security areas between the Utility's Distribution Main and the building or facility to be served that would prevent the Utility from prudently installing, owning and maintaining its Service Facilities, the Utility may, at its discretion, modify the normal Point of Delivery location. In such cases, the Point of Delivery shall be at such other location on the Applicant/Customer property as may be mutually agreed upon; or, alternatively, may be located at or near the Applicant/Customer property line, as close as practical to the available Distribution Main.

7. INSTALLATION OPTIONS.

a. Utility-Performed Work. Where requested by the Applicant/Customer and mutually agreed upon in writing in a Facilities Contract with the Utility, the Utility may perform that portion of the new Service Extension work normally installed by the Applicant/Customer according to Section D.1 of this Rule (below), provided the Applicant/Customer pays the Utility its total estimated installed cost as set forth in the Facilities Contract.

b. Applicant/Customer-Performed Work. Where requested by the Applicant/Customer and mutually agreed upon in writing in a Facilities Contract, the Applicant/Customer may install that portion of a new Service Extension normally installed by the Utility under Section D.2 of this Rule (below), in accordance with the provisions of Section F of this Rule (below) – "Applicant/Customer Installation Options".

D. RESPONSIBILITIES FOR NEW SERVICE FACILITIES

1. In accordance with the Utility's design, specifications, and requirements for the installation of new Service Facilities, and further subject to the Utility's inspection and approval and the terms and conditions of the Facilities Contract, the Applicant/Customer is solely responsible for:

a. Providing (or paying for) a route on any private property that is clear of obstructions which would inhibit the construction of the Service Facilities.

b. Obtaining all required permits and paying all associated permit fees for work completed by the Applicant/Customer.

c. Design and Operation. The Applicant/Customer shall be solely responsible to plan, design, install, own, maintain, and operate facilities and equipment beyond the Point of Delivery in order to properly receive and utilize the type of natural gas service available from the Utility. Refer to Rule 2 for a description, among other things, of:

(1) Available service delivery pressures and the technical requirements and conditions to qualify for them;

(2) Heating values for natural gas;

(3) Delivery volume adjustments due to altitude.

d. The Applicant/Customer shall, at its sole liability, risk, and expense, be responsible to furnish, install, own, maintain, inspect, and keep in good and safe condition, all facilities of any kind or character on the Applicant/Customer Premises that are not the responsibility of the Utility, but are required by the Utility for the Applicant/Customer to receive natural gas service. Such facilities shall include, but are not limited to, natural gas pipe, valves, regulators, appliances, fixtures, and apparatus of any kind or character. Detailed information on the Utility's service equipment requirements will be furnished by the Utility.

e. The Utility shall incur no liability whatsoever, for any damage, loss or injury occasioned by:

(1) Applicant/Customer-owned equipment or the Applicant/Customer transmission and delivery of natural gas; or

(2) The negligence, lack of proper care, or wrongful act(s) of the Applicant/Customer or any agents, employees, contractors or licensees of the Applicant/Customer acting on behalf of the Applicant/Customer in installing, maintaining, using, operating, or interfering with any such pipes, valves, regulators, or apparatus.

f. The Applicant/Customer shall provide a suitable means acceptable to the Utility for placing its seals on Meters and related equipment. All Utility-owned Meters will be sealed only by the Utility's authorized employees and such seals shall be broken only by the Utility's authorized employees. However, in an emergency, the Utility may allow a public authority or other appropriate party to break the seal. Any unauthorized tampering with Utility-owned seals or equipment or connection of the Applicant/Customer-owned facilities to the Utility's service Pipe at any time is prohibited and is subject to the provisions of Rule 11 for unauthorized use and other such remedies as may be utilized by the City and/or the Utility for violations of the Victorville Municipal Code.

g. Large Metering Installations on the Applicant/Customer Premises. If it is necessary to have large, specifically designed, Utility-owned Metering and related equipment installed on the Applicant/Customer Premises to serve the Applicant/Customer, the Applicant/Customer shall provide adequate access, clearance and space, including working space, on the Applicant/Customer Premises, at a location approved by the Utility, for a Metering installation, including any necessary Regulators, Pipes and Valves.

h. Building Code Requirements. Any equipment owned by the Applicant/Customer, as well as any vault, room, or enclosure, shall conform with all applicable laws, codes, and ordinances of all governmental authorities having jurisdiction.

i. Reasonable Care. Applicant/Customer shall exercise reasonable care to prevent the Utility's Service Facilities and other facilities owned by the Utility or others on the Applicant/Customer Premises from being damaged or destroyed, and shall refrain from interfering with the Utility's operation of the facilities and shall notify the Utility of any obvious defect. The Applicant/Customer may be required by the Utility to provide and install suitable mechanical protection (barrier posts, etc.).

2. The Utility's Responsibilities with respect to new Service Extensions are as follows:

a. Performing all necessary trenching, backfilling, and other digging as required;

b. Furnishing, installing, owning, and maintaining all necessary Protective Structures, including those located on the Applicant/Customer Premises;

c. Furnishing, installing, owning, and maintaining the Service Facilities as applicable after the Applicant/Customer meets all requirements to receive service; and

d. Establishing natural gas service to the Applicant/Customer following notice from the governmental authority having jurisdiction that the Applicant/Customer-owned facilities have been installed and inspected in accordance with any applicable laws, codes, ordinances, rules, or regulations, and are safe to pressurize.

E. PAYMENT BY APPLICANT/CUSTOMER FOR NEW SERVICE EXTENSIONS.

The Applicant/Customer is responsible to pay the Utility in advance of the Utility commencing its work for the Utility's total estimated installed cost for new Service Extensions that is the Applicant/Customer responsibility or that the Utility performs for the convenience of Applicant/Customer.

F. APPLICANT/CUSTOMER INSTALLATION OPTIONS

1. New Service Extensions may be installed by the Applicant/Customer Qualified Contractor(s) (as defined in Rule 15.D.1.e) in accordance with the Utility's design and specifications. Under this option, a fully executed Facilities Contract with the Utility is required prior to the commencement of any work, which contract shall include, but not be limited to, the following provisions:
 - a. That upon inspection and acceptance by the Utility of the Applicant/Customer-installed Service Extension facilities, ownership of all such facilities will transfer to the Utility.
 - b. That Applicant/Customer shall pay to the Utility all Utility's costs associated with the Service Extension, including the estimated costs of design, administration, and installation of any Added Facilities and labor necessary to complete the Service Extension.
 - c. That Applicant/Customer shall pay to the Utility the cost of inspection.
 - d. That only duly authorized employees of the Utility or Qualified Contractors authorized by and subject to supervision and inspection by the Utility are allowed to connect to, disconnect from, or perform any work upon the Utility's facilities.
 - e. That installation may only be performed by Qualified Contractor(s) authorized by and whose work is subject to supervision and inspection by the Utility.
2. Use of Qualified Contractor(s) will not constitute any warranty by the Utility, whether expressed or implied, regarding such Qualified Contractor(s) performance.

G. EXISTING SERVICE FACILITIES

1. Service Reinforcement.
 - a. Utility-Owned. When the Utility determines that its existing Service Facilities require replacement, the existing Service Facilities shall be replaced as a new Service Extension under the provisions of this Rule.
 - b. Applicant/Customer-Owned. When the Utility determines that existing Applicant/Customer-owned service facilities (installed under a prior Rule) require replacement, such replacement shall be accomplished under the provisions for a new Service Extension, except that if the Utility determines that any portion of the existing Applicant/Customer service can be utilized by the Utility, the Applicant/Customer will convey any such usable part to the Utility and an appropriate credit by the Utility may be allowed to the Applicant/Customer.

The Applicant/Customer will replace or reinforce that portion of the Service Extension which the Applicant/Customer will continue to own under the provisions of this Rule for new services.

2. Service Relocation or Rearrangement.

a. When, in the judgment of the Utility, the relocation or rearrangement of Service Facilities is necessary for the maintenance of adequate service or for the operating convenience of the Utility, the Utility normally will perform such work at its own expense, except as provided in Section G.2.b of this Rule (below).

b. Any relocation or rearrangement of the Utility's existing Service Facilities requested by the Applicant/Customer (for the purposes of aesthetics, building additions, remodeling, etc.) and agreed to in writing by the Utility shall be performed in accordance with Section D of this Rule (above), and the Applicant/Customer shall pay the Utility its total estimated costs associated with such relocation and rearrangement.

In all instances, the Utility shall abandon or remove, at the option of the Utility, its existing facilities rendered idle by the relocation or rearrangement.

3. Impaired Access and Clearances.

Whenever the Utility determines that its existing Service Facilities have become inaccessible for inspecting, operating, maintenance, Meter reading, or testing; or a hazardous condition exists or any of the required clearances between the existing Service Facilities and any object becomes impaired under any applicable laws, ordinances, these Rules and Regulations or the rules and regulations of other public authorities having jurisdiction, then the following applies:

a. The Applicant/Customer shall, at the expense of the Applicant/Customer, either correct the access or clearance infractions or pay the Utility its total estimated cost to relocate its facilities to a new location which is acceptable to the Utility. The Applicant/Customer shall also be responsible for the expense to relocate any equipment that the Applicant/Customer owns and maintains. Failure to comply with corrective measures within a reasonable time may result in discontinuance of service.

H. EXCEPTIONAL CASES

In unusual circumstances, when the application of these Rules and Regulations appears impractical or unjust, or the circumstances are not expressly covered but these Rules and Regulations, the Applicant/Customer may refer the matter to the Director or designee for special ruling or for the approval of special conditions that are agreed upon prior to commencing construction. If the matter is not satisfactorily resolved with the Director or designee, the Applicant/Customer may request a determination from the City Manager using the procedure set forth in Rule 10.F. If the matter is not satisfactorily resolved by the City

Manager, the Applicant/Customer may seek appeal from the City Council using the procedure set forth in Rule 10.G.

I. SERVICE DESIGN AND ENGINEERING

Service designs, plans and estimates to determine service charges or deposits, will not be initiated by the Utility until it has reasonable assurance that the Applicant/Customer project will be built. This assurance is normally taken as the issuance of a building permit. Should the Applicant/Customer desire these service plans and the amount of charges at an earlier time, the Applicant/Customer may pay a deposit for early design as determined by the Utility. The design work will then be scheduled along with the work of all other eligible Applicants/Customers. A deposit for early design will be credited to the cost of the design and installation of the service or refunded as appropriate.

The cost of multiple designs to explore options or redesigns required by changes beyond the control of the Utility shall be paid by the Applicant/Customer.

Rule 17 –Adjustment of Bills and Meter Tests

A. GENERAL

When regular, accurate Meter readings are not available or the natural gas usage has not been accurately measured, the Utility may estimate the Customer's usage for billing purposes on the basis of available information including, but not limited to, the physical condition of the Metering equipment, available Meter readings, records of historical use, and the general characteristics of the Customer's load and operation.

B. TESTS

1. On Customer Request. A Customer may, on notice of not less than one week, request the Utility to test the Meter for the Customer's service.

2. No charge will be made for such test, but should the Customer request a test within four (4) months after installation or more often than once in any six (6) month period, a deposit will be required to cover the cost of the test. This deposit will be returned if the Meter is found to register more than 2% fast or 2% slow. The amount of the deposit will be dependent on the type of Meter to be tested and is contained in Rule 20.

3. At the Customer's expense, he/she shall have the right to request the Utility to hire a third party testing laboratory to test Meter accuracy. The results of the test will be furnished to the Customer within a reasonable time after completion of the test.

C. ADJUSTMENT OF BILLS FOR METER ERROR

A Meter error is incorrect natural gas registration resulting from a malfunctioning or defective Meter. Meter error does not include billing error, unauthorized use, or an error in registration caused by Meter tampering by unauthorized Persons. Meter error also does not include conditions such as incorrect Meter readings or switched Meters.

Where, as the result of a Meter test, a Meter is found to be non-registering or incorrectly registering, the Utility may render an adjusted bill to the Customer for the amount of the undercharge, and shall issue a refund or credit to the Customer for the amount of the overcharge, computed back to the date that the Utility determines the Meter error commenced, except that the period of adjustment shall not exceed three (3) years. Such adjusted bill shall be computed in accordance with the following:

1. Fast Meters. When any Meter is tested and found to be registering more than two percent (2%) fast, the Utility will refund to the Customer the amount of the overcharge, based on corrected Meter readings or the Utility's estimate of the energy usage either for the known period of Meter error or, if the period of error is not known, for the period during which the Meter was in use, not to exceed three (3) years.

2. Slow Meters. If a Meter is found to be registering more than two percent (2%) slow, the Utility may bill the Customer for the amount of the undercharge based on corrected Meter readings or the Utility's estimate of the natural gas usage either for the known period of Meter error or, if the period of Meter Error is not known, for the period the Meter was in use, not exceeding three (3) years.

3. Non-registering Meters. When any Meter is tested and found to be non-registering, the Utility may bill the Customer for the estimate of natural gas consumed, but not registered, not exceeding three (3) years prior to the date the Meter is found to be non-registering. Bills for this purpose will be estimated by the Utility.

D. ADJUSTMENT OF BILLS FOR BILLING ERROR

A billing error is an error by the Utility that results in incorrect billing charges to the Customer. Billing errors may include incorrect Meter reads or clerical errors by a Utility representative such as applying the wrong rate, wrong billing factor, or an incorrect calculation. Billing error does not include a Meter error or unauthorized use, nor any error in billing resulting from Meter tampering; switched or mismarked Meters; inaccessible Meter; failure of the Customer to notify the Utility of changes in the Customer's operation; or failure of the Customer to take advantage of a rate or condition of service for which the Customer is eligible.

Where the Utility overcharges or undercharges the Customer as the result of a billing error, the Utility may render an adjusted bill for the amount of the undercharge and shall issue a refund or credit to the Customer for the amount of the overcharge for the period of the billing error, but not exceeding three (3) years in the case of an overcharge, and, in the case of an undercharge, not exceeding three (3) years.

E. ADJUSTMENT OF BILLS FOR UNAUTHORIZED USE

Unauthorized use is the use of natural gas in noncompliance with the Utility's Tariff Schedules or applicable law. It includes, but is not limited to, Meter tampering, unauthorized connection or reconnection, theft, fraud, and intentional or unintentional use of natural gas whereby the Utility is denied full compensation for natural gas service provided.

Where the Utility determines that there has been unauthorized use of natural gas service, the Utility may bill the Customer for the Utility's estimate of up to three (3) years of such unauthorized use. However, nothing in this Rule shall be interpreted as limiting the Utility's rights under any provision of any applicable law, including without limitation, the Victorville Municipal Code.

1. Actual Usage.

If accurate Meter readings from a remote check Meter are available for the unauthorized use period, they will be used for billing purposes.

2. Estimated Usage.

If the natural gas usage has not been accurately measured, the Utility may estimate the natural gas usage for billing purposes. The basis for the estimate may include, without limitation, the physical condition of the Metering equipment, available Meter readings, records of historical use, or the general characteristics of the load and operation of the Customer or Person being billed, with consideration of any appropriate seasonal adjustment.

Estimated bills for the unauthorized use period may be determined by the Utility based on one or more of the following, without limitation:

- a. Accurately-Metered use from a remote check Meter during the unauthorized use period;
- b. The known percentage error in Metering attributable to the unauthorized use;
- c. Accurately-Metered use prior to the onset of the unauthorized use;
- d. The equipment and hours of operation of the Customer or Person being billed;
- e. Accurately-measured subsequent use of thirty (30) days or more (if available);
- f. Annual use profile of at least five (5) Customers with similar Connected Load, Premises load profiles, hours of natural gas use, etc. (percent of annual use); or
- g. Other reasonable and supportable billing methodology when none of the aforementioned billing techniques are appropriate under the circumstances.

3. Recovery of Associated Costs.

The Utility may recover from the Customer the associated costs resulting from the unauthorized use, including both investigative and equipment damage costs. Investigative costs include time and material spent for investigation, bookkeeping, film developing, and other costs of gathering evidence. Equipment damage costs include the cost of replacing the Utility-owned equipment damaged by the Customer.

4. Discontinuance of Service.

In accordance with the provisions of Rule 11, where the Utility determines unauthorized use is occurring, the Utility may refuse or discontinue service without further notice.

If any part of the Customer's piping or any other equipment, or the use thereof, is determined by the Utility or any other authorized public agency to be unsafe or in violation of applicable laws, ordinances, rules or regulations of public authorities, or is in such condition as to endanger the Utility's Service Facilities, the Utility may discontinue service without further notice.

The Utility may also discontinue service in accordance with the provisions of its Tariff Schedules for non-Payment of a delinquent billing for unauthorized use and for associated costs, including non-Payment under an amortization (Payment plan) agreement.

F. Limitation on Adjustment of Bills for Natural Gas Use.

For any error in billing not defined as billing error, Meter error, or unauthorized use, the Utility is not required to adjust the bill. However, any billing adjustment not specifically covered in these Rules and Regulations for an undercharge or overcharge shall not extend beyond three (3) years prior to the date the billing error was discovered by the Utility.

Rule 18 – Supply to Premises and Resale

A. SEPARATE METERING

Separate Premises will not be supplied through the same Meter, except as may be specifically provided for in the applicable Rate Schedule.

B. NONRESIDENTIAL LOADS

In accordance with Rule 16, natural gas service shall be individually Metered to each tenant in a non-residential building or group of buildings or other commercial development on a single Premises with multiple tenants or enterprises. However, where, in the opinion of the Utility, it is impractical to Meter each tenant individually or where the City Council has authorized the Utility to supply natural gas service through a single Meter, the Utility may provide service through a single Meter subject to the provisions of Sections D and E of this Rule, below.

C. OTHER USES OR PREMISES

The Customer shall not use natural gas received from the Utility upon other Premises, except for the Utility's Operating Convenience, nor for other purposes than those specified on the Customer's application or in the applicable Rate Schedule.

D. CUSTOMER WITH MULTIPLE SERVICE ACCOUNTS/METERS AT A SINGLE PREMISES

When the Customer (Single Enterprise) occupies a single Premises with multiple service accounts/Meters, the readings of such Meters shall not be combined for billing purposes except as provided for in Rule 9.

E. USE BY OTHERS

The Customer shall not charge for natural gas received from the Utility and used by any other Person, except where the charge to tenants is absorbed in the rental for the Premises of space occupied. Charges for all natural gas use, including use by others supplied through a single Utility Meter, are the responsibility of the Customer of record.

F. RESALE OF NATURAL GAS

Resale of natural gas is prohibited, except as provided for under Section E of this Rule, above.

Rule 19 – Services and Facilities on Customer Premises

A. SERVICE CONNECTIONS MADE BY UTILITY EMPLOYEES

Only duly authorized employees of the Utility are allowed to connect the Customer's service to, or disconnect the same from the Utility's natural gas Distribution Mains.

B. MAINTENANCE OF SERVICES

Services Facilities will at all times be and remain the sole property of the Utility, which will have the right, by its agents or employees, to enter upon the property of the Customer and remove, repair, replace or abandon such Service Facilities at any time as operating conditions necessitate.

C. METERS AND APPLIANCES

All Service Facilities installed by the Utility upon the Customer's Premises for the purpose of delivering natural gas to the Customer shall continue to be the property of the Utility and may be repaired, replaced or removed by the Utility at any time.

No rent or other charge whatsoever will be made by the Customer against the Utility for placing or maintaining said Service Facilities upon the Customer's Premises. All Meters will be sealed by the Utility, and no such seal shall be tampered with or broken except by a representative of the Utility appointed for that purpose. The Customer shall exercise reasonable care to prevent the Service Facilities of the Utility upon said Premises from being damaged or destroyed, and shall refrain from interfering with the same, and, in case any defect therein shall be discovered, shall notify the Utility thereof.

The Utility shall have the right to remove any and all of its facilities installed on the Customer's Premises at the termination of service.

D. METER INSTALLATION

All Meters will be installed by the Utility in some convenient place approved by the Utility upon the Customer's Premises and so placed as to be at all times accessible for inspection, reading and testing.

In all buildings in which separate Meters are hereinafter required to be installed for various floors or groups of rooms in order to measure the natural gas supplied to each tenant, all Meters will be located at a central point or as otherwise specified by the Utility. Each such Meter will be clearly marked by the building owner, to indicate the particular location supplied.

In buildings which are divided into two or more stores or other commercial Premises, Meters may be installed in the separate Premises provided no adjacent alleyway, common

basement or other location accessible to all the tenants and suitable for the installation of a group of Meters exists. In such buildings, the piping from the Utility's Point of Delivery to the individual Meters shall be subject to inspection by the Utility.

E. UTILITY'S RIGHT OF INGRESS AND EGRESS FROM CUSTOMER'S PREMISES

The Utility shall at all times have the right of ingress to and egress from the Customer's Premises at all hours for any purpose reasonably connected with the furnishing of natural gas, and the exercise of any and all rights secured to it by applicable laws and/or these Tariff Schedules.

As provided for in these Rules and Regulations, the Utility shall have the right to remove any and all of its property installed on the Customer's Premises upon termination of service.

F. CUSTOMER RESPONSIBLE FOR EQUIPMENT FOR RECEIVING NATURAL GAS

The Customer shall, at its own risk and expense, furnish, install and keep in good and safe condition all regulators, natural gas piping, appliances, fixtures and apparatus, of any kind or character, which may be required for receiving natural gas from the Utility, and for applying and utilizing such natural gas, beyond the Point of Delivery including all necessary protective appliances and suitable housing therefore, and the Utility shall not be responsible for any loss or damage occasioned or caused by the negligence, or wrongful act of the Customer or of any of its agents, employees, contractors or licensees in installing maintaining, using, operating or interfering with any such regulators, services, natural gas mains, appliances, fixtures or apparatus. Utility personnel are not responsible for assisting Customers with turning on/off Customer-owned equipment and appliances and/or relighting such equipment and appliances.

Rule 20 – Utility Charges and Fees

The following charges and fees are applicable to all classes of service provided under these Rules and Regulations:

Rule	Description	Fee Amount
3	Service Charge	\$39.00
3	Additional Service Charge	\$40.00
7	Minimum Deposit	\$100.00
9	Returned Check Charge	\$25.00
9	Late Payment Charge of Unpaid Balance	0.8%
11	Collection Fee	\$7.00
11	Reconnection Charge- Service Call Fee	\$20.00
11	Reconnection Charge – Service Call Fee Same Day (After 4 p.m.)	\$40.00
11	Reconnection Charge – Underground Service	Time and Material
11	Investigation Charges	\$70.00 minimum
11	Meter Repairs Due to Damage/Tampering	Time and Material
17	Meter Test Fee	Time and Material

The following charges, fees, and bonds are to be assessed, as appropriate, on builders, developers, or the Applicants/Customers requiring the Utility's services or relocations.

A. COMMERCIAL/INDUSTRIAL/TEMPORARY SERVICE FEES

Applicants/Customers requesting new commercial/industrial/temporary service shall, at the time of application, enter into the appropriate written contract/agreement with the Utility and pay the associated charges to the Utility prior to commencement of installation. Each installation will be charged on an individual estimated basis to recover all costs of labor and expense incurred by the Utility in making such installation.

B. ENGINEERING FEE FOR REDESIGN

If an Applicant/Customer or contractor/builder/developer requests the Utility to revise, redesign, or change the Natural Gas Distribution System design for a project after final approval, and such request requires duplication of engineering effort and a reassignment of priorities to accommodate his/her construction schedule, a fee shall be charged in an amount necessary to recover all the Utility's expenses for associated labor, overhead, burdens, and printing.

C. REIMBURSEMENT FOR ACCESS REQUEST EVALUATION COSTS

The Utility may charge a fee equal to all costs incurred to evaluate infrastructure access requests, including but not limited to, direct City labor (plus a standard 15% overhead),

contracted labor, materials, equipment rental and usage and documentation costs. Any such fees shall be payable to Utility prior to disposition of any access request.

D. PLAN CHECK FEES

The Utility may charge a fee equal to all costs incurred by Utility personnel in support of plan checking as required to evaluate the Natural Gas Distribution System for conflicts with any proposed new construction or modification of any existing structure or facility.

E. REPRODUCTION FEES

The Utility shall assess charges for the reproduction of drawings, maps and City Standards in accordance with the Schedule of Fees (Exhibit B) contained within the City's Public Records Distribution Policy or in an amount equal to the actual costs of reproduction if not addressed therein.

F. ASSIGNMENT TRANSFER FEES

In the event that rights to any privately constructed facility are to be assigned to the City of Victorville, the assignment of rights under written agreement shall require prior approval by the City Council or its designee and shall be subject to a fee equal to the amount necessary to cover the cost of processing the assignment.

G. REIMBURSEMENT FOR COPIES OF RULES AND REGULATIONS/TARIFF PAGES

Copies of the Utility's Rules and Regulations (including Tariff Pages) are available from the Victorville Municipal Utilities Administration Department or the Office of the City Clerk upon request. Charges will be assessed to the requesting party in accordance with the Schedule of Fees (Exhibit B) contained within the City's Public Records Distribution Policy for the purpose of recovering the direct and actual cost of reproduction for copies of such documents.

Appendix A to Resolution No. 18-059

APPENDIX A
to Attachment 1 of the

**Victorville Municipal Utility Services
Gas Service Rules, Regulations and Rate Schedules**

Gas Service Rate Schedules

**(Originally adopted by Ordinance 2315 on May 20, 2014)
(Revised on June 17, 2014 per City Council Resolution No. 14-036)
(Revised on June 16, 2015 per City Council Resolution No. 15-045)
(Revised on June 21, 2016 per City Council Resolution No. 16-040)
(Revised on August 1, 2017 per City Council Resolution No. 17-041)
(Revised on August 1, 2018 per City Council Resolution No. 18-059)**

Table of Contents to Appendix A

Natural Gas Service Rate Schedules

COMMERCIAL and INDUSTRIAL

1

COMMERCIAL and INDUSTRIAL

A. **Applicability.**

This schedule applies to non-residential natural gas service provided to commercial and industrial customers by way of the Victorville Municipal Utility Services (VMUS) gas system.

B. **Territory.**

Within the entire territory served by the Utility.

C. **Rates.**

Monthly Service Charge:	<u>Per Meter</u> \$ 11.00
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Transportation & Distribution Charges:	<u>Per Therm</u>
Tier 1 (first 100 Therms)	\$0.98749
Tier 2 (101-600 Therms)	\$0.82445
Tier 3 (601-3,000 Therms)	\$0.69403
Tier 4 (Over 3,000 Therms)	\$0.53207

Administrative Charge:	<u>Per Therm</u> \$0.09401
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Public Purpose Program Charge:	<u>Per Therm</u> \$0.07128
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Commodity Charge:	<u>Per Therm</u> <i>See Special Condition D.1</i>
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D. **Special Conditions.**

1. The Commodity Charge under this schedule will be determined on a monthly basis and shall be equal to the weighted average cost of gas purchased by VMUS from all sources based on forecasted demand for end-use customers. The Commodity Charge shall also include costs associated with purchasing, remarketing, and balancing which may include, but are not limited to, costs related to financial transactions implemented to reduce market exposure for the cost of gas and/or transportation of gas to the SoCal Gas Citygate, the point where gas is transferred from interstate/intrastate pipelines to the local utility distribution system. There will be no markup to the customer beyond the actual cost of gas. Therefore, the Commodity Charge may occasionally include a Gas Cost Adjustment to ensure a zero sum gain to VMUS for gas commodity sales.

2. Temporary Discontinuance of Service.

Where the use of natural gas is seasonal or intermittent, no adjustments will be made for a temporary discontinuance of service. Any Customer, prior to resuming service within twelve (12) months after such service was discontinued, will be required to pay all charges which would have been billed if service had not been discontinued.

3. Billing Calculation.

A Customer's bill is calculated according to the rates and conditions above.

4. Change of Law Adjustment Factor (CLAF).

The rates above are subject to an adjustment as provided in Rule 12.E.

5. Public Purpose Program Charge.

VMUS has established a public purpose program charge to fund eligible energy efficiency, conservation and research and demonstration projects/activities that provide a public benefit as outlined in the VMUS Energy Efficiency Program. Such charge will be assessed as a component of the Customer's monthly bill on a per Therm basis at the rate specified in Section C above.