

7. Payment Terms

7.1 Obligation: The Customer is responsible for all charges for gas furnished and for all charges under the agreement until the end of the term thereof. Where the meter fails to register the total amount of gas consumed, the Customer pays for such period an estimated amount based upon consumption in a similar period.

7.11 Service Application Charge: Applications for service are subject to the following non-refundable, non-transferable charges:

<u>Schedule</u>	<u>Initial Installations</u>	<u>Records Change</u>
D	\$40.00	\$20.00
D in combination with electric application for same account	\$45.00	\$20.00
C	\$55.00	\$30.00
C in combination with electric application for same account	\$70.00	\$40.00

7.2 Therm Determination: For billing purposes, a Customer's gas use in cubic feet as determined from the Company's meter readings will be converted to therms, using a Therm Factor. The actual average heating value for a billing period based on the Company's daily weighted system heating value shall apply to all meter readings taken during the period. The actual average heating value (Btu per cubic foot) for a billing period is determined by first taking the sum of the products obtained by multiplying the Company's average temperature adjusted daily heating value (Btu per cubic foot) of gas by the Company's daily system sendout and then dividing that sum by the Company's total system sendout in the billing period. For service under Schedules IS and ISS, days on which no gas is supplied under those Schedules are excluded from this computation. The result is divided by 1000 to determine the Therm Factor (Therms per hundreds of cubic feet (Ccf)). The Therm Factor is multiplied by the Customer's total metered gas use in Ccf to compute therms. For Daily-Metered Customers (as defined in Appendix B), the Therm Factor shall be calculated utilizing the above described methodology with one exception. The timeframe utilized for the Therm Factor calculation shall end with the 25th day of the preceding month and will begin with the 26th day of two months prior. This Therm Factor shall be utilized for Gas Suppliers' nominations and for Daily-Metered Customers' monthly billing period.

- 7.3 Billing Period:** Rates are stated in therms on a monthly basis and bills are rendered monthly following the supply of service based on meter readings to the nearest 100 cu. ft., scheduled at approximate monthly intervals of from 28 to 34 days. Where readings at other than scheduled dates are required, the "monthly" billing period may cover 16 to 45 days.

An initial period of less than 16 days is included in the next month's billing. A final period of from 1 to 45 days is billed as 1 month.

For periods over 45 days, the Customer Charge and the therms chargeable at the various rate blocks are multiplied by the number of elapsed billing months covered by the bill, a period of 16 days and over being counted as an elapsed billing month.

Where service is supplied under Schedule C with use of 750 therms per month or over, or under Schedule IS, and the bill is for a period other than the monthly billing period, the "monthly" provisions of the schedule are applied pro rata on the basis of the number of days covered by the bill .

- 7.4 Net-Payment Period:** Bills are due and payable upon presentation. The final date for payment of the net amount is shown on the bill, and is at least 20 days from the date of rendition for Customers served under Schedule D, and at least 15 days from the date of rendition for all other Customers; provided, however, in the case of agencies of the State of Maryland, the final date for payment of the net amount shall be at least 30 days from the date of receipt. Failure to receive the bill does not excuse Customers from payment obligations and payments shall be paid without regard to any counterclaim whatever.

A modified net-payment period is available to residential Customers receiving monthly retirement benefits or financial aid through government-sponsored, low-income assistance programs, upon written request. The Customer is responsible for making application to the Company for a modified net-payment period, and such application is subject to acceptance or rejection, and verification by the Company. Continued eligibility for this program is dependent upon application renewal by the Customer and acceptance by the Company during the month of March of each succeeding year. Under the modified net-payment period, bills will not be due until a reasonable time following the Customer's receipt of benefits or financial aid.

- 7.5 Late Payment Charge:** Where the Late Payment Charge is specified as Standard in a rate schedule, it is 1.5% of the monthly bill, including Gas Commodity Price, less applicable taxes and surcharges, and is added to the bill and the total amount becomes due on the expiration of the net-payment period. An additional charge of 1.5% is applied to any total amount unpaid, less the previously assessed Late Payment Charge, at the time the next bill is rendered, and an additional charge of 2% is applied to any total amount unpaid, less the previously assessed Late Payment Charge, at the time the second successive bill is rendered. In no event shall the Late Payment Charge on an overdue bill exceed 5%. This provision shall not apply to agencies of the State of Maryland.

In the case of agencies of the State of Maryland, if payment in full has not been delivered to the Company more than 15 days after the final date for payment of the net amount shown on the bill, interest shall accrue retroactive to the day after the final date shown on the bill at the rate of 9% per annum on the total unpaid charges. Interest shall continue to accrue on the unpaid net amount, until such time as the Company has received payment in full; provided, however, in no event shall interest on the unpaid net amount exceed 9%. Any interest charged to an agency of the State of Maryland shall not apply to any previously assessed interest charge.

- 7.6 Returned Check:** A check received in payment of a Customer's account which is returned to the Company unpaid by the Customer's bank and which cannot be redeposited by the Company for payment will result in an additional \$15 charge for the returned check. Such charge will be added to the Customer's account balance.

The \$15 returned check charge will be waived, upon request by the Customer, providing that no other such waiver has been made in the preceding 11 months. The Customer will be notified of the additional charge and the waiver provision each time the charge is applied.

- 7.7 Customers' Deposits:** The Company may require from any Customer or prospective Customer a cash deposit, determined in accordance with the applicable regulations of the Commission and the applicable rules or practices of the Company, intended to guarantee payment of final bills. Such deposit shall be not less than \$5 nor more in amount than two-twelfths of the estimated charge for the ensuing 12 months for residential service, nor more than the maximum estimated charge for two consecutive billing periods for nonresidential service or as may be reasonably required by the Company in cases involving service for short periods or special occasions. Simple interest on deposits at the rate prescribed by the Maryland Public Service Commission is paid by the Company to each Customer making such deposit for the time the deposit is required by the Company. Payment of the interest to the Customer is made annually if requested by the Customer, or at the time the deposit is refunded.

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