

Hughes Natural Gas, Inc.

Customer Information and Rules of Service

Updated September 2017

LOCATION: 31830 State Highway 249, Ste A, Pinehurst, TX 77362
PHONE: (281) 766-1290 Toll Free: (866) 601-3507
WEBSITE: www.hughesnaturalgas.com
BUSINESS HOURS: Monday thru Friday 8:30 a.m. to 4:00 p.m.

INFORMATION CONCERNING RATES AND SERVICES

Company's service rules and applicable tariffs are available for inspection at Company office during regular working hours, except for holidays observed by the Company. Copies of the service rules and applicable tariffs are available at Company office at a nominal cost.

BILLING

Bills are typically issued on the 3rd business day of each month and both the amount due and due date are clearly marked on each bill. The due date is fifteen calendar days after the billing date. If your check is returned by the bank, you will be assessed a \$30 fee and will be provided three business days to pay the total amount due in cash, by certified check or by credit card.

If you have elected to pay your monthly bill on a recurring basis utilizing a credit card or checking account, your card or checking information will be charged on the seventh calendar day following the billing date. To sign up for AutoPay, please visit our website at <http://www.hughesnaturalgas.com> and login to your online account, or contact us at (281) 766-1290 for more information.

HOW TO RESOLVE BILLING DISPUTES

If you believe there has been an error in your billing, please contact our office immediately, but in any case prior to the due date. We will reread your meter and recalculate your bill if necessary. If we have made a mistake, there will be no trip charges for rereading your meter. However, if the new meter reading is consistent with the original billing, there will be a \$35 trip fee assessed.

GROUND S FOR TERMINATION OF SERVICE

Your gas service may be terminated for any of the following reasons:

1. Failure to pay a bill rendered as a disconnect notice.
2. Failure to comply with deposit or guaranty arrangements.
3. Failure to comply with terms of a written agreement for installment payment of a delinquent account.
4. Tampering with or damaging the Company's meter or equipment or bypassing it.
5. For use of gas in violation of the Company's service rules.
6. For use of gas in violation of any law, ordinance or regulation.
7. In the event the Company's representatives are refused access to your premises to read meters or service or repair lines or other equipment owned by the Company.
8. In the event you vacate the premises served by the Company.
9. Violation of the Company's rules pertaining to the use of service in a way which interferes with the service of others or the operation of nonstandard equipment, if a reasonable attempt has been made to notify you and you are provided with a reasonable opportunity to remedy the situation.
10. For fraudulent misrepresentation in relation to the consumption of gas or any other fraud practice, with regard to the matters referred to in the Company's service rules or in a contract with the Company.
11. Without notice where a known dangerous condition exists for as long as the condition exists.

STEPS THE COMPANY MUST TAKE BEFORE TERMINATING GAS SERVICE FOR NON PAYMENT OF A BILL

Accounts unpaid by close of business on the due date will be considered delinquent and issued a termination notice. The termination notice will include a termination date that is no earlier than five business days after the due date.

To avoid termination of service, your account must be paid in full no later than 11:59 p.m. on the day prior to the scheduled termination date. On the day your service is scheduled to be disconnected, the technician will attempt to collect the outstanding amount due plus a Collection Call Charge of \$35.00. If the technician is unable to collect, your service will be disconnected.

STEPS YOU MAY TAKE TO PREVENT TERMINATION OF SERVICE

You may prevent termination of service if:

1. You pay all outstanding balances due to the Company; or
2. You are unable to pay the full amount of the bill and the company agrees to allow you to extend the final payment date or agrees to a deferred payment plan allowing you to pay the outstanding balance in installments along with prompt payments of all future bills; or
3. Except in cases involving theft or fraud, the reason for termination has been corrected.

HOW HEALTH EMERGENCIES AFFECT TERMINATION OF RESIDENTIAL SERVICE

If discontinuance of gas service would cause someone at your home to become seriously ill, you may avoid termination of service for a period of twenty (20) days if prior to the date of termination, Company receives a written request from you, supported by a written statement from a licensed physician.

RECONNECTING SERVICE AFTER TERMINATION

If your service has been disconnected for non-payment, you will be required to pay your outstanding balance due, plus a \$45.00 Turn-Off Service Fee to disconnect the service and a \$45.00 Restoration of Service Fee to reinstate service. You will be required to have someone home, at least 18 years of age or older, so that a leak check can be performed and pilot lights lit when service is resumed. Furthermore, if you have not posted a deposit on your account, you will be required to post one prior to reestablishing service.

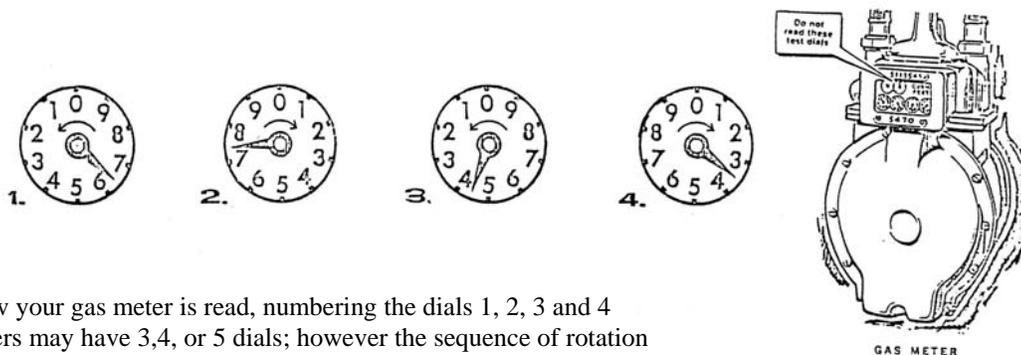
HOW TO READ YOUR GAS METER

The majority of the Company's meters have registers with digital readout. To read these meters, simply record the numbers indicated by the moving digits on the register and note the units that are being recorded (usually hundreds of cubic feet).

There may be some analog meters in the system. These meters normally have four (4) reading dials in a horizontal line with the dials labeled from left to right as 1 million, 100 thousand, 10 thousand, and 1 thousand. Also, there may be one or more additional dials labeled "half foot, two foot, etc." used for meter tests which are to be ignored in reading the meter. Meter dials are read from right to left or from the dial labeled 1 thousand to the dial labeled 1 million. Read each dial as the last number the pointer has passed paying particular attention to the curved arrow on the face of the dial. This arrow reflects the direction in which the pointer moves. Some pointers move clockwise and some move counter-clockwise. When the pointer of the dial is on or near a number, it is often difficult to tell whether the pointer has actually passed the number or not. Apply the following rule in this situation for every dial where the pointer is on or near a number.

"The Same or Lower Number Rule"

When the pointer appears to be on or near a number, read it exactly as that number if the pointer of the dial on the immediate right is near 1 or 2. Read it as the lower number if the pointer of the dial on the immediate right is near 8 or 9.



Here is how your gas meter is read, numbering the dials 1, 2, 3 and 4 (some meters may have 3,4, or 5 dials; however the sequence of rotation and the readings are the same). The hands on dials 1 and 3 move counter-clockwise and the hands on dials 2 and 4 move clockwise. The hands on all of the dials move in the same direction of the number 1 to 10. In reading the meter, start on dial 4, and put down the last number the hand has passed and do the same for each dial until all have been read. The above illustration shows a reading of 6743. You then determine the hundred cubic feet of gas used by subtracting the previous reading from this current reading to find out how much gas you have used in a day, a month, or your billing period.

CUSTOMER REQUESTS FOR METER TEST

Upon your request, Hughes Natural Gas, Inc. will test the accuracy of your gas meter. Such tests require that your meter be removed and sent to a 3rd party testing lab. If no such test has been performed on your meter within the previous four (4) years, the test will be performed without charge. If such a test has been performed on this meter within the previous four years, a fee of up to \$165 will be charged to you. In the event the meter test indicated that the meter is more than nominally defective, the fee will be refunded. More than nominally defective means a deviation of more than 2.0% from accurate registration. An adjustment may be made to your account reflecting a charge or credit dependent on whether the meter under registered or over registered.

HOW TO REGISTER A COMPLAINT WITH THE APPROPRIATE REGULATORY AUTHORITY

In the event you are not satisfied with the way your billing dispute has been handled or if you have any complaint whatsoever about our service, please send the specifics of your complaint in writing to Hughes Natural Gas, 31830 State Highway 249, Ste A, Pinehurst, Texas 77362. We will initiate an investigation and make every attempt to resolve the issue.

If at anytime, you believe your complaint has not been resolved to your satisfaction, you may redirect your complaint to the Railroad Commission of Texas by phone, email, or mail, as follows:

Phone: (512) 463-7164 or Toll-Free (877) 228-7962
Email: gascomplaints@rrc.texas.gov
Mail: Railroad Commission of Texas
Gas Services Department, Market Oversight Section
P.O. Box 12967
Austin, TX 78711-2967

Texas Administrative Code: TITLE 16 – Economic Regulation

PART 1 Railroad Commission of Texas
Chapter 7 Gas Services Division
Subchapter D Customer Service and Protection
Rule 7.460 Suspension of Gas Utility Service Disconnection During an Extreme Weather Emergency

(a) Applicability and scope. This rule applies to gas utilities, as defined in Texas Utilities Code, 101.003(7) and 121.001, and to owners, operators, and managers dwelling of mobile home parks or apartment houses who purchase natural gas through a master meter for delivery to a dwelling unit in a mobile home park or apartment house, pursuant to Texas Utilities Code, 102.001. For purposes of this section, all such gas utilities and owners, operators and managers of master meter systems shall be referred to as “providers”. Providers shall comply with the following service standards. A gas distribution utility shall file amended service rules incorporating these standards with the Railroad Commission in the manner prescribed by law.

(b) Disconnection prohibited. Except where there is a known dangerous condition or a use of natural gas service in a manner that is dangerous or unreasonably interferes with service to others, a provider shall not disconnect natural gas service to:

(1) a delinquent residential customer during an extreme weather emergency. An extreme weather emergency means a day when the previous day’s highest temperature did not exceed 32 degrees Fahrenheit and the temperature is predicted to remain at or below that level for the next 24 hours according to the nearest National Weather Station for the county where the customer takes service.

(2) a delinquent residential customer for a billing period in which the provider receives written pledge, letter of intent purchase order or other written notification from an energy assistance provider that is forwarding sufficient payment to continue service; or

(3) a delinquent residential customer on a weekend day, unless personnel or agents of the provider are available for the purpose of receiving payment or making collections and reconnecting service.

(c) Payment plans. Providers shall defer collection of the full payment of bills that are due during an extreme weather emergency until after the emergency is over, and shall work with customers to establish a payment schedule for deferred bills as set forth in paragraph (2)(D) of 7.45 of this title, relating to Quality of Service.

(d) Notice. Beginning in the September or October billing periods, utilities and owners, operators, or managers of master metered systems shall give notice as follows:

(1) Each utility shall provide a copy of this rule to the social services agencies that distribute funds from the Low Income Home Energy Assistance Program within the utility’s service area.

(2) Each utility shall provide a copy of this rule to any other social service agency of which the provider is aware that provides financial assistance to low income customers in the utility’s service area.

(3) Each utility shall provide a copy of this rule to all residential customers of the utility and customers who are owners, operators, or managers of master metered systems.

(4) Owners, operators, or managers of master metered systems shall provide a copy of this rule to all of their customers.

(e) In addition to the minimum standards specified in this section, providers may adopt additional or alternative requirements if the provider files a tariff with the Commission pursuant to 7.44 of this title (relating to Filing of Tariffs). The Commission shall review the tariff to ensure that at least the minimum standards of this section are met.

Important Information about Customer-Owned Buried Natural Gas Lines

This notice is being sent to you in compliance with requirements issued by the Railroad Commission of Texas.

Hughes Natural Gas (HNG) maintains the underground natural gas pipelines that deliver gas to our natural gas meter.

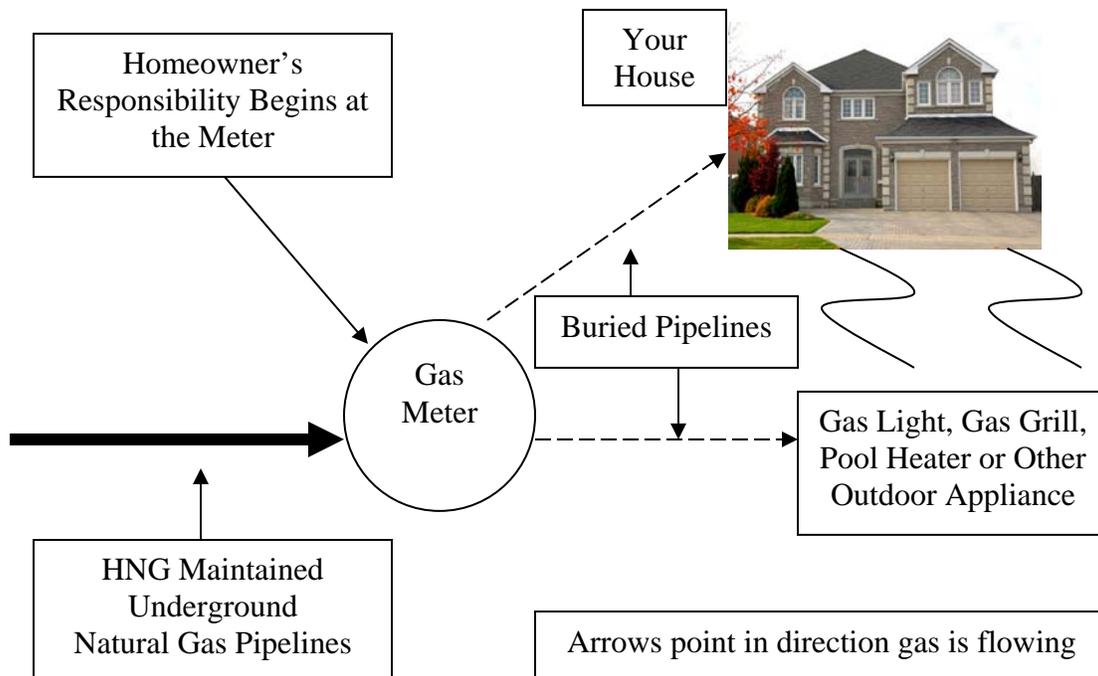
You should be aware, however, that there may be **underground** gas pipelines between your meter and your house, or running to outbuildings or other outdoor appliances such as natural gas lights, grills, pool heaters, etc., that **are not** maintained by Hughes Natural Gas. It is your responsibility to maintain these lines.

Underground gas pipelines may be subject to corrosion, erosion, or other potentially damaging effects. Not maintaining these lines could result in leakage. To avoid this potential problem, Hughes Natural Gas recommends that you arrange for periodic inspection of **any underground lines you own**. Such inspections and any needed repairs should be completed to our specifications by a licensed plumber or professional contractor to ensure your safety. If you prefer, we can suggest a contractor, affiliated with HNG, to perform the inspection and any necessary repairs.

Remember to call 811 at least two business days before digging near buried natural gas pipelines. Digging around such lines should be done by hand. If you do not own the property where you live, please provide this notification to the owner or landlord.

Ready to Dig? Call 811

Typical Illustration of Customer-Owned Underground Natural Gas Piping



Hughes Natural Gas, Inc.

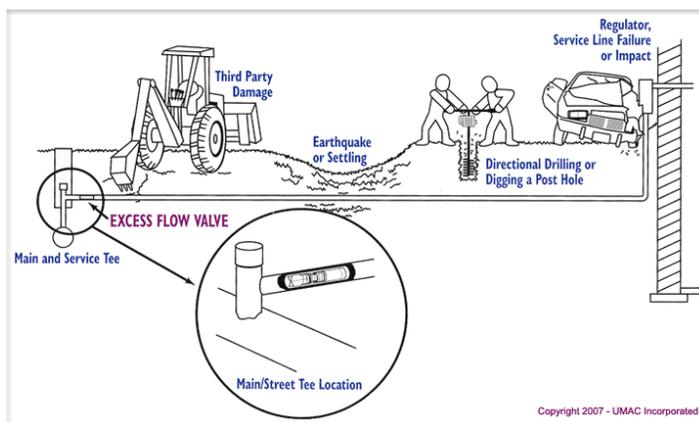
Excess Flow Valve Notification

Notification Purpose

In accordance with a newly effective Federal regulation, Hughes Natural Gas, Inc. is required to notify all eligible customers of their right to request an Excess Flow Valve (EFV) installed on their existing natural gas service line. Hughes Natural Gas, Inc. has installed an EFV on all new service lines constructed since January 2007.

What does an EFV do and not do?

An EFV is a mechanical device on the service line designed to stop the flow of gas between the main line and the customer meter in the event the service line is damaged. The flow is stopped when the EFV recognizes a sudden change in gas flow across the valve, usually caused by excavation-type damages. The potential benefit is to reduce the risk of fire, explosion, and/or injury to those in the vicinity. An EFV is NOT designed to stop flow for small (pinhole) leaks in the service line, nor for any leaks beyond the customer meter (i.e. home gas piping or yard lines for appliances).



Who is eligible for an EFV?

The new regulation allows for all existing customer service lines for single or multi-family residences and small commercial customers that do not exceed 1,000 standard cubic feet per hour of gas flow to be equipped with an EFV. If you request an EFV, we can inform you if your service line was constructed prior to January 2007.

EFV Installation

If you wish to have an EFV installed on your service line, please call our office during normal business hours of 8:30am-4:00pm (M-F) at 281-766-1290. We will then work to determine whether you already have an EFV, do not require an EFV, or will mutually agree to a date of installation. The typical cost of installation will be approximately \$750-\$950 (labor and materials); but final costs will vary depending on soil types, obstructions (landscaping, driveways, etc), or other unforeseen difficulties. If your EFV malfunctions, or needs to be replaced due to life of service, Hughes Natural Gas will replace that EFV at no cost to the customer. If the customer requires a higher demand of natural gas volumes, any redesign in service lines and/or EFVs will be the financial responsibility of the customer.

INFORMATION REGARDING GAS LINE ADDITIONS

Hughes Natural Gas, Inc. (HNG)
31830 S.H. 249, Ste A, Pinehurst, TX 77362
(281) 766-1290

If you are interested in installing additional gas lines on your property (i.e. for generators, pool/spa heaters, grills, lanterns, etc.):

PLEASE CONTACT HNG PRIOR TO BEGINNING ANY INSTALLATIONS

- HNG must approve the system design and material selection prior to the start of construction. System design will be dependent on the planned outdoor appliances for this location and may require a meter upgrade and/or changes to the meter set.
- All connections (i.e., couplings, elbows, tees, risers, etc.) must be fusion welded and installed by a contractor who is (1) certified to complete fusion welds; and (2) participates in an active drug and alcohol testing program.
- Installation and Material Requirements:
 - If installation of a yard line is required:
 - Must be composed of Polyethylene pipe only (minimum of ¾" line).
 - Must have a continuous vinyl coated tracer wire (minimum of 14 gauge).
 - All joints must be fusion welded by a qualified contractor.
 - No Compression or Mechanical Style risers and connections are allowed.
 - All pipe and connections must be tested at 90 PSIG for 10 minutes and HNG must be provided a chart documenting the test results.
 - The trench must remain completely open for HNG to perform a full inspection.

A complete list of construction standards is available at the HNG website: <http://www.hughesnaturalgas.com/>

All aspects of the completed installation must pass inspection by HNG. If the installation is deficient in any way, appropriate repairs will be required before the addition will be put in service.

HNG COSTS ASSOCIATED WITH A METER UPGRADE, FOR EXISTING CUSTOMERS:

<u>Items – (Invoiced on your HNG Bill)</u>	<u>Fees</u>
Labor for Upgrading Customer's Meter Set (If Required)	\$75.00

* Plus Parts & Materials, including the cost of the meter and regulators