

WATERTOWN MUNICIPAL UTILITIES

GAS DEPARTMENT POLICIES

INDEX

(Updated January 30th, 2017)

- - - - -

1. DEPARTMENT FACILITIES
 - CODE COMPLIANCE
 - ACCESS TO PROPERTY
 - LOCATING
2. CUSTOMER FACILITIES
 - WELDED PIPING
 - CSST PIPING
 - UNVENTED APPLIANCES
3. METERING
 - UNIT OF MEASUREMENT
 - COST
 - LOCATION
 - ACCESS
 - ACCURACY
 - METER GUARDS
 - DELIVERY PRESSURE
4. DELIVERY POINT
5. CONTINUOUS SERVICE
6. QUALITY AND BTU CONTENT
7. RATES
 - FIRM GAS RATE
 - LARGE FIRM RATE
 - INTERRUPTIBLE GAS RATE
8. NATURAL GAS TRANSPORTATION SERVICE
9. INSTALLATION OF SERVICES
10. JURISDICTION
11. CUSTOMER SERVICE
12. ATTACHMENTS
 - NATURAL GAS TRANSPORTATION SERVICE REQUEST FORM
 - NATURAL GAS TRANSPORTATION SERVICE DAILY NOMINATION FORM

WATERTOWN MUNICIPAL UTILITIES
GAS DEPARTMENT POLICIES

Natural Gas service by the Gas Department (Department) of the Watertown Municipal Utilities shall be provided under the following Policies:

1. DEPARTMENT FACILITIES

- 1.1 The requirements contained herein are the minimum requirements and in addition to compliance with these rules, all gas installations must comply with the Department of Transportation CFR 49 Part 192, National Fire Protection Association Code 54, and ordinances in force by the State and Municipality.
- 1.2 The Department shall furnish and install all necessary mains, service lines, regulators, meters, and other such equipment as is necessary to adequately supply gas to the Department's meter located on the premises of the Customer. All pipe, equipment, and installation beyond such meter shall be the responsibility of the Customer. The Department's liability for installation and maintenance shall terminate at its meter.
- 1.3 In accordance with City Ordinance 20.0202 (d), Department representatives, when properly identified, shall have access to Customer's premises at all reasonable times for the purpose of reading meters, making repairs, making inspections, turning on or off, removing Department property, or for any other purpose incident to the service.
- 1.4 The Customer is requested to call or notify the Department immediately when any of the Department's equipment appears unsafe or dangerous. This applies to equipment inside or outside the Customer's premises and particularly if anyone smells natural gas. The Customer is requested, if possible, to evacuate everyone from the premises and post someone in a safe area in the vicinity of the dangerous location to warn individuals who may pass until the Department's representatives arrive.

- 1.5 Before being connected to the facilities of the Municipal Utilities, the Customer's installation shall comply with these policies, and with those of any other authority having jurisdiction. The Municipal Utilities reserves the right to refuse to connect a service where the Customer's installation does not comply with the provisions in this document.
- 1.6 The Municipal Utilities reserves the right to alter these policies in special cases where conditions warrant. Any departure from these policies will not be considered as establishing a precedent, and will not be considered as a waiver of the Municipal Utilities rights to enforce any of these Regulations.
- 1.7 The Department will paint and/or flag the underground locations of all gas facilities up to the meter in compliance with South Dakota Law Chapter 49-7A and Administrative Rules Article 20:25 when requested by the South Dakota One-Call system. The Department will attempt, to the best of our ability, to locate any private lines owned by the Customer, but will not be held responsible for any damages resulting in this practice.
- 1.8 In accordance with City Ordinance 20.0117, after the installation of facilities have been located on the premises of the Customer, if any changes made by the Customer that require the facilities to be relocated, the cost of any subsequent change in location will be at the Customer's expense. The Department may request a bond in an amount sufficient to cover the cost of such relocation.

2. CUSTOMER FACILITIES (1015-1024)

- 2.1 Customer shall install and, at all times, maintain its piping, venting, valves and other equipment in conformity with good plumbing practice, and the requirement of the applicable codes.
- 2.2 The Department may at any time require Customer to make such changes in its equipment, piping or venting or use thereof as may be necessary to allow Department to turn service off and on, to eliminate any hazardous condition, or as may be necessary to remove any damaging effect which the operation of Customer's pipe or equipment may have on Department facilities or service. The Department shall have the right to terminate gas service in the event of default of this provision.
- 2.3 The Department shall inspect all customer gas installations in accordance with Chapters 20.04 thru 20.07 of the Watertown

City Ordinances. Any inspection of Customer's piping, venting or equipment by the Department is for the purpose of eliminating unsafe conditions, or avoiding unnecessary interruptions of service to its Customers, or avoiding damage to its property, and for no other purpose, and shall not be construed to impose any liability upon the Department by reason thereof. The Department shall not be liable or responsible for any loss, injury, or damage which may result from the use of, or defects in Customer's piping or equipment.

- 2.4 Occasionally the Department may make emergency and/or temporary repairs to the Customer's equipment to allow the Customer to continue their operations, with the understanding that permanent repairs must be made by the Customer as soon as possible. If such repairs are not made within the period agreed to, the Department reserves the right to disconnect service until permanent repairs have been made. The Customer will be billed for this service.
- 2.5 The Customer shall give notice to the Department before making changes or increases in their connected load or equipment, as Department's gas lines, regulators, meters, and other facilities used in supplying service to the Customer have a definite limited capacity. The Customer shall be liable for damage to meters, regulators and associated equipment resulting from increased load when proper notice is not given.
- 2.6 The Department has adopted the National Fuel Gas Code (NFPA No. 54 - ANSI Z223.1), as amended, as a standard for the installation of Customer natural gas piping and equipment. In addition to the requirements therein, only steel (black iron) piping or corrugated stainless steel tubing (CSST) may be used (except for appliance connection), and all black iron piping at pressures of 2 PSIG or higher shall be welded.
- 2.7 Only GasTite, WardFlex, TiteFlex or TracPipe is approved for installation by Department. All manufactures installation requirements must be followed. In addition to the manufactures requirements, an air test of 30 minutes at 20 psig must be performed, all piping must be inspected by Department before it is concealed, only factory certified personnel are allowed to install CSST piping, no CSST can be used in the open where persons can come in contact with piping system, conduit must be used if buried below ground with the ends of conduit sealed, and no CSST is allowed on the outside of a structure unless prior approval from Department.
- 2.8 As of January 1st, 1997, the Department does not allow the installation of unvented space heaters, water heaters or fire places in any structure for human occupancy, or in any structures attached. If any unvented space heaters, water heaters, or fire places were installed prior, they must be replaced once an unsafe operation occurs. All unvented

appliances must be installed according to manufacturers recommendations.

3. MEASUREMENT

(6335, 6596, 6890)

- 3.1 In accordance with City Ordinance 20.0104, the unit of measurement of gas delivered by the Department shall be in 100 cubic feet (CCF) of gas, as measured by meters of standard type, and corrected by accepted methods to standard conditions of pressure at 14.65 PSIA and temperature of 60 degrees Fahrenheit.
- 3.2 The Department will furnish, install and maintain one meter per Customer for each class of service supplied. Whenever there is more than one meter installed on any one premise, the area served by each meter, such as apartment number, floor or other area shall be neatly and plainly marked on the service entrance equipment or piping. Additionally, an address for each meter is required before it is installed.
- 3.3 The Department representative will approve the location, size and operating pressure of the meter. The meter location must be accessible at all reasonable time to both the Customer and the Department's representatives. Generally, the meter will be located on the outside of the building. Where more than one class of service is furnished, the number of meters required will be approved by rate application. All gas meters for one Customer shall be grouped at the same location.
- 3.4 The Customer shall provide and at all times maintain, at the place specified by the Department, space for the installation of the Department's meter and associated equipment. The Department shall have continuous visual access to meter registers except where meters are located in hazardous locations or where vandalism is apparent. The Department may refuse service to a Customer if the installation does not meet code requirements, but in such case the Department shall supply the Customer with reasons for refusal in writing.
- 3.5 The meter location must be accessible with a clear line of sight at all reasonable time to both Customer and Department's representatives. Generally, the meter will be located on the outside of the building. On outside meter locations the gas regulator must be located at a place where gas from the vent can escape freely into the atmosphere and away from any opening into the building, protected from damage, and not close to electrical equipment such as air conditioners and electric meters. In the event of an inside meter set, the meter must be located approximately 3 feet from any electrical source. No decks or other structures can be built over the meter and appurtenances that interferes with normal operation.

- 3.6 Customer shall provide for the safekeeping of Department meters and other equipment and shall reimburse the Department for any loss of, or damage to Department property located on the premises when such loss or damage is not caused by any act of omission on the part of the Department or a result of an act of God.
- 3.7 If the meter is found to be inoperative or inaccurate, such equipment shall be adjusted to register correctly, repaired, or replaced and the amount of the error shall be determined by the most accurate method feasible. If the inaccuracy shall have resulted in an error of more than 2%, then the calculated deliveries shall be adjusted to par accuracy to compensate for such error. This adjustment shall be made for such period of inaccuracy as may be definitely known. If the period of inaccuracy shall not be known, then such adjustment shall be made for half of the period between the time the metering equipment was adjusted to register correctly and the date of the last previous meter test. Whether the period of inaccuracy be known or unknown, in no event shall the adjustment be for more than one year.
- 3.8 Department may place guards or other devices around meter and other equipment if in the Department's opinion a safety hazard exists from vehicular damage.
- 3.8.1 Notwithstanding any other policy or ordinance, the General Manager or his designee may, upon learning any meter or service has been tampered with and that service has been procured without making payment therefore, determine the total amount of service procured without regard to passage of time, and seek payment in full in a manner or proceeding to be determined by the General Manager.
(Item 5903 March 2010)
- 3.9 Depending on the Customer location, standard gas delivery pressures at the meter will be 7" W.C. for residential service, and 7" W.C., 2 PSIG, 5 PSIG, 6 PSIG, 10 PSIG or line pressure for Commercial or Industrial service. The preferred pressures for Commercial or Industrial service are 7" W.C. or 2 PSIG. Design pressure must be approved by the Department representative.

4. DELIVERY POINT

- 4.1 The delivery point of gas sold by the Department shall be at its meter or meters. Title to all gas delivered to Customer shall vest in Customer at such delivery point. The Department warrants its title to the gas delivered, and that it has the good and lawful authority to sell the same.

5. CONTINUOUS SERVICE

- 5.1 The Utilities will not be responsible for failure to supply natural gas or for interruption of the supply if such failure is without willful fault on its part. When service is interrupted for the purpose of making necessary repairs or changes in service facilities, it shall be made in such a manner so as to not unreasonably inconvenience the Customer. Such interruption may be made without notice, but if possible or practical, those Customers affected shall be notified in advance. In accordance with City Ordinance 20.0202(b), the Department shall not be liable to the Customer for any damages occasioned by interruption of service.

6. QUALITY AND BTU CONTENT

- 6.1 Natural gas delivered shall be merchantable in quality. When the Department supplements its natural gas supply with propane - air mixture, it shall have the right to vary the BTU content of gas delivered.

7. RATES (4478-4675-5842-5957-6335-6596)

- 7.1 Natural gas rates shall be as set or adjusted from time to time by the Municipal Utilities Board. A copy of the current rate schedule for natural gas is included with these policies.
- 7.2 The Utilities Department has gas rates for different classes. Firm Residential, Firm Commercial, and Large Firm.
- 7.3 Firm Residential Gas Rate is applied to buildings used for residential use only. Garages that are metered separately but located on the same lot as a house may be put on the residential gas rate as long as the garage is not used for business. All garages, storage garages, rental garages, and hangars that are not located on the same lot or adjacent lot as the house will be placed on the Firm Commercial or other applicable gas rate.
- 7.4 Firm Commercial Rate is applied to buildings that are not used for residential purposes and have a meter size of 3M and smaller. In Multi-family dwelling units, where there are areas or items of common use and the common area or item is metered separately, the common meter shall be placed on the Firm Commercial or other applicable rate.

7.5 Large Firm Rate is applied to buildings with a meter size of 5M and larger.

8. NATURAL GAS TRANSPORTATION SERVICE (4107-4478-4675-5957)

8.1 This natural gas transportation service shall apply to gas purchased by an end-use Customer from a third-party supplier, where such gas is delivered to Department's system by an interstate pipeline and received, transported, and re-delivered by the Department to the Customer's premises.

8.2 To qualify for this natural gas transportation service, the customer, either existing or potential, must consume or project to consume at least 100,000 CCF of natural gas on a monthly basis for twelve consecutive months. The terms of the agreement shall be set by the Municipal Utilities Board in a separate supply and delivery contract. The Customer shall request transportation service in writing and shall specify the period covering such request in completing the Transportation Service Request Form.

8.3 The transportation rate and customer charge for transportation service shall be set by the Municipal Utilities Board in a separate supply and delivery contract.

8.4 Gas volumes transported will be adjusted for heating value (BTU content) on a daily basis.

8.5 The Customer shall agree to provide, install, and maintain such telemetry equipment as is necessary for Department to monitor Customer's continuous hourly gas usage on Department's SCADA System.

8.6 The Customer shall have the obligation to nominate, schedule, and balance on a daily basis the volume of gas received by Department for Customer with the volume of gas re-delivered by Department and used by Customer. A plus or minus 5% daily tolerance will be allowed. Any volumes actually received by Department that are in excess of 105% of the daily volumes re-delivered to Customer shall be retained by the Department at no cost. Any volumes supplied by the Department to make up the difference between actual receipts and 95% of the volumes used by Customer daily shall be considered to be purchased from the Department by Customer at the then applicable rate plus \$.20 per CCF. This shall be in addition to any penalties for unauthorized take under the rate schedule. Interruptible transportation service shall be subject to curtailment at any time when Department is also curtailing service under its rate schedule.

8.7 Customer's gas volumes will also be balanced on a monthly basis. A plus or minus cumulative 5% monthly tolerance will be allowed, when compared to the total volume scheduled by

Customer for the previous month. Any volumes outside of the tolerance will be handled in the same manner as described above for daily imbalance.

- 8.8 Customer may designate an agent to act on its behalf for any or all of the terms of this Natural Gas Transportation Service by notifying Department of such designation in writing.
- 8.9 Customer shall retain title to gas delivered to Department for transportation and re-delivery, and Customer shall be responsible for all charges imposed by its third-party supplier or transporting interstate pipeline, as the charges apply to Customer's gas. Customer shall also be responsible for all taxes of any nature on its gas or this transportation service. The Department shall not be liable for any claim arising from disputes for non-payment, ownership, penalties, scheduling, or any other dispute between Customer, its third party supplier, or its transporting interstate pipeline, as the claim applies to Customer's gas. Service to Customer shall be in accordance with Department's other policies for service, including gas quality, measurement, billing, payment, and governmental jurisdiction.

9. INSTALLATION OF SERVICES (713-769-1915-5903-6335,6890)

- 9.1 Except for unusual circumstances, there shall be no hook-up charge for natural gas service when used for primary heating source. If service line is not to be utilized for primary heating source, a charge may be assessed by the General Manager or his designee for installation not to exceed the actual installation cost. A service application request form will be required to be completed and submitted, to the utilities office, by customer or their representative in order to request installation of service. Applications will not be honored that are not completely filled out or if the property is not found to be ready for installation of service. Requests after October 15th or those submitted after unseasonable conditions, whichever comes first may not get installed until the following year depending on weather and current ground conditions.
- 9.2 In residential areas, the Department may limit its service line facilities to one service line per Customer lot. In the event that more than one service line is installed, the Department may assume the financial responsibility for the most expensive service line, while the Customer bears the remaining costs occurred by Department.
- 9.3 In Commercial or Industrial areas, such limit may be one service line per building. If an additional service line is needed for another building an installation fee may be required for that service line. Fee may be waived if usage is

expected to meet needed revenue costs recovery requirements. Where separate measurement is required within one building, it is required all meters be served from the same service line, up to four (4) meters per service line. If more than four (4) meters are needed, then an additional service line will be installed at no cost to the Customer.

- 9.4 The connection of gas Customers located outside of the corporate City limits of Watertown shall be at Department discretion, based on the supply of gas available and the economic feasibility of such service. If the Department determines that the project is not economically feasible, the customer may contribute monies to the Department in the amount needed to make project economically feasible.
- 9.5 In the event a Customer needs an emergency gas service during times the ground is frozen, a temporary gas line may be installed by Department if, in the opinion of the Department, the temporary line can be installed in a safe and efficient manner. The Department may charge customer for all labor and material used for each temporary service. All piping downstream of the Departments meter is the responsibility of the Customer.

10. JURISDICTION

- 10.1 Deliveries of gas and Department facilities are subject to the curtailment plans and other rules and regulations issued by proper governmental authority as they may be applicable to the Department, its wholesale gas suppliers, or transporting pipelines. Gas sold and delivered by the Department shall not be resold by Customer.

11. CUSTOMER SERVICE

(5903)

- 11.1 The Department shall provide 24-hour, 7 day per week service at no charge to any customer for the investigation of possible gas leaks or possible carbon monoxide concentrations. All other service calls will be charged for materials and labor at the approved service charge rate in effect.

12. ATTACHMENTS

- * NATURAL GAS TRANSPORTATION SERVICE REQUEST FORM
- * NATURAL GAS TRANSPORTATION SERVICE DAILY NOMINATION FORM

WATERTOWN MUNICIPAL UTILITIES DEPARTMENT
(DEPARTMENT)

Natural Gas Transportation - Service Request Form

Completion of this form shall constitute Customer's agreement to the terms of Department's Natural Gas Transportation Service.

Customer _____

Customer Account Number _____

Customer Meter Number _____

Customer Address - Gas Delivery Point _____

Customer Address - Notices _____

Customer Address- Invoices _____

Customer Contact _____ Title _____

Phone _____ FAX _____

Customer Previous Rate Designation _____

Transportation Service Quantity _____ Dekatherms/Day

This Agreement shall become effective as of _____, and shall be in effect for a primary term until _____, continuing from month to month thereafter unless and until terminated by Customer upon thirty (30) days written notice to Department.

In the event that the rates for this Natural Gas Transportation Service are changed by action of the Watertown Municipal Utilities Board, then Customer may terminate this agreement upon thirty (30) days written notice at any time, even during the primary term agreed to above.

Prior to the effective date hereof, Customer agrees to provide, install, and maintain such telemetry equipment as is necessary for Department to monitor Customer's continuous hourly gas usage on Department's SCADA system.

IN WITNESS WHEREOF, the Parties hereto have executed this Natural Gas Transportation Service Request Form as of the date set forth below:

Department

Customer

Watertown Municipal
Utilities Department

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

WATERTOWN MUNICIPAL UTILITIES DEPARTMENT
(DEPARTMENT)

Natural Gas Transportation - Daily Nomination Form

This form must be received by Department at least 26 hours before beginning of gas day.

Department Contact _____

Phone 605/882-6233 FAX 605/882-6238

Customer _____

Customer's Supplier _____

Pipeline Transportation Contract Number _____

Supplier Contact _____

Phone _____ FAX _____

Gas Quantity _____ Dekatherms

Date Effective From _____

Date Effective To _____