

**General Terms and Conditions for Gas Service**

**3. Credit and Security Deposit Regulations**

3.01 **Credit Requirements:** Company may request customer to provide reasonable credit information to the Company based on internal bill payment history or payment history with another utility before service is made available.

**3.02 Security Deposits**

3.02.01 **New Customers:** At the time of application for service, Company may request an initial deposit to guarantee payment of final bills for utility service rendered if:

- (1) Company establishes that customer has unsatisfactory credit or has insufficient prior credit history upon which credit may be based.
- (2) Customer has outstanding, with Company or any other utility, an undisputed and unpaid service account which accrued within the last 5 years if the service was provided under a written agreement, or 3 years if service was provided under an oral agreement.
- (3) Customer has, in an unauthorized manner used, interfered or tampered with, or diverted (meter bypass) the service of a utility within the last 5 years.

3.02.02 **Existing Customers:** At any time after application for service, upon 5 days written notice, Company may require from an existing customer, as defined in Section 2.02.03, a new or modified deposit to guarantee payment of bills for utility service rendered if:

- (1) Customer fails to pay an undisputed bill before the bill due date for 3 consecutive billing periods, one of which is at least 30 days in arrears.
- (2) The customer is a non-residential customer and has a change in the character of service.
- (3) The customer was disconnected for non-payment two or more times within the most recent twelve month period.
- (4) The customer has defaulted on a pay agreement two or more times within the most recent twelve month period.
- (5) The customer has tendered two or more insufficient funds payments within the most recent twelve month period.
- (6) The customer has sought debt restructuring relief under federal bankruptcy laws and is therefore considered a new customer under

Issued:	November 29, 2016	16-KGSG-491-RTS Approved Kansas Corporation Commission December 28, 2016 /S/ Amy L. Green
Effective:	January 1, 2017	
By:	/S/ David N. Dittmore, Director – Regulatory Affairs	

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Section 2.02.02(7). Within 60 days after the bankruptcy has been discharged, if the new deposit on file is less than the maximum security deposit requirement for the same premises, the utility may recalculate the customer’s security deposit based on the most recent twelve months usage.

3.02.03 **Amount of Deposit:** For purposes of establishing deposits and estimating monthly bills, Company shall consider the length of time customer can reasonably be expected to take service, past consumption patterns, end use of the service, and consumption patterns of other similar customers.

- (1) For all residential customers and small non-residential customers (whose annual natural gas requirements average no more than 50 Mcf per month), the amount of the cash deposit or surety bond required shall not exceed 2 times the amount of the projected average monthly bill for that customer.
- (2) For large non-residential customers (whose annual natural gas requirements average more than 50 Mcf per month) and for all other customers, such cash deposit or surety bond shall not exceed the sum of the projected 2 largest monthly bills for that customer.
- (3) For residential customers requesting service within 30 days of disconnection for nonpayment pursuant to Section 2.02.03 (2), Company may collect or retain a security deposit in an amount no greater than required on the date of disconnection. Company may assess a new deposit amount if customer has met any condition listed under Section 3.02.02.
- (4) For a customer who has been documented to have diverted service through tampering or meter bypass, an additional deposit based on one month’s use may be assessed.
- (5) If the customer’s existing security deposit is to be adjusted or modified, the customer’s maximum security deposit requirement will be calculated in the same manner as an initial deposit. The entire deposit requirement will be treated as an initial deposit subject to the rules for installment payments and retention.

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3.02.04 **Payment of Deposits:** Except as provided in Section 4.07 Cold Weather Rule, customers shall be informed of and Company shall permit payment of required deposits:

- (1) From all residential customers and small non-residential customers (whose annual natural gas requirements average no more than 50 Mcf per month):
  - (a) In equal installments over a period of at least 4 months.
  - (b) An additional 2 months shall be allowed to a customer required to provide a deposit due to documented tampering or diversion (meter bypass) of service.
- (2) From large non-residential customers (whose natural gas requirements average more than 50 Mcf per month) any security deposit requested is due 5 days following Company's written notice.
- (3) Security deposits paid to Company by any payment method approved for the payment of bills (cash, check, credit card, debit card or electronic payment, etc.) shall be considered as paid in "cash" to Company. These deposits shall accrue interest according to Section 3.06 Interest on Cash Deposits.
- (4) An applicant's full deposit provided in lieu of positive identification shall be subject to the provisions of Section 2.03.05.
- (5) Disconnection for nonpayment of deposit shall be governed by Section 5.01 Notice to Customer for Discontinuing Service.

3.03 **Records of Deposit:** Company shall maintain a record of all deposits received showing customer's name, service address for which the deposit is maintained, date and amount of deposit, and the date and amount of interest paid.

3.04 **Deposit Receipts:** Whenever a security deposit is accepted, Company will issue to customer a non-assignable receipt showing the name of customer; place, date and amount of deposit; Company name, address, signature and title of Company employee receiving the deposit; current annual interest rate earned on the deposit; and a statement of the terms and conditions governing the use, retention and return of deposits.

In lieu of a receipt, Company may indicate on customer's monthly billing the amount of deposit retained by Company, provided customer is individually notified in writing of the current annual interest rate earned on deposits and that customer is provided a

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statement of the terms and conditions governing the use, retention and return of deposits. In all cases, a receipt shall be given upon customer request.

- 3.05 **Transfer of Deposit:** Service deposits shall not be transferable from one customer to another customer; however, upon termination of customer's service at a service address, Company may transfer the cash deposit or surety bond for service at such address to customer's new service account.
- 3.06 **Interest on Cash Deposits:** Company shall pay accrued simple interest on cash deposits as defined in Section 3.02.04 at a rate not less than that provided by K.S.A. 1978 Supp. 12-822 and amendments. Such interest shall be credited once a year to customer's account balance or refunded if requested.
- 3.07 **Return of Deposit:** Deposits and interest shall be returned by crediting to the customer's service bill or, if requested, by check. Company may require the identification of the person surrendering the deposit receipt. In case customer shall have lost the deposit receipt, Company will require that customer sign its standard release form acknowledging return of the deposit and accrued interest.
  - 3.07.01 Upon termination of service, if the deposit is not to be transferred to a new service account, Company will return to customer the amount of cash deposit or any surety bond, less any unpaid bills (including added charges for late payment) due Company.
  - 3.07.02 Company will return the cash deposits, together with accrued interest, of residential customers who have paid 10 of the last 12 bills on time and from whom no undisputed bill was unpaid after 30 days beyond due date.
  - 3.07.03 Company will return the cash deposits, together with accrued interest, of small non-residential customers after the customer has paid 20 of the last 24 bills on time and no undisputed bill was unpaid after 30 days beyond due date. The month(s) of a disputed bill(s) shall be ignored in this calculation.
  - 3.07.04 Company will retain the security deposits of or continue to require surety bond or other guarantee from large non-residential customers until termination of service.
    - (1) Company will recalculate deposit of large non-residential customers every three years or when the non-cash security deposit expires. Customers may request that the utility recalculate their deposit at a shorter interval.
    - (2) After recalculation, the maximum deposit requirement shall be increased or decreased as appropriate for each customer. The utility and/or customer shall have 30 days to correct the deposit on file.

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- 3.08 **Third Party Guarantees:** In lieu of a security deposit:
  - 3.08.01 For a residential customer’s service account, Company will accept the written guarantee of any current residential customer with no deposit on file, who has made 10 of the last 12 payments on time with no undisputed payment remaining unpaid after 30 days. Company may also accept the written guarantee of any responsible party or obtain a letter of credit as surety for a residential customer’s service account.
  - 3.08.02 For non-residential customers, Company may accept a surety bond, irrevocable letter of credit, or other written guarantee from a responsible individual or company that will be responsible for paying the customer’s utility bill in the event of nonpayment.
  - 3.08.03 Company shall not hold the guarantor liable for sums in excess of the maximum amount of the required deposit or for attorney or collection fees.
  - 3.08.04 In the event customer's service is disconnected for nonpayment or for final billing and the balance due remains unpaid, the unpaid service amount not exceeding the guarantee amount will be transferred to the guarantor's account pursuant to the written agreement. The guarantor will have the same time to pay the deposit as a new customer and can be disconnected for nonpayment under conditions set out in Section 5.02 Conditions for Discontinuing Service or Section 4.07 Cold Weather Rule. Such deposit collected from the guarantor shall be used to reduce the residential customer's indebtedness.
  - 3.08.05 The guarantor shall be released when the customer would qualify for a deposit refund under Section 3.07, Return of Deposit.
- 3.09 **Discrimination:** No deposit shall be required because of customer's race, sex, creed, national origin, marital status, age, number of dependents, source of income, or geographical area of residence.

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