

**RULES AND REGULATIONS GOVERNING THE DISTRIBUTION
AND SALE OF GAS**

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SECTION I. - MEMBERSHIP

- 1. Application for Membership.** Village Energy Cooperative Association, Inc., a non-profit corporation, (“the Cooperative”) is a cooperative which is owned and operated exclusively by and solely for its members for the purpose of providing natural gas service to its members. As such, it is not a public utility and, except for enforcement of gas pipeline safety regulations, is not subject to the jurisdiction of the Public Utilities Commission of Ohio. All prospective members must apply for membership to the Cooperative by completing and signing the Membership Application and Agreement form. Membership Applications and Agreement forms will be available thru the Cooperative Offices.
- 2. Membership Approval.** Applications for membership will be approved based on adequate deliverability of the Cooperative’s gas facilities, service availability, or applicant’s willingness to enter into a line extension agreement. Individuals or commercial entities may apply for membership.
- 3. Membership Fee.** A one-time membership fee of \$25 (twenty-five dollars) is due and payable upon membership approval.
- 4. Membership Non-Transferable.** Membership is with the individual (or spouse and immediate family residing with member) or entity, not the structure. Subsequent owners, or tenants, must apply for membership.

SECTION II. - TIE-IN FEE

5. **Prerequisite for Service.** Tie-in fees, membership fees, member service line footage costs and any deposits must be paid in full by member prior to the initiation of service.
6. **Post-construction Tie-in Fee.** Residential post-construction tie-in fee will amount to \$1,075 (One Thousand Seventy-Five Dollars) per tie-in that will include tapping of the main and road boring if necessary, with meter bar. No member service line or ancillary appurtenances will be included as part of the post-construction tie-in fee. Post-construction tie-in fees will apply to those applying for membership for service to a structure which does not qualify for pre-construction rates. Post-construction rates are subject to actual cost escalation.
7. **Tie-in Fee Considerations.** The tie-in fee will cover those costs necessary to tap the main line and connect to the member service line and provide a meter and meter bar, curb cock along with any other ancillary equipment, and necessary inspections.

SECTION III. - SERVICE

- 9. Turning on Gas.** A member, after paying all applicable fees, shall notify the Cooperative, or it's agent, when he desires service to be established. In no case shall the member, member's agent, or member's employee turn on the gas at the curb or meter cock. Gas shall be turned on, upon the date specified, by an authorized agent of the Cooperative. If the Cooperative finds itself unable to establish the service on the date specified, it shall so notify the member as much in advance as possible (but not less than one day before the date requested by the member), and a new date shall be established by mutual agreement and shall be adhered to.
- 10. Service Not Transferable.** No person may commence the use of gas until after making application and receiving approval for membership, paying all fees in accordance with Section II and requesting the Cooperative to turn on the service in accordance with paragraph (9) above. In the event of violation of this provision, in addition to other rights of the Cooperative, such person shall be liable for all gas consumed in the premises from the date such person occupied the premise. Any successor in interest to a member, other than a surviving spouse or immediate family member who resided with the member, shall be deemed to be a person who must make application for membership and service, provided that successors in interest whose rights arise from death or incompetence of the member shall have thirty (30) days in which to make application for membership and service.
- 11. Continuity of Service.** The Cooperative will use its best efforts to furnish necessary and adequate service and facilities. The Cooperative shall make reasonable provision to supply gas in sufficient quantity and at adequate uniform pressure, but does not guarantee constant supply or adequate or uniform pressure. The Cooperative shall not be liable in damages for failure to supply gas or for interruptions in service, and shall be relieved of its obligation to serve and may discontinue or modify service, if such failure or interruption is due to acts of God or the public enemy, military action, wars, insurrections, riots, civil disturbances, vandalism, strikes, fires, floods, washouts, explosions, acts or order of any civil, judicial or military authorities, and without limitations by the foregoing, accidents, contingencies or other causes beyond the control of the Cooperative.

In the event there has been an interruption of service to any premises, however caused, the Cooperative, or its agent, may, before restoring such service, take such steps as it deems reasonable to ascertain and assure itself that all precautions have been taken to prevent accidents that might be caused in or around any member's premises by the discharge of gas into or around such premises. Without limitation, this shall be accomplished by inspections of such premises by Cooperative agents who shall turn off all appliance valves and block all thermostatic controls, or when access to the premises cannot be obtained, shall turn off service at the curb cock.

Without incurring an liability therefore, the Cooperative may also suspend service for such periods as may be reasonably necessary in order to make repairs to or changes in its plant, distribution systems or other property. Members that would be effected by any suspension of service will be notified prior to any such suspension, by mail.

- 12. Service not to be Disturbed.** No member shall attach or use any appliance which may result in the injection of air, water, or other foreign matter into the Cooperative's lines and, without prior approval from the Cooperative, no member shall attach or use any appliance which will increase or decrease the pressure in the Cooperative's lines intermittently to such extent as to interfere with continuous service to other members.
- 13. No Member Shall Sell to Another.** The member shall not supply or sell natural gas for use in any location other than that specified in the application for membership or service address if different.
- 14. Access to Premises.** Neither the Cooperative or its agents shall have any inherent rights to enter into a structure of a member without the express permission of such member except in cases of provable emergency. Any agent seeking entrance into or upon the premises of a member shall have or wear, and show, adequate symbols of identification not easily counterfeited. Any agent seeking entrance to a premises shall advise the owner or occupant as to this purpose in doing so. Agents of the Cooperative may enter upon real estate of a member when reasonably necessary or convenient for the Cooperative's business.

Except in cases of provable emergencies, no member shall be obligated to afford entrance or access to his structure except during normal business hours (considered to be from 8:00 a.m. to 5:00 p.m., Monday through Saturday inclusive) and then only to such parts of the structure as may be the location of Cooperative-owned property.

- 15. Member's Responsibility.** Member assumes all responsibility for property owned by the member on member's side of the point of delivery, generally the outlet side of the curb cock, for their service supplied or taken, as well as for the installation of appliances used in connection therewith, and will save Cooperative harmless from and against all

claims for injury or damage to persons or property occasioned by or in any way resulting from such service or the use thereof on member's side of the point of delivery.

16. **Right-of-Way.** Each member, without reimbursement, will make or procure conveyance to Cooperative of right-of-way satisfactory to it across the property owned or controlled by member for Cooperative's distribution mains, extensions thereof, or appurtenances necessary or incidental to the supplying of service to members.
17. **Charges and Payments for Temporary Service.** In addition to regular payment for gas used, the members shall pay the cost for all material, labor, and all other necessary expense incurred by the Cooperative on supplying gas service to the member at his request for any temporary purpose or use. The Cooperative may, at its options, require that any member requesting temporary service shall deposit with the Cooperative, a sum equal to the Cooperative's estimate of the cost to be incurred by it, as above.

After the service has been discontinued and all actual costs determined, any sum deposited by the member in excess of actual cost shall be refunded to him or, if the costs exceeded the Cooperative's estimate, the member shall be liable for payment of the excess. It is provided further that if the Cooperative shall elect to leave in place any or all of the facilities provided, constructed, or installed to render such temporary service, a proportional amount of the member's deposit shall be returned to him or he shall only be charged for the facilities not retained, a proportional share of the total cost.

18. **Member Indebted to Cooperative.** Service will not be supplied to any premises, if at the time of application for membership and/or service, the applicant is indebted to Cooperative for service previously supplied at the same or other premises, until payment of such indebtedness or other arrangement satisfactory to the Cooperative shall have been made. The Cooperative shall require payment in full of all prior indebtedness before reconnecting or initiating service at the premises. If reconnection is necessary, the member must have paid membership fees, pre-construction or post-construction tie-in fees, and a reconnection fee equaling actual cost, before the Cooperative will physically reconnect the system. The Cooperative will put forth its best efforts to reconnect the member's premises within 24 hours.
19. **Credit and Deposits.** The Cooperative may require a member to satisfactorily secure payment of an account. If the Cooperative determines it is necessary, it may require a member to deposit a security deposit deemed adequate by Cooperative. Such deposit may be kept by the Cooperative for any length of time, interest free, but must be returned to the member at the termination of service if the member has paid his or her final bill. If the member has not paid in full, its, his or her final bill, the deposit may be applied to applicable account balances.
20. **Right to Discontinue Service.** The Cooperative shall have the right to discontinue service for any of the following reasons or purposes:

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- (a) Refusing access.
- (b) Nonpayment of bills for gas or other services or fees when bills are due, and payable.
- (c) Failure to furnish or maintain a required security deposit.
- (d) Violation of any of these rules and regulations.

The Cooperative shall have the right to permanently discontinue service, and disconnect and remove from the premises of any member, the meter and any other property belonging to the Cooperative for any of the following reasons or purposes:

- (e) Non-use of gas.
- (f) Fraudulent representation or practice.
- (g) Whenever deemed necessary by the Cooperative for safety reasons.

With respect to residential members, the Cooperative shall follow the following discontinuance and termination procedures:

- i) At least fourteen (14) calendar days prior to the date of the proposed disconnection, the Cooperative shall mail a written notice to the member, and property owner if other than the member, by regular U.S. first class mail, to the member's last known address of its intention to disconnect service.
- ii) The written notice shall state the reason for the proposed disconnection and the date of the proposed disconnection.
- iii) The date of the proposed disconnection shall be on a Monday, Tuesday, Wednesday, or Thursday that is not a holiday or the day before a holiday.
- iv) To avoid disconnection, the member must cure the reason for the proposed disconnection by no later than the last working or business day before the proposed disconnection date.
- v) To reconnect gas service after disconnection, the member must cure the reason for the proposed disconnection, pay the actual cost of reconnection, and ask the Cooperative for reconnection. The Cooperative will put forth its best efforts to reconnect the member later that day or on the next working day.

21. **Change of Member's Address.** When member changes his address, he should give notice of his intent to do so to Cooperative prior to the date of change. The member is responsible for all service supplied to the former premises until such notice has been received and Cooperative has had a reasonable time of two (2) regular Cooperative business days to discontinue service.
22. **Information Relative to Service.** Information relative to the service that will be supplied at a given location should be obtained from Cooperative. Cooperative will not be responsible for mistakes of any kind resulting from information given orally over the telephone. If a member submits a written inquiry to the Cooperative, the Cooperative shall provide information to the member and shall assist the member in determining the most economical service for the member.
23. **Change in Tenancy or Ownership.** At such time as the Cooperative is notified of a change of tenancy or ownership, whether such notice is given by the member or otherwise, the Cooperative shall make a final meter reading, prepare and mail a final bill. The former member is responsible for all service supplied to the premises until such notice has been received and Cooperative has had a reasonable time to make a final meter reading. Reasonable time is defined as being two (2) working or business days to make a meter reading.

Transfer of uninterrupted service to a new member will be permitted, upon request of either the former member or the new member occupant, providing the new member applies for membership and satisfactorily meets all Cooperative requirements for membership including payment of the membership fee..

Commencement of service to a new member may be delayed or denied by Cooperative to such new tenant or owner, if the prior tenant or owner has not paid the final bill.

Lease / rental responsibility. Building owner must apply and be approved as a member of the Cooperative. As such, owner is responsible for payment of all bills for gas used by their tenants. Owner also agrees to make every attempt to keep Cooperative informed of changes in tenants.

24. **Quantity of Gas Delivered by Meter.** Gas will be measured by a meter installed and read by the Cooperative, which shall be and remain the property of the Cooperative. Subject to certain exceptions, enumerated below, consumption shall be determined on the basis of the meter registration. Bills shall reflect the meter registration. However, any mistakes in the reading of or the reporting of the meter registration or an incorrect meter registration shall not affect the liability for gas consumed as determined by a corrected reading of the registration. Line loss over the entire system shall be allocated on a pro-rata basis to all member meters. Cooperative will read meters semi-annually and adjust line loss at that time.

When the meter is not read the Cooperative may estimate the quantity of gas consumed and render a bill for such quantity.

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All meters shall be tested at such intervals as deemed appropriate by the Cooperative. The meter shall be removed from the member's premises for such test and a substitute meter, newly tested, shall be installed in its place. After the meter has been tested and before it is within three percent (3%) plus or minus.

At the request of any member, the Cooperative shall have the meter tested, using an industry-recognized method. Such test shall be performed in the presence of the member if he so requests.

A meter registering between three percent (3%) fast and three percent (3%) slow shall be deemed for all purposes to be registering correctly. If a meter proves to be registering correctly, trip charges will be charged member in keeping with section 7, Part D.

During any period that incorrect registration can be established, the meter readings and bills based thereon shall be adjusted by the Cooperative to the satisfaction of the member on the basis of all available information concerning the use of gas by the member. If, as the results of such adjustment, overpayments are shown to have occurred, the Cooperative shall reimburse the member in the amount of such overpayments. The Cooperative shall continue to supply gas to the member and the member shall pay the amounts billed, pending the adjustment.

- 25. Backbilling.** In the event a residential member is discovered to have had a "slow" or "defective" meter that is not the result of tampering, the Cooperative will only backbill for up to one year from the time the meter inaccuracy is remedied. Such a backbill will calculate the difference between what the meter actually registered and what the meter should have registered had it been accurate. The member will have the option of paying for such a backbill in twelve (12) monthly installments, four (4) quarterly installments, or one lump payment.
- 26. Billing Periods.** Bills shall be rendered regularly at monthly intervals but may be rendered more or less frequently at Cooperative's option. Nonreceipt of bills by member does not release or diminish the obligation of member with respect to payment thereof. Meters will ordinarily be read at monthly intervals but may be read more or less frequently at Cooperative's option.
- 27. Payment of Bills.** Bills shall be paid by the member by mail, to the office of the Cooperative. Any remittance received by mail at the office of the Cooperative bearing U.S. Postal Office cancellation date corresponding with or previous to the last date for the net payment will be accepted by the Cooperative as within the net payment period. Payments postmarked after the due date will be subject to the late-payment charge.
- 28. Removal of Service by Cooperative.** At the option of the Cooperative Board of Trustees, the Cooperative shall have the right to shut off the gas and to remove its

property from the member's premises and the Cooperative shall have the further right, independent of, or concurrent with, the right to shut off, to demand immediate payment for all gas theretofore, delivered to the member and not paid for, which amount shall become due and payable immediately upon such demand, when the member vacates the premises, becomes bankrupt or a receiver, trustee, guardian, or conservator is appointed for the assets of the member, or the member makes assignment for the benefit of creditors.

29. Bill Format and Billing Procedure. The Cooperative's bill rendered to members monthly shall contain the following:

- 1) name and address of the member;
- 2) name, address and telephone number of the Cooperative;
- 3) whether the bill is based on a calculated or actual meter registrations;
- 4) the beginning and ending meter registrations;
- 5) the period for which the service was rendered;
- 6) the amount of sales tax charged;
- 7) the total charges due on or before the due date and the total charges due after the due date;
- 8) the amount of any previous unpaid account balances;
- 9) any other credits or charges; and
- 10) the due date of the bills.

30. Reporting of Delinquent Accounts. The Cooperative will report delinquent accounts to the appropriate credit bureau or bureaus.

SECTION V. - PHYSICAL PROPERTY

31. Service Lines. The general term “service line” is used to designate the complete line or connection from the Cooperative’s main up to and including the meter. It consists of two distinct parts, (a) the cooperative service line connection, and (b) the member service line.

(a) Cooperative Service Line Connection

The service line connection consists of the appurtenances to extend to the property line or the curb cock location, curb cock, and curb box. This connection shall be made by the Cooperative, or its representative, and it remains the property of the Cooperative.

(b) Member Service Line

The member service line consists of the pipe from the outlet of the curb cock to and including the meter connection, or riser. The member shall own and maintain the member service line and appurtenances. The Cooperative shall have the right to prescribe the size, location, and termination points of the member’s service line and appurtenances. Member service line can only be installed by a cooperative approved contractor. The Cooperative shall have no obligation to install, maintain, or repair said member service line and appurtenances.

32. Meter Furnished. The Cooperative will furnish each member with a meter and meter bar of such size and type as the Cooperative may determine will adequately serve the member’s requirement and such meter shall be and remain the property of the Cooperative shall have the right to replace it as the Cooperative deems necessary.

33. Meter Location. The Cooperative shall determine the location of the meter. When changes in a building or arrangements therein render the meter inaccessible or exposed to hazards, the Cooperative may require the member, at the member’s expense, to relocate the meter setting together with any portion of the member’s service line necessary to accomplish such relocation.

34. Only Cooperative Can Connect Meter. The owner or member shall not permit anyone who is not an authorized agent of the Cooperative to connect or disconnect the Cooperative’s meters, regulators, or gauges or in any way alter or interfere with the Cooperative’s meters, regulators, or gauges.

35. House Piping. The member shall own and maintain the house piping from the outlet of the meter to gas-burning appliances. The Cooperative shall have no obligation to install, maintain, or repair said piping.

- 36. Appliances.** The member shall own and maintain all gas-burning appliances. The Cooperative shall have no obligation to install, maintain, or repair appliances.
- 37. Standards for Member's Property.** The member's service line, house lines, fittings, valve connections, and appliance venting shall be installed with materials and workmanship which meet the reasonable requirements of the Cooperative and shall be subject to inspection or test by the Cooperative. The Cooperative shall have no obligation to establish service until after such inspection and test demonstrate compliance with such requirements of the Cooperative with respect to the facilities in place at the time of the test.
- 38. Discontinuance of Supply on Notice of Defect in Member's Property.** If the member's service line, other gas lines, fittings, valves, connections, gas appliances, or equipment on a member's premises are defective or in such condition as to constitute a hazard, the Cooperative, upon notice to it of such defect or condition, may discontinue the supply of gas to such appliances or equipment or to such service line or such other gas lines until such defect or condition has been rectified by the member, in compliance with the reasonable requirements of the Cooperative.
- 39. No Responsibility for Material or Workmanship.** The Cooperative is not responsible for maintenance of, or any imperfect material or defective or faulty workmanship in the member's service line, house lines, fittings, valve connections, equipment, or appliances and is not responsible for any loss or damage arising from inadequate or improper maintenance or from imperfect material or defective or faulty workmanship. For work that was performed by the Cooperative, the Cooperative will warrant such material and workmanship for a period of 1 (one) year from the date such work was completed.
- 40. Inspection of Altered Piping.** It shall be the duty of the member to notify the Cooperative promptly of any additions, changes, alterations, remodeling, or reconstruction affecting gas piping on the member's premises.
- 41. Extension of Distribution Mains.** The Cooperative will extend its distribution mains (not to exceed two inches in diameter) on any dedicated street or highway without cost, up to but not more than, a distance of three hundred (300) feet for each member applicant. Upon application for a domestic service extension of main in excess of three hundred (300) feet for each member applicant, the Cooperative may enter into a line extension agreement providing for a deposit with the Cooperative of a sum deemed adequate by the Cooperative to cover the cost to be incurred by it for that portion of the extension in excess of the footage's which the Cooperative will construct without cost to the member applicant. The amount of deposit shall be determined by multiplying the excess footage as hereinabove determined by the average cost per foot to the Cooperative of a similar size distribution main installed during the preceding calendar year. The sum so deposited

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shall be subject to refund on the basis of the cost per foot deposited multiplied by three hundred (300) for each additional member applicant who becomes a bona fide member connected and taking service from the extension but not to laterals therefrom or to further extensions thereof. No refunds shall be paid after the expiration of ten (10) years from the date of the agreement.

Where a main extension is necessary to provide service availability to plots of lots or real estate subdivisions and such main extension is not deemed justified at the Cooperative's expense, the owners or promoters of such plots of lots or real estate subdivisions may enter into a line extension agreement and deposit with the Cooperative the estimated cost of that portion of the main extension which is not deemed justified at the Cooperative's expense. This deposit will be refunded at the average cost of one hundred (100) feet for each bona fide member connected and taking service from the extension but not to laterals therefrom or to further extensions thereof. No refunds shall be paid after the expiration of ten (10) years from the date of the agreement.

Where a main extension is requested for commercial or industrial purposes and all or part of such main extension is not deemed economically justified at the Cooperative's expense, the Cooperative shall require the Applicant or Applicants to enter into a line extension agreement and deposit with the Cooperative the estimated cost of that portion of the main extension which is not deemed economically justified at the Cooperative's expense, based on such study. This deposit will be refunded annually, based upon the incremental volumes sold directly from the main extension which are over and above those volumes used to determine the portion of the main extension to be done at the Cooperative's expense. The refund shall be determined by multiplying such incremental volumes by the applicable rates. No refunds shall be paid after the expiration of ten (10) years from the date of the agreement.

In no case shall the total of refunds exceed the amount deposited for the extension. Deposits will not draw interest. All extensions shall be the property of the Cooperative.

The Cooperative shall have no obligation to make any extensions during the months of December, January, February, or March.

Where a main extension is deemed economically justified at the Cooperative's expense, no deposit need be required.

SECTION VI - GENERAL

42. The Cooperative reserved the right to modify, alter or amend the foregoing rules and regulations, to make such further and other rules and regulations as experience may suggest, and to adjust rates and charges to members when the Cooperative may deem necessary or convenient in the conduct of its business. All members will come under the standards for gas pipings and appliance venting on member's premises.
43. All of the foregoing rules and regulations shall apply to living units located in mobile home parks or similar installations. This shall apply particularly with regard to those sections of the rules and regulations dealing with, and setting standards for, piping within such living units and the venting of all appliances in which gas is used or burned.
44. The Cooperative acknowledges that as a provider of gas service to its members, it is subject to and intends to abide by applicable gas pipeline safety regulations.
45. These rules and regulations shall not apply during periods of shortage in the supply of natural gas available to the Cooperative, to the extent that compliance by the Cooperative with such rules and regulations is precluded by the shortage in supply. During periods of shortage of supply to the Cooperative, restrictions on new service and curtailment of existing service may be imposed by the Cooperative when deemed in the best interest of its members.
46. The Cooperative will not be responsible or liable for damages or injuries caused by the provision of gas service, a reduction in gas pressure, the deviation from a uniform gas pressure, or the interruption or curtailment of gas service. Each member will hold the Cooperative harmless from any damages or injuries to members or to third parties caused by the provision of gas service, the reduction in gas pressure, the deviation from uniform gas pressure, or the interruption or curtailment of gas service.
47. In the event any dispute between the Cooperative and a member or members cannot be resolved, the dispute shall be submitted to arbitration in Sandusky County. The arbitrator or arbitration panel shall not be authorized to award punitive or consequential damages, but may, if supported by a preponderance of the evidence, award direct and compensatory damages.

SECTION VII - RATES

GENERAL SERVICE RATE SCHEDULE

Applicable:

To all general service sales members that take their full natural gas requirement from Village Energy Cooperative Association. The Cooperative, acting through its trustees, may change rates at any time.

Monthly Recurring Charges:

Members will be billed each month for gas service based upon the sum of the customer service charge, the cost of delivered gas and applicable state and local sales tax.

Customer Service Charge:

Each member shall be charged \$12 (Twelve Dollars) per month per meter regardless of any gas usage. The service charge will escalate annually beginning on January 1, 2000, at a rate consistent with the Consumer Price Index (CPI) for the preceding year.

Commodity Charge:

Each member will be charged a volumetric commodity charge per mcf or any part of a mcf used during a month, according to the rates approved by the Board of Trustees in effect at the time of consumption by member.

Discounted Rates to Large Volume Commercial Members by Contract:

When deemed appropriate by the Cooperative, the Cooperative may provide services to large volume commercial members at discounted rates by contract.

Miscellaneous Charges:

The following charges shall apply to all classes of members:

- (a) Reconnection Charge. If a service is reconnected after disconnection, a charge equaling actual costs shall be assessed.

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- (b) Dishonored Check Charge. Whenever a member pays a bill by check and the check is not honored by the bank, there may be a dishonored check charge assessed for each check returned. Such member shall be charged twenty-five dollars (\$25) for processing the dishonored check.
- (c) Late Payment Charge. If a bill payment is not received by the Cooperative Offices or by the Cooperative's authorized agent on or before the specified payment date, which shall be (14) fourteen days after the mailing of the bill, a one-time additional amount of ten (10%) of the amount of the bill will become due and payable a part of the member's total obligation.
- (d) Trip Charges: Members will be charged the actual cost per man hour for trips made to member's property for emergency service (unless caused by leak or defect in V.E.C.A. lines or property); disconnection of service; reconnection of service; non-scheduled meter test and/or calibration (if requested by member and if results are within 3% variance); special request meter readings; and any similar trip requested by a member.
- (e) Sales Tax. The member's charges will be subject to state and local sales tax or similar tax and the bill will reflect such charges for sales tax.
- (f) Assessment. The Cooperative will, as needed, impose a assessment on all members for the purpose of recovering any losses due to non-paying members or extraordinary unforeseen expenses which are incurred but have not been contemplated through current rates.