**RULES AND REGULATIONS**

(Continued from Previous Page)

**RULE 17 ‑ FIRM SERVICE PRIORITY** (Continued)

**UNAUTHORIZED USE OF GAS DURING CURTAILMENTS OR ENTITLEMENT PERIOD:**

The Company may declare an Entitlement Period on any day the Company, in its sole discretion, reasonably determines a critical operational condition warrants the need. During a Declared Entitlement Period, if the total physical quantity of gas taken by customers served under Rate Schedule 663 from transporter exceeds or is less than the total quantity of gas which customer is entitled to take on such day as defined below, then all gas taken in excess of such entitlement or not taken within said entitlement shall constitute unauthorized overrun or underrun volume. Each general system or customer-specific Declared Entitlement Period shall be specified as either an overrun or an underrun entitlement for customers such that only one penalty condition may exist at one time.

Customers served under Rate Schedule 663 shall pay Company for all unauthorized overrun or underrun quantities, as defined above, that exceed the percentage specified by the Company in its Declared Entitlement. For a general system or customer-specific Declared Entitlement Period, such percentage will be: (i) in the Company’s sole discretion 3 percent, or, in the case of a Declared Overrun Entitlement Period announced on the day it is to be in effect, 5 percent for that day (Stage I), 8 percent (Stage II) or 13 percent

(Stage III) of customers entitlement as set forth in paragraph 7 in Rule 20.

In the event of failure of customer's supplies or if capacity is preempted for service entitled to higher priorities than service to customer, Company may curtail deliveries to customer or issue a system entitlement. Gas taken by customer by reason of customer's failure to comply with Company's curtailment or entitlement order shall be considered as an unauthorized overrun volume. The overrun charge that will be applied during any Overrun Entitlement period will equal the greater of $1.00 per therm or 150% of the highest midpoint price for the day at NW Wyoming Pool, NW south of Green River, Stanfield Oregon, NW Canadian Border (Sumas), Kern River Opal, or El Paso Bondad supply pricing points (as published in “Gas Daily”), converted from dollars per dekatherms to dollars per Therm by dividing by ten. The overrun charge will be in addition to the incremental costs of any supplemental gas supplies the Company may have had to purchase to cover such unauthorized use, in addition to the regular charges incurred in the RATE section and those charges directly assignable under Operating Obligations and Conditions, Item No. 6 in Rule 20 and the regular charges incurred in the RATE section of the distribution system transportation rate schedule. The payment of an overrun penalty shall not under any circumstances be considered as giving customer the right to take unauthorized overrun gas or to exclude any other remedies which may be available to the Company to prevent such overrun. The charge that will apply during any Underrun Entitlement period will be $1.00 per therm for any underrun imbalances.

**CNG/W15-02-02**

February 27, 2015 March 30, 2015

(T)

(N)(D)

(N)

(D)

**Fourth Revision Sheet No. 21-B**

**Canceling**

**Third Revision Sheet No. 21-B**

**WN U-3**

ISSUED BY **CASCADE NATURAL GAS CORPORATION**

BY \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_TITLE **Director**

**Michael Parvinen Regulatory Affairs**

ISSUED \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ EFFECTIVE \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

CASCADE NATURAL GAS CORPORATION