

ANNEXE 4

Gazifère Inc. Conditions of Natural Gas Service

Annexe 4 (32 pages)

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**GAZIFÈRE INC.
CONDITIONS OF NATURAL GAS SERVICE**

**As set by the Régie de l'énergie
in Decision D-2009-136**

INTRODUCTORY NOTE

These Conditions of Service have been set by the Régie de l'énergie pursuant to the *Act Respecting the Régie de l'énergie* (R.S.Q., c. R-6.01). Any customer who disagrees with the application of any of these conditions by the distributor may submit a complaint to the distributor in accordance with the complaint review procedure established by the distributor and approved by the Régie de l'énergie in Decision D-98-25, File R-3392-97, May 13, 1998, Appendix B. If the customer does not agree with the distributor's decision concerning his complaint, he may then ask the Régie to review it in accordance with the provisions of Chapter 7 of the aforementioned Act (Sections 86 to 101).

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CHAPTER 1 – APPLICATION

1.1 APPLICATION

The provisions hereof establish the conditions of natural gas service of Gazifère Inc. (the distributor) in its exclusive distribution territory.

1.2 INFORMATION

The distributor shall inform its customers of these conditions of service.

1.3 DEFINITIONS

In this document, the following terms shall have the meaning ascribed to them:

BILLING ADDRESS

Address to which the customer's bill is sent.

CONNECTION

Connection of a new service address to the distribution system.

CONTRACT

Agreement between a customer and the distributor for one or more natural gas services supplied by the distributor to a service address.

CUSTOMER

Any individual or legal person, partnership or body that has entered into a contract with the distributor.

CUSTOMER DELIVERY POINT

Point, immediately after the distributor's metering equipment, at which the distributor makes the natural gas available to the customer.

DOMESTIC USE

Utilization of the natural gas service for applications related exclusively to the occupation of a personal residence or of apartments in a housing cooperative or non-profit housing organization, or to the use of common areas in a condominium.

METERING EQUIPMENT

Any equipment used to measure the natural gas withdrawn by the customer, including in particular a meter, with or without a remote reading device.

MINIMUM ANNUAL OBLIGATION

Minimum annual volume of natural gas, for each contract year, that the customer agrees to pay, in accordance with the Tariff, whether or not he withdraws the natural gas.

MONTHLY FIXED CHARGE

A fixed amount billed monthly to the customer.

NATURAL GAS SERVICE

One or more of the distributor's following services: natural gas supply service, natural gas compressor fuel service, transportation service, distribution service.

PAYMENT AGREEMENT

Agreement between the customer and the distributor to spread the payment of the unpaid amounts owing on the due date over a period of time and to provide for full payment of the bills issued during the period covered by the agreement.

PRESSURE FACTOR

The coefficient applied to the measurement of the natural gas volume withdrawn by the customer in order to account for the atmospheric pressure and the delivery pressure.

SERVICE ADDRESS

Address that is or will be connected to the distribution system.

TARIFF

The schedule of rates and rate conditions applicable to the customer and the distributor, as fixed by the Régie de l'énergie.

CHAPTER 2 – DISTRIBUTION SYSTEM

2.1 DISTRIBUTION SYSTEM

The distributor shall determine the location of its distribution system.

The distributor shall own the distribution system and shall supply, install, operate and maintain the system up to the customer delivery point.

No one other than the distributor or its authorized agent may at any time or in any way modify or alter its distribution system.

2.1.1 Accessibility

The customer shall make the distribution system accessible to the distributor at any time and shall maintain the premises in a manner that permits the distributor to operate the system in accordance with the applicable legislation.

2.1.2 Relocation or modification

A person who requests a relocation or modification of the distribution system shall be the owner of the property where the service address is located or declare and warrant having, for this purpose, all the authorizations and permissions required from the owner of the premises. The person making the request shall provide the distributor, upon request, with any evidence so attesting.

If the distributor relocates or modifies its distribution system following a request made under the preceding paragraph, the distributor may bill the person making the request for the cost of work, in accordance with an estimate it has provided to him in advance or in accordance with the actual cost of work. The method of billing the cost of work shall be determined when the relocation or modification request is made.

If a request to relocate or modify the system is withdrawn, the distributor may bill the person making the request if work has already been undertaken or completed. The amount shall then be based on the actual cost of work.

CHAPTER 3 – SERVICES

3.1 NATURAL GAS SERVICES

The distribution service shall be offered exclusively by the distributor in its territory, as provided in the *Act Respecting the Régie de l'énergie*.

The following services may, at the option of the customer, be obtained from the distributor, or subject to the Tariff, obtained by the customer himself from one or more suppliers:

1. gas supply service;
2. compressor fuel service;
3. transportation service.

The distributor shall provide these services by default, in accordance with the Tariff, unless the customer notifies the distributor of his intention to provide them himself.

3.2 CHOICE OF SERVICES

The conditions relating to the distributor's services or the customer-provided services are specified in the Tariff.

CHAPTER 4 – NATURAL GAS SERVICE REQUEST AND CONTRACT

4.1 NATURAL GAS SERVICE REQUEST

4.1.1 Service request procedure

4.1.1.1 Address connected to the distribution system

The service request may be made to the distributor by telephone, mail, e-mail or fax or on the distributor's Internet site.

Following acceptance of the request for natural gas service, the distributor shall bill the customer the amount set out in the Tariff for opening an account in his name at the service address.

4.1.1.2 Address not connected to the distribution system

The service request shall be made to the distributor in writing on the prescribed form.

The person making the request shall be the owner of the property where the service address is located or declare and warrant having, for this purpose, all the authorizations and permissions required from the owner of the property. The person making the request shall provide the distributor, upon request, any evidence so attesting.

Following acceptance of the request for natural gas service, the distributor shall bill the customer the amount set out in the Tariff for opening an account in his name at the service address.

4.1.2 Conditions for acceptance of a service request

Acceptance of a service request by the distributor may be subject to:

1. payment of a deposit in accordance with Section 8.1;
2. payment, in accordance with Chapter 7, of the amounts owing to the distributor by a customer if the customer continues to occupy the service address covered by the request after the date the natural gas is required.

4.2 INFORMATION TO BE PROVIDED FOR A NATURAL GAS SERVICE REQUEST

4.2.1 Individual:

1. Mandatory information

- (a) Family name and given name
- (b) Service address covered by the natural gas service request
- (c) Billing address, if different from address covered by the natural gas service request
- (d) Telephone number(s)
- (e) Date for which service is requested
- (f) Date of birth
- (g) Other active accounts with the distributor
- (h) Last address occupied during the 12 months preceding the request

2. Optional information

- (a) Fax number
- (b) E-mail address
- (c) Reading of the metering equipment

4.2.2 Other:

1. Mandatory information

- (a) Name
- (b) Business name
- (c) Service address covered by the natural gas service request
- (d) Billing address, if different from the address covered by the natural gas service request
- (e) Telephone number(s)
- (f) Name of contact person
- (g) Date for which service is requested
- (h) Other active accounts with the distributor
- (i) Last address occupied during the 12 months preceding the request

2. Optional information

- (a) Fax number
- (b) E-mail address
- (c) Reading of the metering equipment

4.3 SERVICE CONNECTION CHARGES

4.3.1 Cost of work and economic investment

If the service address is not connected to the distribution system, the distributor shall estimate the cost of the work required and the revenues generated by connection of the service address to the distribution system.

If a connection request is withdrawn, the distributor may bill the person making the request if the work has already been undertaken or completed. The amount shall then be based on the actual cost of the work.

4.3.2 Financial contribution from the customer

If the revenues generated from connection of the service address to the distribution system do not allow the distributor to earn a return on its investment, based on the estimated cost of the work required, in accordance with the conditions approved by the Régie de l'énergie, the distributor may, on entering into the contract, agree with the customer on a financial contribution payable by the customer. It may also agree with the customer on a minimum annual obligation.

If a financial contribution is required, it shall be payable in a single payment or in instalments before the work is started. The distributor shall provide the customer with the details of the financial contribution required.

If a financial contribution is required, the distributor and the customer shall agree before the work is started on matters including:

1. the amount of the financial contribution requested from the customer;
2. the terms of payment of the financial contribution requested from the customer;
3. the conditions for repayment, in whole or in part, of the contribution requested from the customer, where applicable.

The distributor may repay, in whole or in part, in accordance with certain profitability conditions set out in writing when the contract is entered into, the financial contribution paid by the customer to make the investment economic.

Notwithstanding the payment of a financial contribution by the customer, the distributor shall remain the exclusive owner of the distribution system.

4.4 LEAD TIMES REQUIRED BY THE DISTRIBUTOR TO PROVIDE NATURAL GAS DISTRIBUTION SERVICE

4.4.1 Address connected to the distribution system

The natural gas shall be made available to the customer immediately if the metering equipment is not turned off or sealed.

If the metering equipment is turned off or sealed, the distributor will generally require one (1) to five (5) business days to establish service. However, the time required may be longer if the customer so requests or if there are constraints relating to the metering equipment. In the case of metering-equipment-related constraints, the time required shall be determined for each case and the customer shall be notified of it.

4.4.2 Address not connected to the distribution system

If the service connection requires only a line to connect the service address to the existing distribution system, the time between the acceptance of the service request and the natural gas being made available to the customer shall be 30 business days.

However, the time may be longer if the customer so requests or if there are constraints relating to construction. In the case of construction-related constraints, the distributor shall notify the person making the request.

If, in addition to the line, the service connection requires work on the existing distribution system, the time required by the distributor shall be determined for each case and the person making the request shall be notified.

4.5 FORM, FORMATION AND EFFECTIVE DATE OF CONTRACT

4.5.1 Form

The contract shall be in writing in the following cases:

1. the customer is billed under Rates 3 to 9;
2. the customer takes charge of its transportation service or is a buy/sell customer;
3. the customer has to pay a financial contribution to the distributor;

4. the customer requests natural gas service at an address not connected to the distribution system, in accordance with Section 4.1.1.2.

4.5.2 Formation and effective date

The contract is formed when the distributor informs the new customer that it accepts the natural gas service request. Service shall start on the agreed date.

If there is no natural gas service request, the occupant shall be deemed to have entered into a contract when he starts to occupy the service address where the natural gas is made available to him. The occupant is the person who has use of the property or the premises located at the service address.

If a contract with a customer has ended and no contract has been formed with a new customer for the service address, the owner of the property where the service address is located shall be deemed to have entered into a contract if he fails to inform the distributor of his intentions with respect to the natural gas service within 15 days following delivery by the distributor of written notice to that effect.

4.6 CONFIRMATION OF ACCEPTANCE OF THE NATURAL GAS SERVICE REQUEST

Following acceptance of the service request, the distributor shall provide to the customer in writing the mandatory information obtained, excluding the list of the customer's other active accounts, with an explanation that the meter reading provided by the customer, if any, may differ from the meter reading used for the billing.

The distributor shall also provide the following information in writing:

1. the applicable rate(s);
2. the amount and the terms and conditions of the financial contribution, if required;
3. information regarding payment methods available to the customer for paying his bill;
4. the fact that all customers at the same service address are solidarily liable for full payment of the bills on which they are identified by name;
5. the fact that a contract that is not in writing shall remain in effect until resiliated by the customer or, as the case may be, by the distributor;
6. the requirement for a deposit, if applicable, and the conditions for repayment thereof.

4.7 CONTRACT TERM

If the contract is not in writing, it shall remain in force and effect until resiliated.

If the contract is in writing, its term shall be stated therein.

The distributor may require that the contract term be the same for all the services it provides.

The minimum term of a written contract shall be the term stated in the Tariff according to the applicable services.

4.8 CONTRACT AMENDMENT

The customer shall be responsible for notifying the distributor of any change in the information provided since the natural gas service request.

The customer may also submit a request for a contract amendment. If the request complies with the Tariff and the Conditions of Service and if it is economically and operationally possible for the distributor to accept it, the contract may be amended or replaced by a new contract.

A written contract may not be amended verbally.

In each case provided for in this Section, the confirmation referred to in Section 4.6 shall not be sent to the customer.

4.9 CONTRACT TERMINATION

4.9.1 Written contract

The contract is terminated on the date specified.

Notwithstanding the foregoing, the distributor may resiliate the contract if the customer has interfered with the distributor's pipes, mains, metering equipment or other equipment, or used the distributor's natural gas service without its consent.

4.9.2 Other contract

The customer may resiliate the contract by informing the distributor that he ceases or will cease receiving natural gas service. He may do so verbally, except between

December 1 and March 1 when resiliation shall be in writing, and shall specify the time after which natural gas service will no longer be required.

Where the customer does not inform the distributor that he ceases or will cease receiving natural gas service, the distributor may resiliate the contract at one of the following times:

1. when it sees the customer has ceased receiving natural gas service and that no other contract has been entered into for the service address; or
2. on the effective date of a new contract with a person requesting natural gas service for the service address in question, except in the case of a customer who owes an amount of money to the distributor and will continue to occupy the service address after the date the gas is required.

Notwithstanding the foregoing, the distributor may resiliate the contract if the customer has interfered with the distributor's pipes, mains, metering equipment or other equipment, or used the distributor's natural gas service without its consent.

4.10 FORCE MAJEURE

In the event of a force majeure, the obligations of the parties are set out in the Tariff.

CHAPTER 5 – MEASUREMENT

5.1 METERING EQUIPMENT

5.1.1 Metering equipment belonging to the distributor

The distributor shall determine the type of metering equipment to be used at the customer delivery point. It shall install, operate and maintain metering equipment to measure the natural gas withdrawn by the customer.

The customer may not modify or tamper with the distributor's metering equipment.

5.1.2 Location of and access to the metering equipment

The distributor shall determine the location of its metering equipment.

The distributor shall hold, at no cost, all rights of entry, rights-of-way and rights of access to its metering equipment. The customer shall take the necessary steps to enable the distributor to exercise those rights at the following times:

1. at any time for reasons of safety;
2. between 8:00 a.m. and 9:00 p.m. from Monday to Friday except for statutory holidays or at any other time agreed with the customer, for any other reason.

The customer shall not interfere with access to the distributor's metering equipment.

5.1.3 Metering equipment belonging to the customer

The customer may install, operate and maintain on pipes belonging to him his own metering equipment at his own expense.

However, the customer's metering equipment shall be installed downstream from the distributor's metering equipment.

Customer's metering equipment shall be installed, operated and maintained in a manner that does not interfere with the distributor's activities.

5.2 MEASUREMENT OF VOLUME OF NATURAL GAS WITHDRAWN

The metering equipment shall indicate the volume of natural gas withdrawn by the customer, either in metric or in imperial units. For billing purposes, imperial units shall be converted to metric units.

Depending on the type of metering equipment used, a pressure factor may be applied.

5.3 READING OF METERING EQUIPMENT

5.3.1 Reading by the distributor

The distributor shall choose the reading method to be used. The reading of the metering equipment may be done on site or by a remote device.

However, if the customer requests a reading method other than the one chosen by the distributor, the distributor may bill the customer for the actual costs incurred as a result of using the reading method requested by the customer.

5.3.2 Frequency of readings

The distributor shall read the metering equipment with all reasonable diligence using a method consistent with the efficient operation of its business.

The distributor shall read the metering equipment every two (2) months.

To the extent possible, however, the distributor shall read the metering equipment daily for customers who take charge of their transportation service, or monthly for customers served under Rates 3 to 9.

When the meter reader does not have access to a customer's meter for more than four (4) months from the date of the last reading, the distributor shall take the necessary steps to have the meter read as soon as possible.

5.3.3 Reading by the customer

When the distributor has not obtained a reading in accordance with Section 5.3.2, it shall forward a meter reading card to the customer, who is then required to call in the reading to the distributor by telephone.

In addition, upon arriving at the service address and at the termination of the contract, the customer shall provide to the distributor, at the distributor's request, a reading of the metering equipment. Otherwise, the distributor shall estimate the volume withdrawn and the distributor may revise that estimate when the distributor obtains a reading of the metering equipment.

5.4 VOLUME OF NATURAL GAS WITHDRAWN BY THE CUSTOMER

The volume of natural gas withdrawn shall be calculated by determining the difference between two (2) consecutive readings of the metering equipment. If the distributor does not obtain a reading of the metering equipment before the bill is issued, the distributor shall estimate the volume of natural gas withdrawn by the customer.

5.5 DEFECTIVE METERING EQUIPMENT

If the customer doubts the accuracy of the distributor's metering equipment, he shall so notify the distributor as soon as possible.

If the distributor determines that there is a defect in the metering equipment that may have an impact on the billing, it shall so inform the customer as soon as possible.

The customer and the distributor may, at any time, request verification of the metering equipment in accordance with the *Electricity and Gas Inspection Act*, R.S.C. 1985, c. E-4.

If the customer initiates a request for verification of the metering equipment and the distributor does not doubt its accuracy, the distributor shall so inform the customer and shall be authorized to bill him the fees in the Tariff if the metering equipment proved to be accurate within the allowable limits.

CHAPTER 6 – BILLING

6.1 BILLING METHODS

6.1.1 Volume of natural gas billed

The distributor shall bill the customer monthly for the actual or estimated volume of natural gas withdrawn at the service address.

The billing shall be based on the actual or estimated volume at each metering equipment. However, if the distributor uses more than one metering equipment at a single customer delivery point, the billing shall be based on the sum of the volumes withdrawn at those metering equipments as though there were only one.

When a customer billed at a rate other than Rate 1 or 2 is billed on the basis of an estimated volume, his bill shall be revised and sent to him when the actual volume is known.

6.1.2 Contractual obligations

If applicable, the distributor shall bill the customer a minimum annual obligation and/or a financial contribution in accordance with Section 4.3.2.

If the customer asks the distributor to turn off and seal the metering equipment temporarily, he shall continue to be billed the monthly fixed charge set out in the Tariff.

6.1.3 Correction of error

If the customer notes an error in his bill, he shall so inform the distributor.

If the distributor notes or is informed of an error on the customer's bill, it shall analyse the bill and notify the customer of the results. If a correction is required, it shall issue a corrected bill. The corrected bill shall replace any other bill issued for the billing period in question.

If the correction results in an amount owing to the distributor by the customer, the customer may agree on a payment agreement with the distributor to pay the amount owing, without any late payment charge or interest as long as he complies with the agreed payment dates.

6.1.4 Billing period covered by the correction

If the correction results in an amount owing to the distributor by the customer, the period covered by the retroactive correction may not exceed three (3) years from the issue date of the corrected bill resulting from the analysis referred to in Section 6.1.3.

However, the retroactive correction shall apply to the entire period affected by the error in the following cases:

1. the distributor was unable to read the metering equipment because it was unable to exercise its rights of access thereto and was also unable to obtain the reading from the customer in accordance with Section 5.3.3;
2. the customer has interfered with the distributor's pipes, mains, metering equipment or other equipment, or used the distributor's natural gas without its consent;
3. the error is the result of intentional damage to the distributor's metering equipment;
4. the customer was aware of the billing error or the defect in the metering equipment and failed to inform the distributor thereof.

If the retroactive correction results in an amount owing to the customer by the distributor, it shall cover the entire period affected.

6.2 BILLS

6.2.1 Issue

Except when a contract ends, the distributor shall issue a bill within a maximum of six (6) business days following:

1. the last day of the month; or
2. the date the metering equipment was read.

6.2.2 Transmittal

The bill shall be sent to the customer the business day after it is issued, except in the case of customers billed in accordance with the system applicable to high-pressure meters. In such cases, the bill shall be sent six (6) business days after it is issued.

6.2.3 Delivery

The distributor shall send the bill to the customer monthly in accordance with Section 6.1.1.

The bill shall be sent by any means selected by the distributor, including by mail.

6.2.4 Information appearing on the bill

The bill shall include at least the following items:

1. Distributor's telephone number(s);
2. Telephone number in case of emergency;
3. Billing date;
4. Name of customer;
5. Account number;
6. Meter number;
7. Service address;
8. Billing address;
9. Applicable rate;
10. Billing period;
11. Consumption, specifying whether actual or estimated;
12. Total amount billed;
13. Amount in arrears and late payment charge;
14. Due date;
15. Consumption history available, if applicable;
16. Monthly fixed charge, if applicable;
17. Minimum annual obligation, if applicable;
18. Amount of last payment;
19. Amount of financial contribution requested from customer to make investment economic, if applicable;
20. Amount of deposit and interest paid, if applicable.

CHAPTER 7 – PAYMENT

7.1 DUE DATE

There shall be at least 15 days between the billing date and the due date indicated on the bill.

The customer shall pay the total amount billed that appears on the bill no later than the due date shown thereon.

The customer may contact the distributor at any time to propose a payment agreement as provided in Section 9.1.

7.2 TERMS

7.2.1 Payment methods

The customer shall pay his bill in Canadian dollars in one of the following ways:

1. through his financial institution, in particular by automatic withdrawal or by Internet;
2. by mail (for cheques and money orders);
3. in person at the distributor's head office.

Regardless of the method of payment selected, the payment date shall be the date the distributor receives the payment from the customer.

The distributor shall bill the customer the fee provided in the Tariff for each cheque returned by a financial institution, except in the case of an error for which the distributor is responsible.

7.2.2 Compensation prohibition

The customer may not, without the distributor's written consent, deduct from his payment an amount owed to the customer by the distributor or a customer claim against the distributor.

7.2.3 Budget billing plan

A customer using natural gas for heating under Rate 1 or 2 and who, at the time of the application, is not in arrears, may avail himself, at any time and at no additional cost, of the budget billing plan.

The distributor shall determine the amount of the payment when the customer opts for the budget billing plan. The amount shall be based on the consumption history at the service address, on variation of temperature, on the applicable rate and on the number of payments between the date the customer opts for the plan and the following month of August. When a consumption history is not available, the amount shall be based on an estimate of consumption.

The budget billing plan shall run for 12 months, from September of the current year through August of the following year.

The amount of the monthly payment shall be revised twice a year: in March or April and when the plan is renewed in September.

The balance or excess in the budget billing plan shall be debited or credited on the August bill. The budget billing plan begins again in September of each year.

The distributor shall inform the customer of the amount of the monthly payment when it is determined or revised, as the case may be, by indicating it on the bill.

The budget billing plan is terminated when a customer moves. Any balance in the plan is debited or credited on the customer's next bill.

A customer who no longer wishes to avail himself of the budget billing plan shall so inform the distributor and may do so at any time, without prior notice. Termination of the budget billing plan shall take effect on the customer's next bill.

The distributor may terminate a customer's budget billing plan after the second consecutive month in which the distributor receives the monthly payment after the due date. The customer's bill shall include a notification that the budget billing plan has been terminated.

7.3 LIABILITY

7.3.1 Written contract

All customers who have entered into the same contract shall be solidarily liable for full payment of the natural gas bills.

7.3.2 Other contract

All customers at the same service address shall be solidarily liable for full payment of the natural gas bills on which they are identified by name.

CHAPTER 8 – DEPOSIT

8.1 REQUIREMENT

If the distributor requires a deposit for natural gas service at a service address, it shall inform the customer of the reasons for it.

The customer may satisfy the deposit requirement by paying a cash amount or by providing equivalent security in order to guarantee payment for natural gas services.

If the deposit is paid in cash and the customer is an individual, the individual shall provide his social insurance number. The distributor may use the social insurance number for tax purposes only.

8.1.1 Domestic use

8.1.1.1 Natural gas service request

When service is requested, the distributor may require a deposit in the following cases:

1. the customer has in the past unduly neglected to regularly pay his natural gas bills on time;
2. the customer fails to provide the following mandatory information in accordance with Section 4.2.1: family name and given name, date of birth and last address occupied in the 12 months preceding the request;
3. the customer has in the past interfered with the distributor's pipes, mains, metering equipment or other equipment, or has used the distributor's natural gas without its consent.

8.1.1.2 During the term of the contract

The distributor may require a deposit in the following cases:

1. the customer's natural gas service has been interrupted by the distributor for non-payment of a bill on the due date.

However, the distributor shall not require a deposit from a customer using natural gas for space heating if the service interruption for non-payment and the reconnection both occur between December 1 and March 1 of the following year;

2. the customer has in the past interfered with the distributor's pipes, mains, metering equipment or other equipment, or has used the distributor's natural gas without its consent.

8.1.2 Other uses

8.1.2.1 Natural gas service request

When service is requested, the distributor may require a deposit.

8.1.2.2 During the term of the contract

The distributor may require a deposit in the following cases:

1. the customer has failed to pay a natural gas bill on the due date during the last 12 months;
2. the customer has in the past interfered with the distributor's pipes, mains, metering equipment or other equipment, or has used the distributor's natural gas without its consent;
3. at some point during the last 24 months, the customer has availed himself of or was under the protection of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, or the *Farm Debt Mediation Act*, S.C. 1997, c. 21.

8.2 AMOUNT

The amount of the deposit required by the distributor shall be based on estimated or historical volumes withdrawn at the service address during a 12-month period.

8.2.1 Domestic use

If the customer's service is interrupted for non-payment, in accordance with Section 9.4.2, for the first time in the last 12 months, the amount of the deposit shall not exceed the amount of the highest bill during a 12-month period.

In any other situation, the amount of the deposit shall not exceed the sum of the amounts of the highest two (2) consecutive bills during a 12-month period.

8.2.2 Other uses

The amount of the deposit shall not exceed the sum of the amounts of the highest two (2) consecutive bills during a 12-month period.

8.3 PAYMENT

The cash deposit shall be paid to the distributor in accordance with the payment methods as specified in Section 7.2.1. The remittance of any other security shall be made in accordance with the terms and conditions thereof. The distributor shall confirm in writing the payment of the deposit.

If the metering equipment is turned off and sealed, the deposit shall be paid before the metering equipment is unsealed and turned on by the distributor.

If the metering equipment is not turned off or sealed, the deposit shall be paid within the time indicated by the distributor, in accordance with Section 7.1.

The distributor shall transfer any cash deposit to a trust account.

8.4 RETENTION PERIOD

A deposit may be initially retained for:

1. 12 consecutive months if it involves a customer who uses natural gas for domestic use;
2. 36 consecutive months if it involves a customer who uses natural gas for any other use.

If the customer does not pay at least one natural gas bill on the due date during the deposit retention period, the distributor shall renew the deposit retention period for a period equal to the initial retention period.

8.5 INTEREST ON CASH DEPOSIT

8.5.1 Interest rate

The deposit shall produce interest that belongs to the customer.

The annual interest rate on the deposit shall be established on January 1 of each year as follows: 97% multiplied by the prime rate of the distributor's banker at that date less 2.5%.

The distributor shall submit to the Régie de l'énergie, no later than January 30 of each year, a report showing the rate and the source of the information used to establish it.

8.5.2 Payment of interest

During the deposit retention period, the distributor shall credit the interest produced by the deposit on the first bill issued at the beginning of each calendar year.

8.6 USE OR RETURN TO THE CUSTOMER

8.6.1 Use of the deposit

8.6.1.1 During the term of the contract

During a contract term and notwithstanding a customer's request to that effect, the distributor may not apply the deposit to a natural gas bill.

However, in the case of a service interruption for non-payment, as provided in Section 9.4.2, if the bill issued following the interruption for non-payment is unpaid on the due date, the distributor may, without prejudice to its other rights and recourses, apply against the bill the cash deposit or the proceeds from the disposition of any other security provided by the customer.

8.6.1.2 On termination of the contract

The distributor may, without prejudice to its other rights and recourses, apply against a bill the customer has not paid the cash deposit or the proceeds from the disposition of any other security provided by the customer.

After application to the unpaid bill, any balance from the cash deposit or other security shall be returned to the customer.

8.6.2 Return of the deposit

Within 30 days of the expiration of the deposit retention period, the distributor shall refund to the customer his total cash deposit with any interest not yet credited or return the security it holds to the customer. The refund may be made by cheque if the customer so requests.

CHAPTER 9 – COLLECTION

9.1 PAYMENT AGREEMENT

The customer may contact the distributor at any time to propose a payment agreement to spread the payment of the unpaid amounts owing on the due date over a period of time and to provide for full payment of the bills issued during the period covered by the agreement.

The distributor shall inform the customer of this possibility on any collection notice sent to him.

9.2 PAYMENT DEFAULT

The customer shall immediately pay in full any amount unpaid on the due date.

9.3 LATE PAYMENT CHARGE

A late payment charge shall be added to the unpaid balance in accordance with the terms and conditions set out in the Tariff.

9.4 COLLECTION PROCEDURES

With the exception of the cases specifically covered by the *Act respecting the mode of payment for electric and gas service in certain buildings*, R.S.Q., c. M-37, the collection procedures for non-payment on the due date shall be as follows.

9.4.1 Collection notices

1. Reminder:

If a bill remains unpaid after the due date, a reminder shall appear on the customer's next bill. The bill shall notify the customer that he may contact the distributor to propose a payment agreement.

2. Initial notice:

If a bill remains unpaid following the reminder, the distributor shall send a written notice under separate cover to the billing address. The notice shall inform the customer that failing payment, natural gas

service may be interrupted, and that he may contact the distributor to propose a payment agreement.

The distributor shall bill the notice charge as set out in the Tariff.

3. Final notice :

If a bill remains unpaid after the reminder and the initial notice have been sent, the distributor shall deliver a final notice to a domestic-use customer at the billing address, using a method that provides proof the notice was delivered. The final notice shall inform the customer that unless payment is made, natural gas service may be interrupted, and that he may contact the distributor to propose a payment agreement.

Before interrupting service for non-payment between December 1 and March 1 of the following year, the distributor shall contact a domestic-use customer who uses natural gas for space heating in order to propose a payment agreement.

In the case of customers using natural gas for other uses, the distributor shall deliver a final notice to the service address, or send a final notice under separate cover to the billing address, using a method that provides proof the notice was delivered or sent.

The distributor shall bill the notice charge as set out in the Tariff.

9.4.2 Interruption for non-payment

If the amount demanded in the final notice or agreed to under a payment agreement remains unpaid, the distributor may interrupt natural gas service. In that event, the distributor shall ask the customer to notify the owner of the property affected by the interruption, if applicable.

However, between December 1 and March 1 of the following year, the distributor may interrupt the natural gas service of a domestic-use customer who uses natural gas for space heating only in the following cases:

1. the customer and the distributor have not entered into a payment agreement;
or
2. the customer is not complying with the payment agreement entered into with the distributor.

9.5 RECONNECTION

Following a service interruption for non-payment, the distributor shall reconnect the service when the customer pays the amounts owing and the reconnection charges set out in the Tariff and any deposit required.