

P.O. Box 840 Denver, Colorado 80201-0840

June 26, 2014

Advice No. 124 - Steam

Public Utilities Commission of the State Of Colorado 1560 Broadway, Suite 250 Denver, Colorado 80202

The accompanying tariff sheets issued by Public Service Company of Colorado ("Public Service" or "Company") are sent to you for filing in accordance with the requirements of the Public Utilities Law:

# COLORADO P.U.C. NO. 1 - STEAM

and the following sheets are attached:

Colorado P.U.C. S	Sheet	No. Title of Sheet	Cancels Colorado P.U.C. Sheet No.	
Twenty-fourth Revi	sed 2	Table of Contents	Sub. Twenty-third Revised	2
Fiftieth Revised	3	Rate Schedule Summation Sheet	Sub. Forty-ninth Revised	3
Seventh Revised	5	Steam Rates Schedule H	Sub. Sixth Revised	5
Second Revised	5A	Steam Rates Schedule H	Sub. First Revised	5A
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The principal proposed changes are: (1) to eliminate the General Rate Schedule Adjustment ("GRSA") and to place into effect revised base rates for steam service under Schedule H; (2) to allow for certain customers who decide to exit the steam system on or before October 1, 2015, to be eligible to continue steam service during the remaining period at the currently effective base rates; (3) to revise the current Steam Cost Adjustment ("SCA") clause to provide for quarterly SCA revisions, as compared to annual revisions under the current SCA clause; and (4) to implement other conforming changes to the Company's Colorado P.U.C. No. 1 - Steam tariff, effective July 27, 2014.

The Company proposes to eliminate the GRSA and to place into effect revised base rates for steam service designed to recover the full test year revenue requirement of \$10,742,640 approved by the Commission in Decision No. R13-1388, issued November 6, 2013 in the Company's Phase 1 steam rate case in Proceeding No. 12AL-1269ST. Accordingly, the revised tariff sheets are intended to initiate the Company's Phase 2 steam rate case.

The revised base rates have been designed such that all steam customers, other than those electing to exit the steam system and meeting certain requirements, will be assessed a three-part rate that includes a Service and Facility Charge, a Demand Charge, and a Consumption Charge. Customers choosing to leave the system permanently by October 1, 2015, and meeting the notice requirements and contractual commitments stated in Seventh Revised Sheet No. 5, will be allowed to remain on the current two-part rate, as adjusted to reflect the currently effective GRSA of 27.24 percent, until steam service is discontinued.

In addition, the Company proposes to modify its SCA to provide for quarterly rate changes rather than the current schedule of annual rate changes. Quarterly changes will reduce price swings attributable to over- and under-collections of fuel costs and moderate future changes to customers' rates.

Other conforming tariff changes include: (1) eliminating the current provision precluding the Company from accepting applications for standby service; and (2) allowing for past due amounts for steam service owed the Company by a customer who has exited the system to be transferred to such customer's billing account for natural gas and/or electric service with the Company.

The Company's customers will be notified of this filing through direct mailing, by U.S. mail, postage prepaid. A copy of the notice is attached. The notice will be transmitted to each customer along with a cover letter.

The proposed Phase 2 base rates and tariff changes are designed to collect the same total annual revenues as current rates, based on the

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test-year revenue requirement approved by the Commission in Proceeding No. 12AL-1269ST. Consequently, there is no bill impact on the typical customer. Although the proposed new rate design will result in shifts in cost recovery among customers, any such changes will depend on actual customer loads and customer behavior.

It is desired that the changed tariffs accompanying this advice letter become effective on July 27, 2014.

In support of the proposed rate and tariff changes and other approvals requested herein, the Company is contemporaneously filing with the Commission the supporting direct testimony and exhibits of the following witnesses: Scott B. Brockett, Director, Regulatory Administration and Compliance, Xcel Energy Services Inc.; and Mason Harrison, Pricing and Planning, Public Service Company of Colorado.

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Please send copies of all notices, pleadings, correspondence, and other documents regarding this filing to:

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Enclosures

Exhibit 1 Decision No. C14-0877 Proc. No. 14AL-0710ST Page 5 of 18 Twenty-fourth Revised Sheet No.

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Sub. Twenty-third Revised Sheet No. Cancels

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Table of Contents		
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Rate Schedule Summation Sheet	. 4 . 5 . 9 . 10	D
Rules and Regulations		
Index  General Statement  General  Standards  Service Connection and Main Extension Policy	R2 R3-R17 R18-R19	
Key to Symbols on Revised Tariff Sheets		
Key to symbols directly below are applicable to tariff sheets of prior to August 26, 2008.	effective	-
<pre>I - indicates an increase R - indicates a reduction</pre>		
T - indicates change in text but no change in rate or regulation		
N - indicates new rate or regulation C - indicates changed regulation		
S - indicates reissued matter		
(from another sheet)  D - indicates discontinued rate or regulation  Sub indicates substitute		
(Continued on Sheet No. 2A)		
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VICE PRESIDENT, Rates & Regulatory Affairs EFFECTIVE

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Cancels Sub Forty-ninth Revised Sheet No.

### STEAM RATES

# RATE SCHEDULE SUMMATION SHEET

Rate Schedule	Sheet No.	Type of Charge	Billing <u>Units</u>	Base Rate	Steam Cost Adj.	Total <u>Rate</u>	
Н	5	Service and Facility	<i>-</i> -	\$200.00	2	\$200.00	I
		Demand Charge	MLB	\$40.00	-	\$ 40.00	N
***		Consumption Charge	MLB	\$6.602	Y 20 00	\$ 6.602	N
		Commodity Charge	MLB		\$7.862	\$ 7.862	С

The above rates and charges are for informational bill presentation purposes only and include the base rates and charges plus all applicable steam rate adjustments. For billing purposes however, reference should be made to the appropriate rate schedules set forth herein.

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Seventh Revised Sheet No. Cancels

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STI	EAM RATES		RATE
STEAM	HEATING RATES		
GENERAL AND	COMMERCIAL SERVICE		
S	CHEDULE H		
Steam Service Area. Compan to any applicant situated judgment, its system capabi supplying of such steam, bed	ual contract, within the Company may refuse to contract for so within said area when, in lities are reached and/or when cause of location or characterist may impair the quantity or quantity customers.	team its the tics	
	and commercial use for head t applicable for standby or re		æ
YPE OF SERVICE Steam delivered under t team Service Rules and Regu	this rate shall be as defined in lations.	the	
TANDARD RATE Service and Facility Ch	narge, per month		200.00
	00 pounds per month	\$	40.00
The following rate shall be standard Rate for any existing ander this schedule on Juny ritten notice to Company or (30) days following a Compase rates in Proceeding National Process of the control of t		vice d a irty ised 015, team r 1, g to	
Service and Facility Ch Consumption Charge, all	narge, per month	\$ \$	165.41 11.252
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(Continued	d on Sheet No. 5A)	1	
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Sheet No. 5A

Second Revised

Cancels Sheet No.

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Sub. First Revised

STEAM RATES

STEAM HEATING PATES

GENERAL AND COMMERCIAL SERVICE

SCHEDULE H

#### MONTHLY MINIMUM

P.O. Box 840

The monthly minimum shall be the sum of the Service and Facility Charge and the applicable Demand Charge, if any. In the event that Company is required to make payment for franchise fees, sales taxes, occupancy taxes and the like as a result of the steam service rendered to customer, these charges will be included in the monthly bill to customer.

A customer who requests a temporary discontinuance of service shall pay the Service and Facility Charge and Demand Charge for each month that service is discontinued. A customer whose service is discontinued and who applies for service within twelve months at the same location will be regarded as having taken a temporary discontinuance of service and shall pay the Service and Facility Charge and Demand Charge for each month that service was discontinued. Any customer who has provided Company the written notice required to qualify for the Rate for Customers Discontinuing Service By October 1, 2015 shall not be eligible for a temporary discontinuance of service.

#### DETERMINATION OF BILLING DEMAND

The billing demand shall be the maximum daily demand determined by meter measurement for each month. Maximum daily demand shall be calculated by multiplying the maximum hourly metered demand by twenty-four (24) hours. The maximum hourly metered demand shall be the maximum usage for steam service during any four consecutive 15-minute intervals between 4:00 a.m. and 10:00 a.m. during the billing month. In no event shall the billing demand for the current month be less than fifty percent (50%) of the highest billed demand from November 1 through March 31 during the preceding eleven (11) months. The Company shall not consider any measured demand occurring in any billing month prior to March 1, 2015 in applying the minimum fifty percent (50%) billing demand.

#### COST ADJUSTMENT

This rate schedule is subject to the Steam Cost Adjustment commencing on Sheet No. 9.

### PAYMENT AND LATE PAYMENT CHARGE

Bills for steam service are due and payable within ten days from date of bill. Any amounts not paid on or before the due date of the bill shall be subject to a late payment charge of 1.5% per month.

(Continued on Sheet No. 5B)

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 Sheet No.	
	RATE

# STEAM RATES

# STEAM HEATING RATES

### GENERAL AND COMMERCIAL SERVICE

#### SCHEDULE H

### CONTRACT PERIOD

All contracts under this rate shall be for a minimum period of one year or for longer periods as specified by individual contract and thereafter until terminated, where steam is no longer required on sixty days' notice.

#### STEAM SERVICE AREA

Steam service will be available principally within the Denver Downtown area, but will be available throughout Company's service territory where, through mutual agreement, Company and Customer find steam service feasible economical.

#### RULES AND REGULATIONS

Service supplied under this schedule is subject to the terms and conditions set forth in the Company's Rules and Regulations on file with The Public Utilities Commission of the State of Colorado.

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#### STEAM COST ADJUSTMENT

# APPLICABILITY

All rate schedules for steam service are subject to a Steam Cost Adjustment (SCA) to reflect the cost of fuel consumed by the Company to generate steam T and, if applicable, the cost of purchased steam incurred by the Company for steam service. The Steam Cost Adjustment rate will be subject to four regular quarterly changes, to be effective on the first day of each calendar quarter, and interim changes, if justified by the Company in an interim SCA C application, to be effective any other month. The Steam Cost Adjustment for all applicable rate schedules is as set forth on Sheet No. 9C, and will be added to the Company's Base Rate for billing purposes.

### DEFINITIONS

Actual Steam Cost - Actual Steam Cost is the amount recorded as Fuel Costs for steam production in FERC Account 50110.23 and Purchased Steam Costs in FERC Account 55503.23.

Base Rate - The Company's currently effective rates for steam service, exclusive of the SCA, as authorized by the Commission in the Company's last general rate case.

Current Steam Cost - The cost of fuel and purchased steam projected to be incurred by the Company for the SCA Effective Period. For natural gas N purchases that are priced by reference to published natural gas price indexes, the projected cost shall be the New York Mercantile Exchange (NYMEX) Natural Gas Contract Settlement Price as of the seventh business day nof the month prior to the SCA Effective Period, adjusted for the basis differentials between the monthly NYMEX Settlement Price, which is based nupon deliveries at the Henry Hub, and the respective indexes applicable to the various areas where the Company purchases its gas supplies, multiplied not by the index-based purchase quantities for each corresponding month within the SCA Effective Period.

Deferred Steam Cost - The accumulated amount of the difference resulting from N subtracting Recovered Steam Cost from Actual Steam Cost, either positive or N negative, as of the end of the calendar month that is one month prior to the N effective date of each quarterly SCA, plus interest accrued on the average N monthly Deferred Steam Cost balance (whether the balance is positive or negative) at a rate equal to the average of the daily rates for Commercial N Paper, Financial, 3-Month rates, published by the United States Federal N Reserve H.15 report (http://www.federalreserve.gov/releases/hl5/data.htm).

Forecasted Steam Sales Quantity - The quantity of steam projected to be sold by the Company during the applicable future period, based upon the historic quantity of steam sales, adjusted to reflect normal historic temperature based on National Oceanic and Atmospheric Administration data and anticipated changes applicable to such future period.

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#### STEAM RATES

#### STEAM COST ADJUSTMENT

Recovered Steam Cost - The steam costs recovered by the Company, which shall C be calculated by applying the SCA rate to the actual sales quantities billed  $\check{ extstyle imes}$ for the period the SCA was in effect.

SCA Effective Period - The period of time that the SCA rate change is  $_{
m N}$ intended to be in effect. The SCA Effective Period for the Current Steam  $_{
m N}$ Cost and Deferred Gas Cost rate components of the SCA rate is the three-month  $^{
m N}$ calendar quarter, except that for purposes of an interim SCA, the SCA  $_{
m N}^{
m N}$ Effective Period for the Current Steam Cost and Deferred Gas Cost rate N components is either two calendar months or one calendar month, depending on  $_{
m N}$ the number of months remaining before the SCA Effective Period for the next N regular quarterly SCA.

Steam Cost Adjustment - The sum of the Current Steam Cost rate component and  $_{
m C}$ the Deferred Steam Cost rate component. C

# CURRENT STEAM COST RATE COMPONENT

- The Current Steam Cost rate component is the weighted average of both  $_{
  m N}$ (1) the monthly-forecasted unit cost of fuel and purchased steam and shall  $\stackrel{\cdot \cdot \cdot}{N}$ be calculated by dividing the sum of the projected cost of fuel and Npurchased steam for the SCA Effective Period by the Forecasted Steam  $\stackrel{\cdot \cdot \cdot}{N}$ Sales Quantity for the same period.
- A revised Current Steam Cost rate component will be effective beginning  $_{\mathsf{C}}$ the first day of each calendar quarter. In addition, the Company may C file an interim SCA application to revise the Current Steam Cost rate C component if the cost of fuel and purchased steam projected to be c incurred during the SCA Effective Period changes enough to result in a c change in the Current Steam Rate component of at least one mill (\$0.001) C per thousand pounds (MLB) of the Forecasted Steam Sales Quantity used in C the calculation of the currently effective Current Steam Cost rate C component. The revised Current Steam Cost rate component will replace C the previous Current Steam Cost rate component included in the Company's C SCA.
- (3) The Current Steam Cost will be calculated to the nearest one mill T (\$0.001) per thousand pounds (MLB).

### DEFERRED STEAM COST RATE COMPONENT

The Deferred Steam Cost rate component will be calculated for each C quarterly SCA by dividing the Deferred Gas Cost amount by the Forecasted C Steam Sales Quantity for the twelve-month period beginning on the first day of the SCA Effective Period. C

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# STEAM RATES

### STEAM COST ADJUSTMENT

# DEFERRED STEAM COST RATE COMPONENT - Cont'd

- A revised Deferred Steam Cost rate component will be effective beginning D (2) the first day of each calendar quarter. In addition, the Company may C file an interim SCA application to revise the current Deferred Steam C Cost rate component if the Deferred Steam Cost amount changes enough C during the SCA Effective Period to result in a change in the Company's C Deferred Steam Cost rate component of at least one mill (\$0.001) per c thousand pounds (MLB) of the Forecasted Steam Sales Quantity used in the C calculation of the currently effective Deferred Steam Cost rate C component. The revised Deferred Steam Cost rate component will replace C the previous Deferred Steam Cost rate component included in the C Company's SCA.
  - The Deferred Steam Cost will be calculated to the nearest one mill (\$0.001) per thousand pounds (MLB).

# STEAM COST ADJUSTMENT

The following formula is used to determine the Steam Cost Adjustment rate.

Steam Cost Adjustment = A + B

A = Current Steam Cost rate component

B = Deferred Steam Cost rate component

#### TREATMENT OF REFUND

Application shall be made to The Public Utilities Commission of the State of Colorado for approval of a refund plan for the disposition of each refund received from a Company supplier including the interest received thereon.

### INFORMATION TO BE FILED WITH THE PUBLIC UTILITIES COMMISSION

Each proposed revision in the Steam Cost Adjustment will be accomplished by filing an application, on not less than fifteen (15) days notice, proposing C revised SCA rates to be effective on the first day of the month of the next c calendar quarter, and may file for more frequent changes subject to C Such applications will be accompanied by such C Commission approval. supporting data and information as the Commission may require from time to time. Notice of the proposed revision shall be sent to affected customers of C the Company within five (5) days of the filing date of the application by C individual notice provided by first class mail, postage prepaid.

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Forty-sixth Revised

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### STEAM RATES

# STEAM COST ADJUSTMENT

A Steam Cost Report (SCR) shall be filed with the Commission on or before April 1 of each year, unless the Commission in its discretion allows for an extension of time for such filing. The purpose of the SCR is to present the Company's actual steam costs during each month of the preceding calendar year.

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STEAM RATES

STEAM COST ADJUSTMENT

Rate Schedule	Sheet No.	Billing _Units	Current Steam Cost	Deferred Steam Costs	Steam Cost Adjustment
Н	5	MLB	\$8.324	(\$0.462)	\$7.862

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### PUBLIC SERVICE COMPANY OF COLORADO

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#### RULES AND REGULATIONS

#### STEAM SERVICE

#### GENERAL

All applications for service shall be made on Company's standard contract form signed by applicant or applicants and accepted by Company before any service is supplied by Company. Such application when accepted, shall constitute a contract between Customer and Company. Customer shall not assign any rights thereunder without written consent of Company. An application form will be furnished upon request at Company office. Applications for steam service for resale purposes will  $|_{\mathbb{T}}$ not be accepted by Company.

# SERVICE AND LIMITATIONS

#### Steam Service

Upon execution of proper agreement and establishment of credit, Company shall supply and applicant shall accept service under the terms and conditions of said agreement.

Steam supplied by the Company in the area served is to be from either low pressure or high pressure distribution main as available at the respective Point(s) of Delivery. The Company reserves the right to change the pressure at which steam is delivered within the ranges described below. Pressure at which steam is delivered from the Company's low pressure distribution main normally will vary within the range between two (2) and forty (40) pounds per square inch. Where available from existing high pressure mains, high pressure service will be supplied at the option of the Company. When steam is supplied from a high pressure distribution main, the nominal pressure at which deliveries are made normally will not be less than or equal to forty (40) pounds per square inch nor more than one hundred eighty (180) pounds per square inch.

#### Services

Size of service connection to be installed shall be determined by Company in accordance with its engineering practice. Any additional equipment determined by the Company to be necessary to serve the customer will be owned, operated, and  $_{
m N}$ maintained by the Company at customer's expense.

#### Point of Delivery

The point where Company's steam facilities are first connected to Customer's steam facilities. The Point of Delivery will normally be located on the inside face of the building of the premises served. The Company reserves the right to determine the Point of Delivery location and to limit the Point of Delivery to one location for each premise served.

#### Use of Service

Customer shall not use steam service in such a manner as will cause disturbances on Company's distribution system. Steam shall not be used for any purpose requiring discharge of any steam or condensate to the atmosphere or sewer without being metered; except the Company may at its option and by special supplemental agreement, permit the customer to use small quantities of process steam not exceeding five (5) percent of the customer's total steam requirements during any month and which quantities of process steam shall be computed

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#### RULES AND REGULATIONS

#### STEAM SERVICE

GENERAL

#### MONTHLY BILLS - Cont'd

If an initial or final bill is for a period less than the "monthly" billing period described above, billing will be prorated using a ratio of the number of days between actual read dates, to the number of days between the scheduled and actual read dates.

All bills for service, including any excise tax imposed by governmental authority, are due and payable at an office of the Company, or to an authorized agent of the Company, not later than the due date shown on the bill. The bill will be considered as received by the customer when mailed to, or left at, the location where service is used or at some other location that has been mutually agreed upon. Final bills, weekly bills, special bills, and bills for connection and reconnection are due on presentation. If the customer fails to receive a bill, the Company, upon request, will issue a duplicate. However, failure to receive a bill in no way exempts the customer from payment for service rendered.

If a customer gives notice at the Company's office prior to the time that payment is due that the correctness of the bill is disputed, stating reasons therefor, the Company will investigate the complaint. However, such notice disputing correctness of a bill shall not be sufficient reason for withholding payment. If the bill is found to be incorrect, the Company will refund the amount of overpayment or credit the amount of overpayment to the next bill rendered.

Any outstanding amount owed to Company for steam service, including any N applicable charges and late fees, by a customer that has discontinued steam service | N and either commenced or continues thereafter to receive natural gas or retail electrical service from the Company in accordance with the Company's applicable gas N or electric Colorado Public Utilities Commission tariff shall be transferred to the  $|_{
m N}$ customer's next gas or electric service bill as a past due amount thereunder, if such amount remains unpaid after ninety (90) days from the billing date for the final period of steam service to such customer.

#### MEASUREMENT OF SERVICE

The Company will install, own, and maintain suitable metering and other equipment necessary for measuring the steam supplied. The Company reserves the right to determine the type of billing meter used. Service supplied to each customer shall be measured at a single point. Company, at its option, shall measure customer's use of steam either in the form of condensate and/or by steam flow type meters. When the steam use is metered in the form of condensate said condensate shall be delivered to one common point to Company's meter. Before delivery to the

meter it shall first pass through a shut-off valve, then[ through a strainer and a trap and through a vented surge tank. All of said equipment shall be provided, installed, maintained by customer at his own expense and shall be subject to Company's approval of the type, size and location. trap shall be of a float type or continuous flow type, equipped with an air valve if necessary, of sufficient capacity to deliver the condensate without loss of steam.

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DECISION NUMBER		VICE PRESIDENT, Policy Development	EFFECTIVE DATE	July	27,	2014	

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P.O. Box 840 Denver, CO 80201-0840

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RULES AND REGULATIONS

STEAM SERVICE

GENERAL

### MEASUREMENT OF SERVICE - Cont'd

When the steam use is metered by a flow type meter proper correction of flow meter registration of steam consumed shall be made for variations in steam pressure from the base steam pressure for which the flow meter is designed.

Except with consent of the Company for services heretofore installed and combined under one billing, service at two or more Points of Delivery to one customer shall not be combined but shall be considered as separate services requiring separate billing. Services so combined with consent of Company shall be combined on one meter whenever practicable. Two or more separate customers shall not be considered as one customer and grouped on one meter, but each service shall be measured and billed separately. Service to the same person at different premises shall be considered as service to separate customers. Company does not furnish check meters but such meters may be installed by and maintained at the expense of customer.

Customer shall provide and maintain without charge to Company and at a suitable and easily accessible location on or within the premises to be served, sufficient | C and proper space for the location of the condensate meter and/or flow meter, which shall be furnished and installed by the Company at its expense and shall be and  $|\mathsf{C}|$ remain its property. Piping to and from the condensate meter and/or flow meter must be extended by the customer to the meter as specified by the Company. The outlet pipe from the condensate meter to the sewer shall have a fall of at least eighteen (18) inches, shall be short and straight and shall be not less than the diameter of the meter outlet, or as specified by the Company. The condensate discharge piping shall not be directly connected into the sewer, but shall have an open end discharge into a trap type drainage fixture which shall be as required by City Ordinances. The customer shall provide space approved by the Company for the installation of a graphic steam pressure gauge, if required. Customer when requested by the Company s shall provide attendants to change the charts of the Company's graphic meter.

#### DISCONTINUANCE OF SERVICE AT CUSTOMER'S REQUEST

A customer wishing to discontinue service should give at least sixty days' notice to Company to that effect, unless otherwise specified in the contract applicable. Where such notice is not received by the Company, the customer will be liable for service until final reading of the meter. Notice to discontinue service will not relieve a customer from any minimum or guaranteed payment under the rate or any contract.

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