

PEOPLES NATURAL GAS COMPANY LLC

**RATES AND RULES
GOVERNING THE
FURNISHING OF
SERVICE TO
NATURAL GAS
SUPPLIERS**

Filed in accordance with the final Commission Order,
entered June 9, 2011 in Docket No. R-2010-2201702

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EFFECTIVE: February 28, 2012

NOTICE

LIST OF CHANGES

In accordance with the paragraph 53 of the settlement in Peoples' base rate proceeding in Docket No. R-2010-2201702, approved by final Commission order entered June 9, 2011, this supplement reflects the terms and conditions for Non-Priority One pool operator access to Peoples' BB&A storage capacity.

Section 3 on First Revised Page No. 34 and Second Revised Page No. 35 contain the Terms and Conditions.

Sections 4 and 5 are modified only to reflect changes in numbering.

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RATE NON-PRIORITY ONE
NON-PRIORITY ONE POOLING SERVICE

3. Terms and Conditions for Non-Priority One Pool Access to BB&A Storage Capacity (C)

AVAILABILITY

The Company will make available to Non-Priority One pools, at no additional cost, seasonal injection, storage and withdrawal rights to on-system storage capacity ("BB&A Capacity") used by the Company to provide balancing, banking and advancing services ("BB&A") for Non-Priority One customers.

The availability of such capacity shall be limited to on-system storage only and shall not include off-system pipeline storage capacity used by the Company to provide BB&A services.

The volume of BB&A Capacity made available to each Non-Priority One pool will be determined based on the percentage of annual volumes served by each Non-Priority One pool to total annual volumes served by all Non-Priority One pools, based on February business of each year. The Company will inform each Non-Priority One pool of its allocation of BB&A capacity no later than nine business days before the end of March and each Non-Priority One pool must inform the Company of the amount of BB&A storage capacity it will accept, up to 100 percent, no later than six business days before the end of March. Any BB&A Capacity not accepted by a Non-Priority One pool shall be utilized by the Company and will not be made available to other Non-Priority One pools throughout the ensuing injection and withdrawal season. The amount of BB&A storage capacity accepted by a Non-Priority One pool shall be final for the ensuing storage year and shall fix the volume of BB&A capacity available to and which the Non-Priority One pool is obligated to utilize throughout the entire injection and withdrawal period.

SUMMER PERIOD INJECTIONS

Participating Non-Priority One pools' gas will be automatically injected according to the following schedule, with daily injection volumes in a given month determined by dividing the monthly amount by the number of days in the month:

April and October - 1/12th of allocated BB&A capacity
May – September - 1/6th of allocated BB&A capacity

WINTER PERIOD WITHDRAWALS

Each participating Non-Priority One pools' BB&A storage inventory shall be automatically withdrawn according to the following schedule, with daily withdrawal volumes in a given month determined by dividing the monthly amount by the number of days in the month:

November - 9 percent of gas in inventory as of October 31st of the current calendar year
December - 17 percent of gas in inventory as of October 31st of the current calendar year
January - 27 percent of gas in inventory as of October 31st of the prior calendar year
February - 27 percent of gas in inventory as of October 31st of the prior calendar year
March - 20 percent of gas in inventory as of October 31st of the prior calendar year

(continued)

**RATE NON-PRIORITY ONE
NON-PRIORITY ONE POOLING SERVICE**

3. Terms and Conditions for Non-Priority One Pool Access to BB&A Storage Capacity (continued)
(C)

OTHER PROVISIONS

Annual Level of BB&A Capacity to be Made Available

On an ongoing annual basis, the Company shall review the total level of BB&A Capacity made available to Non-Priority One pools and, based on changes in the total annual volumes served by all Non-Priority One pools, may revise from year to year the total level of available BB&A Capacity. Any proposed revisions to the total level of BB&A Capacity shall be reflected in the Company's annual 1307(f) filings and will be determined by multiplying a factor of 46.7% times forecasted January Non-Priority One transportation usage. The Company shall, for a period of three years, notify active Non-Priority One suppliers of any proposed revision to the total level of BB&A capacity at the time of any annual 1307(f) filing containing such a revision.

Monthly Balancing Provisions

Injections and withdrawals will be considered as part of the Monthly Available Volumes, with injections resulting in a reduction to Monthly Available Volumes. Injections and withdrawals will have the priority immediately following pay-back of prior month advanced and banked volumes.

All Supplier Tariff provisions shall apply to Non-Priority One pool access to BB&A storage capacity and inventory unless otherwise modified herein.

4. Monthly Balancing

(C)

Any difference between the customers' Aggregate Monthly Consumption Volume and the total Monthly Available Volumes shall be subject to monthly balancing.

Negative Monthly Imbalance - The negative imbalance volume will be sold by the Company at a price equal to the highest monthly price of gas purchased by the Company, excluding the value of gas withdrawn from storage, plus the firm transportation charges to bring the gas to the Company's system, adjusted for shrinkage on Dominion Transmission, Inc. and the Company and multiplied by the applicable Price Multiplier set forth below. Volumes sold by the Company are subject to applicable taxes.

Positive Monthly Imbalance - The positive imbalance volume will be purchased by the Company at a price using the lowest monthly price of gas purchased by the Company, excluding the value of gas withdrawn from storage, plus the firm transportation charges to bring the gas to the Company's system, adjusted for shrinkage on Dominion Transmission, Inc. and multiplied by the applicable Price Multiplier set forth below.

<u>Monthly Imbalance Percentage</u>	<u>Negative Imbalance Price Multiplier</u>	<u>Positive Imbalance Price Multiplier</u>
Over 3.5% up to and including 10%	1.1	0.9
Over 10%	1.2	0.8

**RATE NON-PRIORITY ONE
NON-PRIORITY ONE POOLING SERVICE**

5. Reconciliation of Local Gas Volumes

(C)

No later than five days prior to the end of each month, the Pool Operator will provide the Company with its local gas nomination for the following month. The Company shall determine the reasonableness of the Pool Operator's local gas nomination and will either confirm, in total or in part, or reject the Pool Operator's local gas nomination within two business days after receipt of the nomination. Once the Pool Operator and the Company agree on the local gas production nomination, the agreed upon volumes will be the confirmed volumes used for reconciling local gas nominations and actual production. Confirmed local gas volume nominations will be credited to Pool Operator's account on the date specified in the Pool Operator's nomination. When actual local gas volumes are known, any discrepancies between actual and confirmed local gas volumes will be reconciled in the first full calendar month following the determination of actual local gas volumes (the "Adjustment Month").

The volumetric discrepancy between the actual produced local gas volumes and the nominated local gas volumes will be reconciled in the Adjustment Month by adjusting the Pool Operator's Monthly Available Volume in the Adjustment Month by an amount equal to the volumetric discrepancy.

Local gas volumes supplied from a Local Gas Aggregation Pool are not subject to this reconciliation.

RATE TABLE

Pooling Fee	\$0.08 pooling charge per 1,000 cubic feet (mcf) for each mcf delivered into a pool each month subject to a minimum charge of \$800.00 per month. Pool Operators that operate more than one Non-Priority One Pool will only be subject to a single minimum charge of \$800 per month, except that the pooling charge shall only be assessed to the pool which receives gas via a pool-to-pool transfer and shall not be assessed to the pool which supplies gas in a pool-to-pool transfer and/or an imbalance trade. Residential ratepayer volumes shall not be subject to the \$0.08 per Mcf pooling charge.
Pool-to-Pool Transfer Fee:	\$0.04 per 1,000 cubic feet (mcf) up to a maximum amount of \$100 per transaction assessed to the pool which supplies volumes of gas to another pool balancing on the same basis, either daily or monthly. Pool-to-Pool Transfers occurring during a calendar month may be nominated at any time during the calendar month but no later than by 5:00 p.m. on the second business day of the following calendar month.
Imbalance Trading Fee:	\$0.04 per 1,000 cubic feet (mcf) up to a maximum of \$100 per transaction charged to (C) the pool which supplies volumes of gas to another Non-Priority One pool or Priority-One pool that balances on the same basis. These fees shall also apply to the pool that transfers storage inventory volumes to a Priority-One pool after the end of the calendar month. Imbalance trades must be nominated by 5:00 p.m. on the fourth full business day after the Company provides actual consumption volumes to the Pool Operator.