

PEOPLES NATURAL GAS COMPANY LLC

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

Purchase of Receivables Program

ISSUED: December 30, 2011
By: Morgan K. O'Brien
President
375 North Shore Drive, Suite 600
Pittsburgh, PA 15212

EFFECTIVE: January 1, 2012

NOTICE

LIST OF CHANGES

In accordance with the settlement in Peoples' base rate proceeding at Docket No. R-2010-2201702, approved by final Commission order on June 9, 2011, this supplement reflects the implementation of the Purchases of Receivables program.

Rate SBS – Supplier Billing Service

Page 39 Added Purchase of Receivables Option

Page 40 Added Title "Non-Purchase of Receivables Option"

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DEFINITION OF TERMS

(C)

The following is a list of some of the most commonly used terms in this Tariff. In the event of a conflict between any of the definitions set forth below or those contained in a more specific provision of this Tariff, the definition contained in the more specific provision shall prevail.

Aggregate Daily Consumption Volume - The aggregate quantity of gas estimated by the Company to be consumed by all ratepayers served by the NGS on any day or the direct end user in an OFO situation under Rule 4 of the Tariff.

Aggregate Monthly Consumption Volume - The aggregate quantity of gas actually consumed by all customers of Pool Operator's pool over their respective Billing Cycles for the month as determined by the Company through actual or estimated meter readings.

Aggregator - A broker, marketer or producer of natural gas which aggregates locally produced gas, injected directly into the Company's lines, into a pool.

Billing Cycle - The period that occurs between actual or estimated meter readings taken by the Company for billing purposes.

Calendar Month Pool Sendout - The sum of (1) the Aggregate Monthly Consumption Volumes plus (2) Pool-to-Pool Volumes nominated for the month plus (3) Imbalance Trading Volumes traded to other Pool Operators during the month.

Calendar Month Pool Supply - The sum of the Daily Available Volumes during the month as adjusted for any Imbalance Trading Volumes received from other Pool Operators during the month and any imbalance sales to or purchases from the Company.

Chapter 56 - The Commission regulations that govern, among other things, metering, billing and collections for residential gas and electricity service.

Commodity Charge - A charge designed to recover the cost of producing or procuring natural gas.

Commodity Service - Service provided by the Company or a natural gas supplier which involves the purchase of gas commodity by the ratepayer.

Company - The entity doing business as Peoples Natural Gas Company LLC.

Daily Available Volume - The total quantity of gas available to be allocated by the NGS for delivery by the Company to all customers on any day. This quantity is equal to the total volume of gas actually delivered to the Company for the NGS's account on that day, less an appropriate retainage percentage, plus any adjustments associated with the reconciliation of local gas volumes and/or the reconciliation of monthly volumes as set forth in Rates P-1 and NP-1.

Day - A 24-hour period beginning at 10 a.m. and ending at 10 a.m. or as subsequently defined by natural gas industry standards promulgated by FERC.

Direct End User - A ratepayer that receives distribution service from the Company and purchases commodity service from a natural gas supplier who does not pool supplies under the Company's Rate P-1 or Rate NP-1.

Imbalance Trading Volume - The volume of gas traded to or received from another Non-Priority One Pool Operator within four full business days after the Company provides customer consumption volumes.

ISSUED: October 28, 2010

EFFECTIVE: June 10, 2011

DEFINITION OF TERMS (continued)

Local Gas Aggregation Agreement - The Local Gas Aggregation Agreement between the Company and the NGS.

Mcf – 1,000 cubic feet of gas. This is a measure of gas usage.

Measurement Operating Agreement - The agreement between a producer of natural gas and the Company which sets forth the obligations and responsibilities for owning and operating measurement equipment for designated measuring stations.

Monthly Available Volume - The total quantity of gas available to be allocated by the NGS for delivery by the Company to all customers for the applicable month. This quantity is equal to the total volume of gas actually delivered to the Company for the NGS's account for the applicable month, less an appropriate retainage percentage, plus any adjustments associated with the reconciliation of local gas volumes.

Natural Gas Supplier (NGS) – An entity that has received a license from the Commission and that sells natural gas to customers that is delivered through the distribution lines of the Company.

Non-Priority One Pool Operator – A pool operator which aggregates natural gas supplies needed to satisfy the full requirements of one or more Non-Priority One transportation customers of the Company.

Non-Priority One Pooling Agreement - The Non-Priority-One Pooling Agreement between the Company and the Pool Operator.

Pool Operator – A broker, marketer or producer of natural gas licensed as a gas supplier by the Pennsylvania Public Utility Commission which has executed a Priority-One or Non-Priority One Pooling Agreement with the Company.

Priority One Pool Operator – A pool operator which aggregates natural gas supplies needed to satisfy the full requirements of Priority One transportation ratepayers of the Company.

Ratepayer – Any person, partnership, association, corporation, or other entity (i) in whose name a service account is listed, (ii) who occupies or is the ratepayer for any premises, building, structure, etc. or (iii) is primarily responsible for payment of bills. A ratepayer includes anyone taking Supplier of Last Resort Service and/or Distribution Service under the Company's Retail Tariff.

Supplier – Shall include, but is not limited to, aggregators, brokers, marketers, natural gas distribution companies, natural gas suppliers or producers.

Supplier of Last Resort – The Company or another entity that provides natural gas supply services to ratepayers that do not elect another supplier or choose to be served by the supplier of last resort, ratepayers that are refused service from another natural gas supplier, or ratepayers whose natural gas supplier fails to deliver the required gas supplies. Currently, the Company is the supplier of last resort for all Priority-One ratepayers under the terms of this tariff. Each ratepayer may only have one supplier of last resort.

RATES AVAILABLE UNDER THIS TARIFF

Service is made available to NGSs under the rules, regulations, rates and terms contained in this tariff .
The following rates are made available to NGSs:

Rate P-1 - Priority One Pooling Service

This rate is available to any broker, marketer or producer of natural gas which aggregates natural gas supplies needed to satisfy the full requirements of Priority One (P-1) transportation ratepayers of the Company.

Rate NP-1 - Non-Priority One Pooling Service

This rate is available to any broker, marketer or producer of natural gas which aggregates natural gas supplies needed to satisfy the full requirements of Non-Priority One (NP-1) transportation ratepayers of the Company.

Rate LGA - Local Gas Aggregation Service

This rate is available to any broker, marketer or producer of natural gas which aggregates locally produced gas injected directly into the Company's pipeline system.

Rate SBS – NGS Billing Service

This rate is available to the NGS which receives service under Rate P-1 or Rate NP-1 and elects to have the Company bill ratepayers for natural gas sold by the NGS.

RULES AND REGULATIONS**1. Sources of Supply**

The Company agrees to receive, for the NGS's account, upstream pipeline transportation volumes, local gas volumes, storage volumes, Pool-to-Pool Volumes and Imbalance Trading Volumes.

In determining the volumes available for delivery to customers in the applicable month, the Company may retain an appropriate percentage, as set forth in the Company's Retail Tariff, as gas used in Company operations and unaccounted for gas from upstream pipeline transportation volumes and local gas volumes as they are received by the Company. For purposes of determining storage inventory volumes, the retainage percentage shall be applied to volumes at the time the volumes are nominated for injection into storage. Pool-to-Pool Volumes and Imbalance Trading Volumes shall be added to the adjusted volumes.

Suppliers will pay for any investment costs and any other agreed-upon fees relating to the delivery of gas into the Company's system. The Company will own and maintain each natural gas connection's tapping tee or pipe and valve.

2. Measurement and Quality of Gas

All gas delivered shall be measured by meter. The term "mcf" as used in the Company's schedule of rates, shall mean 1,000 cubic feet of gas at no more than 8 ounces above an assumed atmospheric pressure of 14.4 pounds at whatever temperature the gas may be during the period of measurement. If gas is supplied from a low-pressure distribution system in which the pressure of the gas is regulated not to exceed 8 ounces, the measurement will be at whatever pressure the gas may be during the period of measurement. If gas is delivered from a high-pressure system, measurement will be corrected to a pressure base of 14.73 psia. If measurement is corrected for temperature, measurement will be corrected to 60°F.

Gas delivered into the Company's system should be free from oil, water, salt, gum, dust, and other foreign substances that might interfere with the marketability of the gas. Unless otherwise agreed to by the Company, the gas delivered shall contain not less than 1,000 Btu per cubic foot (as determined by calorimeter test @ 60 degrees Fahrenheit and saturated with water vapor). Gas accepted by the Company that contains less than 1,000 Btu per cubic foot will be enhanced to ensure that gas delivered by the Company to customers shall meet Commission heating value requirements, and the Company may charge for this.

RULES AND REGULATIONS**3. Critical Day Planning**

As events occur that could develop into system emergencies or lead to a threatening of system integrity, the Company may request and/or require NGSs or customers to take certain actions to protect, maintain, or reestablish the safe operation of the system. The communication procedures established for Critical Day Planning, are set forth in more detail in the Company's Communications Protocol.

- a. Maintenance Alerts (MA) – A maintenance alert is an announcement of actual or pending events related to various physical connections to the Company's system. These communications shall occur on an as needed basis and shall be communicated via the electronic bulletin board as soon as practical.
- b. Operational Alert (OA) – An operational alert may be called during periods of projected increased or decreased consumer demand for natural gas. An "OA" is a request for specific action on the part of an individual NGS, or all NGSs. The NGSs are expected to respond to "OAs" as soon as practical by giving notice to the Company of their intended action.
- c. Operational Flow Order (OFO) – An OFO is defined in paragraph 4 of the Supplier Tariff. NGSs are expected to comply with an OFO.
- d. Curtailment – In the event of an emergency curtailment of customer consumption, the Company will alert the appropriate NGS, and if appropriate, will coordinate with them responses to media and elected officials.

A gas shortage curtailment shall be made only after a minimum 96-hour written notice to the ratepayer given by certified mail and specifying its authorized monthly consumption to which such curtailment applies. The Company will authorize monthly consumption levels from the Company's supplies only to ratepayers then currently purchasing commodity or standby service from the Company. Ratepayers that acquire their own gas supplies and that do not purchase standby service will be entitled to consume only the volumes they have delivered to the Company, less any gas that the Company is authorized to seize for consumption by other ratepayers.

RULES AND REGULATIONS**4. Operational Flow Orders****a. Issuance of OFOs**

The Company may issue, in its sole discretion, an OFO (Operational Flow Order) in any of the following circumstances: To the extent possible, the Company will provide a 24-hour prior notice of an OFO in situations where a prior indication of the need to issue an OFO exists.

- i. to alleviate conditions that threaten the operational integrity of the Company's system; or
- ii. to maintain pressures necessary for the Company's operations; or
- iii. to insure adequate flowing supplies are delivered to specific receipt points on the Company's system; or
- iv. to alleviate operational problems arising from overdeliveries or underdeliveries by NGSs or customers transporting supplies for their own consumption ("Direct End User"), in violation of their agreements or Company tariffs.

b. OFO Procedures

In the event of the issuance of an OFO, NGSs and Direct End Users (or a Supplier that the Direct End User has arranged with and designated to the Company to receive notification of the OFO) will be directed to maintain its supply according to the steps set forth below.

- i. The NGS or the Direct End User must adjust supply nominations, including any Pool-to-Pool Volumes to equal Aggregate Daily Consumption Volume, with gas delivered at the points specified by the Company. The Company shall provide such estimates no later than 10:00 am of the same day.
- ii. Upon the NGS or Direct End User request, the Company will consider, if time permits, adjustments to the Aggregate Daily Consumption Volume or the Daily Available Volume to the extent such adjustment, in the Company's discretion, benefits system operations during the OFO event and if such adjustment is confirmable the Company.
- iii. During an OFO, to the extent the NGS or a Direct End User has gas in storage, the maximum storage withdrawal shall equal the maximum withdrawal requirements as defined in the Company's Retail tariff under its Rate Schedule ST or any further limitation as the Company in its discretion finds necessary to impose in accordance with reasonable and standard industry practice during the OFO event.

RULES AND REGULATIONS**4. Operational Flow Orders (continued)****c. OFO Penalties**

Failure to comply with an OFO may result in the following:

- i. The immediate recall of capacity assigned by the Company to the NGS or a Direct End User, if any, throughout the remainder of the OFO period. Further, in the event the NGS/Direct End User's failure to comply with an OFO contributes to the Company using other customers' flowing supplies to meet the needs of end-use ratepayers of the NGS/Direct End User's and/or the Company's Retail Sales Demand, the Company may, at its sole discretion, recall or otherwise withdraw any capacity rights assigned to the NGS/Direct End User upon five (5) days written notice to the NGS/Direct End User (unless already recalled under the provisions of this section).
- ii. The billing of the incremental charges set forth below times the OFO shortfall which is defined as the imbalance between Daily Available Volume and its Aggregate Daily Consumption Volume as calculated by the Company, on those days subject to the OFO.

The OFO incremental charges shall equal:

- (1) the payment of a gas cost equal to the highest incremental cost paid by the Company on the date of noncompliance; and
- (2) one month's demand charges and/or otherwise applicable storage and overrun costs. This charge shall not be imposed more frequently than twelve times in any thirty-day period; and
- (3) the payment of all other charges incurred by the Company on the date of the OFO shortfall that are associated with the OFO shortfall; and,
- (4) in the Company's discretion, an appropriate penalty charge, not to exceed \$15/Mcf.

The penalties set forth herein shall be billed to NGSs serving ratepayers under Rates P-1 or NP-1, or to Direct End Users (or a Supplier that the Direct End User has arranged with and designated to the Company to receive notification of the OFO).

- iii. In the event the NGS/Direct End User's failure to comply with an OFO contributes to the Company using other customers' flowing supplies to meet the needs of any ratepayer and/or the Company's retail sales demand, the Company may terminate the NGS's rights to operate on the Company's system under the applicable pooling and/or transportation agreements upon ten (10) days written notice to the NGS.

5. Billing and Payment

Each calendar month the Company shall render a statement of account to the NGS summarizing the charges due the Company, including any purchases by the Company.

The NGS shall pay the Company by wire transfer of federal funds unless the NGS and the Company mutually agree upon a method of payment other than wire transfer which will result in timely receipt of payment by the Company.

RULES AND REGULATIONS**5. Billing and Payment (continued)**

Charges previously billed to the NGS by the Company, for which payment has not been received by the Company by the due date, will be assessed a late-payment charge of two percent (2%) per month on the unpaid balance.

If the Company has not received payment from the NGS for any services or charges, including late-payment charges, within fifteen (15) days of the statement date, the Company may deduct this unpaid amount from any payments accruing to the NGS under any agreement between the NGS and the Company or take gas in kind from the NGS in satisfaction of obligations and/or terminate the agreement with the NGS upon ten (10) days written notice to the NGS.

6. Creditworthiness

The Company shall not commence service or continue service to the NGS if the NGS fails to meet the creditworthiness criteria outlined in this Section.

The Company will base its creditworthiness evaluation on the financial information provided in response to the "Financial Information" and "Certificate" sections below.

- a. Financial Information - In consideration of the opportunity to supply gas to the Company's ratepayers and in order for the Company to accept the NGS as the supplier of gas to ratepayers of the Company, the NGS must provide the following financial information, provided, however, that such financial information will not be required by the Company if the NGS has obtained a Natural Gas Supplier License from the Commission within one year prior to the date it submits an application to the Company for approval to become a NGS of gas to ratepayers of the Company and that such information has been provided to the Company:

The NGS shall provide the following financial information:

- i. Financial statements, annual report or Form 10-K for the most recent fiscal year-end.
 - ii. Current interim financial statements.
 - iii. Listing of parent company, affiliates and subsidiaries.
 - iv. Any reports from credit reporting and bond rating agencies which are available.
 - v. A bank reference and at least two trade references.
- b. Certificate: The NGS shall deliver a certificate of a duly elected officer or authorized representative certifying the following:
 - i. The NGS is not operating under any chapter of the bankruptcy laws and is not subject to liquidation under any state law.
 - ii. The NGS is not subject to the uncertainty of pending or threatened litigation in state or federal courts or regulatory proceedings which could (1) cause a substantial deterioration in its financial condition, (2) cause a condition of insolvency, or (3) endanger its ability to exist as an ongoing business.
 - iii. The NGS does not have outstanding lawsuits, actions or judgments, which, individually or in the aggregate, could jeopardize its ability to remain solvent.

RULES AND REGULATIONS**6. Creditworthiness (continued)**

- iv. The NGS has the power and authority to transact the business it transacts and proposes to transact, has obtained and holds a Natural Gas Suppliers License from the Commission and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which failure to be in good standing would not, individually or in the aggregate, reasonably be expected to jeopardize its ability to transact the business it transacts or to remain solvent.
- v. The NGS has no delinquent balances outstanding for billings made previously by the Company or its affiliate, and the NGS must have paid its account in the past according to the established terms and not made deductions or withheld payment for claims not authorized by contract.
- c. The NGS has a continuing obligation to notify the Company in writing, within two business days, of the occurrence of any event which would render the NGS unable to provide the certificate required in paragraph (b) of this "Creditworthiness" section, as of the date such event occurred and within two business days of any other significant deterioration of its financial fitness or creditworthiness. The NGS shall also provide the Company a copy of the financial statements as specified in paragraph (a) of this "Creditworthiness" section upon request by the Company.

d. Evaluation Process to Determine Financial Fitness:

To the extent the Company determines that the NGS's financial condition under (C) paragraph (a) is questionable or the NGS cannot supply the certificate required under paragraph (b) above, the Company will require the establishment of a security enhancement based on the financial exposure imposed on the Company by the NGS for all service fees applicable per the rate schedules governed by this tariff. The amount of the security enhancement shall include the following components and shall be calculated based on the projected peak winter month usage served by the NGS:

- 1. All applicable pooling and aggregation fees; (C)
- 2. All applicable billing fees; and
- 3. Projected imbalance fees using the maximum imbalance price multipliers and assuming that the NGS fails to deliver gas supplies during the peak month.

The Company shall consider the forms of security enhancements as set forth in (C) 52 Pa. code §§ 62.102 – 62.114. The Company may also consider as a form of security such amounts collected by the Company on behalf of the NGS under Rate SBS of this tariff or such other security as is mutually acceptable to both the Company and the NGS. The Company reserves the right to determine which of these financial instruments shall be established as a security enhancement.

All information submitted or provided to the Company will remain confidential and (C) be used solely for the purpose of evaluating the financial fitness or creditworthiness of the NGS. The amount of the security enhancement may be reviewed and modified based on the criteria established at 52 Pa. code §§ 62.102 – 62.114.

RULES AND REGULATIONS**7. Bonding Requirement**

In addition to any creditworthiness requirements as set forth in Rule 6, the Company may also (C) require that the NGS post a performance bond or any other security suitable to the Company, to cover any costs associated with the NGS prematurely discontinuing service to customers or the NGS default of payments of Commission imposed financial penalties and restitution to customers. The amount of the performance bond or other security shall be equal to \$2 times the volumes the NGS is expected to serve during the month of January. The level of the bond shall be recalculated annually.

The bonding requirement will be waived for that portion of the NGS's load used to serve Non-Priority One ratepayers whose annual consumption is 300 Mcf or more, but in such circumstance, the Company shall not be responsible to provide those ratepayers service as supplier of last resort and the Company shall have none of the obligations arising under Section 2207(a) and (k) of the Public Utility Code. The Company may waive the bonding requirement related to delivery failure for the NGS that demonstrates to the Company's satisfaction that it will assign the gas supply contract to the Company in the event of a default. With regard to the latter, the Company, in its sole discretion, which shall not be unreasonably exercised, may waive the bonding requirement related to delivery failure if the NGS assigns its gas supply contracts acquired for purposes of serving its customers on the Company's system (and if applicable, any related financial risk management contracts) to the Company in the event the NGS prematurely discontinues service to its customers. Such waiver shall be subject to the following conditions:

- a. The NGS's supplier agrees to assign applicable gas supply to the Company.
- b. The Company is satisfied with the relevant contract assignment language and applicable reasonable terms and conditions.
- c. The Company is satisfied with the NGS's supplier's credentials or the security of supply;
- d. The NGS agrees to reimburse the Company for any losses the Company suffers as a result of agreeing to the assignment of contracts, including, but not limited to, losses from a differential in the assigned gas prices and the NGS's contracted price with its customers and losses resulting from the NGS's supplier refusing to assign the relevant gas supply

8. Procedures when a NGS Exits the System

Prior to exiting the Company's system the NGS shall provide the Company with two months prior notice. Upon the NGS's exit from the Company's system, the Company will serve the NGS's former customers at the Company's supplier of last resort rates, or at the agreed-to NGS price for the remainder of the billing cycle if the NGS discontinues service prior to the beginning of the next billing cycle. Any differences between the cost incurred by the Company and the NGS's price shall be recovered from the NGS. Any capacity or supplies previously assigned to the NGS will revert to the Company, including gas held in storage. If the NGS had used capacity not assigned by the Company to bring gas on to the Company's system, then the NGS agrees to offer to assign said capacity, including gas held in storage, to the Company, which the Company may, at its sole discretion, accept or reject.

Balancing for NP-1 and P-1 pools of both interstate and local supplies for the exiting NGS's final month of service shall be performed in accordance with the "Monthly Balancing" provisions under Rate NP-1. No imbalance price multipliers will be applied. Remaining on-system storage balances for exiting NGSs, not used to offset final imbalances, shall be subject to the buyback provision under Rate P-1.

RULES AND REGULATIONS**9. Dispute Resolution Process**

The Company and each NGS will designate specific personnel for responding to complaints and disputes under this process.

The Company and the NGS shall use good faith and commercially reasonable efforts to informally and timely resolve all disputes that may develop between them. Failing such informal resolution, either party may initiate this Dispute Resolution Process by presenting a written Notice of Dispute that includes the names of the Parties and ratepayer(s), if any, involved and a brief description of the matters in dispute.

Within five (5) days of the Company's and/or the NGS's receipt of a Notice of Dispute, a designated senior representative of each of the Parties shall attempt to resolve the dispute on an informal basis.

In the event the designated representatives are unable to resolve the dispute by mutual agreement within thirty (30) days of said referral, the dispute shall be referred for mediation through the Commission's Office of Administrative Law Judge. A party may request mediation prior to that time if it appears that informal resolution is not productive.

If mediation is not successful, then the matter shall be converted to a formal proceeding before a Commission Administrative Law Judge.

Any party may file a complaint concerning the dispute with the Commission under relevant provisions of the Public Utility Code.

10. Standards of Conduct

- a. The Company shall apply its tariffs in a nondiscriminatory manner to its affiliated NGS and any nonaffiliated NGS.
- b. The Company shall not apply a tariff provision in any manner that would give its affiliated NGS an unreasonable preference over other NGSs with regard to matters such as scheduling, balancing, transportation, storage, curtailment, capacity release and assignment, or nondelivery, and all other services provided to its affiliated NGS.
- c. Mandatory tariff provisions shall not be waived by the Company for any NGS absent prior approval of the Commission.
- d. If a tariff provision is not mandatory or provides for waivers, the Company shall grant the waivers without preference to its affiliated NGS or non-affiliated NGS.
- e. The Company shall maintain a chronological log of tariff provisions for which it has granted waivers. Entries shall include the name of the party receiving the waiver, the date and time of the request, the specific tariff provision waived and the reason for the waiver. The chronological log shall be open for public inspection during normal business hours.
- f. The Company shall process requests for distribution services promptly and in a nondiscriminatory fashion with respect to other requests received in the same or a similar period. The Company shall maintain a chronological log showing the processing of requests for transportation services. The chronological log shall be open for public inspection during normal business hours.

RULES AND REGULATIONS**10. Standards of Conduct (continued)**

- g. If the Company provides a distribution service discount, fee waiver or rebate to its favored ratepayers, or to the favored ratepayers of its affiliated NGS, the Company shall offer the same distribution service discount, fee waiver or rebate to other similarly situated ratepayers. Offers shall not be tied to any unrelated service, or incentive or offer on behalf of either the natural gas distribution company or its affiliated NGS. A chronological log shall be maintained showing the date, party, time and rationale for the action. The chronological log shall be open for public inspection during normal business hours.
- h. Subject to ratepayer privacy or confidentiality constraints, the Company shall not disclose, directly or indirectly, any ratepayer proprietary information to its affiliated NGS unless authorized by the ratepayer. To the extent that the Company does disclose ratepayer information without ratepayer authorization, it shall contemporaneously provide this same information to other similarly situated NGSs in a similar fashion so as not to selectively disclose, delay disclosure, or give itself or its affiliated NGS any advantage related to the disclosure. A chronological log shall be maintained showing the date, time and rationale for the disclosure. The chronological log shall be open for public inspection during normal business hours.
- i. The Company shall justly and reasonably allocate to its affiliated NGS the costs or expenses for general administration or support services provided to its affiliated NGS.
- j. The Company shall not condition or tie the provision of any product, service or price agreement by the Company (including release of interstate pipeline capacity) to the provision of any product or service by its affiliated NGS.
- k. The Company shall not give its affiliated NGS preference over a nonaffiliated NGS in the provision of goods and services including processing requests for information, complaints and responses to service interruptions. The Company shall provide comparable treatment in its provision of such goods and services without regard to a customer's chosen NGS.
- l. The Company and its affiliated NGS shall maintain separate books and records. Further, transactions between the Company and its affiliated NGS shall not involve cross-subsidies. Any shared facilities shall be fully and transparently allocated between the Company function and the affiliated NGS function. The Company accounts and records shall be maintained such that the costs incurred on behalf of an affiliated NGS may be clearly identified.
- m. The Company employees who have responsibility for operating the distribution system, including natural gas delivery or billing and metering, shall not be shared with an affiliated NGS, and their offices shall be physically separated from the office(s) used by those working for the affiliated NGS. Such Company employees may transfer to an affiliated NGS provided such transfer is not used as a means to circumvent these interim standards of conduct.

RULES AND REGULATIONS**10. Standards of Conduct (continued)**

- n. Neither the Company nor its affiliated NGS shall directly or by implication, falsely and unfairly represent to any ratepayer, the NGS or third party that an advantage may accrue to any party through use of the Company's affiliates or subsidiary, such as:
- i. That the Commission regulated services provided by the Company are of a superior quality when services are purchased from its affiliated NGS; or
 - ii. That the merchant services (for natural gas) are being provided by the Company when they are in fact being provided by an affiliated NGS;
 - iii. That the natural gas purchased from a nonaffiliated NGS may not be reliably delivered;
 - iv. That natural gas must be purchased from an affiliated NGS to receive Commission regulated services.
- o. When affiliated NGSs market or communicate to the public using the Company's name or logo, it shall include a legible disclaimer that states:
- i. That the affiliated NGS is not the same company as the Company.
 - ii. That the prices of the affiliated NGS are not regulated by the Commission; and
 - iii. That a customer does not have to buy natural gas or other products from the affiliated NGS in order to receive the same quality service from the Company.

When an affiliated NGS advertises or communicates verbally through radio or television to the public using the Company name or log, the affiliated NGS shall include at the conclusion of any such communication a legible disclaimer that includes all of the disclaimers listed in this paragraph.

- p. Except in competitive bid situations, the Company shall not (a) jointly market or jointly package its Commission regulated services with the services of an affiliated NGS or (b) offer or provide to its affiliated NGS products or services, including bill inserts in its Company bills promoting an affiliated NGS's services or a link from the Company's web site, unless the Company offers or provides the products or service to all nonaffiliated NGSs on the same terms and conditions.
- q. The Company shall not offer to sell natural gas commodity or capacity to its affiliated NGS without simultaneously posting the offering electronically on a source generally available to the market or otherwise making a sufficient offer to the market. The Company shall maintain a chronological log of these public disseminations. The chronological log shall be open for public inspection during normal business hours.
- r. The Company shall utilize, unless otherwise agreed to by the affected parties, the following complaint and dispute resolution procedure for dealing with any alleged violations of any of the standards of conduct, with the exception of paragraph (i.), which are exclusively under the purview of the Commission:

RULES AND REGULATIONS**10. Standards of Conduct (continued)**

- i. Any dispute between the NGS and/or an affiliated NGS, and a nonaffiliated NGS alleging a violation of any of these Standards of Conduct provisions, the NGS must provide the Company and/or affiliated NGS, as applicable, a written Notice of Dispute that includes the names of the Parties and ratepayer(s), if any, involved and a brief description of the matters in dispute.
 - ii. Within five (5) days of the Company's and/or the NGS's receipt of a Notice of Dispute, a designated senior representative of each of the Parties shall attempt to resolve the dispute on an informal basis.
 - iii. In the event the designated representatives are unable to resolve the dispute by mutual agreement within thirty (30) days of said referral, the dispute shall be referred for mediation through the Commission's Office of Administrative Law Judge. A party may request mediation prior to that time if it appears that informal resolution is not productive.
 - iv. If mediation is not successful, then the matter shall be converted to a formal proceeding before a Commission Administrative Law Judge.
 - v. Any party may file a complaint concerning the dispute with the Commission under relevant provisions of the Public Utility Code.
 - vi. Parties alleging violations of these standards may pursue their allegations through the Commission's established complaint procedures. A complainant bears the burden of proof consistent with 66 Pa. C.S. Section 332 (relating to Public Utility Code) in regard to the allegations and the Commission may impose penalties for such violations pursuant to 66 Pa. C.S. Section 3301.
- s. The Company shall keep a chronological log of any complaints, excepting paragraph (i.), regarding discriminatory treatment of NGS. This chronological log shall include the date and nature of the complaint and the resolution of the complaint. The chronological log shall be open for inspection during normal business hours.

11. Confirmation of Ratepayer Enrollment

When the Company receives notice that a ratepayer has elected to switch NGSs or return to the Company's Supplier of Last Resort service, the Company shall initiate the confirmation procedure described herein. Such changes shall coincide with the start of customer's next billing cycle.

- a. The NGS must maintain either a mainframe computer or a personal computer that meets the processing capabilities required by the Company.
- b. The NGS shall notify the Company of new or deleted ratepayers via e-mail file in approved spreadsheet format. The NGS should notify the Company only of additions or deletions to its ratepayer list; existing ratepayers shall not be included.

RULES AND REGULATIONS**11. Confirmation of Ratepayer Enrollment (continued)**

- c. Notification from the NGS of new or deleted ratepayer shall consist of the following information: Ratepayer name, Service Address, the Company Account Number, Date and Time of file preparation, the NGS's assigned Pool Code (rather than the NGS name) and the NGS's assigned Rate Numbers, if the Company is billing on behalf of the NGS.
- d. The NGS may submit additions, changes or deletions from its ratepayer list to the Company on a daily basis. Such additions, changes or deletions from the ratepayer list will become effective for the service period reflected in the second bill issued following the date such additions, changes or deletions are submitted to the Company.
- e. The Company shall notify the NGS with a report via the Internet if a new ratepayer is not processed. The circumstances in which a ratepayer will not be processed may include, but are not limited to, the information provided by the NGS does not match the Company's required data elements, the ratepayer submitted by the NGS is not eligible for the requested service, and the ratepayer is no longer receiving service from the Company. Such report will be issued on the Company's web site following processing and will include the reason the ratepayer has not been processed.
- f. Once a prospective ratepayer's request has been processed, the Company shall mail out a confirmation letter to each ratepayer by the end of the next business day after the date the Company receives notification from the NGS that the ratepayer has elected to switch NGSs or return to the Company's supplier of last resort service, asking the ratepayer to notify the Company if information in the confirmation letter is inaccurate. Such confirmation letter shall include, if appropriate, the ratepayer's pool operator choice as stated by the NGS, the applicable billing option, the approximate date when transportation service is to begin and the date that the first bill will be mailed.
- g. Should the Company receive notification from a ratepayer within the ten (10) calendar days required under the confirmation letter that the ratepayer's gas service or gas supply election as described by the NGS is in error, the Company shall so notify the NGS. In case of notification by ratepayer of such error, the Company shall continue billing the ratepayer under the ratepayer's current billing arrangement. Should the Company receive notification from the ratepayer that the ratepayer's gas service or gas supply election as described by the NGS is in error, but not receive such notification within the ten (10) calendar days period, the Company shall advise the ratepayer to contact the NGS to request cancellation, and if requested by the ratepayer, the Company will treat this as an alleged slamming complaint.
- h. On the eighteenth (18th) of the month, the Company will post on its web site, a list of ratepayers for the forthcoming month. Additions and removals from the NGS will also be reported on a daily basis in an activity file.
- i. Should the Company receive notification by more than one NGS within a one-month period that the ratepayer has elected said NGS to supply ratepayer's natural gas, the Company shall proceed with the confirmation process using the first NGS which notifies the Company, unless the ratepayer informs the Company otherwise.
- j. The Company will issue, at a minimum, a monthly report of ratepayers who have discontinued service with the NGS via Internet, which shall include discontinuances initiated by the incumbent NGS, the ratepayer or ratepayer's new NGS.

RULES AND REGULATIONS**12. Customer Service, Information Requirements and Slamming Complaints**

- a. NGSs shall refer to the Commission's Guidelines for Maintaining Customer Services at the Same Level of Quality Pursuant to 66 Pa. C.S. §2206 (a), Assuring Conformance with 52 Pa. Code Chapter 56 Pursuant to 66 Pa. C.S. §§2207 (b), 2208 (e) and (f) and Addressing the Application of Partial Payments at Docket No. M-00991249F0003, for requirements relating to credit determination, deposits, initiation and disconnection of service.
- b. NGSs shall refer to the Commission's Customer Information Disclosure Guidelines at Docket No. M-00991249F0005, for requirements relating to disclosure of terms of service, marketing, advertising and sales practices, and privacy of customer information.
- c. NGSs shall refer to the Commission's Guidelines to Ensure Customer Consent to a Change of Natural Gas Suppliers at Docket No. M-00991249F0006, for requirements on handling customer slamming complaints.

13. Customer Contact

The NGS must maintain a twenty-four (24) hour answering service or a telephone answering machine which informs all callers that if they smell gas or there is any other emergency regarding gas service, the callers should call their gas utility immediately.

If the NGS receives a telephone call from a ratepayer which should be directed to the Company, the NGS shall direct the ratepayer to the appropriate contact within the Company.

The NGS shall handle all calls regarding commodity charges and associated rates.

NGSs must coordinate with the Company in resolving ratepayer inquiries or complaints which involve services provided by both the Company and NGSs.

14. Miscellaneous

- a. The NGS shall be deemed to be in control and possession of the gas transported to Company until the gas has been delivered to Company at the agreed-upon delivery point.
- b. The NGS warrants the title of the gas delivered to Company and shall indemnify the Company for and save Company harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or attributable to the adverse claims of any and all other persons or parties to the gas delivered to Company.
- c. The NGS shall be subject to the Liability provisions contained in Company's Retail Gas Tariff.

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PRIORITY ONE POOLING SERVICE

AVAILABILITY

Service under this rate schedule is available to any Priority One Pool Operator who has entered into a Priority One Pooling Agreement with the Company and demonstrates to the Company's satisfaction that it has met the Company's creditworthiness standards and bonding requirements. Ratepayers must assign their rights provided under the applicable transportation rate schedules to said Pool Operators.

RULES AND CONDITIONS**1. Assignment of Capacity**

Pool Operators who take service under this rate schedule must take assignment of a pro-rata or other agreed upon share of the pipeline and storage capacity and Pennsylvania produced gas supplies ("assigned capacity") that would otherwise be utilized by the Company to meet the ratepayer's commodity service requirements. Assigned capacity shall be subject to recall to the extent that the Pool Operator is unable to deliver necessary gas supplies, in which case the Company will provide for the delivery of necessary gas supplies pursuant to the terms of the standby rate schedule. More specific terms with respect to capacity assignment requirements are set forth in the following sections. However, such additional terms with respect to capacity assignment requirements shall be subject to review in the Company's annual Section 1307(f) proceeding.

Assignment of Pennsylvania –Produced Supplies

Pennsylvania gas produced from wells under gas purchase contracts for sale to the Company and for ultimate delivery into the Company's system shall be assigned to the NGS as agent for the ratepayer of the NGS's Priority-One Pool. The assignment shall be structured at a monthly weighted average purchase cost of the assigned Pennsylvania-produced supplies. The term of the assignment shall be from the first month in which the NGS renders commodity service to the customer until the NGS's supply agreement with customer expires, or as otherwise provided herein.

Assigned Pennsylvania-produced supplies shall be recallable by the Company only under the following circumstances:

- (1) the ratepayer on whose behalf the capacity has been assigned is no longer served by the NGS
or
- (2) the NGS has failed to comply with terms and conditions set forth herein.

Assignment of Upstream Pipeline Capacity

This section applies to the Company's upstream pipeline capacity on Dominion Transmission, Inc. ("DTI"), pipelines upstream of DTI and any other pipelines on which the Company may contract for capacity from time to time, excluding Equitrans, Inc. and National Fuel Gas Supply Corporation.

Upstream pipeline firm transportation capacity held by the Company shall be assigned to the NGS as agent for the customers of the NGS's Priority-One Pool. The assignment shall be structured as a release of capacity at the full maximum rates paid by the Company. The term of the release shall be on a seasonal basis, commencing with the first month in which the NGS rendered commodity service

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PRIORITY ONE POOLING SERVICE

1. Assignment of Capacity (continued)

to the customer to the earlier of the end of the seasonal period (Winter releases shall terminate March 31 and summer releases shall terminate October 31.) or the termination date of the contract(s) between the Company and the upstream pipeline or the last month in which the NGS renders commodity service to the customer on whose behalf the capacity had been assigned; provided however, the Company may in its discretion release such capacity on a monthly basis. The NGS must comply with all upstream pipeline requirements to become an eligible shipper on the upstream pipeline system. The NGS is responsible for paying the upstream pipeline directly for capacity assigned under this provision, which payments shall include all applicable pipeline surcharges. To the extent the NGS's customers are paying equivalent standby charges in accordance with the Company's Retail Tariff, the Company will reimburse the NGS for these pipeline charges in the same manner.

The firm transportation capacity released pursuant to the previous section shall be recallable by the Company only under the following circumstances:

- a. the customer on whose behalf the capacity has been assigned is no longer served by the NGS or
- b. the NGS has failed to comply with the terms and conditions set forth herein.

Upstream pipeline storage capacity held by the Company shall be assigned to the NGS as agent for the ratepayers of the NGS's Priority-One Pool. The assignment shall be structured as a release of capacity at the full maximum rates paid by the Company and may be subject to conditions of release (including, but not limited to, injection and withdrawal rights) that differ from the applicable upstream pipeline storage service. The release shall terminate at the end of the then-current storage season pursuant to the applicable upstream pipeline rate schedule terms and conditions; provided however, the Company may in its discretion release such capacity on a monthly basis. The NGS is responsible for paying the upstream pipeline directly for capacity assigned under this provision, which payments shall include all pipeline surcharges. To the extent the NGS's customers are paying equivalent standby charges in accordance with the Company's tariff, the Company will reimburse the NGS for these pipeline charges in the same manner.

Capacity released pursuant to this section shall be recallable by the Company only upon failure of the NGS to comply with the terms and conditions set forth herein or in connection with a buyback of gas by the Company as set forth in paragraph 2 of this rate schedule.

Assignment of the Company's On-System Storage Capacity

On-system storage capacity shall be assigned to the NGS as agent for the ratepayers of the NGS's Priority-One Pool. The costs associated with such capacity shall be recovered in the volumetric rates paid by ratepayers under the GS-T rate schedule and shall not be the direct responsibility of the NGS. If the NGS turns its assigned on-system storage more than once during the year commencing April 1, the NGS will pay the appropriate injection and withdrawal charges as specified in the Company's Rate Schedule ST. The assignment shall terminate at the end of each winter period.

The on-system storage assignment made pursuant to this section shall be withdrawn by the Company only upon failure of the NGS to comply with the terms and conditions set forth herein or in connection with a buyback of gas by the Company as set forth in paragraph 2 of this rate schedule.

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PRIORITY ONE POOLING SERVICE

1. Assignment of Capacity (continued)*Determination of Assignment Quantities*

Unless provided otherwise herein, assignments of assigned Pennsylvania-produced supplies, upstream pipeline firm transportation capacity, upstream pipeline storage capacity, and on-system storage capacity shall be assigned on a *pro rata* basis in accordance with the supply portfolio held by the Company at the time of assignment to serve its Priority-One customers; provided however, the Company shall not be required to assign capacity that is de minimis in nature.

The Company will evaluate the capacity and supply assignments made to the NGS as agent for ratepayers of the NGS's Priority-One Pool monthly based on the methodology set forth above. The evaluation will include an assessment of whether the upstream pipeline storage and on-system storage capacity assignments are adequate to serve the needs of the customers of the Pool Operator at that time. To the extent that the evaluation so indicates, revisions to the upstream pipeline storage and on-system storage capacity assignments will be made effective with the summer period. To the extent that the winter evaluation so indicates, the Company may require the NGS to secure additional reliable natural gas commodity, capacity and delivery service to meet the needs of the NGS's Customers. In addition to the preceding, the Company will evaluate the capacity assignments made pursuant to this section from time to time to ensure adequate compliance with its provisions.

Capacity assigned to the NGS hereunder by the Company may be traded with other Priority-One NGSs as long as each NGS retains an aggregate amount determined by the Company to be necessary to satisfy the total demands of the NGS's customers. Such trading may occur no more frequently than twice per calendar year unless otherwise agreed to by the Company. Any capacity trades must be reduced to writing and provided to the Company for final approval.

Any assignments made pursuant to this tariff are made subject to any order of the Commission. Should the Commission, or any body authorized by law require a disallowance in the Company's rates that is directly attributable to the Company's assigning or transferring gas supplies to the NGS pursuant to these procedures, the NGS agrees to reimburse to the Company within 30 days of notification of any monies disallowed by the Commission or such other body that are directly attributable to the NGS. The Company shall provide such notification no later than thirty (30) days after a final order is entered by the Commission or other such body.

2. Nomination Procedures*Nomination of Upstream Pipeline Volumes (Transportation and Storage)*

All Transportation Volumes received for the NGS's account at upstream pipeline transportation receipt points shall be nominated to the Company in advance according to the procedures outlined in this Section. Nominations shall distinguish among the following volumes delivered to the Company's system for the NGS's account: (1) upstream pipeline transportation and storage capacity assigned to the NGS by the Company and (2) all other upstream pipeline transportation and storage volumes.

Nominations are to be transmitted to the Company by the Company's Electronic Nominations System and are to be received by the Company by the dates and times specified in the Company's Calendar of Nominations, as amended from time to time, which is available on the Company's Electronic Nominations System.

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2. Nomination Procedures (continued)

Subject to the limits of the Company's operating conditions and facilities, previously confirmed nominations and timely confirmation by upstream pipelines, the Company will either confirm, in total or in part, or reject the NGS's transportation volume nomination. Confirmed assigned upstream pipeline transportation and storage volumes will be posted on the Company's Electronic nominations System.

Confirmed nominations will become effective on the date specified in the NGS's nomination and will remain in force until the last day of the current calendar month, subject to continued receipt by the Company from upstream pipeline of the confirmed volume, unless superseded by a subsequent transportation volume nomination. Nomination procedures provided for in this section shall be superseded by natural gas industry standards promulgated by FERC (i.e., GISB standards).

Nomination of Assigned Pennsylvania-Produced Supplies

All assigned Pennsylvania-produced supplies received for the NGS's account at production receipt points shall be nominated to the Company in advance according to the procedures outlined in this Section.

Five business days prior to the nominations due date, the Company will provide to the NGS the volume of assigned Pennsylvania-produced supplies at the various production receipt points that the NGS should nominate for that month. The Company shall have the right to revise such nominations throughout the month, and the NGS shall be responsible for revising its nomination of assigned Pennsylvania-produced supplies on a timely basis.

Nominations are to be transmitted to the Company by the Company's Electronic Nominations System and are to be received by the Company by the dates and times specified in the Company's Calendar of Nominations, as amended from time to time.

Nominations must conform, in content and format, with the Company's specifications for assigned Pennsylvania-produced supplies nominations, which shall include, at a minimum: the NGS's name; the NGS's company contract number; requested daily assigned Pennsylvania-produced supplies and assigned local production; and the name and telephone number of the NGS's nominations contact.

Subject to the limits of the Company's operating conditions and facilities, and the reasonableness of the NGS's nomination as determined solely by the Company, the Company will either confirm, in total or in part, or reject the NGS's assigned Pennsylvania-produced supplies. Confirmed assigned Pennsylvania-produced supplies will be posted on the Company's Electronic Nominations System.

Assigned Pennsylvania-produced supplies volumes shall be considered to be first through the meter.

Confirmed nominations will become effective on the date specified in the NGS's nomination and will remain in force until the last day of the current calendar month, unless superseded by a subsequent assigned Pennsylvania-produced supplies nomination.

Nomination procedures provided for in this section shall be superseded by natural gas industry standards promulgated by FERC (i.e., GISB standards).

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2. Nomination Procedures (continued)*Nomination of Local Gas Volumes*

All local gas volumes received for the NGS's account at production receipt points shall be nominated to the Company in advance according to the procedures outlined in this Section.

Nominations are to be transmitted to the Company by the Company's Electronic Nominations System and are to be received by the Company by the dates and times specified in the Company's Calendar of Nominations, as amended from time to time, which is available on the Company's Electronic Nominations System.

Nominations must conform, in content and format, with the Company's specifications for local gas volume nominations, which shall include, at a minimum: the NGS's name; the NGS's company contract number; requested daily local gas volume to be received at each of the production receipt points; and the name and telephone number of the NGS's nominations contact.

Subject to the limits of the Company's operating conditions and facilities, and the reasonableness of the NGS's nomination as determined solely by the Company, the Company will either confirm, in total or in part, or reject the NGS's local gas volume nomination. Confirmed local gas volumes will be posted on the Company's Electronic Nominations System.

Confirmed nominations will become effective on the date specified in the NGS's nomination and will remain in force until the last day of the current calendar month, unless superseded by a subsequent local gas volume nomination. Nomination procedures provided for in this section shall be superseded by natural gas industry standards promulgated by FERC (i.e., GISB standards).

Nomination of On-System Storage

All on-system storage volumes requested to be injected or withdrawn for the NGS's account shall be nominated to the Company in advance according to the procedures outlined in this Section.

Nominations are to be transmitted to the Company by the Company's Electronic Nominations System and are to be received by the Company by the dates and times specified in the Company's Calendar of Nominations, as amended from time to time, which is available on the Company's Electronic Nominations System.

Nominations must conform, in content and format, with the Company's specifications for on-system storage volume nominations, which shall include, at a minimum: the NGS's name; the NGS's company contract number; requested daily on-system storage volume; and the name and telephone number of pool operator's nominations contact.

Subject to the limitations as outlined in this Section, and the reasonableness of the NGS's nomination as determined solely by the Company, the Company will either confirm, in total or in part, or reject the NGS's storage volume nomination. Confirmed on-system storage volumes will be posted on the Company's Electronic Nominations System

Confirmed nominations will become effective on the date specified in the NGS's nomination and will remain in force until the last day of the current calendar month, unless superseded by a subsequent on-system storage volume nomination. Nomination procedures provided for in this section shall be superseded by natural gas industry standards promulgated by FERC (i.e., GISB standards).

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2. Nomination Procedures (continued)Summer Period Storage Operation

The maximum quantity of gas which the NGS shall be entitled to nominate for injection on a firm basis into on-system storage on any one day is one-one hundred and twenty-fifth (1/125) of the on-system storage capacity assigned to the NGS when the NGS's on-system storage inventory level is less than or equal to 65 percent of capacity, and one-two hundred and fourteenth (1/214) of capacity thereafter. Such injections shall be subject to interruptions or curtailment based on the failure of an upstream pipeline to deliver transportation volumes, the failure of the NGS to deliver local gas volumes, the issuance of operational flow orders by the Company, force majeure conditions, or an order of the Commission or other governmental body.

The NGS may request permission to nominate volumes for injection in excess of the amounts set forth in the preceding Section. The Company shall endeavor to inject those additional volumes into on-system storage on any day on an interruptible basis as operating conditions permit. The Company may decline such requests whenever, in its judgment, the injection of volumes in excess of the amounts set forth in the preceding Section would be detrimental to the operation of the Company's system or its ability to meet retail sales demand in a cost effective manner.

The NGS must nominate injection volumes in such a manner as to attain minimum on-system storage inventory levels, expressed as a percentage of the NGS's capacity, over the summer period in accordance with the schedule set forth below:

<u>Minimum Inventory Level as a Percentage of Capacity</u>	<u>Date by Which Inventory Must be Attained ("Target Inventory Date")</u>
40%	July 1
65%	August 1
80%	September 1
97 %	November 1

In the event the NGS is unable to attain the above inventory level by the applicable target inventory date as a result of customers initially receiving service from the NGS after the commencement of the summer period, the NGS may purchase on-system storage volumes from the Company.

Failure of the NGS otherwise to attain the above inventory level by any of the target inventory dates shall result in a concomitant reduction of the maximum quantity of gas which the NGS shall be entitled to nominate for withdrawal on a firm basis from on-system storage on any one day during the succeeding winter period. The Company shall have the right to use any capacity that becomes available due to the imposition of this provision.

Winter Period Storage Operation

Subject to the previous Section, the maximum quantity of gas which the NGS shall be entitled to nominate for withdrawal on a firm basis from on-system storage on any one day ("Demand Entitlement") shall be based on the on-system storage capacity assigned to the NGS and shall not exceed the maximum withdrawal requirements defined in the Company's Retail Tariff under its Rate ST. Such withdrawals shall be subject to interruptions or curtailment based on the issuance of operational flow orders by the Company, force majeure conditions, or an order of the Commission or other governmental body.

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PRIORITY ONE POOLING SERVICE

2. Nomination Procedures (continued)

The NGS's Demand Entitlement shall be reduced in accordance with the inventory-based ratchet provisions set forth below:

- a. If at the end of any day, the NGS's on-system storage inventory level is less than or equal to 45% of the NGS's total capacity but greater than 20% of such volume, the NGS's Demand Entitlement shall be reduced by 40% for remaining portion of the current winter period.
- b. If at the end of any day, the NGS's on-system storage inventory level is less than or equal to 20% of the NGS's total Capacity, the NGS's Demand Entitlement shall be reduced by 80% for the remaining portion of the current winter period.

The NGS may request permission to nominate volumes for withdrawal in excess of the amounts set forth above. The Company shall endeavor to withdraw those additional volumes from on-system storage on any day on an interruptible basis as operating conditions permit. The Company may decline such requests whenever, in its judgment, the withdrawal of volumes in excess of the amounts set forth in the preceding Section would be detrimental to the operation of the Company's system or its ability to meet Retail Sales Demand in a cost effective manner.

The NGS must maintain minimum on-system storage inventory levels, expressed as a percentage of the NGS's total capacity, over the winter period in accordance with the schedule set forth below:

<u>Date</u>	<u>Minimum On-System Storage Inventory Level</u> As a percentage of Total Capacity
January 31	45%
February 28	20%

Failure of the NGS to maintain the minimum on-system storage inventory levels in accordance with the above schedule shall result in a further 25% reduction of the Demand Entitlement level until such time as the NGS achieves the required minimum on-system storage inventory level.

The NGS may request permission to nominate volumes for re-injection during the winter period of up to one-two hundred and fourteenth (1/214) of the NGS's total capacity. The Company shall endeavor to inject those re-injection volumes into on-system storage on any day on an interruptible basis as operating conditions permit. The Company may decline such requests whenever, in its judgment, the injection of volumes in excess of the amounts set forth in the preceding section would be detrimental to the operation of the Company's system or its ability to meet retail sales demand in a cost effective manner. The Company may require winter period on-system storage re-injections under an on-system storage operational flow order in which it will indicate the total quantity of gas to be nominated in excess of the NGS's Aggregate Daily Consumption Volume for the period during which the on-system storage OFO is in effect. Adjustments to the effective Demand Entitlement level may be made by the Company at its sole discretion and in accordance with reasonable and standard industry practice based on operating conditions. Failure to comply with an on-system storage OFO may result in the Company, at its sole discretion and in accordance with reasonable and standard industry practice, reducing the NGS's Demand Entitlement levels by up to an additional 50% for the remainder of the winter period.

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PRIORITY ONE POOLING SERVICE**2. Nomination Procedures (continued)**

The NGS shall not have a storage inventory level exceeding 15% of the NGS's on-system storage capacity at April 15. Any volumes remaining in on-system storage in excess of 15% as of that date will be purchased by the Company using the *Gas Daily* midpoint index price for gas delivered to Dominion Transmission, Inc.'s Appalachian South Point plus the firm transportation charges to transport and deliver the gas to the Company's system, adjusted for shrinkage, and the result total multiplied by 0.5.

Buyback Provisions:

In the event: 1) the NGS's Priority-One Pooling Agreement is terminated or canceled or 2) the NGS is no longer serving customers on whose behalf the storage capacity has been assigned and to the extent the Company in its sole judgment determines it operationally requires such storage capacity to serve the returning customers, the Company shall have the right, but not the obligation to purchase up to the remaining storage gas in both on-system storage and upstream pipeline storage inventories or up to the volumes in storage attributable to the NGS's load loss, respectively. The buyback rate shall be the lower of: 1) Storage Gas Transfer Price or 2) the midpoint index price for gas delivered to Dominion Transmission, Inc.'s ("DTI") Appalachian South Point as published on the effective date of the buyback plus firm transportation changes to bring the gas to the Company's system, including applicable fuel retainage.

To the extent this provision is invoked and the NGS's storage gas in inventory is below the minimum inventory levels required by these procedures and the Company is required to purchase additional gas supplies on the open market, the NGS agrees to pay the Company an amount equal to the deficiency in volumes from the required inventory levels multiplied by the difference between the price the Company paid and the buyback rate.

Nomination of Pool-to-Pool Volumes

All Pool-to-Pool Volumes received for the NGS's account shall be nominated to the Company in advance according to the procedures outlined in this Section.

A Priority-One Pool may transfer volumes to another Priority-One Pool or Non Priority-One Pool that (C) balances on the same basis. A Priority-One pool may also transfer storage inventory volumes to any Non-Priority One pool after the end of the calendar month during the four-day imbalance trading period.

Nominations are to be transmitted to the Company by the Company's Electronic Nominations System and are to be received by the Company by the dates and times specified in the Company's Calendar of Nominations, as amended from time to time, which is available on the Company's Electronic Nominations System.

Nominations must conform, in content and format, with the Company's specifications for Pool-to-Pool Volume nominations, which shall include, at a minimum: the NGS's name; the NGS's company contract number; requested daily Pool-to-Pool Volume; name and the Company contract number of the NGS from whom the NGS plans to receive supply, the name and telephone number of the NGS's nominations contact, and confirmation from the other NGS.

Subject to the limits of the Company's operating conditions and facilities, and the reasonableness of the NGS's nomination as determined solely by the Company, the Company will either confirm, in total or in part, or reject the NGS's Pool-to-Pool Volume nomination. Confirmed Pool-to-Pool Volumes will be posted on the Company's Electronic Nominations System. Nomination procedures provided for in this section shall be superseded by natural gas industry standards promulgated by FERC (i.e., GISB standards).

ISSUED: June 9, 2011**EFFECTIVE: June 10, 2011**

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2. Nomination Procedures (continued)

Confirmed nominations will become effective on the date specified in the NGS's nomination and will remain in force until the last day of the current calendar month, unless superseded by a subsequent Pool-to-Pool Volume nomination.

3. Storage Gas Transfers

- a. Storage gas transfers may be required by the Company under the following conditions:
 - i. The NGS is unable to attain the storage inventory level requirements by the applicable target inventory date as a result of ratepayers initially receiving service from the NGS after the commencement of the Summer Period and such target inventory date; or,
 - ii. The NGS is assigned on-system or upstream pipeline storage capacity during the Winter Period as a result of ratepayers initially receiving service from the NGS during the Winter Period.
- b. The maximum volume of storage gas transfers for the applicable month shall be determined as follows:
 - i. For assigned on-system storage capacity, the maximum storage gas transfer shall be on-system storage capacity incrementally assigned for the month multiplied by the estimated beginning of the month percentage of the Company's total on-system storage inventory level to the Company's on-system storage capacity held by the Company; and
 - ii. For assigned upstream pipeline storage capacity, the maximum storage gas transfer shall be the upstream pipeline storage capacity incrementally assigned for the month multiplied by the estimated beginning of the month percentage of the Company's upstream pipeline storage inventory level to the Company's upstream pipeline storage capacity.

Storage gas transfers shall not be allowed if in the Company's sole discretion it determines such transfers would be detrimental to the operation of the Company's system or its ability to meet Retail Sales Demand in a cost effective manner.

The storage gas transfer price each month shall be at the Company's estimated commodity cost of storage gas for the year, plus any applicable taxes. The storage gas transfer price shall be reconciled each calendar year to take into account the actual commodity cost of gas injected into storage net of withdrawals for the current year and, as applicable, the commodity cost of gas from previous years' LIFO inventory layers. The Company shall bill such additional costs as soon as practicable. With respect to storage gas transfers from upstream pipeline storage capacity, the NGS will pay an additional charge equal to the upstream pipeline storage capacity injection and storage fuel charges.

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4. Load Forecasting

The Company will provide the Pool Operator with a daily projection of the amount of gas to be delivered to the Company to satisfy the estimated daily consumption of all the ratepayers in the pool (Aggregate Daily Consumption Volume) at least two days in advance of when Pool Operators must deliver volumes to the Company. The Company may issue OFOs consistent with the terms of the Company's tariff and, as a result, may provide the Pool Operator with daily projections less than two days in advance.

In a format suitable to the Company, the Pool Operator will provide sufficient information about the Priority-One transportation ratepayers, whose natural gas requirements shall be supplied by the Pool, for the Company to identify them in the Company's billing system. In the event that those ratepayers shall vary during the term of the Priority One Agreement, Pool Operator shall provide an updated list of ratepayers to the Company as soon as reasonably possible.

Each of the ratepayers of Pool Operator's Priority-One Pool must have all of their natural gas consumption over the entire ratepayer Billing Cycle supplied by Priority-One Pool volumes nominated by Pool Operator. Seven business days prior to the first nomination period, the Company shall provide Pool Operator an initial listing of the end-use ratepayer accounts to be served by the Pool Operator's Priority-One Pool during the period to which the nominations apply and one week prior to the nomination period for each subsequent month, a listing with additions and deletions from the initial list.

Each Monday through Friday before 10:00 a.m., the Company will provide a projection of the Aggregate Daily Consumption Volume of the ratepayers of the Pool Operator's Priority-One Pool for the current and subsequent two days. During periods in which no Operational Flow Orders have been issued, the Company will use the following schedule to establish the Aggregate Daily Consumption Volume for which the Pool Operator will be held accountable:

<u>The Projection Provided On:</u>	<u>Will Be Used to Establish the Aggregate Daily Consumption Volume Accountability for the Following:</u>
Monday	Wednesday
Tuesday	Thursday
Wednesday	Friday
Thursday	Saturday
Friday	Sunday, Monday and Tuesday

- a. During periods in which an OFO is in effect, the Company shall establish the Aggregate Daily Consumption Volume no later than 10:00 a.m. of the same Day; or,
- b. During periods when the mean average temperature is projected to be below 20 degrees Fahrenheit and the mean average temperature projection changes to be colder by at least 4 degrees Fahrenheit, the Company may establish the Aggregate Daily Consumption Volume for a particular day by giving 24 hour notice to the Pool Operator.

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PRIORITY ONE POOLING SERVICE

5. Daily Gas Deliveries and Balancing

The Pool Operator must acquire an adequate supply of natural gas (including any assigned volumes) of a quality acceptable to the Company, including allowances for any retention required by upstream pipelines and the Company, and arrange for the delivery of such gas supply to delivery points specified by the Company.

Any differences between the Aggregate Daily Consumption Volume and the Daily Available Volumes during periods in which no OFOs have been issued shall be subject to the following balancing charges:

Negative Daily Imbalance - A negative imbalance fee will be assessed on the shortfall of the Daily Available Volumes relative to the Aggregate Daily Consumption Volume. The negative imbalance will be sold by the Company at a price equal to the highest cost of gas for the day using the Gas Daily index price (converted to Mcf) for gas delivered to Dominion Transmission, Inc.'s Appalachian South Point 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 Daily Imbalance - A positive imbalance fee will be assessed on the Daily Available Volumes in excess of the Aggregate Daily Consumption Volume. The positive imbalance will be purchased by the Company at a price equal to the lowest cost of gas for the day using the Gas Daily index price (converted to Mcf) for gas delivered to Dominion Transmission, Inc.'s Appalachian South Point 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>Daily Imbalance Percentage</u>	<u>Negative Imbalance Price Multiplier</u>	<u>Positive Imbalance Price Multiplier</u>
0% up to and including 4%	1.0	1.0
Over 4% up to and including 10%	1.1	0.9
Over 10%	1.2	0.8

In the event Pool Operator fails to provide cumulative Daily Available Volumes plus Imbalance Trading Volumes equal to at least 75% of cumulative daily pool requirements over two or more consecutive months, the Company may, at its sole discretion in accordance with reasonable and standard industry practice, recall or otherwise withdraw any capacity rights assigned to the Pool Operator upon five (5) days written notice to the Pool Operator and terminate the Agreement upon ten (10) days written notice to Pool Operator.

In the event the Pool Operator fails to provide Daily Available Volumes plus Imbalance Trading Volumes equal to at least 50% of daily pool requirements for five or more days in each of two consecutive month the Company may, at its sole discretion in accordance with reasonable and standard industry practice, recall or otherwise withdraw any capacity rights assigned to the Pool Operator upon five (5) days written notice to the Pool Operator and terminate the Agreement upon ten (10) days written notice to Pool Operator.

RATE P-1
PRIORITY ONE POOLING SERVICE**6. Reconciliation of Monthly Volumes**

The difference between Calendar Month Pool Supply and Calendar Month Pool Sendout, as adjusted for any prior month billing corrections, shall be reconciled monthly. The difference shall be reconciled in the next calendar month following its determination (the "Adjustment Month") by adjusting the NGS's Daily Available Volume on each day in the Adjustment Month by an amount equal to the difference divided by the number of days in the Adjustment Month or by other methods as made available by the Company.

7. Reconciliation of Local Gas Volumes

No later than five days prior to the end of each month, the Pool Operator will provide the Company with its nomination of independently purchased local gas for the following month. The Company shall determine the reasonableness of the Pool Operator's nomination of independent purchases of local gas and will either confirm, in total or in part, or reject the Pool Operator's nomination within two business days after receipt of the nomination. For both local gas assigned to the Pool Operator by the Company and for Pool Operator's independent purchases of local production, confirmed local gas volume nominations will be credited to Pool Operator's account on the date specified in the Pool Operator's 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. 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").

For both local gas assigned to the Pool Operator by the Company and for Pool Operator's independent purchases of local production, the volumetric discrepancy between the actual local gas volumes and the confirmed local gas volume nominations will be reconciled in the Adjustment Month by adjusting the Pool Operator's Daily Available Volume on each Day in the Adjustment Month by an amount equal to the volumetric discrepancy divided by the number of days in the Adjustment Month.

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

RATE TABLE

(C)

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 \$400.00 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. 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 (C) transaction charged to the pool which supplies volumes of gas to another pool that balances daily. These fees shall also apply to the pool that transfers storage inventory volumes to a Non-Priority One pool after the end of the calendar month. Pool-to-Pool transfers may be nominated at any time during the calendar month or no later than 5:00 p.m. on the second business day of the following calendar month.

ISSUED: June 9, 2011

EFFECTIVE: June 10, 2011

RATE NP-1
NON-PRIORITY ONE POOLING SERVICE

AVAILABILITY

Service under this rate schedule is available to any Non-Priority One Pool Operator who has entered into a Non-Priority One Pooling Agreement with the Company and demonstrates to the Company's satisfaction that it has met the Company's creditworthiness standards and bonding requirements. Ratepayers must assign their rights provided under the applicable transportation rate schedules to said Pool Operators.

If the Non-Priority One Pool Operator supplies Priority One ratepayers with a total annual consumption greater than 30,000 mcf, then the Non-Priority One Pool Operator shall establish a separate Priority One Pool for these ratepayers or eliminate sufficient Priority One ratepayers from the Non-Priority One Pool to reduce the total annual consumption by Priority One ratepayers to an amount less than 30,000 mcf.

RULES AND CONDITIONS**1. Scheduling of Service**

All transportation volumes received for Pool Operator's account at transportation receipt points shall be nominated in advance according to the procedures set forth below. Pool Operators may not nominate volumes in excess of the total maximum daily volumes of its ratepayers as determined by the Company or as set forth in a ratepayer's transportation contract with the Company, times the number of days in the month. The Company may issue Operational Flow Orders consistent with the terms of the Company's tariff.

2. Nomination Procedures*Nomination of Upstream Pipeline Volumes*

All transportation volumes received for the NGS's account at upstream pipeline transportation receipt points shall be nominated to the Company in advance according to the procedures outlined in this Section. Unless specifically designated as Pennsylvania produced gas supplies, all nominations shall be assumed to be volumes delivered to the Company's system for the NGS's account from other than gas supplies produced in Pennsylvania.

Nominations are to be transmitted to the Company by the Company's Electronic Nominations System and are to be received by the Company by the dates and times specified in the Company's Calendar of Nominations, as amended from time to time, which is available on the Company's Electronic Nominations System.

Subject to the limits of the Company's operating conditions and facilities, previously confirmed nominations and timely confirmation by upstream pipelines, the Company will either confirm, in total or in part, or reject the NGS's transportation volume nomination. Confirmed upstream pipeline transportation and upstream pipeline Pennsylvania gas volumes will be posted on the Company's Electronic Nominations System.

Confirmed nominations will become effective on the date specified in the NGS's nomination and will remain in force until the last day of the current calendar month, subject to continued receipt by the Company from upstream pipeline of the confirmed volume, unless superseded by a subsequent transportation volume nomination. Nomination procedures provided for in this section shall be superseded by natural gas industry standards promulgated by FERC (i.e., GISB standards).

RATE NP-1
NON-PRIORITY ONE POOLING SERVICE

2. **Nomination Procedures (continued)**

Nomination of Local Gas Volumes

All local gas volumes received for the NGS's account at production receipt points shall be nominated to the Company in advance according to the procedures outlined in this Section.

Nominations are to be transmitted to the company by the Company's Electronic Nominations System and are to be received by the Company by the dates and times specified in the Company's Calendar of Nominations, as amended from time to time, which is available on the Company's Electronic Nominations System.

Nominations must conform, in content and format, with the Company's specifications for local gas volume nominations, which shall include, at a minimum: the NGS's name; the NGS's company contract number; requested daily local gas volume to be received at the Production receipt points in aggregate; and the name and telephone number of the NGS's nominations contact.

Subject to the limits of the Company's operating conditions and facilities, and the reasonableness of the NGS's nomination as determined solely by the Company, the Company will either confirm, in total or in part, or reject the NGS's local gas volume nomination. Confirmed local gas volumes will be posted on the Company's Electronic Nominations System.

Confirmed nominations will become effective on the date specified in the NGS's nomination and will remain in force until the last day of the current calendar month, unless superseded by a subsequent local gas volume nomination. Nomination procedures provided for in this section shall be superseded by natural gas industry standards promulgated by FERC (i.e., GISB standards).

Nomination of On-System Storage Volumes

On-system storage volumes requested to be injected or withdrawn for the NGS's account shall be nominated to the Company in advance according to the procedures outlined in this Section and in the Company's currently-effective storage provisions under Rate Schedule ST and ST-SW as outlined in the Company's retail tariff.

Nominations are to be transmitted to the Company by the Company's Electronic Nominations System and are to be received by the Company by the dates and times specified in the Company's Calendar of Nominations, as amended from time to time, which is available on the Company's Electronic Nominations System.

Nominations must conform, in content and format, with the Company's specifications for on-system storage volume nominations, which shall include, at a minimum: the NGS's name; the NGS's company contract number; requested daily on-system storage volume; the type of storage service requested ST or ST-SW, and the name and telephone number of the NGS's nominations contact.

Subject to the limitations as outlined in this Section, and the reasonableness of the NGS's nomination as determined solely by the Company, the Company will either confirm, in total or in part, or reject the NGS's storage volume nomination. Confirmed on-system storage volumes will be posted on the Company's Electronic Nominations System.

RATE NP-1
NON-PRIORITY ONE POOLING SERVICE

2. Nomination Procedures (continued)

Confirmed nominations will become effective on the date specified in the NGS's nomination and will remain in force until the last day of the current calendar month, unless superseded by a subsequent on-system storage volume nomination. Nomination procedures provided for in this section shall be superseded by natural gas industry standards promulgated by FERC (i.e., GISB standards).

The maximum amount of gas in storage the NGS may have in their pool is equal to one twelfth (1/12) of the annual end use customer consumption included in the pool, unless otherwise agreed.

Nomination of Pool-to-Pool Volumes

All Pool-to-Pool Volumes received for the NGS's account shall be nominated to the Company in advance according to the procedures outlined in this Section.

A Non Priority-One Pool may transfer volumes to another Non Priority-One Pool or Priority-One Pool(C) that balances on the same basis. A Non-Priority One pool may also transfer storage inventory volumes to any Priority-One pool after the end of the calendar month during the four-day imbalance trading period.

Nominations are to be transmitted to the Company by the Company's Electronic Nominations System and are to be received by the Company by the dates and times specified in the Company's Calendar of Nominations, as amended from time to time, which is available on the Company's Electronic Nominations System.

Nominations must conform, in content and format, with the Company's specifications for Pool-to-Pool Volume nominations, which shall include, at a minimum: the Company's name; the Company's company contract number; requested daily Pool-to-Pool Volume; source of Pool-to-Pool Volumes (Local Pa. Produced, Pa. produced via Interstate, or Interstate), name and the Company contract number of the Company from whom the Company plans to receive supply, the name and telephone number of the NGS's nominations contact, and confirmation from the other NGS.

Subject to the limits of the Company's' operating conditions and facilities, and the reasonableness of the NGS's nomination as determined solely by the Company, the Company will either confirm, in total or in part, or reject the NGS's Pool-to-Pool Volume nomination. Confirmed Pool-to-Pool Volumes will be posted on the Company's Electronic Nominations System. Nomination procedures provided for in this section shall be superseded by natural gas industry standards promulgated by FERC (i.e., GISB standards).

Confirmed nominations will become effective on the date specified in the NGS's nomination and will remain in force until the last day of the current calendar month, unless superseded by a subsequent Pool-to-Pool Volume nomination.

RATE NP-1
NON-PRIORITY ONE POOLING SERVICE

3. Monthly Balancing

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

4. Reconciliation of Local Gas Volumes

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 NP-1
NON-PRIORITY ONE POOLING SERVICE

RATE TABLE

(C)

- 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.

ISSUED: June 9, 2011

EFFECTIVE: June 10, 2011

RATE LGA
LOCAL GAS AGGREGATION SERVICE

AVAILABILITY

Service under this rate schedule is available to any Aggregator who has entered into a Local Gas Aggregation Agreement with the Company and demonstrates to the Company's satisfaction that it has met the Company's creditworthiness standards and bonding requirements.

The locally produced gas nominated out of the Local Gas Aggregation Pool will be balanced monthly with actual production.

RULES AND CONDITIONS**1. Points of Receipt**

The points of receipt for local gas aggregation shall be those metering stations identified by the Aggregator in its Measurement Operating Agreement with the Company. The Aggregator will pay for any investment costs required to receive gas into the Company's system at agreed-upon transportation gas receipt points. The Company will own and maintain each natural gas connection's tapping tee or pipe and valve.

2. Nomination of Aggregated Production

No later than five days prior to the end of each month, the Aggregator will provide the Company with its local gas aggregation nomination for the metering stations identified in the agreement. The Company shall determine the reasonableness of the Aggregator's local gas aggregation nomination and will either confirm, in total or in part, or reject the Aggregator's nomination within two business days after receipt of the nomination. Once the Aggregator and the Company agree on the local gas aggregation nomination, the agreed upon volumes will be the confirmed volumes used for reconciling local gas nominations and actual production. The Aggregator may change its local gas aggregation nomination during the month in accordance with the Company's Operating Rules for Local Gas Aggregation Service. The Company may, at its discretion, ask for additional justification for any nomination, which may result in an adjustment to the nomination.

Nominations are to be transmitted to the Company's Electronic Nominations System and are to be received by the Company by the dates and times specified in the Company's Calendar of Nominations, as amended from time to time, which is available on the Company's Electronic Nominations System. Nominations must conform, in content and format, with the Company's specifications which shall include, at a minimum, the Aggregator's name; contract number; requested daily local gas volume to be received; and the name and telephone number of the Aggregator's nominations contact.

3. Reconciliation of Aggregation Volumes

Confirmed local gas aggregation nominations will be credited to the Aggregator's account on the date specified in the Aggregator's nomination. When actual local gas aggregation volumes are known, any discrepancies between actual and local gas aggregation nominations will be reconciled, in the first full calendar month following the determination of actual local gas aggregation volumes (the "Adjustment Month").

The volumetric discrepancy between the actual local gas aggregation volumes and the local gas aggregation nominations will be reconciled in the Adjustment Month by adjusting the aggregator's monthly available volume in the adjustment month.

RATE LGA
LOCAL GAS AGGREGATION SERVICE

4. Aggregation Balancing

Volumes nominated into a Local Gas Aggregation Pool shall equal the volumes delivered out of the Local Gas Aggregation Pool. Aggregators will not be permitted to deliver more gas out of the pool than is nominated into the pool in any given month. If volumes nominated into a Local Gas Aggregation Pool are greater than volumes delivered out of the Local Gas Aggregation Pool, those volumes shall be sold to 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>Positive Imbalance Price Multiplier</u>
up to and including 10%	0.9
over 10% up to and including 30%	0.7
over 30%	0.5

5. Procedures When a Local Gas Aggregator Exits the System

Balancing of local supplies for the exiting aggregator's final month of service shall be performed in accordance with the "Monthly Balancing" provisions under Rate NP-1. No imbalance price multipliers will be applied.

Rate Table

(C)

Aggregation Fee:	\$0.08 aggregation charge per 1,000 cubic feet (mcf) for each mcf delivered out of the Local Gas Aggregation Pool each month subject to a minimum charge of \$100 per month. The aggregation fee will not be applied to volumes supplied to a Non-Priority One, Priority One Pool, or Local Gas Aggregation Pool which will be subject to a pooling/aggregation fee or in cases involving any contracts between the Company and producers that existed prior to October 1, 2001 where the application of the aggregation fee will adversely affect the cost of gas supplies to sales service ratepayers. The aggregation fee shall not be applied to volumes delivered off system by Peoples. Gas volumes delivered off system by Peoples shall be subject to an off system transportation fee.	(C)
Pool-to-Pool Transfer Fee:	\$0.04 per 1,000 cubic feet (mcf) up to a maximum amount of \$100 per transaction charged to any Local Gas Aggregation pool which supplies volumes of gas to another Local Gas Aggregation pool.	

**RATE SBS
SUPPLIER BILLING SERVICE****AVAILABILITY**

Service under this rate schedule is available to the NGS which receives service under Rate P-1 or Rate NP-1 and elects to have the Company bill customers for natural gas supplied by the NGS.

RULES AND CONDITIONS**1. Limitations**

The Company shall provide service under this rate schedule provided that its billing systems have the capacity and capability to bill the rate plans offered by the NGS. The Company shall maintain a limited amount of billing system space and accordingly, shall offer only a limited number of price plans per NGS. The Company shall not be required to make programming changes to accommodate the NGS's rate structure.

2. Notifications

Prior to the NGS commencing marketing, the NGS shall provide a written copy of its rate structure to the Company. All rate information received by the Company shall be confidential.

The NGS shall be notified within ten (10) business days after the Company receives a written copy of the NGS's rate structure if such rate structure can (or cannot) be accommodated by the Company's billing system. The NGS shall not commence marketing until it receives a positive affirmation that its rate structure can be accommodated by the Company.

The NGS must provide fifteen (15) day's notice to the Company of any rate changes, which changes shall be subject to the Company's approval based on the Company's ability to accommodate such changes in its programming. Approved rate changes shall be effective on the customer's next billing date.

3. Bill Content**(C)**

The bill sent to the ratepayer shall be provided under the following conditions:

- a. The NGS's name, phone number, business address and internet address shall appear on the bill so the NGS can answer any customer questions regarding commodity charges.
- b. The billing envelope shall not provide space for inserts from the NGS. The bill shall not include messages from the NGS.
- c. The bill shall contain the NGS's Commodity charges. The Company shall not be required to bill any charges other than gas commodity charges.
- d. The Company will house, bill and display sales tax on the commodity and remit sales tax to the state. The NGS appoints the Company as its agent for the limited purpose of collecting and remitting the NGS's sales tax, and further agrees to indemnify and hold the Company harmless for any claims, suits and/or damages that arise due to the Company acting as the NGS's agent in collecting and remitting such taxes.
- e. The Company shall offer a separate billing option for residential customers to equalize monthly payments.

RATE SBS
SUPPLIER BILLING SERVICE**4. Purchase of Receivables**

NGSs that receive service under this rate schedule may elect to have the Company purchase its accounts receivables. The NGS's option to participate or not participate in the Purchase of Receivables (POR) program is limited to once per year. If an existing NGS elects to participate in the POR program, the Company will not purchase accounts receivable balances that existed prior to the NGS's election to participate in the POR program.

Purchase of Receivables Option

The following operating rules will apply to any NGS electing to participate in the POR program:

1. The POR program is only available to NGSs that operate a P-1 or NP-1 pool. The Company shall purchase receivables for all customers in a participating pool. All customers served from a P-1 pool are eligible to have their receivables purchased by the Company. If a NP-1 pool opts to participate in the POR program, the Company shall purchase receivables for only residential and small business customers (as defined in § 62.72 of the Commission's Regulations). NGSs serving NP-1 customers and participating in the POR program must operate a separate NP-1 pool for residential and small business customers (POR pool) and a separate NP-1 pool for all other customers;
2. The NGS must include all of its accounts receivable related to commodity sales in its P-1 pool or its NP-1 POR pool.
3. Only receivables associated with basic gas supply will be eligible for purchase by the Company. Basic gas supply does not include a non-gas supply product, carbon-neutral products not tied to the actual provision of natural gas to customers or security deposits assessed by a natural gas supplier. For residential accounts, basic gas supply shall also not include early contract cancellation fees or late fees;
4. In order to participate in the POR program, the NGS must use consolidated billing services under this rate schedule. Should the NGSs participating in the POR program, wish to offer products that are bundled with non-basic services, or where the Company's billing service cannot accommodate the NGS's charge for basic supply, the NGS may issue a separate bill for such service or product for that customer. NGS separately billed items will not be included in the POR program;
5. The Company will purchase NGS receivables at a discount rate equal to the write-off factor used to derive the Merchant Function Charge. The discount rate for residential customer receivables is 3.58%. The discount rate for commercial and industrial customer receivables is 0.74%. The discount rate applicable to each POR pool (Pool Discount Rate) shall be established by the Company and shall be based on the weighted average of the class specific accounts receivables and the class specific discount rates stated above. The Company shall have the right to review and adjust the Pool Discount Rate on a monthly basis to reflect the actual mix of customers served by the pool;
6. An administrative adder of 0.1086% will also be applicable to purchased receivables. The administrative adder will be eliminated once actual costs of establishing the POR program are recovered;
7. The Company shall terminate for the full amount of purchased receivables and require full payment for reconnection in accordance with the service termination provisions of Chapter 14 of the PA Public Utility Code and Chapter 56 of the Commission's regulations;
8. The Company shall inform all eligible customers by separate bill insert of the policy for termination of service and that service may be terminated for failure to pay NGS supply charges. Further, the enrollment letter sent to customers selecting a NGS shall state that service may be terminated for failure to pay NGS supply charges;
9. The NGS must confirm to the Company that their customer terms and conditions are appropriately revised to reflect their collection rights;

RATE SBS
SUPPLIER BILLING SERVICE

Purchase of Receivables (continued)

10. The NGS will not deny service to residential customers whose accounts are included in POR for credit-related reasons and will not ask residential customers for deposits separate from any deposit required by the Company pursuant to Commission regulations.

Non-Purchase of Receivables Option

The Company will remit to the NGS on a monthly basis all amounts actually paid to the Company by the ratepayer relating to the charges billed to the ratepayer on behalf of the NGS, net of amounts due to the Company from the NGS. The amounts remitted to the NGS shall also conform to requirements on the Application of Partial Payments – Rule 5.

5. Application of Partial Payments

The Company will apply partial payments in accordance with Commission guidelines. The following order for the application of partial payments shall apply to all residential ratepayers and for other ratepayers whose gas supply contract does not specify the application of partial payments:

- a. Payment agreement for pre-existing balance;
- b. Current company charges;
- c. NGS charges;
- d. Non-basic service charges;
- e. Hardship energy fund contribution

RATE TABLE

Billing Fee: \$0.15 billing charge per customer per month.

To the extent the NGS has provided the company with inaccurate or erroneous information which requires an adjustment to ratepayer's bills, the NGS agrees to pay the Company \$2.00 per bill for bill credits and \$4.00 per bill for any ratepayer's bill that must be canceled and rebilled. The Company may assess a nominal fee to a NGS for reproduction copies of any daily or monthly file previously provided by the Company.