SUPPLEMENT NO. 88 TO TARIFF GAS - PA PUC NO. 8

# PEOPLES GAS COMPANY LLC

RATES, RULES AND REGULATIONS FOR NATURAL GAS SERVICE IN TERRITORY DESCRIBED HEREIN

ISSUED: September 30, 2022

EFFECTIVE: October 1, 2022

October 1, 2022 Quarterly 1307(f), Rider MFC, Rider GPC and Rider USP Filing

and

Merger of Purchased Gas Cost Rates and P-T-C plus Customer Assistance Program Tariff Changes

ISSUED BY:

MICHAEL HUWAR PRESIDENT PEOPLES GAS COMPANY LLC 205 NORTH MAIN STREET BUTLER, PENNSYLVANIA 16001

# LIST OF CHANGES MADE BY THIS TARIFF

Rider PGC <u>Rate RS, SGS, MGS, LGS, NGPV</u>	<u>Current</u>	<u>Proposed</u>	Increase/ (Decrease)		
Capacity Charge Gas Cost Adjustment Charge Natural Gas Supply Charge	\$0.9020 \$0.2102 \$9.1190	\$1.0253 \$0.3482 \$7.5072	\$0.1233 \$0.1380 (\$1.6118)		
Rider MFC – Merchant Function Charge					
RS SGS MGS LGS RS-T	\$0.2046 \$0.0420 \$0.0000 \$0.0000	\$0.2174 \$0.0187 \$0.0187 \$0.0187	\$0.0128 (\$0.0233) \$0.0187 \$0.0187		
<u> Rider GPC – Gas Procurement Charge</u>	\$0.1400	\$0.0865	(\$0.0535)		
Balancing Charges					
SGS MGS LGS	\$0.4263 \$0.3439 \$0.2271	\$0.4052 \$0.4052 \$0.1388	(\$0.0211) \$0.0613 (\$0.0883)		
Rider USP - Universal Service Program	\$0.9950	\$0.8847	(\$0.1103)		
Rider Supplier Choice	(\$0.0024)	(\$0.0018)	\$0.0006		
Retainage Charges	7.4%	5.95%	(1.45)%		

# <u>Customer Assistance Program Tariff Changes made in accordance with Commission order</u> entered May 12, 2022 in Docket No. M-2020-3021343

Page 71 – Section 1.a.i. Tier 1 – changed percentage from eight (8%) to four (4%) and Section 1.b.i. Tier 2 – changed percentage from nine (9%) to five (5%).

Page 72 – Tier 3 – changed percentage from ten (10%) to six (6%).

Page 76 - Rates - changed percentages from 8%, 9% and 10% to 4%, 5% and 6%, respectively;

deleted paragraph referencing CAP Plus and sentence referencing CAP Plus monthly amount.

Page 77 – Section "Provisions for Customers Requesting Removal from CAP" – deleted "sign a waiver" and replaced "acknowledging" with "acknowledge"; Section "RE-CONNECT PROCEDURES" – replaced "will" with "may" and deleted "and reconnection fee will be required".

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(C) Indicates Change

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(C) Indicates Change.

# LIST OF COMMUNITIES SERVED

The Company's charter territory includes Allegheny, Armstrong, Beaver, Butler, Cambria, Clarion, Clearfield, Crawford, Erie, Fayette, Greene, Indiana, Jefferson, Lawrence, Mercer, Somerset, Venango, Washington, and Westmoreland Counties, Pennsylvania. Gas service is available in all localities where the Company has pipelines, including without limitation, the following cities, boroughs and townships:

# ALLEGHENY COUNTY

wick
entum
zer
ana
ngdale

# ARMSTRONG COUNTY

	Boroughs					
Freeport	Kittanning	Parker City				
West Kittanning	Worthington					
	<u>Townships</u>					
Bethel	Boggs	Bradys Bend				
Burrell	Cowanshannock	Cowansville				
East Franklin	Hovey	Kiskiminetas				
Kittanning	Madison	Mahoning				
Manor	North Buffalo	Parks				
Pine	Plumcreek	Rayburn				
Redbank	South Bend	South Buffalo				
Sugarcreek	Valley	Washington				
Wayne	West Franklin					
BEAVER COUNTY						
Townships						

# Franklin

# BUTLER COUNTY

Cities and Boroughs

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Butler
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Bruin

Callery

# LIST OF COMMUNITIES SERVED (Continued)

Connoquenessing Mars Sarver Valencia	East Butler Myoma Saxonburg	Fairview Petrolia Seven Fields			
	<u>Townships</u>				
Adams	Buffalo	Butler			
Center	Clearfield	Clinton			
Concord	Connoquenessing	Cranberry			
Donegal	Fairview	Forward			
Franklin	Jefferson	Lancaster			
Middlesex	Oakland	Parker			
Penn	Summit	Washington			
Winfield					

# **CAMBRIA COUNTY**

Gallitzin	<u>Cities and Boroughs</u> Johnstown	Nanty Glo
Colver Township	<u>Townships</u>	
	CLARION COUNTY	
	Boroughs	
Curllsville	Sligo	
	Townships	
Clarion	Limestone	Madison
Monroe	Piney	Porter
Redbank	Toby	
	CLEARFIELD COUNTY	

<u>Townships</u>

Bell

Burnside

# LIST OF COMMUNITIES SERVED (Continued)

# INDIANA COUNTY

	Boroughs				
Blairsville	Ernest	Glen Campbell			
Indiana	Marion Center	Plumville			
Shelocta	Smicksburg				
	<u>Townships</u>				
Armstrong	Banks	Black Lick			
Brush Valley	Buffington	Burrell			
Canoe	Center	Conemaugh			
East Mahoning	East Wheatfield	Grant			
Home	Montgomery	North Mahoning			
		South Mahoning West Wheatfield			
Washington	West Mahoning	vvest vvneattield			
White	Young				
	JEFFERSON COUNTY				
	<u>Boroughs</u>				
Big Run	Punxsutawney	Rossiter			
Timblin	Worthville				
	Townships				
Beaver	Bell	Clover			
Eldred	Gaskill	Henderson			
Knox	McCalmont	Oliver			
Perry	Pine Creek	Porter			
Ringgold	Rose	Union			
Warsaw	Washington	Winslow			
Young					
	WESTMORELAND COUNTY				
	Cities and Boroughs				
Arnold	Derry	Hyde Park			
Lower Burrell	Murrysville	New Kensington			
Vandergrift	,				
	<u>Townships</u>				
Allegheny	Bell	Derry Township			
Loyalhanna	McCullough	New Derry			
Salem	Upper Burrell	Unity			
147 1 1					

Washington

# **DEFINITIONS**

The following definitions shall apply to terms used in this Tariff, unless clearly indicated otherwise:

Act - the Pennsylvania Natural Gas Customer Choice and Competition Act (66 Pa. C.S. §2201-2211), as amended.

<u>Aggregate Daily Consumption Volume – The aggregate quantity of gas estimated by the Company to be consumed by all Customers served by the NGS on any day.</u>

<u>Aggregate Monthly Consumption Volume –</u> 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.

<u>Applicant</u> – any person, corporation or other entity that (i) wants to receive service described in this Tariff from the Company, (ii) complies with the Company's requirements for obtaining such service, (iii) has requested and is awaiting Company approval of a request for service and (iv) is not yet actually receiving service from the Company under this Tariff.

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

<u>Calendar Month Pool Sendout –</u> The sum of (1) the Aggregate Monthly Consumption Volumes plus (2) Pool-to-Pool Volumes nominated for the month.

<u>Calendar Month Pool Supply</u> – The sum of the Daily Available Volumes during the month and any imbalance sales to or purchases from the Company.

<u>Chapter 56</u> – the Commission regulations at 52 Pa. Code §56 that govern metering, billing, collections and related issues pertaining to residential gas service.

Commission – the Pennsylvania Public Utility Commission

<u>Company</u> – Peoples TWP LLC

<u>Customer</u> – A person, partnership, association, corporation or other entity (i) in whose name a service account is listed, (ii) who occupies or is the customer for any premises, building, structure, etc., (iii) is primarily responsible for payment of bills, or (iv) any adult occupant whose name appears on the mortgage, deed or lease of the property. A Customer includes anyone taking Supplier of Last Resort Service and/or Transportation Service under this Tariff.

<u>Commodity Rate</u> – a rate designed to recover the bundled cost of (i) the natural gas commodity and (ii) delivery or distribution charge to Customers by the Company.

<u>Customer Service Charge</u> – the monthly charge applicable to each Rate Schedule billed to Customers to recover a portion of the Company's costs incurred to provide gas distribution or delivery service to Customers.

<u>Daily Available Volume –</u> The total quantity of gas available to be allocated by the NGS for the 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 Rule 18 M.

<u>Distribution Charge or Volumetric Delivery Rate</u> – the rates or charges billed to Customers to recover the distribution or delivery charges not recovered through the monthly Customer Service Charge.

# **DEFINITIONS (Continued)**

<u>Imbalance Trading Volume –</u> The volume of gas traded to or received from another Non-Priority One NGS within four full business days after the Company provides customer consumption volumes.

Mcf - 1,000 cubic feet of natural gas, a standard unit of measuring natural gas volume.

<u>Retail Service</u> – bundled gas supply and delivery service provided to Customers by the Company pursuant to applicable Rate Schedules under this Tariff.

<u>Transportation Service</u> – gas delivery or distribution service provided to Customers by the Company pursuant to applicable Transportation Service Rate Schedules under this Tariff.

# **RATES AVAILABLE UNDER THIS TARIFF**

# Rate Schedule RS/RS-T-Residential Sales and Transportation Services (page 75)

Retail Service

Available to any Residential Customer in the Company's service territory.

<u>Transportation Service</u>
Available to any Residential Customer in the Company's service territory.

# Rate Schedule RUS - Residential Universal Service (pages 76-77)

Retail Service

Available to any Residential Customer in the Company's service territory with annual income at or below 150% of the Federal poverty level.

# Rate Schedule SGS - Small General Service (page 78)

Available to any commercial or industrial Customer in the Company's service territory using less than 1,000 Mcf annually.

# Rate Schedule MGS - Medium General Service (page 79)

Available to any commercial or industrial Customer in the Company's service territory using more than 1,000 Mcf and less than 25,000 Mcf annually.

# Rate Schedule LGS – Large General Service (page 80)

Available to any Customer in the Company's service territory using more than 25,000 Mcf annually.

# RATES AVAILABLE UNDER THIS TARIFF (Continued)

# Rate Schedule SGS-T -Small General Service Transportation Service (page 81)

Available to any commercial or industrial Customer in the Company's service territory or group of such Customers that uses less than 1,000 Mcf annually.

# Rate Schedule MGS-T - Medium General Service Transportation Service (page 82)

Available to any commercial or industrial Customer in the Company's service territory with a minimum annual usage of at least 1,000 Mcf, but less than 25,000 Mcf.

### Rate Schedule LGS-T – Large General Service Transportation Service (page 83)

Available to any Customer in the Company's service territory with a minimum annual usage of at least 25,000.

# Rate Schedule FTS – Field Transportation Service (page 84)

Available to any Pennsylvania gas producer or Supply Aggregator in the Company's service territory which has executed a Field Transportation Service Agreement to transport at least 9,000 Mcf of gas production per month on the Company's gathering or transmission system.

#### Rate Schedule GS -- Gathering Service (page 84A)

Available to the any party desiring to deliver conventional well gas directly into the Company's system.

#### Rate Schedule NGPV -- Natural Gas Powered Vehicles (page 85)

Available to the operator of a public fueling station for natural gas retail or transportation service.

(C) Indicates Change

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#### SUPPLEMENT NO. 88 TO GAS-PA PUC NO. 8 SEVENTIETH REVISED PAGE NO. 12

**CANCELLING SIXTY-NINTH REVISED PAGE NO. 12** 

	F	Rider PGC - Ga	as Cost Charg	ies.												
Quarterly 1307(f) Merger,		Capacity			Base Ra	te Rider	Rider	Rider	Rider	Ri	ider Supplier	Ride	r		Rider	Bill Display
MFC, GPC, US, Supplier Choice	Capacity	E Factor	GCA	Commodity	Charge		MFC	USP	GPC		Choice	DSI			TCJA	Total Rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)		(10)	(11				(13=SUM 1 to 12)
Residential - Sales	(1)	(2)	(5)	()	(5)	(0)	(7)	(0)	(5)		(10)	•	, ).00%	6	-11.8922%	(13-3010111012)
Customer Charge	-				\$ 15.7	500				Ś	(0.0018) \$		-	\$	(1.8730) \$	13.8752
customer enarge					φ 15.7	500				Ŷ	(0.0010) \$			<u> </u>	(1.0750) \$	, 15.0752
Capacity	\$ 1.0067	\$ 0.018	6				\$ 0.0251				\$		-		Ś	1.0504
PTC - Commodity Charge	÷ 1.0007	Ç 0.010	\$ 0.3482	\$ 7.5072			\$ 0.1923		\$ 0.086	5	\$		-		Ś	
Delivery Charge			J 0.5482	Ş 7.3072	\$ 6.7	743 \$ 0.0051		\$ 0.8847		,	\$		-	\$	(0.8056) \$	
Total per MCF					Ş 0.7	743 \$ 0.0031		۶ 0.004 <i>1</i>			ç	)	<u> </u>	ڊ	(0.8030) \$	<u> </u>
SGS - Sales													—	—		5 10.0451
	-															
Customer Charge					¢ 25.0	~~~				~	(0.0010) 6			~	(4.4622) (	20.0250
0 to 499 MCF/Yr					\$ 35.0					\$	(0.0018) \$		-	\$	(4.1623) \$	
500 to 999 MCF/Yr					\$ 65.0	000				\$	(0.0018) \$	i	-	\$	(7.7299) \$	57.2683
Capacity 1/	\$ 0.4052										\$		-	\$	- \$	0.4052
Price-to-Compare Charge 1/		\$ 0.018	6 \$ 0.3482	\$ 7.5072			\$ 0.0187		\$ 0.086	5	<del>ې</del> \$		-	Ş		<u>8 0.4032</u> 8 8.5807
	\$ 0.0015	\$ 0.018	0 3 0.3462	\$ 7.5072	\$ 5.1	008 \$ 0.0051			\$ 0.080	5	<del>ې</del> \$		-	\$		
Delivery Charge Total per MCF					Ş 5.1	008 \$ 0.0051					Ş	)		Ş	(0.6066) \$	
													—	—		5 15.4652
MGS - Sales	_															
Customer Charge					é 75 o	~~~								~	(0.0400) (	
1,000 to 2,499 MCF/Yr					\$ 75.0						\$		-	\$	(8.9192) \$	
2,500 to 24,999 MCF/Yr					\$ 175.0	000					\$	)	-	\$	(20.8114) \$	5 154.1886
Capacity 1/	\$ 0.4052										\$		_	\$	- \$	0.4052
Price-to-Compare Charge 1/		\$ 0.018	6 \$ 0.3482	\$ 7.5072			\$ 0.0187		\$ 0.086	5	\$			<u> </u>		
Delivery Charge	<del>,</del> 0.0015	Ç 0.010	0 9 0.9402	<i>Ş</i> 7.3072	\$ 4.8	604 \$ 0.0051			÷ 0.000	,	\$		-	\$	(0.5780) \$	
Total per MCF					, т.u	0.0031					Ŷ			<u> </u>	(0.5700) \$	
LGS - Sales < 100,000 Mcf/yr															<del>`</del>	J 13.2734
Customer Charge	_															
25,000 to 49,999 MCF/Yr					\$ 800.0	000					\$		_	ć	(95.1377) \$	704.8623
50,000 to 99,999 MCF/Yr					\$ 1,500.0						\$		_		(178.3832) \$	
50,000 to 55,555 Mer/ H					\$ 1,500.0	000					Ŷ			<u>,                                    </u>	(178.3832) \$	1,521.0108
Capacity 1/	\$ 0.1388										\$		-	\$	- Ś	0.1388
Price-to-Compare Charge 1/	\$ 0.8679	\$ 0.018	6 \$ 0.3482	\$ 7.5072			\$ 0.0187		\$ 0.086	5	\$		-	<u> </u>	Ś	
Delivery Charge	÷ 0.0075	Ç 0.010	0 9 0.9402	<i>Ş</i> 7.3072	\$ 3.7	500 \$ 0.0051			÷ 0.000	,	\$		-	\$	(0.4460) \$	
Total per MCF					φ 3.7	500 \$ 0.0051					Ŷ			<u> </u>	(0.++00) \$ \$	
LGS - Sales > 100,000 Mcf/yr																12.2950
Customer Charge	_															
100,000 to 199,999 MCF/Yr					\$ 5,000.0	000					\$		-	ć	(594.6107) \$	4,405.3893
											<del>ې</del> \$		-		· · · · · ·	
Over 200,000 MCF/Yr					\$ 7,500.0	000					Ş	)	-	<u> </u>	(891.9161) \$	6,608.0839
Capacity 1/	\$ 0.1388										\$	i	-	\$	- Ś	0.1388
Price-to-Compare Charge 1/	\$ 0.8679	\$ 0.018	6 \$ 0.3482	\$ 7.5072			\$ 0.0187		\$ 0.086	5	\$		-	<u> </u>	Ś	
Delivery Charge	<u> </u>	- 0.010		÷	\$ 0.9	988 \$ 0.0051			+ 0.000	-	Ś		-	Ś	(0.1188) \$	
Total per MCF					φ 0.J						Ŷ			<u> </u>	(0.1100) \$ \$	

1/ The Price-to-Compare format as shown is applicable to a Non-Priority One customer; the Price-to-Compare Charge for a Priority One customer would not include

the Demand/Capacity charge. See the Residential - Sales section above as an example of Priority One.

ISSUED: September 30, 2022

#### PEOPLES GAS COMPANY LLC

#### SUPPLEMENT NO. 88 TO GAS—PA PUC NO. 8 SIXTY-SECOND REVISED PAGE NO. 13 CANCELLING SIXTY-FIRST REVISED PAGE NO. 13

						Rider PGC								
Quarterly 1307(f) Merger,	Base	e Rate	Rider	Rider	Rider		Capacity	Balancing	Ric	der Supplier	Rider	Rider	Bill Display	Retainage
MFC, GPC, US, Supplier Choice	Cha	arges	STA	MFC	USR	Capacity	E Factor	Charge		Choice	DSIC	TCJA	Total Rate	Charge
		1)	(2)	(3)	(4)	(5)	(6)	(7)		(8)	(9)	(10) (1	1=SUM 1 to 10)	
Rate RS-T (Transportation Service)											0.00%	-11.8922%		
Customer Charge	\$1	5.7500							\$	(0.0018) \$	- \$	(1.8730) \$	13.8752	
-										· · ·				
Capacity				\$ 0.0251		\$ 1.006	'\$ 0.018¢	5				\$	1.0504	
Delivery Charge	\$	6.7743 \$	0.0051		\$ 0.8847					\$	- \$	(0.8056) \$	6.8585	
Total per MCF												\$	7.9089	5.95%
Rate SGS-T (Transportation Service)														
Customer Charge														
0 to 499 MCF/Yr	\$3	35.0000							\$	(0.0018) \$	- \$	(4.1623) \$	30.8359	
500 to 999 MCF/Yr	\$6	5.0000							\$	(0.0018) \$	- \$	(7.7299) \$	57.2683	
Balancing Charge 1/								\$ 0.4052	2			\$	0.4052	
Delivery Charge	\$	5.1008 \$	0.0051							\$	- \$	(2.2222) +	4.4993	
Total per MCF												\$	4.9045	5.95%
Rate MGS-T (Transportation Service)	-													
Customer Charge														
1,000 to 2,499 MCF/Yr		75.0000								\$	- \$	(8.9192) \$		
2,500 to 24,999 MCF/Yr	\$ 17	75.0000								\$	- \$	(20.8114) \$	154.1886	
Balancing Charge 1/	<u> </u>							\$ 0.4052	2			\$	0.4052	
Delivery Charge	\$	4.8604 \$	0.0051							\$	- \$	(0.5780) \$	4.2875	
Total per MCF												\$	4.6927	5.95%
Rate LGS-T (Transportation Service)	-													
Customer Charge														
25,000 to 49,999 MCF/Yr		00.0000								\$	- \$	(95.1377) \$		
50,000 to 99,999 MCF/Yr	Ş 1,50	00.0000								\$	- \$	1 1 - 1	,	
Balancing Charge 1/								\$ 0.1388	3			\$		
Delivery Charge	\$	3.7500 \$	0.0051							\$	- \$	(0.4460) \$		= o=o/
Total per MCF												\$	3.4479	5.95%
Rate LGS-T (Transportation Service)	-													
Customer Charge	6 5 6 6	0.0000								*	*		4 405 2002	
100,000 to 199,999 MCF/Yr		0.0000								\$	- \$	(594.6107) \$	,	
Over 200,000 MCF/Yr	\$ 7,50	00.000						ć 0.1200	2	\$	- \$	(891.9161) \$	6,608.0839	
Balancing Charge 1/	ć	0.0000 *	0.0054					\$ 0.1388	5	<u>^</u>	~	\$	0.1388	
Delivery Charge	\$	0.9988 \$	0.0051							\$	- \$	(0.1188) \$ \$	0.8851	F 0F%
Total per MCF												\$	1.0239	5.95%

1/ The Demand/Capacity Charge applies to Priority 1 ratepayers when electing transport service. All other Ratepayers are billed the Balancing Charge.

ISSUED: September 30, 2022

EFFECTIVE: October 1, 2022

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(C) Indicates Change

# **RULES AND REGULATIONS**

These Rules and Regulations of the Company, and the applicable regulations promulgated by the Commission, shall all be considered part of an incorporated into the Company's gas service contract with every Customer and each Customer agrees to be bound thereby.

#### 1. CUSTOMER CLASS DEFINITIONS

#### A. Residential Customers

Residential Customers include Customers who use gas for household purposes. In this class are included singlefamily dwellings, boarding and rooming houses, duplex houses, private garages appurtenant to private homes or dwellings, apartments, apartment buildings, master-metered multi-family dwellings with four (4) or fewer apartments or rental units and governmental housing in which the units are individually metered. In this class the element of human welfare and comfort in a residential setting is the primary distinguishing test of the Customer's use of gas. Each meter represents one Customer.

#### B. Commercial Customers

Commercial Customers include Customers who use gas in establishments of a commercial or service nature for purposes other than manufacturing and Customers who do not use gas for large-volume power or process steam generation. In this class are included, among others, hotels, restaurants, cafeterias, bars, grills, delicatessens, butchers, farming operations, grocers, beauty parlors, barber shops, wearing apparel shops, department stores, garages not appurtenant to dwelling houses, gasoline stations, tailors, dry cleaners, small laundries, small bakeries, dairies, warehouses, office buildings, clubs, fraternities, sororities, lodges, associations, theaters, auditoriums, professional offices, printing shops, private garages that are not appurtenant to private homes or dwellings and are separately metered, mercantile establishments, schools, colleges, churches, charitable institutions, libraries, hospitals, public buildings, governmental entities, and master-metered multi-family dwellings with five (5) or more apartments or rental units. In the case of master-metered family dwellings, the owner of the property must be the Customer. If the Customer's predominant usage is for natural gas-powered vehicle service, then the Customer will be classified as a commercial Customer. Each meter represents one Customer.

#### C. Industrial Customers

Industrial Customers include Customers who use gas for manufacturing or industrial purposes, large-volume power production, process steam generation and for any other purpose not predominantly residential or commercial.

# D. <u>Changes in Customer Classification</u>

Any Customer who believes that as a result of a change in the use of premises served its Rate Schedule classification ought to be changed must contact the Company. All changes will be determined by the Company on a prospective basis, after it has been notified of the change. The Company also reserves the right to make changes in classification on its own initiative. The decision of the Company as to classification shall be final.

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# RULES AND REGULATIONS (Continued)

#### 2. APPLICATION FOR SERVICE

- A. All Customer/Applicants desiring service under this Tariff shall contact the Company and specifically request the type and nature of service. Upon request, the Company will inform the Applicant about gas supply services offered in its service territory by either providing a list of licensed NGS or referring the Applicant to the Commission for further information. In any circumstance where an application for service under this Tariff involves or is related to an NGS, such application will not be processed by the Company unless the Applicant and/or the Applicant's NGS provides the necessary information relating to service.
- B. A non-residential Applicant for any service under this Tariff will be required to sign an application/agreement for natural gas service unless the Company, in its sole discretion, accepts an oral application from a non-residential Applicant. The Company shall accept an oral application from a residential Applicant, except that the Company may require a written application from a residential Applicant if the Company determines that positive identification or other documentation is necessary. The application information required from a residential Applicant shall include but not be limited to complete name and contact information, including all adults and children living at the service address, employment information and landlord contact information, if Applicant is renting the service address. The Company may request verification of the identity of Applicant and other adult occupants of service address in the form of government issued photo ID (i.e., driver's license) or two alternative forms of identification, one of which must be a photo ID.
- C. Acceptance of service by a Customer shall constitute an agreement to accept service under the Rules and Regulations of this Tariff, as amended from time to time, the orders and regulations of the Commission and the applicable laws of the Commonwealth of Pennsylvania.
- D. The Company may, as a condition of furnishing residential service to an Applicant, require the Applicant, in accordance with applicable Commission regulations, to pay an outstanding gas service account balance, if the Company can show that the Applicant resided at the property for which service is requested during the period of time that the outstanding balance accrued. The methods used by the Company to determine an Applicant's liability for any such previously furnished service may include reference to customer service records of the Company, including scratch pad notes, service contracts, information collected from the Applicant and other members of the household in connection with any help provided by the Company in determining eligibility for and completing applications to various assistance programs. Other methods which may be used by the Company for such purposes include identity authentication services, mortgage, deed or lease information, commercially available consumer credit reporting services and other methods which are or have been approved as valid by the Commission.
- E. The Company may decline or refuse to serve an Applicant for any of the following reasons: (i) the Applicant has failed to comply with state and municipal regulations governing gas service, including the Commission's regulations, and the approved Rules and Regulations of the Company contained in this Tariff and any supplement thereto; (ii) the Company does not have adequate facilities in place to render the service desired or if rendering such service would adversely affect service to the Company's existing Customers; (iii) the Applicant's installation of piping or gas equipment is, in the Company's judgment, hazardous, not installed by qualified personnel or of such character that safe and adequate service cannot be delivered; (iv) an extension of Company facilities is required and the Applicant refuses to pay the required contribution in-aid-of-contribution, as calculated in accordance with Rule No. 3 of these Rules and Regulations; (v) amounts due for service to Applicant at a previous location have not been paid or covered by a payment agreement (unless the amount owed has been outstanding and unpaid for more than four (4) years after the date of the applicable final bill, in which case service cannot be refused); (vi) where the requested service would have to be delivered from gathering pipeline facility; or (vii) the Applicant has another source of gas supply separately delivered or available to the structure(s) or building(s) where the Company's gas service is desired, such that the gas supplied by the Company would be commingled with the separately delivered gas supply, contrary to Company policy against commingled gas.

### 3. EXTENSION OF FACILITIES

- A. Subject to the provisions of Rule No. 2 hereof, the Company will extend its facilities to a new point of delivery within its service territory if, in its judgment and consistent with Commission regulations, the service to such new point of delivery will have no adverse effect upon the availability of gas to meet the present and reasonably foreseeable volume and pressure needs of existing Customers. The Company may condition the extension of facilities upon the applicant's providing a contribution in aid of construction ("CIAC"), the amount of which will be determined by the Company and consistent with any parameters approved by the Commission.
- B. If the Company requests a CIAC from an Applicant and additional Customers are added to the extended facilities financed by the Applicant's CIAC within three (3) years after the date of completion of the facilities extension, and the applicant is not utilizing the option under Rider SET to pay for the CIAC, the Applicant who paid the CIAC will be entitled to a pro rata refund during the three-year period immediately following completion of the extension.
- C. Any CIAC, Customer advance, or other like amounts received from the Customer which shall constitute taxable income as defined by the Internal Revenue Service will have the federal income taxes segregated in a deferred account for inclusion in rate base in a future rate case proceeding. Such income taxes associated with a CIAC or Customer advance will not be charged to the specific contributor of the capital.

# 4. RULES FOR SECURITY DEPOSITS: RESIDENTIAL CUSTOMERS

- A. A deposit from a Customer shall conform to the requirements of all applicable Commission regulations and statutory requirements. Deposits required by the Company for services under this Tariff shall not be based on unpaid charges for gas supply services provided by an NGS.
- B. The Company may also require a security deposit from an Applicant if any of the following conditions exist:
  - 1) The Applicant was a residential distribution service Customer of the Company whose service was terminated for any of the following reasons:
    - a. Nonpayment of an undisputed delinquent account.
    - b. Failure to complete payment of a deposit, provide a guarantee, or establish credit.
    - c. Failure to permit access to meters, service connections or other property of the Company for the purpose of replacement, maintenance, repair or meter reading.
    - d. Unauthorized use of the utility service delivered on or about the affected dwelling.
    - e. Failure to comply with the material terms of a settlement or payment agreement.
    - f. Fraud or material misrepresentation of identity for the purpose of obtaining utility service.
    - g. Tampering with meters, including, but not limited to, bypassing a meter or removal of an automatic meter reading device or other Company equipment.
    - h. Violating Tariff provisions which endanger the safety of a person or the integrity of the Company's gas delivery system.
  - 2) The Applicant is unable to establish creditworthiness to the satisfaction of the Company through the use of a generally accepted credit scoring methodology which employs standards for using the methodology that fall within the range of general industry practice.
  - 3) The Applicant has failed to comply with any material term or condition of a settlement or payment agreement.
- C. If an Applicant is required to post a security deposit, the Applicant may, in the alternative:
  - Furnish a written guaranty from a third party, which can, to the Company's satisfaction, establish credit in Applicant's favor sufficient to assure payment to the Company upon demand of an amount equal to that which would otherwise be required in a security deposit.

A written guaranty in a form acceptable to the Company must be received by the Company prior to commencement of utility service to any Applicant who elects the foregoing alternative to the posting of a security deposit.

- D. The Company may require an existing or terminated Customer to post a security deposit in order to re-establish credit under any of the following circumstances, after giving the Customer due notice of its intention to require a security deposit in accordance with prevailing Commission regulations:
  - 1) The existing Customer has been delinquent on any two (2) consecutive bills or three (3) or more bills within the preceding twelve (12) month period.
  - 2) The existing Customer has failed to comply with a material term or condition of a settlement or payment agreement, as defined in applicable Commission regulations.
  - 3) The Customer's utility service has been terminated and the Customer desires reconnection.

- E. When the Company requires a security deposit from an Applicant or Customer, the due date for the payment of such security deposit will be in accordance with the applicable Commission regulations.
- F. A security deposit may be required in an amount equal to twice the average estimated monthly bill of the Applicant. This estimate shall be based upon prior consumption for like service at the subject premises, wherever available. Should the character or degree of the Customer's usage materially change, or if it is established clearly that either will materially change in the immediate future, the amount of the deposit may be adjusted at the request of either the Company or the Customer.
- G. All residential deposits shall bear interest at the simple annual interest rate determined by the Secretary of Revenue for interest on the underpayment of tax under section 806 of the act of April 9, 1929 (P.L. 343, No. 176), known as the Fiscal Code. Such interest will be credited to the Customer's account at the end of each year after the date of the deposit and either applied against the oldest unpaid bill or paid to the Customer, at the Customer's option.
- H. The Company shall refund or apply to a Customer's outstanding balance any security deposit held, plus accrued interest, under the following conditions:
  - 1) Upon discontinuance or termination of service.
  - 2) After a Customer has paid bills for utility service in full and on time for twelve (12) consecutive months.
  - 3) At the option of the Company, a security deposit including accrued interest may be refunded in whole or in part at any time earlier than the time stated in this Rule.
  - 4) After the Company has held the Customer deposit for a maximum of 24 months, if none of the above conditions are met.
- I. When a security deposit is refunded or applied against an existing account balance, the Company will provide the Customer with a written statement showing the amount of the deposit, the accrued interest thereon, the application of the deposit to any prior or current utility service account balance(s) and the remaining balance(s). Any refunded deposit, together with accrued interest, shall be paid to the Customer or to any person or persons whom the Customer directs.

#### 5. RULES FOR SECURITY DEPOSIT: NON-RESIDENTIAL CUSTOMERS

- A. The Company reserves the right to require a security deposit for all services to be supplied, or to require an increase in an existing deposit if there is an increase in the monthly bill for services rendered. The Company further reserves the right to apply such deposit to bills previously incurred by the Customer under the existing or any previous utility service contract with the Company.
- B. A deposit may be required from a Customer in an estimated amount equal to twice the average of the three (3) highest monthly bills anticipated during the succeeding twelve (12) month period. Such estimate shall be made from the record of service rendered to the same premises during the last twelve (12) months of use, whether by Customer or by a prior occupant of the premises, adjusted to recognize the extent of the proposed use as compared with the past use thereof. If there is no prior record of service rendered to the premises, an estimated deposit shall be calculated by the Company based upon the Customer's proposed use of utility service to be provided.
- C. All non-residential Customer security deposits shall bear interest at the rate of six percent (6%) per annum, without deduction for any taxes thereon. Interest will be credited at the end of each year after the date of the deposit to the Customer's account and applied against the oldest unpaid bill. Upon final discontinuance or termination of utility service, any security deposit and accrued interest remaining with respect to said discontinued or terminated account will be first applied against the unpaid account balance, if any, with the remainder to be refunded to the Customer or to any person or persons whom the Customer directs.
  - If a Customer does not choose to restrict the release to one of the two (2) restriction options listed below by responding to the Company's letter notification, then all of the Customer's private information may be released to a third party, except for the Customer's telephone number. If the Customer chooses to restrict the release of private Customer information, the Customer may restrict information released according to one of the following two (2) restriction options:
    - a. Private Customer information may be released except for the Customer's historical billing data in the Company's standard pricing unit (Mcf); or
    - b. All private Customer information shall be restricted and not released, including name, billing address, service address, rate class, rate sub-class, account number and historical billing data (by Mcf).
  - 2) Customers may restrict the release of their private information at any time by giving written notice to the Company. If a Customer's private information has already been released by operation of subparagraphs 2.a. and b. above, and a Customer thereafter instructs the Company to restrict the release of private information, then all subsequent releases of such information by the Company shall be restricted in accordance with the Customer's direction.

# 6. CUSTOMER EDUCATION/INFORMATION DISCLOSURE FOR RESIDENTIAL AND SMALL BUSINESS CUSTOMERS

The following requirements are applicable only for Residential and Small Business(annual usage less than 300 Mcf per year) Customers:

- A. The Company's Customer Choice Education Program will comply with all applicable Commission orders and regulations and will make use of community-based organizations, where appropriate, to help educate hard-to-reach groups.
- B. In addition to materials provided in the Company's Customer Choice Education Program, Customers should also refer to all applicable Commission regulations and guidance on information and resources available to them on the subject of Customer Choice.
- C. Privacy of Customer Information
  - Neither the Company nor any NGS may release private Customer information to a third party unless the Customer has been notified of such intent and has been given an opportunity to restrict the release by responding orally, electronically or by signed response to a letter notification sent to every Customer by the Company. Customers shall have fifteen (15) days to respond to the Company's notice and if they choose to respond in writing, the response form must be deposited in the mail within fifteen (15) days after the date of such notice.
  - 2) Under no circumstances will the Company release a Customer's telephone number except in compliance with a court process or as otherwise required by law.
  - 3) The Company shall provide to all NGS authorized to serve Customers on the Company's system a complete list of Residential and Small Business Customers who, as of that date, have not restricted the Company to release some or all of their private Customer information, together with that information which the Customer has authorized the release of.
- D. The Company will maintain a current list of the NGS who have also satisfied the Company's financial fitness and creditworthiness requirements. That list will be made available to Customers upon request.
- E. The Company will inform Customers of their ability to select an NGS through its Customer Choice Education Program, as approved by the Commission. Once a year, by bill insert or separate mailing for the life of the Customer Choice Education Program, the Company will distribute the Commission's authorized 'Common Natural Gas Competition Terms' (the "Competition Terms"), as required by applicable Commission regulations. The Competition Terms, as approved by the Commission, are incorporated into this Tariff by reference thereto.

- F. The Company's consumer education materials shall include a portion which describes the rights of consumers with respect to NGS disclosures of terms of service, marketing/sales activities, the right of rescission and privacy of Customer information.
- G. The Company will respond to reasonable requests for efficiency information by providing materials or directing inquiries to the Commission. Customers participating in the Company's Customer Choice Program shall, upon request to the Company, be entitled to receive free of charge once a year their historic billing data for the previous twelve (12) months, provided that such information is readily available in the Company's billing system.
- H. Inquiries and complaints from any Customer will be received and processed in a timely manner. Customer inquiries and complaints will be handled in accordance with applicable Commission regulations. When a Customer inquiry or complaint relates to services provided by an NGS, the Company will refer the Customer to the NGS for a response. If a Customer inquiry or complaint involves issues or services which directly involve both the Company and the Customer's NGS, the Company will maintain a system of tracking and coordinating the responses for both the Company and the NGS's response to the Customer is dissatisfied with the Company's response, or indicates dissatisfaction with the NGS's response to the Customer with respect to the NGS's services, the Company will inform the Customer of the right to file an informal appeal with the Bureau of Consumer Services at the Commission and provide the Customer with the toll-free telephone number and mailing address of the Commission.

I Customers enrolled in the Customer Choice Program shall contact the party (NGS or the Company) responsible for the service in question as an initial step in the resolution of any service problem or complaint. If the Customer contacts the wrong party, the Customer shall be promptly referred to the proper contact. In the event of an unexpected loss of firm gas service, the Customer shall be directed to the Company.

#### 7. CUSTOMER BILLING INFORMATION DISCLOSURE FOR NON-PRIORITY CUSTOMERS

The Company shall not release to an NGS Customer billing information concerning a Non-Priority Customer without the prior written approval of the affected Non-Priority Customer except in accordance with Rule 6 of this tariff as it pertains to small business customers compliance with court process or as otherwise required by law.

# 8. DISCONTINUANCE AND TERMINATION OF SERVICE

- A. The authorized employees/agents of the Company shall at all reasonable times have free access to the premises of the Customer with the right to shut off the gas or otherwise terminate utility service and remove the Company's equipment from the premises for any of the following reasons: (i) repairs, (ii) nonpayment of any bills due under the existing or any previous contract, (iii) tampering with the meter or meter connections, (iv) fraudulent representation in relation to the consumption of gas, (v) removal of Customer from the premises, (vi) theft of service, (vii) selling or delivery of gas to other occupants of the premises without application to the Company, (viii) failure to pay or increase any security deposit required by the Company, (ix) want of supply, (x) waste of gas from Customer's lines or appliances, (xi) discovery of a separately delivered or commingled gas supply to a building served by the Company, or (xii) failure to or refusal to comply with any of these Rules and Regulations. Utility service may not be discontinued or terminated under any circumstances, however, except in accordance with Commission Regulations in effect and applicable at the time of such contemplated discontinuance or termination.
- B. A Customer who desires to have utility service turned off shall give the Company at least seven (7) days' prior notice to do so. In the absence of such notice, the Customer shall be responsible for all service rendered until proper notice is given and utility service is terminated. If service is terminated or discontinued at the request of the Customer, or for any of the foregoing reasons, excepting repairs, want of supply and any leak of gas from Customer or Company lines, the same Customer, whether an Applicant or a Customer, shall pay the applicable turn-on fee if the resumption of service occurs at the same address within twelve (12) months after such service discontinuance or termination. The turn-on fee for residential Customers shall be \$50 plus the accumulated monthly Customer charges for each month of the intervening period of discontinued service. The turn-on fee for non-residential Customers shall be an amount equal to \$100 plus the accumulated monthly Customer charges for each month of the intervening period of discontinued service.
  - A transportation service Customer of the Company wishing to terminate utility service need not contact his/her NGS, as notice of the Customer's intent to terminate utility service shall be conveyed to the NGS by the Company upon receipt of the Customer's notice of termination. A transportation Customer who desires to change his/her NGS should refer to the procedures set forth in Rule No. 18.U.
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- C. The Company may terminate service for nonpayment of a bill or bills for service, and such termination of service shall be accomplished in accordance with any applicable regulations of the Commission and in accordance with the Public Utility Code. The Company may terminate service for the reasons and on such notice as may be specified by the applicable regulations of the Commission, or for any violation of these Rules and Regulations. The Company may refuse to serve any Applicant, or terminate service to any existing Customer who fails to pay a security deposit as required by these Rules and Regulations.
- D. In the event that a judgment is executed against a Customer, or if the premises described or referred to in the service contract as the service address or the personal property at said service address shall be levied upon under execution, or in case of any acts of assignment, filing of involuntary or voluntary petitions in bankruptcy, or any action in Court for the reorganization of any Customer, the service contract, at the option of the Company, shall cease and terminate, all utility service shall be terminated and all claims for retail or transportation service previously provided shall become forthwith due and payable without notice from said Company to the extent permissible under applicable bankruptcy laws and Commission regulations.

# 9. OWNERSHIP AND MAINTENANCE OF FACILITIES

- A. The Company shall own and be responsible for maintaining the saddle or tap on its pipeline facilities, the connection between the tap and the curb or Customer's property line, the stop cock and service box (if these are necessary), the regulators and any excess-pressure protective devices and the meter. The Customer shall own and be responsible for maintaining all other facilities and equipment required for his/her gas service, including but not limited to, the gas line between the service box and the meter, any special housing required for the regulator and a stop cock at the inlet of the meter. The Customer shall provide, at his/her sole expense, the space required for the Company to maintain its meter(s), regulator(s) and any other equipment which the Company determines will be necessary for the rendering of safe and adequate gas service. The Company reserves the right to establish standards as to the location, size, fire-proofing, ventilating, etc., of such space in accordance with pressure conditions, gas volumes used by the Customer and other pertinent operational factors. The Customer shall install, at his/her sole expense, the service line to the point of connection designated by the Company. The service line is to be installed by the Customer in compliance with all Company service line and related requirements. All material used in and the construction of a Customer's service line must be of a quality acceptable to the Company. All interior and exterior service lines to the Customer's side of the street connection stop cock at the curb or lot line shall be kept and maintained in good condition by the Customer or the owner of such facilities. When leaks or hazardous conditions of such interior and exterior service lines are found, repairs shall be made promptly by the Customer or the owner of such facilities. The Customer shall not tamper or interfere, in any way, with the meter, regulator or any other Company facilities or equipment used to provide utility service. Neither shall the Customer attempt to increase or decrease the pressure of gas service being delivered to his/her service address, but shall submit any such request to the Company. The Customer shall never secure a separately delivered supply of gas which is commingled with the gas service provided by the Company.
- B. Excess Flow Valve At the Customer's request, the Company will install an excess flow valve. If the customer (C) requests installation of the excess flow valve and the Company has not scheduled the location for a service line replacement or a new service line, or the customer requests the installation prior to the Company's scheduled installation time, the customer shall be responsible for the cost of the materials and installation to be paid prior to installation.

#### 10. LEAKS AND WASTE

It shall be the responsibility of the Customer to exercise all due care in the detection of defects and leaks, and in case of failure or deficiency of gas, leakage, excess pressure or other dangerous developments incident to the handling of gas under pressure. The Customer agrees to give immediate notice thereof to the Company. The Customer's failure to give such immediate notice, should loss or injury follow, shall be conclusive evidence of his/her contributory or comparative negligence. Should any leak or defect be discovered in the distribution facilities or service connections or in the Customer's service line, piping or appliances, the Company shall have the right to shut off the supply of gas until satisfactory repairs have been made.

# 11. LIMITATION OF LIABILITY

The Company does not guarantee uninterrupted gas service and shall not be liable for damages due to variations or interruptions of service. Neither shall the Company be liable for failure to furnish a sufficient supply of gas or for failure to transport the Customer's gas to the Customer arising from any cause whatsoever. The Company shall not be liable for any injury to person or property arising from the use of gas by or the supply of gas to the Customer which is not the result of negligence solely on the part of the Company. THE COMPANY MAKES NO WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, EXPRESS OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE. In no event shall the Company be liable for incidental, indirect, special or consequential damages, including loss of use or profit. These limitations shall apply whether the claim is pleaded in contract or in tort, including negligence and strict liability in tort. For the purposes of this Rule, all pipe, fittings and appliances on the Customer's side of the curb cock or shutoff valve of the service pipe which connects with the Company's pipeline facility are the property and responsibility of the Customer, and in no event shall the Company be liable for any injury to person or property arising there from.

#### 12. MEASUREMENT OF GAS

All gas delivered by the Company 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. A cubic foot of gas shall be defined as follows:

#### A. Low Pressure Deliveries

For sales at low pressure (i.e., .5 PSI or less), a cubic foot of gas shall be the amount of gas that occupies a volume of one cubic foot at the time metered and under the conditions existing at the Customer's meter.

#### B. All Other Deliveries

For sales at higher (i.e., more than .5 PSI) pressures, a cubic foot of gas shall be the amount of gas that occupies a volume of one cubic foot at an absolute pressure of 14.73 pounds per square inch and a temperature of 60 degrees (60°) Fahrenheit.

All meters shall be owned by the Company. All such meters and any regulators installed in connection therewith shall be open to inspection at reasonable times by both the Company and the Customer for the purpose of seeing that they are in good condition. If, at any time after installation of any meter or regulator, conditions change so that its location becomes unsuitable, the Company shall have the right to move the meter or regulator to a suitable place at the expense of the Customer or property owner.

The measurement of gas by meter shall be conclusive on the Customer and the Company, except from the time a meter is found to be defective or ceases to register until the meter is repaired. In such cases, the amount of gas delivered shall be estimated by the amount measured by meter during a previous corresponding period under similar conditions. If a Customer requests a test of the accuracy of the meter through which his/her gas service is supplied, the Company will, upon written application accompanied by the fee specified by the rules of the Commission, have the meter removed, sealed and tested and a certificate of test given the Customer. If the meter so tested shall be found to be inaccurate, as determined by the rules of the Commission (i.e., in excess of the 2% tolerance), the Company shall refund any applicable fee charged for such test.

# 13. TAMPERING/UNAUTHORIZED USE

Theft of service or service obtained from the Company without authority may be terminated by the Company at any time without notice. Any use of utility service without notifying the Company and enabling it to read its meter, will render the user liable for any amount due for service supplied to the premises from the time of the last reading of the meter immediately preceding the unauthorized user's occupancy, as shown by the records of the Company.

Where evidence is found that any Company facilities or equipment on a Customer's premises have been tampered with, the Customer shall be required to bear all costs incurred by the Company for investigations and inspections and for whatever protective equipment may be necessary, in the judgment of the Company, to guard against further tampering. In addition, where the tampering has resulted in improper measurement of the service supplied, the Customer shall be required to pay for such natural gas volumes as the Company may estimate from available information to have been used by the Customer, but not measured by the Company's meter(s). Such payment shall include interest at the late-payment charge rate.

#### 14. BILLING AND PAYMENT TERMS

- A. Residential and General Service Customers
  - 1) <u>Meter Readings</u> Bills will be rendered and payable once each month. A billing period shall be the period between meter reading dates, including estimated meter readings. The Company may read any meters once each month, but ordinarily it will read meters of residential and general service Customers once every two (2) months. During the summer months (April through September), the Company reserves the right to estimate meter readings for as many as five (5) consecutive months. Any estimated meter readings shall be determined on the basis of the Customer's previous actual gas usage adjusted for weather conditions. Every bill will be the result of applying the volumes consumed and delivered or estimated to the applicable rates, charges and penalties (if any) set forth in this Tariff. The Customer's service is subject to discontinuance if, because of the Customer's failure to provide the Company with reasonable access to the meter, more than three (3) consecutive bills must be based on estimated rather than their actual meter readings by Company personnel.
  - 2) <u>Customer Meter Reading Cards</u> Upon request, the Company will supply any Customer with a card upon which the Customer may record his/her actual meter reading at the end of any month during which the reading would otherwise be estimated. If such card is received by the Company, or if the Customer's meter reading is reported by telephone to the Company's Customer Service Department or via the Company's website within two (2) days after the close of the billing month, the bill for service rendered during such month will be computed from the actual meter reading shown on the card or so reported to the Company, rather than by estimate. The Company reserves the right to adjust its bill estimates for changes in conditions of which it has been notified in advance by a Customer.
  - Customer Bills A bill will be rendered to each residential and general service Customer on account of each 3) meter. Bills will be rendered as nearly as possible on the same day of every month and shall be payable upon presentation. A bill shall be deemed delinquent if it is not paid by the due date; provided, however, that a residential Customer bill paid by mail shall not be deemed delinguent unless payment is not received within five (5) days after the due date. The due date for residential Customers shall be twenty (20) days after the date of mailing the bill. Delinguent residential accounts shall be subject to a late payment charge of 1.25 percent per month. The due date for general service Customers shall be fifteen (15) days after the date of mailing the bill. Delinquent general service accounts shall be subject to a late payment charge of 1.5 percent per month. A payment received from a Customer owing a previous balance shall be applied first to the previous balance and only after such previous balance has been fully paid shall any remainder of the payment be applied to the current bill. Payment of bills may be made at payment locations authorized by the Company during their regular business hours. Payment shall be deemed to have been made on the date that payment is actually received by the Company's lockbox service or at the authorized payment locations, provided, however, that the date such payment is received by an authorized payment center shall be considered the payment date with respect to residential Customers who mail their payments.
  - 4) <u>Electronic Payment Option</u> Customers can elect to pay their monthly gas bills electronically by means of the Company's 'GasCheck', automated telephone payment or on-line bill payment options. More information about the Company's electronic bill payment options are available at the Company's web-site.

- 5) <u>Credit Card Payment Options</u> The Company will endeavor to make available to Priority Customers a third-party payment processor, which will accept credit card payments directly from Customers for gas service. All fees charged by the third-party payment processor will only be charged to Customers electing the convenience of paying their bill by credit card. The third-party payment processor will remit to the Company only the amount of the Customers' credit card payments attributable to the Company's gas service. The Customers will be solely responsible for any fees charged by the third-party payment processor.
- 6) <u>Dishonored Checks</u> If the Company receives a check or other negotiable instrument in payment of any bill, charge, or deposit, and if such instrument is subsequently dishonored or is unable to be collected for any reason, the Company may charge the subject Customer or Applicant a service charge in the amount of \$35. The service charge may be billed separately by the Company.
- 7) On-Site Service Charges The Company shall have the right to bill Customers for certain services requiring an on-site visit by Company personnel. Customers requesting a service line inspection may be billed a service charge of \$100 for each subsequent service line inspection following the failure of the initial service line inspection test. A \$25 charge will apply to Customers requesting an extra meter read, provided, however, no charge will apply if the extra read detects a meter read error. If the Customer requests that the meter be tested, an additional charge of \$75 will apply provided; however, no service charge will be assessed if the investigation detects an inaccurate meter exceeding the Commission's two percent (2%) tolerance limit. A \$200 service charge may be assessed for a temporary service line. Moreover, the period of time during which the line can be used to provide service to the Customer will be at the sole discretion of the Company. There will be no service charges for the relighting of appliances, if gas service to the Customer has been interrupted as a result of action taken by the Company, such as a meter change or a gas pipeline repair or replacement. In addition, No service charge shall apply to on-site visits made in response to reasonably suspected hazardous situations, including but not limited to those involving an unexplained odor of gas.
- 8) <u>Final Bill</u> Except as otherwise provided in this Rule, final bills for Customers receiving service under this Tariff may be based on estimated consumption without an actual meter reading. When a final bill is estimated, the estimated consumption shall be based on average daily usage for non-heat usage, average usage per degree day for heating usage, and the number of days in the final billing period. Final bills will not be estimated when usage factors cannot be calculated, when a Customer specifically requests that the meter be read, or when a Customer provides a meter reading, which is subject to the Company's review. The Company reserves the right to estimate any Customer's final meter reading, where access to the meter has been requested and is not provided within a reasonable time.

#### B. Customers Other than Residential or General Service Customers

With respect to Customers other than Residential and General Service Customers, bills will be rendered monthly on or about the same day of each month and shall be payable once each month upon presentation. A bill for any Customer covered by this paragraph shall be deemed delinquent when it remains unpaid after the due date specified on the bill. The Company may impose a service charge of \$75 for each check received in payment of a bill which is not honored, but returned by the bank on which the check is drawn. A payment received from a Customer owing a previous balance be applied first to the previous balance and only after such previous balance has been fully paid shall any remainder of the payment be applied to the current bill. Payment of bills by Customers covered by this paragraph shall not be deemed to have been made until received by the Company's lockbox service or at an authorized payment location during regular business hours. Customer accounts covered by this paragraph shall be subject to a late payment charge of 1.5 percent per month if the bill is not paid in its entirety on or before the due date specified on the bill, which shall be fifteen (15) days after the date of mailing the bill.

Notwithstanding anything contained herein to the contrary, if the Company determines that the creditworthiness of any Customer covered by this paragraph is uncertain to the point of causing concern as to such Customer's continued ability to pay the Company's bills for utility service when they are due, the Company shall have the right to impose weekly or biweekly billing with payment due and payable within five (5) days thereafter and/or require security for payment in the form of a cash deposit, letter of credit or surety bond, but not to exceed twice the amount of the average of the Customer's three highest bills during the previous twelve months.

In evaluating a Customer's creditworthiness, the Company will take into account certain factors, including but not limited to the following: (i) average monthly consumption, (ii) average monthly bill, (iii) Customer's general credit standing as evaluated by any credit rating index or rating service acceptable to the Company, and (iv) Customer's payment history and credit standing with other lenders or other providers of utility and other services.

#### C. Application of a Rate Schedule

The Company will compute bills under the rate schedule applicable to the Customer's usage based on information obtained by the Company or furnished by the Customer. If, through any cause, a Customer is billed on a Rate Schedule that is not appropriate to the Customer's usage, the Company shall transfer the Customer to the proper Rate Schedule. The Company will notify the Customer of the change and render corrected billings, if necessary.

#### D. Discontinuance of Service to Customers

Customers discontinuing use before the expiration of the contract period shall pay for the service rendered, in accordance with the applicable rate schedule. In addition, the Customer shall be obligated to pay the minimum charges for the unexpired portion of the contract, or until the service is transferred to another Customer.

#### 15. EMERGENCY PLAN – PRIORITY OF SERVICE AND CURTAILMENT FOR RETAIL CUSTOMERS

The following Natural Gas Emergency Plan (the "Plan") has been prepared in accordance with regulations at Title 52 of the Pennsylvania Code, Chapter 59, Gas Service, Sections 59.71 through 59.75.

This Plan was implemented pursuant to applicable Commission orders and regulations. The Plan provides rules and regulations for Customers and Natural Gas Suppliers ("NGS") licensed to provide commodity service to Customers on the Company's pipeline system so that Customers can have responsive action plans in place to protect themselves and their property in the event of a crisis.

As part of the emergency planning process, the Company shall attempt to make every responsible effort to make contractual or informal arrangements with their sales Customers, transportation Customers, and others to obtain supplies or, as an alternative, to implement voluntary and/or mandatory usage reductions so that resorting to firm service reductions or curtailments under applicable Commission regulations can be avoided, and severe supply or capacity disruptions can be mitigated. The Plan is designed to minimize the potential for supply shortfalls that threaten public health and safety, not to make up for inadequate performance by individual parties.

#### A. Definitions

The following words and terms, applicable only in the context of this Rule, have the following meanings unless the text clearly indicates otherwise;

- 1) <u>Alternate fuel</u> any fuel other than natural gas
- 2) <u>Alternate fuel capability</u> the installed and operable ability to use any fuel other than natural gas on a time sensitive basis
- 3) <u>Commercial use</u> gas usage by Customers engaged primarily in the sale of goods and services, including gas usage for office buildings, institutions, and government agencies
- 4) <u>Essential human needs use</u> gas usage in any building where persons normally dwell, including residences, apartment houses, dormitories, hotels, hospitals, and nursing homes
- 5) <u>Firm service</u> natural gas service offered to consumers under tariffs or contracts that anticipate no interruption
- 6) <u>Industrial use</u> gas usage by Customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product, including the generation of electric power
- 7) <u>Interruptible service</u> natural gas services that can be temporarily discontinued under terms and conditions specified by tariff or contract
- 8) <u>NGS</u> natural gas supplier

- 9) <u>Plant protection use</u> minimum usage of natural gas required to prevent physical harm to an industrial or commercial consumer's facility, or danger to personnel at the facility, when the protection cannot be afforded through the use of an alternate fuel. Plant protection use includes gas necessary for the protection of material in process that would otherwise be damaged or destroyed, but does not include gas needed to maintain production.
- 10) <u>Residential use</u> gas usage in a residential dwelling or unit for space heating, air conditioning, cooking, water heating, or other domestic purpose
- 11) <u>Small General Service ("SGS")</u> <u>Customers</u> commercial and industrial Customers using less than 1,000 Mcf annually
- 12) <u>Medium and Large General Service ("MGS" and "LGS") Customers</u> commercial and industrial MGS Customers using more than 1,000 Mcf but less than 25,000 Mcf annually and LGS Customers using more than 25,000 but less than 100,000 Mcf annually
- 13) <u>Large Volume Service ("LVS") Customers</u> commercial, industrial, or any other customer using 100,000 Mcf or more annually

# B. <u>Priority of Services</u>

The gas supplies available to the Company shall be allocated among its Customers in accordance with the priorities of use listed below. Customers in higher priority categories will not be curtailed until all Customers falling into the lower priority categories have been completely curtailed, unless operational circumstances or physical limitations warrant a different result. Where only partial curtailment of any one priority category is required, the implementation of gas service curtailment shall be prorated or weighted in accordance with the base allotments of all Customers within that category. The following paragraphs identify priority categories listed in descending order of priority:

- 1) Priority 1 residential and firm critical SGS Customer requirements serving essential human needs
- 2) <u>Priority 2</u> firm SGS Customer requirements, excluding the critical essential human needs requirements covered in Priority 1, and firm MGS, LGS and LVS Customer requirements for plant protection
- 3) <u>Priority 3</u> firm MGS and LGS Customer requirements, excluding firm MGS and LGS Customer requirements for plant protection covered in Priority 2
- 4) <u>Priority 4</u> firm LVS Customer requirements, excluding firm LVS Customer requirements for plant protection covered in Priority 2
- 5) <u>Priority 5</u> Contractually interruptible use

# C. Minimum Gas Requirements

In order to provide for the equitable allocation of gas available for sale and transportation to LVS Customers pursuant to the foregoing priority of service, a base annual volume of gas shall be established for each LVS Customer, as set forth below, subject to the adjustments hereafter noted:

- 1) The LVS Customers' base annual volume of gas shall be the highest consumption during twelve (12) consecutive billing months in the twenty-four (24) months ended as of the most recent calendar year-end.
- 2) The base annual volumes as so developed shall be broken down by the Company into base volumes for each priority of use, and these in turn shall be further broken down into base monthly volumes for each priority of use. For the purpose of developing breakdowns of base annual volumes of gas consistent with the Customer's normal historic consumption pattern, each Customer shall furnish such data with respect to its gas utilization and equipment as the Company may require. Base annual volumes shall be adjusted to recognize abnormalities in plant operations during the base period and deletions or approved installations of equipment during or subsequent to the base period.
- 3) Each LVS Customer shall complete a Schedule A, Annual Consumption for Curtailment Purposes, which shall include a schedule of consumption upon which the Customer's base annual volume will be divided into base monthly volumes according to priorities of use, their alternate fuel capability, and their minimum daily gas requirement for plant protection use. The Company will review and must approve each Schedule A.

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# RULES AND REGULATIONS (Continued)

#### D. Priority-Based Curtailments

When, in the Company's sole judgment, its supply of gas is insufficient to meet the full requirements of all Company Customers on a continuing basis or upon issuance of an Order by the Commission mandating the initiation of prioritybased curtailments, the Company may require each Customer to restrict their monthly consumption to a volume authorized by the Company.

Base period volumes shall be used as a basis for determining each Customer's authorized entitlement in the event of curtailment. Authorized entitlements shall be determined by multiplying the Customer's base period volume assigned to the priority category to be curtailed by the ratio of the total gas available for that priority category to the total of all base period volumes of all Customers in that priority category.

A gas shortage curtailment or change in curtailment level shall be imposed only after the Company has given reasonable notice to the affected Customer(s) pursuant to Section H of this Rule. Any such curtailment notice shall specify the authorized monthly consumption to which the curtailment applies. If a Customer exceeds its authorized consumption during a period of gas shortage curtailment, then the Customer shall be subject to the applicable penalties set forth in Section J of this Rule.

## E. Emergency

An emergency exists whenever the aggregate demand of firm service Customers on the Company's system or a confined segment of the system exceeds or threatens to exceed the gas supply or capacity that is actually and lawfully available to the Company to meet the demands and the actual or threatened excess demand creates an immediate threat to the Company's system operating integrity with respect to Priority 1 Customers. The Company will be the sole judge in determining if an emergency exists on its system.

If an emergency exists in a confined segment of the Company's system, then only those Customers located within that confined segment will be affected by the emergency curtailment.

#### F. Voluntary Usage Reductions

The Company will use reasonable business and operational efforts to interrupt all interruptible services, issue operational flow orders, and/or call for voluntary usage reductions by all Customers before initiating mandatory usage reductions or curtailments. The Company shall take these actions sequentially to the extent feasible and only if, in the Company's sole judgment, there is sufficient time to implement such actions and avoid mandatory usage reductions or curtailments.

Voluntary usage reductions may include requesting Customers to reduce space or water heating temperatures to levels specified by the Company.

#### G. Mandatory Usage Reductions

In the event of an emergency, the Company may require each Customer that is not a Priority 1 Customer to reduce its consumption of gas.

- 1) The reduction required shall be determined by the Company without regard to priorities of use, as necessary to minimize the potential threat to public health and safety.
- 2) The minimum authorized usage may not be lower than the minimum usage of firm service necessary for plant protection use.
- 3) When all other service has been curtailed except for Priority 1 service and the Company continues to be unable to meet Priority 1 requirements, the Company will exercise its judgment as to any further curtailment that may be necessary and will utilize measures designed to minimize harm to Customers if curtailments to plant protection use are found to be necessary.

- 4) Consistent with its responsibility to maintain system integrity at all times, the Company shall restore service as soon as practicable to any gas-fired electric generation facility that is deemed critical to electric system reliability by the electrical system's control area operator.
- 5) Mandatory reductions shall be for a period specified by the Company until further notice. The Company may change a Customer's authorized usage, upon notice, at any time during an emergency.
- 6) Mandatory reductions shall be for a maximum duration of five (5) business days unless extended by Commission order. As an alternative to extending mandatory reductions, the Commission may order the Company to initiate priority-based curtailments.

#### H. Notifications

The Company has a communications list of media contacts, telephone and facsimile numbers, and e-mail addresses. During a natural gas emergency, information will be developed and disseminated by the Company through the use of that communications list and in accordance with applicable Commission regulations, policy statements and guidelines. The Company will use whatever means of communications is available to it at the time of a gas shortage curtailment or an emergency curtailment, including but not limited to telephone, facsimile, e-mail, mail, and/or the media including newspapers, public radio, and television. The Company will notify all affected Customers, NGS, other natural gas distribution companies, and the Commission of any curtailments of service. The Company will coordinate with public officials, regulatory agencies, media, and civil defense in keeping the public advised of the status and duration of the service interruption.

If the emergency curtailment extends beyond the curtailment period contained in the emergency notice or 48 hours, whichever is less, the Company will provide periodic updates to the curtailed Customers and NGS via telephone, facsimile, email, and/or newspapers, public radio, and television.

If a curtailed Customer of the Company is an electric power generator, the Company will establish communications with the electric system control area operators to provide notice and updates of the emergency curtailment if the Customer has not already done so.

I. Utility Liability

The Company may restrict or discontinue service in accordance with 52 PA Code, Sections 59.72 through 59.75 of the Emergency Plan Regulations without thereby incurring any penalty or liability for any loss, injury or expense that may be sustained by the Customer, except when the restriction or discontinuation of service is as a result of the Company's willful or wanton misconduct.

The Company's liability for actions taken under 52 PA Code, Section 59.73, or pursuant to any other regulation, policy statement, directive or Order issued by the Commission, or an emergency order issued by the Governor, shall be governed by the following principles:

- 1) If the Company appropriates natural gas during an emergency action, the Company will compensate the applicable entity, whether the Customer or the Customer's NGS, for the cost of lost, firm gas service. The compensation, in the aggregate, shall equal but not exceed the greater of the city gate cost of the appropriated natural gas, including transportation charges up to the Company's city gate, or the reasonable cost actually paid by the Customer for delivered substitute energy, as documented to the Company. The Company may provide compensation in kind only at the discretion of the affected Customer or NGS.
- 2) The Company will have the right to discontinue service, for the duration of an emergency, to a Customer that continues to take gas in violation of these rules.

#### J. Penalties for Unauthorized Takes

If a Customer exceeds its authorized consumption during a period of emergency curtailment, then that Customer shall be subject to the following penalties:

Actual Usage As A Percentage Of Emergency Authorized Consumption	Penalty For Excess Takes (Dollars Per Mcf)
Greater than 103%, but not in excess of 110%	The higher of \$10 per Mcf or 110% of the highest cost gas supply purchased by the Company during the month of usage.
Greater than 110%	The higher of \$25 per Mcf or 125% of the highest cost gas supply purchased by the Company during the month of usage.

The number of days of emergency curtailment multiplied by the authorized daily consumption volume shall be the Customer's authorized consumption for the emergency curtailment period. The Company will determine actual consumption during the emergency curtailment period by actual measurement at the beginning and end of the emergency curtailment period.

The Company shall have the right to waive any penalty imposed hereunder for unauthorized use of gas.

### K. Allocation of Excess Gas

If, in the Company's judgment, sufficient gas supply is available to permit deliveries in addition to the monthly authorized entitlement in any month, the Company will provide all Customers with as much advance notice as possible of the amount of additional gas anticipated to be available. Such gas shall be apportioned by the Company to all Customers in the highest priority category being curtailed, on the basis of the total of the base period volumes for all Customers in that priority category for that month.

To the extent that a Customer has exceeded its authorized consumption during any period of emergency curtailment, penalties shall not be assessed for any excess volumes authorized pursuant to the provisions of this section.

#### L. Discontinuance of Service and Curtailment

When the evidence available to the Company reasonably indicates that a Customer is using gas in violation of this Plan or any Order of the Commission, the Company will discontinue all service to such Customer unless the use causing such violation is discontinued by the Customer within ten (10) days after receipt of written notice from the Company. This provision shall not affect the Company's right or obligation to discontinue service under other Rules and Regulations of its Tariff, the regulations of the Commission or for any other lawful right or reason. The Company will inform the Commission of any service discontinuance or termination made pursuant to this Plan.

### 16. CUSTOMERS SERVED BY FACILITIES OTHER THAN DISTRIBUTION LINES

Service from a line outside the Company's low pressure and medium pressure distribution systems will not be furnished unless such line is at that time being operated in a manner which will permit gas to be served to the Applicant without interference with such line's operation. The furnishing of such service will be with the Customer's understanding that the use or manner of use of the Company's line from which gas is to be supplied is not permanent and that such service is subject to temporary or permanent change or discontinuance at the sole discretion of the Company, which may at any time remove, repair or change the use or manner of operating said line after having first cancelled the service contract by thirty (30) days' prior written notice to the Customer. The Customer assumes sole responsibility, financially and otherwise for obtaining alternative sources of fuel in the event that Customer's service is interrupted or discontinued temporarily or permanently for the reasons set forth in this Rule No. 15.

The Customer served from non-distribution gas lines assumes all risk from variations in gas pressure, defects in pipe, connections and appliances from gas leakage, from the sticking or other malfunctioning of valves and regulators, and from all other causes, whatsoever, incident to the use of gas. All materials used in connecting the meter and regulators from the outlet of the Company's service stop cock to the outlet of the meter, and including the box or structure housing the meter and regulators, shall be furnished and installed by the Company at the sole expense of the Customer. All such meter and regulator facilities shall belong to the Company and will be installed as near to the Company's lines as is practicable.

# 17. AUTHORITY OF AGENTS

No agent or employee of the Company has authority to make any promise, agreement or representation inconsistent with the provisions of this Tariff, and no promise, agreement or representation shall bind the Company unless in writing, signed by an officer of the Company.

#### 18. TRANSPORTATION SERVICE

- A. Availability to Pool Operators
  - Priority One Pooling Service A pool operator aggregates natural gas supplies needed to satisfy the full requirements of Priority One Transportation Customers of the Company. Unless otherwise agreed to by the Company, a pool operator that operates both a Priority One and a Non-Priority One pool must serve its Priority One customers, as defined in Rule 15(B) of this Tariff, in its Priority One pool and serve its Non-Priority One customers in its Non-Priority One pool.
  - Non-Priority One Pooling Service A pool operator aggregates natural gas supplies needed to satisfy the full requirements of one or more Non-Priority One Transportation Customers of the Company. A Non-Priority One pool operator that does not operate a Priority One pool may serve Priority One customers in its Non-Priority One pool provided that the annual aggregate consumption of such customers does not exceed 30,000 Mcf annually. Unless otherwise agreed to by the Company, a pool operator that operates both a Non-Priority One and a Priority One pool must serve its Priority One customers, as defined in Rule 15(B) of this Tariff, in its Priority One pool and serve its Non-Priority One customers in its Non-Priority One pool.
  - 3) Local Gas Aggregation Service A pool operator aggregates locally produced supplies from various receipt points to be sold to pool operators, Customers, or the Company.
- B. Availability to Customers

Transportation Service by the Company is available for any new or existing Customer (hereinafter called the "Customer"), pursuant to Rate Schedules RS/RS-T, SGS-T, MGS-T, LGS-T, and FTS subject to the following conditions:

- 1) When required by the Company, the Customer shall enter into a Transportation Service Agreement with the (C) Company; and
- 2) All Transportation Service Customers must be located in areas where the Company's capacity is sufficient to move the gas. System facilities and capacity must be available as determined by the Company for the transportation of the load requested and the Customer or NGS must deliver suitable gas into the Company's system as provided by this Tariff; and
- 3) The Customer or its NGS shall have installed all facilities and/or paid all costs for the purchase, installation, modification, or enlargement of facilities necessary to provide Transportation Service, as more particularly set forth in Section F hereafter; and
- 4) A "Direct" Customer utilizes Transportation Service for Customer-owned gas received into the Company's system as nominated by the Customer or its agent.

# C. Applicability and Character of Service

Transportation Service shall apply to all natural gas transported under an executed Transportation Service Agreement. The Transportation Service Agreement shall obligate the Company to receive from the Customer or its NGS volumes of natural gas tendered for transportation as specified in the Transportation Service Agreement. Service under Transportation Service Rate Schedules may be interrupted or curtailed for Non-Priority Customers during periods of supply shortages when retail service to Priority One Customers is threatened or whenever the Company invokes emergency curtailment provisions under Tariff Rule No. 15. In the event of emergency action resulting in interruption or curtailment of service, as aforesaid, and during such period of interruption or curtailment, the NGS or Customer must sell to the Company all or such portion of the Customer's supply of gas as the Company may require for which the Company shall compensate the Customer or NGS as set forth in Rule No. 15.
### D. Rates

1) The rates listed under all of the Transportation Service Rate Schedules shall be deemed maximum rates.

2) A Retainage Charge shall also be included for lost and unaccounted for gas and gas used in Company's operations as determined under Rider PGC and set forth on Page No. 13 of this Tariff. (C)

3) A Pooling Fee of \$0.0243 per Mcf delivered into a Priority One or Non-Priority One Pool will be charged on a monthly basis, subject to a minimum charge of \$100.00 per month, except in the cases of pool-to-pool transfer where the pooling fees will be assessed to the pool which receives gas via the pool-to-pool transfer and shall not be assessed to the pool which supplies the gas.

4) A Pooling Fee of \$0.0243 per Mcf delivered out of a Local Gas Aggregation Pool will be charged on a monthly basis on volumes delivered to a Customer, system supply, or off-system, subject to a minimum charge of \$100.00 per month.

5) An Imbalance Trading/Pool-to-Pool Transfer Fee of \$0.0122 per Mcf charged to the Pool which supplies volumes of gas to another Pool, subject to a maximum of \$100.00 per month.

### E. Quality of Gas

- Heating Value All gas delivered hereunder shall have a minimum heat content of nine hundred eighty (980) and a maximum heat content of eleven hundred ten (1,110) British Thermal Units (Btu) per cubic foot (saturated) as measured on a Cutler-Hammer calorimeter, or the equivalent, and a maximum utilization factor of 1,400, the utilization factor being defined as that number obtained by dividing the heating value of the gas by the square root of its specific gravity. The initial Btu determination and all subsequent Btu determinations shall be made by the Company at the Producer's expense.
- 2) Other Quality Standards In addition to the requirements of Subparagraph 1) above, gas injected into the Company's system shall be of a quality and pressure reasonably acceptable to the Company. In the case of gas introduced into the Company's system directly from gas wells, such gas shall conform to all quality standards applicable to gas purchased by the Company directly from gas wells in accordance with the applicable provisions of the current form of the Company's "Gas Purchase Agreement" for local Pennsylvania gas supplies and the policies established by the Company to enforce such standards. All tests required to establish or monitor compliance with said quality standards shall be conducted by the Company at the expense of the Producer.
- 3) Nonconformance If the gas offered for delivery by the Customer or its NGS shall fail at any time to conform to any of the specifications set forth herein, then the Company shall notify the Customer of such deficiency and may at the Company's option refuse to accept delivery pending correction by the Customer. Should any substances not in conformity with the quality standards specified herein enter the Company's facilities and cause damage to gas meters, regulators and/or other equipment, or interruption of service, Producer shall reimburse the Company for the costs to repair such damage and for any related costs which the Company may incur to restore service to, and/or repair facilities, of its Customers, including payments made by the Company to Customers in settlement of claims arising out of interruption of gas service.

(C) Indicates Change

### F. Receipts and Deliveries

The Customer or its NGS will make deliveries of gas to the Company at a point or points on the Company's pipeline system (the "Receipt Point") at a pressure sufficient to enter same and will take deliveries of gas therefrom through Company metering facilities serving the Customer. The location of the Receipt Point for introduction of Customerowned gas, which shall be the outlet flange of the meter measuring gas introduced to the Company's system, shall be determined by the Company.

The Customer or its NGS shall deliver gas to a Receipt Point in guantities sufficient to meet the monthly or daily load requirements set forth in the applicable Transportation Service Agreement. Each Customer or NGS shall be responsible for nominating the appropriate volumes of gas on a monthly or daily basis as the case may be as set forth in Rules 18, 19 and 20 of this Tariff. The Customer or its NGS, at its own cost and expense, shall secure and maintain the necessary rights-of-way and related surface rights for and shall construct, place in operation and maintain the necessary pipeline to connect the Customer's or its NGS source of gas at a suitable site (the "Connection Site") designated by the Company. In addition, the Customer or its NGS, at its own cost and expense, shall secure and transfer to the Company rights-of-way and related surface rights, as necessary, for the Company's regulator, metering and other connection facilities at the Connection Site. All metering, regulating and other facilities required at the Connection Site will be installed by the Company at the expense of the Customer or its NGS as soon as reasonably practicable after the pipeline of the Customer or its NGS is operational and any necessary rights-of-way and related surface rights for the Company's connection facilities have been transferred to the Company. If the Receipt Point is a connection not already equipped for telemetering or other electronic communication of gas measurement data, then the Company at its sole discretion may purchase and install, at the Customer's or its NGS' expense, all facilities needed for telemetering or other electronic communication of gas measurement data. All amounts paid to the Company hereunder shall not, under any circumstance, be subject to refund.

The points of delivery (the "Delivery Point") for all natural gas transported hereunder shall be at the respective outlet side of the Company's metering and regulating station to be located on the Customer's property. Title to all natural gas delivered hereunder shall be considered as passing to and vesting in the Customer at such Delivery Point.

#### G. Possession of Gas

The Customer or its NGS shall be deemed to be in control and possession of the gas to be transported hereunder until it shall have been delivered to the Company at the Receipt Point, after which the Company shall be deemed to be in control and possession thereof. The Company shall have no responsibility with respect to any Customer-owned gas until it is delivered to the Company at the specified Receipt Point or because of anything which may be done, happen or arise with respect to said gas before such delivery. The Customer or its NGS assumes the full cost and expense, as well as full and complete liability and responsibility, for collecting, gathering and transporting the gas to the Receipt Point hereunder at the quality herein before specified. Notwithstanding the transfer of control and possession of the gas at the Receipt Point, as aforesaid, the Customer or its NGS shall retain title of the gas while it is being transported and delivered by the Company. The Customer or its NGS shall be responsible for maintaining all insurance it deems necessary to protect its property interest in such gas before, during and after its receipt by the Company.

#### H. Warranty of Title to Gas

The Customer and its NGS warrant generally the title to the natural gas delivered to the Company pursuant to a Transportation Service Agreement with the Company, and that at the time of delivery said natural gas is or will be free and clear of all liens, encumbrances and claims whatsoever. The Customer and its NGS further warrant that at the time of delivery the Customer will have good right and title to said natural gas, as aforesaid, and the Customer and its NGS agree to indemnify the Company and save it totally harmless from all suits, claims, actions, debts, levies, damages, costs, losses and expenses (including legal expenses) of any nature arising from or out of adverse claims, suits, actions and demands which may arise due to the nonpayment of landowner royalties, overriding royalties and rentals thereon or therefrom or any other cause. In the event any adverse claim to or against the natural gas delivered to the Company hereunder, or any part thereof, is made by any person, the Company may refuse to accept delivery of such natural gas, until the dispute as to ownership of said natural gas is settled by agreement between the Customer (and/or the NGS) and such adverse claimant or by the final decree of a court of competent jurisdiction.

#### I. <u>Determination of Deliveries</u>

When required by the Company, the maximum day transportation volume and the monthly and annual quantities of (C) natural gas to be transported shall be specified in Transportation Service Agreements.

#### J. Force Majeure

Whenever the integrity of the Company's system or the supply of gas is believed to be threatened by conditions on its system, or upon the system with which it is directly or indirectly interconnected, the Company may, in its sole judgment, curtail or interrupt gas service or reduce pressure, and such action shall not be construed to constitute a default nor shall the Company be liable therefore in any respect. The Company will use reasonable efforts, under the circumstances which exist, to overcome the cause of such curtailment, interruption or reduction, and to resume full performance.

The Company shall be excused from providing Transportation Service and shall not be liable for damages or otherwise, if and to the extent that it shall be unable to do so, or is prevented from doing so by statute or regulation or by action of any court or public authority having or purporting to have jurisdiction, or by operational or pipeline capacity constraints, or by loss, diminution or impairment of gas supply from its suppliers, or the systems of others with which it is interconnected, or by a break or fault in its pipeline system, or a failure, or improper operation of equipment necessary for gas delivery, or by reason of storm, flood, fire, earthquake, explosion, civil disturbance, labor dispute, act of God or public enemy, failure of any supplier to perform, restraint by any court or regulatory agency, or any other intervening cause, whether or not similar thereto. The Company shall use efforts reasonable under the circumstances to overcome such cause and to resume full performance. It is understood that settlement of strikes, lockouts or labor disturbances shall be entirely within the discretion of the Company and that the above requirement that any Force Majeure shall be remedied by efforts reasonable under the circumstances shall not require the settlement of strikes, lockouts or labor disturbances by acceding to the demands of the opposing party when such course is inadvisable in the discretion or judgment of the Company.

### K. Limitations of Liability

- 1) The Company shall not be liable for curtailment of service under any Transportation Service Rate Schedule in this Tariff or for the loss of Customer gas as a result of any steps taken to comply with any law, regulation or order or any governmental agency which has or purports to have jurisdiction to regulate, allocate or control gas supplies or the delivery of service hereunder, and regardless of any defect in such law, regulation or order.
- 2) The Company shall not be liable for any loss to the Customer arising from or out of service under any Transportation Service Rate Schedule in this Tariff, including loss of gas while it is in the custody of the Company or any other cause, except gross negligence or willful misconduct on the part of the Company's own employees or agents. The Company reserves the right to mix the Customer's gas with that of other suppliers.
- 3) If service furnished pursuant to any Transportation Service Rate Schedule in this Tariff is curtailed, the Company will notify the Customer as soon as is reasonably practicable.
- 4) If the Company agrees to furnish service under any Transportation Service Rate Schedule in this Tariff in an area or location where it has in the past experienced or presently experiences operational problems (such as seasonal line pressure problems), the Company shall not be liable for failure or inability to take or deliver any or all of the Customer's natural gas as a result of such problems or the Company's attempt(s) to manage or correct them.
- 5) If delivery of gas under a Transportation Service Agreement with the Company is curtailed for any reason, the Company shall not be liable for delivering said curtailed gas volumes at a later date.
- 6) To the extent that a Non-Priority Customer elects to utilize Transportation Service available under any Transportation Service Rate Schedule in this Tariff in lieu of Sales Service provided from system gas supply, the Company advises that sufficient gas supply may not be available to meet such Non-Priority Customer's requirements when such Customer's source of supply for transportation is not available. In such instance, the Company will have no obligation to provide any gas service to such Non-Priority Customer. Furthermore, the Company makes no guarantee against and assumes no liability for such interruption or curtailment.
- 7) The Company shall not be liable, under any circumstances or in any respect, to a Customer, to an NGS, or to any other person or entity for consequential damages arising either directly or indirectly from the interruption, curtailment or termination of Transportation Service.

### L. Measurement

Measurement of gas delivered to the Customer through the Company's meter facilities at the Customer's premises shall be in accordance with Rule No. 12 of these Rules and Regulations. All quantities of gas received and transported shall be expressed in terms of "Mcf". The term "Mcf" shall mean 1,000 cubic feet of gas measured at an absolute pressure of 14.73 pounds per square inch and may be temperature compensated at the Company's discretion. If temperature compensation is not measured by the Company, an assumed temperature of sixty degrees (60°) Fahrenheit will be utilized. If the Customer's gas is introduced into the Company's system through an interconnection with an interstate pipeline supplier which measures gas in MMBtu, the measurement at such interstate pipeline supplier's meter will be converted to Mcf using the current applicable conversion factor for the interstate pipeline as determined annually in the Company's 1307(f) proceeding. The costs of all tests conducted by the Company to assure accurate measurement shall be borne by the Customer.

### M. Balancing and Reconciliation

#### 1) Priority One Pooling

All Pool Operators serving Customers through a Priority One Pool shall be subject to daily balancing procedures. Each NGS shall have a Daily Available Volume to meet the Aggregate Daily Consumption Volume required by the Company. The Company will provide the NGS with a daily projection of the amount of gas to be delivered to the Company to satisfy the estimated daily consumption, subject to Rule 18.I, of all the ratepayers in the pool (Aggregate Daily Consumption Volume) at least two days in advance of when the NGS must deliver volumes to the Company. The Company may issue Alerts consistent with the terms of Rule 18.X. and, as a result, may provide the NGS with daily projections less than two days in advance. The Company reserves the right to adjust the Aggregate Daily Consumption Volume due to weather or large known consumption variations

#### Cash-out for Under-Delivery

If the Daily Available Volume is less than the Aggregate Daily Consumption Volume, then an Under-Delivery results. In the event such Under-Delivery occurs, the Company shall sell gas volumes to the Customer sufficient to increase the Daily Available Volume to one hundred percent (100%) of the Aggregate Daily Consumption Volume. Any volumes sold to the Customer by the Company during which no OFOs have been issued shall be purchased at a price equal to the Midpoint price 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 as published in Platts, Gas Daily, multiplied by 120%. Volumes sold by the Company are subject to applicable taxes.

#### Cash-out for Over-Delivery

If the Daily Available Volume exceeds the Aggregate Daily Consumption Volume, then an Over-Delivery results. In the event such Over-Delivery occurs, the Company shall purchase gas volumes delivered sufficient to decrease the Daily Available Volume to one-hundred percent (100%) of the Aggregate Daily Consumption Volume. Any volumes sold to the Company by the NGS shall be purchased at a price equal to the Midpoint price 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 as published in Platts, Gas Daily, multiplied by 85%.

Monthly Reconciliation

The Company will prepare a monthly reconciliation between Calendar Month Pool Supply and Calendar Month Pool Sendout, as adjusted for any prior month billing corrections. The difference shall be reconciled in the next calendar month following its determination (the "Adjustment Month") by adjusting the NGS's Daily Available Volume of 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, including, but not limited to, selling or purchasing additional supplies, transferring gas in storage, or pool-to-pool transfer.

### 2) <u>Non-Priority One Pooling and Direct Transport Customers – (Provisions for Non-Priority One Pools Applicable</u> <u>through 3/31/17)</u>

All Direct Transport Customers and Pool Operators serving Customers through a Non-Priority One Pool shall be subject to monthly balancing procedures. The actual gas supply received each Month by the Company for the Customer or Customer Pool will be compared to the actual volume of gas used by the Customer or Customer Pool during the same Month. If the gas supplies received by the Company during a given Month are less than the actual usage for that Month, then an Under-Delivery results. If the gas supplies received by the Company during a given Month exceed the actual usage for that Month, then an Over-Delivery results.

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#### Cash-out for Under-Delivery

In the event an Under-Delivery exceeds four percent (4%) of the Pool or Customer's actual usage for the Month, the Company shall sell gas volumes to the NGS or Customer sufficient to increase the actual volume of gas received for such Month to ninety-six percent (96%) of the actual usage for the same Month. Any volumes sold to the NGS or Customer by the Company shall be purchased at price equal to the highest Midpoint price for gas published in Platts, Gas Daily publication, under Appalachia Dominion Transmission Inc. South Point for the month, multiplied by 120%.

### Cash-out for Over-Delivery

In the event an Over-Delivery exceeds four percent (4%) of the Pool or Customer's actual usage for the Month, the Company shall purchase gas volumes delivered sufficient to decrease the actual volume of gas received for such Month to one-hundred four percent (104%) of the actual usage for the same Month. Any volumes sold to the Company by the NGS or Customer shall be purchased at a price equal to the lowest Midpoint price for gas published in Platts, Gas Daily publication, under Appalachia Dominion Transmission, Inc. South Point for the month multiplied by 85%.

(C) Indicates Change.

### 3. Non-Priority One Pooling – Provisions Applicable 4/1/17

All Pool Operators serving Customers through a Non-Priority One Pool shall be subject to daily balancing procedures. Each NGS shall have a Daily Available Volume to meet the Aggregate Daily Consumption Volume required by the Company. The Company will provide the NGS with a daily projection of the amount of gas to be delivered to the Company to satisfy the estimated daily consumption, subject to Rule 18.I, of all the customers in the pool (Aggregate Daily Consumption Volume) at least two days in advance of when the NGS must deliver volumes to the Company. The Company may issue Alerts consistent with the terms of Rule 18.X. and, as a result, may provide the NGS with daily projections less than two days in advance. The Company reserves the right to adjust the Aggregate Daily Consumption Volume due to weather or large known consumption variations.

#### Cash-out for Under-Delivery

If the Daily Available Volume is less than the Aggregate Daily Consumption Volume, then an Under-Delivery results. In the event such Under-Delivery occurs, the Company shall sell gas volumes to the Customer sufficient to increase the Daily Available Volume to one hundred percent (100%) of the Aggregate Daily Consumption Volume. Any volumes sold to the Customer during periods in which no OFOs have been issued by the Company shall be purchased at a price equal to the Midpoint price of gas for the day published in Platts, Gas Daily publication using the index price (converted to Mcf) for gas delivered to Dominion Transmission, Inc.'s Appalachia South Point multiplied by 120%. Volumes sold by the Company are subject to applicable taxes.

#### Cash-out for Over-Delivery

If the Daily Available Volume exceeds the Aggregate Daily Consumption Volume, then an Over-Delivery results. In the event such Over-Delivery occurs, the Company shall purchase gas volumes delivered sufficient to decrease the Daily Available Volume to one-hundred percent (100%) of the Aggregate Daily Consumption Volume. Any volumes sold to the Company by the NGS shall be purchased at a price equal to the Midpoint price of gas for the day published in Platts, Gas Daily publication using the index price (converted to Mcf) for gas delivered to Dominion Transmission, Inc.'s Appalachia South Point multiplied by 85%.

#### Monthly Reconciliation

The Company will prepare a monthly reconciliation between Calendar Month Pool Supply and Calendar Month Pool Sendout, as adjusted for any prior month billing corrections. The difference shall be reconciled in the next calendar month following its determination (the "Adjustment Month") by adjusting the NGS's Daily Available Volume of 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, including, but not limited to, selling or purchasing additional supplies, transferring gas in storage, or pool-to-pool transfer.

#### 4. Local Gas Aggregation Service ("LGA")

The total volumes nominated into the Local Gas Aggregation ("LGA") Pool shall equal the total volume of gas delivered out of the Local Gas Aggregation Pool. If the gas supplies nominated into the LGA Pool during a given Month exceed the volume of gas delivered out of the LGA Pool for that Month, then an Over-Delivery results. These volumes shall be sold to the Company at a price equal to the first of the month IFERC Dominion Transmission, Inc. Appalachia Index multiplied by 85%.

<sup>(</sup>C) Indicates Change.

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# **RULES AND REGULATIONS (Continued)**

#### Reconciliation of Aggregation Volumes

The total actual local gas aggregation volume for all meters assigned to the LGA pool will be compared to the total volume of gas nominated into the LGA Pool, and the resulting difference, if any, 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.

#### 5) Company Option to Waive Cash-Out Provision

In lieu of applying the Cash-out provisions contained herein, the Company may, at its sole discretion, choose to carry forward to the subsequent Day or Month, as the case may be, all or any portion of any Under-Delivery or Over-Delivery for the applicable Day or Month.

### 6) Balancing Fees

The Balancing Fees applicable for the Balancing Service described herein are set forth in the respective Rate Schedules for each Customer classification.

- N. Local Gas Aggregation ("LGA") Service
  - 1) This service is available to any NGS who delivers locally produced gas to the Company at more than one Receipt Point on the Company's system. The supply is aggregated into a single pool (hereafter referred to as a "LGA Pool"). Any NGS who wishes to so aggregate locally produced gas supplies on the Company's system and operate a LGA Pool or Pools shall enter into a Local Gas Aggregation Agreement with the Company. The NGS who has entered into such an Agreement (hereafter referred to as a "LGA Pool") may sell its aggregated gas supply volumes to a NGS, another LGA Pool, the Company, or directly to a transportation Customer if the NGS is licensed as an NGS with the Commission, or in the case of an individual Customer, may transport its aggregated gas supply volumes to its facility for consumption.
  - 2) The Company and the LGA Pool will specify the Receipt Points at which the LGA Pool will deliver gas to the Company in the Interconnect Agreement or other such agreement with the Company. The LGA Pool shall be responsible for the cost of any metering and regulation and related equipment, as specified by the Company and such equipment shall be the property of the Company.
  - All volumes received by the Company into a LGA Pool shall be nominated in advance according to the nominating procedures set forth in Rule No. 18.Y of this Tariff and incorporated into the applicable Local Gas Aggregation (C) Agreement.
  - 4) All LGA Pools receiving service under this Rate Schedule shall be subject to the Monthly Balancing provisions set forth in Rule No. 18.M of this Tariff.

### O. <u>Capacity</u>

Capacity is the ability of the Company to take the gas tendered by a Transportation Customer at the point of delivery and move it through the Company's system to the point of consumption without interfering with the Company's operations in serving its other Customers, including, but not limited to, obtaining or moving supplies of gas through the Company's system(s) to serve other Customers. Capacity is a dynamic concept and may not exist in all locations at all times of the year. A Customer requesting Transportation Service also must recognize that the Company, in discharge of its duty to serve the public in a safe and reliable manner, must monitor and maintain its system. As with retail service, this can be expected to result in situations where the use of facilities is not possible for certain periods due to such things as leak repair, scheduled and unscheduled maintenance and line replacement or relocation, to name a few. If the Company encounters a capacity constraint within its own pipeline system, transportation volumes will be curtailed prior to general system supply.

#### P. Natural Gas Supplier ("NGS") Qualifications

- A NGS must be licensed by the Commission pursuant to Section 2208 of the Public Utility Code, 66 Pa. C.S. §2208, before any application to provide gas supply service to Customers on the Company's system will be considered.
- 2) Any NGS wishing to provide gas supply services to Customers on the Company's system must provide the Company with the following financial and related information:
  - a. Audited financial statements, or an annual report or Form 10-K, for the most recent fiscal year-end. If audited financial statements are not available, federal income tax returns from the last three (3) years shall be provided, including all schedules and attachments;
  - b. Current interim financial statements;
  - c. Names, addresses and telephone numbers of the NGS parent company and subsidiaries;
  - d. Names, addresses and telephone numbers of a bank and at least two trade references; and
  - e. A current credit report from Dun and Bradstreet or an equivalent national credit reporting agency.
- 3) The NGS shall also deliver to the Company a certified statement of an officer or other authorized representative of the NGS (the "Certified Statement") which confirms the following:
  - a. The NGS is not operating under any chapter of the bankruptcy laws and is not subject to liquidation under any state law.
  - b. The NGS is not subject to any pending or threatened litigation in any state or federal court or in any regulatory or administrative venue which could (i) cause a substantial deterioration in its financial condition, (ii) cause a condition of insolvency, or (iii) endanger its ability to continue as an ongoing business.
  - c. The NGS is not subject to outstanding lawsuits, actions or judgments which, individually or in the aggregate, could jeopardize its ability to remain solvent.
  - d. The NGS has the legal power and authority to transact the business it transacts and proposes to transact in Pennsylvania, has obtained and holds a valid and effective Natural Gas Suppliers License from the Commission, and is in good standing in every other jurisdiction in which it operates and has secured a similar license or qualification.
  - e. The NGS has no delinquent balances, outstanding for billings made previously by the Company or its affiliates 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.

- f. The NGS indemnifies and holds harmless the Company and its Directors, officers, agents, and employees from and against any and all liabilities, claims, costs, expenses (including without limitation attorneys' fees and expenses) losses and damages related to or arising out of any failure on the part of the NGS to (i) provide gas supply service to its Customers on the Company's system and (ii) otherwise fulfill its obligations to the Company and its Customers. The NGS agrees to reimburse the Company for any and all payments made by the Company and any of its Directors, officers, agents and employees on account of such liabilities, claims, costs, expenses (including without limitation attorneys' fees and expenses) losses and damages.
- g. The NGS has and shall maintain the gas supply and related capacity arrangements necessary to perform its obligations as a gas supplier on the Company's system, including but not limited to meeting all of the gas supply requirements of its Customers during peak demand periods. Furthermore, the NGS shall have available for its Customers, in addition to the capacity assignment and allocation received from the Company, such additional pipeline transportation and/or storage capacity and sources of gas supply that will be necessary to perform all of its obligations to the Company and its Customers, including but not limited to meeting all of the gas supply requirements of its Customers during peak demand periods.
- 4) For as long as an NGS serves Customers on the Company's system, it shall provide the Company with a copy of its audited financial statements within 90 days after the end of every fiscal year, along with any other updated interim financial information that may be requested by the Company from time to time.
  - a. 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 (3) of this section as of the date such event occurred and within two business days of any other significant deterioration of its financial fitness or creditworthiness.
- 5) The Company will evaluate the financial fitness and creditworthiness of an NGS based on the financial and related information provided by the NGS in response to this Rule No. 18. Applying consistent analytical criteria, the Company shall assess the financial fitness or creditworthiness of an NGS and, in its sole discretion, except as noted below, (i) determine the amount and form of financial security, if any, that will be required of the NGS and (ii) change the amount and form of security supplied by the NGS. In that regard, the Company may monitor the NGS's aggregate maximum Required Delivery Volume for the Customers it represents on a monthly basis to ensure that adequate financial security is in place at all times.
  - a. The Company shall consider the forms of security enhancements set forth in 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 or such other security as is mutually acceptable to both the Company and the NGS.
  - b. The amount and form of the security, if not mutually agreed upon by the Company and the NGS, shall be based on criteria established in 52 PA Code, Section 62.111, which criteria shall be applied in a non-discriminatory manner.
  - c. The amount of the security shall be reasonably related to the financial exposure of the Company which may result from the NGS's default, bankruptcy or failure to perform in accordance with the requirements of this Tariff, the terms and conditions of the applicable Transportation Service Agreement(s), or any applicable laws and Commission rules, regulations, policy statements or guidelines.
  - d. The amount of the security should reflect the financial exposure of the Company and generally shall include all applicable pooling fees; all applicable billing fees; and projected imbalance fees using the maximum imbalance price multipliers and assuming that NGS fails to delivery gas supplies during the peak month.

- e. The amount of security required of any NGS under this Tariff Rule may be modified based on one or more of the following:
  - i. The NGS's past operating history on the Company's system and on the operating systems of other NGDC, including the length of time that the NGS has operated on the system, the number of customers served, and any past supply reliability problems.
  - ii. The NGS's credit reports.
  - iii. The number and class of customers being served by the NGS.
  - iv. Information that materially affects the NGS's creditworthiness, as set forth in subparagraph 18.A.5.f (C) hereof.
  - v. The NGS's demonstrated capability to supply and deliver the volume of natural gas necessary for its customers' needs.
- f. The amount of the security required of any NGS hereunder may be adjusted as circumstances warrant. The adjustments must be reasonable and based on one or more of the following criteria:
  - i. A change in the NGS's recent operating history on the Company's system, or on the operating systems of other NGDC, which has materially affected Company's (or other NGDC's) system operation or reliability. A change that could materially affect system operation or reliability may occur when a supplier fails to deliver natural gas supply sufficient to meet its customers' needs, or fails to comply with Company (or other NGDC) operational flow orders, as defined in 52 Pa. Code Section 69.11 (relating to definitions).
  - ii. A change in the NGS's credit reports that materially affects the NGS's creditworthiness. Creditworthiness could be materially affected when two or more of the following credit rating companies change the NGS's credit rating.
    - (A) Dun & Bradstreet.
    - (B) Standard & Poor's Rating Services, Inc.
    - (C) TransUnion LLC.
    - (D) Equifax, Inc.
    - (E) Experian Information Solutions, Inc.
  - iii. A significant change in the number of customers served, the volume of gas delivered, or the unit price of natural gas, or a change in the classes of customers being served by the NGS. A change over a consecutive 30-day period of 25% in the number of customers served, the volume of gas delivered or the average unit price of natural gas would represent a significant change.
  - iv. A change in operational or financial circumstances that materially affects the NGS's creditworthiness. Creditworthiness could be materially affected when two or more of the following investment rating companies change the rating of the NGS's issued securities from an investment grade or good rating to a speculative or moderate credit risk rating:
    - (A) Standard & Poor's Rating Services, Inc.
    - (B) Moody's Investment Service, Inc.
    - (C) Fitch, Inc.
    - (D) A. M. Best Company, Inc.
    - (E) DBRS, Inc.

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- v. A change in the NGS's demonstrated capability to provide the volume of natural gas necessary for its customers' needs that materially affects the Company's system operation or reliability. A change that could materially affect the Company's system operation or reliability may occur when an NGS fails to deliver natural gas supply sufficient to meet its customers' needs on five separate occasions within a 30-day period, or fails to comply with the Company's (or another Pennsylvania NGDC's) operational flow orders, as defined in 52 Pa. Code, Section 69.11.
- g. The Commission will determine the additional amount, if any, to be included in a surety bond or other form of security provided by an NGS serving Priority Customers to cover fines levied on the NGS by the Commission and NGS obligations to such Priority Customers. In no event will the Company be obliged to execute on the form of security provided by the NGS unless the amount in question is not in dispute and the Company is directed to do so by final order of the Commission. If the Commission establishes an additional amount to be included in the surety bond or other security to cover fines or obligations of the NGS to its Customers, such amount shall be payable on the same terms as said bond or other security to the Company.
- h. All financial and related information submitted or provided to the Company pursuant to this Rule will be treated as confidential and be used by the Company solely for the purpose of evaluating the financial fitness and creditworthiness of the NGS.
- 6) When practicable, the Company shall use North American Energy Standards Board forms or language for financial and legal instruments that are used as security for NGS under this Tariff Rule No. 18.
- 7) The Company shall file an annual report with the Secretary of the Commission no later than April 30 of each year (the first such annual report to be filed in April 2012), as required under the Commission's regulations at 52 Pa. Code Section 62.111(c)(5).
- 8) When the Company determines that an adjustment is warranted in the amount or type of security that an NGS must provide to maintain its license, the Company shall provide notice of its determination to the NGS in writing. The Company's determination must be based on the criteria set forth in this Tariff Rule 18.P. The NGS shall comply with the Company's determination of adjusted security no later than five business days after the date that the NGS is served with notice of the Company's determination. When the NGS disagrees with the Company's determination, the NGS may file a dispute with the Company in accordance with subparagraph P.10 of this Tariff Rule 18.
- 9) An NGS may request that the Company adjust the amount or type of security the NGS must provide to maintain its license. The request must be made to the Company in writing and be based on criteria set forth in this Tariff Rule 18.P. The Company shall make its determination on the request and provide a written response to the NGS within five business days after the date that the request is made. When the Company agrees to the requested adjustment in security, the NGS shall post the adjusted security within five business days after the date that the NGS was served with notice of the Company's determination. When the NGS disagrees with the Company's determination, the NGS may file a dispute with the Company in accordance with subparagraph P..10 of this Tariff Rule 18.

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# **RULES AND REGULATIONS (Continued)**

- 10) When there is a dispute relating to the form or amount of security, the applicant or NGS shall notify the Company of the dispute and attempt to resolve the dispute. If a resolution is not reached within thirty days after the date that the Company is notified of the dispute, the applicant or the NGS may take such action to resolve the dispute before the Commission as is described at 52 Pa Code Section 62.111(c)(8).
- 11) When an NGS submits a dispute to the Commission for resolution which concerns the Company's application of security requirements under this Tariff Rule 18, or files a formal complaint with the Commission relating to an adjustment in the form or amount of security required by the Company, the following obligations apply:
  - a. The NGS shall provide to the Company the adjusted security amount as directed by the Company. The NGS shall maintain the adjusted amount of security until the dispute or complaint is resolved or until directed otherwise by the Commission.
  - b. The NGS shall continue to operate on the Company system in accordance with system operation and business rules and practices until the dispute or complaint is resolved or until directed otherwise by the Commission.
  - c. The NGS shall cause to be delivered to the Company's system natural gas supply in the volume necessary to fulfill its customers' requirements and provide customer support services until the dispute or complaint is resolved or until directed otherwise by the Commission.
  - d. The Company shall permit the NGS to continue to operate on the Company's system until the dispute or complaint is resolved or until directed otherwise by the Commission.

#### Q. Customer Education/Information Disclosure

All of the terms and conditions in Rule No. 6 shall also apply to the NGS Rules for service to Priority Customers, as set forth in this Rule No. 18 and are incorporated herein by reference thereto.

#### R. <u>Selection of Natural Gas Suppliers</u>

- 1) Customers or their NGS electing transportation service pursuant to the Customer Choice Program shall enter into a Transportation Service Agreement with the Company.
- 2) If a Customer contacts the Company to sign up with or request a change of an NGS, the Company will notify the Customer that they must contact the selected NGS directly in order to sign up or initiate a change in NGS.
- 3) Enrollment in the Customer Choice Program may be conducted by the NGS telephonically, in writing or via the Internet pursuant to the following procedures:
  - a. <u>Telephonic Enrollment</u>
    - i. Customers may enroll in the Customer Choice Program by telephonic enrollment. The NGS will tape record the telephonic enrollment confirmation of each Customer. The enrollment confirmation shall consist of a recording on which the Customer states his/her name, his/her Company account number, his/her service address, his/her mailing address, his/her intent to be a Customer of the NGS, and the date of the enrollment. The selected NGS will notify the Company that it was selected to serve the Customer by the end of the next business day following the telephonic enrollment.
    - ii. After the Company is notified that the Customer desires to select a new NGS, the Company shall send a letter to the Customer seeking verification of the Customer's intent to select a new NGS. The letter shall be mailed by the end of the next business day following the Company's receipt of notice of the Customer's NGS selection. The letter will explain the five (5) day waiting period during which the selection of the NGS may be canceled and the date that gas supply service from the NGS will begin, unless it is canceled within the five (5) day waiting period. The Customer shall have five (5) days from the date that the letter is sent to inform the Company in writing or by telephone (if the Customer provides his/her Social Security Number as proof of identity during the telephone conversation) that the Customer does not desire to select a new NGS. Upon receipt of such notification, the Company shall ensure that the Customer remains with his/her current gas service provider.
    - iii. The NGS shall provide a copy of any Customer's tape recorded enrollment confirmation to the Company upon request. Failure to supply a telephonic enrollment confirmation recording within five (5) days of the Company's request shall cause the affected Customer to be returned to the previous gas service provider, and a \$50.00 fee shall be paid by the NGS for each such failure to cover the Company's administrative cost of investigating the validity of a Customer's enrollment in the Customer Choice Program and/or selection of NGS.
  - b. Written Enrollment
    - i. A Customer may enroll in the Customer Choice Program by written enrollment. The NGS will maintain the written confirmation of enrollment of each Customer for as long as a Customer remains a Customer of the NGS. Valid written enrollment requires a document signed by the Customer which expressly obtains the Customer's consent to select a new NGS. Documents not considered to be valid include, but are not limited to, canceled checks, signed contest entries, and documents used to claim prizes won in contests. The written confirmation of the enrollment shall consist of the Customer's name, his/her account number, his/her service address, his/her mailing address, his/her signature, an indication of the Customer's intent to enroll in the Customer Choice Program, and the date of the enrollment. The selected NGS will notify the Company that it has been selected to serve the Customer by the end of the next business day following enrollment.

- ii. After the Company is notified that the Customer desires to select a new NGS, the Company shall send a letter to the Customer seeking verification of the Customer's intent to select a new NGS. The letter shall be mailed by the end of the next business day following the Company's receipt of notice of the Customer's NGS selection. The letter will explain the five (5) day waiting period during which the selection of the NGS may be canceled and the date gas supply service from the new NGS will begin. The Customer shall have five (5) days from the date that the letter is sent to inform the Company in writing or by telephone (if the Customer provides his/her Social Security number as proof of identify during the telephone conversation) that the Customer does not desire to select a new NGS. Upon receipt of such notification, the Company shall ensure that the Customer remains with his/her current gas service provider.
- iii. The NGS shall provide a copy of any Customer's written confirmation of enrollment to the Company upon request. Failure to supply a requested written confirmation of enrollment within five (5) days of the Company's request shall cause the affected Customer to be returned to the previous gas service provider, and a \$50.00 fee shall be paid by the NGS for each such failure to cover the Company's administrative cost of investigating the validity of a Customer's enrollment in the Customer Choice Program and/or selection of the NGS.
- c. Internet Enrollment
  - i. A Customer may enroll in the Customer Choice Program using internet enrollment procedures, if such an enrollment method is offered by an NGS. If an internet enrollment option is offered, the NGS shall maintain a webpage to provide for internet enrollment, which webpage shall clearly identify the legal name of the NGS, its address, and telephone number. The NGS shall maintain a printed or electronic copy of information appearing on the webpage at the time the Customer requests gas supply service from the NGS. The internet enrollment confirmation shall include, at a minimum, the NGS's legal name, a copy of the agreement between the NGS and the Customer as it appeared on the NGS webpage at the time the Customer requested gas supply service from the NGS, the Customer's name, his/her account number, his/her service address, his/her mailing address, an indication of the Customer's intent to enroll and be a Customer of the NGS, and the date of the enrollment. The selected NGS will notify the Company that it has been selected to serve the Customer by the end of the next business day following enrollment.
  - ii. After the Company is notified that the Customer desires to select a new NGS, the Company shall send a letter to the Customer seeking verification of the Customer's intent to select a new NGS. The letter shall be mailed by the end of the next business day following the Company's receipt of notice of the Customer's NGS selection. The letter will explain the five (5) day waiting period, during which the selection of the NGS may be canceled, and the date gas supply service from the new NGS will begin. The Customer shall have five (5) days from the date that the letter is sent to inform the Company in writing or by telephone (if the Customer provides his/her Social Security number as proof of identify during the telephone conversation) that the Customer does not desire to select a new NGS. Upon receipt of such notification, the Company shall ensure that the Customer remains with its current gas service provider.
  - iii. The NGS shall provide a copy of any Customer's internet enrollment confirmation to the Company upon request. Failure to supply a copy of an internet enrollment confirmation within five (5) days of the Company's request shall cause the Customer to return to his/her previous gas service provider, and a \$50.00 fee shall be paid by the NGS for each such failure to cover the Company's administrative cost of investigating the validity of a Customer's enrollment in the Customer Choice Program and/or selection of NGS.

- S. Application/Billing Procedures
  - All new Applicants for gas service on the Company's system shall be provided with consumer education information which describes the method by which new Customers can consider and select an NGS to provide their gas supply pursuant to the Customer Choice Program.
  - 2) The NGS may choose a Single Bill Option or Two Bill Option, as described below. The NGS assumes full responsibility for non-payment of the NGS's portion of a Customer's bill unless the NGS elects to participate in the Company's Purchase of Receivables Program. Under the Company's Purchase of Receivables Program, the Company will have the right to terminate service for failure to pay the NGS's Natural Gas Supply Services charges portion of the bill in compliance with all applicable laws and regulations regarding termination of service including the Discontinuance and Termination of Service rule of this Tariff. No late fees shall be applied to NGS charges except in the case of Customers of NGS who have elected to participate in POR.
  - 3) Pursuant to the Company's Purchase of Receivables Program, the Company will purchase at a discount the accounts receivable from NGSs who elect to participate in POR. If an NGS discontinues participation in the Customer Choice Program for any reason, the Company reserves the right to adjust the NGS's accounts to correct any prior errors for up to twelve (12) months after the NGS discontinues participation. If a Customer discontinues participation in the Customer Choice Program for any reason, or if the Customer discontinues gas supply service from an NGS, the Company reserves the right to adjust the NGS's accounts to correct any prior errors up to twelve (12) months after the Customer has discontinued said participation or service.
  - 5) The NGS shall inform the Company of its choice of Billing Option at the time it executes its Transportation Agreement. Thereafter, the NGS may only change its choice of Billing Option once each calendar year and only after 60 days' advance written notice to the Company. The NGS shall select one of the following Billing Options:

(C)

- a. Two Bill Option: The NGS bills Customers for their gas supply. The Company will not purchase the NGS receivables for any customer for which the NGS has chosen the Two Bill Option. The NGS assumes full responsibility for nonpayment of the NGS's Natural Gas Supply Services charges under the Two Bill Option. The Company bills Customers for services provided by the Company under this Tariff. The Company will transmit to the NGS meter reading and other information needed for billing in a standard electronic format each day in accordance with the Company's billing cycle.
- b. Single Bill Option: The NGS elects to have the Company bill for the NGS's Natural Gas Supply Services and for distribution or delivery services on a single bill. The Company may purchase the accounts receivable for an NGS that elects this billing option pursuant to the Voluntary Purchase of Receivables Program paragraph in this Tariff. The NGS will provide the Company with all billing rate and other information that will be necessary for Customer billing, as determined by the Company, at the time it gives the Company notice of Customer enrollment and its selection as NGS. The Company will transmit to the NGS meter reading and billing information in a standard electronic format each day in accordance with the Company's billing cycle. The Company will transmit payment information, as payments are received for NGS balances, on a daily basis.
- c. Any and all changes in or corrections of the billing rate and other information supplied by the NGS must be delivered to the Company in an electronic format acceptable to the Company no less than two (2) weeks prior to the first day of the month in which the changed or corrected information is to be used by the Company to issue bills pursuant to Single Bill Option. The Company's billing fee for Single Bill Option:

d. To the extent the NGS has provided the Company with inaccurate or erroneous information which requires an adjustment to Customer bills, the NGS agrees to pay the Company the fees provided below to recover the per transaction incremental costs associated with such changes.

Administrative Fee for Changes in NGS Billing Data	\$500
Cost per confirmation report of billing data change by NGS	
Processing Fee for Changes in NGS Billing Data	\$1.00
Cost per adjustment	

e. All Customer payments received by the Company shall be first applied to amounts due the Company, including installment amounts due the Company under existing payment plans. Payments received from Customers in the Customer Choice Program will be applied as follows: (1) to the Company for outstanding pre-Customer Choice Program installment amounts per payment agreements; (2) to the Company's current delivery service charges; (3) to NGS gas supply charges; (4) to non-basic service charges; (5) to hardship energy fund contributions.

- f. Partial payments made by residential Customers who are not budget payment plan participants shall be applied as follows:
  - i. Past-due Company service charges;
  - ii. Current Company service charges;
  - iii. Past-due NGS charges;
  - iv. Current NGS charges;
  - v. Non-basic service charges.
  - vi. Pre-Customer Choice Program balance. For a residential Customer who has a pre-Customer Choice Program balance, partial payments will be applied by the Company as follows:
    - (a) Outstanding pre-Customer Choice Program balance or installment amount with respect to any existing payment agreement on this balance;
    - (b) Current Company charges;
    - (c) NGS charges;
    - (d) Non-basic service charges;
  - vii. Post-Customer Choice Program balance. If the residential Customer's account develops a post-Customer Choice Program balance, partial payments should be applied to the pre-Customer Choice Program balance before being applied to any other outstanding post-Customer Choice Program charges. For a residential Customer with no pre-Customer Choice Program balance, partial payments should be applied as follows:
    - (a) Past-due Company service charges;
    - (b) Current Company service charges;
    - (c) Past-due NGS charges;
    - (d) Current NGS charges;
    - (e) Non-basic service charges.
- g. If a Customer is a budget payment plan participant, the Company shall determine the amount of the monthly budget payment to credit to the Company's delivery charges and the NGS's Natural Gas Supply Services charge based on the Customer's annual consumption over the previous twelve (12) months and the applicable rate information. The Company will remit to the NGS, on a monthly basis, a pro-rata portion of the budget bill payment applicable to the NGS's Natural Gas Supply Services charges. Any budget payments that are received shall be applied first to the Company's charges and any balance remaining after the Company's charges are made current will be paid to the NGS.

- 5) A Customer may not be disconnected from the Company's system unless the Customer fails to meet his/her obligations to the Company or fails to pay NGS Natural Gas Supply Services charges pursuant to the Company's Voluntary Purchase of Receivables Program paragraph of this tariff, and then only after applicable laws and regulations regarding service termination have been followed. In no event shall gas service to a Customer be terminated or threatened with termination for failure to pay NGS charges or any non Natural Gas Supply Service charges. If gas service to a Customer not subject to the Company's Voluntary Purchase of Receivables Program is terminated, the Company will not make the payment of NGS gas supply charges a condition for the restoration of service.
- 4) The Company shall bill all Customers enrolled in the Customer Choice Program Customers for its distribution or delivery services, regardless of whether the NGS or the Company generates the bill for gas supply services. The Company shall provide the NGS with individual Customer usage data for each billing cycle as those Customers who receive gas supply service from the NGS are billed by the Company.
- 5) All complaints that pertain to the standards and billing practices for residential utility service shall be handled and resolved in accordance with the requirements of Chapter 56 and other Commission regulations that are applicable. The Company will give the Commission access to the billing and other information that may be needed in any compliance review conducted by the Commission and any NGS providing gas supply service to Customers on the Company's system will do likewise.

#### T. Purchase of Receivables Program ("POR")

- 1) A NGS that elects POR for its customer accounts shall be required to sell all its accounts receivable in its POR pool to the Company as specified in this POR program. The NGS shall be required to designate the POR Option in its Pooling Agreement with the Company to implement the POR program. 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 consuming less than 1,000 Mcf annually. 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) A NGS must elect Single Bill Option for their POR pool.
- 3) A NGS participating in the POR program is required to accept a new customer for enrollment without regard to the credit-related issues or payment history.
- 4) A NGS participating in the POR program shall not request a security deposit from a customer.
- 5) The Company will purchase the NGS receivables at a discount rate equal to the applicable Merchant Function Charge percentage as stated on page 97 of this tariff. 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) The Company will purchase only receivables associated with the NGS's Natural Gas Supply Services charges and no other products or services that may be provided by NGSs. The Natural Gas Supply Services charges eligible under the POR program shall not include any charges associated with the following: termination fees, energy efficiency service or equipment, a non-recurring charge billed by an NGS for calling the NGS call center or negotiating a payment plan, security deposits charged by an NGS, other equipment or services provided by an NGS, such as heating equipment repairs or maintenance policies, or any charges associated with carbon based attributes, including value added green products like carbon attributes.
- 7) The Company will have the right to terminate a customer's service for failure to pay the NGS's Natural Gas Supply Services charges portion of the bill. Such termination of service will comply with all applicable laws and regulations regarding termination of service.
- 8) The Company may require full payment of any balance outstanding for the NGS's Natural Gas Supply Services charges before reconnecting service that has been terminated for nonpayment. When requiring full payment, the Company will comply with all applicable laws and regulations regarding reconnection of service.
- 9) The Company, at its discretion, may decide to terminate the Purchase of Receivables program.

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- U. Customer Decisions to Change/Select NGS
  - 1) The Company shall process any request to initiate, terminate or change a Customer's NGS in accordance with the following procedure and the Commission's regulations at 52 Pa. Code Sections 59.91-59.99. The Customer, or a person or entity that is authorized to act on the Customer's behalf, should contact his or her chosen NGS to initiate such a request. If such request is presented to the Company, the Company will inform such party to contact the NGS directly.
    - a. After the Company has received notification from an NGS of a Customer's request to initially select, terminate or change an NGS, the Company shall send the Customer a confirmation letter noting the proposed selection/change of NGS. The letter will include a five (5) day waiting period during which the request may be cancelled by the Customer before the selection/change of the NGS is put into effect. The letter shall include the date that service from the new NGS will commence. The five (5) day waiting period shall start on the day the confirmation letter is mailed.
    - b. The Company will mail the confirmation letter by the end of the next business day following its receipt of the notification from the NGS of the Customer's selection of the NGS.
    - c. If the Customer does not contact the Company to cancel the request to selection/change NGS within the five (5) day waiting period, the Company shall make the change of NGS at the beginning of the next billing month following the five (5) day waiting period.
  - 2) When a Customer contacts the Company and alleges that their NGS has been changed without their consent, the Company shall consider the matter a Customer dispute and investigate and respond to the dispute consistent with the requirements Chapter 56 at Sections 56.151 and 56.152. Any Customer who has had their NGS changed without their consent shall be switched back to the previous gas service provider. Further, the Customer will not be responsible for any charges rendered by the unauthorized NGS during the period of unauthorized supply service, and the company responsible for initiating the unauthorized change of supplier shall issue a complete refund of any gas supply charges paid by the Customer for the unauthorized NGS supply service within 30 days of the close of the dispute. The refund provision shall apply only to the natural gas supply charges. Any charges involved in the switch back to the previous gas service provider shall be the responsibility of the NGS that initiated the change without the Customer's consent.

- V. Discontinuation of NGS Gas Supply Services
  - Any requests received from the Customer to discontinue service shall be complied with in accordance with applicable Commission guidelines and the requirements set forth in 52 Pa. Code, Sections 56.16(a) and 56.72. The Company will refer any such request for discontinuance to the Customer's NGS and coordinate with the NGS to make sure that all necessary Customer services, including final billing, are properly provided.
  - 2) NGS exiting the system must notify the Company in writing not less than 90 days in advance. Should any NGS elect or be required to discontinue serving Customers on the Company's distribution system it shall a) relinquish any capacity assigned and/or allocated to it by the Company for the Customers it served; b) assign to the Company any new, replacement and/or alternate capacity it acquired to serve its Customers, if needed by the Company to serve said Customers; and c) maintain any financial security instrument(s) then existing in the Company's favor until it has satisfied any and all outstanding claims of the Company. The existing NGS shall also give written notice to all of its Customers.
  - 3) Upon receipt of notice of the NGS's discontinuation of service, the Company will notify the Customer that it will provide commodity gas supply to the Customer as the supplier of last resort under the applicable bundled retail service Rate Schedule. The Customer will be charged for such supplier of last resort service effective as of the beginning of the next billing cycle after the expiration of the notice period
  - 4) Subject to the Company's right to offset any amounts otherwise owed by the NGS to the Company, and following compliance by the NGS with all exit requirements, the Company will cash-out any gas supplies credited to the exiting NGS for its Customers which were not used by such Customers, as of the date the NGS ceases serving Customers on the Company's system, by paying the exiting NGS for such gas supplies at a price of eighty percent (80%) of the Company's Average Commodity Cost of Purchased Gas during the months of April through October. The NGS shall pay any costs incurred by Peoples TWP LLC as a result of the NGS's failure to provide sufficient advance notice of intent to exit.

### W. Commission Rules and Regulations Applicable to NGS

The NGS and its Customers shall adhere to all applicable Commission policy statements, guidelines, rules and regulations, including but not limited to those related to standards for credit determination, security deposits, initiation and disconnection of service, disclosure of the terms of service, marketing, advertising and sales practices, and the privacy of Customer information. The NGS and its Customers shall also adhere to all provisions of this Tariff.

- X. Special Operating Conditions
  - 1) Maintenance Alerts
    - a. A Maintenance Alert (MA) is an announcement issued at the discretion of the Company which pertains to actual or pending events related to various physical connections to the Company's system. It shall be communicated via Electronic Bulletin Board ("EBB"), fax, e-mail or telephone, at the Company's option, with as much advance notice as reasonably possible and shall describe the circumstances of the MA. The MA shall also identify the affected area(s) on the Company's system and may require specific action by an NGS or Customer which schedules its own gas supplies.
  - 2) Operational Alerts
    - a. An operational alert (OA) may be called by the Company during periods of projected increases or decreases in system demand for natural gas or during any other operating circumstances which may cause system stress or threaten the pipeline storage and/or transportation capacity needed to maintain the Company's operating system. NGS and Customers which schedule their own gas supplies are expected to respond to the Company within 2 hours after the declaration of an OA, informing the Company of their intended action. An OA may be used to avoid an operational flow order, but shall not be a prerequisite to the issuance of an operational flow order.
    - b. The Company will communicate OAs via EBB, fax, e-mail, or telephone at its discretion, at least 24 hours in advance where possible. Every OA will include the following information:
      - i. Date of issuance and estimated duration
      - ii. Explanation of the reason(s) for the OA
      - iii. Description of requested action
    - c. The Company shall maintain a record of every OA notice issued, and the names of every person given the OA notice. The Company shall notify affected parties via EBB, fax, e-mail or telephone once the condition which prompted the OA has been remedied.
  - 3) Operational Flow Orders
    - a. Upon declaration of an operational flow order (OFO), the Company will direct any or all NGS and Customers which schedule their own gas supplies to adjust daily scheduled volumes to specified levels. Generally, during peak design day conditions, this specified level will be equal to the maximum requirements set forth in the applicable Transportation Service Agreements. Should conditions be greater or less than peak design day conditions, the specified level of the OFO may be greater or less than the maximum contract volumes.
    - b. The Company will communicate OFOs by EBB, telephone, fax, or e-mail at its discretion.
    - c. If, after the declaration of an OFO, a difference exists between the specified levels of daily scheduled volumes required by an OFO and actual deliveries to the Company, the following penalties and charges will be assessed against any NGS or Customer who has failed to comply with the requirements of the OFO:
      - i. In the case where the difference constitutes an Under-Delivery, the higher of One Hundred (\$100.00) Dollars per Mcf on the difference or the Company's cost of acquiring gas to replace said difference;
      - ii. In the case where the difference constitutes an Over-Delivery, a penalty of One Hundred (\$100.00) Dollars per Mcf on the difference.
      - iii. The payment of all other charges incurred by the Company during the effective date or dates of the OFO that result from the NGS's or Customer's failure to comply with the OFO, including a proportionate share of any pipeline penalties that are incurred by the Company as a result of said failure to comply.

### Y. Nomination Procedures

- 1) Nomination of Gas Supplies Delivered on Interstate Pipelines
  - a. With respect to FT and FS capacity that is assigned to an NGS by the Company to serve Priority Customers, the NGS shall nominate gas volumes to the Interstate Delivery Point(s) on the subject interstate pipeline in accordance with the applicable rules of nomination of the affected interstate pipeline(s). Upon receipt of notice of such nomination, the Company will confirm or reject said nominations, as described below, and, if confirmed, nominate corresponding volumes to the Receipt Point(s) at an appropriate interstate pipeline interconnection with the Company's system.
  - b. With respect to all other interstate pipeline transportation service capacity that any Customer which schedules its own supplies may acquire or that an NGS may acquire and use to deliver gas supplies to the Company to serve its Customers, such Customer or NGS shall nominate the gas volumes to the Receipt Point(s) at an appropriate interstate pipeline interconnection with the Company's system.
  - c. 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 or Customer's name; the requested daily local gas volume to be received at the applicable Receipt Points, and the name of the NGS or Customer's nominations contract.
  - d. Nominations shall be transmitted to the Company by the Company's EBB or other media as directed by the Company and shall be received by the Company by the dates and times specified by the Company. Subject to the limits of the Company's operating conditions and facilities, previously confirmed nominations and timely confirmation by interstate pipelines, the Company will either confirm, in whole or in part, or reject the nomination. Confirmed nominations will be posted on the Company's EBB or made available on other media at the Company's discretion.
  - f. Confirmed nominations will become effective on the date specified in the nomination.
- 2) Nomination of Local Gas Supplies
  - a. No later than five days prior to the end of each month, the Company will set a Gross Production Projection (GPP) nomination for the following month for the metering stations identified in the agreement or other point of interconnection into the Company's System. The initial GPP nomination shall be based on recent available production data but may be subject to adjustment by the Company to reflect known and anticipated production changes provided (within two days) by the NGS or Local Gas Aggregator and confirmed by the Company. The confirmed volumes will be used for reconciling local gas nominations and actual production.
  - b. The NGS or Local Gas Aggregator may request to change its GPP 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.
  - c. Confirmed GPP nominations will be credited to NGS's or Local Gas Aggregator's account on the date specified in the GPP nomination. When actual local gas aggregation volumes delivered into the Company are known, any discrepancies between actual and GPP nominations volumes will be reconciled, in the first full calendar month following the determination of actual local gas aggregation volumes (the "Adjustment Month").
    All local gas volumes received for the NGS's or Customer's account at Receipt Points on the Company's system, as specified in the applicable Transportation Service Agreement, shall be nominated by the NGS or the Cumpany's FPR or other media as the Cumpany directed by the NGS

system, as specified in the applicable Transportation Service Agreement, shall be nominated by the NGS or the Customer to the Company by the Company's EBB or other media as the Company directs by the dates and times specified by the Company.

d. 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 NGS's or Local Gas Aggregator's monthly available volume or by other methods as made available by the Company, including, but not limited to, selling or purchasing additional supplies, transferring gas in storage, or pool-to-pool transfer.

(C) Indicates Change.

- e. In the event that a pool ceases its existence and due to this, a negative imbalance results, the pool will be (C) cashed out at the first of the month IFERC DTI Appalachia Index.
- f. Unless otherwise agreed upon by the Company, monthly volumes delivered out of the pool must be baseloaded proportionately with regard to the number of days in the month. (C)

(C) Indicates Change.

- 3) Nomination of Transferred Volumes on the Company's System
  - a. A NGS may nominate gas to another NGS that balances on the same basis during the month. A LGA pool may nominate gas to another LGA pool. These transfers are considered pool-to-pool transfers.
  - b. A NGS operating a Non-Priority One Pool may nominate gas to another NGS of the same type during the four day trade period provided by the Company. This transfer is considered an imbalance trade. (This provision is terminated effective 3/31/17.)
- (C)
- c. The NGS or LGA pool must nominate on the Company's EBB, or on other media as directed by the Company, the volumes to be transferred on the Company's system. Said nomination shall include, at minimum, the NGS's or Customer's name, the volume of gas to be transported, the Receipt Point for such volume on the Company's system and the Delivery Point on the Company's system.
- d. Such nominations shall be made by the dates and times specified by the Company and must conform, in content and format, with the Company's specifications for pool-to-pool volume nominations.
- e. Subject to the limits of the Company's operating conditions and facilities, and the reasonableness of the NGS nomination, as determined solely by the Company, the Company will either confirm, in whole or in part, or reject the nomination. Confirmed gas volumes to be transferred will be posted on the Company's EBB or made available on other media at the Company's discretion.

### Z. Gas Day

1) The Gas Day shall begin and end at 10:00 a.m. Eastern Standard Time or Daylight Savings Time, as applicable.

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## **RULES AND REGULATIONS (Continued)**

#### AA. Standards of Conduct

- 1) The following Standards of Conduct shall be applicable:
  - a. The Company will apply its Tariff in a nondiscriminatory manner to both affiliated and nonaffiliated NGS.
  - b. The Company will not apply a Tariff provision in any manner that would give its affiliated NGS an unreasonable preference over any other NGS with regard to matters such as scheduling, balancing, transportation, storage, curtailment, capacity release and assignment, non-delivery, or any other services provided to NGS operating on the Company's system.
  - c. Mandatory Tariff provisions will not be waived by the Company for any NGS without prior approval of the Commission.
  - d. If a Tariff provision is not mandatory or provides for waivers, the Company will grant waivers, when appropriate, without preference to either affiliated or non-affiliated NGS.
  - e. The Company will 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 will be open for public inspection during normal business hours.
  - f. The Company will process requests for transportation services promptly and in a nondiscriminatory fashion. It will maintain a chronological log showing the processing of requests for transportation services. The chronological log will be open for public inspection during normal business hours.
  - g. If the Company provides a transportation service discount, fee waiver or rebate to some Customers, or to the Customers of an affiliated NGS, the Company will offer the same discount, fee waiver or rebate to other similarly situated Customers. Offers will not be tied to any unrelated service, incentive or offer on behalf of either the Company or an affiliated NGS. A chronological log will be maintained showing the date, party, time and rationale for any such action taken by the Company. The chronological log will be open for public inspection during normal business hours.
  - h. Subject to Customer privacy or confidentiality constraints, the Company will not disclose, directly or indirectly, any Customer proprietary information to its affiliated NGS unless authorized by the Customer. To the extent that the Company does disclose Customer information without Customer authorization, it will contemporaneously provide the same information to other similarly situated NGS 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 will be maintained showing the date, time and rationale for the disclosure. The chronological log will be open for public inspection during normal business hours.
  - i. The Company will justly and reasonably allocate to its affiliated NGS the costs of or expenses related to any general administration or support services that the Company provides to its affiliated NGS.
  - j. The Company will 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 an affiliated NGS.
  - k. The Company will not give its affiliated NGS preference over a non-affiliated NGS in the provision of services, including the processing of requests for information, complaints and responses to service interruptions. The Company will provide comparable treatment in its provision of such services without regard to a Customer's choice of NGS.
  - I. The Company and its affiliated NGS will maintain separate books and records. Further, transactions between the Company and its affiliated NGS will not involve cross-subsidies. Any shared facilities will be fully and transparently allocated between the Company function and the affiliated NGS function. The Company accounts and records will be maintained such that the costs incurred on behalf of an affiliated NGS can be clearly identified.

- m. Company employees who have responsibility for operating the distribution system, including natural gas delivery, billing and metering, will not be shared with an affiliated NGS, and their offices will be physically separated from the office(s) used by those working for the affiliated NGS. Such employees may transfer to an affiliated NGS provided that such transfer is not used as a means to circumvent these standards.
- n. Neither the Company nor its affiliated NGS will directly or by implication, falsely and unfairly represent to any Customer, NGS or third party that an advantage may accrue to any party through use of the Company's affiliates or subsidiary, such as:
  - That the regulated services provided by the Company are of a superior quality when services are also purchased from an affiliated NGS;
  - That any services are being provided by the Company when they are in fact being provided by an affiliated NGS;
  - That the natural gas purchased from a non-affiliated NGS may not be reliably delivered;
  - That natural gas must be purchased from an affiliated NGS to receive Commission regulated services.
- o. When an affiliated NGS markets or communicates to the public using the Company name or logo, it shall include a legible disclaimer that states:
  - That the affiliated NGS is not the Company;
  - That the prices of the affiliated NGS are not regulated by the Commission; and
  - That a Customer does not have to buy natural gas or other products from the affiliated NGS in order to receive the same quality of service from the Company.

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

- p. Except in competitive bid situations, the Company will not (a) jointly market or jointly package its Commission regulated services with the services of an affiliated NGS or (b) offer or provide to an affiliated NGS products or services, including bill inserts in its bills promoting an affiliated NGS service or a link from the Company's web-site, unless the Company offers or provides the product or service to nonaffiliated NGS as well on the same terms and conditions.
- q. The Company will not offer or sell natural gas commodity or capacity to an affiliated NGS without simultaneously making the offer available to the market as well. The Company will maintain a chronological log of these pubic disseminations of such offers. The chronological log will be open for public inspection during normal business hours.
- r. The Company will establish and file with the Commission a complaint procedure for dealing with any alleged violations of these standards, with the exception of those described in subparagraph i, which are exclusively under the purview of the Commission.
- s. The Company will keep a chronological log of any complaints, except for complaints pertaining to subparagraph i, regarding discriminatory treatment of NGS. This chronological log will include the date and nature of the complaint and the resolution of the complaint. The chronological log will be open for inspection during normal business hours.

- t. Dispute Resolution Procedures: In addition to the procedure set forth in subparagraph r., above:
  - In the event of any dispute between the Company and/or an affiliated NGS, and a non-affiliated NGS alleging a violation of any of these standards, the non-affiliated NGS must provide the Company and/or affiliated NGS, as applicable, a written Notice of Dispute that includes the names of the parties and Customer(s), if any, involved and a brief description of the matters in dispute.
  - Within five (5) days of the Company's and/or affiliated 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 the Company's and/or the affiliated NGS's receipt of the Notice of Dispute, the dispute shall be referred for mediation through the Commission's Office of Administrative Law Judge. Any party may request mediation prior to that time if it appears that the informal resolution process 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.
  - Any party alleging a violation of these standards may pursue their allegations through the Commission's established complaint procedures. A complainant bears the burden of proof with regard to the allegations and may seek penalties for such violations pursuant to 66 Pa. C.S. § 3301.
- 2) Natural gas supply service, any ancillary capacity release, and off-system sales, if any, that are provided by the Company pursuant to its Tariff shall not be subject to the foregoing Standards of Conduct.
- 3) Nothing contained in this Rule shall preclude the Company from seeking an exception to these Standards from the Commission, if warranted by the applicable facts and circumstances.

## 19. NATURAL GAS SUPPLIER RULES FOR SERVICE TO PRIORITY CUSTOMERS

A.. Procedures for Renewing and Acquiring FT and FS Capacity

The Company will comply with the following procedures when its Firm Transportation (FT) and/or Firm Storage (FS) capacity contracts expire and must be renewed or replaced, or when evaluating new transportation or storage service options that it has determined to be necessary to satisfy Customer demand requirements on the Company's system.

- 1) Procedure for Determining Replacement Capacity
  - a. For transportation or storage service capacity needed by the Company to satisfy system demand requirements, no less than six (6) months prior to the date by which the Company must notify an interstate pipeline of its intent to renew such a capacity contract or to enter into a new contract which will serve this purpose, the Company will issue a notice to all NGS authorized to operate on the Company's system of the opportunity to provide replacement capacity for such upcoming terminable capacity.
  - b. The RFP will describe the level of capacity needs in the specific areas of the Company's system and/or at particular Receipt Points into the Company's system and note that such capacity must be both available at a cost which is competitive with and comparable to the expiring capacity and assignable to the Company to the extent an NGS no longer serves Customers on the Company's system.
  - c. Any NGS interested in providing replacement capacity must provide a binding response to the RFP within thirty (30) days of its issue date (5 months prior to the notice date on the contract.) Such response shall include a statement of intent to provide replacement capacity, an identification of the capacity proposed as replacement, and an affirmation and a description of how such capacity meets all of the conditions specified in the RFP.
  - d. Within 60 days of issuing the RFP, (4 months prior to the notice date on the contract) the Company shall notify any NGS that has responded to the RFP with offers of replacement capacity, of the Company's decision as to the acceptance or rejection of such offers. Before becoming final, any such replacement capacity must be approved by the Commission.
  - e. Accepted offers of replacement capacity shall be submitted to the Commission by the Company for approval as soon as practicable after such acceptance. The Company reserves the right to provide evidence or statements to the Commission concerning the viability of such proposed replacement capacity. Upon receipt of Commission approval, the Company shall provide notice to the interstate pipeline of termination of the transportation or storage capacity contract which is being replaced. To the extent such replacement capacity is <u>not</u> approved by the Commission, the Company will renew the existing capacity contract.

- 2) Replacement Contract Expiration
  - a. Six (6) months before any applicable notice dates to terminate replacement capacity approved by the Commission and provided by the NGS under the process described above, the NGS must demonstrate to the Company that it has obtained or has a binding agreement to renew or obtain capacity which continues to meet the Company's requirements established for such capacity. If such NGS has not demonstrated to the Company's satisfaction that it has or will obtain capacity satisfying the Company's operational requirements, then the NGS must renew the original replacement capacity.
- 3) Company Contracts for New or Renewed Capacity
  - a. In the event the Company does not receive sufficient or acceptable commitments for replacement or new capacity which satisfies the capacity requirements of an RFP, the Company shall negotiate and contract for the necessary capacity to meet the Customer demand on its system. The Company shall submit such proposed new or renewed capacity to the Commission for approval. Upon receipt of Commission approval, such capacity so acquired or renewed shall qualify for mandatory assignment and/or full cost recovery.

### B. <u>Priority One Pooling Service</u>

- 1) Assignment of Capacity & Pennsylvania Produced Supplies
  - a. Pool Operators who take service under this rate schedule must take an assignment of a pro-rata or other agreed upon share of the interstate pipeline and storage capacity ("assigned capacity") that would otherwise be utilized by the Company to meet the Customer's commodity service requirements.
  - b. 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.
  - c. Capacity assignment requirements shall be subject to review in the Company's annual Section 1307(f) proceeding.

- d. Pennsylvania gas produced from wells under gas purchase contracts for sale to the Company and for ultimate delivery into the Company's system may be assigned to the NGS as agent for the Customers of the 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 the Customer expires, or as otherwise provided in this Rule.
- e. Assigned Pennsylvania-produced supplies shall be recallable by the Company if the Customer on whose behalf the capacity has been assigned is no longer served by the NGS or the NGS has failed to comply with terms and conditions as set forth by the Company.
- f. NGS will be assigned a pro-rata share of the Company's upstream pipeline firm transportation capacity and a pro-rata share of the Company's upstream pipeline storage capacity that would otherwise be utilized by the Company to serve the Customers in the NGS's pool. The assignment shall be structured as a no cost release to the NGS.
- g. A storage gas transfer between the Company and the Priority One NGS may be required by the Company depending on the timing of Customers entering or exiting the NGS's Priority One pool.
- h. The storage gas transfer price shall be based on a pro-rata share of the Company's current storage inventory and the Company's estimated commodity cost of storage gas for the year.
- i. The NGS must comply with all upstream pipeline requirements to become an eligible shipper on the upstream pipeline system.
- j. The upstream pipeline and storage transportation capacity released shall be recallable by the Company if the Customer on whose behalf the capacity has been assigned is no longer served by the NGS or the NGS has failed to comply with terms and conditions set forth in this Rule. The Company will calculate the design peak day, base load, peak demand period, and annual gas requirements for all Customers who enroll in the Customer Choice Program and are served by NGS and such requirements will be aggregated for each Customer Pool.

- 2) Receipt and Delivery Points
  - a. NGS or their Customers receiving service under the Company's Priority One Pooling Service will be assigned Receipt Points and Delivery Points on the interstate pipelines on which they have been assigned FT and allocated FS capacity.
  - b. Receipt Points for any Supplemental Gas Supply delivered to the Company by an NGS or Customer will be approved by the Company and described in the applicable Transportation Service Agreement.
- 3) Scheduling of Receipts and Deliveries
  - a. For purposes of scheduling receipts and deliveries of gas on the Company's system, NGS serving Priority Customers shall function as Pool Operators and comply with Rule No. 18 of this Tariff.
  - 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 provided in Rule 18.Y. Nominations shall distinguish among the following volumes delivered into 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.
  - c. 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 Rule 18.Y.
  - d. The NGS must acquire an adequate supply of natural gas of a quality acceptable to the Company, including any allowances for any retention required by the applicable interstate pipeline systems and the Company. The NGS shall use its assigned FT capacity to deliver such gas supply to the Receipt Points and Delivery Points specified by the Company. The NGS must also arrange for the delivery of any Supplemental Gas Supply.
- 4) Nominations
  - a. NGS shall be subject to the nomination provisions set forth in Rule No. 18.Y. of this Tariff.
- 5) Balancing and Reconciliation
  - a. NGS shall be subject to the balancing and reconciliation provisions set forth in Rule No. 18.M. of this Tariff.

#### 20. NATURAL GAS SUPPLIER RULES FOR SERVICE TO NON-PRIORITY CUSTOMERS

- A. Non-Priority One Transportation Service
  - 1) Capacity and Supply Considerations
    - a. NGS serving Customers under the Company's Non-Priority One Pooling Service will not be allocated or assigned any interstate pipeline capacity. The NGS will be required to provide its own capacity on the interstate pipelines to deliver gas supplies to the Company or purchase local Pennsylvania gas supplies that are accessible to the Company's pipeline system. To the extent that an NGS serves any Customer which is normally supplied by the Company with Pennsylvania gas ("Pa. Supply Customers"), and taking into account the Company's overall gas supply needs and relevant contractual considerations, the Company will evaluate whether it is feasible and appropriate to assign or release Pennsylvania gas supplies to NGS and/or release Pennsylvania gas producers from their contracts to permit NGS to attempt to purchase gas from the producers. If a Pennsylvania gas producer has one or more gas purchase agreements dedicated to the Company's system supply ("Supply Contracts") and intends to provide natural gas to a Pa. Supply Customer of the Company as an NGS, or to an NGS which will, in turn, supply such Customer, then the Company shall assign or release to such producer or NGS that producer's Supply Contracts sufficient to serve such Customer if all relevant contractual issues can be satisfactorily resolved.
    - b. If the Non-Priority One NGS supplies Priority One Customers with a total annual consumption greater than 30,000 Mcf, then the Non-Priority One NGS shall establish a separate Priority One Pool for these Customers or eliminate sufficient Priority One Customers from the Non-Priority One Pool to reduce the total annual consumption by the Priority One Customers to an amount less than 30,000 Mcf.
  - 2) Receipt and Delivery Points
    - a. The Company shall determine acceptable Receipt Points on the Company's pipeline system in conjunction with the physical or operational constraints of the system.
    - b. If the Receipt Point is an interstate pipeline interconnection, the Company will approve the receipt point only if there is sufficient capacity that is physically available and unused. Available and unused capacity at interstate pipeline interconnections will be apportioned on a pro-rata basis. Physical capacity for deliveries on behalf of Priority Customers using the Company's released or assigned FT and allocated FS capacity under the Customer Choice Program or receiving bundled retail tariff service from the Company will have the first priority of all gas delivered to an interstate pipeline interconnection with the Company's system.
    - c. Assignment of available Receipt Points on the Company's system to receive delivery of local Pennsylvania gas supplies will be made by gas purchase meter on a first-come, first-served basis.
  - 3) Nominations
    - a. NGS shall be subject to the nomination provisions set forth in Rule No. 18.Y. of this Tariff.
  - 4) Balancing and Reconciliation
    - a. Balancing and Reconciliation will be done monthly in accordance with Rule No. 18.M. of this Tariff.

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# RULES AND REGULATIONS (Continued)

#### B. <u>Miscellaneous</u>

 In addition to the terms and conditions of this Rule No. 20 and all applicable Transportation Service Agreements, NGS serving Non-Priority Customers shall be subject to the requirements of 52 PA Code, Section 62.111 and to Rule No. 18. of this Tariff; provided, however, that the Company reserves the right to reduce the creditworthiness and security requirements with regard to any NGS which is serving only Non-Priority Customers.

This Rule will be available to Non-Priority Customers, which procure their own gas supply without the use of an NGS. Any such Customer will be deemed an NGS for purposes of this Rule.
## RULES AND REGULATIONS (Continued)

#### 21. UNIVERSAL SERVICE PROGRAMS FOR LOW-INCOME RESIDENTIAL PRIORITY CUSTOMERS

The Company's Universal Service Programs include the Customer Assistance Referrals and Evaluation Services ("CARES") program, the Dollar Energy Fund program, the Low Income Home Energy Assistance Program ("LIHEAP"), and the Customer Assistance Program ("CAP"). The Company's energy conservation and related services are provided by means of its Wise Choice Low Income Usage Reduction ("Wise Choice") program. A thorough description of the Company's current Universal Service and Energy Conservation Plan (the "Plan") is on file with the Commission. A copy of said Plan is available from the Company upon request.

## A. Customer Assistance Referrals and Evaluation Services

The Company's CARES program was developed as part of the Company's continuing effort to organize and offer assistance to its Customers. The CARES program is designed to give personalized assistance to Customers through counseling and referral services provided by trained Customer Service Representatives employed by the Company and supported by a CARES Representative provided by an outside vendor. CARES is also intended to help maximize participation by eligible Customers in available assistance programs, including the LIHEAP (Cash and Crisis), Dollar Energy Fund, Wise Choice, and CAP programs.

#### B. <u>Wise Choice Low Income Usage Reduction Program</u>

The Company's Wise Choice program is a weatherization and conservation education program which targets lowincome, high usage, payment troubled Customers in accordance with Commission regulations at 52 PA Code §58.1 – §58.18. The primary role of Wise Choice is to weatherize homes occupied by income disadvantaged Customers that use large volumes of gas and to educate such Customers in ways to conserve energy and reduce their energy bills. The secondary goal is to reduce the amount of uncollectible residential accounts.

- A thorough description of the Wise Choice program operation including the participation guidelines is contained in the Company's Universal Service and Energy Conservation Plan currently in effect and on file with the Commission.
- 2) The annual expenditure of the Wise Choice program is \$255,000, of which 15% (fifteen percent) can be applied to administrative services.

#### C. Customer Assistance Program ("CAP")

The Company's CAP is a low-income assistance program designed to help eligible residential Customers pay their gas bills. Three different levels or tiers of assistance are available to eligible Customers, based on their annual household income. CAP assistance is provided by requiring eligible residential Customers to make payments under a percentage of income plan. The Company will retire one thirty-sixth (1/36) of a Customer's existing arrearage balance for every on-time monthly payment made by the Customer. In addition, the Customer will be required to make an additional five dollar (\$5.00) per month payment if the Customer has an arrearage until the arrearage is paid in full. The Company will require a minimum monthly payment of twenty five (\$25.00) per month. Note that because a portion of the CAP benefit is an arrearage reduction component, eligible low-income Customers with an account arrearage of at least \$200 will be preferred, but a Customer is not required to have an arrearage to qualify for participation in the CAP program. No security deposits will be required of new, reconnected or reinstated CAP customers.

## **RULES AND REGULATIONS (Continued)**

1) a. Tier 1: Residential Customers with Annual Income at or Below 50% of Federal Poverty Level

Residential Customers with an annual income at or below fifty percent (50%) of the Federal Poverty Level will qualify for assistance as follows:

- A reduction in their bill for current usage in the form of required payments equivalent to four percent (4%) of their Household income, as set forth in Rate Schedule RUS – Residential Universal Service. (C), (D)
- ii. Eligible Customers will enter the program for a 36-month term, obtaining forgiveness for their outstanding arrearages by an amount equal to one thirty-sixth (1/36) of a customer's existing arrearage balance for every on-time monthly payment made by the customer. The customer will also be required to make an additional five dollar (\$5.00) per month payment until the arrearage is paid in full.
- iii. As noted above, Customers with outstanding arrearages will be preferred, but an arrearage is not a precondition to CAP program participation.
- iv. Low Income Heating Assistance Program (LIHEAP) benefits will be applied in accordance with the process approved by the Pennsylvania Department of Public Welfare. Dollar Energy and other assistance grants will also be used to offset the remainder of the participating Customer's bill.
- b. Tier 2: Residential Customers with Annual Income Between 51% and 100% of Federal Poverty Level

Residential Customers with an annual income more than fifty percent (50%) and up to and including one hundred percent (100%) of the Federal Poverty Level will qualify for assistance described below.

- i. A reduction in their bill for current usage in the form of required payments equivalent to five percent (C), (D) (5%) of their Household income, as set forth in Rate Schedule RUS Residential Universal Service.
- ii. Eligible Customers will enter the program for a 36-month term, obtaining forgiveness for their outstanding arrearages by an amount equal to one thirty-sixth (1/36) of a customer's existing arrearage balance for every on-time monthly payment made by the customer. The customer will also be required to make an additional five dollar (\$5.00) per month payment until the arrearage is paid in full.
- iii. As noted above, Customers with outstanding arrearages will be preferred, but an arrearage is not a precondition to CAP program participation.
- iv. Low Income Heating Assistance Program (LIHEAP) benefits will be applied in accordance with the process approved by the Pennsylvania Department of Public Welfare. Dollar Energy and other assistance grants will also be used to offset the remainder of the participating Customer's bill.

(C) Indicates Change.

(D) Indicates Decrease

# **RULES AND REGULATIONS (Continued)**

Tier 3: Residential Customers with Annual Income from 101% to 150% of Federal Poverty Level

Residential Customers with an annual income of more than one hundred percent (100%) and up to and including one hundred fifty percent (150%) of the Federal Poverty Level will qualify for a program of assistance as follows:

- A reduction in their bill for current usage in the form of required payments equivalent to six percent (C),(D) (6%) of their Household income, as set forth in Rate Schedule RUS Residential Universal Service.
- ii. Eligible Customers will enter the program for a 36-month term, obtaining forgiveness for their outstanding arrearages by an amount equal to one thirty-sixth (1/36) of a customer's existing arrearage balance for every on-time monthly payment made by the customer. The customer will also be required to make an additional five dollar (\$5.00) per month payment until the arrearage is paid in full.
- iii. As noted above, Customers with outstanding arrearages will be preferred, but an arrearage is not a precondition to CAP program participation.
- iv. Low Income Heating Assistance Program (LIHEAP) benefits will be applied in accordance with the process approved by the Pennsylvania Department of Public Welfare. Dollar Energy and other assistance grants will also be used to offset the remainder of the participating Customer's bill.
- 2) The Company's collections treatment of non-payment by CAP program participants shall conform to the requirements of all applicable Commission regulations and statutory requirements.

## 22. CHANGES OF RULES AND REGULATIONS

The Company reserves the right to modify, alter or amend the foregoing Rules and Regulations and to make such further and other Rules and Regulations as experience may suggest or the Company may deem necessary or convenient in the conduct of its business; provided, however, that such modifications, alterations or amendments shall not become effective unless and until included in this Tariff.

(C) Indicates Change.

(D) Indicates Decrease

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## **RATE SCHEDULES RS/RS-T – RESIDENTIAL SALES AND TRANSPORTATION SERVICES**

## **RETAIL SERVICE**

AVAILABILITY – Available in the entire territory served to any Residential Customer.

<u>RATES –</u>	Customer Service Charge:	\$15.75	per billing period
	Volumetric Delivery Rate:	See Tariff	Page Nos. 12

**Base Cost of Gas** – is comprised of the following components (i) the Demand Charge Costs associated with the Company's purchase of firm transportation and firm storage services; (ii) the Commodity Gas Supply Costs (the sum of (i) and (ii) being the 'C' Factor) and (iii) the experienced net overcollection or undercollection of all purchased gas costs (or 'E' Factor), for the period established by the Commission. The currently effective Base Cost of Gas per Mcf is shown on Tariff Page No. 12.

\* Rider DSIC additionally applies to the Customer Service Charge listed above.

#### TRANSPORTATION SERVICE

<u>AVAILABILITY</u> – Available in the entire territory served to any Residential Customer. The gas supply for each Customer must enter the Company's system at a city gate(s) currently used by the Company to serve the Customer unless otherwise permitted by the Company.

CHARACTER OF SERVICE – Transportation under this Rate Schedule shall be considered firm service.

 RATES –
 Customer Service Charge:
 \$15.75
 per billing period

 Volumetric Delivery Rate:
 See Tariff Page No. 13

Balancing Service Fee - The currently effective Balancing Fee per Mcf is shown on Tariff Page No. 13.

Retainage Charge – The currently effective Retainage Charge is shown on Tariff Page No. 13.

\*Rider DSIC additionally applies to the Customer Service Charge listed above.

MINIMUM CHARGE – The minimum bill per billing period shall be the Customer Service Charge noted above.

FINANCE CHARGE – If payment of bill has not been received within twenty (20) days from date of mailing, a finance charge of 1.25 percent per month will be added to the unpaid balance each month until the entire bill is paid.

<u>ADJUSTMENTS</u> – The above rates shall be subject to Rider PGC - Section 1307 (f) Purchased Gas Costs, Rider STA - State Tax Adjustment Surcharge, Rider TCS - Transition Costs Surcharge, Rider USP-Universal Service Program, Rider MFC – Merchant Function Charge, Rider GPC – Gas Procurement Charge, Rider ARC – Acquisition Rate Credit and Rider DSIC – Distribution System Improvement Charge as set forth in this Tariff.

<u>RULES AND REGULATIONS</u> – The Rules and Regulations set forth in this Tariff shall govern, where applicable, the gas service under this Rate Schedule.

(C) Indicates Change

# RATE SCHEDULE CUSTOMER ASSISTANCE PROGRAM – CAP

<u>APPLICABILITY</u> – Available to any qualified Residential Customer with annual income at or below one hundred-fifty percent (150%) of the Federal Poverty Level pursuant to Rule No. 21 who uses natural gas as their main heating source. Please refer to the Peoples TWP Universal Service Plan on file with the PUC, and posted on the company website, for a full description of the CAP program terms and conditions.

<u>RATES</u> – The Company will require customers to make payments under a percentage of income plan as set forth below. A minimum monthly payment amount of twenty-five dollars (\$25.00) is required

Tier 1 (0-50% of Federal Poverty Levels) – 4% of Household income (D)

Tier 2 (51-100% of Federal Poverty Levels) – 5% of Household income (D)

Tier 3 (101-150% of Federal Poverty Levels) – 6% of Household income **(D)** 

In addition to the payments listed above CAP customers with an existing arrearage will be required to make a five dollar (\$5.00) per month payment against the existing arrearage until the arrearage is paid in full.

<u>SECURITY DEPOSITS</u> – CAP customers will not be charged security deposits.

LATE PAYMENT CHARGES – CAP customers will not be charged late payment charges.

### DEFAULT PROVISIONS -

## Provision for Customers' Nonpayment of CAP Budget Payments

A CAP Customer shall be considered in default after two consecutive missed CAP payments. The customer will remain in the CAP program but will be eligible for termination of service in compliance with provisions of this tariff and all laws and regulations regarding termination of service. The termination notice will reflect all missed CAP payments.

To avoid termination, a CAP Customer who has received a termination notice shall remit a catch-up payment as set forth in the termination notice prior to the scheduled termination date.

## Provisions for Customers Requesting Removal from CAP (C)

A Customer requesting removal from CAP must acknowledge that the Company will not re-enroll them into CAP within one year after the time of requested removal.

## <u>RE-CONNECT PROCEDURES</u> – (C)

#### **Re-Connect Procedures**

If a Customer's gas service was terminated due to non-payment, the Customer may be required to remit all missed CAP payments.

<u>ARREARAGE FORGIVENESS</u> – The Company will retire one thirty-sixth (1/36) of a Customer's arrearage balance for every monthly payment made by the Customer.

(C) Indicates Change.

(D) Indicates Decrease.

### PILOT EXTENDED CUSTOMER ASSISTANCE PROGRAM (E-CAP)

This Rate is established as a Pilot and will close for new participation three years after this rate is approved by the Commission. All provisions of Rate CAP will additionally apply to participants of E-CAP.

## AVAILABILITY

Rate E-CAP is a program designed to enroll residential ratepayers who satisfy the criteria set forth below.

a.Ratepayer of the Company, using natural gas for space heating, who has a significant delinquent balance, broken payment arrangement, termination notice or lack of utility service.

b. Annual income verified annually as being between 151 and 200 percent of the federal poverty level.

c.Agreement by ratepayer to apply for any other energy assistance programs, if available, as referred to by the Company and before enrolling in E-CAP.

### RATE TABLE

Ratepayers will pay 11% of their monthly income as their E-CAP Payment. If the ratepayer's monthly E-CAP payment exceeds the otherwise applicable monthly budget payment amount, the monthly budget payment amount will be accepted as the E-CAP payment. **(C)** 

#### PAYMENTS TOWARD ARREARAGE

In addition to the ratepayer's obligation under the Rate Table above, the ratepayer also shall make payments of \$5 per month toward any pre-program arrearage.

#### SURCHARGES

All riders are applicable to this tariff, as would otherwise be applicable to Rate RS, with the exception of Rider USPF.

## LATE-PAYMENT CHARGES

No late-payment charges shall be applied to arrearages existing at the time the ratepayer begins receiving service under Rate Schedule E-CAP. Late-payment charges will not b0e applied during participation in the E-CAP program.

(C) Indicates Change.

# **RATE SCHEDULE SGS – SMALL GENERAL SERVICE**

<u>AVAILABILITY</u> – Available in the entire territory served to any commercial or industrial Customer using less than 1,000 Mcf annually.

<u>RATES</u> –	Customer Service Charges:	\$35.00	per billing period applicable to Customers with annual throughput of less than 500 Mcf
		\$65.00	per billing period applicable to Customers with annual throughput of 500 Mcf to 999 Mcf
	Volumetric Delivery Rate:	See Tai 12	riff Page No.

**Base Cost of Gas –** is comprised of the following components (i) the Demand Charge Costs associated with the Company's purchase of firm transportation and firm storage services; (ii) the Commodity Gas Supply Costs (the sum of (i) and (ii) being the 'C' Factor) and (iii) the experienced net overcollection or undercollection of all purchased gas costs (or 'E' Factor), for the period established by the Commission. The currently effective Base Cost of Gas per Mcf is shown on Tariff Page No. 12.

\*Rider DSIC additionally applies to the Customer Service Charge listed above.

MINIMUM CHARGE – The minimum bill per billing period shall be the applicable Customer Service Charge noted above.

<u>CUSTOMER SERVICE CHARGE DETERMINATION</u> – The Customer Service Charge will be determined based upon the Customer's actual throughput volumes, including purchases and transportation during the most recent calendar year. If a Customer does not have sufficient consumption history to determine its Customer Service charge based on a calendar year, the Customer Service Charge will be developed by annualizing the consumption history available. In the instance where a Customer has no consumption history, the Company will request the Customer to submit estimated annual gas requirements. The Company in all cases retains the right to review and modify the Customer's estimate where necessary. A Customer's Customer Service Charge will remain constant annually, subject to change January 1 of each year. The Company reserves the right, at its discretion, to waive or reduce the otherwise applicable Customer Service Charge in circumstances where a single Customer requires multiple meters.

<u>FINANCE CHARGE</u> – If payment of bill has not been received within fifteen (15) days from the date of mailing, a finance charge of 1.50 percent per month will be added to the unpaid balance each month until the entire bill is paid.

<u>ADJUSTMENTS</u> – The above rates shall be subject to Rider PGC - Section 1307 (f) Purchased Gas Costs, Rider STA - State Tax Adjustment Surcharge, Rider TCS - Transition Costs Surcharge, Rider GPC – Gas Procurement Charge, Rider MFC - Merchant Function Charge, Rider GPC – Gas Procurement Charge, Rider DSIC – Distribution System Improvement Charge as set forth in this Tariff.

<u>RULES AND REGULATIONS</u> – The Rules and Regulations set forth in this Tariff shall govern, where applicable, the gas service under this Rate Schedule.

# **RATE SCHEDULE MGS – MEDIUM GENERAL SERVICE**

<u>AVAILABILITY</u> – Available in the entire territory served to any commercial or industrial Customer with a minimum annual usage of at least 1,000 Mcf but less than 25,000 Mcf.

<u>RATES</u> – Customer Service Charges:	\$75.00	per billing period applicable to Customers with annual throughput of 1,00 Mcf to 2,499 Mcf
	\$175.00	per billing period applicable to Customers with annual throughput of 2,500 Mcf to 24,999 Mcf

Volumetric Delivery Rate: See Tariff Page No. 12

**Base Cost of Gas** – is comprised of the following components (i) the Demand Charge Costs associated with the Company's purchase of firm transportation and firm storage services; (ii) the Commodity Gas Supply Costs (the sum of (i) and (ii) being the 'C' Factor) and (iii) the experienced net overcollection or undercollection of all purchased gas costs (or 'E' Factor), for the period established by the Commission. The currently effective Base Cost of Gas per Mcf is shown on Tariff Page No. 12.

\*Rider DSIC additionally applies to the Customer Service Charge listed above.

MINIMUM CHARGE – The minimum bill per billing period shall be the applicable Customer Service Charge noted above.

<u>CUSTOMER SERVICE CHARGE DETERMINATION</u> – The Customer Service Charge will be determined based upon the Customer's actual throughput volumes, including purchases and transportation during the most recent calendar year. If a Customer does not have sufficient consumption history to determine its Customer Service charge based on a calendar year, the Customer Service Charge will be developed by annualizing the consumption history available. In the instance where a Customer has no consumption history, the Company will request the Customer to submit estimated annual gas requirements. The Company in all cases retains the right to review and modify the Customer's estimate where necessary. A Customer's Customer Service Charge will remain constant annually, subject to change January 1 of each year. The Company reserves the right, at its discretion, to waive or reduce the otherwise applicable Customer Service Charge in circumstances where a single Customer requires multiple meters.

<u>FINANCE CHARGE</u> – If payment of bill has not been received within fifteen (15) days from the date of mailing, a finance charge of 1.50 percent per month will be added to the unpaid balance each month until the entire bill is paid.

<u>ADJUSTMENTS</u> – The above rates shall be subject to Rider PGC - Section 1307 (f) Purchased Gas Costs, Rider STA - State Tax Adjustment Surcharge, Rider G – Gas Procurement Charge, Rider TCS - Transition Costs Surcharge, Rider GPC – Gas (C) Procurement Charge and Rider DSIC – Distribution System Improvement Charge as set forth in this Tariff.

<u>RULES AND REGULATIONS</u> – The Rules and Regulations set forth in this Tariff shall govern, where applicable, the gas service under this Rate Schedule.

(C) Indicates Change

# RATE SCHEDULE LGS – LARGE GENERAL SERVICE

AVAILABILITY - Available in the entire territory served to any eligible Customer that consumes more than 25,000 Mcf.

- <u>RATES</u> **Customer Service Charge:** \$800.00 per billing period applicable to Customers with annual throughput of 25,000 to 49,999 Mcf.
  - \$1,500.00 per billing period applicable to Customers with annual throughput of 50,000 to 99,999 Mcf.
  - \$5,000.00 per billing period applicable to Customers with annual throughput of 100,000 to 199,999 Mcf.
  - \$7,500.00 per billing period applicable to Customers with annual throughput over 200,000 Mcf.

Volumetric Delivery Rate: See Tariff Page No. 12

**Base Cost of Gas –** is comprised of the following components (i) the Demand Charge Costs associated with the Company's purchase of firm transportation and firm storage services; (ii) the Commodity Gas Supply Costs (the sum of (i) and (ii) being the 'C' Factor) and (iii) the experienced net overcollection or undercollection of all purchased gas costs (or 'E' Factor), for the period established by the Commission. The currently effective Base Cost of Gas per Mcf is shown on Tariff Page No. 12.

\*Rider DSIC additionally applies to the Customer Service Charge listed above.

<u>MINIMUM CHARGE</u> – The minimum bill per billing period shall consist of the Customer Service Charge for such billing period and the other applicable charges for the minimum monthly volume noted above.

<u>OFF PEAK SERVICE</u> – Applicable where the Company has gas available for load balancing purposes and where the Customer agrees to take, or pay for if not taken, no less than 10,000 Mcf at any one delivery point during each of the months of May through September, inclusive. The sum of the Base Cost of Gas and the Volumetric Delivery Rate shall be applicable for all gas delivered and for all gas not taken and required to be paid for, and such Customer will also be required to pay the monthly Customer Service Charge set forth above. Accordingly, with respect to Off-Peak Service, the Minimum Charge provision set forth above shall not apply. The volumes to be made available, if any, for retail gas service in other months shall be determined by the Company.

<u>CONTRACT TERMS AND CONDITIONS</u> – Any Customer electing to take gas service under this Rate Schedule shall do so by written contract providing for an initial minimum contract term of at least one (1) year and permitting termination after the agreed upon initial contract term by either party only after twelve (12) months' prior written notice to the other party. Such contract may also contain other terms and conditions as may be agreed upon by the parties.

FINANCE CHARGE – If payment of bill has not been received within fifteen (15) days from date of mailing, a finance charge of 1.50 percent per month will be added to the unpaid balance each month until the entire bill is paid.

<u>ADJUSTMENTS</u> – The above rates shall be subject to Rider PGC - Section 1307 (f) Purchased Gas Costs, Rider STA - State Tax Adjustment Surcharge, , Rider GPC – Gas Procurement Charge, Rider TCS - Transition Costs Surcharge, Rider GPC – (C) Gas Procurement Charge and Rider DSIC – Distribution System Improvement Charge as set forth in this Tariff.

<u>RULES AND REGULATIONS</u> – The Rules and Regulations set forth in this Tariff shall govern, where applicable, the gas service under this Rate Schedule.

<u>SPECIAL PROVISION</u> – Customers with an annual usage of 600,000 Mcf or more and which, absent this service would acquire, or has acquired, an alternative fuel source shall have a negotiated delivery rate on an individual contract basis not to exceed the Volumetric Delivery Rate under this Rate Schedule LGS – Large General Service. (C) Indicates Change

# **RATE SCHEDULE SGS-T – SMALL GENERAL SERVICE TRANSPORTATION SERVICE**

<u>AVAILABILITY</u> – Available in the entire territory served to any commercial or industrial Customer or group of such Customers in a Customer Pool that has a maximum annual usage less than 1,000 Mcf. The gas supply for each Customer must enter the Company's system at a city gate(s) currently used by the Company to serve the Customers unless otherwise permitted by the Company.

CHARACTER OF SERVICE – Transportation under this Rate Schedule shall be considered firm service.

<u>RATES</u> –	Customer Service Charges:	\$35.00	per billing period applicable to customers with annual throughput of less than 500 Mcf
		\$65.00	per billing period applicable to Customers with annual throughput of 500 Mcf to 999 Mcf
	Volumetric Delivery Rate:	See Tar	iff Page No. 13
	Balancing Service Foe - The	currently of	fective Balancing Fee per Mcf is shown on Tariff Page No

**Balancing Service Fee –** The currently effective Balancing Fee per Mcf is shown on Tariff Page No. 13.

Retainage Charge – The currently effective Retainage Charge is shown on Tariff Page No. 13.

\*Rider DSIC additionally applies to the Customer Service Charge listed above

<u>MINIMUM CHARGE</u> – The minimum bill per billing period shall be the applicable Customer Service Charge noted above.

<u>BALANCING SERVICE</u> – All Customers receiving service under this Rate Schedule are subject to Balancing in accordance with Rule No. 18.M. of this Tariff.

FINANCE CHARGE – If payment of bill has not been received within twenty (20) days from date of mailing, a finance charge of 1.50 percent per month will be added to the unpaid balance each month until the entire bill is paid.

<u>ADJUSTMENTS</u> – The above rates shall be subject to Rider PGC - Section 1307 (f) Purchased Gas Costs, Rider STA - State Tax Adjustment Surcharge, , Rider TCS - Transition Costs Surcharge, Rider ARC – Acquisition Rate Credit and Rider DSIC – Distribution System Improvement Charge as set forth in this Tariff.

<u>RULES AND REGULATIONS</u> – The Rules and Regulations set forth in this Tariff shall govern, where applicable, the transportation service under this Rate Schedule.

#### (C) Indicates Change

## RATE SCHEDULE MGS-T- MEDIUM GENERAL SERVICE TRANSPORTATION SERVICE

<u>AVAILABILITY</u> – Available in the entire territory served to any individual commercial or industrial Customer with a minimum annual usage of at least 1,000 Mcf but less than the applicable minimum volumes under Rate Schedule LGS-T - Large General Service Transportation.

<u>CHARACTER OF SERVICE</u> – Transportation under this Rate Schedule shall be considered firm service to the extent gas is delivered to the Company equal to that used by the Customer.

<u>RATES</u> – Customer Service Charge	Customer Service Charges:	: \$75.00	per billing period applicable to Customers with annual throughput of 1,000 Mcf to 2,499 Mcf
		\$175.00	per billing period applicable to Customers with annual throughput of 2,500 Mcf to 24,999 Mcf

Volumetric Delivery Rate: See Tariff Page No.13

Balancing Service Fee - The currently effective Balancing Fee per Mcf is shown on Tariff Page No. 13.

Retainage Charge - The currently effective Retainage Charge is shown on Tariff Page No. 13.

\*Rider DSIC additionally applies to the Customer Service Charge listed above

MINIMUM CHARGE – The minimum bill per billing period shall be the applicable Customer Service Charge noted above.

BALANCING SERVICE – All Customers receiving service under this Rate Schedule are subject to Balancing in accordance with Rule No. 18.M. of this Tariff.

<u>CONTRACT TERMS AND CONDITIONS</u> – Any Customers electing to take gas service under this Rate Schedule shall do so by written contract providing for an initial minimum contract term of at least one (1) year and permitting termination after the agreed upon initial contract term by either party only after twelve (12) months' prior written notice to the other party. Such contract may also contain other terms and conditions as may be agreed upon by the parties.

<u>FINANCE CHARGE</u> – If payment of bill has not been received within twenty (20) days from date of mailing, a finance charge of 1.50 percent per month will be added to the unpaid balance each month until the entire bill is paid.

<u>ADJUSTMENTS</u> – The above rates shall be subject to Rider PGC - Section 1307 (f) Purchased Gas Costs, Rider STA - State Tax Adjustment Surcharge, , Rider TCS - Transition Costs Surcharge and Rider DSIC – Distribution System Improvement Charge as set forth in this Tariff.

(C)

<u>RULES AND REGULATIONS</u> – The Rules and Regulations set forth in this Tariff shall govern, where applicable, the transportation service under this Rate Schedule.

(C) Indicates Change

## **RATE SCHEDULE LGS-T – LARGE GENERAL SERVICE TRANSPORTATION SERVICE**

<u>AVAILABILITY</u> – Available in the entire territory served to any eligible Customer with a minimum annual usage of at least 25,000 Mcf.

<u>CHARACTER OF SERVICE</u> – Transportation under this Rate Schedule shall be considered firm service to the extent gas is delivered to the Company equal to that used by the Customer.

<u>RATES</u> –	ATES – Customer Service Charge:		per billing period applicable to Customers with annual throughput of 25,000 to 49,999 Mcf.
		\$1,500.00	per billing period applicable to Customers with annual throughput of 50,000 to 99,999 Mcf.
		\$5,000.00	per billing period applicable to Customers with annual throughput of 100,000 to 199,999 Mcf.
		\$7,500.00	per billing period applicable to Customers with annual throughput in excess of 200,000 Mcf.
	Volumetric Delivery Rate:	See Tariff Pa	age No. 13 .

Balancing Service Fee - The currently effective Balancing Fee per Mcf is shown on Tariff Page No. 13.

Retainage Charge - The currently effective Retainage Charge is shown on Tariff Page No. 13.

\*Rider DSIC additionally applies to the Customer Service Charge listed above

MINIMUM CHARGE – The minimum bill per billing period shall be the applicable Customer Service Charge noted above.

BALANCING SERVICE – All Customers receiving service under this Rate Schedule are subject to Balancing in accordance with Rule No. 18.M. of this Tariff.

<u>CONTRACT TERMS AND CONDITIONS</u> – Any Customers electing to take gas service under this Rate Schedule shall do so by written contract providing for an initial minimum contract term of at least one (1) year and permitting termination after the agreed upon initial contract term by either party only after twelve (12) months' prior written notice to the other party. Such contract may also contain other terms and conditions as may be agreed upon by the parties.

FINANCE CHARGE – If payment of bill has not been received within fifteen (15) days from date of mailing, a finance charge of 1.50 percent per month will be added to the unpaid balance each month until the entire bill is paid.

<u>ADJUSTMENTS</u> – The above rates shall be subject to Rider PGC - Section 1307 (f) Purchased Gas Costs, Rider STA - State Tax Adjustment Surcharge, Rider TCS - Transition Costs Surcharge and Rider DSIC – Distribution System Improvement Charge as set forth in this Tariff.

(C)

<u>RULES AND REGULATIONS</u> – The Rules and Regulations set forth in this Tariff shall govern, where applicable, the transportation service under this Rate Schedule.

<u>SPECIAL PROVISION</u> – Customers with an annual usage of 600,000 Mcf or more and which, absent this service would acquire, or has acquired, an alternative fuel source shall have a negotiated delivery rate on an individual contract basis not to exceed the Volumetric Delivery Rate under Rate Schedule LGS – Large General Service.

(C) Indicates Change

ISSUED: September 30, 2016

# RATE SCHEDULE FTS – FIELD TRANSPORTATION SERVICE

<u>AVAILABILITY</u> – This service is available to any Pennsylvania gas producer or Supply Aggregator (hereinafter referred to as "FTS User") which has executed a Field Transportation Service Agreement (the "Service Agreement") for the field transportation of a minimum monthly volume of 9,000 Mcf of natural gas production to be injected from gas wells directly into the Company's gathering or transmission system at points designated by the Company for delivery to specified points of interconnection between the Company's gathering or transmission system and an interstate pipeline or another local distribution company, provided that the FTS User shall be subject to, and shall comply with, the other applicable provisions of this Rate Schedule. Any additional facilities needed to provide service to a Customer under this Rate Schedule will be paid for by the Customer receiving such service.

<u>CHARACTER OF SERVICE</u> – Transportation service under this Rate Schedule and Customer classification shall be considered interruptible service on the Company's system.

RATES – Maximum Volumetric Delivery Rate: \$ 0.4777 per Mcf

**Retainage Charge –** The currently effective Retainage Charge is 5.95%.

(D)

<u>SPECIAL PROVISION</u> – The Volumetric Delivery Rate may be discounted on an individual contract basis but in no case will the negotiated rate exceed the Maximum Volumetric Delivery Rate under this Rate Schedule.

<u>FINANCE CHARGE</u> – If payment of bill has not been received within fifteen (15) days from date of mailing, a finance charge of 1.50 percent per month will be added to the unpaid balance each month until the entire bill is paid.

<u>ADJUSTMENTS</u> – The above rate shall be subject to Rider DSIC – Distribution System Improvement Charge as set forth in this Tariff.

<u>RULES AND REGULATIONS</u> – The Rules and Regulations set forth in this Tariff shall govern, where applicable, the transportation service under this Rate Schedule.

- (D) Indicates Decrease.
- (I) Indicates Increase.

## RATE GS – GATHERING SERVICE

### <u>AVAILABILITY</u>

Service under this rate schedule is available to any party desiring to deliver conventional well gas directly into the Company's system, provided that there exists: (1) a gas purchase agreement with the Company or an executed Rate GS Service Agreement; and (2) compliance with the provisions of this Rate Schedule and with all other provisions of this Tariff.

## <u>RATES</u>

All volumes of gas received at any point under this service will be subject to a 3.4% retainage rate. (I)

## <u>TERM</u>

The term for service shall be a minimum of one (1) year from the commencement of deliveries of gas supplies.

## CHARACTER OF SERVICE

The Company's only obligation under this Rate Schedule shall be to receive gas from any conventional well and to permit that gas to flow against the existing pressure in the Company's facilities. The Company shall not be obligated to lower such line pressure by compression or otherwise to accommodate receipts from local producers under this Rate Schedule.

Service under this Rate Schedule shall be subject to Operational Flow Orders pursuant to Section 18.X of the Rules and Regulations of this Tariff. Nothing in this Rate Schedule shall limit the Company's right to interrupt service or to take other action as may be required to alleviate conditions which threaten the integrity of its system.

(I) - Indicates Increase.

## RATE NGPV

## NATURAL GAS POWERED VEHICLES

#### AVAILABILITY

This rate schedule applies to use of natural gas retail or transportation service as a motor vehicle fuel to the operator of a public fueling station.

#### CHARACTER OF SERVICE

Retail or Transportation service provided to an operator of a public fueling station, shall be made pursuant to a contract for service under this rate schedule. If Transportation Service is provided hereunder, the applicable rules and delivery terms Transportation Service apply.

#### RATES

The contract may provide for a negotiated customer charge and either a fixed commodity charge or a methodology for determining the commodity charge.

If retail service is provided hereunder, the negotiated rate shall be no lower than the Company's average cost of gas, as determined from the Company's Section 1307(f) gas cost calculation. Any gas cost revenue collected as a result of providing retail service under this rate schedule will be reflected in the company's 1307(f) mechanism.

Gas purchased under this rate schedule shall be separately metered and not used interchangeable with gas purchased under any other schedule.

<u>FINANCE CHARGE</u> – If payment of bill has not been received within fifteen (15) days from date of mailing, a finance charge of 1.50 percent per month will be added to the unpaid balance each month until the entire bill is paid.

<u>ADJUSTMENTS</u> – The above rates shall be subject to Rider PGC - Section 1307 (f) Purchased Gas Costs, Rider STA - State Tax Adjustment Surcharge, Rider TCS - Transition Costs Surcharge, and Rider GPC – Gas Procurement Charge as set forth in this Tariff.

<u>RULES AND REGULATIONS</u> – The Rules and Regulations set forth in this Tariff shall govern, where applicable, the transportation service under this Rate Schedule.

# RIDER PGC – SECTION 1307 (f) PURCHASED GAS COSTS

### PROVISION FOR RECOVERY OF PURCHASED GAS COSTS

**Demand Charge Costs** – The rates for each Mcf of firm gas supplied under all retail gas service Rate Schedules in this Tariff shall also include the applicable amount per Mcf for recovery of interstate pipeline reservation and other demand related costs. Such rates for firm gas service shall be increased or decreased from time to time, as provided by Section 1307 (f) of the Public Utility Code and the Commission's regulations, to reflect changes in the level of such costs.

Commodity Gas Supply Costs - The rates for each Mcf (1,000 cubic feet) of firm gas supplied under all retail gas service Rate Schedules in this Tariff shall include an amount per Mcf for recovery of commodity gas supply costs calculated in accordance with the formula set forth herein, pursuant to Section 1307 (f) of the Public Utility Code. Such rates for firm gas service shall be increased or decreased, from time to time, as provided by Section 1307 (f) of the Public Utility Code and the Commission's Regulations, to reflect changes in the level of purchased gas commodity costs. The rate for recovery of purchased gas commodity costs with respect to interruptible gas service under Rider CRAI shall be equal to the sum of (i) the Average Commodity Cost of Purchased Gas per Mcf, as hereinafter defined, incurred during the respective billing month in which interruptible gas service was provided, and (ii) the applicable Commodity "E" Factor rate. The Average Commodity Cost of Purchased Gas per Mcf shall be determined by dividing the total commodity cost of all Pennsylvania-sourced gas purchased under the Company's current form of life-of-the-well and year-to-year gas purchase agreements and under the Electronic Spot Market ("ESM") program during the applicable billing month by the total volume in Mcf of such Pennsylvania-sourced gas purchases. If the total sales volume under Rider CRAI exceeds the total aggregate Pennsylvania-sourced gas purchases under the Company's current form of life-of-the-well and year-to-year gas purchase agreements and the ESM program in any billing month, the interstate-sourced gas purchases having the highest average commodity cost per Mcf in that billing month that were purchased at spot or first of the month index prices will be applied to the increment of Rider CRAI sales volume in excess of the applicable Pennsylvania-sourced gas purchases to determine the total Commodity Cost of Purchased Gas related to Rider CRAI sales during such billing month. The total amount of purchased gas commodity costs applicable to service under Rider CRAI will be excluded from the calculation of total purchased gas commodity costs applicable to firm gas service as provided above.

**Experienced Net OverCollection or UnderCollection –** The "C" Factor will be comprised of the Commodity Gas Supply Costs and Demand Charge Costs described above. The "E" Factor represents the experienced net overcollection or undercollection of all purchased gas costs determined for the period established by the Commission. Each over or undercollection statement shall also provide for refund or recovery of amounts necessary to adjust for over or underrecoveries of "E" Factor amounts under previous 1307 (f) rates. Interest shall be computed at the appropriate rate as provided for in Section 1307 (f) of the Public Utility Code from the month that the over or undercollection occurs to the effective month such overcollection is refunded or such undercollection is recouped. Interest shall be computed on over or undercollections for interstate pipeline capacity costs and commodity costs. Additionally, the commodity component of supplier refunds received will be included in the calculation of the "E" Factor with interest added at the annual rate of six percent (6%) calculated in accordance with the foregoing procedure, beginning with the month such refund is received by the Company.

**Base Cost of Gas** is comprised of the following components: (i) the Demand Charge Costs associated with the Company's purchase of firm transportation and firm storage services, (ii) the Commodity Gas Supply Costs (the sum of (i) and (ii) being the 'C' Factor); and (iii) the experienced net overcollection or undercollection of all purchased gas costs (or 'E' Factor), for the period established by the Commission. The currently effective Base Cost of Gas pricing is shown on Tariff Page No. 12.

(C) Indicates Change

## RIDER PGC – SECTION 1307 (f) PURCHASED GAS COSTS (Continued)

## COMPUTATION OF COMMODITY GAS SUPPLY COSTS PER MCF

Commodity Gas Supply Costs shall be computed to the nearest one-hundredth cent ( $0.01\phi$ ) per Mcf in accordance with the formula set forth below:

#### CGSC = CC/TS

Commodity Gas Supply Costs so computed shall be included in rates for gas service under the applicable Rate Schedules identified previously for an initial period determined by the Commission and, subject to quarterly recalculation hereinafter described, for consecutive twelve (12) month periods beginning October 1 of each year thereafter unless such period is revised by the Commission. The amount of commodity Gas Supply Costs per Mcf will vary, if appropriate, based upon annual filings pursuant to Section 1307 (f) of the Public utility Code, and such supplemental filings as may be required or be appropriate under Section 1307 (f) or the Commission's Regulations adopted pursuant thereto.

In computing Commodity Gas Supply Costs per Mcf pursuant to the above formula, the following definitions shall apply:

- "CGSC" Commodity Gas Supply Costs per Mcf as previously defined.
- "CC" a number of dollars, calculated for all types of purchased gas, by projecting the commodity cost for each purchase for the projected period when rates will be in effect. This factor shall include no amount for the recovery of Demand Charge Costs as previously defined.
- "TS" projected total volume in Mcf of gas to be billed to all firm Customer classifications during the applicable period when rates will be in effect.

#### COMPUTATION OF DEMAND CHARGE COSTS PER MCF

Demand Charge Costs per Mcf under Rate Schedules RS/RS-T, SGS, MGS and LGS in this Tariff shall be computed to the nearest one-hundredth cent  $(0.01\phi)$  in accordance with the formula set forth below:

#### (<u>DC – NPR)</u> RSS

DCC = RSS Demand Charge Costs per Mcf, so computed, shall be included in the rates for gas service under the applicable Rate Schedules identified previously for an initial period determined by the Commission, subject to the quarterly recalculation hereinafter described, and for consecutive twelve (12) month periods beginning October 1 of each year thereafter unless such period is revised by the Commission. The amount of Purchased Gas Demand Costs, by Mcf, will vary, if appropriate, based upon annual filings pursuant to Section 1307 (f) of the Public Utility Code, and such supplemental filings as may be required or be appropriate under Section 1307 (f) or the Commission's regulations adopted pursuant thereto.

In computing Demand Charge Costs per Mcf pursuant to the above formula, the following definitions shall apply:

"DCC" – Demand Charge Costs per Mcf as previously defined.

- "DC" the projected total Demand Charge Costs for the applicable period when the rates will be in effect.
- "NPR" the total amount of Demand Charge Costs to be recovered from the Non-Priority One Transportation Customer rate classifications (i.e., SGS-T, MGS-T, LGS-T).

"RSS" – the projected volume in Mcf of gas to be billed to Customers receiving service during the applicable period under the respective Rate Schedule.

The respective Demand Charge Costs per Mcf applicable to the non-priority Customer rate classification, identified above, shall be separately calculated in the annual Section 1307(f) Purchased Gas proceeding.

(C) Indicates Change.

(C)

# RIDER PGC – SECTION 1307 (f) PURCHASED GAS COSTS (Continued)

<u>CAPACITY RELEASE REVENUES</u> – All capacity release revenues earned for short-term monthly interstate pipeline capacity releases and for long-term multi-month capacity releases (i.e., asset management arrangements) shall be subject to the following capacity release sharing mechanism. Seventy-five percent (75%) of such revenues will be credited to purchased gas costs and twenty-five percent (25%) will be retained by the Company. The respective capacity release revenue credits will be applied to purchased gas costs in the month in which (i) such capacity release credits are reflected on the applicable interstate pipeline invoice or (ii) a payment is received by the Company. This capacity release sharing mechanism shall be effective during a term ending July 31, 2012 and shall be subject to review and consideration by the Commission in the 2012 Section 1307(f) purchased gas cost proceeding. The capacity release revenue retained by the Company shall be accounted for as a "below the line item" for ratemaking purposes in future base rate case proceedings.

<u>BALANCING SERVICE FEES</u> – A Balancing Service charge for banking, balancing, and advancing will be assessed (C) against each Mcf of gas transported for small, medium and large general service ratepayers. This rate will be recalculated in each of the Company's annual 1307(f) gas cost proceedings. The currently effective Balancing Service Fees are shown on Tariff Page No. 13.

<u>RETAINAGE CHARGE</u> – A charge will be assessed for lost and unaccounted for and company use gas ("UFG") (C) applicable to the total volume of gas received into its system on behalf of customers receiving transportation service. The currently effective Retainage Charges are shown on Tariff Page No. 13.

DISCOUNT OR WAIVER OF BALANCING SERVICE FEES AND RETAINAGE CHARGE. – Under appropriate competitive circumstances, Balancing Service Fees and/or Retainage charges may be reduced or eliminated and the related costs resulting from these discounted or waived items will be recovered from all Customer classes through the Rider PGC mechanism. Such circumstances include but are not limited to (i) Customers with direct access to an interstate pipeline (i.e., bypass), (ii) Customers with access to gas service available from a non-jurisdictional entity, (iii) Customers with access to an alternative energy source, and (iv) Customers involved in economic development projects. In such circumstances, Peoples TWP LLC must (i) determine that the revenue earned by serving the competitive Customer which includes service charges, delivery rates, and other fees is, in the aggregate, greater than the cost of the discounted or waived Balancing Fees and Retainage Charges, (ii) obtain an affidavit from the Customer certifying the existence of a direct interstate pipeline bypass, alternative energy source or other qualifying circumstances, and (iii) prepare and retain sufficient documentation regarding the applicable circumstances.

Notwithstanding the foregoing, Peoples TWP LLC will not discount Retainage Charges to a transportation Customer by a greater percentage than it has discounted the applicable delivery rates to the Customer.

## RIDER PGC – SECTION 1307 (f) PURCHASED GAS COSTS (Continued)

## QUARTERLY RECALCULATIONS

(C)

The Company will make quarterly filings on January 1, April 1, July 1, and October 1 based upon a recalculation and reconciliation of gas costs for the three-month periods ending November 30, February 28, May 31, and August 31, respectively (the "Quarterly Recalculation Periods"). Each recalculation will reflect actual gas costs and will include a reconciliation of undercollections or overcollections resulting from variations in actual gas costs from original projections for the applicable Quarterly Recalculation Periods and any changes in sales volumes from original projections for the applicable Quarterly Recalculation Periods, but shall not include consideration of interest due to over or under collections of gas costs.

If the recalculated overall Base Cost of Gas does not differ by more than two percent (2%) from the currently-effective rate, the Company will file a letter with the Commission to that effect. If such recalculated overall Base Cost of Gas differs from the currently-effective rate by more than two percent (2%), the Company will file a tariff incorporating such recalculated overall Base Cost of Gas, provided that if such recalculation results in an increase that is reasonably expected to have an immaterial effect on the Company's annual purchased gas costs, the Company will file a letter and supporting data to that effect in lieu of a tariff rate change.

The October 1 recalculation shall include the most recent actual gas costs which shall be reflected in the calculation of the Base Costs of Gas set forth in the tariff supplement filing made in compliance with the Commission's final order resolving the Company's annual Section 1307 (f) proceeding.

#### SECTION 1307 (f) FILING WITH PENNSYLVANIA PUBLIC UTILITY COMMISSION

The Company's annual Section 1307 (f) filing shall be submitted to the Commission by April 1, of each year, or such other time (C) as the Commission may prescribe by order or by regulations.

# **RIDER – SUPPLIER CHOICE**

This Rider has been established to recover costs associated with Supplier Choice. The initial filing includes costs related to implementation and administration of the Account Number Access Mechanism per the Commission's Final Order at Docket No. M-2015-2468991 entered June 30, 2016 and costs associated with the implementation and administration of the Supplier Bill in accordance the Commission's Final Order entered August 20, 2015 at Docket No. M-2015-2474802.

The charges assessed per this rider shall be assessed to ratepayers served under rate schedules Residential Sales, SGS Sales, Residential Transportation, and SGS Transportation. Charges assessed per this rider shall not be applicable to ratepayers served in the Company's CAP or Pilot E-CAP (E-CAP) program.

The Company shall provide a reconciliation of actual costs with actual revenues recovered under Rider – Supplier Choice for the twelve month period ended August 31. The rate will be adjusted annually for the resulting over/undercollection to be effective October 1.

Application of the Supplier Choice Charge shall be subject to review and audit by the Commission at intervals that it shall determine. The Commission shall review the level of charges produced by the Supplier Choice Charge and the costs included therein.

No interest shall be included in the Supplier Choice Charge.

The Supplier Choice Rider shall become effective upon Commission approval and shall remain in effect until otherwise directed by the Commission and until the final reconciliation statement is approved and charges fully recovered.

Supplier	Choice	Charge	per	Month	
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(\$0.0018)

(I)

(D) Indicates Decrease.

(I) Indicates Increase.

# RIDER STA – STATE TAX ADJUSTMENT SURCHARGE

### AVAILABILITY

There shall be added to the rates and charges provided in this Tariff a State Tax Adjustment surcharge. The currently effective surcharge is shown on Tariff Pages No. 12 and 13. This surcharge will apply to all retail and transportation gas service tariff (C) rate schedules to reflect increases or decreases in state taxes imposed by the Pennsylvania General Assembly. The positive (negative) surcharge will be applied to bills on a service rendered basis.

#### CALCULATION OF SURCHARGE

The Company will recompute the surcharge (i) whenever any of the state tax rates upon which the surcharge is computed are changed and (ii) as of March 31 of every year. The recomputation shall take into account the changed state tax rates as prescribed by the Commission (Policy Statement at 52 Pa. Code § 69.52) in the following manner:

- 1. Capital Stock Tax ("CST"): To determine the amount to be recovered, the Company shall multiply the change in the CST tax rate by the CST value as reported in the most recent CST return filed with the Department of Revenue.
- 2. Corporate Net Income Tax ("CNIT"): To determine the amount to be recovered, the Company shall multiply the change in the CNIT tax rate by the taxable income reported in the most recent CNIT return filed with the Department of Revenue.
- 3. Public Utility Realty Tax ("PURT"): To determine the amount to be recovered, the Company shall calculate the difference between the PURT liability as stated in the most recent Notice of Determination issued by the Department of Revenue and the current amount of PURT recovered in base rates.

Every recomputation made pursuant to the above paragraph shall be submitted to the Commission within ten (10) days after the occurrence of the event or effective date of such state tax rate change, which occasioned such recomputation. If the recomputed surcharge is less than the one than in effect then the Company will, and if the recomputed surcharge is more than the one then in effect then the Company may, accompany such recomputation with a Tariff or Supplement to reflect such recomputed surcharge - the effective date of which shall be ten (10) days after filing.

<u>SPECIAL PROVISION</u> – This Rider shall not apply to Customers receiving discounted retail or discounted transportation service.

(C) Indicates Change

## RIDER CRA – COMMODITY RATE ADJUSTMENT

### <u>AVAILABILITY</u>

This Rider CRA is applicable to any Customer electing to receive gas sales service under Rate Schedules SGS, MGS and LGS and is available to any such Customer which enters into a contract, as described below, for gas sales service volumes, which gas sales service volumes, in the Company's sole discretion, would not otherwise be requested by such Customer, but for the availability of the reduced Volumetric Delivery Rate under this Rider.

## VOLUMETRIC DELIVERY RATE ADJUSTMENT

Subject to the provisions of this Rider, the Volumetric Delivery Rate specified in the applicable Rate Schedule shall be subject to reduction through negotiation between the Company and the Customer.

### MINIMUM VOLUME REQUIREMENT

Customer must contract for a minimum gas sales service volume under this Rider, which minimum volume shall be determined by the Company and set forth in the applicable written contract.

## CONTRACT TERMS AND CONDITIONS

Gas sales service volumes under this Rider shall be delivered pursuant to a written contract providing for an initial minimum contract term of the greater of (i) at least thirty (30) days, or (ii) the minimum contract term specified under the Rate Schedule applicable to the Customer, which contract may contain such other terms and conditions as may be agreed upon by the parties.

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## RIDER CRAI – COMMODITY RATE ADJUSTMENT INTERRUPTIBLE

### <u>AVAILABILITY</u>

This Rider CRAI is applicable to any Customer electing to receive gas sales service under Rate Schedules SGS, MGS and LGS and is available to any such Customer which enters into a contract for interruptible gas sales service and, as evidenced by an appropriate affidavit from such Customer, has, in lieu of the Company's firm retail tariff gas sales or transportation service, a satisfactory alternative bona fide written offer for such Customer's gas needs utilizing, directly or indirectly, interstate pipeline services. Such interruptible gas sales service shall only be available during the months of April through October, inclusive.

### VOLUMETRIC DELIVERY RATE ADJUSTMENT

Subject to the provisions of this Rider, the Volumetric Delivery Rate specified in the applicable Rate Schedule shall be subject to reduction through negotiation between the Company and the Customer. The Base Cost of Gas per Mcf applicable for Customers served under Rider CRAI for such month shall be as set forth in the then-currently effective Rider PGC - Section 1307 (f) Purchased Gas Costs.

#### MINIMUM VOLUME REQUIREMENT

Customer must contract for a minimum gas sales service volume under this Rider, which minimum volume shall be determined by the Company and set forth in the applicable written contract.

#### ANNUAL ELECTION PROCEDURE

Customers must notify the Company in writing on or before April 1 of each year to make an irrevocable election to receive gas service under this Rider during the period from April 1 through October 31 of such calendar year.

#### CONTRACT TERMS AND CONDITIONS

Gas sales service volumes under this Rider shall be delivered pursuant to a written contract providing for an initial minimum contract term of at least one (1) year, which contract may contain such other terms and conditions as may be agreed upon by the parties.

# **RIDER TCS – TRANSITION COSTS SURCHARGE**

#### APPLICABILITY

This Rider establishes a mechanism for the recovery of nongas transition costs from Customers receiving retail gas sales or transportation service under any Rate Schedule which specifically incorporates this Rider. Rider TCS will not be applicable to Customers transporting natural gas produced in Pennsylvania and injected directly into the Company's gathering facilities. In addition, at the Company's sole option, the otherwise applicable surcharge hereunder may be reduced or eliminated for certain Customers that are subject to gas-to-gas competition. To the extent that the Company applies a surcharge under this Rider to any competitive Customer, any such recovery shall be credited against the total nongas transition costs recovered under this Rider. The Company will use its best efforts to collect the Rider TCS surcharge from competitive Customers.

## CALCULATION OF SURCHARGE

The Company will assign nongas transition costs and calculate the Rider TCS surcharge by dividing (i) the total nongas transition costs, net of nongas transition costs revenues recovered from the release of interstate pipeline capacity, by (ii) the total projected gas sales and transportation volumes subject to the recovery of nongas transition costs.

The surcharge calculation will incorporate the recovery of (i) nongas transition costs billed to the Company by interstate pipelines and (ii) those costs that have been approved by the Federal Energy Regulatory Commission to be billed to the Company during the twelve (12) month period following the surcharge filing date. Nongas transition costs are defined as interstate pipeline gas supply realignment costs and stranded costs as those terms are used in the Commission's "Statement of Policy Regarding the Recovery of FERC Order 636 Transition Costs."

The Rider TCS surcharge will be recalculated every three (3) months, with the recalculations to be effective on February 1, May 1, August 1, and November 1 of each year (hereinafter referred to as the "quarterly recalculations"). These quarterly recalculations will revise the Rider TCS surcharge to reflect the most current monthly nongas transition cost amounts in effect or to become effective under the applicable Federal Energy Regulatory Commission approved interstate pipeline tariffs. The Company will file the May 1, August 1, and November 1 quarterly recalculations on ten (10) days' notice to the Commission and will file the February 1 recalculation on thirty-days' notice to the Commission.

At the time of each quarterly recalculation, the Company will also reconcile actual billings received over the three-month period that ends one month prior to the filing of the recalculation against the costs that had been projected for that same period. The Company will incorporate the results of the quarterly reconciliation within its quarterly recalculation.

Recalculations of the surcharge on each February 1 will include a reconciliation of actual Rider TCS surcharge revenues recovered over the twelve (12) months ending November 30 of the particular year against the revenues projected to have been recovered over the same twelve (12) month period. Each February 1 quarterly recalculation will also include the most current annual projection of gas sales and transportation volumes subject to the recovery of nongas transition costs.

#### SURCHARGE AMOUNT

The surcharge rate applicable to retail gas sales or transportation service is \$0 per Mcf. The surcharge will be applied to bills on a service rendered basis.

## **RIDER USP – UNIVERSAL SERVICE PROGRAM**

### <u>APPLICABILITY</u>

Throughout the territory served under this Tariff.

### AVAILABILITY

(C)

This Rider shall be applicable to all residential customers except customers in the Company's Customer Assistance Program ("CAP") or Pilot E-CAP (E-CAP) programs.

## CHARACTER OF RATE

This Rider has been established to recover costs related to the Company's Universal Service Programs for low-income residential priority customers.

#### RATE

In addition to the charges provided in this tariff, an amount shall be added to the otherwise applicable charge for each Mcf of sales volumes or distribution volumes distributed by the Company to customers receiving service under Rate Schedules RS and RST.

The currently effective rate is shown on Tariff Page Nos. 12 and 13.

The USP rate is not applicable to Customers enrolled in the Company's CAP.

#### CALCULATION OF RATE

The Rider USP rate shall be calculated to recover costs for the following programs: Wise Choice Low Income Usage Reduction (C) ("Wise Choice") program; Customer Assistance Referrals and Evaluation Services ("CARES"); Emergency Furnace & Line Repair/Replacement Program and Customer Assistance Program ("CAP").

Wise Choice costs will be calculated based on the projected number of Level 1 income homes to be weatherized. CARES costs will be calculated on the projected number of low income customers provided with assistance. Emergency Furnace & Line Repair/Replacement Program costs will be calculated on the projected number of eligible customers requiring such assistance.

CAP costs will be calculated by CAP and E-CAP tier to include the projected CAP Shortfall (the difference between the total calculated RS bills excluding Rider USP and the CAP or E-CAP bill, and an adjustment for unearned shortfall amounts) based upon the current discounts at normalized annual volumes of the then-current CAP and E-CAP participants, the projected CAP Shortfall for projected customer additions to CAP and E-CAP during the period that the Rate Schedule RUS rate will be in effect at the average discount of current CAP participants at normalized annual volumes, and the projected CAP pre-program arrearage forgiveness during the next 12 months. Third party costs for the purposes of CAP administration and Universal Service call management will be included in the calculation of the Rider.

The costs shall be divided by the total annual projected throughput volumes of all residential non-CAP customers as established in the Company's most recent Purchased Gas Cost proceeding to determine the volumetric rate for this Rider.

## QUARTERLY ADJUSTMENT

Each quarter, and at any time that the Company makes a change in base rates or quarterly reconciliation of Purchased Gas Cost rates affecting residential customers, the Company shall recalculate the Rider USP rate pursuant to the calculation described above to reflect the Company's current data for the components used in the Rate USP calculation. The Company shall file the updated rate with the Commission to be effective one (1) day after filing.

(C) Indicates Change.

# RIDER USP – UNIVERSAL SERVICE PROGRAM (continued)

## ANNUAL RECONCILIATION

(C) On or before October 31st of each year, the Company shall file with the Commission data showing the reconciliation of actual revenues received under this Rider and actual recoverable costs incurred for the preceding twelve months ended September. The resulting over/undercollection (plus interest calculated at 6% annually) will be reflected in the Rider USP quarterly rate adjustment to be effective January 1. Actual recoverable costs shall reflect actual shortfall costs, actual application and (C) administrative costs, actual pre-program arrearage forgiveness, actual Emergency Furnace and Line Repair/Replacement Program costs, actual Wise Choice and CARES costs. Actual recoverable CAP shortfall costs and pre-program arrearage forgiveness, provided that CAP and E-CAP participation on an average annual basis did not exceed 1,500 participants. In the event that CAP and E-CAP participation in the preceding year exceeded 1,500 on an annual average basis, actual recoverable costs shall reflect actual shortfall cost and actual pre-program arrearages for all customers up to the 1,500 participation level. For any and all CAP and E-CAP customers exceeding the 1,500 participation level on an average annual basis, Peoples TWP LLC shall offset the actual shortfall and the actual pre-program arrearage by 7.14%. Except for the offset that is applied when CAP and E-CAP participation exceeds 1,500 on an average annual basis, actual CAP shortfall costs shall be based upon actual numbers of CAP and E-CAP customers, actual CAP and E-CAP throughput volumes, and actual CAP and E-CAP payments received. In addition, as part of this annual filing, the Company will report the number of CAP and E-CAP customers that were removed from the CAP and E-CAP program pursuant to the consumption responsibilities provided for in Rate Schedule Customer Assistance Program - CAP.

(C) Indicates Change.

# **RIDER MFC – MERCHANT FUNCTION CHARGE**

## <u>APPLICABILITY</u>

This Rider shall be applied to rates for each Mcf of gas supplied under Rate Schedules RS and SGS of this Tariff, and shall be reflected in the Price to Compare. The Rider is equal to the fixed percentage, established by the Commission in Company's last general base rate proceeding, of purchased gas costs which are expected to be uncollectible, and shall not be reconciled to reflect actual results. Rider MFC is intended to make Company' Price to Compare more comparable to the gas supply service prices offered by Natural Gas Suppliers that presumably reflect anticipated uncollectible expenses.

### RIDER MFC CHARGE (C)

For residential customers receiving service under Rate RS and Rate GS-T, the MFC shall equal the write-off factor of 2.448% times the gas cost charges as set forth in Rider Purchase Gas Cost. The current MFC applicable to Rate RS (I) and Rate GS-T customers is shown on Tariff Page Nos. 12 and 13

For Small, Medium, and Large General Service customers receiving service under Rate SGS, MGS, LGS and Rate GS-T, the MFC shall equal the write-off factor of 0.211% times the gas cost charges as set forth in Rider Purchase Gas Cost. (D) The current MFC applicable to these customers is shown on Tariff Page No. 12 and 13.

(C) Indicates Change

- (I) Indicates Increase
- (D) Indicates Decrease

## **RIDER GPC – GAS PROCUREMENT CHARGE**

### APPLICABILITY

For bill presentment purposes, the Gas Procurement Charge (GPC) shall be added to the Commodity Gas Cost Charge applicable to sales rate schedules Rate RS, RUS, SGS, MGS, LGS and any other applicable sales service rate schedule under this tariff.

## RECOVERABLE COSTS

The GPC shall include gas procurement costs incurred by the Company solely on behalf of its sales service customers. The GPC shall exclude any costs recovered through Rider PGC – 1307(f) gas cost recovery mechanism. The GPC shall exclude any gas procurement costs incurred by the Company in support of transportation or shopping customers or programs.

### RECALCULATION OF THE GPC

The costs to be included in the GPC shall be calculated in accordance with Commission regulations and shall be determined and updated in each base rate case filed by the Company. The GPC shall not be subject to reconciliation for any prior-period or over-or-under collections

#### RIDER GPC CHARGE

The currently effective rate is shown on Tariff Page No. 12.

(C)

## SPECIAL PROVISION

This rider shall not apply to Customers receiving discounted retail service.

## **RIDER DSIC**

## Distribution System Improvement Charge (DSIC)

In addition to the net charges provided for in this Tariff, a charge of 0.0% will apply consistent with the Commission Order dated May 23, 2013 at Docket No. P-2013-2344595 approving the DSIC.

**Purpose:** To recover the reasonable and prudent costs incurred to repair, improve, or replace eligible property which is completed and placed in service and recorded in the individual accounts, as noted below, between base rate cases and to provide the Company with the resources to accelerate the replacement of aging infrastructure, to comply with evolving regulatory requirements and to develop and implement solutions to regional supply problems.

The costs of extending facilities to serve new customers are not recoverable through the DSIC.

## Eligible Property:

- Gathering Lines (account 332);
- Storage Lines (account 353);
- Transmission Lines (account 367);
- Piping (account 376);
- Couplings (account 376);
- Gas service lines (account 380) and insulated and non-insulated fittings (account 378);
- Valves (account 376);
- Excess flow values (account 376);
- Risers (account 376);
- Meter bars (account 382);
- Meters (account 334, 369,381);
- Unreimbursed costs related to highway relocation projects where a natural gas distribution company or city natural gas distribution operation must relocate its facilities; and
- Other related capitalized costs (accounts 303, 387, 391.02 and 392)

Effective Date: The DISC will become effective for bills rendered on and after July 1, 2013.

## **Computation of the DSIC**

The initial DSIC, effective July 1, 2013, shall be calculated to recover the fixed costs of eligible plant additions that have not previously been reflected in the Company's rates or rate base and will have been placed in service during the (*three-month period ending one month prior to effective date*). Thereafter, the DSIC will be updated on a quarterly basis to reflect eligible plant additions placed in service during the three-month period ending one month prior to the effective date of each DSIC update. Thus, changes in the DSIC rate will occur as follows:

Effective Date of Change	Date to which DSIC-Eligible Plant Additions Reflected
July 1	March 1 through May 31
October 1	June 1 through August 31
January 1	September 1 through November 30
April 1	December 1 through February 28

**Determination of Fixed Costs:** The fixed costs of eligible distribution system improvements will consist of depreciation and pre-tax return, calculated as follows:

1. **Depreciation:** The depreciation expense shall be calculated by applying the annual accrual rates employed in the Company's most recent base rate case for the plant accounts in which each retirement unit of DSIC-eligible property is recorded to the original cost of DSIC-eligible property.

## RIDER DSIC (cont.)

## Distribution System Improvement Charge (DSIC)

2. Pre-tax return: The pre-tax return shall be calculated using the statutory state and federal income tax rates, the Company's actual capital structure and actual cost rates for long-term debt and preferred stock as of the last day for the three-month period ending one month prior to the effective date of the DSIC and subsequent updates. The cost of equity will be the equity return rate approved in the Company's last fully litigated base rate proceeding for which a final order was entered not more than two years prior to the effective date of the DSIC. If more than two years shall have elapsed between the entry of such a final order and the effective date of the DSIC, then the equity return rate used in the calculation will be the equity return rate calculated by the Commission in the most recent Quarterly Report on the Earnings of Jurisdictional Utilities released by the Commission.

**Application of DSIC:** The DSIC will be expressed as a percentage carried to two decimal places and will be applied to the total amount billed to each customer for distribution service under the Company's otherwise applicable rates and charges, excluding amounts billed for Riders PGC, M, and STA. To calculate the DSIC, one-fourth of the annual fixed costs associated with all property eligible for cost recovery under the DSIC will be divided by one-fourth of the Company's annual projected revenue for distribution service (including all applicable clauses and riders), exclusive of Riders PGC, M, and STA.

**Formula:** The formula for calculation of the DSIC is as follows:

DSIC = <u>(DSI\*PTRR)+Dep+S + e</u> POR PQR

Where:

DSI = Original cost of eligible distribution system improvement projects net of accrued depreciation.

- PTRR = Pre-tax return rate applicable to DSIC-eligible property.
- Dep = Depreciation expense related to DSIC-eligible property.
- e = Amount calculated under the annual reconciliation feature or Commission audit, as described below.
- S = Synergy fees/(revenues); cost assessed (revenue received) for serving customers of another legal entity approved at G-2014-2448803.
- PQR = Projected annual revenues for distribution service (excluding Riders A, B, H and J) from existing customers plus netted revenue from any customers which will be gained or lost by the beginning of the applicable service period will be divided by four to arrive at a quarterly revenue figure.

**Quarterly Updates**: Supporting data for each quarterly update will be filed with the Commission and served upon the Commission's Bureau of Investigation and Enforcement, the Office of Consumer Advocate, the Office of Small Business Advocate, and the Commission's Bureau of Audits at least (10) days prior to the effective date of the update.

## Customer Safeguards:

- 1. **Cap:** The DSIC is capped at 5.0% of the amount billed to customers for distribution service (including all applicable clauses and riders) as determined on an annualized basis.
- 2. Audit/Reconciliation: The DSIC is subject to audit at intervals determined by the Commission. Any cost determined by the Commission not to comply with any provision of 66 Pa C.S. §§ 1350, *et seq.*, shall be credited to customer accounts. The DSIC is subject to annual reconciliation based on a reconciliation period consisting of the twelve months ending December 31 of each year or the utility may elect to subject the DSIC to quarterly reconciliation but only upon request and approval by the Commission. The revenue received under the DSIC, including Synergy fees received, for the reconciliation period will be compared to the Company's eligible costs, including Synergy fees paid, for that period. The difference between revenue and costs will be recouped or refunded, as appropriate, in accordance with Section 1307(e), over a one-year period commencing on April 1 of each year. If DSIC revenues exceed DSIC-eligible costs, such over-collections will be refunded with interest. Interest on over-collections and credits will be calculated at the residential mortgage lending specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. §§ 101, *et seq.*) and will be refunded in the same manner as an over-collection.

## **RIDER DSIC** (cont.)

#### Distribution System Improvement Charge (DSIC)

#### **Customer Safeguards (cont.):**

- 3. New Base Rates: The DSIC will be reset to zero upon application of new base rates to customer billings that provide for prospective recovery of the annual costs that had previously been recovered under the DSIC. Thereafter, only the fixed costs of new eligible plant additions that have not previously been reflected in the Company's rates or rate base will be reflected in the quarterly updates of the DSIC.
- 4. **Customer Notice**: Customers shall be notified of changes in the DSIC by including appropriate information on the first bill they receive following any change. An explanatory bill insert shall also be included with the first billing.
- 5. All Customer Classes: The DSIC shall be applied equally to all customer classes, except that the Company may reduce or eliminate the Rider DSIC to any customer with competitive alternatives who are paying flexed or discounted rates and customers having negotiated contracts with the Company, if it is reasonably necessary to do so.
- 6. Earnings Reports: The DSIC will also be reset to zero, if, in any quarter, data filed with the Commission in the Company's then most recent Annual or Quarterly Earnings reports show that the Company would earn a rate of return that would exceed the allowable rate of rate of return used to calculate its fixed costs under the DSIC as described in the pre-tax return section. The utility shall file a tariff supplement implementing the reset to zero due to overearning on one-day's notice and such supplement shall be filed simultaneously with the filing of the most recent Annual or Quarterly Earnings reports indicating that the Utility has earned a rate of return that would exceed the allowable rate of return used to calculate its fixed costs.

7. Residual E-Factor Recovery Upon Reset to Zero: The utility shall file with the Commission interim rate revisions to resolve the residual over/under collection or E-factor amount after the DSIC rate has been reset to zero. The utility can collect or credit the residual over/under collection balance when the DSIC rate is reset to zero. The utility shall refund any overcollection to customers and is entitled to recover any undercollections as set forth in Section 4.B. Once the utility determines the specific amount of the residual over or under collection amount after the DSIC rate is reset to zero, the utility shall file a tariff supplement with supporting data to address that residual amount. The tariff supplement shall be served upon the Commission's Bureau of Investigation and Enforcement, the Bureau of Audits, the Office of Consumer Advocate, and the Office of Small Business Advocate at least ten (10) days prior to the effective date of the supplement.

(C) Indicates Change.

## RIDER ARC - ACQUISITION RATE CREDIT

The Acquisition Rate Credit was established as part of the Base Rate Case settlement at Docket No. R-2013-2355886. The purpose of this credit is to provide a \$10,000,000 credit to ratepayers over a five year period pursuant the settlement of the Company's Acquisition proceeding at Docket No. A-2010-2210326.

## APPLICABILITY -

The rate credit shall apply to all customers except competitive customer receiving a discounted rate.

## RATE -

Rate Class	Rate Credit	Rate Credit Per
	Per Mcf	Customer Charge
RS	\$ 0.0000	\$ 0.0000
RS-T	\$ 0.0000	\$ 0.0000
SGS	\$ 0.0000 (I)	\$ 0.0000 (I)
SGS-T	\$ 0.0000 (I)	\$ 0.0000 (I)
MGS	\$ 0.0000	\$ 0.0000
MGS-T	\$ 0.0000	\$ 0.0000

## CALCULATION OF RATE -

Any over or under ratepayer credit amounts remaining at the end of year five shall be flowed through to Customers in the Company's next quarterly 1307(f) gas cost filing. Within 60 days of termination of the distribution of the rate credit, the Company shall file with the Commission and provide a copy to all parties to the sale proceeding settlement a final reconciliation of all Acquisition Rate Credit amounts.

(I)– Indicates Increase

## PILOT RIDER SET SERVICE EXPANSION TARIFF ("SET")

The Company, at its discretion, may offer service under this rider to a residential or commercial Applicant or group of Applicants who agree to pay the costs as determined by the Company of extending the Company's facilities to serve the Applicant(s) under Rule 3 of the Rules and Regulations Section of this tariff. This Rider provides the Applicant(s) with an option to pay the contribution in aid of construction ("CIAC") determined in accordance with Rule 3 through monthly payments as determined below. This Rider also provides residential Applicant(s) with the option to make payments for the cost of the customer owned service line.

This Rider is established as a Pilot and will close for new participation five years after this rate is approved by the Commission.

The charge under this Rider will be fixed and applied on a monthly basis beginning with the first bill issued after service has been established and continuing until the principal amount(s) have been repaid.

The SET principal is equal to the calculated contribution in aid of construction required from the applicant(s) and will be calculated for each service extension project based on the projected revenue and costs for each extension. A separate principal amount and monthly fee will be established for residential and commercial customers within each gas extension project area based on the expected revenues and costs for the residential and commercial customers. The fixed monthly charge will be applicable to any customer located at any premise within each new extension project area. If additional customers are added to the Company's extended facilities upon which SET charges are already in place, the additional customers will pay the established SET charge until the total class-based SET principal amount has been repaid. At that time, the SET charge will expire for all customers within each class-based portion of the project.

## Commercial Customers Service Expansion Charge

The Company will use the process described in Rule 3 of this tariff to determine the CIAC amount required in order to justify a requested extension of the Company's facilities. If it is determined that CIAC is required and the customer opts for SET payments, the CIAC will be recovered from the Customer through a monthly flat rate calculated as follows:

Formula: The formula for calculation of the commercial Rider SET monthly charge is as follows:

SET Charge	=	= <u>SET principal [FIN(1+FIN)TIME]</u> [(1+FIN) TIME-1]
Where:		
SET Principal	=	amount equal to the calculated contribution in aid of construction required from the commercial Applicant(s).
FIN	=	Finance charges applied to SET Principal. This finance rate shall equal the overall weighted cost of capital authorized by the Commission for the Company in its most recent base rate case plus a gross up for income taxes. To the extent that no overall weighted cost of capital was established in the most recent rate case, the weighted cost of capital reflected in the Company's most recent Distribution System Improvement Charge filing shall be utilized.

## PILOT RIDER SET SERVICE EXPANSION TARIFF ("SET") (cont.)

TIME

=

Represents the number of months over which the SET principal and applicable return will be recovered. This period will typically be 240 months, but may be a different period if otherwise agreed upon by the Applicant and the Company.

# **Residential Customer Service Expansion Charge**

The Company will use the process described in Rule 3 of this tariff to determine the CIAC amount required in order to justify a requested extension of the Company's facilities. If it is determined that CIAC is required and the customer opts for the SET payments, the SET principal will be paid through a monthly flat fee of \$55. The monthly fee will continue to be charged until the SET principal for the Residential portion of each extension project has been paid.

Under this Rider, the residential Applicant(s) shall have the option to pay the cost of the applicant's portion of the service line through a fee of \$15 per month. The fee will be charged until the principal balance of customer owned service line costs for each project have been repaid.

# Application of the Rider L Monthly Charge(s) As Follows:

The SET payments for all applicants of a specific extension project will be aggregated by class and applied first to finance charges (FIN) applied to the beginning of the month SET Principal for that class at the financing rate determined below. The remaining SET payment amounts will be applied to the beginning of the month SET principal until the original SET principal balance is paid in full.

For residential customers who opted for a monthly fee related to the applicant's portion of their service line, the monthly payment will be applied first to finance charges (FIN) applied to the beginning of the month unpaid service line principal for each project at the rate determined below. The remaining payment amount will be applied to the beginning of the month service line principal for each project.

- SET Principal = the original CIAC amount for the extension as determined under Rule 3.
- FIN = Finance charges applied to SET Principal balance. This finance rate shall equal the overall weighted cost of capital authorized by the Commission for the Company in its most recent base rate case plus a gross up for income taxes. To the extent that no overall weighted cost of capital was established in the most recent rate case, the weighted cost of capital reflected in its most recent Distribution System Improvement Charge filing shall be utilized.

**Late-Payment Charge:** A late-payment charge of 1.25 percent per month for residential ratepayers and 1.50 (D) percent per month for commercial ratepayers shall be applied for failure to make payment in full for all charges billed by the Company by the due date shown on the bill. This charge is to be calculated on the overdue portion of charges under this Rider.

# Rider TCJA – TCJA Temporary Surcharge

To implement the effects of the Tax Cuts and Jobs Act (TCJA), on March 15, 2018 the Pennsylvania Public Utility Commission (Commission) issued a Temporary Rates Order at Docket No. M-2018-2641242 directing the utility to file its current base rates and riders as temporary rates, pursuant to Section 1310(d) of the Public Utility Code. 66 Pa. C.S. § 1310(d). Subsequently, on May 17, 2018 and June 14, 2018, the Commission entered Orders superseding the March 15, 2018 Temporary Rates Order directing the utility to establish temporary rates as follows:

A negative surcharge of 11.8922% will apply as a credit for intrastate service to all customer bills rendered on and after July 1, 2022. This negative surcharge will be distributed equally among the utility's various customer classes, exclusive of STAS and automatic adjustment clause revenues.

This negative surcharge will be reconciled at the end of each calendar year and will remain in place until the utility files and the Commission approves new base rates for the utility pursuant to Section 1308(d) that include the effects of the TCJA tax rate changes.

Interest on over or under collections shall be computed monthly at the residential mortgage lending rate specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. §§ 101, et seq.) from the month that the over or under collection occurs to the mid-point of the recovery period.

Upon determination that the negative surcharge, if left unchanged, would result in a material over or under collection, the Company may file with the Commission, on at least 10 days' notice, for an interim revision of the TCJA Temporary Surcharge.

The TCJA Temporary Surcharge will be filed with the Commission by December 1 of each year to become effective the following January 1.

(D) - Indicates Decrease