

PHILADELPHIA GAS WORKS

GAS SUPPLIER TARIFF



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800 West Montgomery Avenue
Philadelphia, PA 19122

List of Changes Made by this Tariff

9.14. LOAD BALANCING SURCHARGE, 9.14.A. (Page No. 39)

The load balancing charge decreases from \$39.5001 per design day Mcf to \$42.2161 per design day Mcf.

Please see Supplement No. 19 for the Supplement No. 19 check sheet.

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Description of Territory Served

The company's service territory is the City of Philadelphia as defined in the
*"AGREEMENT BETWEEN THE CITY OF PHILADELPHIA AND THE PHILADELPHIA
FACILITIES MANAGEMENT CORPORATION FOR THE MANAGEMENT AND
OPERATION OF THE PHILADELPHIA GAS WORKS."*

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**Firm Pooling
Agreement**

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Appendix

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Definitions

For the purposes of this Supplier Tariff, in addition to any definitions set forth in Company's Gas Service Tariff(except as set forth below) the following definitions apply:

BALANCING - Services provided by Company to cover differences between a Supplier's Daily Delivery Requirement and the actual usage of the Supplier's Firm Pool.

CUSTOMER - A recipient of Firm Transportation Service from the Company, except for customers receiving service under Rate GTS-Firm.

DAILY CONTRACT QUANTITY ("DCQ") - The firm transportation capacity ("Pipeline FT Capacity") in Dths assigned by the Company to the Supplier and required to deliver Natural Gas Supply to Supplier's Firm Transportation Customers.

DAILY DELIVERY QUANTITY ("DDQ") - The daily quantities of natural gas supplies a Supplier is required to deliver in Dths for a Firm Pool, as forecasted and communicated by Company, and may specify the required points of delivery. Such forecast shall be calculated to include volumes needed for end-use requirements, prior imbalances and provide return of balancing service quantities and unaccounted for gas, which amount shall not exceed the DDQ. This quantity will include corrections for Volume Adjustments.

DAILY OPERATIONAL BULLETIN ("DOB") - A bulletin issued by the Company to address system management issues on a non-critical day, including actions necessary to comply with statutory directives and obligations.

DELIVERY POINT - A point specified by Company where Supplier would deliver natural gas supplies for subsequent redelivery by Company to Supplier's Firm Transportation customers.

DESIGN DAY – A 24-hour period of usage which is used as a basis for planning gas capacity requirements.

FIRM POOLING SERVICE - Services provided by Company to Supplier to facilitate the delivery of gas supplies to Customers receiving service under Firm Transportation Rates.

FIRM TRANSPORTATION – Transportation Service offered to Customers under schedules or contracts that anticipate no interruptions, regardless of class of service, except for force majeure.

GAS SUPPLIER TARIFF (or Supplier Tariff) - PGW Supplier Tariff Pa PUC No. 1, as supplemented or amended from time to time in accordance with law.

LIQUEFIED NATURAL GAS ("LNG") – Natural gas that has been liquified by reducing the temperature to minus two hundred and sixty degrees Fahrenheit (-260°F) at atmospheric pressure.

METER READ DATE - The date on which the Company schedules a meter to be read for purposes of producing a Customer bill in accordance with the regularly scheduled billing cycles of the Company.

NATURAL GAS SUPPLY SERVICE – Services provided by a Natural Gas Supplier as defined in section 2202 of the Gas Choice Act, 66 Pa. C.S. sec 2202.

OPERATIONAL FLOW ORDER ("OFO") - A directive issued by Company to Supplier, which is reasonably necessary to alleviate conditions that threaten the operational integrity of the Company's system on a critical day.

UNACCOUNTED FOR GAS – Unaccounted for gas is the difference in the amount of gas delivered to the Company's distribution system and the amount billed to customers. The current Lost and Unaccounted for Gas and Retainage Rate percentage is 3.9%. The percentage changes annually on December 1st and is based upon actual data for the preceding 12 months ending August 31st.

C

UPSTREAM CAPACITY ASSIGNMENT, RELEASE OR TRANSFER – The process to provide access to interstate pipeline capacity and storage contracts owned by Company to Supplier pursuant to Company's tariff and any applicable regulatory rules.

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RULES AND REGULATIONS

1. THE GAS SUPPLIER TARIFF

1.1 Filing and Posting. A copy of this Gas Supplier Tariff (hereinafter “Supplier Tariff”), under which the Company will supply service to Company Suppliers, is on file with the Commission and is available for inspection at any Customer Service Center (“CSC”) and at the main offices of the Company. The Tariff is also available on the Company's website at www.pgworks.com.

1.2 Revisions. This Supplier Tariff may be revised, amended, supplemented or otherwise changed from time to time in accordance with applicable law, with the approval of the PUC. Such changes, when effective, shall have the same force as the present Supplier Tariff.

1.3 Application. The provisions of the Supplier Tariff apply to all Suppliers serving Customers receiving Firm Transportation Service, except for customers receiving service under Rate GTS-Firm.

1.4 Rules and Regulations. The Rules and Regulations, as part of this Supplier Tariff, are included in every Firm Pooling Agreement entered into by the Company pursuant to this Supplier Tariff.

1.5 Statement by Company Representatives. . No representative has authority to modify a Supplier Tariff rule or provision, or to bind the Company by any contrary promise or representation.

1.6 Use of Riders. The terms governing the provision of service under this Supplier Tariff may be modified or amended only by the application of standard riders, filed as part of this Tariff.

1.7 Purpose of Tariff. This Supplier Tariff sets forth the basic requirements for interactions and coordination between the Company in its role as a Natural Gas Distribution Company (“NGDC”) and Suppliers, and includes rules necessary for maintaining the delivery of sufficient volume of gas to customers served.

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2. AVAILABILITY

2.1 Service hereunder is available to any Supplier qualified pursuant to the Supplier Tariff that enrolls: (1) a group of at least fifty (50) eligible Customers; or (2) a group of such eligible Customers whose quantities total at least 5,000 Mcf on an annual basis, and that agrees to assume the primary responsibility for the Natural Gas Supply Service obligations for that group of Customers.

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3. CHARACTER OF SERVICE

3.1 Services furnished by a Supplier pursuant to this Supplier Tariff shall be considered firm service. Through the procedures and provisions of this Tariff, qualified Suppliers will contract for service with Customers and shall serve such Customers for an established minimum period of at least one (1) billing month, with the term of service commencing with the Customer's first regularly-scheduled meter reading pursuant to the Tariff.

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4. SUPPLIER QUALIFICATION

4.1 Service under this Supplier Tariff is contingent upon the Supplier completion of the Company's Supplier Application Form ("Application") to Serve Customers and Company's approval of such Application. The Company is the sole judge of a Supplier's Application and the Supplier's ability to safely and reliably serve the Company's Customers.

4.2 A Supplier must meet all pipeline credit standards and prove it is qualified by the pipeline to receive an assignment, release or transfer of pipeline capacity.

4.3 A Supplier shall include with its returned Application, payment of a non-refundable enrollment fee of four hundred dollars (\$400.00).

4.4 Incomplete Applications. In the event the Supplier submits an incomplete Application, the Company shall provide written notice to the Supplier of the Application's deficiencies. The Company will not process an incomplete Application until it is fully completed by the Supplier and received by the Company. Failure to submit a fully completed Application within thirty (30) calendar days following notice that the Application was incomplete will result in a rejection of the Application.

4.5 Processing of Application. The Company shall, on a best effort basis, complete the processing of each Application within ten (10) days after receipt of the Application and notify the Supplier of the results of the Company's review of such Application.

4.6 Rejection of Application. The Company may reject any Application for any appropriate reason including, but not limited to the following:

4.6.A The Supplier has undisputed, outstanding past due debts to the Company;

4.6.B The Supplier has failed to comply with Financial Security requirements specified in Section 11 of this Supplier Tariff;

4.6.C The Supplier has failed to meet the Company's technical, operational, and/or billing standards, as applicable;

4.6.D Any material fact set forth in the registration or Application is false or misleading at the time the application is delivered to the Company or becomes false or misleading at a later date.

4.6.E . For Suppliers engaging or intending to engage in door-to-door sales to residential customers, the Supplier has failed to produce evidence that it has notified the Commission and the Pennsylvania Office of Consumer Advocate (OCA) that it intends to engage in such door-to-door sales and has supplied the Commission and the OCA with copies of the Supplier's contracts, sales literature and agent training material associated with the door-to-door sales activity.

4.7 Approval of Application. Upon approval of Supplier's Application, Company shall execute the duplicate originals of the Firm Pooling Agreement tendered by the Supplier and return one (1) copy to the Supplier.

4.8. The Company may require additional periodic credit evaluations to ensure ongoing financial fitness as set forth in Section 11 of this Supplier Tariff. The Supplier will be assessed a two hundred fifty dollars (\$250.00) fee for all credit evaluations performed by the Company. The evaluation will be based on standard credit factors such as previous Supplier's customer service record, Dun & Bradstreet or similar financial and credit ratings, trade references, bank information, an unused line of credit, and financial

information. The Company shall have sole discretion to determine creditworthiness based on the above criteria, but will not deny creditworthiness without reasonable cause.

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5. CUSTOMER LIST

5.1. Customer List. The Company will maintain a list of Customers that have authorized the release of their information in a secure portion of PGW's electronic bulletin board accessible to Suppliers in compliance with the requirements of Rule 5.2.

5.2. Such list shall only be accessible by Suppliers that have been authorized to access PGW's electronic bulletin board and are otherwise qualified to serve Firm Transportation Customers under this Supplier Tariff.

5.3. Data Exchange. 5.3. The list of Customers that the Company provides to all Suppliers pursuant to Rule 5.1 above, will include the following:

5.3.A. As to Customers who have authorized the release of all of their Customer information:

5.3.A.1 PGW Account Number

5.3.A.2 Customer Name

5.3.A.3 Service Address

5.3.A.4 Billing Address

5.3.A.5 Rate Class

5.3.A.6 Customer usage data (i.e. twelve (12) individual months of historical usage)

5.3.B. As to Customers who have not authorized the release of their usage data:

5.3.B.1 PGW Account Number

5.3.B.2 Customer Name

5.3.B.3 Service Address

5.3.B.4 Billing Address

5.3.B.5 Rate Class

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6. Supplier Selection Procedures.

6.1. Customers shall have the opportunity to select a Supplier in accordance with PUC Orders and the procedures contained in this Supplier Tariff and the Gas Service Tariff.

6.1.A. If a Customer or person authorized to act on the Customer's behalf contacts the Company via telephone to select a Supplier, the Company will advise the Customer to contact that Supplier.

6.1.B. A Supplier enrolling a Customer for its Natural Gas Supply service must first obtain appropriate authorization from the Customer, or from the person authorized to act on the Customer's behalf, indicating the Customer's choice of a Supplier. This authorization may be obtained through written or direct oral confirmation. The Supplier must maintain recorded or written evidence of the Customer's authorization to provide documented evidence of authorization to the PUC in the event of a dispute.

6.1.C. The Supplier shall provide an electronic file to the Company pursuant to standards approved by the PUC and authorized by the Company. The required electronic file shall include, at a minimum, a Supplier identifier, the Company Account Number, the specific transaction (add, drop, transfer, etc.), Rate Code, Transaction Date, and Transaction Time. The Company will confirm receipt of the file and within three (3) business days of receipt will provide Supplier an electronic validation of the records contained therein.

6.1.D. For enrollments received on or before the 15th of any calendar month, the Customer will be switched, on the date of the Customer's regularly scheduled meter reading in the calendar month immediately following the month the enrollment information was received. For enrollments received after the 15th of any calendar month, the Customer will be switched on the date of the Customer's regularly scheduled meter reading in the second (2nd) calendar month following the month the enrollment information was received.

6.1.E. If, in any month, a Customer selects more than one (1) Supplier, the Supplier that submitted to the Company the latest valid Supplier contract, before the end of the applicable Supplier selection period, will become the Customer's Supplier of record beginning on the Customer's switch date. No fee will be charged for the initial enrollment, however, Suppliers will be charged ten dollars (\$10.00) per Customer for Customers who switch Suppliers after their initial enrollment.

6.1.F. The Company will send a confirmation notice to all Customers who have made a Supplier selection by the next business day after receiving the request from the Supplier. Included in this notice will be notification of a ten (10) day waiting period in which the Customer may cancel its selection of a Supplier. The confirmation notice will include the Customer's name, address, the Company account number, selected Supplier, service effective date and Billing Date. The waiting period will begin on the day the notice is mailed to the Customer. The Company will notify the Customer's prior Supplier of the intended discontinuance of service to the Customer from that prior Supplier.

6.1.G. If the ten (10)-day waiting period expires, and the Customer has not contacted the Company to dispute the Supplier selection, the Supplier will become the Customer's Supplier of record.

6.1.H. If the Customer elects to rescind its Supplier selection, the Company will notify the rejected Supplier and the reinstated Supplier electronically. In the event the Customer rescinds its

Supplier selection after the ten (10) day waiting period, the Customer will be required to remain with the selected Supplier for a minimum of one (1) billing month.

6.2. If a Supplier requests from the Company, Customer usage information (12 individual months of historic usage) that is electronically available for a Customer with whom it is discussing the possibility of providing Natural Gas Supply, and who has not authorized the release of customer information pursuant to section 14.2 of the Gas Service Tariff, the Company will only furnish such information if the Supplier provides to the Company a completed copy of the Company's authorization form signed by the Customer, indicating that the Customer has authorized the release of Customer usage information to the Supplier.

6.3. If a Customer contacts the Company to request a switch from the Natural Gas Supply Service of a Supplier to the Company's SOLR Sales Service, on or before the 15th of any calendar month, the Customer will be switched, on the date of the Customer's regularly scheduled meter reading in the calendar month immediately following the month the enrollment information was received. For requests received after the 15th of any calendar month, the Customer will be switched, on the date of the Customer's regularly scheduled meter reading in the second calendar month following the month the enrollment information was received.

6.4.

6.4.A. If a Customer contacts the Company to discontinue Natural Gas Service at the Customer's then current location, and initiates a request for service at a new location, the Company will notify the current Supplier of the Customer's discontinuance of service for the account at the Customer's old location. The Company will also send an electronic transaction to the Customer's selected Supplier for its new location, which may or may not be the current Supplier. If the selected Supplier is not the same Supplier that served the Customer at the old location, the Company will provide the Supplier that served the Customer at the old location with the Customer's new mailing or forwarding address.

6.4.B. If a Customer contacts the Company to discontinue natural gas service and indicates that the Customer will be relocating outside of the Company's service territory, the Company will notify the current Supplier of the Customer's discontinuance of service for the account at the Customer's location. If available, the Company will provide the Supplier that served the Customer at the old location with the Customer's new mailing or forwarding address.

6.5. If the Company elects to change the account number for a Customer receiving its Natural Gas Supply from a Supplier, the Company will notify the Supplier of the change in account number at the same Customer location.

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7. SUPPLIER OBLIGATIONS

7.1 Confidentiality of Information.

7.1.A. General. Without the Company's consent, the Supplier shall not disclose to any third party any Company information made available to a Supplier in connection with the provision of the Firm Pooling Agreement, including, but not limited to, usage data, and information regarding the Company's computer and communications systems. Subject to applicable law, the Company shall not disclose to any third party any Supplier information made available to the Company in connection with the provision of the Firm Pooling Agreement, including, but not limited to, usage data and information regarding the Supplier's computer and communications systems, without the Supplier's consent.

7.1.B. Customer Information. The Supplier shall keep all Customer-specific information supplied by the Company confidential unless the Supplier has the Customer's written authorization to do otherwise.

7.2. Suppliers must accept a release, assignment or transfer on a recallable basis of a pro rata share of Company's applicable interstate pipeline firm transportation at the applicable contract rate, or if authorized by Company, obtain firm pipeline transportation capacity assignable to the Company for delivery of gas supply to delivery point(s) determined by Company in an amount sufficient to meet the peak requirements of Firm Transportation customers being served with this capacity.

7.3. A Supplier must provide and maintain a bond or other financial guarantee in a form and amount as set forth in Section 11 that is acceptable to Company.

7.4. A Supplier must acquire or agree to acquire an adequate supply of natural gas on a firm basis to serve Supplier's Firm Transportation Customer pool and make or cause to be made arrangements by which such gas supplies can be transported to Company's city gates, as directed by Company. Such supplies must be ranked on the transporting pipeline at the pipeline's Predetermined Allocation ranking which guarantees firm delivery.

7.5. A Supplier must enter into a Firm Pooling Agreement, in a form substantially similar to the form set forth in the Appendix to this Supplier Tariff, to serve Customers under Firm Transportation. Company, in its sole discretion, may alter or revise the terms and conditions set forth in the Pro Forma Pooling Agreement.

7.6. A Supplier must comply with the Company system reliability requirements, including Daily Operational Bulletins (DOBs), Operational Flow Orders (OFOs), and notice requirements as set forth in this Supplier Tariff.

7.7. A Supplier must comply with applicable communications standards, including approved Internet based procedures.

7.8. A Supplier must cooperate with Company in the preparation of an annual reliability plan presented to the PUC.

7.9. A Supplier (including its nominating agents, if applicable) who nominates gas for delivery to the Company's system must have and maintain Internet access. The Supplier shall also provide

the Company with a valid e-mail address, a 24-hour a day contact person, a 24-hour a day phone and a 24-hour a day fax number for contact purposes.

7.10. The Company's provision of a Firm Pooling Agreement is contingent upon the Supplier paying all charges and amounts billed to it by the Company in a timely manner.

7.11. Failure to comply with all Supplier obligations will result in the Company disqualifying the Supplier from serving Customers. In the event the Company disqualifies a Supplier, the Supplier may appeal the disqualification to the Commission. If the Commission does not reverse the disqualification within forty-five (45) days, the Supplier will be disqualified at the end of the 45-day period and its Customers will be returned to SOLR service or switched to another Supplier. Any Company disqualification will be on a nondiscriminatory basis.

7.12. A Supplier will satisfy all applicable reliability requirements.

7.13. A Supplier and the Company will provide to the other in a thorough and timely manner all data, materials or information specified in this Tariff, or otherwise reasonably required by the Supplier or Company in connection with the provision of the Firm Pooling Agreement.

7.15. A Supplier must have and maintain the software, hardware and technical acumen identified by the Company as necessary to access the Company's web sites. In addition, Suppliers who are assigned pipeline firm transportation capacity must have the hardware, software, and user competencies necessary to access pipeline electronic bulletin boards.

7.16. A Supplier shall comply with all applicable laws and Commission rules and regulations for record retention.

7.16.A. Suppliers are required to create and maintain a file containing at a minimum the following billing data: Supplier name, Customer's Company account number, rate class, Supplier rate, effective period of such rate and any other information required to properly bill Customer at the Supplier's rate. Such data will be updated monthly by the Supplier and will be released to the Company only in the event of default by a Supplier which requires the Company to comply with Section 2207(k) of the Natural Gas Choice Act.

7.17. The Supplier shall maintain the surety required by the Company and shall maintain an acceptable credit rating in accordance with the requirements of the Supplier evaluation form. The Company reserves the right to conduct financial evaluations during the course of the year when information has been received by the Company that indicates the creditworthiness of the Supplier has deteriorated. The Company will bill the Supplier a two hundred fifty dollar (\$250.00) fee for such evaluations. The Company will limit evaluations at Supplier expense to two (2) evaluations in any twelve (12) month period.

7.18. Suppliers shall each comply with all applicable Commission Orders regarding Gas Choice, including, but not limited to, PUC standards for credit determination, deposits, initiation and disconnection of service to Customers as set forth in Maintaining Service Quality Guidelines at Docket No. M-00991249F0003, Customer Information Disclosure Requirements at Docket No. M-00991249F0005 regarding Supplier disclosure of terms of service, marketing, advertising and sales practices, and privacy of customer information, and Procedures to Ensure Customer Consent to a Change of Supplier at Docket No. M00991249F0006.

7.19.A. Force Majeure. In the event that a Supplier or the Company is rendered unable, wholly or in part, by a Force Majeure event to carry out its obligations under this Tariff, it is agreed that upon notice of such Force Majeure given in writing or by telephone to the other party as soon as reasonably possible after the occurrence of the cause relied on, the obligation of the party giving such notice, insofar as its is affected by such Force Majeure event, shall be suspended during the continuation of any inability so caused, but for no longer period, and such cause shall be remedied by such party with all reasonable dispatch.

7.19.B. Telephone notices given under the provisions of this Section shall be confirmed in writing as soon as reasonably possible, and all notices hereunder shall specifically state the time and date when the Force Majeure became effective.

7.19.C The term “Force Majeure” as used in this Supplier Tariff, shall mean any natural catastrophe, fire, explosion, accident or other casualty, law or governmental regulation or order (including, without limitation, any such law, regulation or order which curtails or interrupts, directly or indirectly, a Customer’s right to receive the gas supplied hereunder), strike or other labor dispute and any consequences thereof and other causes beyond the reasonable control of either the Supplier or the Company, and shall also include any change in order of the Commission which alters or affects the Customer’s right to take or retain the gas supplied hereunder. A change in economic circumstances shall not be deemed in and of itself, a Force Majeure event hereunder, and no event shall excuse Supplier’s obligation to promptly make payments required under this Tariff.

7.19.D. Notwithstanding the provisions of Section 7.19.C, a Force Majeure event that excuses a Supplier from delivering the required DDQ on any given day shall be limited solely to those instances when the applicable interstate pipeline has curtailed the pipeline FT capacity assigned to a Supplier, such curtailment directly and substantially affects a Supplier’s ability to deliver its DDQ, and no alternative natural gas supply is available. During such period of curtailment, a Supplier claiming excuse from performing due to force majeure must schedule all available pipeline FT capacity to satisfy its DDQ obligation. The Supplier is responsible for providing the Company complete information and verifiable proof of all the particulars requested by the Company related to any such force majeure event. As requested by the Company, quantities not delivered by a Supplier pursuant to this Force Majeure provision must be made up by Supplier as soon as possible pursuant to a delivery schedule to be established by the Company. Any requested quantities which are not made-up pursuant to that schedule will be sold to Supplier at a rate of fifty dollars (\$50.00) per Dth, plus the replacement cost of such gas including, but not limited to, the purchase price of the gas and any applicable interstate pipeline charges.

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8. OPERATIONAL REQUIREMENTS

8.1. Critical Day Planning.

8.1.A. As events occur that could develop into system emergencies or lead to a threatening of system integrity, the Company may request and/or require Suppliers or Customers to take certain actions to protect, maintain, or reestablish the safe operation of the system in the form of:

8.1.A.1. Daily Operational Bulletin (DOB);

8.1.A.2. Operational Flow Order (OFO).

8.2. The Company shall have the right to issue Daily Operational Bulletins (DOB). A DOB may request a specific action on the part of an individual Supplier or all Suppliers. Failure to comply with a DOB will result in the Supplier being assessed the penalty charge set forth within this Supplier Tariff. DOBs will be communicated to affected Suppliers either electronically, by telephone, facsimile or other method agreed upon between Company and Supplier. Suppliers must provide the Company with a 24-hour contact for DOBs.

8.3. Operational Flow Orders. The Company shall have the right to issue Operational Flow Orders (OFOs) on a daily or intraday basis. Failure to comply with a properly communicated OFO will result in the Supplier being assessed the penalty charge set forth within this Supplier Tariff. OFOs will be communicated as soon as reasonably practical to Suppliers either electronically, by telephone, facsimile or other method agreed upon between Company and Supplier. Suppliers must provide the Company with a 24-hour contact for OFOs.

8.3.A. In order to alleviate operating conditions which threaten the integrity or safe operation of the Company's distribution system or interfere with the Company's ability to provide reliable firm service, the Company shall notify the Supplier, of the issuance of an OFO. The Company will endeavor to provide notice of the commencement of an OFO to the Supplier not less than four (4) hours in advance. Notice of the termination of an OFO may be made at any time, and shall specify the date and time of the termination.

8.3.B. OFO notices will contain specific instructions as to the action(s) required of the Supplier. The Supplier shall be responsible for any communication with Customers in the supply pool that may be necessary for the Supplier's compliance with OFO requirements.

8.3.C. The Company, in its sole judgment, may issue OFOs for reasons, including but not limited to the following :

8.3.C.1.a. Protect the integrity of the Company's gas system;

8.3.C.1.b. Assure deliveries of gas supplies to all of the Company's sales customers;

8.3.C.1.c. Adhere to the various interstate pipeline companies' balancing or delivery requirements; or

8.3.C.1.d. Provide adequate storage levels.

8.3.C.2. Consistent with the standards set forth, types of circumstances under which the Company may determine to issue an OFO include, but are not limited to:

8.3.C.2.a. Responding to an event of Force Majeure;

8.3.C.2.b. Accommodating capacity limitations resulting from the need to perform maintenance and/or repairs;

8.3.C.2.c. Ensuring current and future storage capabilities and levels;

8.3.C.2.d. Maintaining operational pressures, adequate gas supplies and line pack required to provide an efficient and reliable service;

8.3.C.2.e. Responding to any event, which the Company believes in its sole judgment, may jeopardize the integrity of its system.

8.3.C.3. OFOs may be issued with respect to an individual Customer, an aggregation pool or an entire rate class (or classes) of Customers.

8.3.C.4. In order to address operational reliability or to prevent undue cost shifting the Company will have the authority to direct a Customer, or where the Customer is part of an aggregation pool, the Customer's Pool Administrator, to adjust daily scheduled volumes to a specified level or to deliver gas to specified receipt point(s) into the Company's distribution system or to receipt points prescribed by upstream pipelines.

8.3.C.5. Failure to comply with an OFO will result in the billing of the following charges when the actual daily usage exceeds the daily flowing volume:

8.3.C.5.a. Penalties as defined in the tariff on the difference, and

8.3.C.5.b. Payment of all other charges incurred by the Company on the date of the OFO that result from the Supplier's failure to comply with the OFO, including a proportionate share of any pipeline penalties that are incurred by the Company.

8.3.D. The requirements of OFOs shall be as localized as possible. If only discrete segments of the Company's system are affected by operational difficulties, then OFOs shall be limited to those segments of the system. The Company shall lift any effective OFO promptly upon the remedy or cessation of the operating conditions that caused the issuance of the OFO.

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9. SPECIAL PROVISIONS

9.1. Supplier warrants and will provide satisfactory documentation, upon request, that it has good and merchantable title for all gas delivered to the Company for transportation hereunder. Title shall be free and clear of all liens, encumbrances and claims whatsoever. Supplier will indemnify the Company and hold the Company harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising out of the adverse claims of any or all persons to said gas and/or to royalties, taxes, license fees or charges thereon, including pipeline transportation and service charges, which are applicable to such gas and/or the delivery of such gas to the Company.

9.2. The Supplier 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 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 Supplier 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 Supplier shall be responsible for maintaining all insurance it deems necessary to protect its property interest in such gas before, during and after receipt by the Company.

9.3. Natural gas delivered or caused to be delivered by the Supplier must satisfy the quality specifications of the pipelines used to transport Supplier's natural gas.

9.4. Additional Limitations of Liability in Connection with Customer Choice. Other than its duty to deliver natural gas, the Company shall have no other duty or liability to a Customer receiving Natural Gas Supply Service arising out of or relating to a contract or other relationship between such Customer and a Supplier. The Company shall implement Customer selection of a Supplier consistent with applicable rules of the Commission and shall have no liability to a Customer receiving Natural Gas Supply Service arising out of or relating to switching Suppliers unless the Company is negligent in switching or failing to switch a Customer. The Company shall have no duty or liability with respect to natural gas before it is delivered by a Supplier to a point of delivery on the Company's distribution system. After its receipt of natural gas at the point of delivery the Company shall have the same duty and liability for distribution service to Customers receiving Natural Gas Supply Service as to those purchasing natural gas from the Company.

9.5. UPSTREAM CAPACITY.

9.5.A. Each Supplier shall receive an assignment of the Company's pipeline FT capacity at the applicable maximum rate charged by the pipeline. The amount of pipeline FT capacity assigned to a Supplier shall be based on the Supplier's Daily Contract Quantity ("DCQ") in Dth/day. The DCQ shall be determined each quarter in accordance with the allocation methodology approved by the Commission's Order at M-00021612 (entered March 31, 2003) . The DCQ shall be adjusted, at the Company's discretion, to reflect increases or decreases in a Supplier's Firm Transportation Customer group. Pipeline FT capacity will be assigned by the Company in proportions equal to the amount of pipeline FT capacity held by the Company on each interstate. The pipeline FT capacity shall be the existing total capacity obligation as modified from time to time in accordance with applicable law.

9.5.B. Pipeline FT capacity will be assigned to the Supplier on a recallable basis. Assignment of such capacity will be reviewed on a monthly basis. Pipeline FT capacity may be recalled from a Supplier by the Company in the event of Supplier's unexcused failure to deliver its Daily Delivery Quantity ("DDQ"), upon exit by the Supplier from the Company's Gas Choice Program, loss of Supplier's Customers, or due to Supplier's failure to pay pipeline demand charges.

9.6. The Company will communicate to each Supplier a DDQ. The DDQ will be the required amount of gas to be delivered for the indicated date for each Supplier's pool of Customers served under Firm Transportation, and will specify the required points of delivery. Suppliers who fail to deliver their DDQ will be subject to penalties and imbalance charges as outlined in the Supplier Tariff.

9.7. Upon assignment of pipeline FT capacity, Suppliers must deliver the DDQ to the Company's city gate, or as specified by the Company. Specification of a delivery point other than a PGW city gate shall not increase the transportation cost to the Supplier. Except in the case of a Force Majeure event, all assigned pipeline FT capacity shall be presumed to be available to the Supplier for the purpose of delivery of DDQ. Rule 9.10 and Rule 9.11 penalties shall apply to all excessive or deficient deliveries of a Supplier.

9.8. Suppliers will receive their DCQ, their DDQ, DOBs, and OFO's, as well as send and receive nomination information, via a secure, individualized web site and will receive Customer account information via web site. Each Supplier nomination transmission must include: name of pipeline, pipeline contract number, pipeline activity number, package/downstream identifier, PGW or other designated delivery meter, volume of delivered quantities, and effective dates. The Company reserves the right to change the type of information required as well as the nomination deadline to comply with the requirements of the interstate pipelines. Nominations will be confirmed in a manner consistent with the procedures established by the Company. However, the Company reserves the right to not confirm supply nominations if, in the Company's sole judgment, acceptance of such supplies would affect the integrity of the Company's distribution system. The Company also reserves the right to not confirm supply nominations that are received beyond the Company's deadline or otherwise improperly nominated.

9.9. Each month, the Company shall determine the DDQ applicable to each Supplier's Firm Transportation Customer profile based on projected normalized weather consumption and based on application of the reconciliation procedures set forth in Rule 9.13. Each DDQ shall be made available to the applicable Supplier via web site, by nine (9) o'clock in the morning of the day prior to the first (1st) day of each calendar month. A Supplier's DDQ shall remain unchanged throughout the applicable calendar month unless, as determined by the Company, operating conditions dictate that the DDQ should be modified. Operating conditions shall include variation in customer consumption from projected weather, imposition of an Operational Flow Order (OFO), imposition of a Daily Operational Bulletin (DOB) or curtailment order of an interstate pipeline company, management of the Company's storage deliverability and inventories at appropriate levels or avoiding interstate pipeline company penalties. The monthly determination of a DDQ, and changes thereto shall be applied to each Supplier on a not unduly discriminatory basis.

9.10. The Company is not obligated to accept any quantities nominated by a Supplier in excess of its DDQ. As to quantities exceeding the DDQ, the Company may either refuse to confirm said quantities, in conjunction with appropriate interstate pipeline confirmation protocol. The Company will not be liable for any cost incurred by the Suppliers, resulting from pipeline nominations in excess of the DDQ. In the event the Company is unable to reduce the Supplier's deliveries to the DDQ level, the Supplier shall pay the Company a penalty equal to the greater of fifty dollars (\$50.00) per Dth or two hundred percent (200%) of the highest of the prices for delivered gas supplies published in Gas Daily for points located in Texas Eastern M-3 and Transco Z6 (non-NY), which are applicable to the calendar day in which the excess deliveries were made on the positive difference between the amount delivered by the Supplier and the DDQ, plus all costs incurred by the Company as a result of the Supplier's over-delivery. Over-deliveries in one (1) day do not satisfy under-deliveries in another day, nor will under-deliveries correct previous over-delivery of supply.

9.11. To maintain system reliability and integrity, the following penalty charges will apply for Supplier's failure to deliver the entire DDQ to the Company. This reconciliation is done on a daily basis. Suppliers who fail to deliver the DDQ established by the Company will be subject to a penalty equal to the greater of fifty dollars (\$50.00) or two hundred percent (200%) of the higher of the prices for delivered gas supplies published in Gas Daily for Texas Eastern M-3 and Transco Z6 (non-NY), which are applicable to the calendar day in which the deficient deliveries were made. The Supplier will also pay all costs incurred by the Company to obtain gas volumes needed to rectify the deficiency.

9.12. PENALTIES DURING A DAILY OPERATIONAL BULLETIN OR OPERATIONAL FLOW ORDER (OFO).

9.12.A. A Supplier that fails to deliver the DDQ while a DOB is in effect will be subject to a penalty charge of seventy five dollars (\$75.00) per Dth, on the positive difference between the DDQ and the amount delivered to the Company during the DOB. The Supplier will also pay all other costs incurred by the Company to satisfy the deficiency.

9.12.B. A Supplier that fails to deliver the DDQ while a OFO is in effect will be subject to a penalty charge of seventy-five dollars (\$75.00) per Dth, on the positive difference between the DDQ and the amount delivered to the Company during the OFO. The Supplier will also pay all other costs incurred by the Company to satisfy the deficiency.

9.12.C. Failure to comply with a DOB or OFO will result in a penalty charge of seventy-five dollars (\$75.00) per Dth plus all incremental costs incurred by the Company as a result of the failure to comply with the DOB or OFO.

9.13. RECONCILIATION PROCEDURES.

9.13.A. Meter data collected by the Company shall be utilized to calculate the quantity of natural gas consumed by a Supplier's Firm Transportation Customer group in Dths. Data from monthly metered Customers shall be collected in subsets corresponding to Customer billing cycles (billing routes) which close on different days of the month. To estimate usage on a daily basis, the Company shall convert such metered data for Customers to equivalent daily usage base and the applicable volume adjustment. For the purposes of Rule 9.13.B, equivalent daily usage will be aggregated on a calendar month basis and compared to total gas received by the Company from the Supplier expressed in Dths.

9.13.B. Reconciliation of Deliveries Using the Company's Retained Pipeline FT Capacity or Storage Capacity.

9.13.B.1. Suppliers shall be responsible for returning natural gas volumes forwarded by the Company using pipeline FT capacity. Aggregate equivalent daily usages determined pursuant to Rule 9.12.A shall be used to calculate the net amount of gas delivered by the Company using such delivery assets. The difference between the aggregate equivalent daily usage and Supplier's DDQ for each day of the calendar month shall be deemed to have been delivered by the Company to the extent aggregate equivalent daily usage exceeds the DDQ.

9.13.B.2. Where a Supplier's aggregate equivalent daily usage does not exceed the Supplier's DCQ, the difference shall be deemed to have been delivered using the Company's retained pipeline FT capacity and netted against volumes deemed to have been delivered by the Supplier on days where aggregate equivalent daily usage is less than Supplier's DDQ. To the extent such netting shows an imbalance of deliveries over an entire calendar month, the Supplier's DDQ shall be adjusted to the extent operationally feasible pursuant to Rule 9.9.

9.13.B.3. Where a Supplier's aggregate equivalent daily usage exceeds the Supplier's DCQ, the difference shall be deemed to have been delivered using the Company's storage and peaking capacity. The aggregate of volumes deemed to have been delivered each month using such delivery assets during November-March (Winter Season) shall be carried forward to the extent operationally feasible and the Supplier's DDQ during the subsequent April-October (Summer Season) shall be adjusted pursuant to Rule 9.9 to eliminate the forwarded amount. These carried forwarded volumes will be reimbursed back to the company in kind through this adjustment process rather than being reimbursed in dollars as a cash out mechanism.

9.14. LOAD BALANCING CHARGE.

9.14.A. Suppliers for all gas delivered under Firm Transportation Rates, of this Suppliers Tariff shall be charged at \$ 42.2161 per design day Mcf that is fulfilled by PGW storage and peaking assets, for recovery of those costs for Balancing Service, calculated in the manner set forth in the Commission's Order at M-00021612 (entered March 31, 2003) and as set forth below. Such rate for Balancing Service shall be increased or decreased, from time to time, in accordance with applicable law and procedures. (I)

9.14.B. Computation of Balancing Service Costs per Dth.

9.14.B.1. Formula. Balancing Service Costs, per design day Mcf, that is fulfilled by PGW storage and peaking assets, shall be computed to the nearest one-hundredth cent (\$0.0001) in accordance with the formula set forth below:

$$BSC = ((C - E) / (S))$$

Projected Balancing Service Costs, so computed, shall be charged to Suppliers of Firm Transportation Rates per Customer per design day Mcf that is fulfilled by PGW storage and peaking assets, for an enrollment month. The amount of those costs, per Mcf, will vary, if appropriate, based upon annual filings by the Company 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 PUC's regulations adopted pursuant thereto.

9.14.B.2. Definitions. In computing the Balancing Service Costs, per Dth, pursuant to the formula above, the following definitions shall apply:

"BSC" - Balancing Service Costs determined to the nearest one-hundredth cent (\$0.0001) to be charged to each design day Mcf that is fulfilled by PGW storage and peaking assets, under Rate Schedule Firm.

"C" - Cost in dollars: for all types of storage and related services, the fixed and variable costs for the projected period when rates will be in effect.

"E" - the net overcollection or undercollection of Balancing Service Costs. The net overcollection or undercollection shall be determined for the most recent period permitted under law, which shall begin with the month following the last month which was included in the previous overcollection or undercollection calculation reflected in rates. The annual filing date shall be the date specified by the PUC for the Company's Section 1307(f) Tariff filing.

Each overcollection or undercollection statement shall also provide for refund or recovery of amounts necessary to adjust for overrecovery or underrecovery of "E" factor amounts under the previous Balancing Service Costs Rate. Interest shall be computed monthly at the rate as provided for in Section 1307(f) of the Public Utility Code from the month that the overcollection or undercollection occurs to the effective month such overcollection is refunded or undercollection is recouped. Such over billings (or under billings) will be made with interest at the statutory rate.

"S" - projected Mcf of storage gas/LNG to be delivered to Customers to meet design day needs during the projected period when rates will be in effect.

(I) - Increase

9.14.C. Quarterly Updates. The Company's rates for recovery of Balancing Service Costs are also subject to quarterly adjustments under procedures set forth in the PUC's regulations at 52.Pa. Code 53.64 (1) (5). Such updates shall reflect adjustments for under or over collections and adjustments to the projected cost of Balancing Services based upon more current versions of the same sources of data and using the same methods to project the Balancing Service Costs approved by the PUC in the Company's most recent annual proceeding for recovery of Balancing Service Costs under section 1307 (f) of the Public Utility Code.

9.15. Suppliers will be required to reimburse PGW for the carrying costs for the amount of storage gas/LNG forwarded to the Suppliers pursuant to section 9.13.B.3. Such carrying costs will be computed by PGW on a periodic basis using the FERC declared interest rate.

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10. NOMINATION PROCEDURE

10.1. The nomination procedure specifies requirements for nominating, scheduling, balancing, and communicating information relating to Supplier's gas deliveries for customers served under Firm Transportation Rates.

10.2. A list of Company contact persons will be posted on the Company's Web Site, located at <http://www.PGWORKS.com>, or its successor, along with their department affiliation, telephone number, and fax number.

10.3. Where applicable, upstream pipeline firm transportation and storage capacity held by Company shall be released, assigned or otherwise transferred to the Supplier to serve Customers under Firm Transportation rates. The Company will determine the term of the assignment, release or transfer.

10.4. Capacity Recall. All capacity assigned, released or transferred by Company is subject to recall, in the event:

10.4.A. A Supplier is disqualified as an approved Supplier on Company's system; or

10.4.B. The amount of capacity assigned, released or otherwise transferred is no longer required to serve the Supplier's Pool; or

10.4.C. The Supplier fails to comply with Section 7 of this Supplier Tariff (Supplier Obligations) and the capacity is required by the Company to meet its firm commitments.

10.5. A Supplier may have an agent who performs one (1) or more supply obligations under this Supplier Tariff. In the event such an agent is utilized, Supplier shall notify Company of the responsibilities of the agent, and shall provide Company with the agent's valid e-mail address, 24-hour contact, fax number and phone number for contact purpose. Suppliers using an agent shall remain liable for all charges and penalties, as well as the actions or omissions of their agents, including, without limitation, with respect to confidential information and use of PGW's systems.

10.6. Assignments, releases or transfers of upstream pipeline firm transportation capacity shall be made on the basis of and in accordance with the supply portfolio held by Company at the time of assignment and the composition of the Supplier's Pool. Company will evaluate and adjust the capacity assignments, releases or transfers made to the Supplier from time to time, as required.

10.7. For nomination purposes, all transportation volumes received on behalf of Customers served under Firm Transportation Rates shall be nominated to the Company's city gate receipt points. Company reserves the right to specify delivery receipt points.

10.8. Suppliers serving Customers shall submit daily nominations equal to the DDQ, consistent with the Company's requirements.

10.9. All Company Customers must provide consent to any Supplier nominating on their behalf. Enrollments by Suppliers are deemed to constitute confirmations that the Customer has provided such consent. For transportation Customers served under Firm Transportation rates, the Supplier must maintain and produce upon request by Company evidence of Customer consent within one (1) business day notice.

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11. FINANCIAL SECURITY

11.1. A Supplier shall provide financial security to ensure that the Company is able to receive, without undue delay, funds or other forms of remuneration sufficient to meet the financial consequences of a Supplier's failure to perform its Natural Gas Supply Service obligations hereunder. Company may also use such forms of financial security to ensure the ability of a Supplier to pay the penalties authorized by this Supplier Tariff.

11.2. Financial security shall be provided in a form that is acceptable to Company. Acceptable forms of financial security include, but are not limited to, cash deposits, performance bonds and letters of credit (hereinafter, "Surety"). Company, at its discretion, may not require a credit review if a Supplier has obtained a license to provide Natural Gas Supply Services to retail customers from the PUC within one (1) year.

11.3. Unless Company otherwise agrees, the minimum level of financial security, in whatever form, shall be no less than the total of the following:

11.3.A.

11.3.A.1. The Company's exposure for gas forwarded to the Supplier based on a design winter,

11.3.A.2. Pipeline demand charges in the event of a Supplier default, and

11.3.A.3. The Company's exposure related to honoring the Supplier's contract price within a billing period.

11.3.B. Each of these components are detailed below:

11.3.B.1. Forwarded gas component: [(projected Supplier customer pool storage volumes for Nov.-March based on design winter) x (most recent Company 1307(f) filing average delivered commodity cost for Nov.-March)].

11.3.B.2. Pipeline capacity demand charges component: [DCQ x 90 days x (most recent Company 1307(f) filing pipeline demand charges)].

11.3.B.3. Interim billing period component: [Jan.'s volume x 30 days x 10% assumed difference in Supplier's contract price to the Company's commodity cost)].

11.4 In addition to the above, a Supplier shall provide financial security, in the form of a performance bond payable upon order of the Commission or payable directly to the Commission, in an amount that is projected to be necessary to provide reimbursement to residential customers who may be owed supplier funds (including deposits, prepayments or restitution) in the event that a Supplier exits the market. The level of the performance bond shall be established in consultation with the Commission or the Pennsylvania Office of Consumer Advocate. A Supplier may seek a waiver from the Commission of the amount and form of the security. The Commission shall hold and supervise this bond.

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12. Supplier Billing and Payment

12.1. Each month, the Company shall submit an invoice to the Supplier for all service charges and other charges provided under this Tariff. Such invoice may include charges related to adjustments for prior periods. The invoice may be transmitted to the Supplier by any method requested by the Supplier that PGW can reasonably accommodate. On or before the due date shown on the bill, a Supplier shall make payment for charges incurred. The due date shall be determined by the Company and shall not be less than fifteen (15) days from the date of transmittal of the bill.

12.2. Supplier shall make payment to the Company of invoiced amount by wire transfer to the bank and account specified on the invoice. If the invoiced amount is less than \$1,000, payment can be made by check, payable to the Company. Unpaid balances shall accrue interest at the rate of 0.83% per month or 10% per annum. Unpaid balances may result in the Company accessing the financial security posted by the Supplier and / or the Supplier being disqualified from providing Firm Pooling Service. The Company may require that a Supplier that is not creditworthy tender payment by means of a certified, cashier's, teller's, or bank check, or by wire transfer, or other immediately available funds. If disputes arise regarding a Supplier bill, the Supplier must pay the undisputed portion of disputed bills under investigation. There shall be a returned check fee of twenty dollars (\$20.00) payable by the Supplier for each returned check.

12.3. If Supplier asserts a good faith billing dispute, the Supplier shall inform the Company in writing of such dispute and pay the undisputed amount. The disputed amount shall accrue interest at the effective prime rate of interest as published under "Money Rates" by "The Wall Street Journal", or the maximum contract rate permitted by law, whichever is less. The Supplier and the Company shall endeavor to resolve any disputes promptly and the amount determined to be properly invoiced, plus accrued interest on such amount shall be paid to the Company within fifteen (15) days following such resolution. Unpaid amounts not subject to dispute shall accrue interest at the rate of 0.83% per month or 10% per annum.

12.4. Notwithstanding anything stated herein to the contrary:

12.4.A. Invoices shall be subject to adjustment for any errors in arithmetic, computation, meter readings, estimating or other errors for a period of 6 months after the rendering of the invoice; and

12.4.B. The Company shall be entitled to submit estimated bills (subject to correction) in the event circumstances limit the timely availability of necessary data.

12.5. This section reserved.

12.6. In the event the Supplier fails, for any reason other than a good faith billing dispute, to make payment to the Company on or before the due date, and such failure of payment is not corrected within fifteen (15) calendar days after said due date, Supplier shall be deemed to be in Default under the Firm Pooling Agreement.

12.7. The Company will assume no responsibility for billing other parties except as stated otherwise in this Tariff or upon mutual agreement.

12.8. Before the Supplier can render service, or continue to render service under this Supplier Tariff, the Company shall require any Supplier applying for Firm Pooling Services, or a Supplier currently receiving such services, as applicable, to provide the Surety described in Section 11.1 through 11.3. The Company will hold any Surety for the Supplier's delivery of gas and for payment of undisputed charges due from a Supplier under this Tariff. In addition, the Company at any time may require a Supplier to post a cash deposit if the Company determines that the Supplier is no longer creditworthy. In the event the PUC establishes an additional amount to be included in the Surety to cover fines or obligations of a Supplier to its Customers, such amount shall be payable on the same terms as the Surety to the Company; provided, however, that the Company shall not be required to execute on the Surety for any amounts owed by the Supplier to its Customers unless such amounts are not in dispute or the PUC directs the Company to do so in a final order.

12.8.A. In addition to any information otherwise required hereunder, a Supplier shall be required to provide to the Company such credit information as the Company may reasonably request. The Company will report the Supplier's credit history with the Company to a national credit bureau.

12.9. SUPPLIER BILLING.

12.9.A. The Customer Billing Specifications. A Supplier who intends to deliver Natural Gas Supply to Customers must satisfactorily complete the appropriate interface testing with the Company prior to being able to deliver.

12.9.B. Billing Service Options.

12.9.B.1. Separate NGS Billing.

12.9.B.1.a. If by notifying the Supplier, a Firm Transportation Customer elects to have a Supplier separately bill its Supplier Charges, the Company and the Supplier will separately send their bills directly to the Customer.

12.9.B.1.b. Within the time frame and via the transaction format approved by the PUC, the Company will transmit meter data (e.g. meter reads, consumption, dates and type of reading) to the Supplier.

12.9.B.2. Consolidated Billing. **

12.9.B.2.a. If a Firm Transportation Customer elects Consolidated Billing, the Company will render a consolidated bill monthly, including both the Company's charges for distribution service and the Supplier's basic charges for its gas supply service, in accordance with the Public Utility Code and the PUC's applicable regulations (e.g. 52 Pa. Code §56.1 et seq.)

** PGW will not be offering this service at this time.

12.9.B.3. Within the time frame and via the transaction protocol, approved by the PUC, the Company will transmit Meter Data (e.g., meter reads, consumption, dates and type of reading) to the Supplier.

12.9.B.4. Within the time frame and via the electronic data exchange protocol approved by the PUC, the Supplier shall calculate its Customers' basic charges and send to the Company such charges, including date of billing period, consumption, usage, rate and resulting calculation (collectively referred to as "Supplier Charges").

12.9.B.5. The Company will provide the Supplier up to two (2) lines, each eighty (80) characters in length, on its standard bill for messages directly related to the calculation of the Supplier portion of the bill.

12.9.B.6. Any transaction with Supplier charges sent to the Company after the time period, or not in the format specified above, will be rejected and the Firm Transportation Customer's bill for the current billing period will state that the Supplier charges for the current billing period are not available. The Supplier must resubmit the data the following month as required along with the then current month charges. Upon such resubmission, the Company will place the Supplier charges into the billing cycle and the delayed Supplier charges will appear on the Firm Transportation Customer's bill for the then current month.

12.9.B.7. The Company will collect and process Firm Transportation Customer's payments in accordance with Section 2205 (c)(5) of the Gas Choice Act and the PUC's applicable payment priority requirements. The Company shall pay the Supplier amounts owed for all undisputed Supplier Charges for which the Company has received payment from Customer within twenty (20) days after such payments have been properly posted to the Customer's account.

12.9.B.7.a. The Company will make payments to the Supplier by Automatic Clearing House ("ACH"), with remittance advice to a bank designated by the Supplier.

12.9.B.7.b. In the event the Company fails to pay Supplier within the above twenty (20) day period, the Company will pay the Supplier ten percent (10%) interest per annum on the unpaid amount.

12.9.B.8. The Company will bill all budget billing amounts calculated and provided by the Supplier. The Company will not determine or reconcile a Supplier's budget bill charge.

12.9.B.9. Within the time frame and via the transaction format approved by the PUC, the Company will transmit meter data (e.g. meter reads, consumption, dates and type of reading) to the Supplier.

12.9.C. Dispute Process.

12.9.C.1. The Company shall process all disputes in accordance with the Public Utility Code and the PUC's applicable orders and regulations (52 Pa. Code 56.1 et. seq.). In the event the dispute relates to the Company's charges or actions, or to both Company's and the Supplier's Charges or actions, the Company will coordinate with the Supplier so that a proper investigation to a Customer dispute is conducted and completed within the time period prescribed by 52 Pa Code 56.151(5) and so that the Customer and the Supplier (if the Supplier is involved in the dispute) are informed of the results of the investigation. The Supplier shall provide all information needed by the Company relating to the Customer's dispute within five (5) business days of the Company's request. In the event, however, the dispute relates solely to the Supplier's Charges or actions the Company shall refer the Customer directly to the Supplier for resolution of the dispute.

12.9.C.2. The Supplier shall hold PGW harmless for the results of any regulatory count or other action arising from a dispute related to a Supplier charge.

12.9.C.3. The Company shall process all informal complaints in accordance with the Public Utility Code and the PUC's applicable orders and regulations. In the event the informal complaint relates to the Company's charges or actions, or to both the Company's and the Supplier's Charges or actions, the Company will coordinate with the Customer's Supplier so that the proper information is submitted to the PUC's Bureau of Consumer Services within the time period required by the PUC. In the event, however, the informal complaint relates only to the Supplier's Charges or actions, the Supplier shall have the sole responsibility to submit the proper information.

12.9.C.4. Unless mutually agreed to by the Company and the Supplier, a Customer's outstanding prior account balances will not be transferred from one entity to another when a Customer switches from the Company to a Supplier, switches from one Supplier to another, switches from a Supplier to the Company or when the Customer chooses another billing option, Such balances may become immediately due and payable in accordance with the billing party's credit and collection practices and must be paid to the original billing party.

12.9.D. Supplier shall pay to Company the following fees for billing services: **

12.9.D.1. Billing Fee \$ /Bill.

12.10. In the event a Supplier wants the Company to provide a billing service other than the standard billing service, the fee for such service shall be negotiated between the Company and the Supplier.

**The rates will be submitted and approved by the PUC when final consolidated billing costs are determined.

12.11. Where Company renders a bill for Natural Gas Supply Service on behalf of a Natural Gas Supplier and a partial payment is received, the partial payment shall be applied in the following order of priority:

12.11.A. Outstanding pre-retail PGW balances, or the installation amount on a payment agreement with PGW on this balance;

12.11.B. Any balance due on primary billed PGW services, or the installment amount for a payment agreement

12.11.C. Any balance due on current PGW charges;

12.11.D. Current supply charges;

12.11.E. Non-Basic Service charges.

12.11.F. Hardship Energy Fund contributions.

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13. Supplier Exit Procedures

13.1. WITHDRAWAL BY SUPPLIER FROM GAS CHOICE.

13.1.A. In compliance with all applicable PUC rules and regulations, and at least ninety (90) days before withdrawal, a Supplier shall provide to the Company electronic notice, in a form specified by the Company, of withdrawal by the Supplier from the Gas Choice Program, meaning withdrawal from supplying, under this Supplier Tariff, Natural Gas Supply on the Company's system to Customers.

13.1.B. In compliance with all applicable PUC rules and regulations, and at least ninety (90) days prior to said withdrawal, a Supplier shall also provide written notice to its Customers of its withdrawal from the Gas Choice Program.

13.1.C. A Supplier that withdraws from the Gas Choice Program without providing timely notice of withdrawal to the Company and to its Customers shall reimburse the Company for any costs incurred by Company associated with the withdrawal:

13.1.C.1. Mailings by the Company to the Supplier's Customers to inform them of the withdrawal and their options;

13.1.C.2. Non-standard/manual bill calculation and production performed by the Company

13.1.C.3. Supplier data transfer responsibilities that must be performed by the Company; and

13.1.C.4. Charges or penalties imposed on the Company by other third parties resulting from Supplier nonperformance.

13.2. SUPPLIER'S DISCONTINUANCE OF CUSTOMERS.

13.2.A. At least thirty (30) days in advance of any intended discontinuance of service to any of its Firm Transportation Customer classes, a Supplier shall provide electronic notice to the Company of any such discontinuance in a form specified by the Company, and in a manner consistent with applicable PUC rules.

13.2.B. A Supplier shall provide a minimum of thirty (30) days advance notice to all members of any Firm Transportation Customer class it intends to stop serving in a manner consistent with applicable PUC rules.

13.2.C. A discontinuance will be effective on a Meter Read Date and in accordance with the Supplier switching rules contained in this Tariff and in the Gas Service Tariff.

13.3. TERMINATION OF FIRM POOLING SERVICES AGREEMENT.

13.3.A. In the event the Supplier ceases to participate in, or otherwise withdraws from, the Company's Gas Choice Program, the Firm Pooling Agreement between the Supplier and the Company shall terminate thirty (30) days following the date on which the Supplier has no more active Customers.

13.3.B. In the event of a Default by the Supplier, the Company may terminate the Firm Pooling Agreement between the Supplier and the Company by providing written notice to the Supplier, without prejudice to any remedies at law or in equity available to the Company by reason of the Default.

13.3.C. If a Customer of a terminated Supplier has not switched to another Supplier prior to termination, said Customer will receive SOLR Sales Service as provided in the Company's Gas Service Tariff.

13.3.D. Termination of the Firm Pooling Agreement for any reason shall not relieve the Supplier of any obligation accrued or accruing prior to such termination, including, but not limited to, full financial responsibility for the assigned pipeline FT capacity at maximum pipeline rates. Only the Company, in its sole discretion, may relieve the Supplier of its obligations accrued as of the time of termination of service.

13.4. SUPPLIER EXIT AND RETURN OF ASSIGNED CAPACITY.

13.4.A. Within ten (10) days of notifying the Company of withdrawal from the Company's Gas Choice Program, the Supplier shall, at the Company's option, release, assign or transfer to the Company any capacity which was assigned to the Supplier to serve the Supplier's Customers. Any such release, assignment or transfer shall be at the applicable contract rate, not to exceed the FERC-approved pipeline recourse rate for such capacity.

13.4.B. Within ten (10) days of receiving notice from the Company of termination from the Gas Choice Program, the Supplier shall, at the Company's option, release, assign or transfer to the Company any capacity which was assigned to the Supplier to serve the Supplier's Customers. Any such release, assignment or transfer shall be at the applicable contract rate, not to exceed the FERC-approved pipeline recourse rate for such capacity.

13.5. SUPPLIER EXIT AND ASSIGNMENT OF NEW/RENEWED CAPACITY.

13.5.A. Within ten (10) days of providing the Company notice of withdrawal from the Company's Gas Choice Program, the Supplier shall, at the Company's option, release, assign or transfer to the Company any new or replacement capacity which was approved to serve the Supplier's Customers. Any such release, assignment or transfer shall be at the applicable contract rate, not to exceed the FERC-approved pipeline recourse rate for such capacity. The amount released, assigned or transferred shall be sufficient to serve the level of the Customers' requirements for which the Supplier had procured such capacity. Release, assignment or transfer shall be for a term of sufficient length to allow for the Company to secure replacement capacity of like quantity and quality.

13.5.B. Within ten (10) days of receiving notice from the Company of termination from the Gas Choice Program, the Supplier, at the Company's option, shall release, assign or transfer to the Company any new or replacement capacity which was approved to serve the Supplier's Customers. Any such release, assignment or transfer shall be at the applicable contract rate, not to exceed the FERC-approved pipeline recourse rate for such capacity. The amount released, assigned or transferred shall be sufficient to serve the level of the Customers' requirements for which the Supplier had procured such capacity. Release, assignment or transfer shall be for a term of sufficient length to allow for the Company to secure replacement capacity of like price, quantity and quality.

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14. BREACH OF OBLIGATIONS

14.1. The Company or a Supplier shall be deemed to be in material breach of its obligations under the Firm Pooling Agreement, and under this Supplier Tariff, upon its failure to observe any material term or condition of this Supplier Tariff, including any rule and regulation, charge or rider thereof.

14.2. A material breach of obligations hereunder, as described in Rule 14.1, shall include, but is not limited to, the following:

14.2.A. Supplier's failure to maintain its PUC Supplier license.

14.2.B. Supplier's failure to maintain the required Surety;

14.2.C. Supplier's failure to make full payment of any undisputed charges in the time prescribed, including any payments due to pipeline transporters or other demand or similar charges.

14.2.D. The involuntary bankruptcy/insolvency of the Supplier, including, but not limited to, the appointment of a receiver, liquidator or trustee of the Supplier, or a decree by such a court adjudging the Supplier bankrupt or insolvent or sequestering any substantial part of its property or a petition to declare bankruptcy so as to reorganize the Supplier;

14.2.E. Supplier's filing of a voluntary petition in bankruptcy under any provision of any federal or state bankruptcy law, or its consent to the filing of any bankruptcy or reorganization petition against it under any similar law or, without limiting the generality of the foregoing, a Supplier's admission in writing of its inability to pay its debts generally as they become due or a Supplier's consent to the appointment of a receiver, trustee or liquidator of it, or of all, or any part of, its property; or

14.2.F. Supplier's unexcused failure to deliver its DDQ for two (2) or more days within any thirty (30) day period.

14.3. In the event that either the Company or a Supplier materially breaches any of its obligations, the other party shall provide the breaching party with notice of the breach. If the breach is not cured or rectified within fifteen (15) days of the receipt of such notice, the breaching party shall be deemed in Default of the Agreement; except that, if a Supplier fails to deliver its DDQ as provided above, or a Supplier fails to restore its required Surety within three (3) business days, each such failure constitutes a Default and the Company may, without further notice, immediately terminate the Firm Pooling Agreement without prejudice to any remedies at law or in equity available to the Company by reason of the Default. Notwithstanding the above, the Supplier shall have the right during said fifteen (15) day cure period to obtain an order from the PUC preventing or staying termination.

14.4. In addition to the Company's rights to terminate the Firm Pooling Agreement as provided in Rule 13.3 and Rule 14.3, upon the occurrence of any Default, the party not in Default shall be entitled to: (i) commence an action to require the party in Default to remedy such Default and specifically perform its duties and obligations hereunder in accordance with the terms and conditions hereof; and (ii) exercise such other rights and remedies as it may have in equity or at law.

14.5. The Company shall not be liable, under any circumstance or in any respect, to a Customer, to a Supplier, to a producer of gas or to any other person or entity for damages arising either directly or indirectly from interruption, curtailment or termination of distribution service.

14.6. A Supplier shall indemnify, save harmless and at Company's option, defend Company from and against any and all losses, claims, demands, damages, costs (including, without limitation, reasonable attorney's fees), expenses, liabilities, proceedings, suits, actions, restrictions, injunctions, fines, judgments, penalties and assessments which Company may suffer for, on account of, by reason of or in connection with service provided under this Tariff, and in connection with any bodily injury, including death to any person or persons (including, without limitation, the Supplier's employees) or any damage to or destruction of any property, including without limitation, loss of use thereof, arising out of, in any manner connection with or resulting from the Natural Gas Supply Service or any other services furnished by the Supplier under this Tariff.

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15. Standards of Conduct

15.1. Company is subject to the Binding Interim Guidelines For Standards of Conduct established by the PUC in Docket No. M-00991249.F0004 regarding standards of conduct and those Guidelines as modified or revised from time to time, are incorporated by reference herein.

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**PGW SUPPLIER TARIFF
APPENDIX
PGW FIRM POOLING AGREEMENT
FOR
FIRM TRANSPORTATION
(Pro Forma)**

This PGW Firm Pooling Agreement for Firm Transportation (this "Agreement") is made and entered into this _____ day of _____, 200__, by and between by and between the PHILADELPHIA FACILITIES MANAGEMENT CORPORATION, a Pennsylvania non-profit corporation, in its capacity as operator and manager of the municipally owned PHILADELPHIA GAS WORKS, pursuant to an Agreement with the City of Philadelphia dated December 29, 1972, as amended (together "Company"), and _____, a _____ ("Supplier"), authorized to do business in the Commonwealth of Pennsylvania.,

W I T N E S S E T H:

WHEREAS, Company is a City Natural Gas Distribution Company, as defined by section 2202 of the Public Utility Code, that, amongst other things, provides intrastate transportation service to Customers located within its service territory; and

WHEREAS, Supplier is engaged in the business of selling natural gas supply services, and desires to market such services to Customers located within Company's service territory; and

WHEREAS, pursuant to the terms and conditions set forth in this Agreement, Company is willing to receive natural gas supplies at specified points of interconnection situated between Company's facilities and the facilities of one (1) or more interstate natural gas pipeline companies to serve the aggregated load of Customers served by Supplier, and to provide other services to facilitate the provision by Supplier of natural gas supply services to Customers; and

WHEREAS, pursuant to the terms and conditions set forth in this Agreement, Supplier is willing to deliver natural gas supplies for receipt by Company for subsequent transportation and redelivery at specified end-use customer locations, and to acquire firm pooling services from Company.

WHEREAS, the Company agrees to supply, and the Supplier agrees to have the Company supply, services specified in the then-current Gas Supplier Tariff ("Supplier Tariff"), including, but not limited to, Firm Transportation Customer usage forecasting, gas delivery scheduling, and reconciliation services. Both Parties agree that such services are necessary to coordinate the delivery of competitive natural gas supply to Customers.

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, and intending to be legally bound, the parties agree as follows:

1. The Supplier Tariff and the Company's Natural Gas Service Tariff, as the same may be amended from time to time, are incorporated herein by reference and made a part hereof, and the parties shall be bound by the obligations and requirements of each set forth therein. All terms used in this Agreement that are not otherwise defined shall have the meaning provided in the Supplier Tariff.

2. The Supplier hereby represents, warrants and covenants as follows:

(i) The Supplier is in compliance, and will continue to comply, with all obligations, rules and regulations, as established by the Supplier Tariff and the Company's Natural Gas Service

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Tariff, that are applicable to Suppliers serving Customers, including, without limitation, the obligation to indemnify Company,; and

(ii) The Supplier is licensed by the Pennsylvania Public Utility Commission ("PUC") to provide Natural Gas Supply to Customers in Pennsylvania and has and will continue to satisfy all other PUC requirements applicable to Suppliers.

3. The Company and the Supplier, individually referred to hereafter as the "Party," each represents, warrants and covenants as follows:

(i) Each Party's performance of its obligations hereunder has been duly authorized by all necessary action on the part of the Party and does not and will not conflict with or result in a breach of the Party's charter documents or bylaws or any indenture, mortgage, other agreement or instrument, or any statute or rule, regulation, order, judgment, or decree of any judicial or administrative body to which the Party is a party or by which the Party or any of its properties is bound or subject; and

(ii) This Agreement shall be for a term of one year unless otherwise agreed by the parties.

(iii) This Agreement is a valid and binding obligation of the Party, enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency or similar laws from time to time in effect that affect creditors' rights generally or by general principles of equity.

4. This Agreement shall be construed under the laws of the Commonwealth of Pennsylvania and shall be subject to all valid applicable State, Federal and local laws, rules, orders, and regulations. Nothing herein shall be construed as divesting or attempting to divest any regulatory body of any of its rights, jurisdiction, powers or authority conferred by law.

5. Notice.

Written notice and correspondence to Company shall be addressed as follows:

Philadelphia Gas Works
800 W. Montgomery Ave.
Phila. PA 19122
Attn.: _____

Written notice and correspondence to Supplier shall be addressed as follows:

Name:
Address:
Attention:

Either party may change its address for receiving notices effective upon receipt, by written notice to the other party. Notices shall be effective upon receipt or deemed effective upon the third day after mailing. Notices provided by Company by means of its electronic bulletin board shall be deemed effective upon posting.

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IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

Attest:

**PHILADELPHIA GAS WORKS by
Philadelphia Facilities Management
Corporation**

Name:
Title:

Name:
Title:

Attest/Corporate Seal:

SUPPLIER

By: _____
Name:
Title:

By: _____
Name:
Title: President