

PHILADELPHIA GAS WORKS

GAS SUPPLIER TARIFF



Issued by: Thomas Knudsen
President and CEO
PHILADELPHIA GAS WORKS
800 West Montgomery Avenue
Philadelphia, PA 19122

List of Changes Made by this Tariff

DEFINITIONS (PAGE No. 10)

Add definition of “Applicable Law”.

11. FINANCIAL SECURITY (Page No. 44)

Revise section in order to comport with Final Rulemaking Order issued in Docket No. L-2008-2069115.

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:

APPLICABLE LAW - The provisions of this Tariff, the rules and regulations promulgated by the PUC and published at Title 52 Pennsylvania Code, the Public Utility Code and all legally binding decisions of the Public Utility Commission interpreting those rules, regulations and law, and all other applicable current and future laws, ordinances, executive orders and legally binding interpretations, all of them as amended from time to time.

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.

11. FINANCIAL SECURITY

~~11.1. The purpose of the security requirement is to ensure a Natural Gas Supplier's ("NGS") financial responsibility. 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. The amount and the form of the security, if not mutually agreed upon by PGW and the NGS, shall be based on criteria in accordance with Applicable Law. 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.~~