

PHILADELPHIA GAS WORKS
GAS SERVICE TARIFF



Issued by: Craig White
President and CEO

PHILADELPHIA GAS WORKS
800 West Montgomery Avenue
Philadelphia, PA 19122

List of Changes Made by this Tariff Supplement

GAS COST RATE (GCR) – SECTION 1307f, II DEFINITIONS (PAGE No. 67)

In the definition of "GAC," the "GAC" value effective September 1, 2014 increases from \$(0.01040) per Ccf to \$0.03114 per Ccf; In the definition of "IRC," the "IRC" value effective September 1, 2014 decreases from \$(0.00047) to \$(0.00051) per Ccf; In the definition of "SSC," the "SSC" value effective September 1, 2014 decreases from \$0.66635 per Ccf to \$0.55505 per Ccf.

GAS COST RATE (GCR) – SECTION 1307f, III COMPUTATION OF GCR (Page No. 68)

The Gas Cost Rate (GCR) effective September 1, 2014 decreases from \$0.65642 per Ccf to \$0.58670 per Ccf.

PRICE TO COMPARE (PAGE No. 78)

The Prices to Compare effective September 1, 2014 are: a) \$0.61765 per Ccf for Residential; b) \$0.59183 per Ccf for Commercial Customers on Rate GS; c) \$0.59195 per Ccf for Industrial Customers on Rate GS; and d) \$0.59019 per Ccf for Municipal Customers on Rate MS, The Philadelphia Housing Authority on Rate PHA, Public Housing Customers on Rate GS & Natural Gas Vehicle Service on Rate NGVS.

EFFICIENCY COST RECOVERY SURCHARGE (PAGE No. 80)

The Efficiency Cost Recovery Surcharges effective September 1, 2014 are: a) \$(0.00040) per Ccf for Residential and Public Housing Customers on Rate GS; b) \$(0.00013) per Ccf for Commercial Customers on Rate GS; c) \$(0.01307) per Ccf for Industrial Customers on Rate GS; d) \$0.00000 per Ccf for Municipal Customers on Rate MS; and e) \$(0.00013) per Ccf for The Philadelphia Housing Authority on Rate PHA.

UNIVERSAL SERVICE CHARGE (PAGE No. 81)

The Universal Services Charge effective September 1, 2014 decreases from \$0.18864 per Ccf to \$0.14642 per Ccf.

OTHER POST EMPLOYMENT BENEFIT SURCHARGE (PAGE No. 82)

The Other Post Employment Benefit Surcharge effective September 1, 2014 decreases from \$0.03482 per Ccf to \$0.03078 per Ccf.

GENERAL SERVICE – RATE GS (Page No. 83)

The Gas Cost Rate (GCR) effective September 1, 2014 decreases from \$0.65642 per Ccf to \$0.58670 per Ccf.

MUNICIPAL SERVICE – RATE MS (Page No. 87)

The Gas Cost Rate (GCR) effective September 1, 2014 decreases from \$0.65642 per Ccf to \$0.58670 per Ccf.

PHILADELPHIA HOUSING AUTHORITY SERVICE – RATE PHA (Page No. 90)

The Gas Cost Rate (GCR) effective September 1, 2014 decreases from \$0.65642 per Ccf to \$0.58670 per Ccf.

BOILER AND POWER PLANT SERVICE - RATE BPS (Page No. 93)

LOAD BALANCING SERVICE - RATE LBS (Page No. 97)

BPS-S and LBS: The posted price used to calculate the BPS-S rate and all LBS rates are no longer published in the Oil Price Daily which is the successor publication to the Journal of Commerce. PGW provided notice of this change in its 2014-2015 annual 1307(f) filing on March 1, 2014 (see the direct testimony of Kenneth S. Dybalski).

DEVELOPMENTAL NATURAL GAS VEHICLE SVC - RATE NGVS FIRM SERVICE (Page Nos. 135-136)

The Gas Cost Rate (GCR) effective September 1, 2014 decreases from \$0.65642 per Ccf to \$0.58670 per Ccf.

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GAS COST RATE (GCR) -- SECTION 1307(f)

I. PROVISION FOR ADJUSTMENT

The Gas Cost Rate shall be applied to each Mcf (1,000 cubic feet) for Firm Retail Sales Service Gas supplied under Rates Schedules GS, MS, PHA, and NGVS-Firm, except for Gas usage under the Special Provisions – Air Conditioning of those rates calculated in a manner set forth below, pursuant to 66 Pa.C.S. §1307(f). Such rates for Firm Sales Service Gas may be increased or decreased from time to time under the procedures set forth in Section II.B. below to reflect changes in the level of Gas costs incurred or projected to be incurred by PGW related to Sales Service.

II. DEFINITIONS

C - The current cost of Natural Gas and other raw materials determined as follows: (a) for all types of Gas, project the cost for each purchase (adjusted for net current Gas stored) for the computation year plus (b) the of (1) the projected book value of non-current Gas at the beginning of the computation year minus (2) the projected book value of non-current Gas at the end of the computation year. In addition to any cost authorized by the Commission, the cost of Natural Gas may include any item included in the definition of Natural Gas costs set forth in 66 Pa.C.S. § 1307(h) ("Definition"). The Factor "C" includes two components -- Commodity Costs and Demand Costs which are defined as follows: Commodity Costs - the actual cost of natural gas and purchased electric for firm customers that does not include the fixed costs associated with the transportation and storage of natural gas; and Demand Costs - the fixed costs associated with the transportation and storage of natural gas for firm customers.

Effective 9/1/08, 75% of off system sales margin and capacity release credits will be allocated to the Factor "C" and 25% to the Company. Effective 9/1/09, 75% of storage asset management fees will be allocated to the Factor "C" and 25% to the Company.

Computation Year - The 12-month forecast period as identified in the Company's annual 1307 (f) filing and each quarterly GCR filing.

E - Experienced net over billing (or under billing) of the cost of Natural Gas and other raw materials applicable to the GCR reported in the most recent Section 1307(f) proceeding. Such over billings (or under billings) will be made with interest at the rate and method set forth by the Pennsylvania Public Utility Commission. Additionally, supplier refunds received prior to the end of the August billing period will be included in the Factor "E." The Factor "E" includes two components -- Commodity Costs and Demand Costs which are defined above in the Factor "C" definition.

Firm Sales Service - The service provided to Customers who receive firm supply service from PGW. The term does not include the service provided to Customers who receive interruptible supply service from PGW.

GAC (Gas Adjustment Charge) - The "E" factor component of the GCR, representing the net overcollection or undercollection of Natural Gas and other raw materials costs. The currently effective GAC is \$0.03088 per Ccf for Commodity Costs and \$0.00026 per Ccf for Demand Costs, for service on or after September 1, 2014. The total Gac is \$0.03114 per Ccf. (I)

GCR - Gas Cost Rate determined to the nearest one-hundredth cent (\$0.0001) to be applied to each Mcf of Gas supplied under Rates GS, MS, PHA, and NGVS-Firm, except for Gas usage under the Special Provisions – Air Conditioning of those rates and is equal to the SSC plus the GAC minus the IRC.

(I) – Increase

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IRC - Interruptible Revenue Credit - The credit defined in Subsection VI below. The currently effective IRC is \$(0.00051) per Ccf for service on or after September 1, 2014. (D)

Natural Gas or Gas - The volumes of gas purchased or manufactured by the Company that is delivered to the Company's Customers, plus such portion of the Company-used and unaccounted-for gas as the Commission permits, including, but not limited to, natural gas, liquefied natural gas, synthetic gas, liquefied propane and naphtha.

S - Projected applicable Mcf of Gas to be billed to Customers during the computation year.

SSC-Sales Service Charge - The purchased Gas costs determined to the nearest $\frac{1}{100}$ of a cent (\$0.0001). The currently effective SSC is \$0.42801 per Ccf for Commodity Costs and \$0.12704 per Ccf for Demand Costs, for service on or after September 1, 2014. The total SSC is \$0.55505 per Ccf. (D)

(D) – Decrease

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III. COMPUTATION OF GAS COST RATE

A. The GCR shall be computed to the nearest one-thousandth cent (\$0.00001) in accordance with the formula set forth below as the terms are defined in Section II:

$$\begin{aligned} \text{SSC} &= \text{C/S} \\ \text{GAC} &= \text{E}/(\text{S} + \text{Migration Rider Volumes}) \\ \text{GCR} &= \text{SSC} + \text{GAC} - \text{IRC} \end{aligned}$$

B. Each Gas Cost Rate so computed shall be applied to Customers' bills for twelve monthly billing periods commencing with September.

The currently effective Gas Cost Rate is \$0.58670 per Ccf, for service on or after September 1, 2014.

(D)

IV. REPORTING REQUIREMENTS

A. The Company's rates are subject to quarterly adjustments for recovery of the Gas Cost Rate under procedures set forth in Section 1307 (f) of the Public Utility Code.

B. The filing of the Company's annual Section 1307(f) filing, annual Gas Cost Rate, effective during the billing period of September through August, shall be submitted to the Commission by March 1 of each year, with a February 1 pre-filing date.

C. The application of the Gas Cost Rate shall be subject to review and audit by the Commission at such intervals as the Commission shall determine.

D. If it shall be determined, from audit by the Commission, or by final order entered after notice and hearing, that the application of this clause has resulted in the overcollection or undercollection of revenues, then the Company shall apply such over/undercollection as a credit or debit against future Gas Cost Rates.

V. PROVISION FOR INCLUSION OF SPECIFIC NON-GAS EXPENSES

The computation of the Gas Cost Rate may include such Non-Gas expenses as may be authorized by this tariff and annually authorized by the Commission.

VI. INTERRUPTIBLE REVENUE CREDIT (IRC)

A. The GCR rate shall be credited with an Interruptible Revenue Credit (IRC) equal to the margin realized from interruptible sales under PGW's Interruptible Sales Tariff Rates: BPS, LBS; and CG (Total Margin Revenue).

B. The IRC shall be set each year in the Company's 1307(f) proceeding to reflect the Total Margin Revenue. The rate per Mcf shall be calculated by dividing the Total Margin Revenue by total applicable firm sales. For the period September 1, 2003 through August 31, 2004 the IRC shall be initially set to reflect the Total Margin Revenue authorized by the Commission in its final order at M-00021612 (entered March 31, 2003).

(D) – Decrease

MERCHANT FUNCTION CHARGE (“MFC”)

The MFC is a volumetric charge, applied to firm sales service customers, which will be included in the Price to Compare. The MFC is based on Gas Cost Rate multiplied by a fixed uncollectible percentage established in the Company’s last general base rate proceeding. The MFC will not be reconciled to reflect actual results. The MFC is intended to make the Company’s Price to Compare more comparable to the gas supply services price offers of other Natural Gas Suppliers that presumably reflect anticipated uncollectible expenses. The following percentages will be applied to the quarterly Gas Cost Rate in order to calculate the quarterly MFC: 4.68% - GS Residential (“GS RES”); 0.28% - GS Commercial (“GS COM”); and 0.30% - GS Industrial (“GS IND”). The current MFC is set forth below in the Price to Compare table.

GAS PROCUREMENT CHARGE (“GPC”)

The GPC is a volumetric charge, applied to firm sales service customers, which will be included in the Price to Compare. The GPC will remain in effect until reviewed and updated in the Company’s next general base rate proceeding.

Current Gas Procurement Charge = \$0.00400/Ccf

PRICE TO COMPARE (“PTC”)

The PTC is composed of the Sales Service Charge (“SSC”), Gas Adjustment Charge (“GAC”), the Merchant Function Charge and the Gas Procurement Charge. The PTC will change whenever any of the components of the PTC change. The current PTC is (per Ccf):

	GS RES	GS PH	GS COM	GS IND	MS	PHA	NGVS
SSC	\$0.55505	\$0.55505	\$0.55505	\$0.55505	\$0.55505	\$0.55505	\$0.55505
GAC	\$0.03114	\$0.03114	\$0.03114	\$0.03114	\$0.03114	\$0.03114	\$0.03114
MFC	\$0.02746	\$0.00000	\$0.00164	\$0.00176	\$0.00000	\$0.00000	\$0.00000
GPC	\$0.00400	\$0.00400	\$0.00400	\$0.00400	\$0.00400	\$0.00400	\$0.00400
PTC	\$0.61765	\$0.59019	\$0.59183	\$0.59195	\$0.59019	\$0.59019	\$0.59019

EFFICIENCY COST RECOVERY SURCHARGE

The cost of the energy efficiency programs (i.e. the demand side management programs) for the firm customer rate classes listed below will be recovered by an Efficiency Cost Recovery Surcharge applicable to all volumes of Gas delivered.

- 1) The Surcharge will recover the program costs and the administrative costs of the energy efficiency program.
- 2) Computation of the Efficiency Cost Recovery Surcharge factors will be in accordance with the automatic adjustment procedures utilized under Section 1307(f) of the Public Utility Code and will be filed and approved in conjunction with the Company's annual Section 1307(f)-GCR filing.
- 3) Once the surcharge is in place, it will be automatically adjusted effective March 1, June 1, September 1, and December 1 of each year in accordance with Section 1307(f) quarterly adjustment procedures. No interest will be included in such surcharge computations. The basic component of the surcharge will be determined by dividing the total energy efficiency program costs approved for annual recovery plus (or minus) any over (or under) recovery from the prior period by the estimated applicable throughput in Mcfs. The costs related to customers other than low income residential customers are tracked and will be recovered separately from each of the following firm customer rate classes if the customer class is served by the energy efficiency program:
 - a) Residential and Public Housing Customers on Rate GS;
 - b) Commercial Customers on Rate GS;
 - c) Industrial Customers on Rate GS;
 - d) Municipal Customers on Rate MS; and
 - e) The Philadelphia Housing Authority on Rate PHA.

The surcharge shall be a cents per Ccf charge calculated to the nearest one-thousandth of a cent (0.00001) which shall be added to the distribution rates for billing purposes for all customers in each of the above rate classes. The rate shall be calculated separately for each rate class as follows:

- | | |
|---------------------------------------------------------------------------------|------|
| a) \$(0.00040) per Ccf for Residential and Public Housing Customers on Rate GS; | (I) |
| b) \$(0.00013) per Ccf for Commercial Customers on Rate GS; | (I) |
| c) \$(0.01307) per Ccf for Industrial Customers on Rate GS; | (I) |
| d) \$0.00000 per Ccf for Municipal Customers on Rate MS; and | (NC) |
| e) \$(0.00013) per Ccf for The Philadelphia Housing Authority on Rate PHA. | (I) |

The Enhanced Low Income Retrofit Program costs shall be recovered through the Universal Services Surcharge beginning on September 1, 2010.

(I) – Increase; (NC) – No Change

UNIVERSAL SERVICE AND ENERGY CONSERVATION SURCHARGE

Universal service and energy conservation program and related costs will be recovered by a Universal Service and Energy Conservation Surcharge applicable to all volumes of Gas delivered.

1. The Surcharge will recover: 1) the discounts provided to Customers pursuant to the Customer Responsibility Program (CRP); 2) the discounts provided to Customers pursuant to the Senior Citizen Discount; 3) the costs of the Conservation Works Program (CWP) and the Enhanced Low Income Retrofit Program (ELIRP); and, 4) for Customers entering the CRP program on or after September 1, 2003, past due arrearages forgiven pursuant to paragraph A (6) of the CRP/CAP Program Design Stipulation approved by the Commission by its order at M-00021612 (entered March 31, 2003).
2. Computation of the Universal Service and Energy Conservation Surcharge factors will be in accordance with the automatic adjustment procedures utilized under Section 1307(f) of the Public Utility Code and will be filed and approved in conjunction with the Company's annual Section 1307(f)-GCR filing.
3. Once the surcharge is in place it will be automatically adjusted effective March 1, June 1, September 1, and December 1 of each year in accordance with Section 1307(f) quarterly adjustment procedures. No interest will be included in such surcharge computations. The basic component of the surcharge will be determined by dividing the total universal service and energy conservation program costs approved for annual recovery by the estimated applicable throughput in Mcfs.
4. The Universal Service and Energy Conservation Surcharge shall take effect upon the effective date of this Tariff.

Current Universal Service and Energy Conservation Surcharge = \$ 0.14642/Ccf.

(D)

(D) - Decrease

OTHER POST EMPLOYMENT BENEFIT (“OPEB”) SURCHARGE

The amounts necessary to fund PGW's Other Post Employment Benefit obligations will be recovered by an Other Post Employment Benefit Surcharge applicable to all volumes of Gas delivered.

1. Computation of the Other Post Employment Benefit Rider Surcharge factors will be in accordance with the automatic adjustment procedures utilized under Section 1307(f) of the Public Utility Code and will be filed and approved in conjunction with the Company's annual Section 1307(f)-GCR filing.
2. Once the surcharge is in place it will be automatically adjusted effective September 1 of each year to account for over (under) recoveries in accordance with Section 1307(f) adjustment procedures. No interest will be included in such surcharge computations. The basic component of the surcharge will be determined plus (or minus) any over (or under) recovery from the prior period by dividing the total OPEB funding amounts approved for annual recovery by the estimated applicable throughput in Mcfs.
3. The Other Post Employment Benefit Rider Surcharge shall take effect upon the effective date of this Tariff.

Current Other Post Employment Benefit Rider Surcharge = \$0.03078/Ccf

(D)

(D) - Decrease

GENERAL SERVICE - RATE GS

Rate: Applicable to all Retail Sales Service or Transportation Service rendered pursuant to this Rate Schedule on or after September 1, 2014

AVAILABILITY

Available for any purpose where the Company's distribution mains adjacent to the proposed Gas Service location are, or can economically be made, suitable to supply the quantities of Gas or Transportation Services required.

RATES

CUSTOMER CHARGE (per Meter (except parallel meters)):

\$ 12.00 per month for Residential and Public Housing Authority Customers.
\$ 18.00 per month for Commercial Customers
\$ 50.00 per month for Industrial Customers

Surcharge: Distribution System Improvement Charge.

Plus,

GCR (not applicable to GS Customers who transport gas through a qualified NGS):

\$ 0.58670	per Ccf for Residential and Public Housing	(D)
\$ 0.58670	per Ccf for Commercial Customers	(D)
\$ 0.58670	per Ccf for Industrial Customers	(D)

Plus,

DISTRIBUTION CHARGE (consisting of items (A) and (B), below):

(A) Delivery Charge (Updated in Supplement No. 65 – Issued: July 10, 2013; Effective: October 1, 2013):

\$0.60067	per Ccf for Residential
\$0.49441	per Ccf for Public Housing
\$0.45984	per Ccf for Commercial and Municipal Customers
\$0.45332	per Ccf for Industrial Customers

(B) Surcharges:

Universal Service and Energy Conservation Surcharge; Restructuring and Consumer Education Surcharge; Efficiency Cost Recovery Surcharge; Other Post Employment Benefit Surcharge; and Distribution System Improvement Charge.

(D) – Decrease

Note: The Commodity Charge includes the Sales Service Charge, the Merchant Function Charge and the Gas Procurement Charge.

MUNICIPAL SERVICE - RATE MS

Rate: Applicable to all Retail Sales Service or Transportation Service rendered pursuant to this Rate Schedule on or after September 1, 2014.

AVAILABILITY

Available to properties owned or occupied by the City of Philadelphia or the Board of Education, or any of their respective agencies or instrumentalities, for any type of Gas Service, unless purchased for resale to others, and where the Company's distribution mains adjacent to the proposed Gas Service locations are, or can economically be made, suitable to supply the quantities of Gas required; provided, however, that the rate shall not be available to Commercial Tenants of any such property.

RATES

CUSTOMER CHARGE (per Meter (except parallel meters):

\$ 18.00 per month

Surcharge: Distribution System Improvement Charge.

Plus,

GCR (not applicable to MS Customers who transport Gas through a qualified NGS):

\$ 0.58670 per Ccf

(D)

Plus,

DISTRIBUTION CHARGE (consisting of items (A) and (B), below):

(A) Delivery Charge (Updated in Supplement No. 65 – Issued: July 10, 2013; Effective: October 1, 2013):

\$0.33661 per Ccf

(B) Surcharges:

Universal Service and Energy Conservation Surcharge; and The Restructuring and Consumer Education Surcharge; the Efficiency Cost Recovery Surcharge; Other Post Employment Benefit Surcharge; and Distribution System Improvement Charge.

(D) – Decrease

Note: The Commodity Charge includes the Sales Service Charge, the Merchant Function Charge and the Gas Procurement Charge.

PHILADELPHIA HOUSING AUTHORITY SERVICE - RATE PHA

Rate: Applicable to all Retail Sales Service or Transportation Services rendered pursuant to this Rate Schedule on or after September 1, 2014

AVAILABILITY

Available for all Gas usage in multiple dwelling Residential buildings containing 10 or more dwelling units, owned and operated by the Philadelphia Housing Authority, where cooking shall be performed exclusively with Gas and where Gas Service shall be supplied through one or more single point metering arrangements at locations where the Company's distribution mains adjacent to the proposed Gas Service locations are, or can economically be made, suitable to supply the quantities of Gas required.

This rate is also available for all Gas usage in single and multiple dwelling Residential buildings, containing less than 10 dwelling units, provided, and only so long as, Gas is used exclusively for cooking, water heating and space heating for all such Residential buildings owned and operated by the Philadelphia Housing Authority, except (a) buildings operated by the Philadelphia Housing Authority, prior to the original effective date of this rate (January 1, 1969), and (b) buildings for which, in the judgment of the Company, such Gas Service cannot be provided economically.

RATES

CUSTOMER CHARGE (per Meter (except parallel meters);

\$18.00 per month

Surcharge: Distribution System Improvement Charge.

Plus,

GCR (not applicable to PHA customers who transport gas through a qualified NGS):

\$ 0.58670 per Ccf

(D)

Plus

DISTRIBUTION CHARGE (consisting of item (A) and (B), below):

(A) Delivery Charge (Updated in Supplement No. 65 – Issued: July 10, 2013; Effective: October 1, 2013):

\$0.41101 per Ccf

(B) Surcharges:

Universal Service and Energy Conservation Surcharge; and The Restructuring and Consumer Education Surcharge; the Efficiency Cost Recovery Surcharge; Other Post Employment Benefit Surcharge; and Distribution System Improvement Charge.

(D) – Decrease

Note: The Commodity Charge includes the Sales Service Charge, the Merchant Function Charge and the Gas Procurement Charge.

BOILER AND POWER PLANT SERVICE - RATE BPS

Rate: Applicable to all Retail Sales Service rendered pursuant to this Rate Schedule on or after September 1, 2003

AVAILABILITY

This rate is available for Customers with Alternate Fuel Capability, where the Company's distribution system is, or can economically be made available to supply the service. Gas Service under this rate shall not be available as a replacement of firm Retail Sales Service or firm Transportation Service, unless the Customer can demonstrate to the Company's satisfaction that it has the capacity and plans to continue to take Gas Service on an interruptible basis for at least one year. The Company's determination as to whether the service would amount to such replacement shall be final. Service under this rate shall be available to (a) any facility which was served pursuant to Rate BPS as of September 1, 1994, and (b) any applicant for service under this rate executing a Service Agreement, contracting for not less than 2,500 Mcf of Gas per year under the terms of this Tariff, in which shall be defined minimum quantities of gas to be delivered. The number of Customers to receive service under this rate may be limited by the Company in order to maintain adequate and efficient Gas Service generally. When, in the judgment of the Company, it is not economically feasible to separately meter small incidental pilot usage, it may be billed under this rate. The BPS rate class has three components: BPS-S, BPS-L and BPS-H.

MINIMUM QUANTITY REQUIREMENTS:

New BPS-S Customers must contract for not less than 2,500 Mcf of Gas per year.

BPS-L Customers must contract for not less than 5,000 Mcf of Gas per year.

BPS-H Customers must contract for not less than 5,000 Mcf of Gas per year.

RATE**CUSTOMER CHARGE:**

\$51.00 per month for Customers with annual consumption of less than 10,000 Mcf.

\$108.00 per month for Customers with annual consumption of between 10,000 Mcf and 100,000 Mcf, inclusive.

\$150.00 per month for Customers with annual consumption greater than 100,000 Mcf.

Plus

VARIABLE DISTRIBUTION AND COMMODITY CHARGE:

BPS-S: The charge per Mcf shall be calculated by Company within a range computed to be from 20% above to 20% below the numerical average of the high and the low posted reseller tank car price for No.2 oil, at Philadelphia. **(C)**

BPS-L: The charge per Mcf shall be calculated by Company within a range computed to be from 20% above to 20% below the numerical average of the high and the low posted reseller tank car price for No.2 oil, at Philadelphia.

BPS-H: The charge per Mcf calculated by Company shall be set at a level not greater than the rate charged to Customers under BPS-L nor less than the rate charged to Customers under rate LBS-S.

(C) = Change

LOAD BALANCING SERVICE - RATE LBS

Rate: Applicable to all Retail Services rendered pursuant to this Rate Schedule on or after September 1, 2003

AVAILABILITY

This rate is available for use in industrial and commercial establishments and multi-family residential buildings for seasonal Gas uses, where the Company's facilities are, or can economically be made, available to supply the service. Gas Service under this rate shall not be a replacement of firm Retail Sales Service or firm Transportation Service. The Company's determination as to whether the service would amount to such a replacement shall be final. An applicant for service under this rate shall be required to execute a Service Agreement, contracting for an Annual Contract Quantity of not less than 5,000 Mcf of Gas under the terms of this Tariff, in which shall be defined minimum daily quantities of Gas to be delivered. The number of Customers to receive service under this rate, at any single time, may be limited by the Company in order to maintain adequate and efficient Gas Service generally. When, in the judgment of the Company, it is not economically feasible to separately meter small incidental pilot usage, it may be billed under this rate. The LBS rate class has three components: LBS-S, LBS-L and LBS-XL.

MINIMUM QUANTITY REQUIREMENTS:

LBS-S Customers must contract for not less than 5,000 Mcf of Gas per year.

LBS-L Customers must contract for not less than 80,000 Mcf of Gas per year.

LBS-XL Customers must contract for not less than 350,000 Mcf of Gas per year.

RATES**CUSTOMER CHARGE:**

\$145.00 per month for Customers with annual consumption of less than 80,000 Mcf.

\$254.00 per month for Customers with annual consumption of between 80,000 Mcf and 350,000 Mcf, inclusive.

\$362.00 per month for Customers with annual consumption greater than 350,000 Mcf.

Plus

VARIABLE DISTRIBUTION AND COMMODITY CHARGE:

The charge per Mcf shall be calculated by Company within a range computed to be from 20% above to 20% below the numerical average of the high and the low posted reseller tank car price for No. 2 oil at Philadelphia. **(C)**

All pricing information is as published by the Journal of Commerce, or a successor publication, or where none exists, a publication selected by the Company pending final approval of the Commission, as posted in the first 12 issues of the calendar month in which the calculation is made. This price is adjusted for Btu equivalence. Provided further that the rate per Mcf is not less than one hundred and ten percent (110%) of the incremental Gas costs for Gas sold under this rate schedule plus an adjustment for all applicable taxes, as determined by the Company.

(C) = Change

**DEVELOPMENTAL NATURAL GAS VEHICLE SERVICE - RATE NGVS
FIRM SERVICE**

Rate: Applicable to all Retail Sales Service rendered pursuant to this Rate Schedule on or after
September 1, 2014

AVAILABILITY

This service is available to provide uncompressed Natural Gas to any Customer for the exclusive purpose of compressing such Gas for use as fuel for motor vehicles. The compression of the Natural Gas to the pressure required for use as a motor vehicle fuel will be conducted by the Customer, at the Customer's designated premises. Service shall only be available where the Company's distribution system is, or can economically be made available to supply the service. Each Customer will be required to execute a service agreement which will specify terms and conditions of service.

CHARACTER OF SERVICE

Service under this rate schedule is firm and shall only be interrupted in the case of operating emergencies experienced by the Company.

MONTHLY RATE

CUSTOMER CHARGE:

\$35.00 per month

Surcharge: Distribution System Improvement Charge.

Plus,

GCR (not applicable to PHA customers who transport gas through a qualified NGS):

\$ 0.58670 per Ccf (D)

Plus

DISTRIBUTION CHARGE (consisting of item (A) and (B), below):

(A) Delivery Charge (Updated in Supplement No. 65 – Issued: July 10, 2013; Effective: October 1, 2013):

\$0.12833 per Ccf

(B) Surcharges:

Universal Service and Energy Conversation Surcharge; The Restructuring and Consumer Education Surcharge; and Distribution System Improvement Charge..

(D) – Decrease

Note: The Commodity Charge includes the Sales Service Charge, the Merchant Function Charge and the Gas Procurement Charge.