

PHILADELPHIA GAS WORKS
GAS SERVICE TARIFF



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President and CEO

PHILADELPHIA GAS WORKS
800 West Montgomery Avenue
Philadelphia, PA 19122

List of Changes Made by this Tariff Supplement

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Updated to reflect revised page numbers for each of the changes listed below on this page.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC) (Page No. 151)

The DSIC rate effective January 1, 2017, decreases from 8.84% to 8.80%. (The Commission, through its July 6, 2016 Order at Docket No. P-2015-2501500, authorized PGW to increase its DSIC rate effective October 1, 2016 from 7.5% to 8.84%, for a two-year period to collect undercollections for the year ending December 31, 2015).

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Please see Supplement No. 21 for the Supplement No. 21 check sheet.

Description of Territory Served

The company's service territory is defined as the City of Philadelphia 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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DEFINITIONS

ACTUAL METER READ (or READING) - The reading from a gas meter, taken either by a Physical Meter Read, telemetering or an Automatic Meter Reading (AMR) device.

ALTERNATE FUEL CAPABILITY – The ability to meet energy needs with an energy source other than Natural Gas.

APPEAL - The process under Applicable Law by which a Customer or the Company challenges a Bureau Of Consumer Services (BCS) resolution of or decision on an Informal Complaint.

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.

APPLICANT - Any person, corporation or other entity that (i) desires to receive from the Company Natural Gas or any other service provided for in this Tariff at a specific location, (ii) complies completely with all Company requirements for obtaining Natural Gas or any other service provided for in this Tariff, (iii) has filed and is awaiting Company approval of its application for service, and (iv) is not yet actually receiving from the Company any service provided for in this Tariff at such location. An applicant shall become a Customer for purposes of this Tariff only after the Applicant actually starts receiving the applicable service(s) from the Company under this Tariff on a permanent basis. An applicant for residential Gas Service shall also include any adult occupant whose name appears on the mortgage, deed or lease of the property for which residential utility service is requested.

ARREARAGE- Amounts owed by a Customer including but not limited to Competitive Natural Gas Supply receivables purchased from the NGS, specifically where charges have not been paid in full by the current bill due date, unless the said Arrearage is covered by a payment agreement or equal payment plan (budget payment plan) under which the Customer is current on his/her installment payments. (C)

AUTOMATIC METER READING DEVICE (AMR) - A device which by electrical impulse or otherwise transmits readings from a meter without a Physical Meter Read.

BASIC UTILITY SERVICE (or Gas Service) - The provision of Retail Sales Service or Transportation Service to a Customer and all associated fees and charges that are essential to the provision of Retail Sales Service or Transportation Service. Basic Utility Service is also referred to as Gas Service in this tariff.

BRITISH THERMAL UNIT - (Btu) – The amount of heat required to raise the temperature of one pound of water by one degree Fahrenheit.

BUREAU OF CONSUMER SERVICES (BCS) - The division of the Public Utility Commission that oversees consumer issues.

Ccf - 100 cubic feet of gas.

COMPETITIVE NATURAL GAS SUPPLY - unbundled, firm natural gas provided by an NGS to Transportation Customers under the PGW's Gas Choice program. (C)

CONSOLIDATED NGDC BILLING - Billing provided by the Company that contains both PGW's charges for its services and the NGS's separate charges for gas supply services. (C)

CUSTOMER - A person, partnership, association, corporation or other entity that purchases Gas Service from the Company. The term shall include a Customer who transfers service to another address in the Company's service territory. A Customer may fall into one or more of the following categories:

(i) Residential Customer - Any Customer in a dwelling (including an apartment) whose primary use of Gas Service is for household purposes such as space heating, air conditioning, cooking, water heating. The term "Residential Customer" shall be used interchangeably with the term "Customer with Residential service". A Residential Customer shall include any adult occupant whose name appears on the mortgage, deed or lease of the property, and any adult occupant who is a tenant in a Residential Building pursuant to an oral agreement for which the residential utility service is provided.

(ii) Low-Income Customer - A Residential Customer whose gross household income is at or below 150% of the federal poverty level.

(iii) Non-Residential Customer - A party other than a Residential Customer or Landlord-Customer as set forth herein.

(iv) Commercial Customer - Any Customer who is a non-manufacturing establishment or agency primarily engaged in the sale of goods and services (including local, state, and federal agencies engaged in non-manufacturing activities) or a Landlord-Customer whose meter serves three (3) or more Residential units.

(v) Industrial Customer - Any Customer who is engaged in a process which creates or changes raw or unfinished materials into another form or product. Generation of electricity (other than by electric utilities) is included.

(vi) Heating Customer - Any Customer whose primary use of Gas is for space heating.

(vii) Non-Heating Customer - Any Customer whose primary use of Gas is for purposes other than for space heating.

(viii) Landlord-Customer - Any individual, organization or entity who is the party responsible for payment of Gas Service provided to one or more Tenants in a Residential building.

(ix) Small Business Customer - A person, sole proprietorship, partnership, corporation, association or other business whose annual gas consumption does not exceed 300 Mcf.

CUSTOMER READING - A meter reading made by the Customer that is given to the Company.

CUSTOMER RESPONSIBILITY PROGRAM (CRP) - PGW's Low-Income Customer assistance program which is designed to be consistent with the Public Utility Commission's rules, regulations, and policies regarding Customer Assistance Programs (CAP).

CUSTOMER RESPONSIBILITY PROGRAM PARTICIPANT (Participant) - PGW Residential Customer who enrolls in the Customer Responsibility Program.

CUSTOMER SERVICE CALL CHARGE – The charge as set forth in Section 12 of this Gas Service Tariff.

DISPUTE - An unresolved grievance raised by a Customer with PGW about PGW's application of a provision covered by 52 Pa. Code Chapter 56, as amended or supplemented. If, at the conclusion of an initial contact, or when applicable, a follow-up response, the Customer, Applicant or occupant indicates satisfaction with the resulting resolution or explanation, the contact will not be considered a dispute.

DISTRIBUTION CHARGE – The charge for Transportation Service provided by PGW.

ESTIMATED READING - During the months when the Company does not read the Customer's meter, gas usage is projected based on previous gas usage, gas rates, and the weather.

FOREIGN LOAD - A situation where a Customer's meter registers usage for utility service provided to another person or other persons, or for use in a common area shared by others, for example, hallway lighting, furnace fan, or laundry room appliances.

GAS CHOICE PROGRAM - The firm gas transportation program offered by the Company pursuant to the Gas Choice Act, 66 Pa.C.S. §§ 2201 et seq.

GAS SERVICE - See definition for Basic Utility Service.

GAS SERVICE TARIFF (TARIFF) is PGW Gas Tariff - Pa P.U.C. No. 2 as supplemented or superceded from time to time in accordance with law.

HOUSEHOLD INCOME – The combined gross annual income of all adults in a residential household and those who benefit from the Gas Service.

INFORMAL COMPLAINT - A complaint filed with the PUC by a Customer that does not involve a formal proceeding before a PUC administrative law judge or mediation under the direction of a PUC administrative law judge.

LATE PAYMENT CHARGE - A charge placed on any bill not paid by the due date.

LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP) - A federally funded program, administered by the Pennsylvania Department of Public Welfare that assists low income households with payment of their heating bills through energy assistance grants. For eligible households, the grants include crisis grants for household energy related emergencies, cash benefits for home heating fuel, and energy conservation and weatherization solutions.

Mcf - 1,000 cubic feet of gas; this is a measure of gas usage.

NATURAL GAS (GAS) - Includes natural gas, liquified natural gas, synthetic natural gas and any natural gas substitutes including, but not limited to, liquified propane and naphtha.

NATURAL GAS CHOICE AND COMPETITION ACT - (Gas Choice Act or the Act) - 66 Pa.C.S. §§ 2201 et seq.

NATURAL GAS DISTRIBUTION COMPANY (NGDC) - A public utility that owns and/or operates natural gas distribution facilities. The term is used in this Tariff to refer to requirements which are placed on NGDCs and PGW, as a distributor of Natural Gas, pursuant to the Gas Choice Program.

NATURAL GAS SUPPLIER (NGS or Supplier) – A natural gas supplier, as defined in the Competition Act, that has been licensed by the Pennsylvania Public Utility Commission (“PUC”) to sell Natural Gas Supply Services on the Company’s system.

NATURAL GAS SUPPLY SERVICES – As defined in 66 Pa.C.S. § 2202.

NON-BASIC UTILITY SERVICE – Leased or purchased merchandise, appliances or special services including but not limited to merchandise and appliance installation fees, rental and repair costs, meter testing fees, special construction charges and other nonrecurring charges that are not essential to delivery or metering of Gas Service.

"PGW" or "Company" - refers to Philadelphia Gas Works.

PGW CHARGES - The portion of the consolidated PGW bill that itemizes the charges for the Basic Utility Service provided by PGW. The PGW Charges are separate and apart from the Natural Gas Supplier charges that may be itemized on a consolidated PGW bill. (C)

PARTICIPANT – See definition of Customer Responsibility Program Participant.

PHYSICAL METER READ (or READING) - A meter read where a PGW service person takes an actual Meter Read of a Customer’s meter. A reading taken by an Automatic Meter Reading device shall be deemed a Physical Meter Read.

PUBLIC UTILITY CODE - Title 66 of Pennsylvania Consolidated Statutes which establishes the powers and duties of the PUC.

PUBLIC UTILITY COMMISSION (PUC or Commission) - The agency that is empowered by the Public Utility Code to regulate public utilities and Natural Gas Suppliers.

RESIDENT - An owner, Tenant, or occupant who makes the dwelling unit his/her residence.

RESIDENTIAL BUILDING - A building containing one or more dwelling units occupied by one or more Tenants, but excluding nursing homes, hotels and motels.

RETAIL SALES SERVICE - Service to a Customer whereby the Customer receives firm or interruptible gas supply as well as transportation from the Company.

SUPPLIER OF LAST RESORT (SOLR) - The Company in its role of providing Natural Gas Supply Services to Customers that do not elect another Supplier or choose to be served by the Supplier of Last Resort, Customers that are refused service from another Natural Gas Supplier, or Customers whose Natural Gas Supplier fails to deliver the required gas supplies, in accordance with this Tariff. Each Customer may only have one Supplier of Last Resort.

TENANT - Any person or group of persons whose dwelling unit in a Residential Building is provided gas pursuant to an oral or written rental arrangement for such dwelling unit, but who is not the Customer of record of PGW for such Gas Service.

TRANSPORTATION SERVICE - Service to a Customer whereby the Customer receives transportation, but not firm or interruptible gas supply from the Company.

UNACCOUNTED FOR GAS (for the purpose of calculating retainage) – 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 3.2%. The percentage changes annually on December 1st and is based upon actual data for the preceding 12 months ending August 31st.

(I)

(I) - Increase

Rules and Regulations for Residential and Non-Residential Gas Service

1. The Gas Service Tariff

1.1. FILING AND POSTING. A copy of this Tariff, under which Gas Service will be supplied, is on file with the Commission and is available for inspection at any CSC and at the main offices of PGW. The Tariff is also available on PGW's website at www.pgworks.com.

1.2. APPLICATION. The Tariff provisions apply to anyone receiving Gas Service from PGW. Such receipt of Gas Service shall deem the receiver a Customer of the Company as the term is used herein, whether service is based upon a written contract, an agreement, an accepted, signed application or otherwise.

1.3. APPLICABLE LAW, RULES AND REGULATIONS. All Applicable Law is incorporated herein by reference, made a part hereof and is a part of every contract for Gas Service made by the Company and govern all classes of service where applicable, unless specifically modified by a rate or rider provision.

1.4. BILINGUAL FORMS. All notices and forms referred to in this Tariff shall be in English and Spanish.

1.5. USE OF RIDERS. The terms governing the provision of service under a particular rate may be modified or amended only by the application of standard riders, filed as part of this tariff.

1.6. STATEMENT BY AGENTS. No representative has authority to modify a Tariff rule or provision, or to bind the Company by any contrary promise or representation.

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2. Application and Contract for Gas Service

2.1. APPLICATION FOR GAS SERVICE.

2.1.A. How to Apply. Application for Gas Service shall be made by telephone, mail, on-line and/or by personal visit to one of PGW's Customer Service Centers, provided however that, an in-person application interview may be required for any Applicant at the discretion of the Company. Gas Service will be provided as soon as possible upon completion of an application. Applications will be considered completed only upon compliance with all PGW requirements. When the Applicant is a person who resided at the same premises for which application for service is requested, the Company may require payment of the portion of the outstanding balances which accrued during the time that the Applicant resided at those premises. The Company may establish that an Applicant previously resided at those premises through the use of any of the following:

- (i) mortgage, deed or lease information
- (ii) a commercially available consumer credit reporting service
- (iii) a driver's license or Pennsylvania Department of Transportation issued Identification Card

Nothing herein waives the right of the Customer or Applicant to file a complaint with the Commission disputing the PGW determination.

2.1.B. Documentation Required.

2.1.B.1. Application. An Applicant applying for Residential Gas Service shall identify the Applicant's name, and the names of all occupants who appear on the mortgage, deed or lease of the property and the names of all occupants who are tenants in the premises pursuant to an oral agreement, for which Gas Service is to be provided. All Applicants applying for Residential Gas Service shall provide identification, information, and documentation as required by the Company. All applications shall be subject to credit history investigation by PGW.

2.1.B.2. Identification of the Applications. Applicants for Gas Service shall provide for properties occupied pursuant to an oral or written agreement for such dwelling unit, the name and mailing address of the Landlord and the Landlord's agent, if any.

2.1.B.3. In-person Application Interviews. An in-person application interview may be required for any Applicant who (1) is a former Customer whose Gas Service was terminated for unauthorized usage and/or tampering with the meter or other utility equipment, or (2) is applying for service at a service address at which service was terminated for non-payment within the preceding 120 days or where the home telephone number supplied by the Applicant is the same as the home telephone number for a previously terminated account at the same address.

2.1.B.4. Designation by Landlord Applicants as Tenant-Occupied. Each Applicant for Gas Service who is a Landlord for the property for which Gas Service has been requested shall designate, in written form to PGW, whether the application is for Residential service to a Tenant-occupied property. If the property is Tenant-occupied, a written list of all occupants residing at the location, regardless of whether their name(s) appear on a lease, shall, at the request of PGW, be submitted by the Landlord-Customer to PGW on an annual basis.

2.2. STANDARD SERVICE CONTRACT. Any application for Gas Service, upon acceptance by the Company, constitutes a contract between the Company and the Customer.

2.3. OTHER CONTRACTS. Contracts stipulating the negotiated non-scheduled rates and/or terms of Gas Service may also be entered into between the Company and Customer when the Company, in its sole discretion, deems such offerings to be economically advantageous to the Company.

2.4. RIGHT TO REJECT.

2.4.A. Rejection to Protect Supply. PGW may limit the amount and character of Gas Service it shall supply or may reject requests for initial or increased service if this is necessary to protect the supply of service to any Customer.

2.4.B. Other Reasons for Rejecting Application. PGW may reject requests for Gas Service in accordance with any right set forth in Applicable Law including but not limited to the failure to comply with the application of this Tariff or if PGW can demonstrate that the Applicant has tampered with the meter or other utility equipment or used Gas Service without PGW authorization.

2.4.C. Notification of Rejection. Where PGW rejects an application for Gas Service, PGW shall inform the Applicant as required by Applicable Law.

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3. Credit and Deposit

3.1. CREDIT AND DEPOSIT STANDARDS AND PROCEDURES.

3.1.A. Conditions Where Applicant or Customer Needs to Provide a Security Deposit. PGW will require a deposit for Gas Service, in accordance with Applicable Law.

3.1.B. Payment of the Security Deposit. If the full amount of the security deposit or the portion due and payable pursuant to Applicable Law is not received, PGW shall not be required to provide or, as relevant, continue to provide service. For Non-Residential and Landlord-Customers, payment of 100% of the security deposit will be required before service will be provided. A Residential, Non-Landlord Customer may pay a security deposit in installments if allowed under Applicable Law. A deposit may be required for continued Gas Service when the Customer has been delinquent in the payment of any two consecutive bills or three or more bills within the preceding 12 months.

3.2. Refund or Credit of Security Deposit when Timely Payment History has been established. Once a Customer establishes a timely payment history for 12 consecutive months, PGW shall deduct the outstanding balance from the deposit, if any and, at PGW's discretion, either return or credit any positive difference to the Customer. (C)

3.3. Interest on Residential Customers' deposits shall be calculated in accordance with Applicable Law. (C)

3.4. Interest earned on deposits shall be returned or credited to the Customer at the time that the deposit is returned or credited in accordance with Applicable Law.

3.5 Credit Scoring Methodology. When a credit scoring methodology is used in connection with this Tariff, the Company will use a generally accepted scoring methodology, with standards that fall within the range of general industry practice, provided by one of the three major credit reporting agencies (i.e. Equifax, Experian, Trans Union). This scoring methodology will be one that has been designed to predict risk on energy accounts and which provides scoring based on actual payment history of the Customer or Applicant.

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4. Billing and Payment.

4.1. BILLING PRACTICES. PGW's billing practices shall be in accordance with Applicable Law. (C)

4.1.A. Billing Period. PGW shall render a bill once every month to Residential Customers. A period not less than 26 and not more than 35 days shall be taken as one month for billing purposes with the exception of the initial bill, final bill, or rebilling to correct a billing problem. If the initial meter reading period covers less than 26 days (with the exception of a final bill), the Gas usage may be included in the following month's billing.

4.1.B. Incomplete Month. In the event that the meter reading period for a Customer's final bill shall be less than one month, it shall be taken as one month, for billing purposes.

4.1.C. Inexact Billing Intervals. Whenever billings are prepared for meter readings that do not cover exact one or two-month intervals, charges for Gas shall be calculated on the basis of the actual rate(s) for the period(s) covered by the bill.

4.2. FINANCE CHARGE ON LATE PAYMENTS. PGW will assess a late penalty for any overdue bill, in an amount which does not exceed 1.5% interest per month on the full unpaid and overdue balance of the bill. These charges are to be calculated on the overdue portions of PGW Charges only. The interest rate, when annualized, may not exceed 18% simple interest per annum. Late Payment Charges will not be imposed on disputed estimated bills, unless the estimated bill was required because utility personnel were unable to access the affected premises to obtain an Actual Meter Reading.

4.3. DISHONORED PAYMENTS. If a Customer tenders payment which is subsequently dishonored under 13 Pa.C.S. § 3502 (relating to dishonor) or a Customer tenders payment with an access device, as defined in 18 Pa.C.S. § 4106(d) (relating to access device fraud) which is unauthorized, revoked or canceled, the Customer shall be deemed as not having made a payment on the account. A Customer who tenders a dishonored, unauthorized, revoked or canceled payment may be required to make future payments by money order, bank check, or cash for a period of one year. A charge will be assessed to the Customer's account by PGW for each dishonored payment.

4.4. PAYMENT AGREEMENTS-MAKE-UP BILLS. PGW will negotiate payment agreements with Residential Customers on the portion of the past due amount attributable to PGW Charges in accordance with Applicable Law.

4.5. BUDGET BILLINGS. PGW shall offer a budget-billing plan to Residential Customers averaging the cost of Gas Service over a 12-month period. The Company shall review accounts at least three times during the 12-month period and make adjustments, if necessary, to keep monthly payments in line with projected and actual charges. The Company shall review accounts at least once yearly to bill for actual usage, pursuant to a true up bill.

4.6. STATEMENT OF ACCOUNT. Residential and Small Business Customers are entitled to receive a statement of account of PGW charges annually upon request. Any additional requests, and requests by all other classes of Customers, shall be assessed a \$10 service charge, except in those instances where such requests are part of a bill Inquiry Dispute, or Appeal.

4.7. BILLING ERRORS WITH NATURAL GAS SUPPLIER. Any Disputes pertaining to NGS bills or NGS charges on a PGW bill related to firm Natural Gas Supply Service pursuant to PGW's Supplier Tariff must be corrected with the NGS, pursuant to the Company's Supplier Tariff and Applicable Law. (C)

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5. Termination and/or Discontinuance of Gas Service.

5.1. GAS SERVICE TERMINATION AND PROCEDURES. PGW may terminate Gas Service to any dwelling or account in accordance with Applicable Law. (C)

5.2. TERMINATION PROCEDURES AND NOTICES TO TENANTS. Subject to Section 2.1, where the mailing or billing address or apartment designation of a Customer with Residential Gas Service is different from the service address or apartment designation, PGW shall assume that such Customer is a Landlord-Customer and that the residents at the service address or apartment designation are Tenants unless PGW has actual knowledge to the contrary.

5.2.A Before terminating Gas Service to a Residential dwelling in which the Customer billed is a Landlord-Customer, but the Gas has been or is being delivered to and used by a Tenant, PGW shall make reasonable efforts to seek collection from the Landlord-Customer.

5.2.B Prior to termination of any Tenant-occupied property with Residential Gas Service, PGW will comply with the provisions of 66 Pa.C.S. § 1521 et seq., Discontinuance of Service to Leased Premises.

5.2.C PGW will provide a notice to the Tenant-occupants with Residential Gas Service informing them of the following:

5.2.D That there exists an outstanding bill for the property and that collection activity is being pursued against the Landlord-Customer.

5.2.E That the initial payment by Tenants on the delinquent balance shall not exceed one month's rental. Thereafter, all current bills shall be paid in full.

5.2.F The phone number to call for further information and/or an explanation of the procedure to be followed for continued service.

5.2.G The locations and business hours of PGW's Customer Service Centers.

5.2.H The telephone number of the Philadelphia Department of Licenses and Inspections.

5.3. TERMINATION OF GAS SERVICE – NON-RESIDENTIAL CUSTOMERS. PGW may terminate service to a Non-Residential Customer in accordance with Applicable Law.

5.4. UNAUTHORIZED CONNECTION OF APPLIANCES TO CUSTOMER'S METER. When PGW determines that high Gas bills may be caused by Foreign Load, PGW shall fully and promptly investigate such high bills, and shall, upon verifying such unauthorized connection(s), notify the building owner and place the utility account for that dwelling unit in the building owner's name consistent with Applicable Law.

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5.5. DISCONTINUANCE BY CUSTOMER - GENERALLY.

5.5.A. Notice of discontinuance. Except where the provisions of Discontinuance of Service to Leased Premises, 66 Pa.C.S. § 1521 et seq. apply, the Customer is required to give the Company at least seven days notice to discontinue the supply of Gas specifying the date on which it is desired that service be discontinued. In the absence of notice, the Customer shall be responsible for services rendered.

5.5.B. Final Meter Read. In the event that the Company's authorized agent is not able to gain access to the premises during the seven-day notice interval, the Customer's liability for Gas that may pass through the meter shall continue in force until such time as a final meter reading can be obtained by an authorized agent of the Company or the account is otherwise closed in accordance with Applicable Law.

5.6. TEMPORARY DISCONTINUANCE OF GAS SERVICE BY THE CUSTOMER'S REQUEST.

5.6.A. Temporary Discontinuance. Except where the provisions of 66 Pa.C.S. § 1521 et seq. apply, a Customer may have his/her Gas Service temporarily discontinued by giving PGW advance notice of at least 10 days.

5.6.B. Temporary Service Payments. For a period of discontinuance of less than 12 months, PGW will provide a Customer a temporary discontinuance of Gas Service upon request. PGW will require a payment of an amount equal to the Company's service charge for one hour, plus payment of Customer charges for each month the service has been discontinued, in order to restore disconnected service.

5.7. CUSTOMER REQUEST FOR TEMPORARY HEAT.

5.7.A. Construction or Remodeling. PGW will provide temporary heat, upon request for the completion of construction or remodeling as long as there is Gas Service present and all fuel lines have been installed and tested.

5.7.B. Charge. Customers will be assessed an amount equal to the Customer Service Call Charge for $\frac{7}{10}$ hours.

5.8. RESIDENTIAL SERVICE RESTORATION.

5.8.A. Restoration. Gas Service will be restored to Residential Customers in accordance Applicable Law.

5.9. RECONNECTION CHARGE.

5.9.A. Tariff Violations. If a Customer's meter is removed or Gas Service is otherwise terminated because of any violation of Applicable Law, the reconnection of service will be subject to a reconnection charge, equal to the Customer Service Call Charge for $\frac{7}{10}$ of an hour, plus any excavation charges. If during the reconnection, it becomes necessary to remove the service pipe or connection to discontinue service, the service will be reconnected only when advanced payment of the costs of discontinuance and reconnection are received by the Company.

5.9.B. Non-Residential Customers. Reconnection charges on a Non-Residential and Landlord Customer Gas account must be paid in full prior to PGW's restoration of the service. Prior to reconnection, non-Residential and Landlord Customers must pay all charges associated with non-payment terminations and restoration, including but not limited to charges for unpaid Gas Service. Such charges will be calculated and assessed on an individual basis.

5.9.C. Excavation. Where excavation is necessary to terminate or restore service, PGW will charge the Customer or Applicant based on the actual cost required to complete the work plus any additional applicable charges set forth in this Tariff.

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6. Termination of Service for Safety And Other Reasons and Curtailment of Service/Service Continuity.

6.1. TERMINATION WITHOUT NOTIFICATION FOR SAFETY-RELATED REASONS OR FOR UNAUTHORIZED USE. Gas Service to any dwelling or account may be terminated by PGW without prior notice upon PGW's knowledge or reasonable belief that termination is necessary for safety-related reasons, to prevent or stop actions which are harmful to the gas delivery system, or for unauthorized use. Reasons for termination shall include those permitted by Applicable Law including the following:

6.1.A. Hazardous Conditions. A Gas leak on the Customer's premises, or other condition which the Company finds potentially hazardous, in which event Gas Service shall not be restored until the necessary repairs and alterations have been made.

6.1.B. Unauthorized Use. Unauthorized use of the Gas Service delivered on or about the affected dwelling or account, including but not limited to the use of Gas Service at a location where Gas Service had been previously turned off and had not been reconnected by the Company.

6.1.B.1. Unauthorized Use - Exception. A residential occupant who has taken or accepted utility service without knowledge or approval of the utility (without self-turn-on, a meter bypass or meter tampering) is not a person who has committed "unauthorized use" or "used Gas Service without PGW authorization" within the meaning of this Tariff.

6.1.C. Fraud. Fraud or material misrepresentation of the Customer's identity for the purpose of obtaining service.

6.1.D. Unauthorized Equipment or Equipment Tampering. Installation of equipment which is unauthorized or prohibited by the Company or tampering with meters or other utility equipment or violations of any tariff provisions on file with the Commission so as to endanger the safety of a person or the integrity of the energy delivery system to the utility.

6.2. COMPANY'S RIGHT TO DISCONTINUE, INTERRUPT, CURTAIL OR DENY GAS SERVICE. The Company, in the event of an emergency, a shortage or insufficient supply of Gas, or any other contingency which threatens its ability to continue or meet the total demand of its Customers or prospective Customers, or where necessary to effect repairs or maintenance, shall have the right to terminate, interrupt, curtail or deny Gas Service, or alternatively establish priorities in furnishing Gas.

6.3. PRIORITY OF CURTAILMENT. Priorities will be dictated by giving primary consideration to human necessity and the public welfare, beyond which it will be the Company's policy to give priority to firm Customers, classified as to type of service in accordance with the Company's policy to give priority to firm Customers, classified as to type of service in accordance with the Company's rate schedules and by the Customer classifications of Residential, Commercial, and Industrial. The Company will endeavor to apportion its available supply of Gas among the demands of firm Customers within a particular classification in the most reasonable and practicable manner possible, but reserves the right to terminate, interrupt, curtail, deny service, reestablish, continue, or discontinue service irrespective of such classifications if, in the Company's judgment, the interest of Gas users generally so requires.

6.4. COMPANY'S LIABILITY. The Company will use reasonable diligence to provide a continuous, regular and uninterrupted supply of Gas Service; however, in the event of refusal, curtailment, or discontinuance of service, the Company shall not incur any liability for loss, damages, or expense which any Customer may sustain by reason of such refusal, curtailment or discontinuance of service. Should the supply of service be interrupted, or fail, by reason of accident, strike, legal process, state or municipal interference, or any cause whatsoever, beyond its control, the Company also shall not be liable for loss, expenses, or damages resulting from such interruption or failure.

6.5. NOTICE OF CURTAILMENT.

6.5.A. Prior Notice. Where the Company knows in advance of the circumstances requiring the Gas Service interruption, prior notice of the cause and expected duration of the interruption shall be given to Customers and occupants who may be affected.

6.5.B. Unforeseen Circumstances. Where the Company interrupts Gas Service due to unforeseen circumstances, notice of the cause and expected duration of the interruption shall be given as soon as possible to Customers and occupants who may be affected.

6.5.C. Type of Contact. Where Customers and occupants are to be notified under this section, the Company shall take reasonable steps -- such as personal contact, phone contact, and use of the mass media -- to notify affected Customers and occupants of the cause and expected duration of the interruption.

6.5.D. Public Health and Safety. Gas service may be interrupted for only the periods of time as are necessary to protect the health and safety of the public, to protect property or to remedy the situation which necessitated the interruption. Service shall be resumed as soon as possible thereafter.

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7. Inquiry, Review, Dispute, and Appeals Process

7.1 INQUIRIES OR DISPUTES – PGW will handle Disputes in accordance with Applicable Law.

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8. Customer's Responsibility for Company's Property.

8.1. PROTECTION BY CUSTOMER. The Customer shall be responsible for the protection of the Company's property on his/her premises, and shall not permit any unauthorized person to disturb or tamper with such property. In the event of damage, destruction or loss of the Company's property, the Customer may be required to pay the costs of repairs and/or replacement.

8.2. COMPANY HAS SOLE RIGHT OF ACCESS. The Customer shall not allow anyone, except employees of the Company presenting proper credentials, to turn on the Gas supply at any premises, to do any work on any meter, service supply pipe or other equipment of the Company located on the Customer's premises.

8.3. TAMPERING. In the event of the Company's meters or other property being tampered or interfered with, the Customer being supplied through such equipment shall pay the amount which the Company may estimate is due for service used even if such usage is not registered on the Company's meter, and for any repairs or replacements required, as well as for costs of inspections, investigations, damages and protective equipment and installations prior to reconnection.

8.3.A. Removal of Property. The Company reserves the right to remove any of its property which has been damaged or which, in its judgment, appears to be in reasonable prospect of being damaged or where there is evidence that such property has been tampered with, or there has been unauthorized interference with or diversion, or use, of the utility service.

8.3.B. Replacement of Property. The Company shall be under no obligation to replace any property until the damage has been paid for, the value of the Gas used has been paid for, and satisfactory assurance, has been given that no damage or unauthorized interference or diversion or use will be caused in the future.

8.3.C. Service. The Company shall not refuse to provide Gas Service to an Applicant who is not responsible for the damage or for the unauthorized use of Gas.

8.4. ACCESS TO PREMISES.

8.4.A. Agents of the Company. PGW, or its authorized agents, shall have access to the premises of the Customer at all reasonable times for the purpose of reading meters, disconnecting service, installing, testing, inspecting, repairing, removing, or changing any or all equipment belonging to the Company; and taking whatever remedial action the Company may deem appropriate to avoid or abate hazardous conditions or unauthorized usage; and under emergency conditions to gain entry to the premises by forcible means.

8.4.B. Proper Identification. All employees of the Company who are authorized to enter upon the Customer's premises shall display appropriate PGW identification on their person.

8.4.C. Prosecution. Instances of tampering or unauthorized interference with or diversion or theft of Gas or other Company property may be subject to prosecution.

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9. Conditions of Service, Point of Delivery, and Application of Rates

9.1. TYPE OF SERVICE. The gas delivered will be Natural Gas with a heating value and other characteristics as provided for in the Tariffs covering the Company's purchases of Natural Gas from its suppliers. The Company may, however, where and when it deems necessary, supplement and/or substitute the Natural Gas with some other compatible gas. Such gas shall have a heating value and other characteristics satisfactory for the proper operation of gas-burning appliances that have been approved for Customer's use, except for certain special Industrial or Commercial gas applications where little or no leeway in gas characteristics may be tolerated. It is the Company's policy to notify Customers who request such notice of any change in the burning characteristics of the gas to be supplied, but failure by the Company to give such notification shall not subject the Company to liability for any damages resulting from a change in the characteristics of the gas furnished. The supply pressures will be in accordance with Section 11.

9.2. INFORMATION FROM APPLICANT. Anyone desiring to equip his/her premises for the use of Gas should communicate with the Company directly, or through his/her contractor, preferably in writing, giving the exact location of the premises and the quantity and type of all gas-consuming devices which are to be installed. Where the conditions of the use of any of the gas-consuming devices would not be readily apparent to the Company, a description of such use, as it affects the delivery of gas to it, should be included.

9.3. POINT OF DELIVERY. Upon request, subsequent to compliance with Section 9.1, the Company will designate a point at which the Applicant shall terminate his/her piping for connection to the meter, but such information does not constitute an agreement or obligation on the part of the Company to furnish Gas Service.

9.4. DIVISION OF RESPONSIBILITY. As used herein, the term "Gas Delivery Facilities" includes all equipment, piping, meters, regulators, connections, or other equipment required to deliver gas to the Company designated point of delivery. Such equipment will be provided, installed, owned and maintained by Company, subject to such contributions to cost by Customer as set forth in this Tariff. All piping, fixtures and appliances on the Customer's side of such delivery point must be installed and maintained by and at the expense of the Customer or Owner of the property, unless in the Company's judgment the Customers generally would benefit from some other arrangement.

9.5. LOCATION OF METER AND ACCESSIBILITY OF COMPANY OWNED GAS DELIVERY FACILITIES. The meter(s) or other equipment of the Company which may be necessary for the fulfillment of contracts for Gas should normally be installed at an outside, above ground meter location when suitable protection from outside forces, availability of space and other conditions permit. A meter cover or housing is required if, in PGW's judgment, conditions require physical protection for the meter installation. Where, in PGW's judgment, it is physically and economically unfeasible to do so, PGW may choose to install the meter inside a building in a dry, well-ventilated location not subject to excessive heat and not less than three feet from any source of ignition and/or otherwise suitable place which shall be conveniently accessible; the Gas Service entrance shall also be accessible to PGW. The meter shall also be as near as possible to the point where the service supply pipe enters the Customer's premises: except when, in PGW's judgment, this is not practical or desirable. If PGW discovers that the meter has been tampered with, interfered with, or bypassed two or more times within a twelve month time period, PGW may, in its sole judgment and where physically feasible, elect to move the meter from inside a building to an outside, above ground meter location and may charge the Customer being supplied through such equipment the labor costs of moving the meter. Nothing herein waives the right of the Customer to file a complaint with the Commission disputing the PGW determination.

9.6. NON-STANDARD GAS DELIVERY FACILITIES. The Customer will ordinarily be required to pay the cost of any special installations when, in the judgment of the Company, his/her requirements for Gas delivery facilities cause a departure from the Company's usual installation regulations.

9.7. RELOCATION OF GAS DELIVERY FACILITIES.

9.7.A. Customer Charge. A charge will ordinarily be made to cover the cost of relocating the Gas delivery facilities for a Customer who alters or plans to alter his/her building, who constructs a new building over the Gas Service pipe location on his/her building, or who makes any other alterations to his/her property requiring the relocation of the Gas delivery facilities. Relocation of the Gas delivery facilities shall be required when, in the judgment of the Company, the changes to the Customer's property cause a need for such relocation. Any charges assessed by the Company shall be equal to the Company's cost incurred as a result of the relocation. The Customer must give the Company reasonable advance notice of any plans for such construction or alterations. The Company may require payment in advance for its costs in association herewith.

9.7.B. Company Relocation of Meter. Where, in the judgment of the Company, it is physically and economically feasible, the alteration or relocation of any Residential Gas meter will be allowed at an outside, above ground meter location when suitable protection from outside forces, availability of space and other conditions permit, also allowing the meter to be read from outside the Residential structure.

9.7.C. Customer Relocation of Meter. PGW will relocate a Customer's Gas meter, upon Customer request, to a mutually agreed upon location which meets all applicable codes and regulations. Customers will be assessed an amount equal to the Customer Service Call Charge for 1³/₁₀ hours.

9.8. TRANSFER OF GAS ALLOCATION. Where the Company has authorized the transfer of Customer's Gas allocation from one location to another, a charge will ordinarily be made to cover any costs associated with such transfer. Payment of this charge may be required in advance.

9.9. REFUSAL TO SERVE APPLICANTS OR CUSTOMERS. PGW may initially decline to serve an Applicant or Customer, if, in PGW's judgment, any of the following conditions are present:

9.9.A. The Applicant or Customer has not complied with Commonwealth or Municipal regulations governing Gas Service, appropriate piping installation codes or with the rules and regulations of the Company.

9.9.B. The installation or condition of piping or Gas equipment of the Applicant or Customer is hazardous or improperly installed and/or maintained.

9.9.C. The service requested by the Applicant or Customer is unreasonable and improper under the circumstances.

9.10. APPLICATION OF RATES.

9.10.A. Single-Point Delivery. The rates included in this Tariff contemplate the delivery of Gas Service under the appropriate rate classification to a single consumer unit at a single premises through one delivery and metering point.

9.10.B. Gas Delivered Under More Than One Rate Classification. Where Gas is delivered through a common service under more than one rate classification, the Customer will arrange his/her piping to separate the usage and the Company will install separate metering facilities, at a location acceptable to the Company, and provide for separate billing.

9.10.C. Gas Delivered at Separate Delivery Points/Combined Billing. Gas delivered at separate delivery points shall be billed for separately; except that when, in the judgment of the Company, Customers generally would benefit. The total amount of Gas delivered under the same rate classification through multiple delivery points for the same premises may be added for billing purposes (such billing to be known as "combined billing"). In those cases where combined billing is permitted, the Customer may be required to pay PGW's cost of providing the Gas delivery facilities to the additional delivery points.

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10. Extensions and Rights-of-Way

10.1. EXTENSIONS OR ENLARGEMENTS FOR PERMANENT CUSTOMERS.

10.1.A. Residential Gas Service - Upon written application, and under normal conditions of construction and installation, the Company will extend its main and service for permanent residential Customers or developers within its service territory provided the requested extension will not adversely affect the availability or deliverability of Gas to existing Customers. The Company will furnish and install at no cost to the Customer or developer, delivery main and service-delivery pipe of an amount up to five times the anticipated annual Delivery Charge, as set forth in this Gas Service Tariff, and the Customer or developer shall pay a customer contribution for any costs in excess of this allowance. Included in the calculation of such costs may be an appropriate allowance for transmission and distribution main extensions required to deliver the Gas supply to local areas where Gas Service is needed. Permanent residential Customers or developers making use of new facilities which required a customer contribution from an original Customer or developer within the previous three years shall be deemed to have made application at the same time as the original contributing Customer or developer and shall pay a pro rata customer contribution for such facilities to be determined by the Company.

10.1.B. Commercial And Industrial Gas Service - For permanent commercial and industrial Customers or developers making application for extensions or enlargements, where the Company in its sole judgment anticipates long-term, continuous usage at projected volumes of Gas: (a) where the combined estimated cost of delivery-main and service-delivery pipe is less than \$10,000, the Company will furnish and install, at no cost to the Customer or developer, service-delivery pipe and delivery-main of an amount up to three times the anticipated annual base rate revenue less the fuel cost component included therein, and the Customer or developer shall pay for any costs in excess of this allowance; or (b) where the combined estimated cost of delivery-main and service-delivery pipe installation is \$10,000 or more, the Customer or developer shall pay a customer contribution for the amount of the estimated cost in excess of the investment determined by the Company to be warranted by the anticipated revenue to be derived from the extension. Included in the calculation of the above cost may be an appropriate allowance for transmission and distribution main extensions required to furnish the Gas supply to local areas where Gas Service is needed. Permanent commercial and industrial Customers or developers making use of new facilities which required a customer contribution from an original Customer or developer within the previous three years shall be deemed to have made application at the same time as the original contributing Customer or developer and shall pay a pro rata customer contribution for such facilities to be determined by the Company. Section 10.1.B. is not applicable to Interruptible Transportation customers (Rate IT). Interruptible Transportation customers shall pay for 100% of the combined estimated cost of delivery-main and service-delivery pipe installation.

10.2. EXTENSIONS OR ENLARGEMENTS FOR TEMPORARY CUSTOMERS. For Customers other than those deemed by the Company to be permanent Customers, Gas delivery facilities shall be installed and removed at the expense of the Customer.

10.3. DELAYS REGARDING RIGHTS-OF-WAY. Applications for service relying on an extension to be constructed where a right-of-way is not owned by the Company will only be accepted subject to delays incident to obtaining a satisfactory right-of-way.

10.4. PROCUREMENT BY CUSTOMER. Customers applying for the construction of an extension may be required to secure to, and for, the Company, all necessary and convenient rights-of-way and to pay the costs incident thereto.

10.5. TERMS AND RENTALS. When the premises of a Customer is so located that the Customer can be served only by facilities extending over the property of another, the Customer shall accept service for such term as is provided in the permit or agreement covering the location and the maintenance of service equipment, and the Customer shall reimburse Company for any and all special or rental charges that may be made for such rights by said permit or agreement.

10.6. EXTENSION OR ENLARGEMENT REFUNDS. A pro-rata portion of a Customer or developer's contributions made pursuant to Section 10.1, above, may be refunded by the Company without interest if, within three years of the commencement date of the original Customer or developer's service agreement, new Customer loads are added to such new facilities. For purposes of making refund computations, the original and new loads will be deemed to have been installed at the same time. Refunds will be paid only to a contributing Customer or developer, and the original contribution shall be the maximum aggregate refund. Upon receipt of a written request by a Customer or developer made no earlier than the end of the third year following the date of the original agreement for new Gas Service, and no later than the end of the fourth year following the date of the original agreement for new Gas Service, PGW will: (a) review its records to determine if a refund is due the Customer or the developer for additional Customers that attached to the facilities paid for by the Customer or the developer within three years after the execution date of the agreement for new Gas Service, and (b) within 120 days of receipt of such request, (i) make payment to the Customer or developer of any refund due and (ii) provide the Customer or developer with documentation substantiating the refund calculations and identifying the attached loads for which the Customer or developer was credited.

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11. Meters: Measurements, Readings, Errors, and Tests.

11.1. METERS. The measurement of Gas usage shall be by meters furnished and installed by the Company. The Company will select the type and make of metering equipment, and may, from time to time, change or alter the equipment, its sole obligation being to supply meters that will accurately and adequately furnish records for billing purposes.

11.2. QUANTITY MEASUREMENTS.

11.2.A. Measurement at Standard Service Pressure. For the purpose of measurement, standard service pressure shall be 8.5 inches or less of water column. A cubic foot of Gas at standard service pressure means the amount of Gas which occupies a volume of one cubic foot at the time metered and under the conditions existing at the Customer's meter.

11.2.B. Measurement at Pressure Above Standard Service Pressure. For the purpose of measurement, where Gas is ordinarily supplied to Customers at pressure above standard pressure, the measurement shall be a cubic foot at an absolute pressure of 14.73 pounds per square inch and under conditions existing at the Customer's meter unless otherwise provided for by the Company. A cubic foot of Gas at above standard service pressure shall mean the amount of Gas that occupies a volume of one cubic foot.

11.3 METER READINGS.

11.3.A. Meter Reading Intervals. The Company will read its meters at scheduled regular intervals of two months or less and will render standard bills for the recorded Gas usage based upon the time interval between meter readings.

11.3.B. Estimated Usage. The Company may estimate the amount of Gas usage at the premises where access to the meter is not available, an electronic meter reading device is not installed or functioning, or to installations at remote locations, for such number of months as the type of installation, normal regularity of usage, or other circumstances may warrant, and will render bills in standard form based on such estimate and so marked. Actual Meter Readings will be secured from time to time and billing will be revised when such reads disclose that the estimate failed to approximate the actual usage. For Residential Customers, an Actual Meter Reading will be obtained in accordance with Applicable Law .

11.3.C. Automatic Meter Reading (AMR) Device.

11.3.C.1. The installation and periodic inspection and maintenance of an Automatic Meter Reading Device, will be a condition to continued Gas Service. Customers must assist PGW in all reasonable attempts to secure information about or approval from Landlords for AMR installation purposes. Customers may be required to contact the Landlord or obtain access for PGW to install an AMR and/or information which assists PGW in making contact with the Landlord. PGW will neither hold the Tenant responsible for the Landlord's actions nor exact any penalty against the Tenant for the Landlord's actions or failure to act. When a Customer unreasonably refuses to provide access to the meter, PGW may commence termination procedures, unless the Customer is a lessee who is unable to provide access to the meter.

11.3.D. Customer Readings. PGW will provide Customers with a telephone number that they may use to report their meter readings. PGW will also provide, at the Customer's request, preaddressed postcards on which the Customer may note their meter reading. PGW will use Customer Readings for billing purposes when appropriate. PGW may establish due dates by which such telephone calls or postcards must be received in order for a bill to be based upon the meter reading of the Customer or occupant. If the reading is not received by the due date, PGW will estimate the quantity of usage.

11.3.E. Industrial/Commercial Customers. Where, in the judgment of the Company, it is not feasible to install a remote AMR device, PGW may choose to install a meter that requires a dedicated telephone line and appropriate power supply to send the meter read to the company. The Company will require the Industrial/Commercial Customers to supply and maintain this dedicated telephone line. The Customer will install and terminate the telephone line not less than three feet from the meter location and the telephone line shall be tagged and accessible to the Company.

11.4. DEFECTIVE METERS. Gas shall be supplied through a meter provided by the Company. Should a meter become defective or fail to register correctly, it shall be replaced. If the quantity of Gas recorded by a meter is in question, the quantity of Gas which passed through the meter may be determined by a test of the meter, or by comparison with subsequent Gas consumption recorded by the replacement meter, or by the amount of Gas metered during the corresponding period of the previous year if the circumstances of usage and the Gas-consuming equipment are comparable.

11.5 CUSTOMER REQUESTED METER TESTS. Meter tests, if requested by the Customer, shall conform to all of the following:

11.5.A. Test Request. If a Customer requests a test of the accuracy of the meter through which Gas Service is supplied, PGW shall notify the Customer of the conditions under which the test will be made. If the Customer then requests PGW to proceed with the test and remits an amount equal to the fee as set forth in Section 11.6, PGW shall conduct the test promptly. If, when tested, the meter is found to be more than 2.0% fast or slow, the testing fee shall be promptly refunded to the Customer.

11.5.B. Test Observation. A Customer or his representative may be present when PGW conducts the test on the meter.

11.5.C. Report. A report giving the name of the Customer requesting the test, the date of the request, the location of the premises where the meter had been installed, the type, make, size, and serial number of the meter, the date of removal, the date of the test, the result of the test and the amount of refund if the meter was found more than 2.0% fast, shall be supplied to the Customer within 10 days after the completion of the test.

11.6. FEE SCHEDULE FOR METER TESTS. The following schedule of fees applies for meter testing:

11.6.A. 500 Cubic Feet or Less. Meters having a rated capacity of 500 cubic feet per hour or less - \$10.

11.6.B. More than 500 Cubic Feet. Meters having a rated capacity of over 500 cubic feet per hours and not more than 1,500 cubic feet per hour - \$20.

11.6.C. More than 1500 Cubic Feet. Meters having a rate capacity of over 1,500 cubic feet per hour, orifice meters, and any meters not a displacement type - \$30.

11.7. ADJUSTMENTS OF BILLS FOR METER ERROR.

11.7.A. Fast Meters. If, upon test of a meter, it is found to have an average error of more than 2.0% fast, the Company shall refund to or credit the Customer for the overcharge of PGW Charges, based upon what the meter would have registered had it not been fast or slow for a period equal to $\frac{1}{2}$ the time elapsed since the last previous test, but not to exceed 12 months or $\frac{1}{2}$ the period of occupancy of the premises by the Customer, whichever is less. If the period of registration error may be definitely fixed, the overcharge shall be computed for the period.

11.7.B. Slow Meters. If, upon a test of a Gas meter it is found to have an average error of more than 2.0% slow, the Company may render a bill for the Gas consumed but not covered by bills for PGW Charges which were previously rendered, for a period equal to $\frac{1}{2}$ of the time elapsed since the last previous test, but not to exceed three months. If the period of registration error may be definitely fixed, the charge may be computed for the period.

11.7.C. Non-registering meters. If a meter has failed to register for a period, the Company may compute the Gas used by taking the average of the Gas used for the nearest meter-reading period preceding and the meter-reading period immediately following the date when the meter was found to be not registering, which amount shall be assumed to be the amount of Gas used by the Customer during the billing period in which the meter was found not to have registered. Exceptions will be made only if the facts clearly show that the stated method does not give the correct consumption for the period.

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12. Service Charges and Miscellaneous Fees and Provisions.

12.1 CUSTOMER SERVICE CALL CHARGE The following charge applies to Customers requesting service. Exempted from the Customer Service Call Charge will be calls for leaks and other safety related conditions, and all appliances covered under any currently effective Parts and Labor Plan contract.

Residential, Commercial and Industrial

\$72.05 plus \$8.53 for each additional 1/10 of an hour after the first 6 minutes.

12.2. CUSTOMER REQUESTED TURN ON TO A COMMERCIAL/INDUSTRIAL ACCOUNT WHERE GAS EQUIPMENT HAS NOT BEEN INSTALLED. PGW will turn on Gas Service for a Commercial or Industrial Applicant if all the Gas equipment has not been installed provided the Customer installs or pays PGW to install shut off valves that PGW can lock in place. PGW will return to remove the locks and inspect equipment. PGW will charge for materials required as well as assessing the Customer an amount equal to the Customer Service Call Charge for 1¹/₂ hours for services provided after the initial two visits.

12.3. INSPECTION OF GAS FUEL LINE FOR COMMERCIAL/INDUSTRIAL CUSTOMERS. PGW will inspect a new commercial/industrial Gas fuel line prior to turn on. The Customer will be assessed an amount equal to the Customer Service Call Charge for 1¹/₂ hours if more than one test is required.

12.4. GRATUITY TO EMPLOYEES. The Company's employees are strictly forbidden to demand or accept any personal compensation, or gifts, for service rendered by them while working for the Company on the Company's time.

12.5. OTHER CHARGES. Except as where otherwise provided in this Tariff, the Company may, where feasible, provide and charge for services requested by the Customer or his agent. The Company is not obligated to provide such services. The Company will, if possible, give the Customer an advance written estimate of the costs to provide the service.

12.6. NO PREJUDICE OF RIGHTS. The failure by the Company to enforce any of the terms of this Tariff shall not be deemed a waiver of its right to do so.

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13. Universal Service And Energy Conservation Programs

13.1 CUSTOMER RESPONSIBILITY PROGRAM.

13.1.A. Eligibility and Enrollment. A Customer is eligible for the Customer Responsibility Program if it is determined at the time of application (or recertification) that the Customer's annual household gross income is at or below 150% of the federal poverty level. The Customer shall provide all documentation necessary for PGW to determine the household income including but not limited to proof of household income, verification of family size, and character of service requested (Heating or Non-Heating). PGW has the right to verify a Customer's income by means including but not limited to verification through governmental agency and checking credit reports. Enrollment shall be ongoing and open year-round. Customers selecting Transportation Service will no longer qualify for the CRP Program and will be responsible for the tariffed rates under General Service - Rate GS.

13.1.B. Requirements. A Participant must abide by the following provisions. The failure of a Participant to comply with one of the following could result in dismissal from the CRP Program:

13.1.B.1. A Participant shall make regular monthly Customer Responsibility Payments. Failure to do so may lead to termination of service.

13.1.B.2. A Participant shall recertify annually, based upon the Participant's anniversary date of enrollment.

13.1.B.3. It is the Participant's responsibility to notify PGW when there is a change in the household's income or size. Adjustments to a Participant's bill will be made anytime there is a change in income or family size.

13.1.B.4. When eligible, a Participant must apply for and assign at least one energy assistance grant, such as a LIHEAP grant, to PGW annually.

13.1.B.5. Participants must take the necessary actions to participate in the Conservation Works Program (CWP), the Enhanced Low Income Retrofit Program (ELIRP) or other conservation programs and to abide by established consumption limits.

13.1.B.6. A Participant must allow access to their property for meter readings or for the installation of an AMR. Failure to allow access for four consecutive months will result in dismissal from CRP.

13.1.B.7. A Participant shall be responsible for seeking assistance and guidance from PGW, including budget counseling, in the event that the Participant is unable to meet the above responsibilities.

13.1.C. Applicable Rates. A Participant's CRP Payments will be based upon the Participant's family size and gross household income. A Participant will pay a percentage of his/her gross household income depending on where that Participant falls within the Federal Poverty Guidelines (FPL). Rates are calculated under rate schedule GS, including riders.

13.1.C.1. For payment purposes CRP Participants will be defined as follows:

13.1.C.1.a. Group A: Participants whose gross household income has been verified as being from 0 – and up to and including 50% of FPL.

13.1.C.1.b. Group B: Participants whose gross household income has been verified as being greater than 50% and up to and including – 100% of FPL.

13.1.C.1.c. Group C: Participants whose gross household income has been verified as being greater than 100% – and up to and including 150% of FPL.

13.1.C.2. A CRP Participant will be responsible for paying the following rates for service or \$25 per month, whichever is greater. (C)

13.1.C.2.a. Group A: 8% of gross income.

13.1.C.2.b. Group B: 9% of gross income.

13.1.C.2.c. Group C: 10% of gross income

13.1.D. Arrearages. Participants making regular monthly Customer Responsibility Payments will earn forgiveness on their pre-program Arrearages. The amount of and criteria applicable to Arrearage forgiveness shall be consistent with applicable Commission Orders. Participants choosing an NGS are responsible for all outstanding balances owed to PGW.

13.2. ENHANCED LOW INCOME REDUCTION PROGRAM (ELIRP). PGW shall establish fair, effective and efficient Gas usage reduction programs for low-Income Customers. Such programs are intended to maintain affordable Gas Service and to reduce uncollectible accounts and the collection and termination expenses of PGW by enabling low income Customers to conserve energy and reduce their Gas usage. The Conservation Works Program (CWP) is superceded by and referenced herein as the Enhanced Low Income Reduction Program (ELIRP).

(C) - Change

13.2.A. Eligibility. This program is available to Residential Heating CRP Participants with high usage. PGW shall have access to the Residential Building to determine the most appropriate usage reduction measures. An eligible Customer who is a Tenant shall have an equal opportunity to secure program services if the Landlord has granted written permission to the Tenant for the installation of program measures, and the Landlord agrees, in writing, that rents will not be raised unless the increase is related to matters other than the installation of the usage reduction measures, and the Tenant is not evicted for a stated period of time at least 12 months after the installation of the program measures, if the Tenant complies with ongoing obligations and responsibilities owed the Landlord. A covered utility may seek Landlord contributions as long as the contributions do not prevent an eligible Customer from receiving program services. Contributions from Landlords shall be used by the utility as supplemental to its approved Enhanced Low Income Reduction Program budget.

13.2.B. Enhanced Low Income Reduction Program Funding. Funding for the Enhanced Low Income Reduction Program shall be at least .2% of jurisdictional revenues during each year of operation. In the event that PGW employs independent contractor(s) to manage such program(s), said contractor(s) may spend not more than 15% of program funding for administrative costs and PGW shall not charge any of its expenses for such program(s) to program administration. In all other circumstances, PGW shall spend not more than 15% of its Enhanced Low Income Reduction Program funding for administrative costs.

13.2.C. Integration. PGW shall coordinate its Enhanced Low Income Reduction Program with existing resources in the community, and operate in conjunction with the relevant public or private programs so that Customers experiencing ability-to-pay problems are made aware of the usage reduction program and are referred to public, private, or utility programs that may enhance their ability to pay their utility bills.

13.2.D. Dwelling Repairs. Expenditures on program measures may include energy-related repairs to the dwelling necessary to permit measures that are needed to reduce usage effectively. The cost-effectiveness of such expenditures shall be measured in the same manner as all other expenditures under this program.

13.3. CARES. PGW's CARES is a program designed to assist Customers experiencing temporary hardships affecting their ability to pay his/her Gas bills. Through this program, PGW will assist Customers with referrals to appropriate social service agencies, engage in community outreach as well as consumer education.

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14. Gas Choice Enrollment and Switching

In accordance with all applicable final Commission Orders:

14.1. EFFECTIVE DATE OF CUSTOMER CHOICE. All GS, MS, and PHA Customers with an AMR will be eligible to purchase Natural Gas Supply Service from an NGS starting with their first regularly scheduled meter reading after September 1, 2003.

14.2. RELEASE OF CUSTOMER INFORMATION. PGW will send its GS, MS and PHA Customers notification that they have 15 days from the date PGW sends the Gas Choice Release Form to restrict release of their information to alternative suppliers. PGW's Customers will have three methods for restricting the release of their information: 1.) mailing a response card, 2.) calling PGW, or 3.) making an online selection. If no response is received within the 15 days then PGW will release a Customer's name, billing address, service address, rate class, account number and load data. A Customer who responds within 15 days may restrict release of all of his/her account information or just his/her load data. (C)

14.3. SELECTION OF A NATURAL GAS SUPPLIER. A Customer shall have the opportunity to select a Supplier in accordance with Commission Orders and the procedures contained in this Tariff and in the Supplier Tariff. A Customer or his/her authorized agent must contact the NGS directly to switch Suppliers. The NGS must maintain recorded or written evidence of the Customer's authorization.

14.4. CONFIRMATION NOTICE. Once an NGS notifies PGW that a Customer has selected them as their alternative supplier, PGW will send a confirmation notice to the Customer. Included in this notice shall be notification of a 10 day waiting period in which the Customer may cancel its selection of an NGS. The waiting period shall begin on the day the notice is mailed to the Customer. If applicable, the Company will notify the Customer's prior NGS of the intended discontinuance of service of the Customer. (C)

14.5. FAILURE TO RESPOND TO THE CONFIRMATION NOTICE. If the 10-day waiting period expires, and the Customer has not contacted the Company to dispute the NGS selection, the NGS will become the Customer's NGS of record. If the Customer elects to rescind its NGS selection, the Company will notify the rejected NGS and the reinstated NGS electronically. In the event the Customer rescinds its NGS selection after the 10 day waiting period, the Customer will be required to remain with the selected NGS for a minimum of one billing month. (C)

14.6. EFFECTIVE DATE OF ENROLLMENT. For enrollments received on or before the 15th of any calendar month, the Customer will be switched on the Customer's regularly scheduled meter reading date in the calendar month following the calendar month in which the enrollment was received. For enrollments received after the 15th of the calendar month, the Customer will be switched on the Customer's regularly scheduled meter reading date in the second calendar month following the calendar month in which the enrollment was received. If, in any month, a Customer selects more than one NGS, the NGS that submitted to the Company the latest valid NGS enrollment transaction before the end of the applicable NGS selection period, will become the Customer's NGS of record beginning on the Customer's next regularly scheduled meter read date. No fee will be charged for initial enrollment.

14.7. CHANGE OF ADDRESS. If a Customer contacts the Company to discontinue natural Gas Service at the Customer's then current location, the Company will notify the current NGS of the Customer's discontinuance of service for the account at the Customer's old location. If available, the Company will provide the NGS that served the Customer at the old location with the Customer's new mailing address or forwarding address.

14.8. CHANGE OF ACCOUNT NUMBER. If the Company elects to change the account number for a Customer receiving Natural Gas Supply from an NGS, the Company will notify the NGS of the change in account number at the same Customer location.

14.9. SUPPLIER DISCONTINUANCE OR DEFAULT. If a NGS terminates sales to a Customer prior to the end of the Customer's contract with the NGS because of a default of the supplier or if the supplier discontinues service in the territory, the Customer will continue to pay the NGS' contract rate through the end of the applicable billing cycle. After that time, the Customer will be charged at the Supplier of Last Resort rate. (C)

14.10. 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 an NGS. The Company shall implement Customer selection of an NGS 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 NGSs 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 delivered by an NGS 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.

14.11.A. Control and Possession of Gas. The Customer or its NGS shall be deemed to be in control and possession of the Gas to be transported hereunder until it shall have been delivered to the Company at the receipt point, after which the company shall be deemed to be in control and possession thereof. The Customer or its NGS assumes the full cost and expense, as well as full and complete liability and responsibility, for collecting, gathering and transporting the Gas to the receipt point hereunder at the quality herein before specified.

14.11.B. Title to Gas. Notwithstanding the transfer of control and possession of the Gas at the receipt point, receipt of Gas by the Company shall not vest title to the Gas in the Company. Title to such Gas shall remain vested in either the Supplier or the Customer(s) for whom Gas was received for redelivery. The Company's furnishing of transportation service shall be complete upon delivery to the Customer(s) of Gas received. The Customer 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. Customer will indemnify 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. The Customer or its NGS shall be responsible for maintaining all insurance it deems necessary to protect its property interest in such Gas before, during and after receipt by the Company.

14.12. PURCHASE OF RECEIVABLES. PGW will offer a purchase of receivables program with respect to eligible GS residential customers and GS commercial and industrial customers using no more than 5,000 MCF annually with an AMR. (C)

15. Supplier of Last Resort (SOLR)

15.1 SOLR SERVICE. Existing Retail Sales Service Customers may elect to continue to receive Retail Sales Service pursuant to their existing Rate Schedules or elect to choose an NGS to serve them. PGW will act as the SOLR for Customers who have not chosen an alternative NGS, who choose to be serviced by their SOLR, who are refused service from a NGS, or whose NGS has failed to deliver its requirements and who have annual usage not greater than 4,000 Mcf per year.

15.2 RETURN TO PGW. Customers with annual usage greater than 4,000 Mcf per year may return to receiving Retail Sales Service, if, in PGW's sole discretion, PGW determines that it can provide service to such Customers without threatening system reliability or burdening other Customers. For a Customer who has usage greater than 4,000 Mcf per year, PGW shall provide service to such Customers for a period not to exceed 90 days if the NGS fails to deliver Gas or exits the market. In any event, the rate charged to a returning Customer whose usage is greater than 4,000 Mcf per year will be the applicable retail rate plus any incremental costs associated to serve the returning Customer, to be determined on a case by case basis by PGW.

PGW - Gas Service Tariff

Currently Effective Rates and Riders

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. Credit or recovery of the factor "E" is completed over the Company's Fiscal Year.

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 \$(0.02239) per Ccf for Commodity Costs and \$0.01765 per Ccf for Demand Costs, for service on or after December 1, 2016. The total GAC is \$(0.00474) 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

IRC - Interruptible Revenue Credit - The credit defined in Subsection VI below. The currently effective IRC is \$0.00020 per Ccf for service on or after December 1, 2016. (I)

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 \$0.28475 per Ccf for Commodity Costs and \$0.13596 per Ccf for Demand Costs, for service on or after December 1, 2016. The total SSC is \$0.42071 per Ccf. (D)

(I) – Increase; (D) – Decrease

PHILADELPHIA GAS WORKS

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:

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

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 \$0.41577 per Ccf, for service on or after December 1, 2016.

(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

C. The 2003-04 IRC and all subsequent IRCs shall be reconciled to actual Total Margin Revenue realized in each 1307(f) proceeding. The IRC shall be included in the GCR rate and shall not be shown separately on the Customer's bill

REVENUE RECONCILIATION ADJUSTMENT (RRA) RIDER

I. PROVISION FOR REVENUE RECONCILIATION ADJUSTMENT

A. A Revenue Reconciliation Adjustment (RRA) is included in the Delivery Charge of all firm service rates. The RRA shall be the annual margin in excess of the cost of Natural Gas to provide the service projected to be realized from interruptible sales under rate schedules BPS, LBS and CG in the period September 1, 2002 – August 31, 2003 and the Transportation charge revenue from Transportation Service provided pursuant to the Pilot rate schedule IT-P (the Total Margin Revenue). This rate per Mcf is calculated by dividing the Total Margin Revenue by total applicable firm sales.

B. The rate so calculated is included in the billed Distribution Rate and shall not be shown separately on the Customer bill.

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SENIOR CITIZEN DISCOUNT*

I. PROVISION FOR SENIOR CITIZEN DISCOUNT

- A. A Customer or Applicant shall be granted a reduction in monthly charges for Gas Service provided by the Company for Residential purposes if said person satisfies the conditions set forth below: (C)
1. Is a PGW firm sales or a firm transportation customer. (C)
 2. Is 65 years of age or older; (C)
 3. Resides in the City of Philadelphia; (C)
 4. Does or will directly make payment to the Company for Gas Service at his or her residence; (C)
 5. Completes an acceptable application; (C)
 6. Maintains his or her qualification for same. (C)
- B. The Senior Citizen Discount, as set forth in this Tariff, shall only apply to the Gas which is consumed for Heating and Non-Heating purposes in that portion of the building in which the senior citizen resides. Therefore, if the senior citizen resides in a building that is part Residential and part Commercial or rental (to someone other than the senior citizen), only that portion of the building that is occupied by the senior citizen as a residence will be eligible for the Senior Citizen Discount.

II. COMPUTATION OF SENIOR CITIZEN DISCOUNT

- A. For eligible Retail Sales Service Customers, Gas Service provided by the Company will be priced at the full rate then in effect, as authorized by the Commission, and 80% of this amount will be billed to the Customer. For Competitive Natural Gas Supply Customers participating in NGDC Consolidated Billing, Gas Service provided by the Company will be priced at the full rate then in effect, as authorized by the Commission; 80% of the PGW charges will be billed to the Customer; Supplier commodity charges will be billed at 100%. (C)
- B. In the event taxes or other charges become applicable after the effective date hereof, which charges cannot lawfully or in equity be treated as herein provided, the application of the Senior Citizen Discount affecting such charges will be limited accordingly, so as to provide a result which, in the Company's opinion, is reasonably consistent with the intention of providing a discount of the type here authorized.

III. APPLICATION FOR SENIOR CITIZEN DISCOUNT

An application for Senior Citizen discount must be completed by the Applicant in person at any one of the Company's offices or at such other place as the Company provides.

* As of September 1, 2003 enrollment in the Senior Citizens Program will be closed. Customers who are properly receiving discounted rates will continue to do so under these terms and conditions unless and until the program is modified in accordance with 66 Pa. C.S. § 2212. All affected and eligible low income Customers may apply to participate in the Customer Responsibility Program (CRP).

PHILADELPHIA GAS WORKS

IV. DOCUMENTARY EVIDENCE REQUIRED FOR SENIOR CITIZEN DISCOUNT

A. An Applicant must present:

1. Legal proof of age acceptable to the Company; and
2. Documentary evidence acceptable to the Company authenticating Applicant's residence at the address where Gas consumption will be subject to the discount.

B. The Company may from time to time require production of documentary evidence or other information deemed satisfactory by the Company so as to review a Customer's continued eligibility for the Senior Citizen Discount.

V. EFFECTIVE DATE OF THE INITIAL SENIOR CITIZEN DISCOUNT BILLING

A. Applications made at least 30 days prior to the Applicant's next billing period, and which in that 30-day period are fully documented and accepted by the Company, will result in the initial application of the Senior Citizen Discount to the cost of the Gas consumed in such next billing period.

B. Improper or incomplete applications causing the extension of the above 30-day period, and which delay in the Company's opinion is occasioned by the Applicant, will delay the initial use of the discount until the succeeding billing period next following the acceptance of the application.

C. The Senior Citizen Discount, after its initial application, will continue in force thereafter so long as it is authorized and the original Applicant, in the opinion of the Company, continues to qualify for it.

VI. CUSTOMER'S GAS PIPING

A. In order for the Company to quantify the amount of Gas to which the Senior Citizen Discount applies in the event that such Gas quantity cannot ordinarily be determined, arrangements acceptable to the Company must be made by the Customer.

B. In cases where, at the time of making application, the Customer lives in only a portion of the structure to which Gas is also being supplied to others but through a single meter, and where the Discount does not apply to the others, and, in the opinion of the Company, the Customer's Gas piping can reasonably be changed, the Customer, at his or her expense, shall make the necessary piping rearrangement and the Company will install a separate meter.

C. When the Customer's Gas piping, in the opinion of the Company, cannot reasonably be changed, the Company, for billing purposes, will estimate the quantity of Gas used by the Customer to which the Senior Citizen Discount will apply. In all other cases, the Customer should make Gas piping rearrangements to allow the Company to directly meter Gas used exclusively for such Customer's account.

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(C)

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(C) – Change

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EXIT FEE RIDER

1. PROVISION OF EXIT FEE

A. An exit fee may be applied to those Customers moving from Firm to interruptible Service. This fee is charged for the portion of Firm pipeline assets reserved on the Customer's behalf.

2. COMPUTATION OF EXIT FEE.

A. The exit fee shall be calculated as the Customer's allocated share of FT and storage demand costs, as filed in PGW's last approved 1307(f) proceeding, less an allocated share of capacity release credits actually realized in the exit fee period. The Customer's share shall be the Customer's contribution to design day demand calculated as the Customer's highest usage month out of the last 36 months, divided by the number of days in that month, adjusted for design degree days.

1. The Customer's exit fee will be in place for 5 years and will be adjusted each year to take account of changes in capacity and storage costs and capacity release credits.

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	\$0.42071	\$0.42071	\$0.42071	\$0.42071	\$0.42071	\$0.42071	\$0.42071
GAC	(\$0.00474)	(\$0.00474)	(\$0.00474)	(\$0.00474)	(\$0.00474)	(\$0.00474)	(\$0.00474)
MFC	\$0.01946	\$0.00000	\$0.00116	\$0.00125	\$0.00000	\$0.00000	\$0.00000
GPC	\$0.00400	\$0.00400	\$0.00400	\$0.00400	\$0.00400	\$0.00400	\$0.00400
PTC	\$0.43943	\$0.41997	\$0.42113	\$0.42122	\$0.41997	\$0.41997	\$0.41997

(C)

(C) - Change

RESTRUCTURING AND CONSUMER EDUCATION SURCHARGE

Non-Gas restructuring and consumer education costs, including the costs arising from implementation and administration of the Account Number Access Mechanism as specified in the Commission's Final Order entered on October 27, 2016, at Docket No. M-2015-2468991, will be recovered by a Restructuring and Consumer Education Surcharge applicable to all volumes of Gas delivered. (C)

1. Computation of the Restructuring and Consumer Education Surcharge factors will be in accordance with the automatic adjustment procedures utilized under Section 1307 of the Public Utility Code and will be filed and approved in conjunction with the Company's annual Section 1307(f)-GCR filing.
2. Restructuring and Consumer Education costs recovered through the Surcharge mechanism are the Commission approved costs which the Company has or will incur to meet the requirements of the Natural Choice and Competition Act and applicable Commission regulations, orders and other regulatory requirements, other than those costs pertaining to universal service and energy conservation programs.
3. Once the surcharge is in place, PGW shall file reconciliation statements quarterly and shall submit a claim for over/under recovery on an annual basis, at the same time it submits its projected Restructuring costs and Restructuring Surcharge claim for the next year; provided however, that if a project for which costs were included in the Restructuring Surcharge is cancelled or delayed beyond the year in which the cost was originally scheduled to be incurred, the Company will withdraw the projected costs of that project from the Restructuring Surcharge in its next quarterly update. No interest will be included in such surcharge computations. The basic component of the surcharge will be determined by dividing the restructuring and consumer education costs approved for annual recovery by the estimated applicable throughput in Mcf.
4. The Restructuring and Consumer Education Surcharge shall remain in effect until restructuring and consumer education costs have been collected or as otherwise directed by the Commission.
5. The Restructuring and Consumer Education Surcharge is effective on and after September 1, 2008.

Current Restructuring and Consumer Education Surcharge = \$0.00100/Ccf

(C) - Change

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) \$0.00247 per Ccf for Residential and Public Housing Customers on Rate GS;
- b) \$0.00610 per Ccf for Commercial Customers on Rate GS;
- c) \$0.00384 per Ccf for Industrial Customers on Rate GS;
- d) \$0.00000 per Ccf for Municipal Customers on Rate MS; and
- e) \$0.00610 per Ccf for The Philadelphia Housing Authority on Rate PHA.

(I)
(I)
(D)
(NC)
(I)

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

(I) – Increase; (D) – Decrease; (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 = \$ 0.13045/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 = \$0.03724/Ccf

(I)

(I) - Increase

GENERAL SERVICE - RATE GS

Rate: Applicable to all Retail Sales Service or Transportation Service rendered pursuant to this Rate Schedule on or after December 1, 2016

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):

\$0.41577 per Ccf for Residential and Public Housing (D)
\$0.41577 per Ccf for Commercial Customers (D)
\$0.41577 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.

PHILADELPHIA GAS WORKS

Also,

The following may apply:

(C)

SPECIAL PROVISION – Air Conditioning Rider

SPECIAL PROVISION – Compressed Natural Gas (CNG) Rider

EXIT FEE

SENIOR CITIZEN DISCOUNT – to the extent authorized by this Gas Service Tariff.

(C) – Change

MINIMUM CHARGE

The monthly Minimum Charge is the Customer Charge set forth above.

CONTRACT

Standard service agreements, where applicable, are for a period to be determined by the Company.

COMPANY RULES

The provisions of this Tariff shall govern the supply of services under this Rate Schedule.

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MUNICIPAL SERVICE - RATE MS

Rate: Applicable to all Retail Sales Service or Transportation Service rendered pursuant to this Rate Schedule on or after December 1, 2016.

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):

\$0.41577 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.

Also,

The following Riders may apply:

(C)

SPECIAL PROVISION – Air Conditioning Rider
SPECIAL PROVISION – Compressed Natural Gas (CNG) Rider
EXIT FEE

CONTRACT

Standard service agreements are for a one year period.

COMPANY RULES

The provisions of this Tariff shall govern the supply of services under this Rate Schedule.

(C) – Change

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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 December 1, 2016

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):

\$0.41577 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.

PHILADELPHIA GAS WORKS

Also,

The following Riders may apply:

(C)

SPECIAL PROVISION – Air Conditioning Rider
EXIT FEE

CONTRACT

Standard service agreements are for a one year period.

COMPANY RULES

The provisions of this Tariff shall govern the supply of Gas under this classification.

(C) – Change

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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

All BPS 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. The price is adjusted for Btu equivalence. In no event, however, shall such charges be less than 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.

The Commodity Charge for Rate BPS Customers, as calculated above, will be available by the last working day of each month, and will be applicable for the subsequent calendar month, to the extent that service under this rate can be made available. The company reserves the right to adjust the price during the month and make such information available in the event that, in the company's sole opinion, the prices warrant such adjustment.

The following Riders may apply:

(C)

SPECIAL PROVISION – Air Conditioning Rider
SPECIAL PROVISION – Emergency/ Unauthorized Use Gas Rider

MINIMUM CHARGE

The monthly Minimum Charge is the Customer Charge set forth above.

GAS COST RATE

The Gas Cost Rate does not apply to this service.

CONTRACT

Standard service agreements are for not less than a one-year period. The Company reserves the right to limit the amount of Gas supplied under this rate to the annual contract quantity specified in the Service Agreement with the Customer.

GAS MEASUREMENT

The quantity of Gas consumed will be corrected for billing purposes to conditions of 14.73 pounds per square inch absolute pressure and 60 degrees Fahrenheit.

(C) – Change

CONDITIONS OF USE

Service under this rate is interruptible. Customers electing service under this rate shall have and maintain complete and adequate standby non-Natural Gas energy (e.g., oil, propane, electric, steam, BPS-H Customers must have #4 oil as a back-up fuel) and equipment for alternate operation in the event of interruption of Gas Service. Such Customers shall also install and maintain a control device which allows the Customer to transfer the supply requirements hereunder between Gas and the alternate energy equipment upon notice from the Company that such transfer is required. The Company will notify the Customer of the requirement to transfer to the alternate energy as determined by the Company. All volumes of Gas consumed by the Customer after such notification by the Company will be billed at the Emergency Gas or Unauthorized Use Charge. However, if the Company determines that Emergency Gas Service is not available at the time of notification, the Company will notify the Customer of this condition, and the Customer shall be given a minimum of eight hours to transfer to the alternate energy. Under emergency conditions on the system, notice to the Customer may be less than eight hours. The Company may, in addition, at its discretion, shut off Customer to ensure compliance.

As long as operating conditions permit, service will be restored as determined by the Company. The Customer shall be notified by the Company of the restoration of service. At the time of the turn-on notification the Customer shall transfer from the alternate energy back to Gas. All volumes consumed by the Customer, after such notification by the Company shall be billed at the effective BPS rate.

Company utilizes telemetering equipment to measure the usage of Gas for Customers under this rate. Customer is responsible for installing and maintaining a phone line and power supply, if applicable, within reasonable access to the Gas meter location at Customer's cost. The phone line must be set up so that an outside line can be obtained without manual intervention. The phone line may be a shared line, provided, however that other equipment does not interfere with Company telemetering. If the other equipment does interfere with the Company's telemetering equipment, the Company reserves the right to require the customer, at the Customer's cost, to install a dedicated phone line.

COMPANY RULES

The provisions of this Tariff shall govern service under this Rate Schedule. PGW reserves the right to require Customers served under this Rate Schedule to provide forecasted usage data.

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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

The rate so calculated will be available by the last working day of each month, and will be applicable for the subsequent calendar month, to the extent that service under this rate can be made available. The company reserves the right to adjust the price during the month and make such information available in the event that, in the company's sole opinion, the prices warrant such adjustment.

The following Riders may apply:

(C)

SPECIAL PROVISION – Emergency/Unauthorized Use Gas Rider

MINIMUM CHARGE

The monthly Minimum Charge is the Customer Charge.

GAS COST RATE

The Gas Cost Rate does not apply to this service.

CONTRACT

Standard contracts are for not less than a one year period. The Company reserves the right to limit the amount of Gas supplied under this rate to the Annual Contract Quantity specified in the Service Agreement with the Customer. The minimum charge shall be on a monthly service period basis and shall not be less than the Customer Charge.

GAS MEASUREMENT

The quantity of Gas consumed will be corrected for billing purposes to conditions of 14.73 pounds per square inch absolute pressure and sixty degrees Fahrenheit.

(C) – Change

CONDITIONS OF USE

Service under this rate is interruptible, and Company reserves the right to interrupt service at Company's discretion. All Customers electing service under this rate shall have and maintain complete and adequate standby non-Natural Gas energy (e.g., oil, propane, electric, steam, #5 or #6 oil as a back-up fuel) and equipment for alternate operation in the event of interruption of Gas Service. All Customers shall also install and maintain a control device which allows the Customer to transfer the supply requirements hereunder between Gas and the alternate energy equipment upon notice from the Company that such transfer is required. The Company will notify the Customer of the requirement to transfer to the alternate energy. All volumes of Gas consumed by the Customer after such notification by the Company will be billed at the Emergency Gas Charge, if Emergency Gas Service is available. However, if the Company determines that Emergency Gas Service is not available at the time of interruption, the Company will notify the Customer of this condition, and the Customer shall be given a minimum of eight hours to transfer to the alternate energy. Under emergency conditions on the system, notice to the Customer may be less than eight hours. If the Customer fails to transfer within this specified time period, all volumes consumed thereafter shall be billed as Unauthorized Use. The Company may, in addition, at its discretion, shut off service to the Customer to ensure compliance. The Customer shall be notified by the Company of the restoration of service under this Rate. At the time of the turn-on notification the Customer shall transfer from the alternate energy back to Gas. All volumes consumed by the Customer after such notification by the Company shall be billed at the appropriate LBS rate.

The Company utilizes telemetering equipment to measure the usage of Gas for Customers under this rate. The Customer, at Customer's cost, is responsible for installing and maintaining a dedicated phone line and appropriate power supply within reasonable access to the Gas meter location for use by the telemetering equipment.

COMPANY RULES

The provisions of this Tariff shall govern the supply of Gas under this classification except where noted herein. The Company reserves the right to require the Customers served under this rate to provide forecasted usage data.

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DAILY BALANCING SERVICE - RATE DB

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

Subject to the requirements of this Rate Schedule, service will be offered to Suppliers serving Rate IT Customers who can, in the sole judgment of the Company, manage their businesses without the use of Gas during periods of curtailment or interruption. Rate IT Customers who acquire Natural Gas supplies on an individual basis for their own use shall also be subject to all of the Supplier provisions of this Rate Schedule, except for those provisions related to licensing and bonding requirements. The Company will limit the number of Rate IT Customers in any single supply pool to 10. At the sole discretion of PGW, a supply pool of greater than 10 Rate IT Customers will be considered, operating conditions permitting.

AVAILABILITY

This service is available to self-transporters or Suppliers licensed by the Commission who meet the credit qualification described below. Daily balancing is provided only for the inadvertent fluctuations between the daily receipts by the Company from a Gas supplier and actual Gas usage by a Rate IT Customer or pool of Rate IT Customers. It is not intended to be used for speculation as to energy prices, to borrow Gas for later replacement, or to store Gas for future use during periods of supply shortfall. A Gas Supplier shall use its best efforts, including ongoing communication with its Rate IT Customers, to balance its daily purchases, nominations and deliveries with daily Rate IT Customer usage at all times.

CHARACTER OF SERVICE

Company assumes no liability for interruptions caused by failure of supply sources or by third parties and shall not be obligated to deliver Gas under this rate schedule on any day that Gas is not received at its gate station. Suppliers are advised that the Company may curtail (reduce) or interrupt deliveries to the Rate IT Customer whenever, at the Company's sole discretion, it determines that the available capacity in all or a portion of its system is projected to be insufficient to meet the requirements of all Rate IT Customers or in the event a NGS fails to meet delivery obligations.

CREDIT QUALIFICATION

Suppliers must meet the credit requirement for the quantity of Gas proposed to be supplied. The company will determine credit required to be equal to 30 days of average daily usage for each Rate IT Customer served multiplied by the applicable Distribution Charge. Applications for service under this rate schedule can be obtained on the Company's bulletin board or from the Marketing Department representative. Completed credit applications must be signed by a responsible corporate officer, and must include a current audited financial statement, annual report, 10-K reports or other filings with regulatory agencies which discuss the supplier's financial status, a list of corporate affiliates, parent companies and subsidiaries, and any available reports from credit reporting and bond rating agencies. Financial data from a corporate parent will be acceptable from a supplier in order to satisfy credit worthiness criteria. A non-refundable credit investigation fee of \$400.00 must accompany the application.

Suppliers who do not meet the Company's standard for creditworthiness will be required to provide: (a) a parent guaranty in a form acceptable to the Company; or (b) security in the form of a cash deposit, a standby irrevocable letter of credit drawn upon a bank acceptable to the Company, or a performance bond issued by a surety company acceptable to the Company. Suppliers with limited credit qualification may be restricted as to the quantity of Gas that the Company is obligated to accept for delivery to Rate IT Customers on any day.

Supplier is responsible for providing updated financial credit information to the Company: (a) upon the occasion of any significant change to the supplier's financial condition; or (b) routinely not less than sixty (60) days prior to the annual rollover of the supplier's service agreement. At that time, all credit qualification criteria will be reviewed, and reevaluated if necessary.

SERVICE AGREEMENT

Supplier must execute a service agreement in the form prepared by the Company. The standard agreement shall have an initial term of one year, and shall continue from month to month thereafter, subject to continued credit qualification and licensing, unless terminated by the supplier or the Company upon written notice to the other not less than 60 days prior to the end of a term. The Company may also terminate a service agreement at any time as provided by law or by provisions of this Tariff. Agreements will become effective only on the first day of a calendar month.

SUPPLY POOLS

Supplier shall provide to the Company, electronically or in other format specified by the Company, a listing of all Customer accounts to be included in its supply pool(s) no later than 12:00 noon on the fifth (5th) business day prior to the start of each calendar month. The Company shall not be obligated to add or delete accounts at any time other than the start of a calendar month.

BALANCING

1. QUANTITIES

The maximum daily quantity that the Company is obligated to receive into its system shall be the sum of the total daily transportation quantities of the Rate IT Customers in a supply pool. The Company may, however, upon notice to the supplier, refuse to accept daily quantities in excess of projected Rate IT Customer usage when required by system operating conditions.

2. GAS DAY

Each Gas day shall begin and end at 10:00 AM Eastern standard or daylight-saving time, as applicable.

3. NOMINATIONS

Supplier shall provide to the Company, electronically or in other format specified by the Company, nominations for flowing Gas no later than 12:30 the day prior to Gas day for the interstate pipeline on which Gas is being shipped to the Company's system.

4. VOLUME ADJUSTMENT

The quantity of Gas received into the Company's system for the supplier's account shall be based on the final interstate pipeline nomination for each Gas day, as confirmed by the Company, adjusted for the unaccounted-for Gas as percentage of the total volume of Gas delivered into its system for Rate IT Customers' account. The percentage of Gas to be retained by the Company shall be equivalent to the percentage for total system line loss and unaccounted-for, as utilized in the Company's currently effective GCR.

5. USAGE DATA

The Company shall provide supplier with applicable usage data (the "Daily Usage Quantity" below) for each Rate IT Customer in a supply pool, and for the supply pool as a whole. This information will be available electronically or in other format specified by the Company within 24 hours of the end of each Gas day.

6. BALANCING LIMITS AND CHARGES

Daily balancing, and the reconciliation of end-of-month imbalances, shall be governed by the definitions, limits and charges set forth below:

- (a) Daily Receipt Quantity. The supplier's confirmed pipeline nomination quantity, adjusted for unaccounted for Gas, for the Gas day.
- (b) Daily Usage Quantity. Gas used by the Rate IT Customer(s) in a supply pool during the 24-hour Gas day as recorded by the Company's meter(s) at the Rate IT Customer location(s).
- (c) Allowable Daily Variation. The daily usage quantity must be within plus or minus ten percent (+/-10%) of the daily receipt quantity.
- (d) Daily Imbalance Surcharge. Supplier shall be charged \$0.50 for each Dth outside the applicable allowable daily variation
- (e) Daily Market Index Price. The prices published each day in Gas Daily (or successor publication or where none exists a publication selected by the Company) under the heading "Citygate Prices" for deliveries at "Texas Eastern M-3" and "Transco Z6 [non-NY]" (or applicable headings of a successor publication.) Whenever a price is published as a range, the value used for that day would be the midpoint of the range.
- (f) Monthly Imbalance Reconciliation. Imbalances remaining at the end of a month in each supply pool shall be reconciled to zero in accordance with the following schedule. All cost calculations shall reflect the appropriate adjustment for unaccounted for Gas, and for average heating value where applicable.
1. Monthly usage quantities that exceed monthly receipts by up to 2.5% shall be purchased by the Supplier at the monthly average of the Daily Market Index Price; provided, however, that if Supplier shall cease to be a Supplier pursuant to this Rate Schedule, then, usage quantities that exceed monthly receipts by up to 2.5% during the Supplier's last month on PGW's system shall be purchased by the Supplier at the higher of: (a) 100% of the average of the two highest Daily Market Index Prices for the monthly period beginning on the first day of the month; or (b) 100% of the Company's highest incremental supply cost for the month.
 2. Monthly usage quantities that exceed monthly receipts by more than 2.5% shall be purchased by the supplier at the higher of: (a) 150% of the average of the five(5) highest Daily Market Index Prices for the monthly period beginning on the first day of the month; or (b) 150% of the Company's highest incremental supply cost for the month.
 3. Monthly receipt quantities that exceed monthly usage by up to 2.5% shall be purchased by the Company at the monthly average of the Daily Market Index Price; provided, however, that if Supplier shall cease to be a Supplier pursuant to this Rate Schedule, then, receipt quantities that exceed monthly usage by up to 2.5% during the Supplier's last month on PGW's system shall be purchased by Company at the lower of: (a) 100% of the average of the two (2) lowest Daily Market Index Price for the monthly period beginning on the first day of the month; or (b) 100% of the Company's lowest incremental supply cost for the month..
 4. Monthly receipt quantities that exceed monthly usage by more than 2.5% shall be purchased by the Company at the lower of: (a) 75% of the average of the five(5) lowest Daily Market Index Price for the monthly period beginning on the first day of the month; or (b) 75% of the Company's lowest incremental supply cost for the month.

5. In the event that erroneous or inaccurate data is posted to PGW's EBB or changes occur to the data following the initial posting, PGW and the Suppliers agree to exercise good faith effort in attempting to resolve imbalances before the month's end. If the monthly imbalance can not be brought into the monthly +/- 2.5% cashout band, the erroneous, inaccurate or changed data will be excluded from the Monthly Imbalance Reconciliation calculation and that volume shall be cashed out at the monthly average of the Daily Market Index Price.

6. To facilitate this management and to avoid or correct imbalances, Rate IT Customer may modify the quantities it intends to have delivered to Company's City Gate in accordance with the nomination procedure of the delivering pipeline. All delivery arrangements must be coordinated with Company's representative in a manner deemed acceptable by Company. The Company may decline a revised nomination for specific operating reasons, where granting such would threaten the reliability of firm supply.

7. For the purpose of this section, the term "supplier" shall refer to both directly transporting Customers and supplier pools. To facilitate this management and to avoid or correct imbalances, a Rate IT supplier may reduce its imbalance by arranging a trade of quantities with another Rate IT supplier. Suppliers shall be permitted to trade IT imbalances on both a daily and monthly basis in accordance with the provisions below in order to reduce an imbalance to zero. Such trade will be arranged separately from PGW's electronic bulletin board systems. Within five (5) business days after month end, the Company shall provide by e-mail to each supplier who has previously agreed to have its data shared, a spreadsheet listing each supplier and whether the supplier had positive or negative daily imbalances (supplier imbalance data). Verification of any trade shall be provided to PGW via e-mail by both suppliers involved in the trade and submitted within five (5) business days of receipt from the Company of the supplier imbalance data. A supplier may offset daily or monthly imbalances in its FT service pool imposed pursuant to section 9.12 of PGW's Supplier Tariff. Such pool-to-pool netting of imbalances between a supplier's FT and IT pools are permitted only to the extent that the offset reduces to zero any positive imbalance in the supplier's IT pool. Any such pool-to-pool imbalance netting shall be communicated via e-mail to the Company within seven (7) business days from the end of the billing month.

Any misconduct by a supplier may terminate or suspend imbalance trading rights. In such event, PGW shall provide written notice of such proposed action to the affected supplier. The supplier or the Company may elect to address the alleged misconduct through the Company's informal dispute resolution procedures, 52 Pa. Code Section § 62.142(b). Either the supplier or the Company may file a complaint with the Commission regarding the alleged misconduct at any time. No action to suspend or terminate a supplier's imbalance trading rights shall occur prior to commission authorization.

OPERATIONAL FLOW ORDERS (OFOs)

1. NOTICE

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, electronically or in other format specified by the Company, of the issuance of an Operational Flow Order (OFO). The Company will endeavor to provide notice of the commencement of an OFO to the supplier not less than four 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.

2. ACTION REQUIRED

OFO notices will contain specific instructions as to the action(s) required of the supplier. The normal daily balancing tolerances specified in this Tariff may be reduced or eliminated for the duration of the OFO. The supplier shall be responsible for any communication with Rate IT Customers in the supply pool that may be necessary for the supplier's compliance with OFO requirements.

3. OFO ISSUANCE

The Company may issue OFOs that apply to Rate IT Customers receiving service under this rate schedule as follows:

(a) OFOs may be issued in the Company's sole judgment to:

1. Protect the integrity of the Company's Gas system;
2. Assure deliveries of Gas supplies to all of the Company's sales Rate IT Customers;
3. Adhere to the various interstate pipeline companies' balancing or delivery requirements; or
4. Provide adequate storage levels.

(b) OFOs may be issued concerning an individual Rate IT Customer, an aggregation pool, or an entire rate class of Rate IT Customers.

(c) In order to address operational reliability or to prevent undue cost shifting the Company will have the authority to require Supplier to direct a Rate IT Customer, or where the Rate IT Customer is part of an aggregation pool, the Rate IT 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.

(d) 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:

1. Penalties as defined in the tariff on the difference, and
2. Payment of all other charges incurred by the Company on the date of the OFO that result from the Shipper's failure to comply with the OFO, including a proportionate share of any pipeline penalties that are incurred by the Company.

(e) Types of circumstances under which the Company may determine to issue an OFO include, but are not limited to:

1. Responding to an event of force majeure;
2. Accommodating capacity limitations resulting from the need to perform maintenance and/or repairs;
3. Ensuring current and future storage capabilities and levels;
4. Maintaining operational pressures, adequate Gas supplies and line pack required to provide an efficient and reliable service;
5. Responding to any event which the Company believes in its sole judgment may jeopardize the integrity of its system.

(f) 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.

4. PENALTIES

Penalty charges to Suppliers for Gas used by Rate IT Customers in excess of the limits or conditions stated in an OFO shall be the greater of: (a) the applicable daily market index price plus \$25.00 per Dth; or (b) the actual cost or penalty incurred by the Company as a result of the violation by the supplier and/or the Rate IT Customers in the supply pool. Penalty charges for Gas received into the Company's system in excess of the conditions stated in an OFO shall be the greater of: (a) \$25.00 per Dth plus the acquisition of the excess Gas by the Company at no cost; or (b) the actual cost or penalty incurred by the Company as a result of the violation by the supplier and/or the Rate IT Customers in the supply pool plus the acquisition of the excess Gas by the Company at no cost.

COMMUNICATION REQUIREMENTS

Supplier is responsible for providing to the Company updated mailing and electronic addresses, as well as fax and voice telephone numbers, for communication of administrative and operational information on a 24-hour per day, seven-day per week basis. When curtailment or interruption of Rate IT Customers is required pursuant to rate schedule IT, the Company will provide notice to the supplier, electronically or in other format specified by the Company, as soon as practicable after notice is given to the affected interruptible Rate IT Customers of the imposition or lifting of such curtailment or interruption. Communication with interruptible Rate IT Customers that may be required in conjunction with the supplier's OFO obligations is the responsibility of the supplier.

CHARGES AND PAYMENTS

1. MONTHLY BILL

The monthly billing statement shall include the charges and/or credits related to balancing and OFOs, plus a monthly administrative charge of \$150.00 per supply pool per month.

2. Standby Service charges if applicable shall apply to this rate.

SPECIAL PROVISIONS

1. TITLE

Receipt of Gas by the Company shall not vest title to the Gas in the Company. Title to such Gas shall remain vested in either the supplier or the Rate IT Customer(s) for whom Gas was received for redelivery. The Company's furnishing of Transportation Service shall be complete upon delivery to the Rate IT Customer(s) of Gas received.

2. COMPANY LIABILITY

The Company shall not be liable, under any circumstances or in any respect, to a Rate IT Customer, to a producer of Gas, to a supplier, or to any other person or entity for damages arising either directly or indirectly from curtailment, interruption or termination of Transportation Service that is consistent with this Tariff, the applicable sections of the Public Utility Code, and/or the regulations of the Commission.

3. SUPPLIER LIABILITY

The penalty provisions of this rate schedule apply only to the specific services rendered hereunder. They do not absolve supplier from liability in the event of a civil suit or any other claim of damages by producers, pipelines, Rate IT Customers or the Company in conjunction with the supplier's failure to deliver Gas.

COMPANY RULES

The provisions of this Tariff shall govern the service under this classification except where noted herein.

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INTERRUPTIBLE TRANSPORTATION - RATE IT

Rate: Applicable to all Gas transported on or after September 1, 2003

For service under this rate, each meter shall be considered a separate Customer. Parallel meters that serve a single Customer fuel line will be considered as one meter. PGW will transport Gas to a Customer through one meter at one premise. Subject to the above limitations and the requirements of this rate schedule, service will be offered to interruptible Customers, who can in the sole judgment of the Company, manage its business without the use of Gas during periods of curtailment or interruption. Each Customer must contract for a minimum of 15,000 Dth/year or up to 10 Customers may aggregate their loads into a supplier pool that meets the 15,000 Dth/year requirement.

AVAILABILITY

This service is available to any Commercial or Industrial Gas user, subject to the specific requirements set forth in this section. It consists of the receipt of a daily quantity of Gas by the Company from a Gas Supplier under Rate DB, the transportation of Gas through the Company's facilities, and the delivery of an equivalent quantity of Gas to the Customer, adjusted for unaccounted-for Gas. Customers are subject to curtailment or interruption at any times. Customers served under this rate schedule who acquire gas supplies on an individual basis for their own use shall also be subject to all of the Gas Supplier provisions of rate schedule DB (Daily Balancing), except for those provisions related to licensing and bonding requirements.

SPECIAL METERING EQUIPMENT

This service requires the electronic transmission of metering data from the Customer's meter location to the Company on a daily basis. The metering equipment requires electric power supply compatible with the Company's equipment and a dedicated telephone line, both of which shall be provided by the Customer. Each Customer, prior to the initiation of service, shall pay the Company in full for facilities to record and transmit metering data, which payment shall not be subject to refund under any circumstances. Customer shall be responsible for ongoing maintenance of the electric power supply and dedicated telephone line, and shall reimburse the Company for expenses incurred to obtain daily metered usage during periods when the electric power and/or the telephone line is unavailable.

SERVICE AGREEMENT

Customer must execute a service agreement in the form prepared by the Company. Such agreement shall specify, among other things, the maximum daily interruptible transportation quantity or the total daily capacity of the Customer's equipment. The standard agreement shall have a term of not less than one year, and shall continue from month to month thereafter unless terminated by the Customer or the Company upon written notice to the other not less than 60 days prior to the end of a term. The Company may terminate a service agreement at any time as provided by law or by provisions of this Tariff. A service agreement for a period of more or less than one year may be executed only upon the mutual agreement of the Company and the Customer. Service initiation cannot take place until the special metering equipment is installed and operating to the Company's satisfaction. Service will be initiated only on the first day of a calendar month.

INTERRUPTIBLE SERVICE

1. QUALITY OF SERVICE

Company assumes no liability for interruptions caused by failure of supply sources or by third parties such as Suppliers and shall not be obligated to deliver Gas under this rate schedule on any day that Gas is not received at its gate station for the Customer's account except as specified under provisions for Standby Service contained herein. The Company may curtail (reduce) or interrupt deliveries to the Customer whenever, at the Company's sole discretion, it determines that the available capacity in all or a portion of its system is projected to be insufficient to meet the requirements of all Customers or in the event a NGS fails to meet delivery obligations. Although the Company will endeavor to provide as much notice as is reasonable and practical, the Customer shall maintain the ability to curtail or interrupt usage upon eight hours notice. In the event of a system emergency, upon notice by the Company, the Customer shall use its best efforts to curtail or interrupt usage upon less than eight hours notice.

2. INTERRUPTIBLE CAPABILITY

In order to qualify for interruptible daily Transportation Service under this Rate Schedule, a Customer must: (1) have installed and operable alternate fuel equipment, including appropriate fuel storage capacity, capable of displacing the daily quantity of Gas subject to curtailment or interruption; or (2) or in the alternative demonstrate to the Company's sole satisfaction the ability to manage its business without the use of Gas during periods of curtailment or interruption.

3. REQUIREMENTS

Customer is responsible for providing to the Company continuously updated mailing and electronic addresses, as well as fax and voice telephone numbers, for communication of interruption notices on a 24-hour per day, seven-day per week basis. Interruption notices shall be considered received by the Customer upon transmission by the Company to the electronic address and/or telephone number provided by the Customer.

4. PENALTIES FOR UNAUTHORIZED USAGE

During any period of curtailment or interruption, the Company shall have the right to immediate access, without prior notice to the Customer, to inspect the Company's Gas measurement equipment and all Gas-using facilities at the Customer's premises. If the Company determines that the Customer is using or has used a quantity of Gas in excess of the quantity authorized by the notice of curtailment or interruption, the Company shall have the right to impose the following penalties: (a) to take measures to physically restrict the flow of Gas into the Customer's premises, or, if flow restriction is not practical, to terminate service; and, (b) to impose a penalty equal to the greater of any actual cost incurred or penalty imposed upon the Company as a result of the violation by the Customer, or \$25.00/Dth, in addition to the Company's cost of the Gas used, for each Dth taken in excess of the quantity authorized in the notice. In addition to the foregoing, the Customer shall hold the Company harmless and defend the Company against any and all claims against the Company arising from service problems caused or materially contributed to by the Customer's violation of the notice of curtailment or interruption.

LEVELS OF SERVICE

Customers will be placed into their corresponding rate class. The Company at its sole discretion will determine the level of service.

An Applicant for service under this rate shall be required to execute a service agreement in which maximum and minimum quantities of Gas to be delivered shall be defined. An Applicant shall not be eligible for an Interruptible Gas Transportation Service rate class unless the minimum volumes set forth directly below are met on an annual basis.

Rate class:	Annual volumes (Dth) – not less than:
IT-A:	2,500
IT-B:	5,000
IT-C:	10,000
IT-D:	25,000
IT-E:	80,000

Customers electing service under this rate shall have and maintain complete and adequate standby non-natural gas energy (e.g., oil, propane, electric, steam) and equipment for alternate operation in the event of interruption of Gas Service.

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CHARGES

1. MONTHLY BILL

The monthly bill shall consist of the sum of the monthly Customer charge and the Distribution Charge as detailed below:

<u>CUSTOMER CHARGE</u>	<u>(\$)</u> Per Meter Per Month <u>(Parallel Meters are considered one meter)</u>	
IT-A:	125	
IT-B:	225	
IT-C:	225	
IT-D:	225	
IT-E:	350	
<u>DISTRIBUTION CHARGE</u>	<u>Rate (\$)</u> Per Mcf / Dth Delivered	
IT-A:	1.88 / 1.81	(I)
IT-B:	0.91 / 0.87	(I)
IT-C:	0.71 / 0.68	(I)
IT-D:	0.63 / 0.61	(I)
IT-E:	0.61 / 0.58	(I)

(I) – Increase

CONDITIONS OF USE

1. The Company shall not be obligated to incur the cost of additional facilities to provide Transportation Service hereunder for existing load. Nonetheless, in the event the Company elects to provide additional facilities, which in the Company's sole judgment are required to provide Transportation Service, the cost of such facilities shall be the responsibility of the Customer. Customers may Appeal the Company's judgment to the Commission. The Company shall provide, install, own and maintain such facilities. Where applicable, extensions and enlargements of Gas supply facilities for qualifying new load shall be in accordance with Section 10 of this Tariff.
2. The Customer 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. Customer will indemnify 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.
3. The Company may retain for unaccounted-for Gas a percentage of the total volume of gas delivered into its system for Customer's account. The percentage of Gas to be retained by the Company shall be equivalent to the percentage of unaccounted-for Gas, as utilized in the Company's currently effective GCR. This condition may be revised as appropriate, by the individual service agreement, where the transported Gas can be delivered directly to the Customer without commingling with other distribution system supplies.
4. In the event that the Company declares an emergency situation it may, at its discretion, divert Customer's Gas for such purposes as Company deems appropriate and Customer will be compensated for such Gas at the cost at which the Customer acquired the Gas, at the Customer's cost of the alternate fuel utilized or at the Company's avoided cost of Gas during the billing month, whichever is highest. The Customer shall demonstrate its cost of Natural Gas or replacement fuel by making a copy of its purchase contract available to Company upon request. All Gas purchased by the Company will be credited to the Customer's account.

DELIVERY QUANTITIES

The Company shall not be obligated to deliver or accept for delivery volumes in excess of the maximum hourly, daily or monthly volumes specified in the service agreement. It is the intent of the Company that the Customer so manage his arrangements for daily deliveries of Gas that they approximately equal his combined daily Gas usage and that volume retained for unaccounted-for Gas adjustment. The quantities of Gas received on Customer's behalf will be balanced monthly and daily on a thermally equivalent basis with those quantities re-delivered or retained for line loss and unaccounted for adjustment. For this thermal correction quantities will be multiplied by a fraction; the numerator of which is the weighted average Btu content per cubic foot of either the Company's system (if commingled) or the individual transporting pipeline (if not commingled), and the denominator is a reference Btu content of 1,000 Btu per cubic foot.

STANDBY SERVICE

Contingent upon the Company's ability to arrange the required supply contracts, a Customer may contract for Standby Service to purchase Gas from the Company under a specified Retail Rate Schedule, in the event that the Customer experiences an interruption or curtailment in Transportation Service by a Supplier. The contract term for Standby Service shall be a minimum of one year. The maximum volume of Gas that the Company is obligated to provide under Standby Service on any Gas day shall be specified in the individual service agreement. Volumes taken in excess of the specified daily standby limits, except for those volumes authorized and supplied by the Company under an applicable retail rate, shall be purchased by the Customer at the higher of: (a) 150% of the average of the two highest Daily Market Index Prices for the monthly period beginning on the first day of the month; or (b) 150% of the Company's highest incremental supply cost for the month.

A Customer contracting for Standby Service shall pay a monthly reservation charge. This charge shall be based on the demand charge paid by the Company to its highest cost pipeline and then applied to the supplier's Standby Service Quantity as specified in the individual Service agreement. The Company may revise the reservation charge no more frequently than monthly to reflect changes in the pipeline demand and related charges. The reservation charge prorated on a daily basis will be credited to all volumes purchased under the standby service. In addition, at the end of each contract year, the Customer will be assessed those minimum bill or take-or-pay charges actually paid by the Company to its own suppliers, which are attributable to the volume reserved but not taken under this Standby Service.

LIABILITY

The Company shall not be liable for curtailment of service under this rate schedule or loss of Gas of the Customer as a result of any steps taken to comply with any law, regulation or order of any governmental agency with jurisdiction to regulate, allocate or control Gas supplies or the rendering of service hereunder, and regardless of any defect in such law, regulation or order.

The Company reserves the right to commingle transport Gas with its other supplies but Gas is and remains the property of the Customer while being transported and delivered by the Company. The Customer 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. The Company shall not be liable for any loss to the Customer or any other entity or person(s) arising from or out of service under this rate schedule, including loss of Gas in the possession of the Company or any other cause.

COMPANY RULES

The provisions this Tariff shall govern the service under this classification except where noted herein.

The following Riders may apply:

(C)

(C) – Change

**GAS TRANSPORTATION SERVICE - RATE GTS
FIRM SERVICE**

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

AVAILABILITY

This rate is only available to those customers who utilized this service on or before September 1, 2003 pursuant to a currently valid agreement with the Company.

CHARACTER OF SERVICE

Transportation Service under this rate schedule is firm and shall be interrupted only in cases of operating emergencies experienced by the Company. Company assumes no liability for interruptions caused by failure of supply sources or by third parties such as Suppliers and shall not be obligated to deliver Gas under this rate schedule on any day that Gas is not received at its gate station for the Customer's account except as specified under provisions for Standby Service contained herein.

MONTHLY RATE

The Monthly Charge shall be the sum of the following:

1. **CUSTOMER CHARGE:** \$250.00 per month.

2. **DELIVERY CHARGE:**

The Delivery Charge applicable for each Customer shall be specified in the individual Transportation Service Agreement.

3. **TRANSPORTATION SURCHARGE:**

The Customer shall reimburse Company for any expense actually incurred for Customer's benefit from third party sources in the provision of this Service, such as directly assignable taxes, pipeline balancing penalties, governmentally imposed charges, and contingent liability for external transportation charges and fuel requirements. Additionally, for existing Customers, any unavoidable Gas supply costs (e.g., pipeline demand charges) incurred on the Customer's behalf, may be recovered under this surcharge. Such surcharge is in addition to charges specified elsewhere in this rate schedule. Such potential charges are to be specifically defined and identified in the individual Transportation Service agreement.

4. **STANDBY SERVICE CHARGES, IF APPLICABLE:**

See Standby Service Provision.

5. **MINIMUM MONTHLY CHARGE:**

The minimum monthly charge shall be the Customer Charge.

GAS COST RATE

The GCR shall not apply to transported volumes. Similarly, such transported volumes and any expenses related to such volumes shall be excluded from all calculations determining such GCR.

CONTRACT TERM

The duration of the transportation contract shall be as specified in the required individual Service Agreement. In no event shall the contract term be for a period of less than one year.

STANDBY SERVICE

Contingent upon the Company's ability to arrange the required supply contracts, a transportation Customer may contract for Standby Service to purchase Gas from the Company under a specified retail Rate Schedule, in the event that the customer experiences an interruption or curtailment in Transportation Service by a Supplier. The contract term for Standby Service shall be a minimum of one year. The maximum volume of Gas that the Company is obligated to provide under the Standby Service on any day shall be specified in the individual Service Agreement. Volumes taken in excess of the specified daily limits, except for those volumes authorized and supplied by the Company under an applicable retail rate, may be subject to a charge of \$10 per Mcf if arrangements have been made for Emergency Service or \$20 per Mcf for all unauthorized volumes.

Under this Standby Service, upon proper notice, and as soon as operations permit, the Customer may convert some or all of their firm Transportation Service to the specified equivalent retail sales service during the effective period of this Standby Service agreement. The Company is not obligated to provide retail sales service to a transportation Customer if the Customer has not contracted for Standby Service. Eligibility for such a Customer to receive retail Gas Service shall be no different than any other person or entity who is at the time making application for service as a new Customer.

A Customer contracting for Standby Service shall pay a monthly reservation charge that is equivalent to the demand charge paid by the Company to its highest cost pipeline supplier applied to the Customer's maximum Daily Contract Quantity as specified in the individual service agreement. The Company may revise the Reservation Charge no more frequently than monthly to reflect changes in the pipeline demand and related charges. The reservation charge prorated on a daily basis will be credited to all volumes purchased under the Standby Service. In addition, at the end of each contract year, the Customer will be assessed those minimum bill or take-or-pay charges actually paid by the Company to Suppliers, which are attributable to the volume reserved but not taken under this Standby Service.

STANDBY SERVICE - SPECIAL PROVISION

For Customers contracting for delivery by the Company of 10,000 Mcf per day or more of transportation Gas, the terms and conditions under which Standby Service will be provided will be as specified in their individual service agreements, in lieu of the above.

TERMS OF PAYMENT

Bills will be rendered and payment terms applied in accordance with this Tariff.

CONDITIONS OF USE

1. The Company shall not be obligated to incur the cost of additional facilities to provide Transportation Service hereunder for existing load. Nonetheless, in the event the Company elects to provide additional facilities, which in the Company's sole judgment are required to provide Transportation Service, the cost of such facilities shall be the responsibility of the Customer. Customers may appeal the Company's judgment to the Commission. The Company shall provide, install, own and maintain such facilities. Where applicable, extensions and enlargements of Gas supply facilities for qualifying new load shall be in accordance with Section 10.
2. The Customer 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. Customer will indemnify 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.
3. The Company may retain for line loss and unaccounted-for Gas a percentage of the total volume of Gas delivered into its system for Customer's account. The percentage of Gas to be retained by the Company shall be equivalent to the percentage for total system line loss and unaccounted-for, as utilized in the Company's annual operating budget. This condition may be revised as appropriate, by the individual service agreement, where the transported Gas can be delivered directly to the Customer without commingling with other distribution system supplies.
4. In the event that the Company declares an emergency situation it may, at its discretion, divert Customer's Gas for such purposes as Company deems appropriate and Customer will be compensated for such Gas at the cost at which the Customer acquired the Gas, at the Customer's cost of the alternate fuel utilized or at the Company's avoided cost of Gas during the billing month, whichever is highest. The Customer shall demonstrate its cost of Natural Gas or replacement fuel by making a copy of its purchase contract available to Company upon request. All Gas purchased by the Company will be credited to the Customer's account.
5. NOTICE AND BALANCING

The Notice and Balancing conditions shall be the following, except as otherwise provided in the individual service agreement.

The Company shall not be obligated to deliver or accept for delivery volumes in excess of the maximum hourly, daily or monthly volumes specified in the service agreement.

It is the intent of the Company that the Customer so manage his arrangements for daily deliveries of Gas that they approximately equal his combined daily Gas usage and that volume retained for line loss and unaccounted for adjustment. To facilitate this management and to avoid or correct imbalances, Customer may modify the quantities it intends to have delivered to Company's city gate in accordance with the monthly and daily nomination procedure of the delivering pipeline. All delivery arrangements must be coordinated with the Company in a manner deemed acceptable by Company. Company shall, within the limitations of its system, assist in the balancing effort.

The quantities of Gas received on Customer's behalf will be balanced monthly on a thermally equivalent basis with those quantities re-delivered or retained for line loss and unaccounted for adjustment. For this thermal correction quantities will be multiplied by a fraction; the numerator of which is the weighted average Btu content per cubic foot of either the Company's system (if commingled) or the individual transporting pipeline (if not commingled), and the denominator is a reference Btu content of 1,000 Btu per cubic foot.

Notice will be provided by the Company, at the time of each individual Customer's daily nominations, as to the availability of retail Gas backup in accordance with operating conditions and their contractual service obligations. On any day when retail backup is declared unavailable, all volumes used (including adjustment for line loss and unaccounted for Gas) in excess of that delivered on such Customer's behalf that day, will be excluded from their daily and monthly balancing provisions. Such Gas will be billed for at the rate of \$10 per Mcf if emergency Gas was initially requested and approved or at the rate of \$20 per Mcf if Unauthorized.

Allowable Imbalances

Imbalances except as noted above, may be permitted within a range of $\pm 10\%$ on a daily basis if adjusted within $\pm 5\%$ by month's end. Company will advise Customer of potential imbalance conditions periodically to facilitate correction. But repeated excessive overruns or underruns of the hourly and daily Gas volumes received for Customer's account may be considered grounds for termination of service under this rate. Monthly imbalances within the allowable limits shall be resolved through mutual adjustment of initial deliveries in the subsequent month of service.

Correction For Quantities Outside Range Of Allowable Imbalances

All volumes utilized in excess of the allowable monthly overrun, where retail sales backup had been authorized, will be considered sold to the Customer under the applicable equivalent retail rate.

All volumes delivered to the Company that remain unaccepted by the Customer, in excess of the allowable monthly underrun may be offered for sale to the Company or stored at the Customer's option. Gas may be purchased by the Company at a rate not to exceed the Company's avoided cost of Gas for the month of delivery. In the event that the Company does not elect to purchase volumes in excess of the allowable underrun, a service charge for all such volumes carried forward by the Company will be made. These volumes will be the first deliveries in the subsequent month. The unit rate for this service charge will be the volumetrically weighted average of the 100% load factor unit cost of the Company's pipeline storage contracts as utilized in the Company's annual operating budget. Upon temporary suspension of deliveries or termination of Rate GTS service, any existing underrun imbalance shall be corrected within 60 days of the end of the month in which final deliveries are made. Otherwise they become the property of the Company at no cost to the Company.

6. EMERGENCY GAS

Emergency Gas is defined as a service to be offered by the Company when Gas is not available under the otherwise applicable retail sales service, provided certain conditions apply and terms are met, and that the quantities of Gas available to the Company and the distribution facilities are adequate to provide this service without jeopardizing the physical or economic operation of the Company. The cost of providing this emergency service is \$10.00 for each thousand cubic feet of Gas used. The minimum charge for this service is \$100.00 per occurrence.

Customers who feel they may have to avail themselves of this service should send for a copy of the terms and conditions of availability under which this emergency service may be obtained.

7. UNAUTHORIZED USE

If a Customer uses this service after being notified that service under this schedule is not available, or uses this service in excess of authorized limitations when established and duly notified, all such unauthorized usage shall be billed at the rate of \$20.00 for each Mcf. In addition, Company may, at its discretion, refuse to accept delivery from the Customer's Supplier, and physically shut off Customer to ensure compliance.

8. LIABILITY

The Company shall not be liable for curtailment of service under this rate schedule or loss of Gas of the Customer as a result of any steps taken to comply with any law, regulation or order of any governmental agency with jurisdiction to regulate, allocate or control Gas supplies or the rendering of service hereunder, and regardless of any defect in such law, regulation or order.

The Company reserves the right to commingle transport Gas with its other supplies but Gas is and remains the property of the Customer while being transported and delivered by the Company. The Customer 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.

The Company shall not be liable for any loss to the Customer or any other entity or person(s) arising from or out of service under this rate schedule, including loss of Gas in the possession of the Company or any other cause.

COMPANY RULES

The provisions of this Tariff shall govern the service under this classification except where noted herein.

**GAS TRANSPORTATION SERVICE - RATE GTS
INTERRUPTIBLE SERVICE**

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

AVAILABILITY

This rate is only available to those customers who utilized this service on or before September 1, 2003 pursuant to a currently valid agreement with the Company.

CHARACTER OF SERVICE

Transportation service under this rate schedule is interruptible, paralleling the character of service of the otherwise applicable retail sales tariff. Service under this rate schedule shall be subordinate to all firm retail sales services and firm Transportation Services provided by the Company. The Company, at its sole discretion and on a best efforts basis, will endeavor to transport volumes received at the Company's city gate for the Customer's account during periods when the otherwise applicable retail service is not available.

Company assumes no liability for interruptions caused by failure of supply sources or by third parties such as Suppliers and shall not be obligated to deliver Gas under this rate schedule on any day that Gas is not received at its gate station for the Customer's account except as specified under provisions for Standby Service contained herein.

MONTHLY RATE

The Monthly Charge shall be the sum of the following:

1. **CUSTOMER CHARGE:** \$250.00 per month.
2. **DELIVERY CHARGE:**

The Customer may elect either (i) a fixed annual Delivery Charge based on the annual interruptible margin in effect for the Company's operating fiscal year (currently September through August), or (ii) a variable monthly Delivery Charge. This variable charge shall be the monthly interruptible margin as experienced by the Company during the month of delivery. The Delivery Charge for volumes transported during periods when the otherwise applicable retail service is not available shall be as specified in the individual service agreement.

The Customer shall make an election of either the fixed or variable Delivery Charge pricing methodology prior to the initiation of service hereunder and at each subsequent September 1st thereafter, to be effective for the following twelve months, or portion thereof, of the contract period.

The Delivery Charge applicable for each Customer shall be specified in the individual Transportation Service agreement and is subject to revision from time to time as authorized by the Commission.

3. **TRANSPORTATION SURCHARGE:**

The Customer shall reimburse Company for any expense actually incurred for Customer's benefit from third party sources in the provision of this service, such as directly assignable taxes, pipeline balancing penalties, governmentally imposed charges, and contingent liability for external

transportation charges and fuel requirements. Such surcharge is in addition to charges specified elsewhere in this Rate Schedule. Such potential charges are to be specifically defined and identified in the individual Transportation Service agreement.

4. **STANDBY SERVICE CHARGES, IF APPLICABLE:**

See Standby Service Provisions.

5. **MINIMUM MONTHLY DELIVERY CHARGE:**

Except as otherwise provided in the individual service agreement, the minimum monthly delivery charge shall be the daily contract quantity (DCQ) times one half the number of days Transportation Service is available in the billing month, times the applicable transportation delivery charge. The minimum monthly delivery charge shall be inapplicable when any of the following conditions occur:

- a) When the otherwise applicable firm or interruptible sales service is not subject to a corresponding minimum charge; or
- b) When, for reasons, beyond the Customer's control, the Customer's Gas burning equipment is temporarily inoperative; or
- c) When for reasons beyond the Customer's control, the Customer cannot obtain transportation from its Supplier(s) to the point of receipt; or
- d) In emergency situations where the Company diverts the Customer's transportation Gas to meet the requirements of its firm Customers.

During periods when the minimum monthly delivery charge is inapplicable, the Customer Charge shall be the minimum monthly charge.

GAS COST RATE

The GCR as provided for in this Tariff shall not apply to transported volumes. Similarly, such transported volumes and any expenses related to such volumes shall be excluded from all calculations determining such GCR.

CONTRACT TERM

The duration of the transportation contract shall be as specified in the required individual service agreement. In no event shall the contract term be for a period of less than one year.

STANDBY SERVICE

Contingent upon the Company's ability to arrange the required supply contracts, a transportation Customer may contract for Standby Service to purchase Gas from the Company under a specified retail Rate Schedule, in the event that the Customer experiences an interruption or curtailment in Transportation Service by a Supplier during the availability period of such equivalent firm or interruptible sales service. The contract term for Standby Service shall be a minimum of one year. The maximum volume of Gas that the Company is obligated to provide under the Standby Service on any day shall be specified in the individual service

agreement. Volumes taken in excess of the specified daily limits, except for those volumes authorized and supplied by the Company under an applicable retail rate, may be subject to a charge of \$10 per Mcf if arrangements have been made for Emergency Service or \$20 per Mcf for all unauthorized volumes.

Under this Standby Service, upon proper notice to the Company, and as soon as operations permit, the Customer may convert some or all of their interruptible Transportation Service to the specified equivalent firm or interruptible sales service during the effective period of this Standby Service agreement. The Company is not obligated to provide firm or interruptible sales service to a transportation Customer if the Customer has not contracted for Standby Service. Eligibility for such a Customer to receive firm or interruptible sales service shall be no different than any other person or entity who is, at the time, making application for service as a new Customer.

A Customer contracting for Standby Service shall pay a monthly reservation charge. This charge shall be based on the demand charge paid by the Company to its highest cost pipeline supplier adjusted to reflect the limitation on the availability of Standby Service for interruptible Customers, and then applied to the Customer's maximum Daily Contract Quantity as specified in the individual service agreement. The Company may revise the reservation charge no more frequently than monthly to reflect changes in the pipeline demand and related charges. The reservation charge prorated on a daily basis will be credited to all volumes purchased under the Standby Service. In addition, at the end of each contract year, the Customer will be assessed those minimum bill or take-or-pay charges actually paid by the Company to suppliers, which are attributable to the volume reserved but not taken under this Standby Service.

STANDBY SERVICE - SPECIAL PROVISION

For Customers contracting for delivery by the Company of 10,000 Mcf per day or more of transportation Gas, the terms and conditions under which Standby Service will be provided will be as specified in their individual service agreements, in lieu of the above.

TERMS OF PAYMENT

Bills shall be rendered and payment terms applied in accordance with the provisions of this Tariff.

CONDITIONS OF USE

1. The Company shall not be obligated to incur the cost of additional facilities to provide Transportation Service hereunder for existing load. Nonetheless, in the event the Company elects to provide additional facilities, which in the Company's sole judgment are required to provide Transportation Service, the cost of such facilities shall be the responsibility of the Customer. Customers may appeal the Company's judgment to the Commission. The Company shall provide, install, own and maintain such facilities. Where applicable, extensions and enlargements of Gas supply facilities for qualifying new load shall be in accordance with Section 10.
2. The Customer 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. Customer will indemnify 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.
3. The Company may retain for line loss and unaccounted-for Gas a percentage of the total volume of Gas delivered into its system for Customer's account. The percentage of Gas to be retained by the

Company shall be equivalent to the percentage for total system line loss and unaccounted-for, as utilized in the Company's annual operating budget. This condition may be revised as appropriate, by the individual service agreement, where the transported Gas can be delivered directly to the Customer without commingling with other distribution system supplies.

4. In the event that the Company declares an emergency situation" it may, at its discretion, divert Customer's Gas for such purposes as Company deems appropriate and Customer will be compensated for such Gas at the cost at which the Customer acquired the Gas, at the Customer's cost of the alternate fuel utilized or at the Company's avoided cost of Gas during the billing month, whichever is highest. The Customer shall demonstrate its cost of Natural Gas or replacement fuel by making a copy of its purchase contract available to Company upon request. All Gas purchased by the Company will be credited to the Customer's account.

5. NOTICE AND BALANCING

The notice and balancing conditions shall be the following, except as otherwise provided in the individual service agreement.

The Company shall not be obligated to deliver or accept for delivery volumes in excess of the maximum hourly, daily or monthly volumes specified in the service agreement.

It is the intent of the Company that the Customer so manage his arrangements for daily deliveries of Gas that they approximately equal his combined daily Gas usage and that volume retained for line loss and unaccounted for adjustment. To facilitate this management and to avoid or correct imbalances, Customer may modify the quantities it intends to have delivered to Company's city gate in accordance with the monthly and daily nomination procedure of the delivering pipeline. All delivery arrangements must be coordinated with the Company in a manner deemed acceptable by Company. The Company shall, within the limitations of its system, assist in the balancing effort.

The quantities of Gas received on Customer's behalf will be balanced monthly on a thermally equivalent basis with those quantities re-delivered or retained for line loss and unaccounted for adjustment. For this thermal correction quantities will be multiplied by a fraction; the numerator of which is the weighted average Btu content per cubic foot of either the Company's system (if commingled) or the individual transporting pipeline (if not commingled), and the denominator is a reference Btu content of 1,000 Btu per cubic foot.

Notice will be provided by the Company', at the time of each individual Customer's daily nominations, as to the availability of retail Gas backup in accordance with operating conditions and their contractual service obligations. On any day when retail backup is declared unavailable, all volumes used (including adjustment for line loss and unaccounted for Gas) in excess of that delivered on such Customer's behalf that day, will be excluded from their daily and monthly balancing provisions. Such Gas will be billed for at the rate of \$10 per Mcf if emergency Gas was initially requested and approved or at the rate of \$20 per Mcf if Unauthorized.

Allowable Imbalances

Imbalances except as noted above, may be permitted within a range of $\pm 10\%$ on a daily basis if adjusted within $\pm 5\%$ by month's end. Company will advise Customer of potential imbalance conditions periodically to facilitate correction. But repeated excessive overruns or underruns of the hourly and daily Gas volumes received for Customer's account may be considered grounds for termination of service under this rate. Monthly imbalances within the allowable limits shall be resolved through mutual adjustment of initial deliveries in the subsequent month of service.

Correction For Quantities Outside Range Of Allowable Imbalances

All volumes utilized in excess of the allowable monthly overrun, where retail sales backup had been authorized, will be considered sold to the Customer under the applicable equivalent retail rate.

All volumes delivered to the Company that remain unaccepted by the Customer, in excess of the allowable monthly underrun may be offered for sale to the Company or stored at the Customer's option. Gas may be purchased by the Company at a rate not to exceed the Company's avoided cost of Gas for the month of delivery. In the event that the Company does not elect to purchase volumes in excess of the allowable underrun, a service charge for all such volumes carried forward by the Company will be made. These volumes will be the first deliveries in the subsequent month. The unit rate for this service charge will be the volumetrically weighted average of the 100% load factor unit cost of the Company's pipeline storage contracts as utilized in the Company's annual operating budget. Upon temporary suspension of deliveries or termination of Rate GTS service, any existing underrun imbalance shall be corrected within 60 days of the end of the month in which final deliveries are made. Otherwise they become the property of the Company at no cost to the Company.

6. EMERGENCY GAS

Emergency Gas is defined as a service to be offered by the Company when Gas is not available under the otherwise applicable firm or interruptible sales service, provided certain conditions apply and terms are met, and that the quantities of Gas available to the Company and the distribution facilities are adequate to provide this service without jeopardizing the physical or economic operation of the Company. The cost of providing this emergency service is \$10.00 for each thousand cubic feet of Gas used. The minimum charge for this service is \$100.00 per occurrence.

Customers who feel they may have to avail themselves of this service should send for a copy of the Terms and Conditions of Availability under which this emergency service may be obtained.

7. UNAUTHORIZED USE

If a Customer uses this service after being notified that service under this schedule is not available, or uses this service in excess of authorized limitations when established and duly notified, all such unauthorized usage shall be billed at the rate of \$20.00 for each Mcf. In addition, Company may, at its discretion, refuse to accept delivery from the Customer's Supplier, and physically shut off Customer to ensure compliance.

8. LIABILITY

The Company shall not be liable for curtailment of service under this Rate Schedule or loss of Gas of the Customer as a result of any steps taken to comply with any law, regulation or order of any governmental agency with jurisdiction to regulate, allocate or control Gas supplies or the rendering of service hereunder, and regardless of any defect in such law, regulation or order.

The Company reserves the right to commingle transport Gas with its other supplies but Gas is and remains the property of the Customer while being transported and delivered by the Company. The Customer 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.

The Company shall not be liable for any loss to the Customer or any other entity or person(s) arising from or out of service under this Rate Schedule, including loss of Gas in the possession of the Company or any other cause.

COMPANY RULES

The provisions this Tariff shall govern the service under this classification except where noted herein.

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COGENERATION SERVICE – RATE CG

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

AVAILABILITY

This service is available to any new or existing Commercial or Industrial Customer for Gas use in any form of combined cooling, heating and power production where there is a sequential production of energy and useful thermal energy from the same fuel source or in the sequential production of electrical energy and useful thermal energy from the same fuel source by a qualifying facility as defined in Section 201 of the Public Utility Regulatory Policies Act of 1978, regularly meeting the efficiency standards set forth in Chapter 18 of the Federal Regulations, Sections 292.205 (a) and (b). The Customer must certify that qualifying status has been granted by the Federal Energy Regulatory Commission or must demonstrate to the Company its ability to utilize waste heat created from one process by using Natural Gas in a second process. The waste heat may be generated from any form, such as power production, heating, cooling, or process applications. The waste heat recovered may be used for any domestic, Commercial or Industrial applications. The determination by the Company as to the Customer's ability to co-generate will be final. This service will be available where the Company's facilities are, or can economically be made, available to supply the service; but Gas Service under this rate shall not be a replacement of Gas Service under any rate providing for uninterruptible Gas 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 in which shall be defined maximum and minimum 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.

CHARACTER OF SERVICE

Service under this rate schedule is interruptible, and shall be subordinate to all firm services. Customer is advised of their responsibility to maintain capability of satisfying their requirements during any period when service is interrupted. Interruptions may occur for economic or operational considerations at any time.

(C)**RATES****CUSTOMER CHARGE:**

\$362.00 per month.

Plus

COMMODITY And DISTRIBUTION CHARGE:

The monthly Commodity Charge for each one hundred cubic feet of Gas used shall be set equal to the average commodity cost of Gas purchased and delivered to PGW's gate stations, including an allowance for Unaccounted for losses where applicable, plus a fixed Distribution Charge of 7.5 cents per Ccf.

(C) = Change

PHILADELPHIA GAS WORKS

For Customers contracting under this service for over 1,000,000 Mcf of Gas per year, the above fixed contribution shall be determined by negotiation between the Customer and the Company provided, however, that the contribution, so determined, shall not be less than 10% of the above computed cost of Gas.

This commodity charge shall be applicable so long as the facility is operating in accordance with this rate. In the event of operations otherwise, the Gas utilized will be billed at the appropriate rate.

The following Riders may apply:

(C)

SPECIAL PROVISION – Emergency/Unauthorized Use Rider

MINIMUM CHARGE

The monthly Minimum Charge is the Customer Charge.

GAS COST RATE

The Gas Cost Rate does not apply to this service.

CONTRACT TERM

The duration of the Gas Service contract shall be as specified in the required individual Service Agreement. In no event shall the contract term be for a period of less than one year.

GAS MEASUREMENT

The quantity of Gas consumed will be corrected for billing purposes to conditions of 14.73 pounds per square inch absolute pressure and 60 degrees Fahrenheit.

CONDITIONS OF USE

The Customer will be required to pay for the investment in facilities which PGW installs to provide service under this rate schedule. The Company shall own and maintain such facilities. Gas used for cogeneration purposes shall be separately metered, where in the Company's judgment, separate metering is practicable. If the Company determines that separate metering is not appropriate, cogeneration use shall be estimated by the Company for billing purposes. For existing Customers qualifying for service under this rate schedule, monthly base period usage levels will be defined in the individual service agreement. Monthly usage up to these specified levels will continue to be billed as the first Gas through the meter each month at the then current level of the rate schedule under which the Customer is now receiving service, followed by all qualifying volumes billed under this cogeneration service.

(C) – Change

COMPANY RULES

The provisions of this Tariff shall govern the supply of Gas under this classification except where noted herein. The Company requests the right to require Customers served under this rate to forecast usage.

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**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
December 1, 2016

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 NGVS customers who transport gas through a qualified NGS):

\$0.41577 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; 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.

APPLICABLE TAXES

The Customer will reimburse the Company for all taxes payable by the Company to any governmental body on sales of Gas and/or for services rendered under this rate schedule.

GAS COST RATE

The Gas Cost Rate applies to this service.

CONTRACT TERM

The duration of the contract for service under this rate schedule shall be as specified in the required individual service agreement. In no event shall the contract term be for a period of less than one (1) year.

GAS MEASUREMENT

The quantity of Gas consumed will be corrected for billing purposes to conditions of 14.73 pounds per square inch absolute pressure and 60 degrees Fahrenheit.

CONDITIONS OF USE

All Gas volumes received under this rate schedule shall be separately metered. The use of such Gas for any purpose other than as a fuel for motor vehicles is prohibited. The Company reserves the right to inspect the facilities and equipment of Customer to ensure compliance. Violation of this provision may be grounds for termination of service, and may subject the Customer to penalty charges for unauthorized Gas usage.

The Company is not obligated to construct compressor stations for dispensing Gas under this rate schedule. However, if the Company in its sole judgment, elects to construct or acquire such facilities, and establishes public access to these facilities, the charge for compression of Natural Gas and refueling at the company station, will be set forth in the service agreement with Customers contracting for such service.

The Company agrees to provide uncompressed Natural Gas to the Customer under this service for the exclusive purpose of compressing such Gas for use as a fuel for motor vehicles. Customer assumes the responsibility for the operation and maintenance of the compressor station in compliance with all local, state and federal laws regulating such facilities.

Customer will, therefore, indemnify and hold harmless the Company, and its respective officers, employees, agents and representatives from any and all causes of action of any kind arising from or related to any event subsequent to the Company's delivery of Natural Gas under this rate to the designated delivery point.

COMPANY RULES

The provisions of this Tariff shall govern the supply of Gas under this classification except where noted herein.

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DEVELOPMENTAL NATURAL GAS VEHICLE SERVICE - RATE NGVS
Interruptible Service

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

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 shall be provided as long as the Company has sufficient supplies to meet the requirements of the Customers within this class, in addition to the requirements of the firm Customer classes, as determined by the Company.

MONTHLY RATE

CUSTOMER CHARGE: \$35.00 per month

COMMODITY CHARGE:

The monthly rate per Mcf shall be set at a level not greater than fifty percent of the reference gasoline price, as defined below. Except that, in no event, will the rate for the volumes delivered hereunder be set at a level less than 110% of the incremental cost of the Natural Gas to provide service, plus an adjustment for all applicable taxes, as determined by the Company.

REFERENCE GASOLINE

The reference gasoline shall be either unleaded regular gasoline or its oxygenated/reformulated gasoline substitute, as determined by the Company. The reference price for such fuel shall be the average price for the regular grade, in Philadelphia, as published in the "PAD 1 Report" in the third weekly issue of the Oil Price Information Service for the calculation month. The gasoline price shall be adjusted for Btu equivalence. (One cent per gallon being equivalent to 8.1 cents per Mcf for unleaded regular gasoline, and 8.3 cents per Mcf for the reformulated substitute.)

The Commodity Charge, so calculated, will be available by the eighteenth (18) working day of that month, and will be applicable for the subsequent calendar month, to the extent that service under this rate can be made available.

Should market conditions warrant, the Commodity Charge may be modified to reflect a more appropriate reference fuel, which shall be specified in individual Service Agreements. Sixty days notice of any such modification will be provided to Customers, if applicable generally to this class.

PHILADELPHIA GAS WORKS

The following Riders may apply:

(C)

SPECIAL PROVISION – Emergency/Unauthorized Use Gas Rider

MINIMUM CHARGE

The monthly Minimum Charge is the Customer charge set forth above.

APPLICABLE TAXES

The Customer will reimburse the Company for all taxes payable by the Company to any governmental body on sales of Gas and/or for services rendered under this rate schedule.

GAS COST RATE

The Gas Cost Rate does not apply to this service.

CONTRACT TERM

The duration of the contract for service under this rate schedule shall be as specified in the required individual service agreement. In no event shall the contract term be for a period of less than one year.

GAS MEASUREMENT

The quantity of Gas consumed will be corrected for billing purposes to conditions of 14.73 pounds per square inch absolute pressure and 60 degrees Fahrenheit.

CONDITIONS OF USE

All Gas volumes received under this rate schedule shall be separately metered. The use of such Gas for any purpose other than as a fuel for motor vehicles is prohibited. The Company reserves the right to inspect the facilities and equipment of Customer to ensure compliance. Violation of this provision may be grounds for termination of service, and may subject the Customer to penalty charges for unauthorized Gas usage.

The Company is not obligated to construct compressor stations for dispensing Gas under this rate schedule. However, if the Company in its sole judgment, elects to construct or acquire such facilities, and establishes public access to these facilities, the charge for compression of Natural Gas and refueling at the company station, will be set forth in the service agreement with Customers contracting for such service.

(C) – Change

The Company agrees to provide uncompressed Natural Gas to the Customer under this service for exclusive purpose of compressing such Gas for use as a fuel for motor vehicles. Customer assumes the responsibility for the operation and maintenance of the compressor station in compliance with all local, state and federal laws regulating such facilities.

Customer will, therefore, indemnify and hold harmless the Company, and its respective officers, employees, agents and representatives from any and all causes of action of any kind arising from or related to any event subsequent to the Company's delivery of Natural Gas under this rate to the designated delivery point.

COMPANY RULES

The provisions of this Tariff shall govern the supply of Gas under this classification except where noted herein.

LIQUEFIED NATURAL GAS SERVICE - RATE LNG

Rate: Applicable to Liquefied Natural Gas Service as described below.

AVAILABILITY

Available at the Company's sole discretion where the Customer is able to arrange for the transportation of Liquefied Natural Gas via truck from the Company's Liquefied Natural Gas facilities.

RATES and TERMS OF SERVICE

Contracts stipulating the negotiated rate and negotiated terms of Liquefied Natural Gas Service may be entered into between the Company and Customer when the Company, in its sole discretion, deems such offering to be economically advantageous to the Company. Service under this rate is interruptible, and the Company reserves the right to interrupt service at Company's discretion.

The Company reserves the right to determine whether the customer will be charged the current Gas Cost Rate (GCR) or the current Weighted Average Cost of Gas (WACOG). The charge will not be less than the current GCR or the current WACOG.

SPECIAL PROVISION – Air Conditioning RiderGenerally.

Applicable to Retail Sales Service Customers with directly and indirectly fired Gas cooling equipment of minimum cooling capacity of 3 tons, installed on or after September 1, 1990. Where practicable, such equipment must be separately metered and the cost for any additional metering, related equipment and installation shall be subject to Section 10 of this tariff. Where separate metering is impracticable for directly or indirectly fired Gas cooling and heating equipment, one meter shall be installed for the heating/cooling equipment and such Gas rendered to the Customer through such meter will be charged at the standard rate for the billing months October through April. Under no circumstances will Customers be permitted to use Gas rendered through such meter for any purpose other than cooling or heating.

For GS, MS and PHA:

The GCR plus Distribution Charge for all Gas used for the billing months May through September for cooling purposes shall become the greater of; (i) 40.00 cents per Ccf or (ii) one hundred and ten percent (110%) of the incremental Gas cost for Gas sold under said Rate Schedules, not to exceed the currently effective GCR plus Distribution Charge, plus an adjustment for all applicable taxes determined applicable by the Company.

For Rate BPS:

The Commodity Charge for all Gas used for the billing months of May through September, for cooling purposes shall become the lower of: (i) the month's otherwise applicable Rate BPS Commodity Charge or (ii) 40.00 cents per 100 cubic feet for all Gas used for cooling purposes; provided, however, that in no instance shall the Commodity Charge be less than 110% of the incremental Gas cost sold under Rate BPS plus an adjustment for all taxes determined applicable by the Company.

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SPECIAL PROVISION – Compressed Natural Gas (CNG) Rider

Generally.

Retail Sales Service provided under this rate schedule for purposes of fueling CNG vehicles shall be dispensed on a liquid gallon basis but billed on an Mcf basis.

For Rate GS and MS .

Except as set forth herein, the rate for Natural Gas provided to Customers for purposes of fueling CNG vehicles shall be the Rate GS charges applicable to commercial customers. Service may also be provided to occasional Customers when it is feasible for the Company to do so. The Delivery Charge for such occasional Customers shall be \$10.00 per Mcf and the Customer Charge shall be \$10.00 for each day in which such Customer purchases Rate GS Gas to fuel CNG vehicles.

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SPECIAL PROVISION – Emergency/Unauthorized Use Gas RiderEmergency Gas.

Emergency Gas as set forth in this rider is defined as a service to be offered by the Company to interruptible Retail Sales Service and Rate GTS-I and GTS-F Customers when Gas would otherwise not be available under their respective Rate Schedules and provided certain conditions apply and terms are met. A Customer may request emergency Gas pursuant to this rider when he experiences interference with the use of his alternate energy and when the quantities of Gas available to the Company and the distribution facilities are adequate to provide this service without jeopardizing the physical or economic operation of the Company. PGW reserves the right to limit or curtail emergency Gas at any time. The cost of providing this emergency service is \$10.00 for each thousand cubic feet of Gas used above the current prevailing GCR. The minimum charge for this service is \$100.00 per occurrence.

In order to be eligible for emergency Gas, a Customer must register annually according to Company policy.

Unauthorized Use.

If a Customer uses Gas after he has been notified that Gas otherwise provided pursuant to his or her respective Rate Schedule or as emergency Gas is not available, or uses Gas in excess of his authorized limitation when established and duly notified, all such unauthorized usage shall be billed at the rate of \$25.00 for each thousand cubic feet of Gas used above the current prevailing GCR or the average of the highest two days of the monthly index, whichever is higher. Company may, in addition, at its discretion, shut off Customer to ensure compliance.

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WEATHER NORMALIZATION ADJUSTMENT CLAUSE

Provision For Adjustment

The Weather Normalization Adjustment shall be applied to each Mcf (1,000 cubic feet) used for heating purposes under Rate Schedules GS, MS, and PHA ("heating" and "heating only" customers), except for Gas usage under the Special Provisions – Air Conditioning of those rates. The Weather Normalization Adjustment will be applied to customer usage during the period of October 1 through May 31 of each year for each billing cycle (except for the 2002-2003 heating season when the Weather Normalization Adjustment will be applied to customer invoices rendered during the period of December 1 through May 31 of each year for each billing cycle).

Computation of Weather Normalization Adjustment

The Weather Normalization Adjustment surcharge or credit shall be computed to the nearest one-hundredth cent (0.01cent) in accordance with the formulas set forth below:

$$HL = TU - (BL * BC)$$

$$WNA = DC * [(HL * \frac{NHDD +/- (NHDD * 1\%)}{AHDD}) - HL]$$

Definitions

TU – Total Usage for the billing cycle. TU measured in Mcf.

BL – base load Mcf per billing day is the number of Mcf per Customer used per day for non-heating purposes based on usage by Customers to which this adjustment applies. It is determined separately for each individual customer and will be revised annually to reflect the non-temperature sensitive usage of Customers to which the adjustment applies reflected in the prior heating season's sales. If an individual customer base load is not available, the base load for the related customer class will be applied.

BC – billing cycle is the actual number of days shown on the bill that the Customer receives for service.

DC – Delivery Charge.

NHDD – normal heating degree days for any given calendar day within a month are based on the thirty year average for the given calendar day based on the thirty year period applied in the Company's most recent base rate case. The NHDD provided for in the formula are the total number of NHDD for the billing cycle. The degree day data is provided by the National Weather Service and measured at the Philadelphia International Airport.

AHDD – actual experienced heating degree days for the billing cycle. The degree day data is provided by the National Weather Service and measured at the Philadelphia International Airport.

Operation of Weather Normalization Adjustment

The Weather Normalization Adjustment will be applied to a Customer's bill on a cents per Mcf basis when actual heating degree days vary from normal heating degree days during the period for which the Customer is billed. The Weather Normalization Adjustment will be applied to the Customer's space

heating consumption except for air conditioning usage billed under the air conditioning rate. The Weather Normalization Adjustment for a billing cycle will apply only if the actual heating degree days (AHDD) for the billing cycle are lower than 99 percent or higher than 101 percent of the normal heating degree days (NHDD) for the billing cycle and will only apply to the extent that the variation is lower than 99 percent or higher than 101 percent of the normal heating degree days for that billing cycle. A new weather adjustment will be calculated for each billing cycle.

Under the formulas, the Weather Normalization Adjustment surcharge or credit is calculated by:

- 1) Normal HDD are calculated for each day of the fiscal year based upon the thirty year average for the thirty year period applied in the Company's most recent base rate case.
- 2) At the start of the fiscal year, an average daily base load (non-heating) usage is calculated for each individual customer based upon actual base load usage.
- 3) The average daily base load (non-heating) amount is multiplied by the number of days in the billing cycle.
- 4) The total billing cycle base load amount is subtracted from the actual cycle usage of the customer in order to derive the usage applicable to heating.
- 5) The WNA factor is multiplied times the heating usage in order to derive the normalized heating usage.
 - a) The WNA factor is calculated by first adjusting the Normal HDD (NHDD) for the billing cycle by the deadband percentage (1 %). The deadband percentage is multiplied by the NHDD and then added to NHDD for the billing period when the weather is colder than normal (i.e., AHDD > NHDD) or subtracted from NHDD for the billing period when the weather is warmer than normal (i.e., AHDD < NHDD).
 - b) The adjusted NHDD are then divided by the AHDD.
- 6) The actual heating usage is subtracted from the normalized heating usage and then multiplied by the delivery charge. The result is a surcharge or credit.

Reporting Requirements

The Company will file all Weather Normalization Adjustments with the Commission on an annual basis.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

In addition to the net charges provided for in this Tariff, for service rendered on or after January 1, 2017, a charge of 8.80% will apply consistent with the Commission Order dated May 9, 2013, at Docket No. P-2012-2337737 approving the DSIC and the Commission Orders dated January 28, 2016, and July 6, 2016, at Docket No. P-2015-2501500 modifying the terms and conditions of the DSIC.

(D)

1. General Description

A. Purpose: To recover the reasonable and prudent costs incurred to repair, improve, or replace eligible property which is completed and placed in service and recorded in the individual accounts, as noted below, between base rate cases and to provide the Utility with the resources to accelerate the replacement of aging infrastructure, to comply with evolving regulatory requirements. The costs of extending facilities to serve new customers are not recoverable through the DSIC.

B. Eligible Property: The DSIC-eligible property will consist of the following:

- Piping (account 376);
- Couplings (account 376);
- Gas services lines (account 380) and insulated and non-insulated fittings (account 378);
- Valves (account 376);
- Excess flow valves (account 376);
- Risers (account 376);
- Meter bars (account 382);
- Meters (account 381);
- Unreimbursed costs related to highway relocation projects where a natural gas distribution company or city natural gas distribution operation must relocate its facilities; and
- Other related capitalized costs.

C. Effective Date: The initial DSIC will become effective upon one (1) day notice after submission of a compliance tariff in compliance with commission order.

2. Computation of the DSIC

A. Calculation: The initial DSIC shall be calculated to recover the fixed costs of eligible plant additions that have not previously been reflected in the Utility's rates and have been or are projected to be placed in service in the calendar year in which the DSIC is charged. The DSIC charge shall be levelized so that, on an annual basis, it will collect the recoverable costs for eligible plant additions that have been or are anticipated to be placed in service during the calendar year. DSIC charges shall be reconciled and may be adjusted on a calendar quarter basis for: 1) actual experienced sales volumes; and 2) revisions to projected DSIC eligible capital expenditures.

(D) – Decrease

The dates and types of changes in the DSIC rate will occur as follows:

Effective Date of Change	Rate Change That Will Occur
January 1	Annual levelized C-factor rate adjustments
April 1	Adjustment prior year over/under collection
July 1	Optional rate adjustment
October 1	Adjustment for +/- 2% over / under collection

B. Recoverable Costs: The recoverable costs shall be amounts reasonably expended or incurred to purchase and install eligible property and associated financing costs, if any, including debt service, debt service coverage, and issuance costs.

C. Application of DSIC: The DSIC will be expressed as a percentage carried to two decimal places and will be applied to the total amount billed to each customer for distribution service under the Utility's otherwise applicable rates and charges. To calculate the DSIC, the annual recoverable costs to be placed into service during the calendar year in which the DSIC is being charged will be divided by the Utility's projected revenues for distribution services (including all applicable clauses and riders) for the annual period during which the charge will be collected.

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

$$DSIC = \frac{DSI + e}{PAR}$$

Where:

- DSI = The projected annual level of recoverable costs (defined in Section B. directly above)
- e = the amount calculated under the annual reconciliation feature or Commission audit, as described below.
- PAR = Projected annual revenues for distribution service (including all applicable clauses and riders) including any revenue from existing customers plus netted revenue from any customers which will be gained or lost by the beginning of the applicable service period.

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

4. Customer Safeguards

A. Cap: The DSIC is capped at 7.5% of the amount billed to customers for distribution service (including all applicable clauses and riders), inclusive of amounts billed for annual reconciliation pursuant to the "e" factor set forth above, as determined on an annualized basis. The Utility is permitted, by Commission Order dated July 6, 2016, at Docket No. P-2015-2501500, to temporarily increase its DSIC recovery rate to 8.84% for a period not to exceed two (2) years to allow for the recovery of an undercollection for the year ending December 31, 2015.

(C) - Change

(C)

B. Audit/Reconciliation: The DSIC is subject to audit at intervals determined by the Commission. Any cost determined by the Commission not to comply with any provision of 66 Pa C.S. §§ 1350, *et seq.*, shall be credited to customer accounts. The DSIC is subject to annual reconciliation based on a reconciliation period consisting of the twelve months ending December 31 of each year. The annual reconciliation shall be filed on January 31 of the next year. The revenue received under the DSIC for the reconciliation period will be compared to the Company's eligible costs for that period. The difference between revenue and costs will be recouped or refunded, as appropriate, in accordance with Section 1307(e), over a one-year period commencing on April 1 of each year. If DSIC revenues exceed DSIC-eligible costs for the reconciliation period, such over collections will be refunded with interest. Interest on over-collections and credits will be calculated at the residential mortgage lending specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. §§ 101, *et seq.*) and will be refunded in the same manner as an over-collection.

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C. New Base Rates: The DSIC will be reset at zero upon application of new base rates to customer billings that provide for prospective recovery of the remaining costs (if any) that had previously been recovered under the DSIC. Thereafter, only the costs of new eligible plant additions that have not previously been reflected in the Utility's rates will be reflected in the quarterly updates of the DSIC.

D. Customer Notice: Customers shall be notified of changes in the DSIC by including appropriate information on the first bill they receive following any change. An explanatory bill insert shall also be included with the first billing.

E. All customer classes: The DSIC shall be applied equally to all customer classes, except that the Company may reduce or eliminate the DSIC to any customer with competitive alternatives and customers having negotiated contracts with the Company, if it is reasonably necessary to do so.

(C) - Change