

PHILADELPHIA GAS WORKS

GAS SUPPLIER TARIFF



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List of Changes Made by this Tariff

DEFINITIONS (Page No. 10 and 11)

The definition of Daily Delivery Quantity has been corrected to replace “DDQ” with “DCQ.”

The following has been added to the definition of Unaccounted for Gas: (for the purpose of calculating retainage)

9.14. LOAD BALANCING CHARGE, 9.14.A. and LOAD BALANCING CHARGE, COMPUTATION OF BALANCING SERVICE COSTS PER DTH, 9.14.B.1 (Page No. 39)

The load balancing charge decreases from \$42.7002 per design day Mcf to \$41.6645 per design day Mcf.

The Balance Service Costs formula has been modified.

The definition of “S” has been removed and replaced with definitions for “S₁” and “S₂.”

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TABLE OF CONTENTS

	<u>Page Number</u>
List of Changes Made By This Tariff _____	Sixty Second Revised 2
Checksheet _____	First Revised 4
Description of Territory Served _____	5
Table of Contents _____	Sixty First Revised 6
Table of Contents (continued) _____	7
Definitions _____	Second Revised 10
<u>RULES and REGULATIONS:</u>	
1. The Supplier Tariff _____	14
2. Availability _____	16
3. Character of Service _____	18
4. Supplier Qualification _____	20
5. Customer List _____	First Revised 23
6. Supplier Selection Procedures _____	First Revised 26
7. Supplier Obligations _____	First Revised 29
8. Operational Requirements _____	33
9. Special Provisions _____	37
10. Nomination Procedure _____	42
11. Financial Security _____	44
12. Supplier Billing and Payment _____	First Revised 46
13. Supplier Exit Procedures _____	First Revised 52
14. Breach of Obligations _____	57
15. Standards of Conduct _____	60

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PURCHASE OF RECEIVABLES ("POR") – The program (and all relevant stipulations) addressed within the PUC approved Joint Petition for Settlement of Philadelphia Gas Works' Supplier of Last Resort Collaborative at Docket No. R-2008-2073938 and Philadelphia Gas Works' Purchase of Receivables Collaborative at Docket No. R-2009-2139884 as amended, modified other otherwise revised under Applicable Law.

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 2.7%. The percentage changes annually on December 1st and is based upon actual data for the preceding 12 months ending August 31st.

(c)

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

(C) - Change

PHILADELPHIA GAS WORKS

9.14. LOAD BALANCING CHARGE.

9.14.A. Suppliers for all gas delivered under Firm Transportation Rates, of this Suppliers Tariff shall be charged at \$41.6645 per design day Mcf that is fulfilled by PGW storage and peaking assets, for recovery of those costs for Balancing Service, calculated in the manner set forth in the Commission's Order at M-00021612 (entered March 31, 2003) and as set forth below. Such rate for Balancing Service shall be increased or decreased, from time to time, in accordance with applicable law and procedures.

(D)

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

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

$$\text{BSC} = (C / S_1) - (E / S_2)$$

(C)

Projected Balancing Service Costs, so computed, shall be charged to Suppliers of Firm Transportation Rates per Customer per design day Mcf that is fulfilled by PGW storage and peaking assets, for an enrollment month. The amount of those costs, per Mcf, will vary, if appropriate, based upon annual filings by the Company pursuant to Section 1307(f) of the Public Utility Code and such supplemental filings as may be required or be appropriate under Section 1307(f) or the PUC's regulations adopted pursuant thereto.

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

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

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

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

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

"S₁" – projected Mcf of storage gas/LNG to be delivered to Customers to meet design day needs during the projected period when rates will be in effect.

(C)

"S₂" – forecasted Mcf of load balancing volumes during the projected period when rates will be in effect.

(D) – Decrease; (C) - Change