

UGI PENN NATURAL GAS, INC.

BEFORE

THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Information Submitted Pursuant to

Section 53.51 et seq of the Commission's Regulations

PNG EXHIBIT F – CURRENT TARIFFS

ORIGINAL TARIFFS

UGI PENN NATURAL GAS, INC. – PA P.U.C. NO. 8

UGI PENN NATURAL GAS, INC. – PA P.U.C. NO. 1

DOCKET NO. R-2016-2580030

Issued: January 19, 2017

Effective: March 20, 2017

UGI PENN NATURAL GAS, INC.

GAS TARIFF

INCLUDING THE GAS SERVICE TARIFF

AND

THE CHOICE SUPPLIER TARIFF

Rates and Rules
Governing the
Furnishing of
Gas Service and Choice Aggregation Service
in the
Territory Described Herein

Issued: December 7, 2016

Effective for service rendered on
and after December 17, 2016, in
accordance with the Commission's
State Tax Adjustment Procedure
Order, dated March 10, 1970.

Issued By:

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Vice President - Rates and Government Relations
Vice President and General Manager - Electric Utilities
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<http://www.ugi.com/png>

NOTICE

This tariff makes decreases to existing Rules and Regulations. (See Page 2.)

LIST OF CHANGES MADE BY THIS SUPPLEMENT
(Page Numbers Refer to Official Tariff)

Rider A, State Tax Adjustment Surcharge, Page 28

- The STAS rate is decreased.

TABLE OF CONTENTS

<u>Section A - Gas Service Tariff</u>	<u>PAGE</u>	
	<u>NUMBER</u>	
Title Page	1	
List of Changes Made by this Supplement	2	
Table of Contents	3	
Table of Contents (Cont'd.)	4	
Description of Territory	5	
Description of Territory (Cont'd.)	6	
Description of Territory (Cont'd.)	7	
Description of Territory (Cont'd.)	8	
Definitions - General	9	
Definitions - General (Cont'd.)	10	
Definitions - General (Cont'd.)	11	
Definitions - General (Cont'd.)	12	
Definitions - General (Cont'd.)	13	
Rules and Regulations:		
1. The Gas Service Tariff	14	
2. Contract for Gas Service	15	
3. Guarantee of Payment	16	
Guarantee of Payment (Cont'd.)	17	
Guarantee of Payment (Cont'd.)	17 (a)	
Guarantee of Payment (Cont'd.)	17 (b)	
4. Service - Supply Facilities	18	
5. Extension Regulation	19	
Extension Regulation (Cont'd.)	20	
Extension Regulation (Cont'd.)	21	
Extension Regulation (Cont'd.)	21 (a) - (b)	
6. Customer's Responsibility for Company's Property	22	
Customer's Responsibility for Company's Property (Cont'd.)	23	
7. Meter Reading	24	
8. Billing and Payment	25	
Billing and Payment (cont'd.)	26	
Billing and Payment (cont'd.)	26 (a)	
9. Termination and Discontinuance of Service	27	
Termination and Discontinuance of Service (Cont'd.)	27 (a)	
10. Rider A - State Tax Adjustment Surcharge	27 (a)	
Rider A - State Tax Adjustment Surcharge (Cont'd.)	28	
11. Rider B - Section 1307(f) Purchased Gas Costs	28	
Section 1307(f) Pur. Gas Costs (Cont'd.)	29	
Section 1307(f) Pur. Gas Costs (Cont'd.)	30	
Section 1307(f) Pur. Gas Costs (Cont'd.)	31	
12. Page intentionally left blank	32	(C)
13. Rider D - Merchant Function Charge	33	
14. Rider E - Universal Service Program	34	
Rider E - Universal Service Program (Cont'd.)	35	
14.A Rider F - Gas Procurement Charge	35 (a)	
14.B Price to Compare	35 (a)	
14.C Rider G - Distribution System Improvement Charge	35 (b) - 35 (e)	
15. Gas Emergency Planning	36	
Gas Emergency Planning (Cont'd.)	37-40	
16. GENERAL TERMS FOR DELIVERY SERVICE FOR RATES DS, LFD, XD, AND IS	41	
GENERAL TERMS FOR DELIVERY SERVICE FOR RATES DS, LFD, XD, AND IS	42-47	
17. GENERAL TERMS FOR INTERCONNECTION COORDINATION SERVICES FOR CONNECTING ENTITIES	47A	

(C) Indicates Change

<u>TABLE OF CONTENTS (Continued)</u>		<u>PAGE NUMBER</u>
<u>Rate Schedules:</u>		
Rate R -	General Service - Residential	48
	Rate R - General Service - Residential (Cont'd.)	49
Rate RT -	General Service - Residential Transportation	50
	Rate RT (Cont'd.)	51
Rate GL -	Gas Light Service	52
Rate N -	General Service - Non-Residential	53 (C)
	Rate N (Cont'd.)	54
Rate NT -	General Service - Non-Residential Transportation	55 (C)
	Rate NT (Cont'd.)	56
	Rate NT (Cont'd.)	57
Rate GBM -	Gas Beyond the Mains	58
	Rate GBM (Cont'd.)	59
Rate CIAC -	Air Conditioning Service	60
	Rate CIAC - Air Conditioning Service (Cont'd.)	61
Rate DS -	Delivery Service	62
	Rate DS - Delivery Service (Cont'd.)	63
Rate NNS -	Rate No Notice Service	64
	Rate No Notice Service (Cont'd.)	65
Rate MBS -	Monthly Balancing Service	66
	Monthly Balancing Service (Cont'd.)	67
Rate LFD -	Large Firm Delivery Service	68
	Large Firm Delivery Service (Cont'd.)	69
	Large Firm Delivery Service (Cont'd.)	70
	Large Firm Delivery Service (Cont'd.)	71
Rate XD -	Extended Large Firm Delivery Service	72
	Extended Large Firm Delivery Service (Cont'd.)	73
	Extended Large Firm Delivery Service (Cont'd.)	74
Rate R/S -	Retail and Standby Rider	75
	Retail and Standby Rider (Cont'd.)	76
	Retail and Standby Rider (Cont'd.)	77
Rate IS -	Interruptible Service	78
	Rate IS (Cont'd.)	79
	Rate IS (Cont'd.)	80
Rate S -	Storage Service	81
	Rate S (Cont'd.)	82
	Rate S (Cont'd.)	83
 <u>Section B - The Choice Supplier Tariff</u>		
Rules and Regulations		
1.	The Choice Supplier Tariff	84
2.	Choice Supplier Qualification	85-86
3.	Customer List	86
4.	Choice Supplier Obligations	87
These Pages Reserved for Future Use		88-89
5.	Operational Requirements	90
6.	Billing and Payment	91-92
7.	Nomination Procedure	93-94
8.	Financial Security	95-96(a)
9.	Enrollment of Customers into Rate Schedules RT, NT and CT	97
	Rate AG	98-102
	Aggregation Agreement (Pro Forma)	103-114

(C) Indicates Change

Description of Territory

The Company's charter territory includes Clinton, Columbia, Lackawanna, Luzerne, Lycoming, Montour, Northumberland, Pike, Snyder, Susquehanna, Union, Wayne and Wyoming Counties, Pennsylvania. Gas service is available in all localities where the Company has pipelines, including all or a portion of the following Cities, Boroughs and Townships:

CLINTON COUNTY

<u>Township</u>			
Crawford	Gallagher	Grugan	(C)
Wayne			(C)

COLUMBIA COUNTY

Boroughs

Berwick	Briar Creek
---------	-------------

Town

Bloomsburg

Townships

Briar Creek	Mifflin	South Centre	
Hemlock	Montour	Scott	

LACKAWANNA COUNTY

Cities

Carbondale	Scranton
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Boroughs

Archbald	Dunmore	Olyphant	
Blakely	Jermyn	Taylor	
Clarks Green	Mayfield	Throop	
Clarks Summit	Moosic	Vandling	
Dalton	Moscow	Jessup	(C)
Dickson City	Old Forge		

Townships

Abington	Glenburn	Ransom	
Benton	Greenfield	Roaring Brook	
Carbondale	Jefferson	Scott	
Clifton	La Plume	South Abington	
Covington	Madison	Spring Brook	
Elmhurst	Newton	West Abington	
Fell	North Abington		

(C) Indicates Changes

Issued: December 27, 2011

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December 28, 2011

Description of Territory - Continued

LUZERNE COUNTY

Cities

Nanticoke	Wilkes-Barre	Pittston	(C)
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Boroughs

Ashley	Harvey's Lake	Plymouth	
Avoca	Kingston	Pringle	
Courtdale	Laflin	Shickshinny	(C)
Dallas	Larksville	Swoyersville	
Dupont	Laurel Run	Sugar Notch	
Duryea	Luzerne	Warrior Run	
Edwardsville	Nescopeck	West Wyoming	
Exeter	New Columbus	Wyoming	(C)
Forty Fort	Nuangola	Yatesville	(C)

Townships

Bear Creek	Hollenback	Pittston	(C)
Buck	Hunlock	Plains	
Conyngham	Huntington	Plymouth	
Dallas	Jackson	Rice	
Dorrance	Jenkins	Ross	(C)
Exeter	Kingston	Salem	
Fairmount	Lake	Slocum	
Fairview	Lehman	Union	
Franklin	Nescopeck	Wilkes-Barre	
Hanover	Newport	Wright	

LYCOMING COUNTY

City

Williamsport

Boroughs

Duboistown	Montoursville	South Williamsport
Montgomery	Muncy	

Townships

Anthony	Jordan	Old Lycoming
Armstrong	Limestone	Penn (Part)
Bastress	Loyalsock	Shresbury (Part)
Brady	Lycoming	Susquehanna
Clinton	Millcreek	Upper Fairchild
Eldred	Moreland	Washington
Fairfield	Muncy	Wolf (Part)
Franklin	Muncy Creek	Woodward
Hepburn		

Description of Territory - Continued

MONTOUR COUNTY

Borough

Danville

Townships

Cooper
Limestone

Mahoning

Valley

NORTHUMBERLAND COUNTY

City

Sunbury

Boroughs

Milton
Northumberland

Riverside
Turbotville

Watsontown

Townships

Delaware
Lewis Twp.

Point
Turbot

Upper Augusta
West Chillisquaque

PIKE COUNTY

Boroughs

Milford

Townships

Lehman
Dingman

Milford

Westfall

(C)

SNYDER COUNTY

Boroughs

Selinsgrove

Shamokin Dam

Townships

Middlecreek

Monroe

Penn

DEFINITIONS - GENERAL

Alternate Fuel: Any fuel other than natural gas.

Applicant: Any person, corporation or other entity that (i) desires 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 lawfully receiving from the Company any service provided for in this Tariff at such location. (C)

Authorized Payment Agent: An agent expressly authorized by Company to accept payments from Customers on behalf of Company.

Automated Meter Reading (AMR): Metering using technologies that automatically read and collect data from metering devices and transfer that data to a central database for billing and other purposes and does not include a Remote Meter Reading Device. All meter readings by an AMR shall be deemed actual readings.

Ccf: 100 cubic feet of gas. This is a measure of gas usage.

CFH: Cubic feet per hour.

CCFD: One Hundred Cubic feet per day.

Chapter 56: The PUC regulations that govern metering, billing and collections for residential gas and electricity service.

City Gate: A point of interconnection between the Company's facilities and third party source of supply.

Combined Billing: The aggregation of the billing determinants of two or more meters of the same Customer at the same location for billing purposes. This applies to only contiguous properties with the same billing/meter read date.

Consolidated Billing: The aggregation of two or more Customer bills to one bill from different service locations or the same service location for ease of Customer receiving one bill for multiple service locations instead of receiving multiple bills. Each meter will be billed under the applicable Tariff rate and will not be considered combined billing. Customer will be required to pay Company to perform such transactions.

Commodity: The gas delivered to a Customer during the billing month.

Company: UGI Penn Natural Gas, Inc.

(C) Indicates Change

DEFINITIONS - GENERAL (Continued)

Commercial Customer:	A Customer who is not classified as an Industrial Customer or Residential Customer.
Creditworthiness:	An assessment of an Applicant's or Customer's ability to meet bill payment obligations for utility service. (C)
Critical Day:	Any day, determined by company in its sole discretion, when variations in supply or demand could jeopardize the safety or reliability of Company's Gas Service.
Customer:	Any person, corporation or other entity lawfully in receipt of gas service, aggregation and balancing services or interconnection coordination services from the Company under this Tariff.
Customer Charge:	A monthly charge.
Daily Flow Directive ("DFD"):	An order issued by the Company to address system management issues on a non-critical day, including actions necessary to comply with statutory directives and obligations. DFDs will be communicated to affected Customers or NGSs either electronically, by telephone, by facsimile, through the use of the media or by an alternate mutually agreed upon method between the Company and the Customer or NGS. Customers and NGSs must provide the Company with a 24-hour contact for DFDs. Failure to comply with a DFD may result in the Customer or NGS being assessed the penalty charge set forth in Section 16.5.
Discontinuance of Service:	The cessation of service with the consent of Customer.
Distribution Charges:	Charges to recover the costs the Company incurs to provide the services necessary to deliver natural gas to a Customer from the point of receipt into the Company's distribution system.
Dth (Dekatherm):	A measure of the heat content value of gas. Gas usage is determined by multiplying the MCF used by the heat content value of the gas.
Gas or Natural Gas:	A flammable gas meeting PUC heating value and purity requirements that may include natural gas, synthetic natural gas, propane, landfill gas and any and all natural gas substitutes.
Gas Cost Adjustment Charges:	The amount billed or credited each month to account for differences between projected and actual gas supply cost of the Supplier of Last Resort.
Gas Service:	The furnishing of gas by the Company at the point of delivery regardless of whether the Customer makes any use of the gas.

(C) Indicates Change

Issued: March 26, 2015

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May 25, 2015

DEFINITIONS - GENERAL (Continued)

(C)

Gas Supply or Commodity Charge:	Charges by an NGS or Supplier of Last Resort to recover the cost of procuring natural gas and delivering it to the Company's facilities for redelivery to Customers.
Industrial Customer:	A Customer engaged in the process which creates or changes raw materials or unfinished materials into another form or product.
Interruptible Service:	Natural gas services that can be temporarily discontinued under terms and conditions specified by Tariff or contract.
MCF:	1,000 cubic feet of gas. This is a measure of gas usage.
Natural Gas Supplier (NGS):	Any person, corporation or other entity that has received a license from the PUC to supply natural gas supply services to Customers in the Company's service territory and that has met the additional criteria established by the Company to permit it to provide natural gas supply service to Customers.
Non-Critical Day:	Any day determined by Company not to be a Critical Day
Non-Residential Applicant:	An Applicant not classified as a Residential Applicant.
Non-Residential Customer:	A Customer not classified as a Residential Customer, including a Commercial Customer and an Industrial Customer.
Occupant:	A natural person who resides in the premises to which gas service is provided.
Operational Flow Order ("OFO"):	A directive issued by the on a critical day. OFOs will be communicated as soon as reasonably practical to affected Customers or NGSs either electronically, by telephone, by facsimile, through the use of the media or by an alternate mutually agreed upon method between the Company and the Customer or NGS. Customers and NGSs must provide the Company with a 24-hour contact for OFOs. Failure to comply with an OFO may result in the Customer or NGS being assessed the penalty charge set forth in Section 16.5.
Point of Delivery:	The outlet of company facilities; usually the meter or regulator outlet.
Price to Compare:	The dollar amount charged by the Company, used by Customers to compare prices and potential savings with other Natural Gas Suppliers.
PUC:	The Pennsylvania Public Utility Commission.

(C) Indicates Change

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DEFINITIONS - GENERAL (Continued)

(C)

Remote Meter Reading
Device:

A device which by electrical impulse or otherwise transmits readings from a meter, usually located within a residence, to a more accessible location outside a residence. The term does not include AMR and devices that permit direct interrogation of the meter.

Residential Applicant: An Applicant who is (1) a natural person at least 18 years of age not currently receiving service who applies for residential service, or (2) an adult Occupant whose name appears on the mortgage, deed or lease of the property for which the residential utility service is requested. The term shall not include (1) a Residential Customer who seeks to transfer service within the Company's service territory, or (2) a Residential Customer who, within 30 days after Termination or Discontinuance of Service, seeks to have service reconnected at the same location or transferred to another location within the Company's service territory. (C)

Residential Customer: A Customer who is either (1) a natural person at least 18 years of age in whose name a residential account is listed and who is primarily responsible for payment of bills rendered for the service, or (2) any adult Occupant whose name appears on the mortgage, deed or lease of the property for which residential service is requested. A Residential Customer shall be further defined to include a Customer receiving the Company's gas service to a single-family dwelling or building, through one meter to four or fewer dwelling units in a multi-family dwelling, or premises used as a single family dwelling and for one or more business uses, provided the proprietor of the business resides in the single family dwelling, and the business uses less than fifty percent of the anticipated gas usage served through a single meter. Service will be supplied only where the Company's facilities are suitable to the service desired. A Residential Customer shall remain a Customer after Discontinuance of Service or Termination of Service until the final bill for service is past due. The term includes a person who, within 30 days after Termination or Discontinuance of Service, seeks to have service reconnected at the same location or transferred to another location within the Company's service territory. (C)

Supplier of Last
Resort:

The Company or another entity that provides 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. Currently, the Company is the supplier of last resort for all Customers under the terms of this Tariff. Each Customer may only have one supplier of last resort with one exception: The Company shall be under no obligation and shall have no duty to serve as Supplier of Last Resort to any Rate DS, IS, LFD, or XD customers.

(C) Indicates Change

DEFINITIONS - GENERAL (Continued)

(C)

Tariff:	The rates, rules, and regulations set forth herein, as may be amended, modified or superseded from time to time. The Tariff is on file with the PUC and available on the Company's website.
Termination of Service:	The cessation of service, whether temporary or permanent, without the consent of Customer.
Unauthorized Use of Service:	Unreasonable interference or diversion of service, including meter tampering (any act which affects the proper registration of service through a meter), by-passing unmetered service that flows through a device connected between a service line and customer-owned facilities and unauthorized service restoral.
User Without Contract:	A natural person who takes or accepts gas service without the knowledge or approval of the Company, other than the Unauthorized Use of Service as defined above.

(C) Indicates Change

Issued: March 26, 2015

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RULES AND REGULATIONS

(C)

1. THE GAS SERVICE TARIFF

1.1 Agreements. No agent or employee of the Company has authority to make any promise, agreement or representation not consistent with this Tariff.

1.2 Waiver 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 enforce any of the terms of this Tariff.

1.3 Filing and Posting. A copy of this Tariff is on file with the PUC and is available on Company's website at <http://www.ugi.com/png/>

1.4 Application of Rates: The rates named in this Tariff are based upon supply to one Customer through one meter at the same or contiguous property. Each service to a different location and/or of a different rate classification shall be billed as a separate Customer. Customers who take service at two or more locations on the same property under the same rate schedule may, by request, have their use of gas combined for billing purposes; Customers electing to take advantage of this rule may do so only at the time initial service is established to the premises and shall pay the cost of all additional service connections required unless, in the Company's sole judgment, the Company's investment in such connections is warranted by the revenue anticipated from the service to be supplied. Customers may not pool together for purposes of qualifying for a rate schedule.

1.5 Liability and Legal Remedies: The Customer will indemnify, defend and hold harmless the Company against all claims, demands, costs or expenses for loss, damage, or injury to person or property in any manner either directly or indirectly connected with or growing out of the supply or use of gas service by the Customer at or on the Customer's side of the point of delivery. Neither the Company nor the Customer will be liable to each other for any act or omission caused either directly or indirectly by strikes, labor troubles, accidents, litigation, federal, state or municipal laws or interference, or other causes not a result of each party's own negligence or intentional misconduct.

1.6 Classification of Customers: Gas service is made available under the rules, regulations and rate schedules to the following classes of Customers: Residential, Commercial, and Industrial.

RULES AND REGULATIONS

2. CONTRACT FOR GAS SERVICE

2.1 Application for Service. Every Residential Applicant and Non-Residential Applicant for Gas Service must apply through the Company and also may be required to sign a contract.

The Company may assess the following service charges:

Turn On Charge. The Company may assess its service charge of \$37.00 if the natural gas flow to the property has been discontinued.

Shut Off Charge. The Company may assess its service charge of \$37.00 if the Customer requests that natural gas service to the property be discontinued, thereby resulting in service being shutoff.

Change of Customer Charge. The Company may assess its service charge of \$19.50 if the new party requesting service requests the Company to read the meter.

Meter Test Fees:

Meter Size:	0 - 500 CFH	\$10.00
	501 - 1500 CFH	\$20.00
	Over - 1500 CFH	\$30.00

Subject to Customer's payment of the meter test fee, upon Customer's request, the Company shall secure an in-person meter reading to confirm the accuracy of an automatic meter reading device when a customer disconnects service or a new service request is received. (C)

2.2 Right to Reject. The Company may limit the amount and character of service it will supply. It may reject applications where service is not available, or which might affect service to existing Customers, or for other good and sufficient reasons at the Company's sole discretion.

2.3 Use of Gas. The use of gas shall only be for the purpose and in the places identified by the customer in applying for service. The gas supplied by the Company shall not be resold without the express written permission of the Company. In the event that the Customer uses the gas in an improper or unsafe manner, in violation of this Tariff or any applicable federal, state or municipal laws or codes, the Company may immediately terminate service as described in the Service Discontinuation and Termination section of this Tariff. In the event that any loss is sustained as a result of Customer's improper or illegal use of the gas, the Customer agrees to indemnify, defend and hold harmless Company. The Company will not supply gas for any additional equipment, or any increased usage for any Customer, unless request was filed with the Company prior to the connection or increased usage. The Company reserves the right to limit or discontinue Gas Service or charge Customer upgrade installation charges in order to provide additional Gas Service. Customer is responsible for any loss of Gas Service to other Customers caused by failure to register.

2.4 Distribution System Bypass. Unless otherwise provided by contract, if any Customer or potential Customer of the Company bypasses the Company for all or a portion of their Natural Gas Service needs then the Company thereafter shall have no obligation to serve or maintain the gas supply or physical capacity necessary to serve such Customer under regulations specified herein. In addition, to the extent that such Customer continues to purchase natural gas or natural gas transportation service from the Company, the Company shall have the right to charge a negotiated rate for continued, subsequent or standby service that, at a maximum, is established solely by competitive market conditions.

(C) Indicates Change

RULES AND REGULATIONS

3. GUARANTEE OF PAYMENT

3.1 Deposits for Non-Residential Accounts. A cash deposit may be required from a Non-Residential Applicant to secure payment of bills for regulated distribution service. In addition, the Company may require a deposit, letter of credit or other adequate assurance of payment, or any combination thereof, from a Non-Residential Customer if the Non-Residential Customer has been delinquent in payment of any bill in the preceding twelve (12) months or the Company otherwise has reasonable grounds to require security for payment of bills. The deposit shall not be more than the bill for regulated distribution service for the estimated usage for one average monthly billing period plus that for the highest billing period within the most recent twelve (12) months with a minimum fifty dollars (\$50.00) deposit.

3.2 Deposits for Residential Accounts. The Company may require a cash deposit from a Residential Applicant or Residential Customer to secure payment of bills for regulated distribution service based upon the following:

(a) A Residential Applicant or Residential Customer whose service was terminated for any of the following reasons:

- (1) Nonpayment of an undisputed delinquent account.
- (2) Failure to complete payment of a deposit, providing a guarantee or establish credit.
- (3) Failure to permit access to meters, service connections or other property of Company for the purposes of replacement, maintenance, repair, or meter reading.
- (4) Unauthorized Use of Service on or about the affected dwelling.
- (5) Failure to comply with the material terms of a payment arrangement. (C)
- (6) Fraud or material misrepresentation of identity for the purposes of obtaining utility service.
- (7) Tampering with meters, including, but not limited to, bypassing a meter or removal of an automatic meter reading device or other Company equipment.
- (8) Violating tariff provisions on file with the PUC so as to endanger the safety of a person or the integrity of the Company's delivery system.

(b) Any Residential Applicant who is unable to establish creditworthiness to the satisfaction of Company through the use of a generally accepted credit scoring methodology which employs standards for using the methodology that falls within the range of general industry practice and specifically assesses the risk of utility bill payment.

(c) A Residential Customer who fails to comply with the material terms or condition of a settlement or payment arrangement. (C)

(d) A Residential Customer who has been delinquent in the payment of two (2) consecutive bills, or three (3) or more bills within the preceding twelve (12) months.

RULES AND REGULATIONS

3. GUARANTEE OF PAYMENT - Continued (C)

(e) The Company has established separate credit procedures and standards for Residential Applicants and Residential Customers who are victims with a protection from abuse order or for whom there is a court order from a court of competent jurisdiction in this Commonwealth, which provides clear evidence of domestic violence against the Residential Applicant or Residential Customer. These procedures shall be publicly posted on the Company's website and maintained on file in each of the business offices of the Company and made available, upon request, for inspection by members of the public. (C)

3.3. Amount of Deposit for Residential Accounts. For Residential Applicants, the amount of the cash deposit shall not be more than 1/6 of a Residential Applicant's estimated annual bill, with such estimated annual bill determined at the time the deposit is required. In lieu of a cash deposit from a Residential Applicant, the Company may accept a written third-party guaranty on behalf of the Residential Applicant, provided that the guarantor establishes credit with the Company under Section 3.2 and the terms of the written guaranty are approved in writing by the Company, with such approval not to be unreasonably withheld. For Residential Customers, the amount of the cash deposit shall not be more than the estimated charges for service based on the Residential Customer's prior consumption for the period equal to one average billing period plus one average month, not to exceed two (2) months.

3.4 Payment Period for Deposits.

(a) Any Non-Residential Applicant seeking to establish service at a new or different service location or seeking to reconnect service at the same service location previously terminated or discontinued, shall pay the required deposit in full prior to the provision of service. (C)

(b) Any Residential Applicant or Residential Customer seeking to establish service at a new or different location or seeking to reconnect service at the same service location previously terminated or discontinued shall pay the required deposit in full within 90 days. A Residential Applicant or Residential Customer may elect to pay the required deposit in three installments as follows: 50% of the required deposit billed upon the establishment or reconnection of service, with 25% of the required deposit to be billed by the Company 30 days after the establishment or reconnection of service and the remaining 25% billed 60 days after the establishment or reconnection of service. Nothing shall preclude the Residential Applicant or Residential Customer from electing to pay the deposit in full before or on the due date. (C)

(c) Any Customer receiving service from the Company shall pay the required deposit in full on or before the due date. A Residential Customer may elect to pay the required deposit in three installments as follows: 50% of the required deposit billed upon the determination by the Company under Section 3.2(c) or (d) above that the deposit is required, with 25% to be billed by the Company 30 days after the determination and the remaining 25% billed 60 days after the determination. (C)

(C) Indicates Change

RULES AND REGULATIONS

3. GUARANTEE OF PAYMENT - Continued

(C)

3.5 Deposit Hold Period for Residential Accounts. A timely payment history is established for a Residential Customer when the Residential Customer has paid in full and on time for twelve (12) consecutive months. Company may hold a deposit on a Residential Customer's account until a timely payment history is established (the "Deposit Hold Period"). At the end of the Deposit Hold Period Company shall credit the deposit, plus accrued interest, to the Residential Customer's account. Deposits credited after the end of the Deposit Hold Period shall first be applied to any past due amounts. If service is terminated or discontinued before the end of the Deposit Hold Period, Company shall deduct any outstanding balance from the deposit and return any positive balance to the Residential Customer within sixty (60) days.

(C)

3.6 Refund Provision Non-Residential Customers. Deposits secured from Non-Residential Customers will be refunded when the Customer discontinues service and has no unpaid bills or at Company's sole discretion.

3.7 Adjustments. The amount of the deposit may be adjusted when there is a change in consumption that will significantly change the amount of the deposit as computed in Rule 3.1 and 3.3.

3.8 Interest on Deposits. Deposits from all Customers shall bear interest computed at the simple annual interest rate determined by the Secretary of Revenue for interest on underpayment of tax under Section 806 of the Act of April 19, 1929 (P.L. 343, No. 176), known as The Fiscal Code which will be credited annually to the Customer's deposit or account. The interest rate in effect when the deposit is required to be paid shall remain in effect until the later of the date the deposit is refunded or credited or December 31 of each year. On January 1 of each year, the new interest rate for that year will apply to the deposit. Deposits shall cease to bear interest upon termination or discontinuance of the service covered by the deposit.

(C)

3.9 Prior Debts.

(a) Non-Residential Accounts. As a condition of furnishing, transferring or reconnecting service to a Non-Residential Applicant or Non-Residential Customer, the Company may require payment of any outstanding balance on any account for which the Non-Residential Applicant or Non-Residential Customer is legally responsible;

(b) Residential Accounts. As a condition of furnishing, transferring or reconnecting service to a Residential Applicant or Residential Customer, the Company may require payment of any outstanding balance which accrued within the past four years on any account for which the Residential Applicant or Residential Customer is legally responsible. The foregoing four-year limitation shall not apply if the outstanding balance includes past due amounts that the Company was not aware of due to Unauthorized Use of Service, fraud or theft; in which case, the Company may require payment of all such past due amounts without regard to the four-year limitation. The Company may render a make-up bill to a Residential Customer for previously unbilled service which accrued within the past four (4) years resulting from billing error, meter failure, leakage that could not reasonably have been detected or loss of service. If the make-up bill exceeds the otherwise normal estimated bill for the billing period during which the make-up bill is issued by at least 50% or at least \$50, whichever is greater, the Company shall, at the option of the Customer, amortize the bill at least as long as: (1) the period during which the excess amount accrued; or (2) necessary so that the quantity of service billed in any one billing period is not greater than the normal estimated quantity for that period plus 50%.

(C) Indicates Change

RULES AND REGULATIONS

3. GUARANTEE OF PAYMENT - Continued

(C)

(c) The Company may utilize all means of determining an Applicant's or Customer's liability for any outstanding balances, including, but not limited to, the following: (1) use of Company records that contain confidential information previously provided to the Company, (2) information contained on a valid mortgage, lease or deed, (3) other information contained in the Company's records that indicate that the Applicant was an adult Occupant during the time the balances accrued, (4) use of commercially available consumer credit reporting service, (5) use of commercially available skip tracing software that contains records of names and addresses, and (6) use of information contained in credit reporting data utilized by the Company.

RULES AND REGULATIONS

4. SERVICE - SUPPLY FACILITIES

4.1 Facilities Location. The location of the service line on the Customer's property and the location of an outside meter (Standard Installation) shall in all cases be determined by the Company. The Customer shall provide, without charge, a suitable place for the meters, regulators or other equipment of the Company. The Customer is responsible to provide the connection point to the Customer's fuel line at a location adjacent to the terminus of Company facilities and where the connections are not concealed. Such service line, meter and connection locations shall be accessible to the Company's employees for the safe installation, operation, inspection and maintenance of the facilities and shall be, at all times, readily accessible, and if inside, free of excessive temperature variations, with ample passageway, and whether inside or outside, free of obstacles, and unsafe and hazardous conditions and if not accessible Company has ability to charge Customer to move facilities to location acceptable to Company.

4.2 Fuel Line Designation. When two or more meters are installed on one premises, such as an office building or an apartment house, they shall be grouped at one common place accessible for reading and testing. In such an installation, each fuel line pipe shall bear a tag showing the apartment or area served, supplied by and maintained by the Customer. In cases where it is not possible to group meters at one accessible place, they shall be located as directed by the Company.

4.3 Facilities Ownership. The Company will maintain and own any mains, service lines, meters, regulators, connections or other equipment required for the supply of Gas Service. All such equipment shall remain the exclusive property of the Company, and the Company shall have the right to remove such property from the premises of the Customer at any time after the termination of service, whatever may have been the reason for such termination. The Customer shall grant a Right-of-Way for the location of any Company facilities on the Customer's property at the request of the Company.

4.4 Facilities Relocation. Changes in location of mains, service lines, meters, regulators, connections or other equipment for the accommodation of the Customer shall be done by the Company, unless otherwise mutually agreed, at the expense of the Customer. This provision includes the relocation of facilities by the Company where obstructions limit Company access to its facilities.

4.5 Non-Standard Service. The Customer may be required to pay the cost of any special installation necessary to meet Customer's requirements for Gas Service at non standard conditions.

4.6 Reverse Flow. Where necessary, as determined by the Company, the Customer may be required to install check valves, or other devices, at the expense of the Customer, to protect Company facilities.

RULES AND REGULATIONS

5. EXTENSION REGULATION

5.1 Obligation to Extend. Under the rules set forth below and under normal conditions of construction and installation, upon written application, the Company will extend its facilities within its service territory, provided that (a) the requested extension will not adversely affect the availability or deliverability of gas supply to existing customers and (b) the Company's investment in facilities is warranted by the anticipated revenue to be derived from the extension. The costs of extending facilities beyond that provided by the Company shall be paid by the applicant.

5.2 General

- (a) Annual Base Revenue. The Annual Base Revenue is the anticipated base rate revenue from the extension, as determined by the Company, less the cost of fuel included in rates. Where gas is used as a supplemental source of fuel for peak heating purposes, anticipated base revenues from such use shall be excluded from Annual Base Revenue.
- (b) Allowable Investment Amount. The Company's Allowable Investment Amount shall be the Annual Base Revenue divided by a predetermined rate of return.
- (c) Estimates and non-standard costs. Cost estimates used by the Company in analyzing a proposed extension of facilities will be based on construction and installation conditions anticipated for the particular extension, standard street opening terms and fees and installation during the construction season. Notwithstanding the foregoing, applicant may be required to pay for additional costs attributable to nonstandard street opening terms, fees and estimated additional costs attributable to winter season installation.
- (d) Surface Restoration. The Company will restore the street surface in accordance with applicable local government regulations and provide rough backfilling of the installation trench from the curb to the meter. Applicant may be required to perform or pay the cost of non-standard additional surface restoration, including but not limited to replacement or repair of sidewalks, driveways, landscaping or sod.
- (e) Standard conditions of construction in a development, commercial park and industrial park include trenching provided by the developer

5.3 Residential Gas Service

For Gas Service to single dwelling units, individually metered, the Company will install at its cost the meter and a 7"wc. regulator. Any standard installation costs in excess of the Allowable Investment Amount shall be paid by the applicant. All non-standard costs shall be paid for by the Customer, unless otherwise agreed.

RULES AND REGULATIONS

5. EXTENSION REGULATION -Continued

5.4 Commercial and Industrial Gas Service (including apartment buildings and multi-unit housing)

- (a). In extensions costing up to \$10,000 from which the Company in its sole judgment anticipates long-term, continuous usage at projected volumes, the Company will install, at its cost, a meter and a 7" wc. regulator. The Company will provide service-supply pipe and supply-main, provided that the investment by the Company will not exceed the Allowable Investment Amount. Any standard installation costs in excess of the Allowable Investment Amount shall be paid by the applicant. All non-standard costs shall be paid for by the customer, unless otherwise agreed.
- (b). For all other extensions, applicant shall pay for the amount of the estimated cost, if any, in excess of the investment determined by the Company in its sole judgment to be warranted by the anticipated revenue to be derived from the extension.
- (c). The Company may condition its agreement to extend its facilities upon satisfactory long-term and short-term usage commitments and any other terms and conditions of service as are mutually agreeable to the Company and the applicant. A contribution may be required up to the amount of the Company's total investment in the extension.

5.5 Deposits and Refunds

When a contribution is required by the Company, under Sections 5.3 or 5.4, the Company may, in its sole judgment, accept an extension deposit, the terms and conditions of refunds and or future payments that may be required of the applicant will be governed by the service agreement between the Company and the applicant. The terms of any refund due to the applicant shall be defined in the service agreement and shall be limited to a maximum refund of the amount of the original deposit (no interest) and shall be limited to the five year period immediately following completion of this extension.

5.6 Taxes on Deposits for Construction & Customer Advances.

Any contribution, deposit, advance or other like amounts received from the applicant which shall constitute taxable income as defined by the Internal Revenue Service will have the income taxes segregated in a deferred account for inclusion in rate base in a future rate case proceeding. Such income taxes associated with a contribution, deposit or advance will not be included as part of the contribution, deposit, or advance charged to the specific depositor of the capital.

RULES AND REGULATIONS

5. EXTENSION REGULATION -Continued

5.7 Special Utility Service. The provisions set forth in Rule 5 do not apply to applications for Special Utility Service, which include:

1. A request for service from an Applicant with installed alternate fuel capacity.
2. A request for service from an Applicant which is already receiving natural gas service from another supplier of natural gas.
3. A request for service from an applicant located in an area where another natural gas utility also is authorized to serve.
4. A request for service from an Applicant who, in the sole judgment of the Company, may not remain on the Company's system for a sufficient period of time to justify the extension.
5. Applicants eligible for service under Rate Schedule XD.
6. Applicants or customers capable of receiving gas from an interstate pipeline, local production fields, or production facilities.

Applications for Special Utility Service are handled differently from other applications because annual revenues from new Special Utility Service cannot be estimated accurately. Applications for Special Utility Service shall be resolved on a case-by-case basis through negotiations between Applicant and Company.

5.8 Daily Metering.

The Company reserves the right as a condition of service under non-residential Tariff rate schedules with contract term one year and greater to install, at the Customer's expense, remote read devices for the purposes of monitoring and/or billing Customer volumes, at every single meter or multimeter location served under such rate schedules. The Customer shall at all times maintain, at its expense, a phone connection and electric lines to the device which will allow the Company unlimited remote access to the remote read device.

Standard access to daily usage information shall be provided by the Company to the customer, or customer's agent, at no additional charge in a form and manner as specified by the Company. Custom reports, access to historical data beyond one month and/or multiple user access may be provided on an as available basis by the Company for an additional fee.

RULES AND REGULATIONS

5. EXTENSION REGULATION -Continued

(C)

5.9 - Pilot Growth Extension Tariff ("GET Gas") Rider

5.9.1 Availability and Purpose. In lieu of the extension rules set forth in Rules 5.1-5.8, the following GET Gas tariff rules may apply. These GET Gas tariff rules will be applied to eligible customers as part of a 5 year pilot program, unless suspended or terminated earlier pursuant to Rule 5.9.4 or Commission order.

The GET Gas pilot program is designed to test new tariff rules to facilitate the extension of natural gas service to the general class of residential homes and non-residential buildings, not currently receiving natural gas distribution service, which:

(a) are in an Unserved Area (a small group or pocket of customers in a neighborhood location in close proximity to an existing main) or an Underserved Area (a significant portion of a general community or town location or municipality where the Company has identified significant potential for natural gas service demand and existing natural gas facilities are located within a reasonable distance);

(b) are reasonably expected over time to reach target customer saturation levels which will produce revenues, including GET Gas Rider charges, that will support required investments and not unduly burden existing customers; and

(c) otherwise meet the applicable requirement conditions of the GET Gas program.

Under the GET Gas Program, the Company may designate Company facilities extended to an applicant or applicants, as "GET Gas Facilities" and will assess an incremental GET Gas Rider charge amount related to the recovery of GET Gas amounts, as determined on a general class basis, from the class of customers who may connect to these GET Gas facilities during an initial twelve year period.

5.9.2 Designation. Subject to the funding limitations set forth in Rule 5.9.5, Company may apply the GET Gas program tariff rules to service extension requests which exceed a cost of \$15,000 from an Underserved Area or an Unserved Area reasonably designated by Company, where:

(a) there is, in the Company's sole discretion, a reasonable prospect that (i) fifty percent (50%) or more of existing residential homes along the GET Gas project facility extension route or area will convert their primary heating source to natural gas and directly connect to the GET Gas facilities within 12 years ("GET Gas Customers"); and

(b) the estimated total investment for each GET Gas Customer to be connected does not exceed \$10,000 (inclusive of any projected commercial customers).

RULES AND REGULATIONS

5. EXTENSION REGULATION -Continued

(C)

5.9.3 Get Gas Rider. Customers receiving service by connections to Company facilities designated by Company as GET Gas pursuant to Rule 5.9.2 within an initial twelve years following installation, and which receive service under Rate Schedules R, RT, N or NT, shall be required to pay GET Gas Rider charges listed below as part of distribution service for a period of ten years, beginning from the first date the meter is set. GET Gas Rider charges will not be considered Basic Natural Gas Service Charges during the Pilot Period. Non-residential customers subject to the GET Gas Rider charge, as determined by the Company in its sole discretion, may not avoid the charge by electing an alternate rate schedule. In lieu of paying the monthly GET Gas Rider charges, Customers may elect at any time to pay a lump sum upfront payment equal to the remaining principal portion of the GET Gas surcharge. The lump sum upfront payment made by Non-Residential Customers shall be based on anticipated annual customer usage, as determined by the Company in its sole discretion.

GET Gas Rider Rate:

Rate Schedules R and RT: \$44.90 monthly charge

Rate Schedules N and NT: \$23.01 monthly charge plus \$2.71 per Mcf for all usage.

5.9.4 Limitations. If the differential between Average Residential Annual Natural Gas Costs per MMBtu and Average Residential Annual Heating Oil Costs per MMBtu drops and remains below \$10.00 per MMBtu for two consecutive quarters (with such calculations performed for the quarters ending March, June, September and December), the Company will evaluate whether to continue to invest in new GET Gas facilities based on market specifics at that time, except that the Company will continue to invest in (a) service connections to GET Gas Facilities that are already installed or (b) GET Gas projects that are currently underway or have been committed to by the Company.

For purpose of the above limitation:

Average Residential Annual Heating Oil Costs per MMBtu = (12 month future period average of NYMEX "HO" Contract) plus (delivery variable); and

Average Residential Annual Natural Gas Costs per MMBtu = (All applicable Rate R volumetric rates and riders) plus (All applicable Rate R monthly charges, excluding the monthly GET Gas Rider, divided by the current average annual residential volumes)

Company also reserves the right to temporarily close or to terminate the program at its discretion for good cause.

5.9.5 Funding. Funding for this pilot GET Gas tariff program shall be limited to an annual average level of \$5 million for the duration of the 5 year pilot term, with total funding not to exceed \$25 million, absent Commission approval to exceed these amounts.

RULES AND REGULATIONS

6. CUSTOMER'S RESPONSIBILITY FOR COMPANY'S PROPERTY

6.1 Maintenance of Company Equipment. Company shall own and maintain Company facilities through the Point of Delivery, but shall not be required to install or maintain any pipes, appurtenances or equipment beyond that point, unless specifically provided for in writing.

6.2 Access to Premises. The authorized agents and/or employees of the Company shall have free access at all reasonable times to the premises of the Customer for the purpose of reading meters and disconnecting service, for installing, testing, inspecting, repairing, adjusting or removing any Company property. Authorized agents of the Company shall have immediate access to any premises whenever they believe an unsafe or hazardous condition exists.

6.3 Protection by Customer. The Customer shall be responsible at Customers expense for the protection of the Company's property on his premises, and shall not permit any unauthorized person to do any work on such property. In the event of damage or destruction of Company's facilities on Customer's property, the Customer shall pay the costs of repairs, replacement, and/or related costs.

6.4 Tampering and Theft of Service

6.4.1 Tampering. In the event the Company's meter or other equipment is tampered or interfered with, the Customer shall pay the amount which the Company may estimate is due for service used but not registered on the Company's meter, and for any repairs or replacements required, as well as for costs of inspections, investigations, and protective installations. Such tampering will be grounds for immediate termination of service without notice as specified in the Termination of Service and Disconnection section of this Tariff.

6.4.2 Theft of service occurs when a person obtains gas, by deception, tampering with Company facilities or other means designed to avoid payment for gas provided by Company. Persons who obtain gas through such means may be subject to civil suit and/or criminal prosecution. If theft of service occurs, the Company may immediately terminate service to the location receiving the unauthorized service.

.1 Before service will be restored to the affected location, the Customer must pay (1) for all gas consumed during the period of unauthorized usage, (2) any delinquent gas service balance, including late fees, (3) reconnection fees, (4) a security deposit, and (5) the costs associated with damage to the Company's meters or equipment.

.2 In the event that the theft of service is referred for criminal prosecution, the Company may deny gas service until the case is concluded and any restitution ordered is paid.

RULES AND REGULATIONS

6. CUSTOMER'S RESPONSIBILITY FOR COMPANY'S PROPERTY - Continued

6.5 Continuity of Service. The Company will endeavor at all times to provide reasonable and continuous service to the Customer. The sole liability of the Company for failure to furnish a sufficient supply of gas or for failure to transport Customer's gas shall be limited to an amount equal to the Customer's proportionate monthly Customer charge for the period of time during which a Gas Service failure occurs during which a supply failure occurs. In no event shall the Company be liable for direct, extraordinary, special, or consequential damages arising in any manner whatsoever as a result of supply failure.

6.6 Notification of Construction. It will be the Customer's responsibility to notify the Company and any applicable federal, state or local agencies (i.e., Pennsylvania's One Call System, Inc.) prior to digging or before any construction occurs on the Customer's property that may impair or prevent access by the Company to its service line or any other equipment located on the Customer's property.

6.7 Gas Leaks. It is the responsibility of the Customer to exercise all due care in the detection of defects, leaks, or other dangerous developments incident to the handling of gas. The Customer agrees to immediately inform Company of any gas leaks and in the event of any resulting loss thereof, failure to do so may result in an evidentiary finding of contributory or comparative negligence on the part of the Customer.

6.8 Suspension of Service. For the purpose of making repairs to the mains or other parts of its system, the Company may suspend service for such periods as may in its sole judgment be necessary.

RULES AND REGULATIONS

(C)

7. METER READING

7.1 Definition of a Cubic Foot. A cubic foot shall be the amount of gas that occupies a volume of one cubic foot at an absolute pressure of 14.73 pounds per square inch and a temperature of 60° Fahrenheit. To determine the volume at conditions other than standard pressures of gas delivered, factors such as those for pressure, temperature, specific gravity, caloric value, and deviation from the laws of ideal gases may be applied.

7.2 Method of Measurement. Gas usage shall be measured by Company owned meters.

RULES AND REGULATIONS

(C)

8. BILLING AND PAYMENT

8.1 Billing Month. Bills are rendered monthly. The Company normally reads meters monthly. However, at its option, the Company may read meters once every two months. In instances where meters are read every two months, the first month's bill will be based on an estimate of the consumption for the first month of the bi-monthly period. Bills are due when rendered and shall be considered as received by the Customer when left at, or mailed to, the address where service is rendered, or such other address as designated by the Customer. A billing month is the period upon which a Customer's monthly charges and consumption are computed and for which a bill is rendered. For Residential Customers, the billing month is a period of not less than 26 or greater than 35 days. An initial bill for a new Residential Customer may be less than 26 days or greater than 35 days; provided however, if an initial bill exceeds 60 days the Residential Customer shall be given the opportunity to amortize the amount over a period equal to the period covered by the initial bill without penalty. A final bill due to the discontinuance may be less than 26 days or greater than 35 days but may never exceed 42 days. In cases involving termination, a final bill may be less than 26 days. In addition, bills for less than 26 days or more than 35 days shall be permitted if they result from rebilling initiated by the Company or Customer dispute to correct a billing problem. Bills for less than 26 days or more than 35 days shall be permitted if they result from a meter reading route change initiated by the Company. (C)

8.2 Estimated Consumption. When the Company is unable to obtain an actual meter reading because of inability to gain access to the meter, or because of extreme weather conditions, emergencies, equipment failures, work stoppages or any other circumstances, the Company will render appropriately marked estimated bills.

8.3 Application of a Rate Schedule. The Company will compute bills under the rate schedule selected by and for which the customer qualifies. In the event the customer does not select a Rate Schedule, the Company may discontinue service or place the Customer on a rate schedule for which the Customer qualifies.

8.4 Budget Billing. Residential Heating Customers may elect an optional billing procedure which averages the estimated Company regulated service costs over a revolving twelve (12) month Budget Billing plan. These Customers will be billed for the use of gas during the next eleven (11) months beginning with whatever month that they select. Company will review the Budget Billing amount on the fourth (4th), seventh (7th) and tenth (10th) months annually adjusting upward or downward the Budget Billing amount based on actual charges to date and projected charges to the end of the twelve (12) month Budget Billing. The twelfth bill will be for usage for the month, with an adjustment for the difference between payments made and actual charges for gas service for the prior eleven (11) months, inclusive. At the conclusion of the budget billing year, any resulting reconciliation amount exceeding \$100 may be amortized over a twelve (12) month period upon Residential Heating Customer request. (C)

The optional twelve (12) month Budget Billing plan, as described above, is available to Commercial and Industrial Heating Customers provided that at least seventy-five (75) percent of the Customer's total gas consumption is for space heating. If a Customer has an unpaid balance equal to the amount of two (2) Budget Bill Plan bills, billing under this plan may be terminated by the Company.

RULES AND REGULATIONS

8. BILLING AND PAYMENT - Continued

8.5 Payment Due Date. The due date for payment of Residential Customers' bills shall not be less than twenty (20) days from the date of mailing and fifteen (15) days for a Non-Residential Customer's bill with the exception that bills to the Commonwealth of Pennsylvania, the Government of the United States, or any of their agencies, and elementary and secondary schools shall be due fifteen (15) days after the date of mailing unless otherwise extended to thirty (30) days by mutual agreement. For all billings, if the due date for payment should fall on a Saturday, Sunday, bank holiday or any other day when the offices of the Company where payments are regularly received are not open to the general public, the due date shall be extended to the next business day. Failure to receive a bill will not release the Customer from payment obligations.

8.6 Date of Payment for Residential Customers. For payments by mail, the effective date of payment shall be the date of the postmark. For payments made through electronic transmission, the effective date of payment shall be the date of actual receipt of payment by the Company. For payments made at a branch office or an Authorized Payment Agent, the effective date of payment shall be the date of actual receipt of payment at that location.

8.7 Late Payment Charge. Late Payment Charges will be applied as follows to the balance due which is not paid by the due date including amounts billed by the Company on behalf of natural gas suppliers other than the Company. Residential Customers will be charged a late payment charge of one and one half (1 1/2) percent per month on the balance due not paid by the due date; provided that, for a Residential Customer's payment by mail, the Company shall not impose a late payment charge unless payment is received more than 5 days after the due date. Non-Residential Customers will be charged five (5) percent per month on the balance due not paid by the due date and an additional one and one half (1 1/2) percent per month for each month thereafter.

8.8 Return Check Service Charge. The Company may impose a service charge of the greater of thirty-five dollars (\$35.00) or maximum allowed by Commonwealth of Pennsylvania for each check received in payment of bill(s) which is dishonored and returned by the bank upon which it is drawn. The Company may require a Customer to tender non-electronic payment after the Customer tenders two (2) consecutive electronic payments that are subsequently dishonored, revoked, canceled or otherwise not authorized. (C)

8.9 Due Date Extension Program. Residential Customers meeting the qualification requirements of the Due Date Extension Program shall, upon written application, have the due date for payment of bills for service to their personal residence extended. To qualify, Applicants must submit proof that their sole source of support, and that of others in their household, is derived from a permanent fixed income plan, issuing monthly checks. Under the program, the due date for payment on a bill normally falling due between the sixth day of the month and the twentieth day of the month shall be extended to the first working day after the twentieth of the month. The due date for payment on a bill normally falling due between the twenty-first day of the month and the fifth day of the following month, shall be extended to the first working day after the fifth day of the latter month.

RULES AND REGULATIONS

8. BILLING AND PAYMENT - Continued

8.10 Application of Payments for Rates RT and NT. Where Company renders a bill for natural gas supply service on behalf of a Choice Supplier and a partial payment is received, the partial payment shall first be applied to pre-retail access Company balances and then to post-retail access balances. In the event a customer has a pre-retail access Company balance, partial payment shall be applied in the following order of priority:

1. First to outstanding pre-retail access Company balances, or the installation amount on a payment arrangement with the Company on this balance; then to (C)
2. Current regulated Company charges; then to
3. Choice Supplier supply charges; then to
4. Non-Basic Service charges; then to
5. Hardship Energy Fund contributions.

In the event a Customer develops a post-retail access balance, partial payment shall first be applied to the pre-retail access Company balances in the order of priority specified above. Thereafter, partial payment shall be Company applied in the following order of priority:

1. First to outstanding post-retail access Company Balances, or the installation amount on a payment arrangement with the Company on this balance; then to (C)
2. Current regulated Company charges; then to
3. Choice Supplier service charges; then to
4. Non-Basic service charges; then to
5. Hardship Energy Fund contributions.

Where Company renders a budget bill on behalf of a Choice Supplier for Natural Gas Supply service, partial payments shall be applied on a pro rata basis after outstanding pre-retail access balances and post retail access balances have been paid in accordance with the orders of priority specified above. For purposes of this Section, pre-retail access balances means outstanding account balances incurred prior to Customer transferring to Rate RT and NT.

For purposes of this Section, post-retail access balances means outstanding account balances incurred after Customer transfers to Rate RT and NT.

UGI PENN NATURAL GAS, INC.

RULES AND REGULATIONS

8. BILLING AND PAYMENT - Continued

(C)

8.11 Joint Billing. Joint Billing provides Customers with one combined account and a combined invoice that displays charges for both their gas and electric service and pertains to Customers that are the same class as described below and receive both gas service from the Company and electric service from UGI Utilities, Inc. - Electric Division ("UGI-ED") at the same premises. Joint billing shall become available to eligible customers beginning with their billing cycle occurring after a scheduled upgrade to the Company's customer information system which is expected to occur in September of 2017. Eligible Customers shall be Residential Customers receiving service under Rate Schedules R and RT who are also Residential Customers of UGI-ED receiving electric distribution service under UGI-ED Rate Schedules R, RWT, and RTU, and Commercial and Industrial Customers receiving service under Rate Schedules N and NT who are also Commercial and Industrial Customers of UGI-ED receiving electric distribution service under UGI-ED Rate Schedules GS1, GS4, and GS5, unless they elect otherwise in writing or through mutual agreement with Company. Eligible Customers shall be combined into a single Customer account for service received from the Company and UGI-ED, and shall receive combined bills separately listing charges from each company. The Company and UGI-ED shall, for such combined accounts, and subject to applicable statutory and regulatory requirements, establish a reasonable hierarchy of categories for the posting of partial payments to such joint accounts, and within each such category payments shall first be posted, as applicable, to UGI-ED or Electric Generation Supplier charges before being posted to UGI PNG or Natural Gas Supplier charges.

(C) Indicates Change

Issued: October 13, 2016

Effective for Service Rendered on and after
December 12, 2016

RULES AND REGULATIONS

9. TERMINATION AND DISCONTINUANCE OF SERVICE

9.1 (a) Termination of Service. The Company may terminate service on reasonable (C) notice and remove its equipment in case of Customer's (i) nonpayment of an undisputed delinquent account, (ii) failure to complete payment of a deposit, provide a guarantee of payment or establish credit, (iii) failure to permit access to meters, service connections or other property for the purpose of replacement, maintenance, repair or meter reading, (iv) failure to comply with the material terms of a payment arrangement, or (v) violation of tariff Rules and Regulations. The Company may (C) terminate service promptly and without notice for Customer's (i) Unauthorized Use of Service delivered on or about the affected dwelling or premises, (ii) fraud or material misrepresentation of the Customer's identify for the purpose of obtaining service, (iii) abuse of or tampering with the meters, connections or other equipment of the Company, (iv) violating tariff Rules and Regulations which endanger the safety of a person or the integrity of the Company's distribution system, (v) tendering payment for reconnection of service that is subsequently dishonored, revoked, canceled or otherwise not authorized and which has not been cured or otherwise made (C) in full payment within three business days of the Company's notice, or (vi) after receiving termination notice from the Company, tendering payment which is subsequently dishonored under 13 Pa. C.S. § 3502, or, in the case of an electronic payment, that is subsequently dishonored, revoked, canceled or otherwise not authorized and which has not been cured or otherwise made in full payment within three business days of the Company's notice. Prior to restoration of service terminated for any of the foregoing reasons, the Company may require a payment in advance of all arrearages, applicable deposit, and a reconnect charge equal to the Company's service for ½ hour except where it has become necessary to remove the service pipe or connection to terminate service, in which case service will be restored on payment to the Company of the costs of termination and restoration.

(b) For Residential Customers, the Company will accept the following as (C) verification of household income in determining the eligibility of an account under Chapter 56 for termination during the period of December 1 through March 31: (i) recent pay stubs or W-2 forms, (ii) access card or statement from Department of Public Welfare (C) ("DPW"), (iii) if a source of income is rental income, then a verified copy of rent receipt(s), (iv) if the Residential Customer receives social security payments, pension payments, disability payments, Supplemental Security Income (SSI) payments, or any other source of fixed income with direct deposit, then a copy of bank statement or benefit letter, (v) child support and/or alimony support verification letter, (vi) if the Residential Customer receives payments from unemployment benefits or workers' compensation, then a copy of the determination letter or check stub, (vii) previous year's income tax statement, (viii) a filed 1099 form showing any interest income, annuity or dividends, and (ix) a verification letter from DPW of any approved cash or crisis grant applicable to the current heating season.

9.2 Discontinuance of Service. Any Customer who is about to vacate any premises supplied with gas service or wishes to have service discontinued for any reason shall give at least seven (7) days written notice to the Company and any non-Customer Occupant of the premises to which service is being supplied, specifying the date on which it is desired that service be discontinued. If a Residential Customer requests a Discontinuance of Service at the Residential Customer's residence, and the Residential Customer and the members of the Residential Customer's household are the only Occupants, the Company may discontinue service without additional notice to the affected premise. If a Customer (other than a landlord ratepayer) requests

(C) Indicates Change

RULES AND REGULATIONS

(C)

9. TERMINATION AND DISCONTINUANCE OF SERVICE

Discontinuance of Service at a dwelling other than the Customer's residence or at a single meter, multi-family residence, whether or not the Customer's residence, the Customer must state in writing (under penalty of law) that the premises are unoccupied. If the premises are occupied, the Customer's written notice requesting Discontinuance of Service must be endorsed by all affected Occupants. If the foregoing conditions are not met, the Company may discontinue service at the affected premises upon notice to the affected premises in accordance with Chapter 56. The Customer shall be liable for gas consumed until transfer of the account or the meter shut off. When Discontinuance of Service by customer is for a period of less than twelve (12) months, the Company may require a payment of a reconnect charge in an amount equal to the Company's service charge for shut off in section 2.1 plus payment of customer charges for each month the service has been discontinued in order to have the service restored.

9.3 If service to any Non-Residential Customer is terminated for the reasons set forth in Sections 9.1 (Termination of Service) or discontinued in accordance with 9.2 (Discontinuance of Service) hereof, the Company shall not be under any obligation to resume service to the same Customer at the same premises within twelve months unless it shall receive payment of an amount equal to the minimum bill for each month of the intervening period in addition to the Company's service charge for shut off in section 2.1.

10. RIDER A

STATE TAX ADJUSTMENT SURCHARGE

The State Tax Adjustment Surcharge is applicable to the net monthly rates and minimum charges contained in this Tariff. The surcharge shown on page 28 will be recomputed when a tax rate used in the calculation changes.

The recomputation of the surcharge will be submitted to the PUC within 10 days after the occurrence of a reason for surcharge recomputation shown above. If the recomputed surcharge is less than the one in effect the Company will, and if more may, submit a tariff or supplement to reflect such recomputed surcharge, the effective date of which shall be 10 days after the filing.

RULES AND REGULATIONS

10. RIDER A - Continued

STATE TAX ADJUSTMENT SURCHARGE

Rider A - State Tax Adjustment Surcharge		
Retail Volumes - Rate Schedules R, N, CIAC, and GL	-0.46%	(D)
Transportation Volumes - Rate Schedules DS, LFD, IS, NT, RT, and XD	-0.46%	(D)

11. RIDER B

SECTION 1307(F) PURCHASED GAS COSTS

Provisions for Recovery of Purchased Gas Costs

Rates for each MCF (1,000 cubic feet) of gas supplied under Rate Schedules R, N, CIAC, IS, and GL of this Tariff shall include purchased gas costs, calculated in the manner set forth below, pursuant to Section 1307(f) of the Public Utility Code. Such rates for gas service shall be increased or decreased, from time to time, as provided by Section 1307(f) of the Public Utility Code and the PUC's regulations, to reflect changes in the level of recovery of purchased gas costs.

Computation of Purchased Gas Costs per MCF

Purchased gas costs shall be computed to the nearest one-hundredth cent (0.01¢) per MCF in accordance with the formula set forth below:

$$PGC = \frac{(C-E)}{(S)} \frac{1}{(1-T)}$$

Projected purchased gas costs, so computed, shall be included in rates charged to Customers for gas service pursuant to the rate schedules identified above for an initial period beginning September 1, 1985, and for consecutive twelve month periods thereafter as determined by the PUC, by order, in the first 1307(f) proceedings. The amount of purchased gas costs per CCF will vary, if appropriate, based upon annual filings 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.

Computation and Application of the Gas Cost Adjustment Charge

The Gas Cost Adjustment charge (GCAC) shall be computed to the nearest one-hundredth cent (0.01¢) per MCF in accordance with the formula set forth below:

$$GCAC = (-E/S)$$

Each Gas Cost adjustment so computed shall be applied to customer's bill for a one (1) year period during the Computation Year.

(D) Indicates Decrease

Definitions

In computing purchased gas costs pursuant to the formula above, the following definitions shall apply:

"PGC" - Purchased Gas Cost determined to the nearest one-hundredth cent (0.01¢) per CCF to be included in rates for gas supplied under the rate schedules identified above.

"C" - The current cost of gas determined as follows: (a) for all types of purchased gas, project the cost for each purchase (adjusted for net current gas stored) for the projected period when rates will be in effect plus (b) the arithmetical sum of (1) the projected book value of noncurrent gas at the beginning of the computation year minus (2) the projected book value of noncurrent gas at the end of the computation year.

"E" - Experienced net overcollection or undercollection of purchased gas costs. For the initial filing pursuant to 1307(f) of the Public Utility Code, in order to achieve an orderly transition from Gas Cost Rate procedures established pursuant to the PUC's Order of October 1, 1978 at M-78050055, to Section 1307(f) procedures, such net overcollection or undercollection, to be reflected in the initial determination of purchased gas costs reflected in rates effective September 1, 1985, shall be the net overcollection or undercollection arising under the Gas Cost Rate procedure. The amount of such net overcollection or undercollection shall include the historic net amount as of June 30, 1985. After the transition from the Gas Cost Rate procedures to the procedures established pursuant to Section 1307(f) of the Public Utility Code, such net overcollection or undercollection 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 and not the date established by the PUC for pre-filing of certain information pursuant to 52 Pa. Code Section 53.64(b)(1) and Section 53.65. Each over-under collection statement shall also provide for refund or recovery of amounts necessary to adjust for over or underrecoveries of E factor amounts under the previous GCR or 1307(f) rate.

Interest shall be computed monthly at the rate provided for in Section 1307(f)(5) of the Public Utility Code from the month that the over or undercollection occurs to the effective month such overcollection is refunded or such undercollection is recouped.

Additionally, supplier refunds will be included in the calculation of "E" with interest added at the annual rate of six percent (6%) calculated in accordance with the foregoing procedure, beginning with the month such refund is received by the Company.

"S" - Projected MCF of gas to be billed to Customers during the projected period when rates will be in effect.

"T" - The portion of the State Gross Receipts Tax rate recovered through base rates, expressed as a decimal. The tax rate shall be the one in effect when the computation is made.

"Purchased Gas" - The volume of gas purchased by the Company that is delivered to the Company's Customers, plus such portion of the Company's used and unaccounted-for gas as the PUC permits, including, but not limited to, natural gas, synthetic gas, liquefied natural gas, and natural gas substitute, including liquefied propane and naphtha.

Revenue Sharing Incentive Mechanism: The purchased gas cost rate determined in this section may be adjusted to reflect the operation of a Revenue Sharing Incentive Mechanism as defined hereafter.

Off-system Sales: If and when the Company makes an off-system sale of natural gas, either in the Company's market area or upstream of the Company's market area with or without the use of PGC assets, the net revenues from the sale shall be shared by both the Company and the Company's retail customers served pursuant to this section of the tariff. The net revenues of the sale shall mean the total revenues from the sale of gas to a third party, less (1) the sum of the cost of natural gas, transportation commodity charges, and fuel retainage, if the sale or exchange is made upstream of the Company's market area or (2) the average city gate commodity cost of all gas purchased and flowing on the first of the month, including the natural gas, transportation commodity, and fuel, if such sale is made at the Company's city gate or in the Company's market area. The sharing of such net revenues shall be allocated in accordance with the Revenue Sharing Allocation procedure in this section.

Exchanges of Natural Gas: If and when the Company and a third party agree to make a location exchange of natural gas in which both parties receive like quantities of gas, with no adverse economic effect on the Company's Customers, any revenues received by the Company for performing this service shall be shared by the Company and the Company's retail Customers served pursuant to this section of the Tariff. Any revenues received from the exchange of natural gas, either upstream of the Company's city gate, or at the Company's city gate, shall be allocated in accordance with the Revenue Sharing Allocation procedure in this Section.

Capacity Release on Interstate Pipelines: Capacity release revenue generated by administrative releases to third parties that fill the Company's storage shall be credited 100% to PGC customers. Other revenue received by the company for off system Capacity Release of interstate pipeline capacity will be credited in accordance with the Revenue Sharing Allocation procedure in this Section.

Storage Asset Management: If and when the Company has a third party manage gas supply assets paid for by the PGC, any revenues received from the third party ("Asset Management Fees") shall be allocated in accordance with the Revenue Sharing Allocation procedure in this Section.

RULES AND REGULATIONS

11. RIDER B- Continued

SECTION 1307(F) PURCHASED GAS COSTS

Revenue Sharing Allocation: Effective December 1, 2012, through November 30, 2021 the sum of the revenues derived from all Off-System Sales, Exchanges of Natural Gas, Capacity Release on interstate pipelines and Storage Asset Management, will be allocated 75% to the retail customers served and 25% to the Company. (C)

Adjustment to Rates: Whenever a change is made to the level of purchased gas costs reflected in base rates, the amount of the adjustment to the applicable rate schedules will be equal to the change in the purchased gas costs increased by the percentage of State Gross Receipts Tax recovered through base rates.

Filing with Pennsylvania Public Utility Commission: Audit, Rectification

The Company's annual Section 1307(f) filing or its annual reconciliation statement shall be submitted to the Commission by March 1 of each year, or such other time as the Commission may prescribe by order or by regulation.

The Company shall notify the Commission of any change in the price of purchased gas from any supplier which change would cause an increase or decrease of more than one percent (1%) in the "C" factor as defined above. Such notification will be given not more than thirty (30) days after the effective date of such change in price, or as soon as reasonably practical thereafter.

Quarterly Adjustments

(C)

When making the December 1, March 1, June 1 and September 1 quarterly C-factor adjustments, the Company will refund or recover all actual and projected incremental over or under collections from December 1 through November 30 over remaining PGC year sales volumes. Any quarterly PGC rate change on December 1, March 1 and June will be capped at 25% of the then-current PGC rate, with any amounts above this cap being brought forward for inclusion in the calculation of subsequent quarterly C-factor adjustments. Any quarterly PGC rate change on September 1 will be capped at 15% of the then-current PGC rate, with any amounts above this cap being brought forward for inclusion in the calculation of subsequent quarterly C-factor adjustments.

Rider B - Purchased Gas Cost

Annual Gas Cost Rate	\$ 3.3279 /MCF	(D)
Annual E-Factor	(\$ 0.1733)/MCF	(I)
Purchased Gas Cost	<u>\$ 3.1546 /MCF</u>	(D)

(C) Indicates Change (I) Indicates Increase (D) Indicates Decrease

Issued: November 30, 2016

Effective for Service Rendered on and after
December 1, 2016

(C)

RULES AND REGULATIONS

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RULES AND REGULATIONS

13. RIDER D
MERCHANT FUNCTION CHARGE

Applicability and Purpose

This Rider shall be applied to rates for each MCF (1,000 cubic feet) of gas supplied under Rate Schedules R, N, and CIAC of this Tariff, and shall be reflected in the Price to Compare. The Rider is equal to the fixed percentage, established by the PUC in Company's last general base rate proceeding, of purchased gas costs which are expected to be uncollectible, and shall not be reconciled to reflect actual results. Rider D is intended to make Company's Price to Compare more comparable to the gas supply service prices offered of other Natural Gas Suppliers that presumably reflect anticipated uncollectible expenses.

Rider D Charge

(C)

Rider D charges shall be equal to 3.20% for Residential PGC Customers and 0.4% for Non-Residential PGC Customers of Rider B (Purchased Gas Costs).

The collection of the Rider D charges will be summarized by Rate Schedule sub-accounts in the Gas Operating Revenue FERC Account No. 480000 for Rate R and 481000 for Rates N and CIAC. The associated costs are recorded in FERC Account Nos. 904001 and 904002.

RULES AND REGULATIONS

14. RIDER E
UNIVERSAL SERVICE PROGRAM

APPLICABILITY

Throughout the territory served under this Tariff.

AVAILABILITY

This Rider shall be applicable to all residential customers except customers in the Company's Customer Assistance Program ("CAP").

CHARACTER OF RATE

This Rider has been established to recover costs related to the Company's Universal Service and Conservation Programs.

RATE

In addition to the charges provided in this tariff, an amount shall be added to the otherwise applicable charge for each MCF of sales volumes or distribution volumes distributed by the Company to customers receiving service under Rate Schedules R and RT.

The USP rate is \$ 0.2426/Mcf (D)

The USP rate is not applicable to Customers enrolled in the Company's CAP.

CALCULATION OF RATE

The Rider USP rate shall be calculated to recover costs for the following programs: Low Income Usage Reduction Program (LIURP); Customer Assistance Program (CAP); and Hardship Funds.

LIURP costs will be calculated based on the projected number of Level 1 income homes to be weatherized. Hardship Fund costs will be calculated on the projected level of an allocated share of administrative funds incurred by the UGI Operation Share Energy Fund.

CAP costs will be calculated to include the projected CAP Shortfall (the difference between the total calculated Rate R bill, excluding Rider USP and CAP customer GET Gas charges, and the CAP bill, less an adjustment for unearned shortfall amounts) based upon the current discounts at normalized annual volumes of the then-current CAP participants, the projected CAP Shortfall for projected customer additions to CAP during the period that the CAP Rider rate will be in effect at the average discount of current CAP participants at normalized annual volumes, the projected CAP customer application costs and the projected CAP pre-program arrearage forgiveness during the next 12 months.

(D) Indicates Decrease

RULES AND REGULATIONS

14. RIDER E - Continued

UNIVERSAL SERVICE PROGRAM**QUARTERLY ADJUSTMENT**

Each quarter, and at any time that the Company makes a change in base rates or Purchased Gas Cost rates affecting residential customers, the Company shall recalculate the Rider USP rate pursuant to the calculation described above to reflect the Company's current data for the components used in the USP rate calculation. The Company shall file the updated rate with the Commission to be effective one (1) day after filing.

ANNUAL RECONCILIATION

On or before November 1, 2010 and each year thereafter, the Company shall file with the Commission data showing the reconciliation of actual revenues received under this Rider and actual recoverable costs incurred for the preceding twelve months ended September. The resulting over/undercollection (plus interest calculated at 6% annually) will be reflected in the CAP quarterly rate adjustment to be effective December 1. Actual recoverable costs shall reflect actual shortfall costs, actual application costs, actual pre-program arrearage forgiveness, actual LIURP and actual Hardship Administrative costs. Actual recoverable CAP shortfall costs and pre-program arrearage forgiveness shall be based upon actual shortfall credits granted and pre-program arrearage forgiveness granted less a 14.1% adjustment for amounts granted to participants in excess of 4,000. The 14.1% adjustment related to shortfall credits and pre-program arrearage forgiveness will be based on the following:

For each reconciliation period, the average annual shortfall credit per participant will be determined by dividing the total actual shortfall credits granted during the reconciliation period by the average monthly number of participants receiving shortfall credits during the reconciliation period. The average monthly number of participants exceeding 4,000 will be multiplied by the average annual shortfall credit granted per participant and then multiplied by 0.141 in order to determine the amount of the 14.1% adjustment which will not be recovered through Rider USP.

For each reconciliation period, the average pre-program arrearage forgiveness per participant will be determined by dividing the total actual pre-program arrearage forgiven during the reconciliation period by the number of participants receiving pre-program arrearage forgiveness. The number of participants receiving pre-program arrearage forgiveness exceeding 4,000 will be multiplied by the average pre-program arrearage forgiveness per participant and then multiplied by 0.141 in order to determine the amount of the 14.1% adjustment which will not be recovered through Rider USP.

RULES AND REGULATIONS

14.A Rider F

GAS PROCUREMENT CHARGEApplicability

This non-reconcilable Rider shall be applied to rates for each Mcf (1,000 cubic feet) of gas supplied under Rate Schedules R, N, and CIAC of this Tariff, and shall be reflected in the Price to Compare. Effective April 3, 2013, Rider F shall be a volumetric charge as described below, and shall remain in effect until reviewed and updated in the Company's next base rate case.

Rider F, or Gas Procurement Charge ("GPC"), recovers costs associated with gas procurement that were unbundled from base rates in the Commission's Order at Docket No. R-2012-2314224. The GPC rate is calculated by dividing total unbundled gas procurement costs by the sales volumes for the 12 months ending September 30, 2012, for Rate R, N and CIAC customers as approved by the Public Utility Commission at Docket No. R-2012-2314224.

Rider F Charge

Rates: R, N and CIAC: \$ 0.0400 per Mcf

The collection of the Rider F charges will be summarized by Rate Schedule sub-accounts in the Gas Operating Revenue FERC Account No. 480000 for Rate R and 481000 for Rates N and CIAC. The associated costs are recorded in FERC Account Nos. 920101, 920201, 920401, 920501, 921005, 923001, 923007, 926001 through 926027, 131000 through 176000 and 231000 through 245000.

14.B PRICE TO COMPARE

The Price to Compare ("PTC") is composed of the Annual Gas Cost Rate, Annual E-Factor, Gas Procurement Charge and Merchant Function Charge. The PTC rate will change whenever any components of the PTC change. The current PTC rate is detailed below:

Price to Compare - Rate Schedule R

Annual C-Factor	\$ 0.33279 / CCF	(D)
Annual E-Factor	(\$ 0.01733) / CCF	(I)
Gas Procurement Charge	\$ 0.00400 / CCF	
Merchant Function Charge	\$ 0.01009 / CCF	(D)
Total Rate Schedule R Price to Compare	<u>\$ 0.32955</u> / CCF	(D)

Price to Compare - Rate Schedules N and CIAC

Annual C-Factor	\$ 3.3279 / MCF	(D)
Annual E-Factor	(\$ 0.1733) / MCF	(I)
Gas Procurement Charge	\$ 0.0400 / MCF	
Merchant Function Charge	\$ 0.0126 / MCF	(D)
Total Rate Schedule N Price to Compare	<u>\$ 3.2072</u> / MCF	(D)

(I) Indicates Increase (D) Indicates Decrease

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RULES AND REGULATIONS**14.C Rider G - DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)**

In addition to the net charges provided for in this Tariff, a charge of 5.00% will apply consistent with the Commission Order dated September 11, 2014, at Docket No. P-2013-2397056, approving the DSIC. (I)

14.C.1 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 Company with the resources to accelerate the replacement of aging infrastructure, to comply with evolving regulatory requirements and to develop and implement solutions to regional supply problems.

The costs of extending facilities to serve new customers are not recoverable through the DSIC.

14.C.2 Eligible Property.

The DSIC-eligible property will consist of the following:

- Piping, Couplings, Valves, Excess Flow Valves, Risers - Distribution & Transmission. (374, 376, 365, 367)
- Measuring & Regulator Stations - Distribution & Transmission (375, 378, 379, 366, 369, 370)
- Gas Service Lines and Insulated and Non-Insulated Fittings (378, 380)
- Meters, Meter Bars, Meter Installations (381, 382)
- House Regulators & Installations (383, 384)
- Industrial & Farm Tap Measuring & Regulator Station Equipment (385, 386)
- Miscellaneous Equipment and Material- Distribution & Transmission (387, 371)
- Equipment - Electronic Systems & Software (391)
- Vehicles, Power Equipment, Tools, Shop & Garage Equipment (392, 394, 396)
- Unreimbursed costs related to highway relocation projects where a natural gas distribution company or city natural gas distribution operation must relocate its facilities.
- Gathering lines (332)
- Storage lines (353)
- Other related capitalized costs.

14.C.3 Effective Date. The DSIC will become effective for bills rendered on and after October 1, 2014.

14.C.4 Computation of the DSIC. The initial DSIC, effective for bills rendered on and after October 1, 2014, shall be calculated to recover the fixed costs of eligible plant additions that have not previously been reflected in the rates or rate base and will have been placed in service between June 1, 2014 and August 31, 2014. Thereafter, the DSIC will be updated on a quarterly basis to reflect eligible plant additions placed in service during the three-month periods ending one month prior to the effective date of each DSIC update.

RULES AND REGULATIONS

14.C Rider G - DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC) (cont'd) (C)

Thus, changes in the DSIC rate will occur as follows:

Effective Date of Change	Date to which DSIC-Eligible Plant Additions Reflected
April 1	December 1 through February 28
July 1	March 1 through May 31
October 1	June 1 through August 31
January 1	September 1 through November 30

14.C.5 Determination of Fixed Costs. The fixed costs of eligible distribution system improvements will consist of depreciation and pre-tax return, calculated as follows:

1. Depreciation: The depreciation expense shall be calculated by applying the annual accrual rates employed in the Company's most recent base rate case for the plant accounts in which each retirement unit of DSIC-eligible property is recorded to the original cost of DSIC-eligible property.
2. Pre-Tax Return: The pre-tax return shall be calculated using the statutory state and federal income tax rates, the Utility's actual capital structure and actual cost rates for long-term debt and preferred stock as of the last day for the three-month period ending one month prior to the effective date of the DSIC and subsequent updates. The cost of equity will be the equity return rate approved in the last fully litigated base rate proceeding for which a final order was entered not more than two years prior to the effective date of the DSIC. If more than two years shall have elapsed between the entry of such a final order and the effective date of the DSIC, then the equity return rate used in the calculation will be the equity return rate calculated by the Commission in the most recent Quarterly Report on the Earnings of the Jurisdictional Utilities released by the Commission.

14.C.6 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 otherwise applicable rates and charges, excluding amounts billed for the State Tax Adjustment Surcharge (STAS). To calculate the DSIC, one-fourth of the annual fixed costs associated with all property eligible for cost recovery under the DSIC will be divided by the projected revenue for distribution service (including all applicable clauses and riders) for the quarterly period during which the charge will be collected, exclusive of STAS.

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

$$DSIC = \frac{(DSI * PTRR) + Dep + e}{PQR}$$

Where:

DSI = Original cost of eligible distribution system improvement projects net of accrued depreciation.

PTRR = Pre-tax return rate applicable to DSIC-eligible property.

Dep = Depreciation expenses related to DSIC-eligible property.

e = Amount calculated under the annual reconciliation feature or Commission audit, as described below.

(C) Indicates Change

RULES AND REGULATIONS

14.C Rider G - DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC) (cont'd)

PQR = Projected quarterly revenues for distribution service (including all applicable clauses and riders) from existing customers plus netted revenue from any customers which will be gained or lost by the beginning of the applicable service period.

Revenues will be determined as one-fourth (1/4) of projected annual revenues as determined in accordance with 14.C.8.5.

14.C.7 Quarterly Updates. Supporting data for each quarterly update will be filed with the Commission and served upon the Commission's Bureau of Audits, Bureau of Investigation and Enforcement, the Office of Consumer Advocate, and the Office of Small Business Advocate at least ten (10) days prior to the effective date of the update.

14.C.8 Customer Safeguards.

1. Cap: The DSIC is capped at 5.0% of the amount billed to customers for distribution service (including all applicable clauses and riders) as determined on an annualized basis.
2. 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 or the Company may elect to subject the DSIC to quarterly reconciliation but only upon request and approval by the Commission. 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 or in the next quarter if permitted by the Commission. If DSIC revenues exceed DSIC-eligible costs, 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. The Company is not permitted to accrue interest on under collections. (C)
3. New Base Rates: The DSIC will be reset to zero upon application of new base rates to customer billings that provide for prospective recovery of the annual costs that had previously been recovered under the DSIC. Thereafter, only the fixed costs of new eligible plant additions that have not previously been reflected in the Company's rates or rate base will be reflected in the quarterly updates of the DSIC. (C)
4. 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. (C)
5. All Customer Classes: The DSIC shall be applied equally to all customer classes, except that the Company may reduce or eliminate the Rider DSIC to any customer with competitive alternatives who are paying flexed or discounted rates and customers having negotiated contracts with the Company, if it is reasonably necessary to do so.

(C) Indicates Change

RULES AND REGULATIONS

14.C Rider G - DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC) (cont'd)

6. Earnings Reports: The DSIC will also be reset to zero, if, in any quarter, data filed with the Commission in the Company's then most recent Annual or Quarterly Earnings reports show that the Company would earn a rate of return that would exceed the allowable rate of return used to calculate its fixed costs under the DSIC as described in the pre-tax return section. The Company shall file a tariff supplement implementing the reset to zero due to overearning on one-day's notice and such supplement shall be filed simultaneously with the filing of the most recent Annual or Quarterly Earnings reports indicating that the Company has earned a rate of return that would exceed the allowable rate of return used to calculate its fixed costs. (C)
7. Residual E-Factor Recovery Upon Reset To Zero: The Company shall file with the Commission interim rate revisions to resolve the residual over/under collection or E-factor amount after the DSIC rate has been reset to zero. The Company can collect or credit the residual over/under collection balance when the DSIC rate is reset to zero. The Company shall refund any overcollection to customers and is entitled to recover any undercollections as set forth in Section 14.C.8.2. Once the Company determines the specific amount of the residual over or under collection amount after the DSIC rate is reset to zero, the utility shall file a tariff supplement with supporting data to address that residual amount. The tariff supplement shall be served upon the Commission's Bureau of Investigation and Enforcement, the Bureau of Audits, the Office of Consumer Advocate, and the Office of Small Business Advocate at least ten (10) days prior to the effective date of the supplement. (C)

RULES AND REGULATIONS

15. GAS EMERGENCY PLANNING

15.1 Company's Right To Reduce or Curtail Service. An emergency exists whenever the aggregate demand for firm service on the Company's system, or confined segment of the system, exceeds or threatens to exceed the gas supply or capacity that is actually and lawfully available to the Company to meet the demands, and the actual or threatened excess creates an immediate threat to the Company's system operating integrity with respect to Priority 1 Customers. In the event of a natural gas emergency, the Company shall have the right to impose a mandatory reduction or curtailment on any Customer's use of gas.

- (a) Prior to taking any action under section 15.2 to curtail Customer usage, provided sufficient time exists as determined by the Company in its sole judgement, the Company shall use reasonable efforts and methods to:
 - (1) interrupt all interruptible services, (2) issue Operational Flow Orders or Daily Flow Directives and, (3) call for voluntary usage reductions by any or all Customers.
- (b) In planning for natural gas emergency situations, the Company shall make reasonable efforts to make contractual or informal arrangements with Customers and others which would allow the Company to obtain supplies or implement usage reductions in an effort to avoid or mitigate any emergency action pursuant to subsections 15.2 or 15.3 requiring firm service reductions. In making such arrangements, the Company may enter into specific negotiated terms, conditions and rates with any Customer or entity where a clear benefit exists to the Company for the management or avoidance of an emergency. Related costs, if any, may be included as gas costs for recovery under Section 11 of this Tariff.

15.2 Priority-Based Curtailments. In the event of an emergency, where the Company has mandated priority-based curtailments, the available gas supplies to the Company shall be prorated, if practicable, among Customers and NGSs according to the priorities set forth below, listed in descending order. Customers in a higher priority category shall not be curtailed until all Customers falling into a lower priority category have been curtailed to plant protection use levels, unless operational circumstances or physical limitations warrant a different result. Additionally, where only a partial restriction of a category is required, implementation shall be pro rata to the extent practical under the circumstances. Whenever possible, as determined by the Company in its sole discretion, allocation actions shall be limited to confined geographic or operational portions of the Company's system where the emergency exists.

- (a) Priority 1. Service for residential and firm critical commercial essential human needs use.
- (b) Priority 2. Firm service not included in Priority 1, which for purpose of curtailment shall be prioritized in the following subcategories:
 - (1) Firm small commercial and industrial service for plant protection under Rates CIAC, N, NT, and DS.

RULES AND REGULATIONS

15. GAS EMERGENCY PLANNING - Continued

(2) Firm large commercial and industrial service for plant protection under Rates LFD, XD, and TS.

(3) Firm commercial and industrial service under Rates NT, DS, LFD, XD, and TS, to the extent actual gas deliveries are being made to the Company's system on behalf of the Customer; all except for plant protection.

(4) Firm commercial and industrial service provided by Company gas purchase activities; all except for plant protection.

15.3 Mandatory Reductions

(a) In the event of an emergency under subsection 15.1, the Company may require each commercial and industrial retail and transportation Customer that is not a Priority 1 Customer to reduce its consumption of gas. In requiring mandatory reductions, the gas supplies available to the Company may be allocated to Customers in accordance with the priorities of use specified in subsection 15.2.

- (1) The reduction required shall be determined by the Company without regard to priorities of use, as necessary to minimize the potential threat to public health and safety.
- (2) The mandatory reduction shall be for a period specified by the Company and may be until further notice. The Company may change a Customer's authorized usage, upon notice, at any time during an emergency.
- (3) Mandatory reductions shall be for a maximum duration of five (5) consecutive business days, unless extended by PUC order.
- (4) Except as provided in 15.3(a)(5), the minimum authorized usage may not be lower than the minimum usage of firm service necessary for plant protection use.
- (5) When all other service has been curtailed except for Priority 1 service and the Company continues to be unable to meet Priority 1 requirements, the Company shall exercise its judgment as to any further curtailment that may be necessary and shall utilize measures designed to minimize harm to Customers if curtailments to plant protection use are found to be necessary.
- (6) Consistent with its responsibility to maintain system integrity at all times, the Company shall provide periodic status updates and restore service as soon as practicable to any gas-fired electric generation facility that is deemed critical to electric system reliability by the electrical system's control area operator.
- (7) Transportation Customers and NGSs are required to deliver, or cause to be delivered, natural gas supplies to the Company's system during an emergency, regardless of any mandatory gas consumption reductions imposed by the Company on such transportation Customers or NGSs' Customers. Such natural gas delivery may be required up to the Customer's or NGS's applicable DFR, MDQ, DDR or otherwise specified daily delivery quantity as determined by the Company in its discretion.

RULES AND REGULATIONS

15. GAS EMERGENCY PLANNING - Continued

15.4 Notice of Restriction or Curtailment

- (a) Notice of any restriction or curtailment shall be made to affected Customers or NGSs via methods and mediums most reasonably expected to accomplish such notice; these may include, but are not limited to: telephone, facsimile, website, or electronic data exchange. If necessary, the Company will make notice through the media in order to communicate specific requests to large groups of Customer categories that are affected, including any relevant geographic limitations.
- (b) It is the Customer's or NGS's responsibility to provide the Company with appropriate contact information, and to keep such information updated, in order to assure timely and efficient notices can be provided.
- (c) The Company shall endeavor to provide the maximum notice time possible in the event of any notice of restriction or curtailment.
- (d) The Company shall provide specific restriction or curtailment notices stating gas usage reduction percentages, absolute usage allowances or other reduction actions. In addition, the Company shall specify compliance timelines and restriction or curtailment durations as appropriate for the circumstance.

15.5 Emergency Allocation. The Company reserves the sole right to authorize exemptions in cases of verified Customer emergency situations affecting health and welfare.

15.6 Definitions

- (a) Residential Use - Gas usage in a residential dwelling or unit for space heating, air conditioning, cooking, water heating, or other domestic purposes; all residential Customers served under Rates R, RT, and GL and apartments served under Rate N, NT, or CIAC, or subsequent rates classified by the Company as residential.
- (b) Firm Service - Natural gas service offered by the Company to Customers under Tariffs or contracts that anticipate no interruptions. Such schedules are Rate R, RT, GL, CIAC, N, NT, DS, LFD, XD, and TS or subsequent firm rate schedules.
- (c) Commercial Use - Gas usage by Customers engaged primarily in the sale of goods or services including consumption by office buildings, institutions and government agencies, and classified as commercial class for Company accounting purposes. Commercial Customers are served under Rates GL, N, NT, DS, LFD, XD, TS, and IS or subsequent rates classified by the Company as commercial.

RULES AND REGULATIONS

15. GAS EMERGENCY PLANNING - Continued

- (d) Essential Human Needs Use - Gas usage into any building where persons normally dwell, including residences, apartment houses, dormitories, hotels, hospitals and nursing homes.
- (e) Industrial Use - Gas usage by Customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product including the generation of electric power, and classified as industrial for Company accounting purposes. Industrial Customers are served under Rates GL, N, NT, DS, LFD, XD, TS, and IS, or subsequent rates classified by the Company as Industrial.
- (f) Plant Protection Use - Minimum usage of natural gas required to prevent physical harm to an industrial or commercial consumer's plant facilities or danger to plant personnel at the facility when the protection cannot be afforded through the use of an alternate fuel. Plant protection uses include usage necessary for the protection of the material in process as would otherwise be destroyed, but does not include deliveries required to maintain production.

15.7 Limitation of Liability.

In the event of any limitation of service or curtailment, the Company may restrict, curtail or discontinue service in accordance with this Section 15, or PUC order, without incurring any penalty or liability for any loss, injury or expense that may be sustained by the Customer except when the restriction or discontinuation of service is a result of the Company's willful or wanton misconduct.

15.8 Appropriation Liability.

- (a) The Company may appropriate natural gas and/or pipeline capacity pursuant to this Section 15, a PUC policy statement, directive or order, or an emergency order issued by the Governor of Pennsylvania.
- (b) The Company shall compensate the Customer or the Customer's NGS for the cost of appropriated gas supplies. The compensation, in the aggregate, shall equal but not exceed, the greater of:
 - (1) the city gate cost of the appropriated natural gas including all transportation charges up to the Company's city gate; or,
 - (2) the reasonable cost actually paid by the Customer or the Customer's NGS for delivered substitute energy, as documented by the Customer or the Customer's NGS and presented as evidence to the Company. Such compensation may be a later delivery of in-kind gas service at the sole discretion of the affected Customer or NGS.

RULES AND REGULATIONS

15. GAS EMERGENCY PLANNING - Continued

15.9 Discontinuance of Service.

The Company may discontinue service at its sole discretion, without notice, for the duration of an emergency, to any Customer that continues to take gas in violation of any rules, notice of limitation or curtailment provided for under this section 15.

- (a) The Company may, in its sole discretion, issue penalties for any unauthorized taking of gas to any Customer failing to comply with any restriction or curtailment made under this Section 15.
- (b) The penalty for unauthorized takes associated with this section shall be equivalent to those for a Critical Day in section 16.5 General Terms for Delivery Service For Rates DS, LFD, XD, and IS - Maximum Daily Excess Balancing Charge. Payment of penalties under this section shall be in addition to any liability for direct or indirect damages resulting from Customer's or Customer's NGS failure to comply.
- (c) The Customer shall be liable to the Company for any costs incurred in taking action to discontinue service in accordance with actions taken under subsection 15.9.

RULES AND REGULATIONS

16. GENERAL TERMS FOR DELIVERY SERVICE FOR RATES DS, LFD, XD, AND IS

16.1 Application of Rates

- (a) Rates; Notification of Delivery. Transportation of customer-owned gas (delivery service) is available to eligible Customers under Rates DS, LFD, XD and IS (Delivery Service Schedules). Customer shall notify the Company of any and all gas deliveries to the Company's system, including, but not limited to, the provision of nomination, revised nomination and scheduling information, in accordance with the Company's Nomination Procedure. The quantity of gas received on behalf of the Customer shall be determined as allocated by the Company if required in its sole discretion. It is the Customer's responsibility to arrange that any necessary billing information be provided the Company and its gas transmission pipeline(s). Customers failing to provide nomination, billing, scheduling and/or other required information to the Company or pipeline(s), or otherwise failing to comply with the Company's *Nomination Procedure*, shall be subject to applicable imbalance charges in accordance with the provisions set forth within these General Terms for Delivery Service and, in addition, be charged an Administrative Scheduling Fee in an amount no greater than \$1,000 per day for every day such required information is delayed.
- (b) Meter Sequencing. Gas purchased from the Company (retail) shall be billed as first gas through the Customer's meter each billing month. Gas delivered under the Delivery Service Schedules shall be billed as the last gas through the meter, except that gas purchased under the Retail and Standby Rider shall be billed as following delivery service gas. Gas billed under firm rate schedules shall be billed prior to gas billed under interruptible rate schedules. In lieu of otherwise specified tariff provisions, where the Company and Customer agree, Company shall use pipeline metering facilities for measuring and billing total deliveries to the Customer's facility.
- (c) Payment of Charges, Penalties. The Customer shall pay the Company for any and all additional charges incurred on the Customer's behalf or resulting from the Customer's actions or inactions which the Company can demonstrate arise out of the provision of transportation service including, but not limited to, pipeline transportation and service charges. Any such charge, penalty or obligation imposed by a pipeline transporter or supplier as result of balancing of gas delivered to the Customer shall be paid by the Customer in addition to applicable charges set forth in the Delivery Service Schedule and the Retail and Standby Rider.
- (d) Late Payment Charge. The late payment charge shall be 5% on all amounts unpaid after the due date, and an additional 1-1/2% per month for each month thereafter.
- (e) NGS is required to notify Company at least ten days prior to dropping Customer from Billing Pool or individual pool. Rules of 16.1(a) are applicable to this notification.

RULES AND REGULATIONS

16. GENERAL TERMS FOR DELIVERY SERVICE FOR RATES DS, LFD, XD, AND IS (Continued)
- (f) Billing Pools. Two or more transportation Customers may join together in pooled transactions for the purchase and delivery of gas. The Company may allocate among all such customers the volumes of gas or imbalances for purposes of determining responsibility for charges, rates, penalties or other obligations imposed by the Company, or in connection with operation of the pool. Except as the Company otherwise agrees, the Company is not responsible for determining individual customer responsibility for such charges. Suppliers to Billing Pools must execute an agreement with the Company prior to initiating gas deliveries. Customer is required to submit in writing a request for entry into NGS Billing Pool along with the acknowledgement of NGS granting Customers access into NGS Billing Pool.
- (1) Each Billing Pool shall appoint a Lead Buyer or Agent who will coordinate nomination, billing, reconciliation, allocation and any other necessary communication between the Billing Pool and the Company.
- (2) All members of a Billing Pool shall be of like balancing service election. The Company may restrict formation or operation of any Billing Pool in order to meet like balancing service election or pipeline imposed eligibility requirements.
- (3) Service under Rate NNS is required by, and shall be individually billed to, any and all members of a Billing Pool except when all pool members are monitored on a daily basis through the use of Company owned automated metering facilities at all meter locations. Additionally, service under Rate MBS is required by, and shall be individually billed to, any and all members of a Billing Pool when the billing month for each pool member does not end on the same calendar date; Billing Pools having all customers monitored and billed through the use of Company owned automated meter reading facilities at all meter locations shall be exempt from this requirement.
- (g) Supplier Notification. Each transportation customer may purchase gas supplies from an unlimited number of suppliers, brokers, marketers or other individuals ("Suppliers"). Customer must notify the Company, as specified in the Company's *Nomination Procedure*, of each Supplier from which the Customer intends to purchase. Customers utilizing Suppliers without proper notification will be charged a \$500 per month Supplier Administration Fee per supplier for those Suppliers.
- (h) Recognition of Supplies. Volumes transported on behalf of the Customer will be recognized in the Customer's current billing month based on nominated or scheduled volumes information and may be adjusted after notification is received from the pipeline supplier(s) of the volumes transported on behalf of the Customer. Volumes scheduled shall be determined on the basis of best available actual or confirmed pipeline and/or Company information at the time of billing.

RULES AND REGULATIONS

16. GENERAL TERMS FOR DELIVERY SERVICE FOR RATES DS, LFD, XD, AND IS (Continued)

16.2 Facilities and System Access. Each Customer with a Daily Firm Requirement ("DFR") or peak usage capability of 1,000 MCF per day or greater shall mutually plan and coordinate with the Company development of all gas facilities to the Customer's premises (including pipelines, mains, service lines and appurtenances), in order to minimize duplication of facilities and to avoid unnecessary construction, as follows:

- (a) If the Customer proposes to acquire, construct or contract for the use or service of gas facilities ("Customer gas facilities"), the Customer will provide advance notice to the Company in writing, at least sixty (60) days in advance of the earlier of contracting for or commencing construction of Customer gas facilities. The Company shall be provided with sufficient information and a reasonable opportunity to evaluate the proposal and to submit to Customer for its consideration one or more alternative proposals (including expansion of Company facilities or other methods).
- (b) The Customer agrees to submit all design and construction specifications and drawings to the Company in advance of construction, which demonstrate compliance with all applicable requirements as to gas main and service construction and pipeline safety. If the Company determines that Customer gas facilities will encroach upon or interconnect with Company facilities, serve common gas utilization equipment with Company facilities or are in the immediate vicinity of Company facilities such that the safety of Company facilities may be adversely affected thereby, the Company shall have the right to approve the design and location of such Customer gas facilities. The Company shall act upon its right to approve such Customer gas facilities within 90 days after the later of submission of all design and construction specifications and drawings to the Company, or Customer notification required under Rule 16.2(a).

If the full 60-day notice required in Rule 16.2(a) is not given or if the Customer otherwise fails to comply with Rule 16.2, then the Customer shall pay the Company the amount of \$1,000 per day for each day the Customer failed to comply but in no event more than \$30,000.

16.3 Balancing and No-Notice Service.

- (a) Each Customer shall use best efforts to balance purchases, deliveries and receipts of gas at all times. Except as specified in 16.1(f), for the purposes of balancing excess deliveries and shortfalls and purchasing services under Rates NNS and MBS, Billing Pools may be treated as a single entity. Subject to the terms and conditions set forth below, the Company shall provide no-notice and monthly balancing services under Rate Schedules NNS and MBS. Service under Rate Schedules NNS and MBS is available only for inadvertent fluctuations, limited by the terms and conditions of each Rate Schedule, and is not available to speculate as to fuel prices or otherwise to permit imbalances which reasonably could have been avoided. In the event the Customer fails to use best efforts to balance deliveries and receipts, or otherwise misuses no-notice or balancing services as determined by the Company in its sole discretion, the Company may impose retail and/or standby rates for the period of such default or misuse and may specify mandatory levels of service under Rates NNS and/or MBS for any continued service in addition to any applicable penalties.

RULES AND REGULATIONS

16. GENERAL TERMS FOR DELIVERY SERVICE FOR RATES DS, LFD, XD, AND IS (Continued)

- (b) Daily Balancing. The Company shall allow Customer's daily demand to inadvertently vary from daily scheduled deliveries by +/-2.5% without imposing Daily Balancing Charges, provided the total daily quantity taken does not exceed Customer's Daily Firm Requirement, MDQ or otherwise specified contract demand limit. Daily imbalances in excess of the +/-2.5% tolerance, unless otherwise provided by service elected under Rate NNS, shall be assessed a Maximum Daily Excess Balancing Charge in accordance with section 16.5 under Critical Day and Non-Critical Day criteria unless otherwise specified in Customer's contract, in addition to the charges specified in the Delivery Service Schedule, on all such quantities.
- (c) Imbalance Resolution. Customer's monthly imbalances will be calculated at the end of each billing period to determine if any overdelivery (excess) or underdelivery (shortfall) condition exists for volumes scheduled versus volumes metered. If the Customer is determined to be in an imbalance condition, and has not elected service under Rate MBS, then the Company shall sell and the Customer shall buy any shortfall amount according to the following cash-out pricing:

<u>Shortfall Percent</u>	<u>Cash-Out Price</u>
Up to 5%	Average Monthly Index ("AMI")
Greater than 5%, but not greater than 15%	AMI x 1.1
Greater than 15%, but not greater than 25%	AMI x 1.3
Greater than 25%	AMI x 1.5

Likewise, the Customer shall sell and the Company shall buy any excess amount according to the following cash-out pricing:

<u>Excess Percent</u>	<u>Cash-Out Price</u>
Up to 5%	Average Monthly Index ("AMI")
Greater than 5%, but not greater than 15%	AMI x 0.9
Greater than 15%, but not greater than 25%	AMI x 0.7
Greater than 25%	AMI x 0.5

The AMI (Average Monthly Index) shall be calculated as the average of the published *Gas Daily* Midpoint index prices for Transco, zone 6 non-N.Y. during the Customer's billing month.

The AMI is applicable to the above tables only for inadvertent monthly imbalances. The HMI (Highest Monthly Index) or the LMI (Lowest Monthly Index) as defined below shall apply respectively to shortfall and excess conditions in those situations where intentional imbalances are involved.

The HMI shall be calculated as the sum of the highest published *Gas Daily* Midpoint index prices for Transco, zone 6 non-N.Y. during the Customer's billing month.

RULES AND REGULATIONS

16. GENERAL TERMS FOR DELIVERY SERVICE FOR RATES DS, LFD, XD, AND IS (Continued)

The LMI shall be calculated as the sum of the lowest published *Gas Daily* Midpoint index prices for Transco, zone 6 non-N.Y. during the Customer's billing month.

- (d) The Company may extend the balancing period for gas volumes and may increase volumes eligible for balancing in its discretion, but only if it determines that such action is consistent with its obligations to other customers.
- (e) Supply Transfers. In order to facilitate Monthly balancing related to inadvertent imbalances in Company's sole discretion, the Company shall allow Supply Transfers among Customers and Billing Pools, Customers-to-Billing Pools and Billing Pools-to-Customers at a fee of \$125 per transaction, provided however: (1) such transfer is requested prior to the end of the billing month for both the transferee and the transferor, (2) such transfer is physically possible given pipeline interconnection and delivery point limitations which require transfers to be between parties located on the same segment of the Company's distribution system, and system supplies and reliability are not adversely affected
- (f) Customers that use the Company as agent for securing transportation service from gas transmission pipelines will have all the same balancing privileges as other customers.
- (g) Competitive Volume Customers. In the case of Customers or applicants seeking service for facilities with a design volume capability allowing for direct connection to transmission or gathering lines for bypass of Company facilities, Company shall have the right to establish daily and monthly balancing tolerances at levels other than those specified in subsections (b) and (c) of this Section 16.3 to reflect specific operational limitations or to protect the interests of other Customers, as determined by the Company in its sole discretion. Additionally, the Company may establish special nomination rules, imbalance resolution rules and communication protocols that reflect the Customer's or applicant's commercial alternatives, and which are consistent with its obligations to other Customers. (C)

16.4 Service Agreement and General.

(a) Limitation on Liability.

- (1) The Company shall not be liable for curtailment of service under the Delivery Service Schedules or loss of the Customer's gas 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 rendition of service hereunder, and regardless of any defect in such law, regulation or order.
- (2) Gas transported and delivered by the Company to the Customer hereunder shall be and remain the property of the Customer. 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.

(C) Indicates Change

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December 22, 2014

RULES AND REGULATIONS

16. GENERAL TERMS FOR DELIVERY SERVICE FOR RATES DS, LFD, XD, AND IS (Continued)

- (3) The Company shall not be liable for any loss to the Customer arising from or out of service hereunder, including loss of gas in the possession of the Company or any other cause, except gross or willful negligence of the Company's own employees or agents. The Company reserves the right to commingle gas of the Customer with other supplies. (C)
- (b) Warranty, indemnity and special provisions. The receipt of delivery service constitutes Customer's agreement to the following representations and warranties, together with related provisions in the delivery service agreement:
- (1) clear and marketable title to the Customer's gas;
 - (2) delivery points, pressure, quality and other specifications acceptable to gas transmission pipeline(s) and the Company;
 - (3) eligibility of the Customer for service;
 - (4) existence of lawful authority for sale, transportation and delivery;
 - (5) agreement to pay all excise, sales, use, gross receipts, or other taxes (other than income taxes) all tariff charges and all penalties, charges, fees for transportation, balancing etc., associated with delivered gas, which may be levied upon or incurred by the Company at any time;
 - (6) agreement to indemnify and hold the Company harmless from breach of representations or warranties, and any liability associated with Customer's gas while on the Company's system.
- (c) Copy of Gas Purchase Agreements, Other Documents. When requested by the Company, the Customer shall provide the Company with a copy of Customer's gas purchase contract and any related transportation, marketing and brokerage contracts, or, in lieu of providing such contracts, certify pertinent information as required by the Company, and, in order to meet state or federal requirements, provide a sworn affidavit setting forth the Customer's cost of gas for the period requested by the Company. The Company shall endeavor to protect the confidentiality of information provided by the customer in accordance with this provision. The Company will provide such information to third parties only when required to do so by law, regulation or order and in such case, will attempt to maintain confidentiality to the extent possible.

RULES AND REGULATIONS

16. GENERAL TERMS FOR DELIVERY SERVICE FOR RATES DS, LFD, XD, AND IS (Continued)

16.5 Maximum Daily Excess Balancing Charge

Maximum Daily Excess Balancing Charge that occurs on Critical Days shall be as follows:

The charge for exceeding daily balancing limits shall be ten times the highest price for delivery in Transco Zone 6, New York, as published in *Gas Daily* on the table "Daily Price Survey." This rate shall not be lower than the maximum penalty charge for unauthorized daily overruns as provided for in the FERC-approved gas tariffs of the interstate pipelines which deliver gas into Pennsylvania.

Maximum Daily Excess Balancing Charge that occurs on Non-Critical Days shall be as follows:

The charge for exceeding daily balancing limits shall be equal to the difference in price between the highest published *Gas Daily* index price for Transco, Zone 6 Non-NY and the lowest published *Gas Daily* index price for Transco, Station 65 but shall not be lower than \$0.25/Mcf.

The Company shall not charge any Maximum Daily Excess Balancing Charges if the Excess Daily Imbalance is anticipated to benefit the distribution systems daily balancing position as determined by Company in its sole discretion.

RULES AND REGULATIONS

17. GENERAL TERMS FOR INTERCONNECTION COORDINATION SERVICES FOR CONNECTING ENTITIES

Any entity with actual or potential sources of gas supply connected to Company facilities (Connecting Entity) shall be obligated to enter into an agreement with the Company (Coordination Agreement) addressing, to the extent applicable: (1) the duties and obligations of the parties with respect to their respective facilities, (2) measurement of deliveries of gas, (3) gas quality standards, (4) nomination requirements, (5) permitted variations in supply deliveries and imbalance resolution and (6) other operational issues raised by the nature of the supply source connection

RATE R

GENERAL SERVICE - RESIDENTIAL

AVAILABILITY

This rate applies to all Residential Customers in the entire gas service territory of the Company and available at one location, for the total requirements of any residential Customer. Residential Customers are customers receiving the Company's gas service to a single-family dwelling or building, or through one meter to four or fewer units in a multi-family dwelling or premises used as a single family.

Standby Availability

Where service is provided under this Rate to any residential customer utilizing natural gas as a backup, auxiliary or temporary fuel, a Standby Surcharge shall apply. For purposes of applying the Standby Surcharge, backup, auxiliary or temporary functionality shall be determined at the Company's sole discretion where natural gas is being utilized as a backup heating fuel to any other fuel service.

Monthly Rate Table

Customer Charge: \$13.17 per customer

Plus

Distribution Charge:

First 8,000 cubic feet - \$0.35036 per 100 cubic feet (D)
Over 8,000 cubic feet - \$0.33036 per 100 cubic feet (D)

Plus

Annual Gas Cost Rate

As stated in Section 11 Rider B Section 1307 (F) Purchased Gas Costs

Plus

Annual E-Factor

As stated in Section 11 Rider B Section 1307 (F) Purchased Gas Costs

Plus, if Standby:

Customer Charge Surcharge: \$5.25 per Customer

Plus

Distribution Charge Surcharge: \$0.072 per 100 cubic feet

MINIMUM CHARGE

Customer Charge as set forth above.

(D) Indicates Decrease

Rate R (Continued)

General Service Residential

MINIMUM BILL PROVISION

If natural gas service is discontinued at the request of the Customer, the Company shall not be under any obligation to resume service to the same Customer at the same premise within twelve months unless it shall receive an amount equal to the minimum charge for each month up to a maximum of twelve months of the intervening period.

Customer at the same premise who requires seasonal service and has gas shut off and turned on within twelve month period billed in an amount equal to the minimum charge under the applicable rate for each month service was shut off up to the 12 month intervening period

SURCHARGES

(C)

- Rider A - State Tax Adjustment Surcharge
- Rider D - Merchant Function Rider
- Rider E - Universal Service Program Rider
- Rider F - Gas Procurement Charge
- Rider G - Distribution System Improvement Charge

PAYMENT

In accordance with Section 8.

LATE PAYMENT CHARGE

Residential Customers will be charged a late payment charge of one and one half (1 ½) percent per month on the balance due not paid by the due date.

RULES AND REGULATIONS

All of the Rules and Regulations of this gas Tariff are a part of this Rate Schedule.

RATE RT

GENERAL SERVICE - RESIDENTIAL TRANSPORTATION

AVAILABILITY

This Rate applies to all Residential Customers in the entire gas service territory who are served by a qualified Choice Supplier receiving service under Rate AG and available at one location, for the total requirements of any residential Customer. Residential Customers are customers receiving the Company's gas service to a single-family dwelling or building, or through one meter to four or fewer units in a multi-family dwelling or premises used as a single family.

Standby Availability

Where service is provided under this Rate to any residential customer utilizing natural gas as a backup, auxiliary or temporary fuel, a Standby Surcharge shall apply. For purposes of applying the Standby Surcharge, backup, auxiliary or temporary functionality shall be determined at the Company's sole discretion where natural gas is being utilized as a backup heating fuel to any other fuel service.

Monthly Rate Table

Customer Charge: \$13.17 per customer

Plus

Distribution Charge:

First 8,000 cubic feet - \$0.35036 per 100 cubic feet (D)

Over 8,000 cubic feet - \$0.33036 per 100 cubic feet (D)

Plus, if Standby:

Customer Charge Surcharge: \$5.25 per Customer

Plus

Distribution Charge Surcharge: \$0.072 per 100 cubic feet

MINIMUM CHARGE

Customer Charge as set forth above.

MINIMUM BILL PROVISION

If natural gas service is discontinued at the request of the Customer, the Company shall not be under any obligation to resume service to the same Customer at the same premise within twelve months unless it shall receive an amount equal to the minimum charge for each month up to a maximum of twelve months of the intervening period.

Customer at the same premise who requires seasonal service and has gas shut off and turned on within twelve month period billed in an amount equal to the minimum charge under the applicable rate for each month service was shut off up to the 12 month intervening period.

(D) Indicates Decrease

Issued: April 2, 2013

Effective for Service Rendered on and after
April 3, 2013

Rate RT (Continued)

General Service Residential Transportation

SURCHARGES

(C)

- Rider A - State Tax Adjustment Surcharge
- Rider E - Universal Service Program Rider
- Rider G - Distribution System Improvement Charge

PAYMENT

In accordance with Section 8.

Late Payment Charge

Residential Customers will be charged a late payment charge of one and one half (1 1/2) percent per month on the balance due not paid by the due date.

RULES AND REGULATIONS

All of the Rules and Regulations of this gas Tariff are a part of this Rate Schedule.

Where a Customer is returned to the Company or an alternate Supplier of Last Resort prior to the next regular meter reading date, due to the Licensed Choice Natural Gas Supplier's non-performance, Customer will receive service from Company or alternate Supplier of Last Resort for the remainder of the billing month at the contract rate between the Customer and Choice Supplier. Customer must provide evidence of the applicable contract rate, if requested by Company, to receive the contract rate price. As of the next regular meter read date, Customer will be transferred to Rate R, unless enrolled as a Rate RT customer by another Choice Supplier, effective as of the next regular meter read date.

General Terms

Company shall retain for Company use gas and lost and unaccounted for gas 1.8% (I) of the total volume of gas delivered into its system for Customer's account.

(I) Indicates Increase (C) Indicates Change

RATE GL**GAS LIGHT SERVICE****AVAILABILITY**

Service under this rate is limited to unmetered gas light installations being served prior to February, 1972. This service is only available for residential purposes, unless a specific exemption has been granted by the PUC.

MONTHLY RATE TABLE

Gas Service Only

Size 1	For each light having an input rating of 1.99 cubic feet per hour or less, a monthly charge of	\$12.68 per light	(D)
Size 2	For each light having an input rating of 2.00 - 2.49 cubic feet per hour or less, a monthly charge of	\$16.16 per light	(D)

SURCHARGES

Rider A - State Tax Adjustment Surcharge

Rider G - Distribution System Improvement Charge

PAYMENT

In accordance with Section 8 of this Tariff.

Late Payment Charge

Residential Customers will be charged a late payment charge of one and one half (1 1/2) percent per month on the balance due not paid by the due date. Non-residential Customers will be charged five (5) percent per month on the balance due not paid by the due date and an additional one and one half (1 1/2) percent per month for each month thereafter.

RULES AND REGULATIONS

All of the Rules and Regulations of this gas Tariff are a part of this Rate Schedule.

RATE N**GENERAL SERVICE - NON-RESIDENTIAL****AVAILABILITY**

This Rate applies in the entire territory served by the Company and is available to all Customers, except residential Customers, using gas for any purpose. Service will be supplied only where the Company's facilities and the available quantity of gas are suitable to the service desired. Rate N service may not be applied to supplement or back up interruptible service under Rates IS or DS, except to the extent of needs for plant protection use. Service to the same customer under Rates N and Rates IS or DS, or service to a new customer having an annual usage of 3,000 MCF or greater after March 29, 2009, or, transfers of a customer or customer load from Rates IS or DS to Rate N or transfers of a customer having an annual use of 3,000 MCF or greater from Rates NT to Rate N shall be permitted only as determined by the Company, and subject to reasonable limitations.

STANDBY AVAILABILITY

Where service is provided under this Rate to any Non-Residential Customer utilizing natural gas as a backup, auxiliary or temporary fuel, a Standby Surcharge shall apply. For purposes of applying the Standby Surcharge, backup, auxiliary or temporary functionality shall be determined at the Company's sole discretion where natural gas is being utilized as a backup heating fuel to any other fuel service.

Monthly Rate Table

Customer Charge: \$32.41 per customer

Plus

Distribution Charge: \$2.1243 per Mcf (all volumes) (D)

Plus

Annual Gas Cost Rate

As stated in Section 11 Rider B Section 1307 (F) Purchased Gas Costs

Plus

Annual E-Factor

As stated in Section 11 Rider B Section 1307 (F) Purchased Gas Costs

Plus, if Standby:

Customer Charge Surcharge: \$29.60 per Customer

Plus

Distribution Charge Surcharge: \$1.01 per MCF

RATE N - Continued

MINIMUM CHARGE

The Customer Charge as set forth above.

MINIMUM BILL PROVISION

If natural gas service is discontinued at the request of the Customer, the Company shall not be under any obligation to resume service to the same Customer at the same premise within twelve months unless it shall receive an amount equal to the minimum charge for each month up to a maximum of twelve months of the intervening period.

Customer at the same premise who requires seasonal service and has gas shut off and turned on within twelve month period billed in an amount equal to the minimum charge under the applicable rate for each month service was shut off up to the 12 month intervening period.

SURCHARGES

(C)

Rider A - State Tax Adjustment Surcharge
Rider D - Merchant Function Rider
Rider F - Gas Procurement Charge
Rider G - Distribution System Improvement Charge

PAYMENT

In accordance with Section 8 of this Tariff.

Late Payment Charge

Non-Residential Customers will be charged five (5) percent per month on the balance due not paid by the due date and an additional one and one half (1 1/2) percent per month for each month thereafter.

RULES AND REGULATIONS

All of the Rules and Regulations of this gas Tariff are a part of this Rate Schedule.

RATE NT**GENERAL SERVICE - NON-RESIDENTIAL TRANSPORTATION****AVAILABILITY**

This Rate applies in the entire territory served by the Company and is available to all Customers who are served by a Choice Supplier receiving service under Rate AG, except residential Customers, using gas for any purpose. Service will be supplied only where the Company's facilities and the available quantity of gas are suitable to the service desired. Rate NT service may not be applied to supplement or back up interruptible service under Rates IS or DS, except to the extent of needs for plant protection use. Service to the same customer under Rate NT and Rates IS or DS and transfers of a customer or customer load from Rates IS or DS to Rate NT shall be permitted only as determined by the Company, and subject to reasonable limitations.

STANDBY AVAILABILITY

Where service is provided under this Rate to any Non-Residential Customer utilizing natural gas as a backup, auxiliary or temporary fuel, a Standby Surcharge shall apply. For purposes of applying the Standby Surcharge, backup, auxiliary or temporary functionality shall be determined at the Company's sole discretion where natural gas is being utilized as a backup heating fuel to any other fuel service.

Monthly Rate Table

	<u>Customer Charge:</u>	\$32.41 per customer	
Plus	<u>Distribution Charge:</u>	\$2.1243 per MCF (all volumes)	(D)
Plus, if <u>Standby:</u>	<u>Customer Charge Surcharge:</u>	\$29.60 per Customer	
Plus	<u>Distribution Charge Surcharge:</u>	\$1.01 per MCF	

(D) Indicates Decrease

Issued: April 2, 2013

Effective for Service Rendered on and after
April 3, 2013

RATE NT - CONTINUED

MINIMUM CHARGE

The Customer Charge as set forth above.

MINIMUM BILL PROVISION

If natural gas service is discontinued at the request of the Customer, the Company shall not be under any obligation to resume service to the same Customer at the same premise within twelve months unless it shall receive an amount equal to the minimum charge for each month up to a maximum of twelve months of the intervening period.

Customer at the same premise who requires seasonal service and has gas shut off and turned on within twelve month period billed in an amount equal to the minimum charge under the applicable rate for each month service was shut off up to the 12 month intervening period.

SURCHARGES

(C)

Rider A - State Tax Adjustment Surcharge
Rider G - Distribution System Improvement Charge

PAYMENT

In accordance with Section 8 of this Tariff.

Late Payment Charge

Non-Residential Customers will be charged five (5) percent per month on the balance due not paid by the due date and an additional one and one half (1 1/2) percent per month for each month thereafter.

RULES AND REGULATIONS

All of the Rules and Regulations of this gas Tariff are a part of this Rate Schedule.

Where a Customer is returned to the Company or an alternate Supplier of Last Resort prior to the next regular meter reading date, due to the Licensed Choice Natural Gas Supplier's non-performance, Customer will receive service from Company or alternate Supplier of Last Resort for the remainder of the billing month at the contract rate between the Customer and Choice Supplier. Customer must provide evidence of the applicable contract rate, if requested by Company, to receive the contract rate price. As of the next regular meter read date, Customer will be transferred to Rate N, unless enrolled as a Rate NT customer by another Choice Supplier, effective as of the next regular meter read date.

RATE NT - CONTINUED

General Terms

Company shall retain for Company use gas and lost and unaccounted for gas 1.8% (I)
of the total volume of gas delivered into its system for Customer's account.

(I) Indicates Increase

Issued: November 30, 2016

Effective for Service Rendered on and after
December 1, 2016

GAS BEYOND THE MAINS SERVICE - SCHEDULE GBM

APPLICABILITY

Available for service throughout the territory served under this Tariff.

AVAILABILITY

The Company may from time to time, at its sole option, provide service to customers requesting natural gas service in the Company's service territory utilizing propane where the extension of natural gas facilities is currently uneconomic but is anticipated to be economic, and absent this rate schedule, the Customer would not receive service from the Company. Schedule GBM service will be closed to new customers as of December 31, 2009. Beginning December 1, 2011, existing Schedule GBM service customers will transition to a market-based propane rate as described below under NET MONTHLY RATE.

NET MONTHLY RATE

The charges for each billing period shall equal to the current charges set forth in this tariff under the otherwise applicable rate schedule; provided, however, beginning December 1, 2011, customers shall pay the otherwise applicable distribution rate, but the GBM commodity portion of their GBM bill shall be transitioned to market-based propane rates as follows:

- December 1, 2011, through November 30, 2012, (85% PGC rate and 15% market-based propane rate)
- December 1, 2012, through November 30, 2013, (60% PGC rate and 40% market-based propane rate)
- December 1, 2013, through August 26, 2014, (35% PGC rate and 65% market-based propane rate)
- August 27, 2014, and thereafter, (0% PGC rate and 100% market-based propane rate)

The current GBM transition commodity rate is:

June 1, 2014 through August 26, 2014	\$ 15.2524 per Mcf
June 1, 2015, and thereafter	\$ 14.8127 per Mcf (C) (D)

(D) Indicates Decrease (C) Indicates Change

RATE GBM - CONTINUED

ADDITIONAL SERVICE PROVISIONS

1. The cost of converting a Customer's appliance to or from propane or natural gas service, unless otherwise agreed by the Company, shall be paid by the Customer.
2. The Customer shall provide a suitable location for any required propane facilities as determined by the Company.
3. If propane service is requested by a developer for a planned or actual real estate development with multiple actual or potential service locations, the developer shall enter into an agreement with the Company addressing the provision of suitable locations for required propane facilities, appliance conversion characteristics and responsibilities for use of propane distribution facilities.

SURCHARGES

(C)

- Rider A - State Tax Adjustment Surcharge
- Rider D - Merchant Function Rider
- Rider E - Universal Service Program Rider if applicable
- Rider F - Gas Procurement Charge

PAYMENT

In accordance with Rule 9.

Late Payment Charge

Residential Customers will be charged a late payment charge of one and one half (1 1/2) percent per month on the balance due not paid by the due date. Non-Residential Customers will be charged five (5) percent per month on the balance due not paid by the due date and an additional one and one half (1 1/2) percent per month for each month thereafter.

RULES AND REGULATIONS

All of the Rules and Regulations of this gas Tariff are a part of this Rate Schedule.

RATE CIAC

GENERAL SERVICE - COMMERCIAL AND INDUSTRIAL AIR CONDITIONING

AVAILABILITY

This Rate applies in the entire territory of the Company where natural gas is supplied. It is available to any commercial or industrial Customer using gas for air conditioning purposes when Customer has a written agreement contracting for use of gas under the terms of this Tariff.

Service will be supplied only where the Company's facilities and available quantities of gas are suitable to the service desired. The number of Customers to receive service under this Rate may be limited by the Company.

The use of gas under this Rate will only be available beginning with the April billing period and ending with the October billing period.

TERMS AND BILLING

Service shall be for a period of not less than one (1) year with monthly payments for service taken. Gas sold under this Rate Schedule shall be determined and billed by the Company upon the basis of:

- (a) Gas used in excess of the estimated use for purposes other than air conditioning, or
- (b) Gas used for air conditioning separately metered where it is practical and economical.

Where gas is also used for space heating service under Rate N and CIAC usage during the billing month is equal to or greater than 3% of the average Rate N gas usage during January through March, then all air conditioning usage will be billed under Rate CIAC; if less than 3% of the average is consumed, then air conditioning usage will be billed under Rate CIAC, and the difference will be billed under Rate N.

All other gas used, including gas used for air conditioning purposes during months other than the billing periods of April through October, shall be paid for under other rates applicable to Customer.

Monthly Rate Table

	<u>Customer Charge:</u>	\$32.41 per customer	
Plus	<u>Distribution Charge:</u>	\$0.9760 per MCF (all volumes)	(D)
Plus	<u>Annual Gas Cost Rate</u>		
	As stated in Section 11 Rider B Section 1307 (F) Purchased Gas Costs		

(D) Indicates Decrease

RATE CIAC - CONTINUED

Plus

Annual E-Factor

As stated in Section 11 Rider B Section 1307 (F) Purchased Gas Costs

MINIMUM CHARGE

Customer Charge as set forth above.

SURCHARGES

Rider A - State Tax Adjustment Surcharge

Rider D - Merchant Function Charge Rider

Rider F - Gas Procurement Charge

Rider G - Distribution System Improvement Charge

(C)

PAYMENT

In accordance with Section 8 of this Tariff.

Late Payment Charge

Non-Residential Customers will be charged five (5) percent per month on the balance due not paid by the due date and an additional one and one half (1 1/2) percent per month for each month thereafter.

RULES AND REGULATIONS

All of the Rules and Regulations of this gas Tariff are a part of this Rate Schedule.

RATE DS - DELIVERY SERVICE

AVAILABILITY

This service applies in the entire territory served by the Company. Firm Delivery Service shall be provided for all volumes supplied by the Customer for which the Company has available on system delivery capacity, subject to Section 15 - Gas Emergency Planning provisions of the Company's tariff, applicable rules and regulations of the PUC and any other governmental mandates.

The Customer must execute a Service Agreement for not less than (1) one year. The contract shall continue in force for consecutive (1) year periods unless cancelled by the Customer upon ninety (90) days written notice to Company prior to the expiration of a contract term.

Should the warranty of Customer's capacity in whole or part be void or become void during the term of the delivery service contract, then unless otherwise agreed by Company, the Company shall have no service obligation thereafter and the Company may transfer the Customer to an otherwise applicable firm rate schedule.

Gas service in excess of volumes delivered by the Customer shall only be provided in accordance with applicable delivery service balancing provisions or in accordance with optionally elected and approved balancing or standby services.

Service under Rate DS is subject to the terms set forth under "General Terms for Delivery Service for Rates DS, LFD, XD, and IS".

MONTHLY RATE TABLE

The charge for each monthly billing period shall be the sum of the Customer Charge, the Capacity Charge if applicable, and the Distribution Charge as described below. The following are maximum rates.

Customer Charge: \$174.91

Plus

Maximum Distribution Charge: \$1.6171 per MCF (all volumes)

SURCHARGES

(C)

Rider A - State Tax Adjustment Surcharge

Rider G - Distribution System Improvement Charge

RATE DS (Continued)

DELIVERY SERVICE

PAYMENT

In accordance with Section 8 of this Tariff.

LATE PAYMENT CHARGE

Non-Residential Customers will be charged five (5) percent per month on the balance due not paid by the due date and an additional one and one half (1 1/2) percent per month for each month thereafter.

GENERAL TERMS

Company shall retain for Company use gas and lost and unaccounted for gas 1.8% (I) of the total volume of gas delivered into its system for Customer's account.

RULES AND REGULATIONS

All of the Rules and Regulations of this gas Tariff are a part of this Rate Schedule.

(I) Indicates Increase

**RATE NNS
NO-NOTICE SERVICE**

AVAILABILITY

This Rate is available upon request to any Customer served on Rate DS, LFD, XD or IS who, after review and acceptance of such request by Company, has entered into a service agreement with Company for service under Rate NNS. The term of the service agreement shall be concurrent with that of the Customer's underlying Delivery Service Schedule.

Service under this Rate is available for inadvertent fluctuations only, limited in availability to a cumulative amount not to exceed 10% of the customer's total scheduled deliveries for the month, and is not available to speculate as to fuel prices or otherwise to permit imbalances which reasonably could have been avoided. Service under Rate NNS is subject to the terms and conditions set forth under Section 16 "General Terms for Delivery Service DS, LFD, XD, and IS."

TERMS AND CONDITIONS

Customers monitored on a daily basis through the use of Company owned automated metering facilities may elect a specific level of no-notice service under this Rate. Such election shall be made through the specification of a No-Notice Allowance ("NNA"), in MCF per day, of an amount no less than 2.5% and no greater than 100% of Customer's Daily Firm Requirement, Maximum Daily Quantity or otherwise specified daily contract limit. The elected NNA shall be effective for a fixed period equal to the lesser of one year or the remaining balance of the Customer's service agreement or, a lesser time period mutually agreeable to both the Customer and the Company. In no instance shall a NNA be effective for a period of less than one month.

No-notice service shall be provided under this Rate whereby the Company shall forward or bank no-notice supplies to the Customer on a daily basis in such amounts necessary to balance the Customer's daily deliveries with the Customer's daily consumption. Forwarded amounts shall be limited in amount by the lesser of the sum of the Customer's daily nomination plus elected NNA or, the Customer's DFR, MDQ or otherwise specified contract limit. Banked amounts shall be limited to an amount no greater than the Customer's NNA election.

Customer electing an NNA shall be billed for no-notice service according to that specific level of service.

Customer shall be allowed to maintain a cumulative balance of NNS, as calculated on a daily basis, in an amount no greater than +/-10% of Customer's total scheduled deliveries for the month. Volumes in excess of the daily or cumulative balance limits shall be subject to Daily Excess Imbalance Charges as set forth in section 16.5 General Terms For Delivery Service DS, LFD, XD and IS on all such excess quantities, in addition to the charges specified in the Customer's Delivery Service Schedule.

Customers receiving gas under Rate NNS shall be required to return forwarded gas, or consume banked gas, within the time period and in accordance with the terms specified in the Company's *Nomination Procedure*; such volumes, when authorized, shall be

RATE NNS (Continued)
NO-NOTICE SERVICE

offsetting to Customer's daily calculated cumulative NNS balance. In no instance shall the Customer be required to initiate or continue such return or consumption if such return or consumption would exceed Customer's DFR, MDQ, or otherwise specified contract limit.

Customer shall continue this corrective action until such time as all no-notice volumes have been returned or consumed, or until the end of the billing period is reached. Volumes not returned or consumed by the end of the billing period shall be included in Customer's applicable monthly imbalance calculation.

MONTHLY RATE TABLE

NNS Rate
\$2.4200/MCF X Customer elected NNS

RATE MBS**MONTHLY BALANCING SERVICE****AVAILABILITY**

This Rate is available upon request to any Customer served on Rate DS, LFD, XD or IS who, after review and acceptance of such request by Company, has entered into a service agreement with Company for service under Rate MBS. The term of the service agreement shall be concurrent with that of the Customer's underlying Delivery Service Schedule.

Service under Rate MBS is available for inadvertent fluctuations only, limited to an amount not to exceed 10% of the customer's total scheduled deliveries for the month, and is not available to speculate as to fuel prices or otherwise to permit imbalances which reasonably could have been avoided. Service under Rate MBS is subject to the terms set forth in Section 16 "General Terms For Delivery Service for Rates DS, LFD, XD, and IS."

Rate MBS is available as a monthly banking service for Customer transportation deliveries. Service under Rate MBS allows Customer transportation imbalances (metered volumes less total scheduled nominations) which are within 10% of Customer's total scheduled nominations for the month to be carried forward in the Customer's MBS Account ("Balance Account") for redelivery of excesses or receipt of shortfalls in subsequent months.

TERMS AND CONDITIONS

Balance Account Operation. To the extent Customer's total deliveries exceed Customer's total consumption at the end of a Billing Month, the excess volumes shall be added to the Customer's Balance Account. To the extent Customer's total consumption exceeds Customer's total deliveries at the end of a Billing Month, the shortfall volumes shall be subtracted from the Customer's Balance Account.

Balance Account Limits. At no time, as calculated at the end of a Billing Month, shall a Customer exceed a Balance Account excess or shortfall balance greater than 10% of the Customer's total scheduled deliveries for the month, as determined by the Company in its sole discretion. Any such imbalance on the Customer's Balance Account shall result in an immediate zeroing of the Balance Account balance in accordance with the Cash-In/Cash-Out pricing set forth in Section 16.3.

RATE MBS (Continued)

Monthly Balancing Service

The Company, in its sole discretion, may zero out the Customer's Balance Account at the end of any Billing Month by purchasing or selling such net imbalance volumes in the Customer's Balance Account at the prevailing month's Cash-In/Cash-Out pricing at set forth in Section 16.3, provided such zero out may occur only if necessitated by operational needs of the Company or as a result of a requirement of an applicable interstate pipeline.

MONTHLY RATE TABLE

Monthly Transportation Volume

Rate DS/IS	\$0.008/MCF x Transported Volumes
Rate LFD	\$0.006/MCF x Transported Volumes
Rate XD	\$0.005/MCF x Transported Volumes

RATE LFD**LARGE FIRM DELIVERY SERVICE****AVAILABILITY**

This Rate applies in the entire territory served by the Company. It is available to any Customer who executes a Service Agreement with the Company for an on system Daily Firm Requirement (DFR), as agreed to by Customer and Company in said agreement, for not less than fifty (50) MCF of gas per day of firm service. Volumes delivered under this Rate shall be metered separately from service under any of the Company's other rates, except as provided for in Rates IS, NNS, and MBS. In lieu of separate metering, the Company may accept contractual commitments specifying minimum volumes of service under Rate LFD.

Delivery Service will be provided by the Company where the Customer provides suitable gas delivered to a Company authorized receipt point, as determined by the Company in its sole discretion, provided Company has available on-system and/or pipeline capacity available in such quantities to meet Customers requirements. The Company shall be under no obligation to maintain on-system facilities required for service beyond the term of an executed service agreement. The Company shall use best efforts to maintain firm service to the Customer beyond the term of Customer's contract, but is under no obligation to provide such service.

Unless otherwise agreed by the Customer and Company, the Customer must enter into a Service Agreement for a minimum term of three (3) years. The contract shall continue in force for consecutive three (3) year periods unless cancelled by Customer upon one (1) year written notice to the Company prior to the expiration of the then current contract term.

The DFR shall be the Company's contracted maximum firm delivery obligation to the Customer on any day and shall be no less than fifty (50) MCF or the sum of firm standby service provided by the Company to the Customer and firm pipeline capacity obtained or contracted for by the Customer which has been warranted by the Customer, and approved by the Company in its sole discretion subject to the following criteria:

- a) The capacity has a Company approved city gate listed as a primary delivery point by the pipeline;
- b) The capacity is non recallable
- c) The capacity has Company approved pipeline receipt points which access one or more major gas sourcing locations or Customer contracted gas supplies; and
- d) Unless otherwise agreed by the Customer and the Company, the duration of the capacity contract shall be at least equal to the term of Customer's service agreement for this Rate.

Should the warranty of capacity in whole or part be void or become void during the term of the delivery service contract, then unless otherwise agreed by Company, the Company shall have no service obligation thereafter and the Customer shall remain liable for minimum bill requirements for the length of the contract under this Rate, including applicable penalties.

RATE LFD (Continued)**LARGE FIRM DELIVERY SERVICE**

Firm Delivery Service shall be provided for all volumes provided by the Customer for which the Company has available delivery capacity, subject to the curtailment provisions of the Company's Tariff, applicable rules and regulations of the PUC and any other governmental mandates.

Gas service in excess of volumes delivered by the Customer shall only be provided in accordance with applicable delivery service balancing provisions or in accordance with optionally elected and approved balancing services.

Delivery Service in excess of the DFR is interruptible.

Service under Rate LFD is subject to the terms set forth under "General Terms for Delivery Service for Rates DS, LFD, XD, and IS."

MONTHLY FIRM REQUIREMENT

The Monthly Firm Requirement is the product of the DFR and the number of days in the Billing Month.

MONTHLY RATE TABLE

The charge for each monthly billing period shall be the sum of the Customer Charge, the Demand Charge, the Distribution Charge and any Excess Take Charge as described below. The following are maximum rates.

Customer Charge: \$499.91

Plus

Maximum Demand Charge: \$3.05 per MCF of customers elected DFR.

Plus

Maximum Distribution Charge: \$0.8510 per MCF (all volumes)

GENERAL TERMS

Company shall retain for Company use gas and lost and unaccounted for gas 1.8% of the total volume of gas delivered into its system for Customer's account. (I)

SURCHARGES

Rider A - State Tax Adjustment Surcharge

Rider G - Distribution System Improvement Charge

PAYMENT

In accordance with Section 8 of this Tariff.

RATE LFD (Continued)

LARGE FIRM DELIVERY SERVICE

LATE PAYMENT CHARGE

Non-Residential Customers will be charged five (5) percent per month on the balance (C) due not paid by the due date and an additional one and one half (1 1/2) percent per month for each month thereafter.

EXCESS TAKE CHARGE

Except as provided in the Company's *Nomination Procedure*, for authorized usage on any day in excess of the Daily Firm Requirement there will be a charge of \$6.00 per MCF in addition to the charges specified in the rate table.

MINIMUM BILL

Monthly: The Minimum Monthly Bill shall be the Customer Charge and Demand Charge.

Annual: The Minimum Annual Bill shall be based on the Customer maintaining a 0.50 annual load factor and shall be due and payable with the bill for the 12th month in the contract year. The Customer's actual load factor shall be determined by dividing the total volume of gas taken during the contract year (including volumes taken under the Retail and Standby Rider, the Cash-Out provisions of Section 16.3) by the sum of the Monthly Firm Requirements for the contract year. If the actual load factor is less than 0.50, then, in addition to payment for actual usage, the Customer shall pay a Minimum Annual Bill charge equal to the product of: (1) the difference between 0.50 and the actual load factor, (2) the sum of the Customer's Monthly Firm Requirements, and (3) the average delivery charge paid by the Customer over the previous 12 month period, as calculated by the Company. If the Customer's actual load factor is greater than or equal to 0.50, no Minimum Annual Bill charge will be required.

CHARGE FOR OTHER TRANSPORTATION

If the Customer chooses to use the Company as agent in regard to transportation service by others, any costs calculated by or billed to the Company, with regard to such agency, shall be billed to the customer by the Company and may include an applicable administrative fee as agreed by the Customer and Company.

RATE LFD (Continued)**LARGE FIRM DELIVERY SERVICE****CHARGE FOR UNAUTHORIZED OVERRUN**

Whenever it is necessary to limit the service to the amount of the Daily Firm Requirement or confirmed delivered volumes to an authorized contract receipt point, the Company will give at least two (2) hours notice but upon written request of Customer up to six (6) hours notice, in a reasonable manner as determined by the Company. If the Customer takes gas in excess of the DFR or otherwise applicable flowing gas limitations on any day for which notice of limitation has been given, the Customer shall be billed and shall pay for such excess gas at the rate to be calculated in compliance with Section 16.5 Maximum Daily Excess Balancing Charge, in addition to the charges specified in the Rate Table and applicable gas costs. Customer shall indemnify Company from any claims by third parties resulting from Customer's unauthorized overrun.

WAIVER OF PENALTY

The Company shall have the right to waive any penalty for unauthorized use of gas.

SERVICE UNDER OTHER RATES

Volumes purchased under the Retail and Standby Rider or under the Cash-Out provisions of Section 16.3 or taken under Rate NNS shall be included for the purposes of determining Excess Take Charge and Unauthorized Overrun gas.

RULES AND REGULATIONS

All of the Rules and Regulations of this gas Tariff are a part of this Rate Schedule.

RATE XD**EXTENDED LARGE FIRM DELIVERY SERVICE****AVAILABILITY**

This Rate applies in the entire territory served by the Company on request of a Customer which the Company determines, in its sole discretion, has a prospective gas volume usage of at least 200,000 MCF per year at the time of execution or renewal of a Service Agreement.

Delivery Service will be provided by the Company where the Customer provides suitable gas delivered to a Company authorized receipt point, as determined by the Company in its sole discretion, provided Company has available on-system and/or pipeline capacity available in such quantities to meet Customer's requirements. The Company shall use best efforts to maintain on-system firm service to the Customer beyond the term of Customer's contract, but is under no obligation to provide such service. The Company shall be under no obligation to maintain facilities required for service beyond the term of an executed Service Agreement.

Unless otherwise agreed to by the Customer and the Company, the Customer must enter into a service agreement for a minimum term of three (3) years. For a Customer requesting firm service, the Service Agreement shall specify an initial Daily Firm Requirement (DFR).

The DFR shall be the Company's contracted maximum firm delivery obligation to the Customer on any day and should be equal to the sum of, 1) firm standby service provided by the Company to the Customer, and 2) firm pipeline capacity obtained or contracted for by the Customer which has been warranted by the Customer, and approved by the Company in its sole discretion subject to the following criteria:

- a) The capacity has a Company approved city gate listed as a primary delivery point by the pipeline;
- b) The capacity is non-recallable;
- c) The capacity has Company approved pipeline receipt points which access one or more major gas sourcing locations or Customer contracted gas supplies; and,
- d) Unless otherwise agreed by the Customer and the Company, the duration of the capacity contract shall be at least equal to the term of Customer's service agreement for this Rate.

Should the warranty of capacity in whole or part be void or become void during the term of the delivery service contract, then unless otherwise agreed by the Company, the Company shall have no service obligation thereafter and the Customer shall remain liable for minimum bill requirements for the length of the contract under this Rate, including applicable penalties.

RATE XD (Continued)

EXTENDED LARGE FIRM DELIVERY SERVICE

For Customers requesting firm service, Delivery Service shall be provided for all volumes provided by the Customer for which the Company has available delivery up to DFR, subject to the Section 15 - Gas Emergency Planning provisions of the Company's tariff, applicable rules and regulations of the PUC and any other governmental mandates.

Gas service in excess of volumes delivered by the Customer shall only be provided in accordance with applicable delivery service balancing provisions or in accordance with optionally elected and approved balancing or standby services.

Delivery Service in excess of the DFR is interruptible and will be provided under terms and conditions identical to those set forth under Rate Schedule IS.

Service under Rate XD is subject to the terms set forth under "General Terms for Delivery Service for Rates DS, LFD, XD, and IS."

MONTHLY RATE TABLE

The charge for each monthly billing period shall be negotiable and shall be the sum of the Customer Charge, Delivery Charge, Demand Charge if applicable, and the Minimum Annual Bill as described below.

The following are maximum rates.

Customer Charge: Charge as determined by negotiation.

Plus Maximum Demand Charge: Charge as determined by negotiation.

Plus Maximum Average Delivery Charge: \$0.8510 per MCF (all volumes)

SURCHARGES

Rider A - State Tax Adjustment Surcharge

Rider G - Distribution System Improvement Charge

General Terms

Unless otherwise agreed between the Customer and the Company, Company shall retain for Company use gas and lost and unaccounted for gas 1.8% of the total volume of gas delivered into its system for Customer's account. (I)

MINIMUM BILL

Minimum Bill Volumes and terms shall be determined by negotiation.

CHARGE FOR OTHER TRANSPORTATION

If the Customer chooses to use the Company as agent in regard to transportation service by others, any costs calculated by or billed to the Company, with regard to such agency, shall be billed to the Customer by the Company and may include an applicable administrative fee as agreed by the Customer and Company.

(I) Indicates Increase

RATE XD (Continued)

EXTENDED LARGE FIRM DELIVERY SERVICE

CHARGE FOR UNAUTHORIZED OVERRUN

Whenever it is necessary to limit the service to the amount of the Daily Firm Requirement or confirmed delivered volumes to an authorized contract receipt point, the Company will give at least two (2) hours notice but upon written request of Customer up to six (6) hours' notice, in a reasonable manner as determined by the Company. If the Customer takes gas in excess of the DFR or otherwise applicable flowing gas limitations on any day for which notice of limitation has been given or upon failure of customer's capacity warranty in whole or part, the Customer shall be billed and shall pay for such excess gas at a charge of at the rate to be calculated in compliance with Section 16.5 Maximum Daily Excess Balancing, in addition to the charges specified in the Rate Table and applicable gas costs. Customer shall indemnify Company from any claims by third parties resulting from Customer's unauthorized overrun.

WAIVER OF PENALTY

The Company shall have the right to waive any penalty for unauthorized use of gas.

Volumes purchased under the Retail and Standby Rider or under the Cash-Out provisions of Section 16.3 or taken under Rate NNS shall be included for the purpose of determining Unauthorized Overrun gas.

PAYMENT

In accordance with Section 8 of this Tariff.

LATE PAYMENT CHARGE

Non-Residential Customers will be charged five (5) percent per month on the balance due not paid by the due date and an additional one and one half (1 1/2) percent per month for each month thereafter. (C)

RULES AND REGULATIONS

All of the Rules and Regulations of this gas Tariff are a part of this Rate Schedule.

**RATE R/S
RETAIL AND STANDBY RIDER**

AVAILABILITY

Retail and Standby services are available under the Retail and Standby Rider to any Customer receiving service under a Delivery Service Schedule. Service shall be supplied only where the Company's facilities are suitable and available for the service desired. Service is subject to curtailment under Tariff Rule No. 15.

Retail and Standby services under this schedule may be provided on a firm and/or interruptible basis. Subject to the Company's sole discretion, services shall be provided only if, and to the extent, sufficient Company and/or Customer provided capacity exists for the transportation of available gas supplies.

The Company may provide capacity, supply or a bundled service, retail or standby, to the Customer under this rate schedule as per one or more of the following:
For Customers having upstream capacity rights: Company shall provide, or stand ready to provide, gas supplies to the Customer in such amounts and at such delivery or receipt points as necessary to meet Customers' contract requirements, as specified on a daily, monthly, seasonal or annual basis.

For Customers providing, selling or forwarding gas supplies to the Company for redelivery to Customer: Company shall provide, or stand ready to provide, pipeline and/or system capacity to deliver such gas supplies to the Customer.

For Customers requiring bundled sales service: Company shall provide, or stand ready to provide, the necessary pipeline and/or system capacity, and gas supplies necessary to provide gas service to the Customer at the Customers' metered location.

Where applicable, Customer must nominate standby service requirements by specifying a Nominated Standby Requirement (NSR) in MCF and a Daily Standby Requirement (DSR) in MCF per day of amounts equal to the Customer's total and daily standby supply requirements.

Customers served under firm Delivery Service Schedules may take firm retail and/or standby service under this rate schedule in any amount up to their available Daily Firm Requirement (DFR) or otherwise specified contract limit. All other terms and conditions of service as specified in Customer's Delivery Service Schedule and/or contract shall continue to apply.

Capacity and/or supply utilization under this rate schedule shall be on an as available basis for customers requesting retail and/or standby services. Subject to the Company's sole discretion, other incrementally obtained capacity and/or supply shall be assigned according to a Customer request queue or otherwise specified auction procedure. When necessary, such request queue or auction procedure shall be established in accordance with the terms outlined in the Company's *Nomination Procedure*.

The Company, upon notice to the Customer, may specify minimum levels of retail and/or standby nominations required for service under this rate schedule.

Service under Rate R/S is subject to the terms set forth under "General Terms for Delivery Service for Rates DS, LFD, XD, and IS."

RATE R/S (Continued)**RETAIL AND STANDBY RIDER****CONTRACT TERM AND BILLING**

Unless otherwise agreed by the Company and Customer the terms of contract shall be no less than one year with monthly payments for service taken.

Unless otherwise agreed by the Company and Customer, the firm or interruptible Daily Standby Requirement (DSR) shall be equal to the Nominated Standby Requirement (NSR) divided by the number of days in the standby period.

MONTHLY RATE TABLE

The charge for each Billing Month shall be the sum of the Customer Charge

Plus

The Capacity/Reservation Charge corresponding to the Customer's service election, plus the Commodity Charge as shown below.

Administrative Service Fee: \$75 per month.

Plus

Capacity/Reservation Charge:

Firm Retail Option: The applicable market price for available upstream capacity, plus the applicable charge for available system capacity, less any capacity charges paid under the Customer's applicable Delivery Service Schedule, but in no case less than zero.

Firm Standby Option: The applicable Firm Standby Reservation Charge per MCF of DSR and/or per MCF of NSR.

- a) The Firm Standby Reservation Charge shall be equal to the sum of the monthly contract demand rates charge by the Company's interstate pipeline suppliers divided by the sum of the daily contract demands.
- b) The Firm Standby Reservation Charge shall be subject to increase or decrease whenever any of the Company's interstate pipeline suppliers make changes in their contract demand rates. Any change in the Standby Rate shall become effective on the first day of the month following the date on which the change in pipeline contract demand rate becomes effective.
- c) The Firm Standby Reservation Charge revenues will be credited to the PGC.

Interruptible Standby Option: The applicable interruptible standby reservation charge per MCF of DSR and/or per MCF of NSR.

Plus

Commodity Charge: The delivery charge applicable under the Customer's delivery service schedule plus the applicable commodity cost, which shall be the identifiable additional cost of supply necessary to serve the Customer's usage, plus any applicable reservation cost of supply.

RATE R/S (Continued)

RETAIL AND STANDBY RIDER

The minimum monthly bill under this rate schedule shall be the sum of the Customer and Capacity/Reservation Charges plus any commodity reservation costs per MCF of NSR.

SURCHARGES

Rider A - State Tax Adjustment Surcharge

Rider G - Distribution System Improvement Charge (C)

Any charges or penalties imposed by pipeline suppliers as a result of usage under this rider shall, at the Company's sole discretion, be allocated to Customers according to each Customer's contractual obligation or be assigned to the Customer responsible for the incurrence of the charges or penalties.

PAYMENT

In accordance with Section 8 of this Tariff.

LATE PAYMENT CHARGE

Non-Residential Customers will be charged five (5) percent per month on the balance due not paid by the due date and an additional one and one half (1 1/2) percent per month for each month thereafter.

RULES AND REGULATIONS

All of the Rules and Regulations of this gas Tariff are a part of this Rate Schedule.

RATE IS**INTERRUPTIBLE SERVICE****AVAILABILITY**

This Rate applies in the entire territory served by the Company. It is available to any commercial or industrial Customer using gas for any purpose when Customer has executed a Service Agreement contracting for use of gas under the terms of this Tariff.

Unless otherwise agreed by both Customer and Company, service under IS is available only to Customer loads with documented installed capability to consume an alternate fuel.

Service under Rate IS is available to Commercial and Industrial Customers with documented installed capability to consume an alternate fuel. Where for Manual Interruptible (MI) Customers, the Customer and Company agree that the Customer has the capability of consuming at least 5,000 MCF of gas during April through October (Off Peak Period) and for Automatic Temperature Control (ATC) Customers, the Customer agrees to install and operate equipment that transfers the interruptible equipment from natural gas to the alternate fuel at a predetermined temperature setting as determined annually by the Company.

The Company shall verify, prior to commencement of service for new customers, that the customer load being served qualifies under these provisions. The Company shall be permitted to inspect the facilities and piping at the premises of the Customer from time to time to confirm that the load being served so qualifies. The Company, at its discretion, may require such separate metering and piping and elimination of any cross-connection to non-qualifying end use equipment as may be necessary to enforce these provisions and to ensure the interruption of service hereunder during periods of restricted service. It is the Customer's responsibility to ensure qualifying alternate fuel capability is maintained in good working order as Company shall maintain no obligation for service during periods of interruption. If Customer fails to maintain qualifying alternate fuel facilities, as determined by the Company in its sole discretion, the Company may transfer the Customer to the otherwise applicable firm or standby rate schedule, provided sufficient on-system capacity is available.

Service will be provided by the Company where the Customer provides suitable gas delivered to a Company authorized contract receipt point, as determined by the Company in its sole discretion and only when in the opinion of the Company there are sufficient facilities and gas supply. The Company maintains sole discretion to determine the appropriate allocation of gas to Customers.

Gas service in excess of volumes delivered by the Customer shall be provided only in accordance with applicable balancing provisions or in accordance with optionally elected and approved balancing or standby services and shall only be provided when, in the Company's sole discretion, sufficient system capacity is available for such services.

RATE IS (Continued)
INTERRUPTIBLE SERVICE

INTERRUPTION NOTIFICATION

MI Customers agree to maintain a twenty four hour capability to receive notification of interruptions by the Company. When notified by the Company, the MI customer must discontinue use of natural gas for the Rate IS account until notification of Company to resume use of natural gas under Rate IS. The Company will provide due notice of any interruption at least two hours prior or upon written request of the Customer, if agreed by Company, of up to six hours, in a reasonable manner.

ATC Customers agree to maintain equipment required to automatically switch fuels from natural gas to Customer's alternate fuel and from alternate fuel back to natural gas based on outside temperatures, as determined solely by the Company and noticed annually by Customer. The ATC equipment shall meet specifications as provided by the Company and shall be in working order at all times from November through March of each year.

The Company reserves the right to periodically verify MI and ATC Customer's alternate fuel as well as to verify the proper operation of ATC equipment.

Failure to maintain ATC equipment operation for ATC or MI Customers, a 24 hour notification capability, shall immediately disqualify the Customer from this rate.

CONTRACT TERM AND BILLING

Contracts are for a period of at least one (1) year with monthly payments for service taken.

MONTHLY RATE TABLE

Customer Charge: Charge as negotiated between the Customer and the Company.

Plus,

Distribution Charge:

Charge as negotiated between the Customer and Company based upon the alternate fuels that the Customer has the economic capability of consuming, inclusive of related business factors.

The price shall be no greater than the Rate DS Delivery Charge.

MINIMUM ANNUAL BILL

For ATC Customers: Shall be as negotiated by the Customer and Company, but shall be no less than the product of five hundred (500) MCF times the delivery rate in effect on the first day of the Service Agreement or subsequent anniversary date if renewed Service Agreement.

For MI Customers: Shall be as negotiated by the Customer and Company, but shall be no less than five thousand (5,000) MCF of natural gas in Off Peak Period times the higher of one dollar (\$1.00) per MCF or the delivery rate in effect on the first day of the Service Agreement or subsequent anniversary date if renewed Service Agreement.

RATE IS (Continued)

INTERRUPTIBLE SERVICE

The Minimum Annual Bill shall be calculated at the end of any Service Agreement period or anniversary and shall be due and payable in accordance with terms of the Service Agreement. Volumes of natural gas taken under this rate or Standby Service during Service Agreement period shall be credited to the Minimum Annual Bill volumes.

SURCHARGES

Rider A - State Tax Adjustment Surcharge
Rider G - Distribution System Improvement Charge

PAYMENT

In accordance with Section 8 of this Tariff.

LATE PAYMENT CHARGE

Non-Residential Customers will be charged five (5) percent per month on the balance due not paid by the due date and an additional one and one half (1 1/2) percent per month for each month thereafter.

RULES AND REGULATIONS

All of the Rules and Regulations of this gas Tariff are a part of this Rate Schedule.

CHARGE FOR UNAUTHORIZED OVERRUN

Whenever it is necessary to restrict gas supplied under this Rate, the Company will provide due notice of such restriction. If a Customer, after having received due notice of restriction, shall take gas in excess of the amount made available by such notice, then Customer shall be billed for such excess gas at the rate of Twenty Seven Dollars and Fifty Cents (\$27.50) per MCF in addition to the charge specified in the monthly rate table. Customer shall indemnify Company from any claims by third parties resulting from Customer's unauthorized overrun.

Gas delivered under the Rate IS or purchased under the Cash-Out provisions of Section 16.3 or the Retail and Standby Rider or taken under Rate NNS shall be included in the determination of Unauthorized Overrun gas.

GENERAL TERMS

Company shall retain for Company use gas and lost and unaccounted for gas 1.8% (I) of the total volume of gas delivered into its system for Customer's account.

WAIVER OF PENALTY

The Company shall have the right to waive any penalty for unauthorized use of gas.

Each Customer served under an Rate IS shall specify a Maximum Daily Quantity ("MDQ"), in MCF per day, which may be used by the Company, in such a manner and at such times as the Company deems necessary, in order to restrict customer nominations, deliveries or takes on a daily basis. The Company reserves the right to adjust Customer's MDQ at any time to reflect historic, projected or otherwise estimated maximum usage capabilities of the Customer.

(I) Indicates Increase

RATE S**STORAGE SERVICE****AVAILABILITY**

Service shall only be provided to Rate DS, LFD, XD, and IS customers that are receiving service under this rate schedule as of March 29, 2009. Rate S will terminate on April 15, 2010 for all Customers.

TERMS AND CONDITIONS

- .1 In order to provide for the storage of gas by the Company during the summer period (April-October) for use by Customers during the following winter period (November -March), the Company shall provide a Storage Service. The Company shall, each year, determine in its sole judgment, the volume of Storage Service that can be provided without impairing service to other Customers or Pool Operators served by the Company. The Company shall notify all Customers served under rate schedule DS, LFD, XD, and IS as to the total volume of Storage Service which will be available. Should the sum of the requested Storage Capacity exceed the volume made available by the Company, allocations shall be made in the following sequence:
 - a. All Priority One Customers.
 - b. Customers that contracted for Storage Service in the previous year shall be allocated Storage Capacity based on their previous storage year's quantities. Customers that did not use their previous year's total Storage Capacity, or failed to inject their previous year's total Storage Capacity, will be allotted quantities of storage equal to the previous year's Storage Capacity quantity, minus any previous year's Storage Capacity either not withdrawn and/or not injected by March 31st of the previous contract year.
 - c. For Customers initially requesting Storage Service, the available Storage Service up to their requested volumes shall be allocated on a pro-rata basis.
 - d. Any remaining available Storage Capacity shall be allocated on a pro-rata basis for the increased portion of the nominations of Customers who have currently contracted for Storage Service.

Storage Capacity shall not exceed the product of the number of possible storage withdrawal days, one hundred and fifty one (151), multiplied by the Customer's Storage Demand.

- .2 The Storage Demand and the Storage Capacity shall be stated in the Transportation Agreement.
- .3 Storage injections shall normally be made only during the months of April through October. Daily injection rates shall not exceed 60% of the contracted Storage Demand during the period of April 1, 2009 through July 31, 2009 and 50% of the contracted Storage Demand during the period of August 1, 2009 through October 31, 2009.

RATE S (Continued)**STORAGE SERVICE**

- .4 Storage withdrawals shall occur during the period of November 1, 2009 through April 15, 2010. All storage shall be withdrawn by the end of business on April 15, 2010. Any Storage Capacity remaining after April 15, 2010 shall be treated as a Positive Imbalance. Storage quantities shall be withdrawn at rates in accordance with the following schedule:
- November 1, 2009 through February 14, 2010 - 100% of contracted Storage Demand
- February 15, 2010 through March 14, 2010 - 80% of contracted Storage Demand
- March 15, 2010 through April 15, 2010 - 65% of contracted Storage Demand
- .5 Storage Charge
- .a The monthly Storage Charge shall be the sum of the Storage Demand Charge, Capacity Charge, Injection Charge, and the Withdrawal Charge.
- .b The monthly Storage Demand Charge shall be the product of the Storage Demand Rate and the Storage Demand as stated in the Transportation Agreement.
- .c The Storage Demand Rate shall be equal to the sum of the monthly Storage Demand charges billed by the Company's storage suppliers divided by the sum of the suppliers' Storage Demand quantities.
- .d The monthly Capacity Charge shall be the product of the Capacity Rate and the Storage Capacity as stated in the Transportation Agreement.
- .e The Capacity Rate shall be equal to the sum of the monthly Storage Capacity charges billed by the Company's storage suppliers divided by the sum of the suppliers' Storage Capacity.
- .f The Injection Charge shall be the product of the Injection Rate and the volume injected by or on behalf of the Customer into storage during the Billing Month.
- .g The Injection Rate shall be equal to the weighted average of the storage injection rates charged by the Company's storage suppliers.
- .h The Withdrawal Charge shall be the product of the Withdrawal Rate and the volume withdrawn by or on behalf of the Customer or Pool Operator during the Billing Month.
- .i The Withdrawal Rate shall be equal to the weighted average of the storage withdrawal rates charged by the Company's storage suppliers.

RATE S (Continued)**STORAGE SERVICE**

- .10 The Storage Charge components shall be subject to increase or decrease whenever any of the Company's storage suppliers increase or decrease their rates to the Company. Any change in the Storage Rates shall become effective on the first day of the month following the date on which the change in the suppliers' storage rates becomes effective. The Company shall provide notice of any such change to all Pool Operators promptly upon notice from the Company's storage suppliers.
- .11 The Standby Credit shall be equal to the product of the Standby Credit Rate and the volume billed at regular rates under the Standby Service provision.

MONTHLY RATE TABLE

Demand Rate - Per MCF of Storage Demand

Capacity Rate - Per MCF of Capacity

Injection Rate - Per Dekatherm

Withdrawal Rate - Per MCF

Fuel Shrinkage - Per Dekatherm

See Monthly Listing

UGI PENN NATURAL GAS, INC
GAS CHOICE SUPPLIER TARIFF

Rates and Rules
Governing the
Furnishing of
Gas Aggregation Service

Issued: November 25, 2015

Effective for service rendered on and after December 1, 2015, in accordance with 52 Pa. Code §53.64 (i)(5)(iii) and the Commission's Order at Docket No. R-2015-2480934 entered October 22, 2015.

Issued By:

Paul J. Szykman
Vice President - Rates and Government Relations
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<http://www.ugi.com/png>

RULES AND REGULATIONS**1. THE CHOICE SUPPLIER TARIFF**

- 1.1 Filing and Inspection. A copy of this Choice Supplier Tariff (Sections 1 - 9) (hereinafter "Supplier Tariff"), which includes the Charges and Rules and Regulations under which the Company will supply Aggregation Service to Company approved Natural Gas Suppliers (Choice Suppliers) serving customers under Rate Schedules RT and NT, is on file with the Pennsylvania Public Utility Commission and is available on the Company's website <http://www.ugi.com/png/>.
- 1.2 Application. The provisions of the Supplier Tariff apply to all Choice Suppliers serving customers under Rate Schedules RT and NT.
- 1.3 Statement by Agents. No representative has authority to modify a Supplier Tariff rule or provision, or to bind the Company by any contrary promise or representation.
- 1.4 Rule and Regulations. The Rules and Regulations, as part of this Supplier Tariff, are a part of every Aggregation Agreement entered into by the Company pursuant to this Supplier.
- 1.5 Purpose of Tariff. This Supplier Tariff sets forth the basic requirements for interactions and coordination between the Company in its role as a Natural Gas Distribution Company (NGDC) and Choice Suppliers, and includes rules necessary for maintaining the delivery of gas to customers served under Rate Schedules RT and NT.

RULES AND REGULATIONS (Continued)**2. CHOICE SUPPLIER QUALIFICATION**

- 2.1 Service under this Tariff is contingent upon the Choice Supplier completing the Company's Choice Supplier Application Form to Serve Choice Customers (Application) and Company's approval of such Application. Company is the sole judge of a Choice Supplier's Application to safely and reliably serve the Company Choice Customers.
- 2.2 Choice Supplier must meet all pipeline credit standards and prove it is qualified by the pipeline to receive an assignment, release or transfer of pipeline capacity.
- 2.3 Choice Supplier shall include with its returned Application, payment of a non-refundable Enrollment Fee of five hundred dollars (\$500).
- 2.4 Incomplete Applications. In the event the Choice Supplier submits an incomplete application, the Company shall provide written notice to the Choice Supplier of the Application's deficiencies. An incomplete Application will not be processed by the Company until it is fully completed by the Choice Supplier and received by the Company. Failure to submit a fully completed Application within thirty (30) calendar days following notice that the Application was incomplete will result in a rejection of the Application.
- 2.5 Processing of Application. The Company shall, on a best efforts basis, complete the processing of each Application within ten (10) days after receipt of the Application and notify the Choice Supplier of the results of Company's review of such Application.
- 2.6 Rejection of Application. The Company may reject any Application on any of the following grounds:
- a. The Choice Supplier has undisputed outstanding debts to the Company;
 - b. The Choice Supplier has failed to comply with Financial Security requirements specified in Section 8. of this Supplier Tariff;
 - c. Any material fact set forth in the registration or application is false or misleading at the time the application is delivered to the Company or becomes false or misleading at a later date.

RULES AND REGULATIONS (Continued)**2. CHOICE SUPPLIER QUALIFICATION (Continued)**

2.7 Approval of Application. Upon approval of Choice Supplier's Application, Company shall execute the duplicate originals of the Aggregation Agreement tendered by the Choice Supplier and return one copy to the Choice Supplier.

2.8 Supplemental Evaluations. Company may require additional periodic credit evaluations to ensure ongoing financial fitness as set forth in Section 8 of this Tariff. The Choice Supplier will be assessed a \$250 fee for all credit evaluations performed by Company. The evaluation will be based on standard credit factors such as previous Choice Supplier's customer service record, Dun & Bradstreet or similar financial and credit ratings, trade references, bank information, unused line of credit, and financial information. Company shall have sole discretion to determine creditworthiness based on the above criteria, but will not deny creditworthiness without reasonable cause.

3. CUSTOMER LIST

- 3.1 Customer Choice List. Company will maintain a list of Rate R and RT customers that have authorized the release of their information in a secure portion of a Web Site accessible to Choice suppliers in compliance with the requirements of Rule 3.2. Company will also maintain a list of Rate N and NT customers with annual usage less than 300 MCF per year that have authorized the release of their information in a secure portion of a Web Site accessible to Choice suppliers in compliance with the requirements of Rule 3.2. When authorized by the customer, this list shall also include account number, address, rate code and / or historical usage.
- 3.2 Customer List Confidentiality. Such list shall only be accessible by Choice Suppliers that have executed an Electronic Trading Partner Agreement and are otherwise qualified to serve Rate RT and NT customers under this Tariff.

RULES AND REGULATIONS (Continued)

4. CHOICE SUPPLIER OBLIGATIONS

- 4.1 A Choice Supplier must provide and maintain a bond or other financial guarantee in a form and amount as set forth in Section 8 that is acceptable to Company and/or other Commission-approved Supplier of Last Resort. (C)
- 4.2 A Choice Supplier must acquire or agree to acquire an adequate supply of natural gas to serve Choice Supplier's Aggregation Pool and make or cause to be made arrangements by which such gas supplies can be transported to Company's city gates, as directed by Company. Such supplies must be ranked on the transporting pipeline at the pipeline's highest Predetermined Allocation ranking. (C)
- 4.3 A Choice Supplier must enter into an Aggregation Agreement to serve Choice customers under Rate Schedules RT and NT. (C)
- 4.4 A Choice Supplier must comply with Company system reliability requirements, including Daily Flow Directives (DFDs), Operational Flow Orders (OFOs), and notice requirements. (C)
- 4.5 A Choice Supplier must comply with applicable communications standards, including approved internet based Electronic Data Exchange (EDI) procedures. (C)
- 4.6 A Choice Supplier must cooperate with Company in the preparation of an annual reliability plan presented to the Commission. (C)
- 4.7 A Choice Supplier must acquire and maintain a Pennsylvania Public Utility Commission license. (C)
- 4.8 A Choice Supplier (including their nominating agents, if applicable) who nominates gas for delivery to the Company's system must have and maintain Internet access. The Choice Supplier shall also provide Company with a valid email address, a 24-hour a day phone and a 24-hour a day fax number for contact purposes. (C)
- 4.9 The Company's provision of Aggregation Service is contingent upon the Choice Supplier paying all amounts billed to it by the Company in a timely manner. (C)
- 4.10 Failure to comply with all Choice Supplier Obligations will result in the Company disqualifying the Choice Supplier from serving customers under Rate Schedules RT and NT. In the event the Company disqualifies a Choice Supplier, the Choice Supplier may appeal the disqualification to the Commission. If the Commission does not reverse the disqualification within 45 days, the Choice Supplier will be disqualified at the end of the 45 day period and its customers will be returned to sales service or switched to another Choice Supplier. Any Company disqualification will be on a non-discriminatory basis. (C)

(C) Indicates Change

Issued: November 30, 2010

Effective for Service Rendered on and after
December 1, 2010

(C)

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RULES AND REGULATIONS (Continued)**5. OPERATIONAL REQUIREMENTS**

- 5.1 Daily Delivery Requirements. The Company will communicate to each Choice Supplier a Daily Delivery Requirement (DDR). The DDR will be the required amount of gas to be delivered for the indicated date for each Choice Supplier's pool of customers served under Rate Schedules RT and NT, and may specify the required points of delivery. Choice Suppliers who fail to deliver their DDR will be subject to penalties and imbalance charges as outlined in Rate AG.
- 5.2 Daily Flow Directive. An order issued by the Company to address system management issues on a non-critical day, including actions necessary to comply with statutory directives and obligations including the Company's obligations pursuant to 1307(f) gas procurement activities, but not solely for other economic reasons. DFDs will be communicated to affected Customers or NGSSs either electronically, by telephone, by facsimile, through the use of the media or by an alternate mutually agreed upon method between the Company and the Customer or NGS. Customers and NGSSs must provide the Company with a 24-hour contact for DFDs. Failure to comply with a DFD may result in the Customer or NGS being assessed the penalty charge set forth in Section 16.5 (Section A Gas Service Tariff).
- 5.3 Operational Flow Orders. A directive issued by the Company that is reasonably necessary to alleviate conditions that threaten the operational integrity of the Company's system on a critical day, including actions necessary to comply with statutory directives and obligations including the Company's obligations pursuant to 1307(f) gas procurement activities, but not solely for other economic reasons. OFOs will be communicated as soon as reasonably practical to affected Customers or NGSSs either electronically, by telephone, by facsimile, through the use of the media or by an alternate mutually agreed upon method between the Company and the Customer or NGS. Customers and NGSSs must provide the Company with a 24-hour contact for OFOs. Failure to comply with an OFO may result in the Customer or NGS being assessed the penalty charge set forth in Section 16.5 (Section A Gas Service Tariff).

RULES AND REGULATIONS (Continued)

6. BILLING AND PAYMENT

- 6.1 Billing Period. On or before the 15th of a month, Company shall send each Choice Supplier an invoice reflecting all charges incurred by the Choice Supplier for the prior calendar month activities. Such invoice may include charges related to adjustments for prior periods.
- 6.2 Payment. Payments will be due 10 days following issuance of the invoice. Choice Supplier shall make payment to the Company of such invoiced amount by wire transfer to the bank and account specified on the invoice. If the invoiced amount is less than \$1,000, payment can be made by check, payable to the Company. Unpaid balances shall accrue interest at the rate of 1.5 percent per month. Unpaid balances may result in the Company accessing the financial security posted by the Choice Supplier and / or the Choice Supplier being disqualified from providing Aggregation Service.
- 6.3 Billing Dispute. If Choice Supplier asserts a good faith billing dispute, the Choice Supplier shall inform the Company in writing of such dispute and pay the undisputed amount. The disputed amount shall accrue interest at the effective prime rate of interest as published under "Money Rates" by "The Wall Street Journal", or the maximum contract rate permitted by law, whichever is less. The Choice Supplier and the Company shall endeavor to resolve any disputes promptly and the amount determined to be properly invoiced, plus accrued interest on such amount shall be paid to the Company within fifteen (15) days following such resolution. Unpaid amounts not subject to dispute shall accrue interest at the rate specified in 6.2.
- 6.4 Licensed Supplier Budget Billing. The Company will bill all budget billing amount calculated and provided by the Licensed Supplier. The Company will not determine a License Supplier's budget bill charge.
- 6.5 Application of Payments for Rates RT and NT. Where Company renders a bill for natural gas supply service on behalf of a Natural Gas Supplier and a partial payment is received, the partial payment shall first be applied to pre-retail access Company balances and then to post-retail access Company balances. In the event a customer has a pre-retail access Company balance, partial payment shall be applied in the following order of priority:
1. First to outstanding pre-retail access Company balances, or the installation amount on a payment arrangement with Company on this balance; (C)
then to
 2. Current Company charges; then to
 3. Choice Supplier supply charges; then to
 4. Non-Basic Service charges; then to
 5. Hardship Energy Fund contributions.

In the event a Customer develops a post-retail access balance, partial payment shall first be applied to the pre-retail access Company balances in the order of priority specified above. Thereafter, partial payment shall be applied in the following order of priority:

1. First to outstanding post-retail access Company Balances, or the installation amount on a payment arrangement with Company on this balance; (C)
then to
2. Current Company charges; then to
3. Choice Supplier service charges; then to
4. Non-Basic service charges; then to
5. Hardship Energy Fund contributions.

(C) Indicates Change

RULES AND REGULATIONS (Continued)**6. BILLING AND PAYMENT (Continued)**

Where Company renders a budget bill on behalf of a Choice Supplier for Natural Gas Supply service, partial payments shall be applied on a pro rata basis after outstanding pre-retail access balances and post retail access balances have been paid in accordance with the orders of priority specified above.

For purposes of this Section, pre-retail access balances means outstanding account balances incurred prior to Customer transferring to Rate RT and NT.

For purposes of this Section, post-retail access balances means outstanding account balances incurred after Customer transfers to Rate RT and NT.

RULES AND REGULATIONS (Continued)**7. NOMINATION PROCEDURE****(C)**

- 7.1 Customer Choice Nomination Procedure. The Nomination Procedure specifies requirements for nominating, scheduling, balancing, and communicating information relating to Choice Supplier's gas deliveries for customers served under Rates RT and NT.
- 7.2 Contact Persons. A list of Company contact persons will be posted on the Company's Web Site, located at <http://www.ugi.com/gasnmngmt/UGIP/>, or its successor, along with their department affiliation, telephone number, and fax number.
- 7.3 Mandatory Assignment. As used in this tariff the term "Firm Commodity Supply Alternative" shall mean a Company purchase of natural gas, delivered directly to its distribution system or at points along Company pipeline capacity routes (Commodity Delivery Points), constituting a component of Company's PGC supply portfolio and an alternative to pipeline capacity contracts upstream of the Commodity Delivery Points or other firm sources of PGC supply. Firm Commodity Supply Alternative contractual arrangements may require the payment of demand charges or minimum take requirements. Except as provided below, Choice supplier shall be required to accept releases of Company pipeline capacity combined with bundled city gate sales and, as applicable, peaking sales of gas from Company and sales of gas associated with Firm Commodity Supply Alternative arrangements, in accordance with the following assignments:

A monthly release of interstate pipeline capacity or allocation of Firm Commodity Supply Alternative in an amount equal to fifty-six percent (56%) of the PDDR of the Choice Customers served by the Choice Supplier during the month shall be released or allocated at a price equal to the projected weighted average demand cost of all PGC capacity, storage, peaking and Firm Commodity Supply Alternative assets, divided by .56. The Company shall also provide Choice Suppliers with a must-take monthly bundled sale quantity ("MBSQ") during each winter month of November through March, and the Choice Supplier would be permitted to nominate and purchase gas at the Company's city gates throughout each winter month, subject to the maximum daily quantity ("MDQ") limits, up to the MBSQ. The MDQ equals twenty-eight percent (28%) of the PDDR of the Choice Customers served by the Choice Supplier during the month multiplied by the percentage shown on PNG's Gas Management website under the heading Maximum Daily Bundled Sale Percentages. The minimum daily quantity is zero. Choice Suppliers would be required to nominate to the Company a daily quantity for bundled sales no later than 8:45 A.M. Eastern Prevailing Time on each Intercontinental Exchange ("ICE") trading day for deliveries applicable to the ICE flow dates. If no nomination is received, the nomination quantity would default to zero. The Company reserves the right to issue operational flow orders ("OFO") that can modify the daily bundled sale flexibility or require certain levels of deliveries from the released firm transportation contracts. These OFOs would be issued for operational reasons only. MBSQs would be based on the Company's storage withdrawal plan, to be updated annually, and communicated as a percentage of each Choice Supplier's pre-month normalized delivery requirements, which will be shown on PNG's Gas Management website under the heading Must-Take Monthly Bundled Sale Percentages.

(C) Indicates Change

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RULES AND REGULATIONS (Continued)

7. NOMINATION PROCEDURE

(C)

If the full MBSQ is not nominated and purchased by the end of each such winter month, the shortfall ("Bundled Sale Cash-In quantity") would be purchased by the PGC ("Bundled Sale Cash-In amount") as follows:

- a. The DDR Variation Percentage is the sum of the actual DDRs experienced by a Choice Supplier divided by the sum of the pre-month average DDRs that was used to calculate the MBSQ, converted to a percentage. For any month where the DDR Variation Percentage is greater than ninety percent (90%), the Bundled Sale Cash-In amount would equal (1) the product of (a) 0.90 times the lowest absolute low for the Transco, Leidy Line receipts index price as published in Platts' Gas Daily for the applicable month of flow minus (b) the summer index price used for bundled sales (the "Bundled Sale Cash-In index") times (2) the Bundled Sale Cash-In quantity. If the resulting amount is positive, it would be credited to the Choice Supplier, or if negative, would be billed to the Choice Supplier.
- b. In recognition of the effects of extreme warm weather conditions, shortfall amounts would be purchased as follows under such conditions:
 - i. For any month where (a) the DDR Variation Percentage is less than or equal to ninety percent (90%) and (b) the Bundled Sale Cash-In quantity is less than or equal to the MBSQ minus the product of the DDR Variation Percentage times the MBSQ, then the Bundled Sale Cash-In amount would equal (1) the First of the Month Price called "Transcontinental Gas Pipe Line Corp., Zone 4" as published in Platts' Gas Daily Price Guide ("Inside FERC") for the month subsequent to the applicable month in which the Bundled Sale Cash-In quantity was created minus the summer index price used for bundled sales (the "Alternate Bundled Sale Cash-In Index") times (2) the Bundled Sale Cash-In quantity. If the resulting amount is positive, it would be credited to the Choice Supplier, or if negative, would be billed to the Choice Supplier.
 - ii. For any month where (a) the DDR Variation Percentage is less than or equal to ninety percent (90%) and (b) the Bundled Sale Cash-In quantity is greater than the MBSQ minus the product of the DDR Variation Percentage times the MBSQ, then the Bundled Sale Cash-In amount would equal (1) the Alternate Bundled Sale Cash-In Index, as defined in Section 7.3.b.i, times the DDR Variation Percentage times the MBSQ plus (2) the Bundled Sale Cash-In Index, as defined in Section 7.3.a, times the difference of the Bundled Sale Cash-In quantity minus the product of the DDR Variation Percentage times the MBSQ. If the resulting amount is positive, it would be credited to the Choice Supplier, or if negative, would be billed to the Choice Supplier.

RULES AND REGULATIONS (Continued)**7. NOMINATION PROCEDURE****(C)**

In addition to the bundled sales described above, Choice Suppliers shall be required to purchase from Company a separate bundled sale on peak days ("Peaking Sale") equal to an amount up to sixteen percent (16%) of the PDDR of the Choice Customers served by the Choice Supplier during the month. The Peaking Sale would be made on winter days when the Choice Supplier's DDR exceeds the sum of the released firm capacity and the MDQ associated with the bundled sale. The Peaking Sale quantity would be the difference of the Choice Supplier's DDR minus the sum of the released firm capacity and the MDQ associated with the bundled sale. The Peaking Sale price would be based on the commodity cost of UGI's peaking services.

Also in addition to the bundled sales described above, to the extent Company's design cold PGC supply portfolio includes Firm Commodity Supply Alternative contractual arrangements containing minimum take requirements, Choice Supplier shall also be required to make monthly purchases of natural gas from Company in an amount and at the commodity price Company would have been required to pay under the Firm Commodity Supply Alternative contractual arrangements had the Choice Customers projected to be served by the Choice Supplier during the month received PGC service. To the extent Company's design cold PGC supply portfolio includes Firm Commodity Supply Alternative contractual arrangements not containing minimum take requirements, Choice Supplier may elect on a month-to-month basis to make monthly bundled city gate purchases of natural gas from Company in an amount and at the commodity price Company would have been required to pay had the Choice Customers projected to be served by the Choice Supplier during the month received PGC service, provided, however, that nothing in this section shall preclude the Company from issuing OFOs requiring additional purchases of natural gas in accordance with the provisions of section 5.3 of this tariff. If weather conditions cause the Choice Supplier's DDR to exceed the Choice supplier's PDDR, the Choice Supplier would be responsible for arranging for supplies to meet the additional delivery requirements for its Choice Customers.

RULES AND REGULATIONS (Continued)**7. NOMINATION PROCEDURE****(C)**

- 7.4 Capacity Recall. All capacity assigned, released or transferred by Company is subject to recall, or in the event:
- a. A Choice Supplier is disqualified as an approved Choice Supplier on Company's system; or
 - b. The amount of capacity assigned, release or otherwise transferred is no longer required to serve the Choice Supplier's Pool; or
 - c. The Choice Supplier fails to comply with Section 4 of this tariff (Supplier Obligations) and the capacity is required by the Company or Commission approved Supplier of Last Resort to meet its firm commitments.
 - d. The capacity is needed to protect the Company's gas distribution system integrity or meet the Company's public utility obligations.
- 7.5 Agents. A Choice Supplier may have one or more agents who perform one or more supply obligations under this Supplier Tariff. In the event such an agent or agents are utilized, Choice Supplier shall notify Company of the responsibilities of the Agent, and shall provide Company with the Agent's valid e-mail address, 24 hour contact, fax number and phone number for contact purpose. Choice Suppliers using Agents shall remain liable for all charges and penalties.
- 7.6 Determination of Capacity Assignment Quantities. Assignments, releases or transfers of upstream pipeline firm transportation capacity made pursuant to Section 2.3.1 shall be made on the basis of and in accordance with the supply portfolio held by Company at the time of assignment and the composition of the Choice Supplier's Pool. Company will evaluate and adjust the capacity assignments, releases or transfers made to the Choice Supplier from time to time, as required.
- 7.7 City Gate Receipt Points. For nomination purposes, all transportation volumes received on behalf of customers served under Rates RT and NT shall be nominated to the Company's City Gate receipt points. Company reserves the right to specify delivery receipt points.
- 7.8 Daily Nominations. Choice Suppliers serving Rate RT and NT customers shall submit daily nominations equal to the DDR, consistent with the Company's requirements.

RULES AND REGULATIONS (Continued)

7. NOMINATION PROCEDURE

(C)

7.9 Third Party Supply Nominations - Customer Consent. All Company Choice Customers must provide consent to any Choice Supplier nominating on their behalf. Enrollments by Choice Suppliers are deemed to constitute that the customer has provided such consent. For transportation customers served under Rates RT and NT the Choice Supplier must maintain and produce upon request by Company evidence of customer consent within one business day notice.

(C) Indicates Change

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RULES AND REGULATIONS (Continued)

8. FINANCIAL SECURITY

- 8.1 Financial Security. A Choice Supplier shall provide financial security to ensure that Company and/or other Commission-approved Supplier of Last Resort is able to receive, without undue delay, funds or other forms of remuneration sufficient to meet the financial consequences of a Choice Supplier's failure to perform its natural gas supply delivery service obligations hereunder. Company may also use such forms of financial security to satisfy in part or in whole a Choice Supplier's obligation to pay the penalties authorized by this Supplier Tariff. The amount and the form of the security, if not mutually agreed upon by the Company and the Choice Supplier, shall be based on the criteria established under 52 Pa. Code § 62.111(c) and as set forth in this Section 8. (C)
- 8.2 Amount of Financial Security. A Choice Supplier seeking to be licensed to provide service on Company's system shall be required to provide an initial amount of \$50,000 in financial security. After the Choice Supplier begins to serve customers on Company's system the amount of financial security shall, unless otherwise mutually agreed, be equal to \$134.63/Dth times the Design Day Requirement (in Dth) for Choice Supplier's pool of Choice customers (as established at Docket No.P-00032054), but in not event shall the amount of financial security be less than \$50,000. This security level shall be subject to adjustments as provided in Section 8.5. (C)
- 8.3 Forms of Financial Security. For purposes of satisfying the amount of financial security determined under Section 8.2 hereof, the Choice Supplier shall provide financial security in one or more of the following manners, in a form reasonably acceptable to the Company and/or other Commission-approved Supplier of Last Resort, and shall reimburse Company for attorneys fees and all related external costs incurred by Company in implementing and enforcing the form of financial security provided by Choice Supplier: (C)
- (a) cash;
 - (b) performance bond;
 - (c) irrevocable letter of credit;
 - (d) guarantee from a third party;
 - (e) call options satisfying the requirements of Section 8.4 hereof;
 - (f) in the case of Choice Suppliers with annual operating revenues of less than \$1 million; real or personal property placed in escrow or other arrangement that would make the property readily available to Company in the event of the Choice Supplier's non-performance or entering into bankruptcy, provided that the Choice Supplier (i) provides a verified statement, certified by a third party report, showing that the Choice Supplier has clear title to the property and that the property has not been pledged as collateral, or otherwise encumbered in regard to any other legal or financial transaction; (ii) provides a current appraisal report of the market value of the property; and (iii) grant the Company, upon request, a security interest in such property in a form acceptable to Company; or
 - (g) another form of financial security mutually acceptable to Company and Choice Supplier.

(C) Indicates Change

RULES AND REGULATIONS (Continued)

8. FINANCIAL SECURITY (Continued)

- 8.4 Call Option Requirements. A Choice Supplier may meet some or all of its financial security obligations determined under Section 8.2 hereof by providing to Company or paying the Company to procure a Call Option for a volume equal to the monthly Design Day Requirements of the Choice Supplier's customers served under Rate Schedules RT, NT and / or CT. Unless otherwise authorized by Company, the Call Option must have a strike price equal to or less than the Choice Supplier's contract price(s) with its customers served under Rate Schedules RT, NT and CT. The Call Option shall allow Choice Supplier or Company to call on a volume equal to the Choice Supplier's Design Day Requirement on each and every day the Call Option is in place such that the exercise on any day does not preclude or impact the ability to exercise the option on a subsequent day. Call Options shall be subject to the following requirements: (C)
- (a) If procured by Choice Supplier, the Call Option must enable Company to exercise the Call Option in the event of non-performance by the Choice Supplier without obtaining the prior consent of Choice Supplier;
 - (b) If procured by Choice Supplier, the Call Option may be exercised by it for any reason, including economic reasons, on any day when Company and/or other Commission-approved supplier of last resort does not need to exercise it because of Choice Supplier's failure to perform its natural gas supply delivery service obligations hereunder;
 - (c) Company shall specify the period over which the Call Option may be exercised;
 - (d) The Call Option may be a direct NYMEX instrument or it may be obtained indirectly from a third party. If the Call Option is a direct NYMEX instrument, the Choice Supplier shall assign the applicable capacity to Company. If the Call Option is obtained indirectly from a third party, then the transaction point shall be at a Company-approved city gate receipt point; and
 - (e) Choice Supplier shall be responsible for the cost of the Call Option.
- 8.5 Adjustments to Financial Security Level. From time to time, the Company shall review the financial security provided by a Choice Supplier and determine whether any adjustments are required consistent with the formula under Section 8.2 hereof. The Company shall use the following factors to determine whether any such adjustments are required: (C)
- (a) A change in the Choice Supplier's recent operating history on Company's system or on other NGDS systems has materially affected Company system operation or reliability. A change that could materially affect the Company system or reliability may occur when the Choice Supplier fails to deliver natural gas supply sufficient to meet its customers' needs on 5 separate occasions within a 30 day period, or fails to comply with Company Operational Flow Orders as defined at 52 Pa. Code § 69.11.

RULES AND REGULATIONS (Continued)**8. FINANCIAL SECURITY (Continued)**

- (b) A significant change in the number of customers served, in the volume of gas delivered, or in the unit price of natural gas or a change in the class of customers being served by the Choice Supplier. A change over a consecutive 30 day period of 25% in the number of customer served, in the volume of gas delivered or in the average unit price of natural gas would represent a significant change.
- (c) A change in the Choice Supplier's credit reports that materially affects the Choice Supplier's creditworthiness. A Choice Supplier's creditworthiness could be materially affected when two of the following credit rating companies change the Choice Supplier's credit rating: Dun & Bradstreet, Standard & Poor's Rating Services, Inc., TransUnion LLC, EQUIFAX Inc., Experian Information Solutions, Inc.
- (d) A change in operational or financial circumstances that materially affects the Choice Suppliers' creditworthiness. A Choice Supplier's creditworthiness could be materially affected when two of the following investment rating companies change the Choice Supplier's rating of its issued securities from an investment grade or good rating to a speculative or moderate credit risk rating, and vice versa: Standard and Poor's Rating Services, Inc, Moody's Investment Services, Inc., Fitch, Inc., A.M. Best Company, Inc. and DBRS, Inc.

8.6 Notice. If the Company determines, based on the criteria in Section 8.5 hereof, (C) that an adjustment in the amount or type of security that a Choice Supplier must provide is warranted, the Company shall provide notice of its determination to the Choice Supplier in writing. The Choice Supplier shall comply with the Company's determination no later than 5 business days after the date the Choice Supplier was served with notice of the Company's determination. If the Choice Supplier disagrees with the Company's determination, the Choice Supplier may file a dispute with the Company and the Company and the Choice Supplier must attempt to resolve the dispute within 30 days after the date that the Company was notified of the dispute.

RULES AND REGULATIONS (Continued)**9. ENROLLMENT OF CUSTOMERS INTO RATE SCHEDULES RT AND NT**

- 9.1 To be served under Rate Schedules RT and NT, a Customer must be enrolled by the Choice Supplier elected by the Customer. Such enrollment by the Choice Supplier must be provided in an electronic file to the Company via an approved internet based EDI transaction. The requirement filed shall include:
- a. The customer's name;
 - b. The customer's address;
 - c. The customer's Company account number;
 - d. The specific transaction;
 - e. The elected billing option.
- 9.2 Company Confirmation. Company will electronically confirm receipt of the enrollment information and within one (1) business day and subsequently provide an electronic validation of the Choice Supplier's transmitted information.
- 9.3 Determination of Gas Flow Date. For enrollments received on or before the 15th of any calendar month, the customer will be switched to Rate Schedule RT and NT, where the customer does not respond within 10 days from the Company's mailing of a letter confirming the election to be served by the Choice Supplier, on the Customer's regularly scheduled meter reading date in the calendar month immediately following the month the enrollment information was received. For enrollments received after the 15th of any calendar month, the customer will be switched to Rate Schedule RT and NT, where the customer does not respond within 10 days from the Company's mailing of a letter confirming the election to be served by the Choice Supplier, on the Customer's regularly scheduled meter reading date in the second calendar month following the month the enrollment information was received.
- 9.4 Multiple Enrollments. In the event a Customer is enrolled by more than one Choice Supplier in the same calendar month and the customer does not cancel any enrollment, the customer will be deemed to be served by the Choice Supplier submitting the most recent enrollment. The Company will send notice via an approved internet based EDI transaction to the Choice Supplier(s) that previously enrolled the Customer that the Customer was dropped and selected another Choice Supplier.

RATE AG**AGGREGATION SERVICE****AVAILABILITY**

Rate AG - Aggregation Service (AG Service) is available to and required for an approved Natural Gas Supplier (Choice Supplier) licensed by the Commission to provide natural gas supply service to customers who qualify to receive service under Rate RT (General Service - Residential Transportation) or Rate NT (General Service - Non-residential Transportation) (hereinafter a Choice Supplier).

AGGREGATION SERVICE

A Choice Supplier qualified to receive Rate AG Aggregation Service shall aggregate the load of customers served under Rates RT and NT customers in an Aggregation Pool. Such Aggregation Pool is limited to customers served under Rates RT and NT.

ASSIGNMENT OF COMPANY PIPELINE CAPACITY

Company has the right to require the Choice Supplier to accept a release, assignment or transfer of Company pipeline capacity on a recallable basis. The minimum such assignment shall be one (1) Dth per day per pipeline path. Company retains the right to allow Choice Suppliers to use third party capacity to serve customers served under Rates RT and NT.

RATE TABLE

Balancing Fee for Choice Supplier (\$/MCF) -

(Total Cost of Pipeline Assets Retained by Company for System Balancing - Balancing Related PGC Credits) divided by (Projected Annual Sales and Transportation Volumes Utilizing the Assets, as projected in each annual 1307(f) filing). This rate will be posted on Company's Delivery Service Web Site or its successor and will be updated as required

RATE AG (Continued)**AGGREGATION SERVICE**Switching Fee:

\$10 / Customer Switch (The first switch to Rates RT and NT Shall be Free).

Rate AG Enrollment Fee: \$500.

Credit Check of Choice Supplier: \$250 / Credit Check.

Failure to Deliver DDR:

Unit rate to be billed will be in compliance with Section 16.5 Maximum Daily Excess Balancing Charge applied to the difference between the DDR and the delivered volumes plus all incremental costs incurred by Company as a result of the failure to deliver the DDR.

Failure to Comply With an OFO or DFD:

Unit rate to be billed will be in compliance with section 16.5 Maximum Daily Excess Balancing Charge plus all incremental costs incurred by the Company as a result of the failure to comply with the OFO or DFD.

Pipeline Capacity:

Choice Supplier shall pay directly to the pipeline the charges for any assigned capacity.

NOTICE

A Choice Supplier must provide Company, or any Commission-authorized alternative Supplier of Last Resort and its Rate RT and NT Customer(s) with ninety (90) days advance written notice of its intention to discontinue natural gas supply service to a Customer(s) for any reason. In the event a Choice Supplier discontinues service or exits the market before its contract for natural gas supply service to a Rate RT and NT Customer expires and such Customer returns to its Supplier of Last Resort, Choice Supplier shall provide all contract billing data required by Company or other Commission-approved Supplier of Last Resort to render bills to Choice Supplier's customers for the period between Choice Supplier's default or exit from the market and the customer's next meter reading date.

RIGHT OF FIRST REFUSAL

Should any Choice Supplier stop serving Customers in its Aggregation Pool, the Choice Supplier shall:

RATE AG (Continued)

AGGREGATION SERVICE

Return any capacity originally released, assigned or transferred to it by Company and offer to assign, release or transfer any third party capacity it acquired to serve Rate RT and NT Customers at the contract rate until such time as the Company is able to contract for, using reasonable efforts, operationally equivalent capacity, or if requested, assign, release or transfer the capacity to another Choice Supplier that has accepted the customers in the Choice Supplier's Aggregation Pool; and Continue to maintain its Financial Security, or alternate Company approved method of fulfilling Financial Security requirements, until it has satisfied all of its outstanding claims of the Company.

BALANCING

Company will balance the daily difference, if any, between the anticipated Customer use, as communicated through the DDR, and the actual usage of Choice Supplier's customers. For this service, the Choice Supplier shall pay to Company the applicable Balancing Fees shown in this rate schedule, per MCF of Aggregation Pool usage, as measured at the meter.

RECONCILIATION

(C)

Company shall calculate the difference between the actual deliveries of each Choice Supplier's Aggregation Pool, and the usage of each such Aggregation Pool. The Company shall adjust future DDRs to account for any usage differences between forecasted weather and actual weather. Where actual meter reads cannot be obtained, the company will estimate usage and such estimate shall be deemed actual usage. At the time a Choice Supplier no longer has any customers enrolled, the cumulative difference between delivered volumes and usage of the Choice Supplier's Aggregation Pool shall be cashed out at Company's average cost of gas purchased for the most recent 12 months. The average cost of gas shall be calculated as the product of the total commodity cost of gas purchases including transportation and fuel used and accounted for the most recent 12 months, divided by tariff sales for the same 12-month period.

DAILY FLOW DIRECTIVES

An order issued by the Company to address system management issues on a non-critical day, including actions necessary to comply with statutory directives and obligations. DFDs will be communicated to affected Customers or NGSs either electronically, by telephone, by facsimile, through the use of the media or by an alternate mutually agreed upon method between the Company and the Customer or NGS. Customers and NGSs must provide the Company with a 24-hour contact for DFDs. Failure to comply with a DFD may result in the Customer or NGS being assessed the penalty charge set forth in Section 16.5 (Section A Gas Service Tariff).

(C) Indicates Change

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RATE AG (Continued)**AGGREGATION SERVICE**

Failure to comply with a properly communicated DFD will result in the penalty charge set forth within this rate schedule.

DFDs will be communicated to affected Choice Suppliers either electronically, by telephone, facsimile or other method agreed upon between Company and Choice Supplier. Choice Suppliers must provide the Company with a 24-hour contact.

OPERATIONAL FLOW ORDERS

The Company shall have the right to issue Operational Flow Orders (OFOs) on a daily or intraday basis. An OFO shall mean a directive issued by Company to the Choice Supplier, which is reasonably necessary to alleviate conditions that threaten the operational integrity of the Company's system on a critical day.

Failure to comply with a properly communicated OFO will result in the penalty charge set forth within this rate schedule.

OFOs will be communicated to affected Choice Suppliers either electronically, by telephone, facsimile or other method agreed upon between Company and Choice Supplier. Choice Suppliers must provide the Company with a 24-hour contact.

NATURAL GAS SUPPLY PLANS

Choice Supplier shall cooperate with Company in the preparation of such reliability plans required under Section 1317 of the Public Utility Code, and shall provide all reasonable information related to gas deliverability assets under its control required by Company including providing copies of pipeline capacity contracts or delivered supply contracts, or, in lieu of providing such contracts, warrant pertinent information as required by the Company or any regulatory authority. Choice Supplier shall also enter into any necessary contractual arrangements, or make any required regulatory filings, to ensure that contracts and assets under its control, which are relied upon in Company's reliability plan, are available to Company or Commission-authorized supplier of last resort in accordance with Choice Supplier's obligations under its Aggregation Agreement and this Tariff.

RATE AG (Continued)

AGGREGATION SERVICE

COMPLIANCE WITH COMMISSION REQUIREMENTS

Choice Supplier shall at all times comply with all applicable Commission requirements and regulations.

UGI PENN NATURAL GAS, INC.

**AGGREGATION AGREEMENT
FOR RATE SCHEDULES RT and NT
(Pro Forma)**

This Aggregation Agreement for Rate Schedules RT and NT ("Aggregation Agreement") is made and entered into this _____ day of _____, 20____, by and between UGI Penn Natural Gas, Inc., a Pennsylvania Corporation ("Company"), and _____, a _____ ("Choice Supplier").

WHEREAS, Company is a Pennsylvania public utility that, amongst other things, provides intrastate transportation service to Rate RT and NT customers located within its certificated service territory; and

WHEREAS, Choice Supplier is engaged in the business of selling natural gas supply services, and desires to market such services to Rate RT and NT customers located within Company's certificated service territory; and

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

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

NOW, THEREFORE, intending to be legally bound hereby, Company and Choice Supplier agree as follows:

ARTICLE I. DEFINITIONS

For the purposes of this Aggregation Agreement, in addition to any definitions set forth in Company's Gas Service Tariff and *Nomination Procedure*, which are hereby incorporated herein by reference, the following definitions apply:

1. **Aggregation Service** means services provided by Company to Choice Supplier to facilitate the delivery of gas supplies to customers receiving service under Rates RT and NT.

2. **Balancing** means services provided by Company to cover differences between a Choice Supplier's Daily Delivery Requirement and the actual usage of the Choice Supplier's Aggregation Pool.

3. **Customer** means a recipient of service under Rate Schedules RT and NT that contracts for natural gas supply service from a Choice Supplier.

4. **Daily Delivery Requirement (DDR)** means the daily quantities of natural gas supplies a Choice Supplier is required to deliver for an Aggregation 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 Company use and unaccounted for gas.

5. **Daily Flow Directive** (DFD) An order issued by the Company to address system management issues on a non-critical day, including actions necessary to comply with statutory directives and obligations. DFDs will be communicated to affected Customers or NGSs either electronically, by telephone, by facsimile, through the use of the media or by an alternate mutually agreed upon method between the Company and the Customer or NGS. Customers and NGSs must provide the Company with a 24-hour contact

for DFDs. Failure to comply with a DFD may result in the Customer or NGS being assessed the penalty charge set forth in Section 16.5 (Section A Gas Service Tariff).

6. **Delivery Point** means a point specified by Company where Choice Supplier may deliver natural gas supplies for subsequent redelivery by Company to Choice Marketer's Rate RT and NT customers.

7. **Operational Flow Order ("OFO")** A directive issued by the Company that is reasonably necessary to alleviate conditions that threaten the operational integrity of the Company's system on a critical day. OFOs will be communicated as soon as reasonably practical to affected Customers or NGSs either electronically, by telephone, by facsimile, through the use of the media or by an alternate mutually agreed upon method between the Company and the Customer or NGS. Customers and NGSs must provide the Company with a 24-hour contact for OFOs. Failure to comply with an OFO may result in the Customer or NGS being assessed the penalty charge set forth in Section 16.5 (Section A Gas Service Tariff).

8. **Transportation** means a service provided by Company on its facilities that enables gas owned by others to be received into, moved through, and delivered out of facilities owned, leased, or operated and controlled by Company.

9. **Upstream Capacity Assignment, Release or Transfer** means the process to provide access to interstate pipeline capacity and storage contracts owned by Company to Choice Supplier pursuant to Company's tariff and any applicable regulatory rules.

ARTICLE II. TERM

This Aggregation Agreement shall become effective on _____ and shall remain in effect, unless terminated pursuant to Section 6.1 hereof, or by either party by providing ninety (90) days' prior written notice, for so long as Choice Supplier is qualified to receive Rate AG service from Company. In the event this Aggregation Agreement expires or terminates, Company shall have no obligation, as between Choice Supplier and Company, to accept any natural gas supplies tendered by Choice Supplier for receipt into Company's facilities, and Choice Supplier's payment and financial obligations shall continue until fully discharged.

ARTICLE III. CHOICE SUPPLIER'S OBLIGATIONS

1. **Compliance**. Choice Supplier agrees that it shall comply with all of the applicable terms and conditions of Company's Gas Service Tariff and Company's Supplier Tariff, both of which are hereby incorporated by reference.

2. **Upstream Pipeline Capacity**. Choice Supplier shall accept a release, assignment or transfer, on a recallable basis, of a pro-rata portion, but in no event less than one (1) Dth per day per pipeline path, of Company's interstate pipeline and storage contracts at the applicable contract rate or, if authorized by Company, obtain firm pipeline transportation capacity for delivery of gas supply to a delivery point(s) as determined by Company in an amount sufficient to meet the Company-specified peak requirements of its Aggregation Pool.

3. **Natural Gas Supplies**. In the event Company has contracted for gas supplies either for storage or flowing gas for retail customers, who subsequently elect to receive service under Rates RT and NT, Choice Supplier shall purchase from Company a pro rata share of that supply. In the event Choice Supplier receives a release, assignment or transfer from Company of a storage contract, Choice Supplier shall maintain storage inventories at seasonal levels specified by Company consistent with its reliability plan.

In the event Company recalls such storage capacity to meet system needs, Company shall have the right to purchase any associated storage inventory at cost, and Choice Supplier shall not enter into any contractual or other arrangements that might impair Company's ability to make such purchases.

4. **Customer Enrollment**. Choice Supplier will provide notification of customer enrollment, including, but not limited to customer name and respective account number, for all customers on whose behalf Choice Supplier is authorized to deliver gas. All customers enrolled by the 15th of each month will be transferred to their respective Choice Supplier effective with their next calendar month meter read. Enrollment information must be provided via approved internet based Electronic Data Interchange (EDI) transactions, or as otherwise determined by Company.

5. **DDR**. Each day, Choice Supplier shall deliver its Daily Delivery Requirement, as directed by Company.

6. **Charges**. Choice Supplier shall pay all charges set forth in Company's Rate AG billed by Company on or before the due date.

7. **Creditworthiness**. Choice Supplier shall establish, and maintain throughout the term of this Aggregation Agreement, and thereafter until all of Choice Supplier's payment obligations incurred under this Aggregation Agreement have been fully discharged, a satisfactory Financial Security status with Company. To enable the Company to determine credit status, Choice Supplier will provide to the Company the following: 1) relevant financial information to determine creditworthiness; 2) appropriate trade and banking references; and 3) written consent for Company to conduct a credit investigation. In addition, Choice Supplier shall comply with the Financial Security provisions of Company's Supplier Tariff, and may, based on Choice Supplier's credit standing with Company, be required to provide financial security in excess of the minimum amounts specified therein.

8. **Standards of Conduct.** Choice Supplier shall abide by all standards of conduct and other legal requirements applicable to Choice Supplier's line of business, including but not limited to the standard of conduct applicable to Choice Suppliers set forth in rules and regulations established by regulatory bodies having jurisdiction over Choice Supplier's activities, and other applicable law.

9. **Payments.** Choice Supplier will remit payment for all services within 10 days after receipt of Company invoice. A late payment charge of 1.50% per month will be applied to all outstanding balances as of the due date.

10. **Customer List.** Choice Supplier shall execute an Electronic Trading Partner Agreement and will keep confidential any customer information acquired either directly or indirectly from Company, and use such information solely for the purpose of offering natural gas supply service to Rate RT and NT customers. In the event the Company determines the Choice Supplier impermissibly released customer information to another party, in addition to all available remedies, Company may, at its option, immediately cancel this Aggregation Agreement.

ARTICLE IV. **COMPANY'S OBLIGATIONS**

1. **DDR.** Company shall provide Choice Supplier with its DDR for each Gas Day. Company shall accept receipt of all gas volumes up to the DDR. Company shall have the right to accept, but shall in no instance be required to accept, an Over-delivery by Choice Supplier. The acceptance of such over delivery shall not constitute any waiver of any provisions of the Company's Gas Service Tariff or *Nomination Procedure*.

2. **Monthly Statement.** Company shall bill Choice Supplier by the 15th of each month for services provided by Company during the preceding month and other amounts due to Company.

3. **Enrollment Notification.** Company shall generate and send a letter to all customers enrolled by a Choice Supplier indicating the supplier selected and the date service from the Choice Supplier is scheduled to commence. All customers enrolled by

the 15th of each month will be transferred to their respective Choice Supplier effective with their next calendar meter read if customer does not respond within ten (10) days following confirmation to challenge the enrollment. Company shall send an electronic message confirming the selection to the Choice Supplier. In the event a customer is enrolled by two or more suppliers, the Company will send a confirmation notice for the last Choice Supplier that enrolled the customer, and the other enrolling supplier will be notified of that fact.

4. **Rate AG.** Company shall provide all of the other aggregation services applicable to Choice Supplier specified in the Rate AG provisions of its tariff.

ARTICLE V. BILLING SERVICE

5.1 **Standard Billing Service.** Company shall bill Choice Supplier's Rate RT and NT customers for natural gas supply services provided by Choice Supplier unless a Choice Supplier's customer elects to receive a separate bill for such services from its Choice Supplier. Choice Supplier must provide all billing rate information no later than ten (10) days prior to the effective date of such rate.

5.2 **Standard Billing Charges.** Choice Supplier shall pay to Company the following fees for billing services:

Billing Fee \$0.25/Bill.

Billing Adjustment Fee

Affecting One (1) Month - \$3.10/Revised Bill

Affecting More than One (1) Month - \$3.60/Revised Bill

5.3 **Negotiated Billing Service.** In the event a Choice Supplier wants Company to provide a billing service other than the Standard Billing Service, such service shall be negotiated between Company and Choice Supplier.

5.4 **Choice Supplier Budget Billing.** The Company will bill all budget billing amounts calculated and provided by the Choice Supplier. The Company will not determine or reconcile a License Supplier's budget bill charge.

ARTICLE VI. REMEDIES

6.1. **Termination Upon Default.** In addition to other rights a party may have under this Aggregation Agreement, if either party fails to perform an obligation, or breaches any representation or warranty ("Defaulting Party") under this Agreement, then the other party (Non-Defaulting Party") shall have the right to terminate this Agreement by providing prior written notice thereof to the Defaulting Party. Termination pursuant to this Article shall be without waiver of any additional remedy, whether at law or in equity, to which the party not in default otherwise may be entitled for breach of this Agreement.

6.2. **Limitation of Liability.** Except as expressly permitted under this Agreement and Company's Gas Service Tariff, neither party shall be entitled to recover incidental, consequential or punitive damages, or lost profits, for any breach by the other party of an obligation, representation or warranty under this Agreement, provided such limitation shall not apply to willful or grossly negligent misconduct on the part of the Defaulting Party.

ARTICLE VII. REPRESENTATIONS, WARRANTIES AND INDEMNIFICATION

Choice Supplier warrants that 1) it shall have good title to all natural gas tendered for receipt by Company hereunder, or is authorized by the owner of such gas to tender it for delivery to Company, and 2) such gas will be free and clear of all liens, encumbrances, and claims whatsoever. Choice Supplier shall fully indemnify

Company, and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of a breach of such warranties.

ARTICLE VIII. LIMITATION OF THIRD PARTY RIGHTS

This Agreement is entered into solely for the benefit of the Company and the Choice Supplier, and is not intended and should not be deemed to vest any rights, privileges or interests of any kind or nature to any third party, including, but not limited to the Customers that comprise Choice Supplier's Pool under this Agreement.

ARTICLE IX. SUCCESSION AND ASSIGNMENT

This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto. However, no assignment of this Agreement, in whole or in part, will be made without the prior written approval of the non-assigning party. The written consent to assignment shall not be unreasonably withheld.

ARTICLE X. APPLICABLE LAW AND REGULATIONS

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

ARTICLE XI. NOTICES AND CORRESPONDENCE

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

UGI Penn Natural Gas, Inc.
2525 N. 12th Street, Suite 360
P.O. Box 12677
Reading, PA 19612-2677
Attention: P. J. Szykman
Telephone: (610) 796-3470
Facsimile: (610) 796-3559
Email: pszykman@ugi.com

Written notices and correspondence to Choice Supplier shall be addressed as follows:

Name
Address

Attention: _____
Telephone:
Facsimile
Computer:

Either party may change its address for receiving notices effective upon receipt, by written notice to the other party.

ARTICLE XII. MISCELLANEOUS

12.1 No modification of the terms and provisions of this Agreement shall be or become effective except by execution of written contracts or by modification of Company's Gas Service Tariff.

12.2. No waiver by any party of any one of more defaults by any other party of any provisions of this Agreement shall operate or be construed as a waiver of any subsequent or previous default or default, whether of a like or a different character.

12.3. In the event any tax or assessment is imposed, directly or indirectly, upon the gas tendered to, or received by Company for redelivery, Choice Supplier agrees to bear the amount of such tax or assessment. In the event that Company is required to pay such tax, Choice Supplier agrees to reimburse Company for such payment.

12.4. The subject heading of the articles of this Agreement are inserted for the purpose of convenient reference and are not intended to be a part of the Agreement nor considered in any interpretation of the same.

12.5. In the event of a conflict between the provisions of this Agreement and Company's Gas Service Tariff, the provisions of Company's Gas Service Tariff shall govern.

IN WITNESS WHEREOF, the parties hereto executed this Agreement on the day and year first above written.

ATTEST:

UGI PENN NATURAL GAS, INC.

BY _____

ATTEST

CHOICE SUPPLIER

BY _____

**PNG EXHIBIT F – CURRENT TARIFF
UGI PENN NATURAL GAS, INC. – PA P.U.C. NO. 1**

UGI PENN NATURAL GAS, INC.

**RATES AND RULES GOVERNING THE FURNISHING
OF NATURAL GAS SERVICE
IN
THE TERRITORY DESCRIBED HEREIN**

Issued: December 7, 2016

Effective: December 17, 2016

Effective for service rendered on and after December 17, 2016, in accordance with the Commission's State Tax Adjustment Procedure Order, dated March 10, 1970.

ISSUED BY:

Paul J. Szykman
Vice President - Rates and Government Relations
Vice President and General Manager - Electric Utilities
2525 N. 12th Street, Suite 360
P.O. Box 12677
Reading, PA 19612-2677

<http://WWW.UGI.COM/PNG>

NOTICE

THIS TARIFF MAKES DECREASES AND CHANGES IN EXISTING RATES. (See Page 2.)

UGI PENN NATURAL GAS, INC.

LIST OF CHANGES MADE BY THIS SUPPLEMENT

Rider D - State Tax Adjustment Surcharge - Page 21

- The STAS rate is decreased.

UGI PENN NATURAL GAS, INC.

LIST OF CHANGES MADE BY THIS SUPPLEMENT

(THIS PAGE IS RESERVED FOR FUTURE USE.)

UGI PENN NATURAL GAS, INC.

TABLE OF CONTENTS

<u>PARTICULARS</u>	<u>PAGE NUMBER</u>
Title Page.....	1
List of Changes by this Supplement.....	2
(This Page is Reserved for Future Use).....	2A
Table of Contents.....	3
Territory Covered by this Tariff.....	4
Gas to be Sold and Contract Demand;.....	5
Price, Minimum Bill, Billing and Payment	
Rate Adjustments.....	6
Overrun; Title to Gas and Indemnity.....	7
Provisions;	
Character of Service;	
Delivery Pressure, Changes in Amount of Gas to be Sold	
Term, Governmental Authorization;.....	8
Failure or Delay in Performance;	
Notices	
Successors and Assigns.....	9
Rate Schedule TS - Transportation.....	10
Rate Schedule TS - Transportation.....	11
Rate Schedule TS - Transportation.....	12
Rate Schedule TS - Transportation.....	13
Rate Schedule TS - Transportation.....	13A
Rate Schedule TS - Transportation.....	14
Rate Schedule TS - Transportation.....	15
Rate Schedule TS - Transportation.....	16
Rate Schedule TS - Transportation.....	17
Rate Schedule TS - Transportation.....	17A
Rate Schedule TS - Transportation.....	17B
Rate Schedule TS - Transportation.....	17C
Rate Schedule TS - Transportation.....	17D
Rate Schedule TS - Transportation.....	17E
Rate Schedule TS - Transportation.....	17F
Rate Schedule TS - Transportation.....	18
BLANK.....	18A-B
BLANK.....	19
BLANK.....	20
Rider D - State Tax Adjustment Surcharge.....	21
BLANK.....	22
BLANK.....	23

UGI PENN NATURAL GAS, INC.

TERRITORY COVERED BY THIS TARIFF

Wyoming County

Mehoopany Station Plant of
The Procter and Gamble Paper Products Company,
Washington Township, Wyoming County, Pennsylvania

NATURAL GAS SALES CONTRACT

AGREEMENT effective September 1, 1976, by and between PNG, a Pennsylvania Corporation having its principal office at One PEI Center, Wilkes-Barre, Pennsylvania, (hereinafter called "Seller") and THE PROCTER AND GAMBLE PAPER PRODUCTS COMPANY, an Ohio Corporation having its principal office at East Sixth and Sycamore Streets, Cincinnati, Ohio, (hereinafter called "Buyer"),

WITNESSETH:

WHEREAS, Seller owns and operates a natural gas distribution system in Northeastern Pennsylvania and as a part of such system has been authorized to supply the public with gas in the Township of Washington in Wyoming County, Pennsylvania, by the Pennsylvania Public Utility Commission; and

WHEREAS, Buyer owns and operates a manufacturing plant, known as its Mehoopany Station Plant, in Washington Township, Wyoming County, Pennsylvania; and

WHEREAS, Seller is willing to supply on a firm basis such gas as Buyer desires to purchase,

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements of the parties hereto, hereinafter set forth, the parties hereto, intending to be legally bound hereby, covenant and agree to and with each other as follows:

Section 1 - Gas to be Sold and Contract Demand

Subject to the provisions of this Contract, Seller agrees to sell and deliver a maximum of 13,000 MCF of natural gas per day to Buyer at its Mehoopany Station Plant, and Buyer agrees to pay Seller for all of the firm natural gas service requirements of the aforesaid Plant.

Section 2 - Price, Minimum Bill, Billing and Payment

- A. The billing period shall be the calendar month.
- B. For Seller's Obligation to supply gas and for all gas delivered under this Contract during each billing period, Buyer agrees to pay Seller the following rates at 14.73 psia:

Customer Charge		\$ 3,800.00	
for First	1,000 MCF	\$ 4,069.69	(D)
per MCF	next 2,000 MCF	4.0699	(D)
per MCF	next 7,000 MCF	3.8257	(D)
per MCF	next 70,000 MCF	3.6300	(D)
per MCF	next 70,000 MCF	3.4353	(D)
per MCF	All additional MCF	3.3488	(D)

(D) Indicates Decrease

Issued: November 30, 2016

Effective: December 1, 2016

UGI PENN NATURAL GAS, INC.

- C. Minimum bill shall be \$5.516 per MCF of maximum daily demand, provided, however, that upon 60 days advance notice of scheduled maintenance shutdown given by Buyer to Seller, the minimum bill shall be reduced by a fraction, the numerator of which shall be the number of days of such scheduled shutdown and the denominator of which shall be the number of days in the calendar month, provided further, however, that such reduction shall not be applied to more than seven (7) days in any one calendar month nor more than fourteen (14) days in any contract year.
- D. It is further provided, that in the event of curtailment in the delivery of gas by the Seller or complete or partial suspension of operation by the Buyer occasioned by or due to any act of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, sabotage, breakage or accident to machinery or lines of pipe, temporary or permanent failure of gas supply, inability to obtain pipe, materials, or equipment, the binding order of any court or governmental authority, or any other cause, whether of the kind here enumerated or otherwise, not within the control of Seller or Buyer, the minimum charge shall be reduced by the ratio which the number of days of curtailed service or complete or partial suspension of operation bears to the number of days in the billing period.
- E. Billing - Seller agrees to bill within five (5) working days after the end of each billing period and Buyer agrees to pay within fifteen (15) calendar days from the date thereof. Should Buyer fail to pay any amount when due, interest thereon shall accrue at the rate of six percent per annum from the due date until the date of payment. If such failure to pay shall continue for a period of thirty (30) days after payment is due, Seller in addition to any and all other remedies it may have, may suspend further deliveries of gas to Buyer until such amount is paid. If presentation of a statement is delayed, then time for payment shall be extended correspondingly, unless Buyer is responsible for the delay.
- F. If within twelve (12) months of the date of payment it shall be found that Buyer has been overcharged or undercharged in any form whatsoever and Buyer shall have actually paid the bills containing such overcharge or undercharge, then within thirty (30) days after the final determination thereof, Seller shall refund the amount of any such overcharge with interest thereon at the rate of six percent per annum from the time such overcharge was paid to the date of refund, and Buyer shall pay the amount of any such undercharge but without interest.

Section 3 - Rate Adjustments

The rates listed in Section 2 shall be subject to the following adjustments:

- A. Penalty clause adjustment for unauthorized daily overrun as set forth in Section 4.

UGI PENN NATURAL GAS, INC.

- B. Penalty Clause Adjustment for unauthorized takes of authorized entitlements as contained in PNG Gas - PA P.U.C. No. 8 Tariff Rule 15 Gas Emergency Planning Curtailment and Rule 16 General Terms for Delivery Service for Rates DS, LFD, XD, and IS.
- C. Applicable charges included in Rider D.

Section 4 - Overrun

If Buyer without authorization from Seller shall take a volume of gas hereunder, on any day which is in excess of 102 percent of Seller's delivery obligation set forth in Section 1 hereof, or as such section may be amended hereafter, all gas taken by Buyer in excess of Seller's delivery obligation shall be (C) considered as Unauthorized Daily Overrun Gas and Customer shall be billed and shall pay for such excess gas at the rate to be calculated in compliance with PNG Gas - Pa. P.U.C No. 8 Section 16.5 Maximum Daily Excess Balancing Charge, in addition to the charges specified in the Rate Table and applicable gas costs.

Section 5 - Title to Gas and Indemnity Provisions

Title to all gas delivered to Buyer shall vest in Buyer at the point of delivery on the outlet side of the measuring station of Seller. Buyer and Seller, respectively, shall be solely responsible for, and shall indemnify the other and save it harmless from any and all damages or injuries, or liabilities therefor, caused by the gas in its possession or arising out of the maintenance or operation of its equipment and not due to or contributed to by the act or omission of the other.

(C) Section 6 - Character of Service

(a) It is agreed that the Rules and Regulations as contained in PNG Gas - PA P.U.C. No. 8 Tariff are applicable to this Contract and are made a part hereof by reference.

(b) It is agreed that the gas to be delivered under this Contract shall be considered as firm gas and shall not be subject to interruption or curtailment (C) except as contained in PNG Gas - PA P.U.C. No. 8 Tariff Rule 15 Gas Emergency Planning.

Section 7 - Delivery Pressure

Gas delivered to Buyer hereunder shall be delivered at a minimum pressure of 25 pounds per square inch gauge and shall not exceed a pressure of 100 pounds per square inch gauge within 1,000 feet of any of the Buyer's buildings on Buyer's property. If Buyer desires to erect buildings within the prohibited area, Buyer agrees to reimburse Seller for any expense it may incur in relocating its facilities to comply with this provision.

Section 8 - Changes in Amount of Gas to be Sold

(a) Buyer shall have the right to request an increase in the volume of gas to be purchased as described in Section 1 hereof, upon giving Seller written notice of said desired increase. Upon agreement of Seller to supply any such increase in the volume of gas, Buyer and Seller shall execute an amendment to this Contract setting forth the increased Daily Demand and the date such new Daily Demand shall become effective, subject to Section 10 hereof, dealing with Governmental Authorization.

UGI PENN NATURAL GAS, INC.

(b) Buyer shall have the right to decrease the maximum Daily Demand upon giving Seller written notice of said decrease at least six (6) months in advance, provided however, that the Daily Demand shall not be below 1,500 MCF per day during the primary term of the contract as described in Section 9.

Section 9 - Term

The primary term of this Contract shall be for a period of two (2) years commencing on September 1, 1976 and terminating on August 31, 1978, and shall be renewable from year to year thereafter, provided, however, that either party may cancel this Contract at the end of the primary or any renewal term by giving the other party six (6) months advance written notice of such cancellation. Further provided that if either Buyer or Seller desires to terminate the Contract or decrease the maximum Daily Demand in less than six (6) months, each party will, on a best efforts basis, comply with the reduced notice period. Seller will attempt to sell the quantity of gas elsewhere or reduce obligations to its suppliers. Buyer will attempt to locate and purchase alternate fuels at a delivered price on a BTU equivalent basis equal to or less than the prevailing price under Section 2 of this Contract.

Section 10 - Governmental Authorization

It is understood and agreed that the obligation of the Seller to deliver firm gas hereunder, whether as set forth in Section 1 hereof or as increased under Section 8(a) hereof, is subject to authorization from Governmental agencies having jurisdiction with respect to such service, and also subject to the filing of this Contract by Seller as a tariff or any amendment thereof as a supplement thereto, with the Pennsylvania Public Utility Commission and the acceptance thereof by said Commission.

Section 11 - Failure or Delay in Performance

No failure or delay in performance by Seller or Buyer shall be deemed a breach hereof when such failure or delay is occasioned by or due to any act of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, sabotage, breakage or accident to machinery or lines of pipe, temporary or permanent failure of gas supply, inability to obtain pipe, materials or equipment, the binding order of any court or governmental authority, or any other cause, whether of the kind here enumerated or otherwise, not within the control of Seller or Buyer. If such cause or contingency results in Seller not having the volume of gas available as provided for in Section 1 hereof or only partly available for Buyer, the minimum bill will be adjusted in accordance with Section 2 of this Contract. If such cause or contingency results in Buyer not being able to take the volumes of gas otherwise required to be purchased hereunder, Buyer shall pay Seller for the volumes of gas actually taken at the commodity charges provided in Section 2 or as modified if appropriate pursuant to Section 3 of this Contract.

Section 12 - Notices

Any notice required or which may be given hereunder shall be in writing and shall be considered as duly delivered when mailed, postage prepaid, by certified or registered mail properly addressed to Seller or Buyer as follows:

UGI PENN NATURAL GAS, INC.

Seller: Pennsylvania Gas and Water Company
Marketing Division
39 Public Square
Wilkes-Barre, Pennsylvania 18711

Buyer: The Procter and Gamble Paper Products Company
Buying Department, Post Office Box 599
Cincinnati, Ohio 45201

or to such other address as either party may from time to time designate in writing, a change of address to be effective ten (10) days after notice thereof is given.

Section 13 - Successors and Assigns

Neither party hereto shall assign this Contract or any of its rights or obligations hereunder without the consent in writing of the other party; provided that Buyer may, without such consent, assign this Contract and all its rights and obligations hereunder to any party which shall acquire substantially all the assets of Buyer's Mehoopany Station Plant. The provisions of this section shall not be construed to prohibit either party, without the consent of the other party, from mortgaging or pledging this Contract or its rights hereunder to secure the payment of any bonds, or other indebtedness of such party.

IN WITNESS WHEREOF, the parties hereto have duly executed this Contract.

(Seal)
Attest

PENNSYLVANIA GAS AND WATER COMPANY (Seller)

/s/ Robert Anthony

/s/ Leslie M. Ward, Vice President

(Seal)
(Buyer)
Attest

THE PROCTER AND GAMBLE PAPER PRODUCTS CO

/s/ Rita M. Neago

/s/ Walter D. Johann, Vice President

FIRM TRANSPORTATION SERVICE - SCHEDULE TS (CONTINUED)

FIRM TRANSPORTATION SERVICE - SCHEDULE TS

AVAILABILITY

- (C) This service is available to the Mehoopany Station Plant of the Procter and Gamble Paper Products Company (hereinafter "Customer"). A Transportation Agreement must be executed. The terms of such Transportation Agreement may supersede any terms and conditions of service contained within this Schedule TS, including but not limited to Monthly Customer Charge, Commodity Charges, Standby and Balancing.

DEFINITIONS

Whenever used in this rate schedule, the following definitions shall apply:

1. The term "Billing Month" shall mean the period between regularly scheduled meter reading dates.
2. The term "Customer Designated Representative" shall mean any party who a Customer contracts to represent them in matters related to transportation of gas. Each Customer must file a Customer Agency Authorization Form with the Company at least thirty (30) days prior to the representative assuming said duties. It is the Customer's responsibility to notify the Company in writing whenever it no longer desires to be represented by an existing Customer Designated Representative. The Customer, and not the Company, shall be held legally and financially responsible for all actions performed by the Customer Designated Representative.
3. The term "Company Transportation Allocation Form" shall mean any form designated by the Company for the purpose of receiving a month end delivery volume accounting from a Customer or Customer Designated Representative for administrative system control over non-Company natural gas delivery allocations.
4. "Imbalance" shall mean the difference between
 - (a) the sum of
 - (i) the volume of gas received by the Company for the Customer's account during the Billing Month, less the retainage for gas lost or unaccounted for in Company operations, and
 - (C) (ii) any Standby volumes; and
 - (b) the sum of
 - (i) any prior period Allowable Negative Imbalance, and
 - (ii) the volume of gas actually used by the Customer during the Billing Month, and

FIRM TRANSPORTATION SERVICE - SCHEDULE TS (CONTINUED)

(C)

5. The term "Positive Imbalance" shall mean any Imbalance which is a result of a customer using less gas than was delivered to the Company for the Customer during the Month. Positive % Monthly Imbalance is determined by dividing the Positive Imbalance by the product of the number of days in the month times the Maximum Daily Transportation Quantity stated in the Transportation Agreement.
6. The term "Negative Imbalance" shall mean any Imbalance which is a result of a customer using more gas than was delivered to the Company for Customer during the Month.
7. The term "Allowable Negative Imbalance" shall mean a volume equal to or less than two and one-half percent of the product of the number of days in the Billing Month multiplied by the Maximum Daily Transportation Quantity stated in the Transportation Agreement.
8. The term "Excess Negative Imbalance" shall mean any Imbalance greater than the Allowable Negative Imbalance of 2.5%.
9. The term "Master Meter" shall mean a meter used to measure natural gas production volumes from a Pennsylvania production well(s), flowing directly into an interstate pipeline facility.
10. The term "Nomination Form" shall mean any form created by the Company for the purpose of maintaining distribution and administrative system control over non-Company natural gas deliveries.
11. The term "Acceptable Nomination Form" shall mean any fully completed Nomination Forms, which has been received and accepted by the Company within the required timetable set forth by the Company.
12. The term "Pool(s)" shall mean any physical or accounting collection of natural gas volumes for the purpose of transportation and/or sale whose sources and delivery month volumes of natural gas are not directly traceable to a unique well or wells.
13. The term "Standby Service Volumes" shall mean the maximum daily volume that will be provided to the Customer by the Company under the Standby Service provisions of this rate schedule.

(C)

FIRM TRANSPORTATION SERVICE - SCHEDULE TS (Continued)

14. The term "Aggregator" shall mean a Customer Designated Representative that represents more than one account on the UGI Penn Natural System.

RETAINAGE

The Company shall retain a percentage of the gas received for the Customer's account as gas lost, unaccounted, and for Company operations. The percentage shall be 1.8% and remain in effect for a period of twelve (12) months beginning on December 1, 2016, with subsequent reviews and updates occurring December 1 of each year. Rate referenced on page no. 18. (I) (C)

The Company shall retain a percentage of the gas injected into or withdrawn from storage based on the actual percentage of fuel shrinkage accessed by the operators of the storage facility to the Company. The Company shall publish this percentage monthly.

SCHEDULING OF RECEIPTS AND DELIVERIES

1. The Customer or the Customer's Designated Representative shall notify the Company's Gas Dispatchers, by use of the currently effective present Company Nomination Form, as to the volume of gas expected to be used by the Customer and the volume of gas scheduled to be delivered to the Company for the upcoming month. Such notification shall be delivered to the Company's Gas Dispatcher seven (7) business days prior to the month of scheduled delivery or on such other basis as may be deemed satisfactory by the Company. Nomination Forms may be rejected by the Company Dispatcher when sufficient pipeline or source information is not provided with the Nomination Form.
2. By noon of the first business day following the delivery month, each Customer or Customer Designated Representative shall deliver to the Company's Gas Dispatcher a complete written volume allocation of gas, by contract, listing allocations of Pennsylvania and non-Pennsylvania produced gas deliveries by individual Customer meter location. Failure to do so will result in the suspension of deliveries of gas for ten (10) business days. The Company has the right to waive or shorten this time period for good cause shown.
3. The Company will only accept daily deliveries less than or equal to the Customer's Maximum Daily Transportation Quantity. Deliveries may be curtailed or reduced by the Company Dispatcher if the deliveries conflict with the Company's daily gas system operations. If deliveries are curtailed or reduced, the Company is under no obligation to accept deliveries which are in excess of the Customer's contracted Maximum Daily Transportation Quantity in order to compensate for gas not delivered during a curtailment period.

FIRM TRANSPORTATION SERVICE - SCHEDULE TS (Continued)

4. The Company shall determine acceptable delivery points on the Company's distribution system in conjunction with the physical or operational restrictions of the system.
5. If the Customer expects to use more gas in a month than will be delivered for its account, and if the volumes available under the Standby Service are not sufficient to meet the Customers needs, or if the Customer has not requested that the Company provide Standby Service, service will be provided only when, as reasonably determined by the Company, an adequate supply of gas is available to provide such service without jeopardizing service to other Customers purchasing gas under the Company's regular sales rate schedules in any manner including, but not limited to, the reduction of storage levels to unacceptable low levels, or inhibiting the ability of the Company to inject gas into storage. If the Company determines that such service can be provided, the Customer shall be billed under the Load Management section of this rate schedule. If, as reasonably determined by the Company, such service cannot be provided, the Company shall notify the Customer that service is not available and that the Customer should cease using gas. If the Customer continues to use gas in violation of such notice, Customer shall be billed and shall pay for such excess gas at the rate to be calculated in compliance with PNG Gas - Pa. P.U.C No. 8 Section 16.5 Maximum Daily Excess Balancing Charge, in addition to the charges specified in the Rate Table and applicable gas costs. The Company reserves the right to waive any penalty charge.
6. If the Customer or the Aggregator is unable to schedule sufficient gas to meet their needs, the Customer or Aggregator may request for additional gas supplies from the Company. The Company will, on a best efforts basis, supply this gas. The Customer or Aggregator will make a nomination to the Company's Gas Dispatcher reflecting the amount of additional gas they will need for the following day. The Company will then determine if it has sufficient resources to honor all requests for additional supplies. If the Company determines they are unable to meet all requests for gas, each request will be delivered a pro rata share, based on nominations, of the total available. Each Customer or Aggregator requesting service will be charged for the gas based on the average spot gas purchase price for all gas purchased under this subheading plus the actual charges to deliver the gas from the well head to the UGI Penn Natural Gas system plus an administrative charge. The Customer or the Aggregator will still be responsible for any Balancing Charges that may be applicable.

DAILY BALANCING

1. All Customers' deliveries shall be balanced daily. Customers, whose Customer Designated Representative is termed an Aggregator, shall be daily balanced their Aggregator's total deliveries being daily balanced.

FIRM TRANSPORTATION SERVICE - SCHEDULE TS (Continued)

2. In order to be termed an Aggregator for Daily Balancing purposes, the Customer Designated Representative must establish an account with UGI Penn Natural Gas. The Customer must also establish satisfactory credit with UGI Penn Natural Gas or deposit with UGI Penn Natural Gas a sum equal to two (2) months delivery for all accounts times the Daily Balancing Rate.
3. Customer or their Aggregators will be allowed to deliver to their account(s) each day their actual gas requirements +/- 2.5% of the actual deliveries for that day. If actual deliveries are less than the allowable delivery or greater than the allowable delivery, the difference between the allowable delivery and the actual delivery will be assessed a Balancing Charge.
4. The Balancing Charge shall be calculated by taking the difference between the allowable delivery and the actual delivery and multiplying by the Daily Balancing Rate. For the purpose of this calculation, the difference between allowable delivery and actual delivery will be treated as a positive number.
5. At the end of the month the Customer or the Aggregator will be billed for the total of all Balancing Charges accrued during that month. All payments shall be in accordance with Rule 9 of this tariff.

MONTHLY BALANCING

1. If an Imbalance occurs in any month, the Company shall notify the Customer as to the amount of the Imbalance. The Imbalance shall be maintained for the duration of the Billing Month unless reduced or eliminated. During the Billing Month, the first gas received by the Company for the Customer's account shall be charged against the prior period Allowable Negative Imbalance and, if sufficient in quantity, shall eliminate, and terminate the accounting for the Allowable Negative Imbalance.
2. Any Excess Negative Imbalance in the current Billing Month shall be billed by purchasing gas from the Company as provided for in Schedule B of the Load Management section of this rate schedule.
3. When the Customer has caused a Positive Imbalance as the result of using less gas than was delivered to the Company, any Positive Imbalance at the end of the Billing Month shall be subject to the terms of Schedule A of the Load Management section of this rate schedule.
4. Beginning with the month of termination of service under this rate schedule, the Customer shall have a one (1) month period to eliminate any Imbalance condition.

FIRM TRANSPORTATION SERVICE - SCHEDULE TS (Continued)

5. If any provisions of balancing, in any month, causes the Company to incur penalties from its pipeline supplier(s) for Customer(s) deliveries, then the Customer(s) causing the penalty shall be subject to a pro rata portion of such penalties.
 6. Allowable Negative Imbalances shall be eliminated by the first gas received by the Company for the Customer's account during the Billing Month. On April 1st of the contract year, the Customer may contract to have all Allowable Negative Imbalances billed under Rate N for which the Customer would qualify during any Billing Month for the purpose of eliminating any Allowable Negative Imbalance during the Billing Month.
- (C)

BILLING

1. In any billing month, the volume of gas used by the Customer shall be billed as if the gas is delivered in the following sequence unless otherwise agreed to by the Company and the Customer:
 - (a) any Allowable Negative Imbalance carried over from a prior billing month;
 - (C) (B) Standby Service, where applicable; and
 - (C) (C) Positive Imbalances or Excess Negative Imbalances for the current billing month as determined under the Load Management section of this service schedule.
2. Standby Service Volumes shall be billed at the rates included in the regular sales rate schedule under which service would otherwise be provided, less the Standby Credit as provided for under the Rates and Charges section of this rate schedule.
3. If any Imbalance, in any month, causes the Company to incur penalties from its interstate pipeline supplier(s) for Customer(s) deliveries, then the Customer(s) causing the penalty shall be subject to a pro rata portion of such penalties.
4. Payment for any Excess Negative Imbalance under the Load Management section of this rate schedule and the payment or waiver of any penalty shall terminate and eliminate the accounting for the Excess Negative Imbalance.

FIRM TRANSPORTATION SERVICE - SCHEDULE TS (Continued)

LOAD MANAGEMENT

1. A Customer's monthly Imbalance for the purposes of this Load Management program shall be the net cumulative total of daily variances adjusted for make-up quantities and Imbalance trades.
2. Should there be any Positive Imbalance remaining at the end of the Billing Month, the Customer shall have the right to transfer such Imbalance to another transportation Customer of the Company. Any Positive Imbalance which is transferred to another Company Customer, shall be subject to a surcharge of \$0.25 per MCF of Imbalance transferred. The Company shall have the right to waive any surcharges. If a transfer of the Positive Imbalance does not occur, or the transfer does not completely clear the Positive Imbalance, then, the
(C) Company shall pay the Customer in accordance with PNG Gas - Pa. P.U.C No. 8 Section 16.3.c Imbalance Resolution.
- (C) 3. Any Excess Negative Imbalance shall be billed the rates contained in accordance with PNG Gas - Pa. P.U.C No. 8 Section 16.3.c Imbalance Resolution.
4. For the purpose of determining the level at which an Imbalance shall be eliminated, the escalating or declining percentage of the Index Price will apply only to the portion of the Imbalance outside each tolerance level.
5. The amounts due hereunder shall be paid in accordance with the General Terms and Conditions of the Company's Tariff.

FIRM TRANSPORTATION SERVICE - SCHEDULE TS (Continued)

CURTAILMENT

- (C) 1. Service under this rate schedule may be interrupted or curtailed under PNG Gas - PA P.U.C. No. 8 Tariff Rule 15 Gas Emergency Planning during periods of gas supply shortages when service is threatened to customers classified as Priority 1. However, if the firm transportation Customer has less than the full Standby service required to meet its Maximum Daily Transportation Quantity, then, service above and beyond the Customer's DFR or Standby requirement shall be considered Interruptible service.
The Customer must agree to sell, on a daily basis, the volumes of gas scheduled or nominated for delivery to the Company by an interstate pipeline. Such sales shall continue only during the duration of a gas supply shortage and shall not be required unless service to all customers in all priorities other than Priority 1 is interrupted or curtailed. The Customer must agree to sell its supply of gas to the Company at a rate equal to the higher of the Customer's total purchase cost (including pipeline transportation charges) or the weighted average commodity cost of all gas purchased by the Company during the month.
2. Payment by the Company shall be made within ten (10) days after receipt of an invoice and supporting documentation from the customer.
3. Service under this rate schedule may be interrupted or curtailed whenever the Company's pipeline capacity is insufficient to meet the needs of all Customers in the area in which the transportation Customer is located. The transportation Customer shall be interrupted or curtailed in the same manner as Customers served under the Rate XD Schedule contained in PNG Gas - PA P.U.C. No. 8 Tariff.
- (C) 4. Should it become necessary, for the reasons stated in paragraph 1 above, for the Company to use gas held in storage for the Customer under the Storage Service provisions of this rate schedule, the Company shall not buy the gas from the Customer but shall be obligated to replace the gas at no charge to the Customer after the end of the gas supply shortage. For billing purposes, the Customer shall be entitled to receive its contractual storage volumes immediately at the end of the curtailment as if the storage volumes were in place.

FIRM TRANSPORTATION SERVICE - SCHEDULE TS (Continued)

CONSTRUCTION OF FACILITIES

The cost of any modifications to, or construction of, entry points necessary for the introduction of Customer owned gas into the Company system facilities, required exclusively to provide transportation service under this rate schedule, shall be paid for by the Customer. The Customer shall be notified as to the estimated total cost of such modifications or construction, and payment of the estimated cost of such modification or construction shall be made to the Company prior to the start of modification or construction. Upon completion of the modification or construction, the Company and the Customer shall reconcile any cost difference between the actual completed cost and the pre-paid estimated cost. The Customer shall pay any additional cost incurred by the Company and the Company will refund any over collection of such cost. The Company shall own and maintain this natural gas connection.

(C) The cost of any modifications to, or construction of, facilities required exclusively to provide transportation service, from the Company's system to the Customer's facility under this rate schedule, shall be paid for by the Customer based on the presently approved Customer construction allocation calculation method shown in PNG Gas - PA P.U.C. No. 8 Tariff Rule 5 EXTENSION REGULATION. The Customer shall be notified as to the total cost of such modifications or construction, and payment shall be made to the Company prior to the start of construction.

The Company may install remote read devices for the purposes of monitoring and/or billing Customer volumes, at every single meter or multimeter location served under this rate schedule at the Customer's expense. The Customer shall maintain a phone connection and/or electric lines at all times to the device which will allow the Company unlimited remote access to the remote read device.

MISCELLANEOUS PROVISIONS

1. The Company shall be under no obligation and shall have no duty to provide retail service to any transportation Customer who declines to elect Standby Service.
2. The Company makes no guarantees against, and accepts no responsibility for, the interruption or curtailment of transportation service caused by parties other than the Company, its agents or contractors.

STANDBY SERVICE

To insure that a supply of gas will be available to the Customer in the event that the Customer's transportation service is interrupted or curtailed by any third-party transporter or if gas production ceases for any reason, the Customer may request that the Company provide Standby Service. If, in its sole judgment, the Company determines that such service can be provided without impairing service to other Customers served by the Company, the Company and the Customer shall agree

FIRM TRANSPORTATION SERVICE - SCHEDULE TS (Continued)

upon the Standby Service Volume to be provided. The Standby Service Volume shall be stated in the Transportation Agreement. The Standby Service Volume agreed upon shall remain in full force and effect from year to year unless reduced or cancelled by mutual agreement between the Customer and the Company in accordance with this tariff. Should the Customer request an increase, the Company shall use its best efforts to obtain the supply of gas necessary to serve the requested increase. The increase shall be granted only if, in the Company's sole judgment, the total supply available to the Company is sufficient to serve the increased Standby Service Volume without impairing service to other Customers served by the Company.

(C)

UGI PENN NATURAL GAS, INC.

FIRM TRANSPORTATION SERVICE - SCHEDULE TS (Continue)

(C)

RATES AND CHARGES

1. TRANSPORTATION CHARGE

A. The monthly charge for service shall be the Transportation Charge which shall be equal to the product of the Transportation Rate and the volume of transportation gas delivered during such month to the Customer including volumes delivered to storage.

FIRM TRANSPORTATION SERVICE - SCHEDULE TS (Continued)

- (C) B. By noon of the first working day following the delivery month, each Customer or its Customer Designated Representative shall deliver to the Company's Gas Dispatcher, in conjunction with delivery allocations, a complete written volume allocation of gas using the present Company Transportation Allocation Form. Allocations shall be by pipeline contract, showing individual Customer meter. Failure to do so will result in suspension of deliveries of gas for a ten (10) working day period. The Company has the right to waive or shorten this time period for good cause shown.
- (C)
- (C)

FIRM TRANSPORTATION SERVICE - SCHEDULE TS (Continued)

(C)

2. STANDBY CHARGE

- A. The monthly Standby Charge shall be the product of the Standby Rate and the Standby Service Volume as stated in the Transportation Agreement. Any increase or addition of Standby Service Volume during the contract period shall be billed as if the service commenced on April 1st of the Contract Year.
- B. The Standby Rate shall be equal to the sum of the monthly Contract Demand charges charged by the Company's interstate pipeline suppliers, divided by the sum of the daily Contract Demands.
- C. The Standby Credit shall be equal to the product of the Standby Credit Rate and the volume billed at regular rates under the Standby Service provision.
- D. The Standby Credit Rate shall be equal to the Standby Rate divided by the number of days in the Billing Month.
- E. The Standby Rate shall be subject to increase or decrease whenever any of the Company's pipeline suppliers make changes in their Contract Demand Rate. Any change in the Standby Rate shall become effective on the first day of the month following the date on which the change in the pipeline Contract Demand rate becomes effective.
- F. See page 18 for rates.

(C)

UGI PENN NATURAL GAS, INC.

FIRM TRANSPORTATION SERVICE - SCHEDULE TS (Continued)

MINIMUM CHARGE

The minimum monthly charge shall be the sum of the Customer Charge, the Transportation Administration Charge, the Standby Charge, the Storage Demand Charge and the Storage Capacity Charge, as applicable.

SURCHARGES

Rider D - State Tax Adjustment Surcharge.

(C)

FIRM TRANSPORTATION SERVICE - SCHEDULE TS (Continued)

PAYMENT

In accordance with Section 2 E on Page No. 6 of this tariff.

CONTRACT PERIOD

1. Transportation Service

The contract shall be for a period of one (1) year (Contract Year) beginning on April 1st. The contract shall be renewed each year by refiling a Transportation Agreement. The Customer or the Company, upon at least thirty (30) days written notice, may cancel the agreement. Upon written notice by the Company that the Customer or its Buyer Group has lost its eligibility to transport, the contract becomes void. Contracts entered into after April 1st of the Contract Year shall be renewable on the next April 1st.

2. Standby Service

The contract shall be for a period of one (1) year commencing on April 1st of each year, unless cancelled or reduced by mutual agreement between the Company and the Customer upon at least thirty (30) days written notice prior to April 1st or when notified by the Company that the customer or the buyer group, of which the Customer is a member, has lost its eligibility to transport. The Standby Service Volume can be increased at any time when the Company and the Customer mutually agree. Customers requesting increased Standby Service Volumes commencing after April 1st shall be charged as if the service commenced on April 1st of the Contract Year.

(C)

RULES AND REGULATIONS

All of the Rules and Regulations of this gas tariff are part of this rate schedule.

UGI PENN NATURAL GAS, INC.

FIRM TRANSPORTATION SERVICE - SCHEDULE TS (Continued)

<u>RATE SCHEDULE</u>	<u>NET MONTHLY RATE</u>
<u>TRANSPORTATION CHARGES</u>	
Customer Charge	\$3,865.00
Maximum Transportation Rate	\$0.0778/MCF
<u>DAILY BALANCING RATE</u>	
In compliance with PNG Gas - Pa. P.U.C No. 8 Section 16.5 Maximum Daily Excess Balancing Charge	
<u>STANDBY RATE</u>	
Per MCF of Standby Demand	
Effective: September 1, 1989	See Monthly Listing
<u>RETAINAGE PERCENTAGE</u>	
Effective: December 1, 2016	1.8% (I)

(I) Indicates Increase

Issued: November 30, 2016

Effective: December 1, 2016

Supplement No. 3
First Revised Page No. 18A
to UGI Penn Natural Gas Tariff Pa. P.U.C. No. 1
Cancelling
First Revised Page No. 18A
to Southern Union Tariff Gas Pa. P.U.C. No. 1

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Supplement No. 3
First Revised Page No. 18B
to UGI Penn Natural Gas Tariff Pa. P.U.C. No. 1
Cancelling
First Revised Page No. 18B
to Southern Union Tariff Gas Pa. P.U.C. No. 1

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Supplement No. 3
First Revised Page No. 19
to UGI Penn Natural Gas Tariff Pa. P.U.C. No. 1
Cancelling
First Revised Page No. 19
to Southern Union Tariff Gas Pa. P.U.C. No. 1

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(C) Indicates Change (D) Indicates Decrease (I) Indicates Increase
Issued: December 1, 2006 Effective: December 2, 2006

Supplement No. 3
First Revised Page No. 20
to UGI Penn Natural Gas Tariff Pa. P.U.C. No. 1
Cancelling
Seventh Revised Page No. 20
to Southern Union Tariff Gas Pa. P.U.C. No. 1

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(C) Indicates Change (D) Indicates Decrease (I) Indicates Increase
Issued: December 1, 2006 Effective: December 2, 2006

RIDER D

STATE TAX ADJUSTMENT SURCHARGE

1. Pursuant to the provisions of the State Tax Adjustment Procedure Order of the Pennsylvania Public Utility Commission dated March 10, 1970, and as amended,
(D) a surcharge of -0.46% will be charged for services rendered under Rate
(C) Schedule TS on and after December 17, 2016 in addition to the rates provided
(D) for in this tariff. For non-transportation service, a surcharge of -0.46%
(C) will be charged for services rendered on and after December 17, 2016.
2. The above surcharges will be recomputed, according to the instructions set forth in the Commission's Order. Whenever any of the tax rates used in calculations of the surcharge change, the recomputation shall take into account such changed tax rate.
3. Each surcharge recomputation shall be submitted by the Company to the Commission within ten (10) days after the occurrence of the event or date which occasions such recomputation; and if the recomputed surcharge is less than the one then in effect, the Company will; and if the recomputed surcharges is more than the one then in effect, the Company may, submit with such recomputation, a tariff or supplement to reflect such recomputed surcharge, the effective date of which shall be ten (10) days after filing.

Supplement No. 3
First Revised Page No. 22
to UGI Penn Natural Gas Tariff Pa. P.U.C. No. 1
Cancelling
First Revised Page No. 22
to Southern Union Tariff Gas Pa. P.U.C. No. 1

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Supplement No. 3
First Revised Page No. 23
to UGI Penn Natural Gas Tariff Pa. P.U.C. No. 1
Cancelling
Seventh Revised Page No. 23
to Southern Union Tariff Gas Pa. P.U.C. No. 1

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