

June 29, 2011

VIA OVERNIGHT DELIVERY

Ms. Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
2nd Floor, Room N201
400 North Street
Harrisburg, Pennsylvania 17120

**Re: Licensing Requirements for Natural Gas Suppliers: SEARCH
Final Order and Action Plan: Natural Gas Supplier Issues;
PUC Docket Nos. L-2008-2069115 and I-00040103F0002**

Dear Secretary Chiavetta:

Enclosed is an original copy of Supplement No. 8 to Peoples TWP LLC's ("Peoples TWP") Tariff-Gas PA PUC No. 7, having an effective date of August 28, 2011, filed with the Pennsylvania Public Utility Commission ("Commission"), via the Commission's eFile system. This compliance filing is being made pursuant to the above-referenced proceeding and the Commission's Final Rulemaking Order of June 17, 2010 and the subsequent Order entered April 29, 2011.

Copies of the enclosed documents were provided as indicated on the certificate of service, including the only natural gas supplier which currently serves customers in the Company's service territory.

Respectfully Submitted,

PEOPLES TWP LLC



Andrew P. Wachter
Vice President – Finance and Rates

Enclosures

cc: Certificate of Service
TWP Energy, LLC



CERTIFICATE OF SERVICE

PENNSYLVANIA PUBLIC UTILITY COMMISSION :
V. : Docket No. L-2008-2069115
: and
PEOPLES TWP LCC : Docket No. I-00040103F0002

I hereby certify that I have this day served true copies of Peoples TWP LLC’s Supplement No. 8 to Tariff Gas – PA PUC No. 7 upon the parties of record in this proceeding in accordance with the requirements of §1.54 (relating to service by a participant).

SERVICE BY OVERNIGHT DELIVERY

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Andrew P. Wachter
Vice President – Finance and Rates
Peoples TWP LLC

Dated this 29th day of June 2011.

PEOPLES TWP LLC

RATES, RULES AND REGULATIONS
FOR NATURAL GAS SERVICE
IN TERRITORY DESCRIBED HEREIN

ISSUED: June 29, 2011

EFFECTIVE: August 28, 2011
SERVICE RENDERED BASIS

PURSUANT TO LICENSING REQUIREMENTS
FOR NATURAL GAS SUPPLIERS;
SEARCH FINAL ORDER AND ACTION PLAN:
NATURAL GAS SUPPLIER ISSUES
DOCKET NOS. L-2008-2069115 AND I-00040103F0002

ISSUED BY:

ANDREW P. WACHTER
VICE PRESIDENT – FINANCE AND RATES
PEOPLES TWP LLC
205 NORTH MAIN STREET
BUTLER, PENNSYLVANIA 16001

THIS SUPPLEMENT MAKES ADJUSTMENTS TO THE SECURITY REQUIRED OF THE NATURAL GAS SUPPLIERS
SERVING CUSTOMERS ON THE COMPANY'S SYSTEM.

LIST OF CHANGES MADE BY THIS TARIFF

Pursuant to Licensing Requirements For Natural Gas Suppliers; *SEARCH Final Order And Action Plan*: Natural Gas Supplier Issues at Docket Nos. L-2008-2069115 and I-00040103F0002 and the Pennsylvania Public Utility Commission's Order of June 17, 2010 and the subsequent Order entered April 29, 2011, Supplement No. 8 to TARIFF GAS – PA PUC NO. 7 makes adjustments to the security required of the Natural Gas Suppliers serving customers on the Company's system.

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1	List of Changes Made By This Tariff	Changes listed.
2	Index	Supplement No., Revised Page No., Canceling Revised Page No. and Issued and Effective Dates updated for the relevant pages.
3	Index (Continued)	Supplement No., Revised Page No., Canceling Revised Page No. and Issued and Effective Dates updated for the relevant pages.
53	Customer Education/Information Disclosure	Adjustments made to the security requirements.
53a	Customer Education/Information Disclosure (Continued)	Adjustments made to the security requirements.
53b	Customer Education/Information Disclosure (Continued)	Adjustments made to the security requirements.
53c	Customer Education/Information Disclosure (Continued)	Adjustments made to the security requirements.

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RULES AND REGULATIONS (Continued)

- b. In addition to the financial and related information described above, the Company may, at its sole discretion, require the NGS to supply any one or combination of the following forms of security to protect the Company:
- i. A surety bond issued in favor of the Company by a financial institution or insurance company acceptable to the Company;
 - ii. An irrevocable letter of credit issued in favor of the Company by a financial institution acceptable to the Company;
 - iii. A corporate, parental or other third party guaranty, on a form acceptable to the Company, by a person or entity which satisfies the Company's financial fitness and creditworthiness criteria;
 - iv. An escrow account;
 - v. Accounts receivable pledged or assigned to the Company by an NGS participating in the Company's Commission-approved purchase of receivables program;
 - vi. Cash;
 - vii. Calls on capacity, netting Company gas purchases from the NGS (if any) against the NGS's security requirements, or other operational offsets that may be mutually agreed upon by the Company and the NGS;
 - viii. Small NGS with annual operating revenues of less than \$1 million may utilize real or personal property as security with the following supporting documentation:
 - (A) A verified statement from the NGS that it 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; and
 - (B) A current appraisal report of the market value of the property; and
 - ix. Any other form of security that is acceptable to the Company.
- c. The amount and form of the security, if not mutually agreed upon by the Company and the NGS, shall be based on criteria established in this Rule No. 19, which criteria shall be applied in a non-discriminatory manner.
- d. The amount of the security shall be reasonably related to the financial exposure of the Company, as supplier of last resort, which may result from the NGS's default, bankruptcy or failure to perform in accordance with the requirements of this Tariff, the terms and conditions of the applicable Transportation Service Agreement(s), or any applicable laws and Commission rules, regulations, policy statements or guidelines.
- e. The amount of the security should reflect the difference between the cost of gas incurred by the Company, as supplier of last resort, and the amount payable by the NGS's retail gas supply customers during one billing cycle. In the absence of such information about retail gas supply customers served by the NGS on the Company's system, the Company may evaluate the amounts payable by the NGS's retail gas customers on the systems of other Pennsylvania Natural Gas Distribution Company(ies) ("NGDC") to determine the appropriate amount of security to be required of the NGS. In no event shall the initial amount of security required of an NGS seeking authorization to supply gas to retail customers on the Company's system be less than an amount equal to a reasonable estimate of the difference between the Company's cost of gas (per Mcf) likely to be incurred as supplier of last resort, and the amount (per Mcf) payable by retail gas supply customers of the NGS on the Company's system, times the NGS's projected aggregate maximum daily Required Delivery Volume for retail gas supply customers served on the Company's system, times 30 days.

RULES AND REGULATIONS (Continued)

- f. The amount of security required of any NGS under this Tariff Rule may be modified based on one or more of the following:
- i. The NGS's past operating history on the Company's system and on the operating systems of other NGDC, including the length of time that the NGS has operated on the system, the number of customers served, and any past supply reliability problems.
 - ii. The NGS's credit reports.
 - iii. The number and class of customers being served by the NGS.
 - iv. Information that materially affects the NGS's creditworthiness, as set forth in subparagraph 19.A.5.g hereof.
 - v. The NGS's demonstrated capability to supply and deliver the volume of natural gas necessary for its customers' needs.
- g. The amount of the security required of any NGS hereunder may be adjusted as circumstances warrant. The adjustments must be reasonable and based on one or more of the following criteria:
- i. A change in the NGS's recent operating history on the Company's system, or on the operating systems of other NGDC, which has materially affected Company's (or other NGDC's) system operation or reliability. A change that could materially affect system operation or reliability may occur when a supplier fails to deliver natural gas supply sufficient to meet its customers' needs, or fails to comply with Company (or other NGDC) operational flow orders, as defined in 52 Pa. Code Section 69.11 (relating to definitions).
 - ii. A change in the NGS's credit reports that materially affects the NGS's creditworthiness. Creditworthiness could be materially affected when two or more of the following credit rating companies change the NGS's credit rating.
 - (A) Dun & Bradstreet.
 - (B) Standard & Poor's Rating Services, Inc.
 - (C) TransUnion LLC.
 - (D) Equifax, Inc.
 - (E) Experian Information Solutions, Inc.
 - iii. A significant change in the number of customers served, the volume of gas delivered, or the unit price of natural gas, or a change in the classes of customers being served by the NGS. A change over a consecutive 30-day period of 25% in the number of customers served, the volume of gas delivered or the average unit price of natural gas would represent a significant change.
 - iv. A change in operational or financial circumstances that materially affects the NGS's creditworthiness. Creditworthiness could be materially affected when two or more of the following investment rating companies change the rating of the NGS's issued securities from an investment grade or good rating to a speculative or moderate credit risk rating:
 - (A) Standard & Poor's Rating Services, Inc.
 - (B) Moody's Investment Service, Inc.
 - (C) Fitch, Inc.
 - (D) A. M. Best Company, Inc.
 - (E) DBRS, Inc.

RULES AND REGULATIONS (Continued)

- v. A change in the NGS's demonstrated capability to provide the volume of natural gas necessary for its customers' needs that materially affects the Company's system operation or reliability. A change that could materially affect the Company's system operation or reliability may occur when an NGS fails to deliver natural gas supply sufficient to meet its customers' needs on five separate occasions within a 30-day period, or fails to comply with the Company's (or another Pennsylvania NGDC's) operational flow orders, as defined in 52 Pa. Code, Section 69.11.
 - h. The Commission will determine the additional amount, if any, to be included in a surety bond or other form of security provided by an NGS serving Priority Customers to cover fines levied on the NGS by the Commission and NGS obligations to such Priority Customers. In no event will the Company be obliged to execute on the form of security provided by the NGS unless the amount in question is not in dispute and the Company is directed to do so by final order of the Commission. If the Commission establishes an additional amount to be included in the surety bond or other security to cover fines or obligations of the NGS to its Customers, such amount shall be payable on the same terms as said bond or other security to the Company.
 - i. All financial and related information submitted or provided to the Company pursuant to this Rule will be treated as confidential and be used by the Company solely for the purpose of evaluating the financial fitness and creditworthiness of the NGS.
- 6) When practicable, the Company shall use North American Energy Standards Board forms or language for financial and legal instruments that are used as security for NGS under this Tariff Rule No. 19.
 - 7) The Company shall file an annual report with the Secretary of the Commission no later than April 30 of each year (the first such annual report to be filed in April 2012), as required under the Commission's regulations at 52 Pa. Code Section 62.111(c)(5).
 - 8) When the Company determines that an adjustment is warranted in the amount or type of security that an NGS must provide to maintain its license, the Company shall provide notice of its determination to the NGS in writing. The Company's determination must be based on the criteria set forth at subparagraphs A.5.f. and g of this Tariff Rule 19. The NGS shall comply with the Company's determination of adjusted security no later than five business days after the date that the NGS is served with notice of the Company's determination. When the NGS disagrees with the Company's determination, the NGS may file a dispute with the Company in accordance with subparagraph A.10 of this Tariff Rule 19.
 - 9) An NGS may request that the Company adjust the amount or type of security the NGS must provide to maintain its license. The request must be made to the Company in writing and be based on criteria set forth at subparagraphs A.5.f. and g of this Tariff Rule 19. The Company shall make its determination on the request and provide a written response to the NGS within five business days after the date that the request is made. When the Company agrees to the requested adjustment in security, the NGS shall post the adjusted security within five business days after the date that the NGS was served with notice of the Company's determination. When the NGS disagrees with the Company's determination, the NGS may file a dispute with the Company in accordance with subparagraph A.10 of this Tariff Rule 19.
 - 10) When there is a dispute relating to the form or amount of security, the applicant or NGS shall notify the Company of the dispute and attempt to resolve the dispute. If a resolution is not reached within thirty days after the date that the Company is notified of the dispute, the applicant or the NGS may take such action to resolve the dispute before the Commission as is described at 52 Pa Code Section 62.111(c)(8).
 - 11) When an NGS submits a dispute to the Commission for resolution which concerns the Company's application of security requirements under this Tariff Rule 19, or files a formal complaint with the Commission relating to an adjustment in the form or amount of security required by the Company, the following obligations apply:
 - a. The NGS shall provide to the Company the adjusted security amount as directed by the Company. The NGS shall maintain the adjusted amount of security until the dispute or complaint is resolved or until directed otherwise by the Commission.

RULES AND REGULATIONS (Continued)

- b. The NGS shall continue to operate on the Company system in accordance with system operation and business rules and practices until the dispute or complaint is resolved or until directed otherwise by the Commission.
- c. The NGS shall cause to be delivered to the Company's system natural gas supply in the volume necessary to fulfill its customers' requirements and provide customer support services until the dispute or complaint is resolved or until directed otherwise by the Commission.
- d. The Company shall permit the NGS to continue to operate on the Company's system until the dispute or complaint is resolved or until directed otherwise by the Commission.

B. Customer Education/Information Disclosure

All of the terms and conditions in Rule No. 6 shall also apply to the NGS Rules for service to Priority Customers, as set forth in this Rule No. 18 and are incorporated herein by reference thereto.