

PEOPLES NATURAL GAS COMPANY LLC

**RATES AND RULES
GOVERNING THE
FURNISHING OF
NATURAL GAS SERVICE
TO RETAIL
GAS CUSTOMERS**

**Filed in Accordance with Final Commission Order Entered
November 14, 2013 at Docket Nos. A-2013-2353647;
A-2013-2353649; A-2013-2353651**

**ISSUED: December 17, 2013
BY: Morgan K. O'Brien
President
375 North Shore Drive, Suite 600
Pittsburgh, PA 15212**

EFFECTIVE: December 18, 2013

NOTICE

This tariff makes changes to existing rates.
(See page 2)

LIST OF CHANGES

The following changes are made in compliance with the Pennsylvania Public Utility Commission Order entered November 14, 2013 at Docket Nos. A-2013-2353647, A-2013-2353649, and A-2013-2353651 approving the Joint Application of Peoples Natural Gas Company LLC, Peoples TWP LLC, and Equitable Gas Company, LLC for All of the Authority and the Necessary Certificates of Public Convenience (1) to Transfer All of the Issued and Outstanding Limited Liability Company Membership Interest of Equitable Gas Company, LLC to PNG Companies, LLC, (2) to Merge Equitable Gas Company, LLC with Peoples Natural Gas Company LLC, (3) to Transfer Certain Storage and Transmission Assets of Peoples Natural Gas Company LLC to Affiliates of EQT Corporation, (4) to Transfer Certain Assets between Equitable Gas Company, LLC and Affiliates of EQT Corporation, (5) for Approval of Certain Ownership Changes Associated with the Transaction, (6) for Approval of Certain Associated Gas Capacity and Supply Agreements, and (7) for Approval of Certain Changes in the Tariff of Peoples Natural Gas Company LLC.

Page No.	Section	Modification
3	Rate Schedule	Modified to reflect addition of AVC Capacity Charge under Rider B.
3A	Rate Schedule	Modified to reflect addition of AVC Capacity Charge under Rider B.
4	Rate Schedule	Modified to reflect addition of AVC Capacity Charge under Rider B.
4A	Rate Schedule	Modified to reflect addition of AVC Capacity Charge under Rider B.
5	Table of Contents	Modified to reflect changes to page numbers.
10	Rates Available Under This Tariff	Removal of Rate ST and Rate ST-SW to reflect discontinuance of on system storage service.
27	Rules & Regulations, Rule 17	Deletion of the word 'pools' in line three of the first paragraph to reflect discontinuance of on system storage service.
31	Rules & Regulations, Rule 21	Delete reference to Rate ST and Rate ST-SW.
36	Rate RS	Reduction in delivery charge.
40	Rate SGS	Reduction in delivery charges.
42	Rate MGS	Reduction in delivery charges.
44	Rate LGS	Reduction in delivery charges.
46	Rate GS-T	Addition of the word 'and' under Rule (8)(3).
47	Rate GS-T	Deletion of Rule (8)(4) to reflect discontinuance of on system storage. Deletion of Rule (8)(5) to become Rule (8)(4).
47	Rate GS-T	Delete reference to Rate ST and Rate ST-SW under Rule (9)(a).
47	Rate GS-T	Rule (12) updated to reflect new retainage rates.
48	Rate GS-T	Rule (14) update to Negative Monthly Imbalance section to remove reference to storage withdrawals.
48	Rate GS-T	Rule (14) update to Positive Monthly Imbalance section to remove reference to Rate ST and Rate ST-SW.
49	Rate GS-T	Rule (14) language change from 'transportation' to 'gas transported'.

List of Changes (Continued)

Page No.	Section	Modification
51	Rate GS-T	Reduction in delivery charges.
52	Rate GS-T	Insertion of Access to Storage Service section.
57	Page Intentionally Left Blank	Formerly Rate ST
58	Page Intentionally Left Blank	Formerly Rate ST
59	Page Intentionally Left Blank	Formerly Rate ST-SW
62	Rider B	Rate Schedule updated to reflect addition of AVC Capacity Charge.
63	Rider B	Definitions updated to include addition of AVC, AVCOU, and NP1. Former SBAC renamed PIAC.
63A	Rider B	Language added to reflect application, calculation, and reconciliation of AVC Capacity Charge.
63B	Rider B	Language added pertaining to treatment of Discounted Rate Customers under AVC Capacity Charge.

Capacity (1)	Rider B - Gas Cost Charges (2)	GCA (3)	Commodity (4)	Base Rate Charges (5)	Rider A STAS (6)	MFC (7)	USR (8)	GPC (9)	Rate Credit (10)	DSIC Charge (11)	Bill Display Total Rate (12=SUM 1 to 11)
				\$ 13.9500	-0.27%				\$ (1.5000)	\$ 0.0781	\$ 12.5281

Residential Sales											
Customer Charge											
Capacity	0.4622	0.5063				\$ 0.0164			\$ 0.0001	\$ 0.0001	\$ 0.9850
PTC- Commodity Charge			4.1104			\$ 0.1369		0.0900		\$ 0.0013	\$ 4.0857
Delivery Charge							\$ 0.2912		\$ (0.1775)	\$ 0.0193	\$ 3.2827
State Tax Surcharge				\$ 3.1497							\$ (0.0085)
Total per MCF						\$ 0.1533					\$ 8.3448

Commercial SGS											
Customer Charge											
0 to 499 MCF/Yr				\$ 14.8800					\$ (1.2900)	\$ 0.0833	\$ 13.6733
500 to 999 MCF/Yr				\$ 27.0000					\$ (1.2900)	\$ 0.1512	\$ 25.8612

Capacity	0.4622	0.5032				\$ 0.0036			\$ 0.0000	\$ 0.0000	\$ 0.9690
PTC- Commodity Charge			4.1104			\$ 0.0297		0.0900		\$ 0.0007	\$ 3.9779
Delivery Charge							\$ 2.1939			\$ 0.0123	\$ 2.2062
State Tax Surcharge											\$ (0.0059)
Total per MCF						\$ 0.0333					\$ 7.1472

Industrial SGS											
Customer Charge											
0 to 499 MCF/Yr				\$ 20.0000					\$ (1.2900)	\$ 0.1120	\$ 18.8220
500 to 999 MCF/Yr				\$ 27.0000					\$ (1.2900)	\$ 0.1512	\$ 25.8612

Capacity	0.4622	0.5032				\$ 0.0036			\$ 0.0000	\$ 0.0000	\$ 0.9690
PTC- Commodity Charge			4.1104			\$ 0.0297		0.0900		\$ 0.0007	\$ 3.9779
Delivery Charge							\$ 1.7623			\$ 0.0099	\$ 1.7722
State Tax Surcharge											\$ (0.0048)
Total per MCF						\$ 0.0333					\$ 6.7143

Commercial MGS											
Customer Charge											
1,000 to 2,499 MCF/Yr				\$ 50.0000					\$ (23.5800)	\$ 0.2800	\$ 26.7000
2,500 to 24,999 MCF/Yr				\$ 77.0000					\$ (36.3200)	\$ 0.4312	\$ 41.1112

Capacity	0.4622	0.3306				\$ 0.0036			\$ 0.0000	\$ 0.0000	\$ 0.7964
PTC- Commodity Charge			4.1104			\$ 0.0297		0.0900		\$ 0.0007	\$ 3.9779
Delivery Charge							\$ 2.1904		\$ (0.1105)	\$ 0.0123	\$ 2.0922
State Tax Surcharge											\$ (0.0059)
Total per MCF						\$ 0.0333					\$ 6.8605

ISSUED: December 17, 2013 EFFECTIVE: December 18, 2013

Capacity (1)	Rider B - Gas Cost Charges AVC Capacity (2)	GCA (3)	Commodity (4)	Base Rate Charges (5)	Rider A STAS (6)	Rider E MFC (7)	Rider F USR (8)	Rider G GPC (9)	Rider H Rate Credit (10)	Rider K DSIC Charge (11)	Bill Display Total Rate (12=SUM 1 to 11)
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Industrial MGS

Customer Charge
1,000 to 2,499 MCF/Yr
2,500 to 24,999 MCF/Yr

-0.27%

Capacity	\$ 0.4622	\$ 0.3306									
PTC- Commodity Charge			\$ (0.2529)	\$ 4.1104		\$ 0.0036		\$ 0.0900	\$ (23.5800)	\$ 0.2800	\$ 26.7000
Delivery Charge						\$ 0.0297			\$ (36.3200)	\$ 0.4312	\$ 41.1112
State Tax Surcharge			\$ 1.5243						\$ (0.1105)	\$ 0.0085	\$ 1.4223
Total per MCF			\$ (0.0041)								\$ (0.0041)

Commercial LGS

Customer Charge
25,000 to 49,999 MCF/Yr
50,000 to 99,999 MCF/Yr
100,000 to 199,999 MCF/Yr
Over 200,000 MCF/Yr

Capacity	\$ 0.4622	\$ 0.0996									
PTC- Commodity Charge			\$ (0.2529)	\$ 4.1104		\$ 0.0036		\$ 0.0900	\$ (324.6400)	\$ 2.4808	\$ 120.8408
Delivery Charge						\$ 0.0297			\$ (399.3900)	\$ 3.0520	\$ 148.6620
State Tax Surcharge			\$ 2.3913						\$ (581.1200)	\$ 4.4408	\$ 216.3208
Total per MCF			\$ (0.0065)						\$ -	\$ 6.8040	\$ 1,221.8040

Industrial LGS

Customer Charge
25,000 to 49,999 MCF/Yr
50,000 to 99,999 MCF/Yr
100,000 to 199,999 MCF/Yr
Over 200,000 MCF/Yr

Capacity	\$ 0.4622	\$ 0.0996									
PTC- Commodity Charge			\$ (0.2529)	\$ 4.1104		\$ 0.0036		\$ 0.0900	\$ (324.6400)	\$ 2.4808	\$ 120.8408
Delivery Charge						\$ 0.0297			\$ (399.3900)	\$ 3.0520	\$ 148.6620
State Tax Surcharge			\$ 1.7553						\$ (838.3400)	\$ 6.4064	\$ 312.0664
Total per MCF			\$ (0.0047)						\$ -	\$ 11.2504	\$ 2,020.2504

PEOPLES NATURAL GAS COMPANY, LLC

SUPPLEMENT NO. 29 TO GAS—PA PUC NO. 45
 TWENTY-SIXTH REVISED PAGE NO. 4

CANCELLING TWENTY-FIFTH REVISED PAGE NO. 4

	Base Rate	Rider A	Rider E	Rider F	Rider B	Capacity	AVC Capacity	BB&A	Rate Credit	Rider H	Rider K	Bill Display
Charges	STAS	MFC	USR	(4)	(5)	(6)	(7)	(8)	(9)	(10=SUM 1 to 9)		Total Rate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10=SUM 1 to 9)			
\$ 13.9500	-0.27%								0.56%			

Rate GS-T Residential

Customer Charge	\$ 13.9500											
Capacity		\$ 0.0164	\$ 0.2912	\$ 0.4622	\$ 0.5063							
Delivery Charge	\$ 3.1497											
State Tax Surcharge												
Total per MCF	\$ (0.0085)											

Rate GS-T Commercial SGS

Customer Charge												
0 to 499 MCF/Yr	\$ 14.8800											
500 to 999 MCF/Yr	\$ 27.0000											

1/

Capacity/BB&A

Delivery Charge		\$ 0.0036	\$ 0.5032	\$ 0.4622	\$ 0.5032							
State Tax Surcharge	\$ 2.1939											
Total per MCF	\$ (0.0059)											

Rate GS-T Industrial SGS

Customer Charge												
0 to 499 MCF/Yr	\$ 20.0000											
500 to 999 MCF/Yr	\$ 27.0000											

1/

Capacity/BB&A

Delivery Charge		\$ 0.0036	\$ 0.1771	\$ 0.5032	\$ 0.1771							
State Tax Surcharge	\$ 1.7623											
Total per MCF	\$ (0.0048)											

Rate GS-T Commercial MGS

Customer Charge												
1,000 to 2,499 MCF/Yr	\$ 50.0000											
2,500 to 24,999 MCF/Yr	\$ 77.0000											

1/

Capacity/BB&A

Delivery Charge		\$ 0.3306	\$ 0.1771	\$ 0.3306	\$ 0.1771							
State Tax Surcharge	\$ 2.1904											
Total per MCF	\$ (0.0059)											

1/ Capacity applies to Priority 1 ratepayers when electing transport service. All other Ratepayers are billed the BB&A charge. For purposes of this schedule, Capacity has been defaulted for Residential and SGS customers and BB&A has been defaulted for MGS and LGS classes.

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EFFECTIVE: December 18, 2013

	Base Rate Charges	Rider A STAS	Rider E MFC	Rider F USR	Capacity	Rider B AVC Capacity	BB&A	Rate Credit	Rider H DSIC Charge	Rider K	Bill Display Total Rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(9)	(10=SUM 1 to 9)
Rate GS-T Industrial MGS											
Customer Charge	\$ 50.0000							\$ (23.5800)	\$	0.2800	\$ 26.7000
1,000 to 2,499 MCF/Yr	\$ 77.0000							\$ (36.3200)	\$	0.4312	\$ 41.1112
2,500 to 24,999 MCF/Yr						\$ 0.3306	\$ 0.1771				\$ 0.5077
1/ Capacity/BB&A	\$ 1.5243							\$ (0.1105)	\$	0.0085	\$ 1.4223
Delivery Charge											\$ (0.0041)
State Tax Surcharge											\$ 1.9259
Total per MCF											\$
Rate GS-T Commercial LGS											
Customer Charge	\$ 443.0000							\$ (324.6400)	\$	2.4808	\$ 120.8408
25,000 to 49,999 MCF/Yr	\$ 545.0000							\$ (399.3900)	\$	3.0520	\$ 148.6620
50,000 to 99,999 MCF/Yr	\$ 793.0000							\$ (581.1200)	\$	4.4408	\$ 216.3208
100,000 to 199,999 MCF/Yr	\$ 1,215.0000							\$ -	\$	6.8040	\$ 1,221.8040
Over 200,000 MCF/Yr						\$ 0.0996	\$ 0.0469				\$ 0.1465
1/ Capacity/BB&A	\$ 2.3913							\$ (0.0918)	\$	0.0134	\$ 2.3129
Delivery Charge											\$ (0.0065)
State Tax Surcharge											\$ 2.4529
Total per MCF											\$
Rate GS-T Industrial LGS											
Customer Charge	\$ 443.0000							\$ (324.6400)	\$	2.4808	\$ 120.8408
25,000 to 49,999 MCF/Yr	\$ 545.0000							\$ (399.3900)	\$	3.0520	\$ 148.6620
50,000 to 99,999 MCF/Yr	\$ 1,144.0000							\$ (838.3400)	\$	6.4064	\$ 312.0664
100,000 to 199,999 MCF/Yr	\$ 2,009.0000							\$ -	\$	11.2504	\$ 2,020.2504
Over 200,000 MCF/Yr						\$ 0.0996	\$ 0.0469				\$ 0.1465
1/ Capacity/BB&A	\$ 1.7553							\$ (0.0918)	\$	0.0098	\$ 1.6733
Delivery Charge											\$ (0.0047)
State Tax Surcharge											\$ 1.8151
Total per MCF											\$

1/ Capacity applies to Priority 1 ratepayers when electing transport service. All other Ratepayers are billed the BB&A charge. For purposes of this schedule, Capacity has been defaulted for Residential and SGS customers and BB&A has been defaulted for MGS and LGS classes.

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EFFECTIVE: December 18, 2013

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RATES AVAILABLE UNDER THIS TARIFF

Rate RS - Residential Service

This rate is available to residential ratepayers throughout the territory served by the Company.

Rate CAP

This is available to residential ratepayers who meet the criteria as detailed in this Rate Schedule.

Rate SGS – Small General Service–

This rate is available to commercial and industrial ratepayers and NGDCs consuming less than 1,000 Mcf of natural gas service annually throughout the territory served by the Company with the exception of commercial ratepayers qualifying under Rate NGPV.

Rate MGS – Medium General Service

This rate is available to commercial and industrial ratepayers and NGDCs consuming between 1,000 and 24,999 Mcf of natural gas service annually throughout the territory served by the Company with the exception of commercial ratepayers qualifying under Rate NGPV.

Rate LGS – Large General Service

This rate is available to commercial and industrial ratepayers and NGDC's consuming more than 25,000 Mcf annually throughout the territory served by the Company with the exception of commercial ratepayers qualifying under Rate NGPV.

Rate CER - Competitive Energy Rate

This rate is available to all ratepayers throughout the territory served by the Company who, in the determination of the Company, meet the criteria set forth under Rate Schedule CER.

Rate GS-T - General Service Transportation

This rate offers firm transportation service for residential, commercial, industrial, and NGDC ratepayers. Commercial, industrial, and NGDC ratepayers that consume less than 1,000 Mcf per year are classified as Small General Service ratepayers under this tariff. Commercial, industrial, and NGDC ratepayers that consume between 1,000 and 24,999 Mcf per year are classified as Medium General Service ratepayers under this tariff. Commercial, industrial, and NGDC ratepayers that consume more more than 25,000 Mcf per year are classified as Large General Service ratepayers under this tariff.

Rate GS-SB - General Standby Service

This rate offers standby service for residential, commercial, and industrial transportation ratepayers.

Rate NGPV

This rate offers service for natural gas powered vehicles.

(C)

RULES AND REGULATIONS**17. PRIORITY OF SERVICE AND CURTAILMENT FOR RETAIL RATEPAYERS (continued)**

The definitions for terms used in the priority of service categories shall be shown in Appendix A hereto.

Gas Shortage Curtailment Related to Long-Term Supplies

When, in the Company's judgment, its supply of gas is insufficient to meet the full requirements of all the Company's ratepayers on a continuing basis, or when continued delivery of gas would prevent the injection of gas into storage (C) for the protection of subsequent winters' supplies, the Company may require each ratepayer to restrict his monthly consumption to a volume authorized by the Company.

A gas shortage curtailment shall be made only after a minimum 96-hour written notice to the ratepayer given by certified mail and specifying its authorized monthly consumption to which such curtailment applies. The Company will authorize monthly consumption levels from the Company's supplies only to ratepayers then currently purchasing commodity or standby service from the Company. Ratepayers that acquire their own gas supplies and that do not purchase standby service will be entitled to consume only the volumes they have delivered to the Company, less any gas that the Company is authorized to seize for consumption by other ratepayers.

If a ratepayer exceeds its authorized consumption during a period of gas shortage curtailment, then the ratepayer shall be subject to penalties as set forth under this Rule 17.

Actual consumption in any month in excess of the volume authorized in the notice of gas shortage curtailment shall operate to reduce the volume authorized for the second succeeding month by the amount of such excess; during the first month following the month of excess consumption a ratepayer may use less than the volume authorized for that month and receive a credit up to but not exceeding the amount of such reduction, to be applied to the reduced volume authorized for the second month.

RULES AND REGULATIONS**18. SALES OF GAS FOR RESALE**

All gas sales to residential ratepayers are to the ultimate purchaser and are not to be resold for profit.

**SPECIAL RULES APPLICABLE TO ALTOONA
AND JOHNSTOWN AND VICINITY (Rules 19 and 20)****19. CONNECTION FOR SERVICE**

In the city of Altoona, Blair County, and the city of Johnstown, boroughs of Ferndale, Westmont, Lorain, Dale, Southmont, and townships of Lower Yoder, Upper Yoder, and Stonycreek, and vicinity in Cambria County, and not elsewhere, the following rule has been adopted and is applicable in place of Rule 4 above: The meter and all pipes, fittings, and stop cocks furnished by the Company on the premises shall remain the property of the Company which shall have the free right and privilege of ingress and egress at all reasonable times, to lay, maintain, inspect, operate, repair, and finally reclaim its property and for reading and change of meters.

20. LEAKS AND WASTE

In the city of Altoona, Blair County, and the city of Johnstown, boroughs of Ferndale, Westmont, Lorain, Dale, Southmont, and townships of Lower Yoder, Upper Yoder, and Stonycreek, and vicinity in Cambria County, and not elsewhere, the following rule has been adopted and is applicable in place of Rule 7 above: The ratepayer shall use all due care to prevent waste of gas. It is the responsibility of the ratepayer to exercise all due care in the detection of leaks and defects in the service pipes, meter, fittings, and stop cocks on the ratepayer's premises and in case of failure or deficiency of gas, leakage, excess pressure, or other dangerous developments incident to the handling of gas, the ratepayer agrees to give immediate notice thereof to the Company at its office and to take the necessary precaution to prevent explosion and fire, and the failure of the ratepayer to do so, should loss or injury follow, shall be evidence of the ratepayer's negligence and shall relieve the Company from liability for such loss or injury.

21. ORDER OF GAS DELIVERIES THROUGH THE METER FOR BILLING PURPOSES

(C)

For purposes of billing more than one type of service provided by the Company to a ratepayer through one meter, the following order of application of rates shall be used:

- a. Rate GS-T
- b. Firm Retail or Standby
- c. Rate CER

22. OPERATIONAL FLOW ORDERS

To the extent the Company issues an operational flow order (OFO) pursuant to Rule 4 of its Supplier Tariff, a transportation ratepayer shall comply (or direct its NGS to comply) with the same OFO conditions, including the penalty provisions, outlined in the Company's Supplier Tariff Rule 4. The Company may waive the penalties applicable under the Company's Supplier Tariff Rule 4, for transportation ratepayers.

RATE RS
RESIDENTIAL SERVICE**AVAILABILITY**

This rate is available to residential ratepayers (other than those that the Company determines shall acquire service under Rate GS-SB) located throughout the territory described in the "Description of Territory" in this tariff and shall be applied to consumption for each month determined in accordance with Rule 10.

This rate will be used for provision of supplier of last resort service to residential ratepayers.

RATE TABLE

Customer Charge per meter per month	\$13.95	
Delivery Charge per Mcf	\$3.1497	(D)

The currently effective gas cost charges under Rider B and all charges under other applicable tariff riders are set forth on the Summary of Rates located on Page No. 3 of this tariff.

MINIMUM MONTHLY BILL

The minimum monthly bill per meter shall be the customer charge per ratepayer per month. In the event of an emergency curtailment in the delivery of gas by the Company to a ratepayer pursuant to Rule 17, or complete or partial suspension of operation by the ratepayer due to fire, flood, explosion, or other similar acts of God, the minimum monthly bill may be reduced in direct proportion to the ratio of the number of days of curtailed service or complete or substantial suspension of operation to the number of days in the billing period.

SURCHARGES

All applicable riders to this tariff.

LATE-PAYMENT CHARGE

A late-payment charge of 1.50 percent per month will be made for failure to make payment in full, for all charges billed by the Company, within five days after the due date shown on the bill. This charge is to be calculated on the overdue portion of the bill, excluding any unpaid late-payment charges.

RULES AND REGULATIONS

The Company's Rules and Regulations in effect from time to time, where not inconsistent with any specific provision hereof, are a part of this rate schedule.

WAIVER

The Company reserves the right to waive the customer charge per meter for additional meters. An example of when such waiver may occur is when the Company determines that such meters have been installed principally and primarily for the Company's convenience and not due to the ratepayer's load characteristics.

RATE SGS
SMALL GENERAL SERVICE**AVAILABILITY**

This rate is available to commercial, industrial, and NGDC ratepayers consuming less than 1,000 Mcf annually (other than those that the Company determines shall acquire service under Rate GS-SB or those that use natural gas as a motor vehicle fuel), located throughout the territory described in the "Description of Territory" in this tariff and shall be applied to consumption for each month determined in accordance with Rule 10.

This rate will be used for provision of supplier of last resort service to all commercial, industrial and NGDC ratepayers.

RATE TABLE

Customer Charge per meter per month:

For Commercial ratepayers with annual consumption less than 500 Mcf	\$14.88	
For Industrial ratepayers with annual consumption less than 500 Mcf	\$20.00	
For ratepayers with annual consumption equal to or greater than 500 Mcf but less than 1,000 Mcf	\$27.00	
Delivery Charge per Mcf – Commercial Ratepayers	\$2.1939	(D)
Delivery Charge per Mcf – Industrial Ratepayers	\$1.7623	(D)

The currently effective gas cost charges under Rider B and all charges under other applicable tariff riders are set forth on the Summary of Rates on page No. 3 of this tariff.

MARKET BASED COMMODITY CHARGE ADJUSTMENT (CCA)

This adjustment will be applicable to Non-Priority One ratepayers that previously had been receiving transportation service from the Company for at least twelve consecutive months and transfers to service under this rate schedule. Once applied, the CCA will be applicable for twelve consecutive months of service under this rate schedule. The Gas Cost Adjustment Charge shall not be applicable if the CCA is being charged.

The CCA shall be determined monthly and shall equal the difference between the Company's city gate price and the currently effective commodity charge under this rate schedule. The CCA shall never be less than zero. The Company's city gate price shall be based on the first of the month Dominion Transmission Inc. Appalachia Index price as published in *Inside FERC's Gas Market Report* plus applicable Dominion Transmission, Inc. transportation charges and retainage.

RATE MGS
MEDIUM GENERAL SERVICE**AVAILABILITY**

This rate is available to commercial, industrial, and NGDC ratepayers consuming between 1,000 and 24,999 Mcf annually (other than those that the Company determines shall acquire service under Rate GS-SB or those that use natural gas as a motor vehicle fuel), located throughout the territory described in the "Description of Territory" in this tariff, and shall be applied to consumption for each month determined in accordance with Rule 10.

The Company shall determine the annual consumption of each MGS ratepayer in order to assess the appropriate customer charge. This rate will be used for provision of supplier of last resort service to commercial, industrial, and NGDC ratepayers.

RATE TABLE**Customer Charges:**

For commercial and NGDC ratepayers with annual consumption equal to or greater than 1,000 Mcf but less than 2,500 Mcf, the charge per meter per month is

\$50.00

For commercial ratepayers with annual consumption equal to or greater than 2,500 Mcf but less than 25,000 Mcf the charge, per meter per month is

\$77.00

For industrial ratepayers with annual consumption equal to or greater than 1,000 Mcf but less than 2,500 Mcf, the charge, per ratepayer per month is

\$50.00

For industrial ratepayers with annual consumption equal to or greater than 2,500 Mcf but less than 25,000 Mcf, the charge per per ratepayer per month

\$77.00

Delivery Charge per Mcf – Commercial Ratepayers

\$2.1904

(D)

Delivery Charge per Mcf – Industrial Ratepayers

\$1.5243

(D)

The currently effective gas cost charges under Rider B and all charges under other applicable tariff riders are set forth on the Summary of Rates located on Page No. 3 of this tariff.

MARKET BASED COMMODITY CHARGE ADJUSTMENT (CCA)

This adjustment will be applicable to Non-Priority One ratepayers that previously had been receiving transportation service from the Company for at least twelve consecutive months and transfers to service under this rate schedule. Once applied, the CCA will be applicable for twelve consecutive months of service under this rate schedule. The Gas Cost Adjustment Charge shall not be applicable if the CCA is being charged.

The CCA shall be determined monthly and shall equal the difference between the Company's city gate price and the currently effective commodity charge under this rate schedule. The CCA shall never be less than zero. The Company's city gate price shall be based on the first of the month Dominion Transmission Inc. Appalachia Index price as published in *Inside FERC's Gas Market Report* plus applicable Dominion Transmission, Inc. transportation charges and retainage.

RATE LGS
LARGE GENERAL SERVICE

AVAILABILITY

This rate is available to commercial, industrial, and NGDC ratepayers consuming greater than 25,000 Mcf annually (other than those that the Company determines shall acquire service under Rate GS-SB or those that use natural gas as a motor vehicle fuel), located throughout the territory described in the "Description of Territory" in this tariff, and shall be applied to consumption for each month determined in accordance with Rule 10.

The Company shall determine the annual consumption of each LGS ratepayer in order to assess the appropriate customer charge. This rate will be used for provision of supplier of last resort service to commercial, industrial, and NGDC ratepayers.

RATE TABLE

Commercial Ratepayers: Customer Charge per meter per month:

For ratepayers with annual consumption equal to or greater than 25,000 Mcf but less than 50,000 Mcf	\$443.00	
For ratepayers with annual consumption equal to or greater than 50,000 Mcf but less than 100,000 Mcf	\$545.00	
For ratepayers with annual consumption equal to or greater than 100,000 Mcf but less than 200,000 Mcf	\$793.00	
For ratepayers with annual consumption equal to or greater than 200,000 Mcf	\$1,215.00	
Delivery Charge per Mcf	\$2.3913	(D)

Industrial Ratepayers: Customer Charge per ratepayer per month

For ratepayers with annual consumption equal to or greater than 25,000 Mcf but less than 50,000 Mcf	\$443.00	
For ratepayers with annual consumption equal to or greater than 50,000 Mcf but less than 100,000 Mcf	\$545.00	
For ratepayers with annual consumption equal to or greater than 100,000 Mcf by less than 200,000 Mcf	\$1,144.00	
For ratepayers with annual consumption equal to or greater than 200,000 Mcf	\$2,009.00	
Delivery Charge per Mcf	\$1.7553	(D)

The currently effective gas cost charges under Rider B and all charges under other applicable tariff riders are set forth on the Summary of Rates located on Page No. 3 of this tariff.

MARKET BASED COMMODITY CHARGE ADJUSTMENT (CCA)

This adjustment will be applicable to Non-Priority One ratepayers that previously had been receiving transportation service from the Company for at least twelve consecutive months and transfers to service under this rate schedule. Once applied, the CCA will be applicable for twelve consecutive months of service under this rate schedule. The Gas Cost Adjustment Charge shall not be applicable if the CCA is being charged.

The CCA shall be determined monthly and shall equal the difference between the Company's city gate price and the currently effective commodity charge under this rate schedule. The CCA shall never be less than zero. The Company's city gate price shall be based on the first of the month Dominion Transmission Inc. Appalachia Index price as published in *Inside FERC's Gas Market Report* plus applicable Dominion Transmission, Inc. transportation charges and retainage.

RATE GS-T
GENERAL SERVICE - TRANSPORTATION**AVAILABILITY**

This service is available to provide for the delivery of transportation volumes to residential, commercial, (other than those that use natural gas as a motor vehicle fuel), industrial, and natural gas distribution company ratepayers regulated by the Commission. Priority-one customers (as defined in Rule 17), must purchase standby service in accordance with the terms and conditions of GS-SB.

RULES AND DELIVERY TERMS

- (1) The entity to whom the Company delivers the transported gas shall be considered the ratepayer under this rate schedule. The ratepayer is responsible for paying the Company's bill unless the Company agrees to receive payment from a third party.
- (2) Any ratepayer consuming less than 500 Mcf per year who wishes to acquire transportation service may do so as long as the ratepayer agrees to collectively pool supplies for balancing purposes on the Company's System, in order to make provision of transportation service to these small consumers administratively feasible.
- (3) A single-entity ratepayer is a ratepayer with multiple meters and/or multiple locations within the Company's service territory which, in the sole determination of the Company, shall be recognized as one ratepayer for administrative purposes. Any retail or standby service shall be billed as if an equal amount of gas passed through each meter of the single-entity ratepayer each month. Only one bill will be issued each month to a single-entity ratepayer.
- (4) The ratepayer will pay for any investment costs required to receive the ratepayer's gas into the Company's system at agreed-upon transportation gas receipt points. The Company will own and maintain each natural gas connection's tapping tee or pipe and valve.
- (5) A Transportation Agreement, as prepared by the Company, must be executed by the ratepayer(s) with competitive alternatives to whom Rate GS-T is made available at less than maximum rate. This Agreement shall be for a minimum term of one year, unless the Company agrees otherwise. This Agreement may set forth the maximum daily volumes that may be transported and other negotiated conditions of service.
- (6) This service will be provided by the Company only if the ratepayer provides gas of reasonable quality to the Company. The volumes, pressures, and receipt points will be agreed upon by the parties in advance and set forth in the Transportation Agreement or in the Company's pooling agreement with the NGS providing gas supply service to the ratepayer.
- (7) Unless otherwise agreed, the ratepayer is responsible for all arrangements required to acquire and to deliver the ratepayer's gas to the receipt points set forth in the Transportation Agreement.
- (8) On those days when the transportation gas of an individual industrial ratepayer who uses at least 50,000 Mcf annually is not received into the Company's system at its nominated level, or if the said transportation ratepayer has failed to arrange for deliveries to be made into the Company's system on its behalf, and the Company determines that it may not be able to satisfy all the demands of its firm retail and transportation ratepayers without exceeding its pipeline contract level, then the Company may declare an "upset day."

On an upset day, those ratepayers described in this subparagraph No. 8, whose transportation volumes are not received at all or at the nominated level into the Company's system shall be restricted to the following consumption levels:

- 1) Transportation gas volumes received by the Company on the ratepayer's behalf on that day;
- 2) Banked volumes from the ratepayer's most recent billing statement divided by the number of days in the month;
- 3) 3.5 percent of the gas volumes received by the Company, on the ratepayer's behalf that day, representing advanced gas; and

RATE GS-T
GENERAL SERVICE - TRANSPORTATION

RULES AND DELIVERY TERMS (Continued)

- 4) All standby volumes contracted for the month by the ratepayer. (C)

Transportation ratepayers whose nominated daily volume are received in whole by the Company shall not be affected by the provisions in this subparagraph No. 8.

At least six hours prior to the beginning of an "upset day," the utility will provide notice to any one of three persons designated by the ratepayer. After contact is attempted by the Company with the three persons designated by the ratepayer, the Company will be deemed to have satisfied its notice obligations.

- (9) Unless otherwise agreed under paragraph (17) below, the Company will arrange its utilization of available capacity by endeavoring to fairly accommodate, to the extent practicable, the interests of its retail and transportation ratepayers.
- a. Available System Capacity for Transportation Service: Capacity for the transportation of ratepayer-owned gas is available on the Company's system to the same extent as capacity is available for the general system supplies that the Company acquires for its retail ratepayers, except where operational constraints may require otherwise. Those operational constraints can include the safety of persons or property and the displacement of locally produced or purchased retail gas supplies. (C)
 - b. Actual Unavailability of or Restrictions on Capacity: In the event that capacity on the Company's system either is unavailable for the transportation of ratepayer-owned gas or is available but restricted, the Company will provide its transportation ratepayer or the ratepayer's designated representative with a written explanation of why capacity is unavailable or restricted and the steps examined by the Company to alleviate the unavailability or restriction. Where capacity is restricted, the Company will allocate capacity to its transportation ratepayers without regard to the sources of the ratepayers' natural gas supplies.
 - c. Anticipated Unavailability of or Restrictions on Capacity: Whenever the Company anticipates that an extraordinary activity or occurrence will make capacity either unavailable or available but restricted, the Company will provide written notice to Pennsylvania producers, as early as possible, of the specific portions of the Company's system on which capacity may be unavailable or available but restricted and of the length of time that the unavailability or restriction likely will last.
- (10) As soon as practical after the ratepayer learns of any disruption or interruption in its supply of gas, the ratepayer shall notify the Company.
- (11) The measurements at the point of receipt and delivery shall be the responsibility of the Company. All quantities of gas received, transported, and delivered shall be expressed in terms of "Mcf." If the ratepayer's gas is received by the Company in Btus, the Company will divide the number of Btus by 1.030, or such other factor as the Company may determine appropriate, to determine the Mcf of gas received by the Company for transportation.
- (12) The Company shall retain 5.0 percent of the total volume of gas received into its system on behalf of residential (C) and ratepayers classified as small and medium general service and 4.1 percent of the total volume of gas (C) received into its system on behalf of ratepayers classified as large general service as gas used in Company operations and for unaccounted-for gas under Transportation Agreements that have been or are entered into pursuant to this rate, except in the following circumstances, where the Company may exercise its discretion to waive retainage in conjunction with a positive cost/benefit analysis:

RATE GS-T
GENERAL SERVICE - TRANSPORTATION

RULES AND DELIVERY TERMS (Continued)

- 1) If ratepayer can obtain alternate transportation service via direct bypass;
- 2) If ratepayer receives transportation service through Company-owned facilities which do not produce the retainage percentage set forth in this rate schedule;
- 3) If ratepayer has a competitive offer from a non-PUC-jurisdictional entity;
- 4) If ratepayer can demonstrate economic development or job retention considerations are present; or
- 5) If ratepayer has a bona fide competitive offer from an alternative energy source.

As used in this rate schedule, "alternative energy source" shall not include natural gas service from other Natural Gas Distribution Companies.

- (13) Ratepayer-owned locally produced gas received into the Company's system will be available as nominated by the (C) ratepayer or his agent in the current month. Nominations will be accepted if determined to be reasonable by the Company. Reconciliation of the actual volumes delivered to the Company's system to nominated volumes will be (C) made in the first month available.

(14) Monthly Balancing Provisions

The Company will bank for one month following the month that the ratepayer's gas is available for the ratepayer's use, up to 3.5 percent of the volumes delivered on the ratepayer's behalf (net of the payback of advanced gas). Banked gas shall precede current deliveries of gas through the ratepayer's meter during the month following the banking period. The Company will balance ratepayer's daily deliveries with ratepayer's actual daily consumption during the month. The Company will advance up to 3.5 percent of the volumes received on the ratepayer's behalf in any month. The first gas received on the ratepayer's behalf in the succeeding month will be deemed the payback of advanced gas.

Negative Monthly Imbalance - A negative imbalance fee will be assessed on consumption by the ratepayer in excess of gas deliveries plus gas advanced and any contracted for standby service. The negative imbalance volume will be (C) sold by the Company at a price (which will include the applicable customer delivery charge and surcharges) including the highest monthly price of gas purchased by the Company, excluding the value of gas withdrawn from storage, plus the firm transportation charges to bring the gas to the Company's system, adjusted for shrinkage on Dominion Transmission, Inc. and the Company and multiplied by the applicable Price Multiplier set forth below. Volumes sold by the Company are subject to applicable taxes. The Company may waive these restrictions if its actions cause the ratepayer to exceed the 3.5 percent tolerance level.

Positive Monthly Imbalance - If the ratepayer fails to use at least 96.5 percent of the volumes delivered to the Company on ratepayer's account in any month, then the Company may buy the gas which has remained in the bank longer than the banking period or in excess of the amount used and banked in the month from the ratepayer. The positive (C) imbalance volume will be purchased by the Company at a price using the lowest monthly price of gas purchased by the Company, excluding the value of gas withdrawn from storage, plus the firm transportation charges to bring the gas to the Company's system, adjusted for shrinkage on Dominion Transmission, Inc. and multiplied by the applicable Price Multiplier set forth below.

<u>Monthly Imbalance Percentage</u>	<u>Negative Imbalance Price Multiplier</u>	<u>Positive Imbalance Price Multiplier</u>
Over 3.5% up to and including 10%	1.1	0.9
Over 10%	1.2	0.8

RATE GS-T
GENERAL SERVICE - TRANSPORTATION

RULES AND DELIVERY TERMS (Continued)

A banking, balancing, and advancing (BB&A) charge will be assessed against each Mcf of gas transported at (C) \$0.1771 per Mcf for small and medium general service ratepayers and \$0.0469 per Mcf for large general service ratepayers. This rate will be recalculated in each of the Company's annual 1307(f) gas cost proceedings.

The BB&A charge will not be assessed if (1) the ratepayer is already paying the standby charge under Rate Schedule GS-SB on the same volumes or (2) if the ratepayer or pool can balance its supply and deliveries on a daily basis in a manner satisfactory to the Company.

- (15) Backup service is available to ratepayers under this rate schedule only under Rate GS-SB, unless the ratepayer qualifies for service under Rate CER or unless otherwise agreed under paragraph (17) below.
- (16) The Company reserves the right, as a condition of service under this rate schedule, to require any ratepayer requesting service under this rate schedule to install and bear the costs of enhanced metering capability. The Company also reserves the right to require installation of such metering capability, at the ratepayer's expense, as a condition of continuation of service under this rate schedule.
- (17) When the ratepayer purchasing service under this rate is using natural gas for generating power or steam for use by third parties, ratepayer and the Company shall enter into a separate (operating) agreement by which the ratepayer and the Company will agree to, among other things, set limits on hourly or daily consumption; require provision of notice of ratepayer's specific plans concerning intent to consume natural gas, the volume that will be used, the time period of which such consumption will occur, and when usage will end; establish criteria for interruption of all or part of ratepayer's planned consumption, whether through transportation or retail service; establish penalties for failure of ratepayer to adhere to agreed-upon usage levels or to interrupt consumption as agreed upon by the parties; and agree upon the availability of retail service. In negotiating the rate for provision of transportation service under Rate GS-T with a ratepayer using natural gas to generate power or steam, the parties may agree to establish fixed levels of minimum daily, monthly, or annual consumption for which ratepayer shall pay the negotiated rate regardless of actual consumption.
- (18) The Company will from time to time make pipeline capacity available for release to transportation ratepayers. Each release transaction will be made in accordance with and subject to applicable pipeline tariff requirements and necessary regulatory requirements.

RATE GS-T
GENERAL SERVICE - TRANSPORTATION

(Continued)

\$1,215.00	Customer Charge per month per meter for Commercial or NGDC ratepayers with annual consumption greater than 200,000 Mcf annually.
\$2,009.00	Customer Charge per month per ratepayer for Industrial ratepayers with annual consumption equal to or greater than 200,000 Mcf.

Delivery Charge, Per Mcf - the delivery charge will be negotiated by the Company and the ratepayer and expressed in the Transportation Agreement.

The following is the maximum charge per Mcf for transportation service:

For Residential Service Ratepayers	\$3.1497	(D)
For Small General Service Commercial and NGDC Ratepayers	\$2.1939	(D)
For Small General Service Industrial Ratepayers	\$1.7623	(D)
For Medium General Service Commercial and NGDC Ratepayers	\$2.1904	(D)
For Medium General Service Industrial Ratepayers	\$1.5243	(D)
For Large General Service Commercial and NGDC Ratepayers with annual consumption equal to or greater than 25,000 Mcf.	\$2.3913	(D)
For Large General Service Industrial Ratepayers with annual consumption equal or greater to 25,000 Mcf.	\$1.7553	(D)

The delivery charge will be assessed on all volumes at the time of delivery to the ratepayer, including current transportation, banked, advanced, and storage volumes withdrawn and delivered to the Company. A (C) transportation standby charge will be applicable to all volumes transported under Rate Schedule GS-T for Priority One ratepayers (refer to Rate Schedule GS-SB).

The currently effective gas cost charges under Rider B and all charges under other applicable tariff riders are set forth on the Summary of Rates located on Page No. 3 of this tariff.

LATE-PAYMENT CHARGE

A late-payment charge of 1.50 percent per month for residential ratepayers will be made for failure to make payment in full for all charges billed by the Company within five days after the due date shown on the bill. A late-payment charge of 2.00 percent per industrial ratepayers and 1.50 percent per month for commercial and NGDC ratepayers shall be applied for failure to make payment in full for all charges billed by the Company by the due date shown on the bill. This charge is to be calculated on the overdue portion of the bill, excluding any unpaid late-payment charges. The overdue portion of the bill may include NGS supply charges purchased by the Company under the purchase of receivables provisions set forth in Rate SBS of the Company's Supplier Tariff.

RATE GS-T
GENERAL SERVICE - TRANSPORTATION**SURCHARGES**

All applicable riders to this tariff.

CURTAILMENT

Service under this rate may be curtailed when gas supply shortages force the Company to invoke emergency curtailment provisions pursuant to Tariff Rule No. 17 because gas supply to Priority-One ratepayers is threatened. Under this circumstance, the transportation ratepayer must agree to sell its gas supply to the Company at either the ratepayer's city gate price or at the Company's average gas cost contained in the prevailing 1307(f) rate applicable to that class of ratepayer, whichever is greater, to be used to supply the needs of Priority-One ratepayers.

LIABILITY

1. The Company shall not be liable for disruption of service under this rate or loss of gas of the ratepayer 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 shall be and remain the property of the ratepayer while transported and delivered by the Company. The ratepayer 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.
3. The Company shall not be liable for any loss to the ratepayer arising from or out of service under this rate, including loss of gas in the possession of the Company or any other cause, except upon gross negligence or willful misconduct of the Company's own employees or agents. The Company reserves the right to commingle gas of the ratepayer with that of other NGS.
4. The Company will not be liable for disruption along upstream pipelines, or disruption caused by the Company's inability to physically receive the gas.
5. If service furnished pursuant to this rate is disrupted, the Company will notify the ratepayer as soon as it is reasonably practicable. If delivery of volumes is disrupted for any of the above reasons, the Company shall not be liable for delivering said volumes at a later date.

ARRANGEMENT OF INTERSTATE TRANSPORTATION

At the request of a ratepayer, other than an NGDC, the Company will act as its agent for arranging transportation of ratepayer-owned gas by an interstate pipeline(s). The Company will bill the ratepayer the applicable pipeline tariff rate(s) for any interstate transportation billed to the Company in its role as ratepayer's agent for arranging interstate transportation.

ACCESS TO STORAGE SERVICE

(C)

The Company shall provide Non-Priority One ratepayers and suppliers with access to storage capacity held by the Company on the Allegheny Valley Connector ("AVC") system, an interstate pipeline system subject to the regulation of the FERC, that was previously provided under Rate ST and ST-SW. Non-Priority One ratepayers and suppliers shall have the annual option to accept all or a portion of such access to storage capacity offered by the Company. Unless Company and ratepayer agree otherwise, Company shall not release more than 1/12th of the ratepayer's annual usage. The Company shall assign and release such capacity to Non-Priority One ratepayers or suppliers at an equivalent storage rate of \$0.83/Mcf. Company's release of such capacity shall, in all respects, be in accordance with the FERC Gas Tariff governing service on the AVC system and the applicable rules and regulations of FERC regarding the release of capacity, including FERC's posting and bidding requirements. The Non-Priority One ratepayer or supplier is responsible for paying the pipeline for the capacity assigned under these provisions, which payments shall include all applicable surcharges for service on the AVC system. The Company shall not reimburse the Non-Priority One ratepayer or supplier for these pipeline capacity charges.

ISSUED: December 17, 2013

EFFECTIVE: December 18, 2013

PEOPLES NATURAL GAS COMPANY LLC

SUPPLEMENT NO. 29 TO GAS—PA PUC NO. 45
FIRST REVISED PAGE NO. 57
CANCELLING ORIGINAL PAGE NO. 57

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SUPPLEMENT NO. 29 TO GAS—PA PUC NO. 45
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RIDER B
RECOVERY OF PURCHASED GAS COSTS (1307(f) RATES)

COMPUTATION OF PURCHASED GAS COSTS

The purchased gas cost rates for Residential, Commercial, and Industrial Service ratepayers shall be computed to the nearest one-hundredth cent (0.01¢) in accordance with the formula set forth below:

$$\begin{aligned} \text{Demand} &= \frac{\text{DC} - \text{BB\&A} - \text{DOU}}{\text{S} + \text{P1AC} + \text{SBC}} && \text{(C)} \\ \text{Commodity} &= \frac{\text{CC-R}}{\text{S} + \text{SBR}} \\ \text{Over/Under Collection} &= \frac{\text{E}}{\text{S} + \text{SBR} + \text{MR}} \\ \text{AVC Capacity} &= \frac{\text{AVC} - \text{AVCOU}}{\text{S} + \text{P1AC} + \text{NP1}} && \text{(C)} \end{aligned}$$

(For definitions of "AVC", "DC", "CC", "E", "S", "SBC", "NP1", "P1AC", "R", "BB&A", and "DOU" refer to Section below (C) this rider).

The purchased gas cost rates are as follows:

SALES Rate Schedule	Capacity Charge – Demand 1/	Gas Cost Adjustment Charge – (Over)/Under Collection	Natural Gas Supply Charge – Commodity	AVC Capacity Charge 1/
Rate RS	\$0.4622	(\$0.2529)	\$4.1104	\$0.5063
Rate SGS	\$0.4622	(\$0.2529)	\$4.1104	\$0.5032
Rate MGS	\$0.4622	(\$0.2529)	\$4.1104	\$0.3306
Rate LGS	\$0.4622	(\$0.2529)	\$4.1104	\$0.0996

TRANSPORTATION P1 Rate Schedule	Capacity Charge	AVC Capacity Charge 1/
GS-T Residential	\$0.4622	\$0.5063
GS-T Commercial SGS	\$0.4622	\$0.5032
GS-T Commercial MGS	\$0.4622	\$0.3306
GS-T Commercial LGS	\$0.4622	\$0.0996

TRANSPORTATION NP1 Rate Schedule	AVC Capacity Charge 1/
GS-T Commercial SGS	\$0.5032
GS-T Industrial SGS	\$0.5032
GS-T Commercial MGS	\$0.3306
GS-T Industrial MGS	\$0.3306
GS-T Commercial LGS	\$0.0996
GS-T Industrial LGS	\$0.0996

1/ The AVC Capacity Charge will be subject to adjustment through the ongoing 1307(f) mechanism as a result of a modernization and compliance tracker for system improvements on the AVC system. (C)

(continued)

RIDER B

RECOVERY OF PURCHASED GAS COSTS (1307(f) RATES)DEFINITIONS

"AVC"	The projected capacity costs associated with the Allegheny Valley Connector Interstate Pipeline System.	(C)
"AVCOU"	Experienced net overcollection or undercollection of the AVC Capacity costs.	(C)
"DC":	The projected demand or capacity cost of purchased gas (excluding AVC Capacity Charges).	(C)
"CC":	The projected commodity cost of purchased gas.	
"DOU"	Experienced net overcollection or undercollection of the demand or capacity cost (excluding the AVC Capacity Charges) of purchased gas, including any interstate pipeline refunds of demand costs. Any changes in demand costs will be reflected in this calculation. ¹	(C)
"E":	Experienced net overcollection or undercollection of the commodity cost of purchased gas ¹ .	
"S":	Projected retail sales in Mcf during the application period.	
"NP1"	Projected volumes in Mcf for NP-1 transportation ratepayers and any ratepayer served by a NP-1 Supplier.	(C)
"P1AC"	Projected volumes in Mcf for P-1 transportation ratepayers who are assigned capacity.	(C)
"SBC":	Projected contracted standby volumes in Mcf by NP-1 transportation ratepayers.	
"SBR":	Projected retail commodity standby volumes in Mcf.	
"R":	Shared (savings) or costs for demand charge recovery from the capacity-release program.	
"BB&A":	Banking, balancing, and advancing recovery.	
"MR":	Projected transportation volumes, in Mcf, subject to Rider D.	

"Projected" refers to the twelve-month period beginning with October 1 of the year that the calculation is made.

ADJUSTMENT TO BASE RATES Whenever a change occurs in the calculation rates for collection of purchased gas costs, a corresponding change will occur in the base rates of applicable rate schedules.

FILING WITH THE COMMISSION

The Company shall meet all the filing requirements set forth in the regulations implementing Section 1307(f) of the Public Utility Code.

REPORTING REQUIREMENTS

The Company shall file quarterly reports within thirty (30) days following the conclusion of each computation year quarter. These reports will be in such form as the Commission shall have prescribed.

¹Interest will be applied in accordance with the applicable law.

RIDER B

AVC CAPACITY CHARGE

(C)

The AVC Capacity Charge is applicable to all ratepayers with the exceptions defined below under Discounted Rate Customers and relates to the recovery of capacity costs incurred by the Company for firm transportation and storage service provided on the Allegheny Valley Connector ("AVC") System. The AVC system represents certain transmission and storage assets formerly owned and operated by the Company that are necessary to provide services by the Company to its customers. Upon Commission approval and implementation of the AVC Capacity charge, all ratepayers shall receive an initial and one-time reduction to rates related to the elimination of costs for the transmission and storage assets formerly owned and operated by the Company.

The AVC Capacity Charge shall recover fixed demand charges and applicable surcharges assessed to the Company under the FERC Gas Tariff for firm transportation and storage services on the AVC System. The AVC Capacity Charge shall be adjusted to reflect ongoing changes in charges assessed to the Company. The AVC Capacity Charge shall not recover fixed demand charges related to storage capacity on the AVC system that is released to and paid for by Non-Priority One ratepayers or suppliers. Applicable volumetric and fuel charges for service on the AVC System shall not be recovered through the AVC charge and such charges shall be paid for by the shipper utilizing the AVC capacity.

RATES

Refer to page 62 for the currently effective AVC Capacity Charge rates.

These rates will be recalculated on a quarterly basis in conjunction with the other Rider B costs and reported on as applicable in the quarterly and annual filings as required in the regulations implementing Section 1307(f) of the Public Utility Code. The rates shall be calculated by customer class based on the results of the allocation factors set forth below and applicable billing determinants for each class.

ALLOCATION OF AVC CAPACITY COSTS

The fixed demand and applicable surcharges assessed to the Company for services on the AVC system shall be allocated to customer classes based on the allocation factors below.

The AVC Capacity Charge allocation factors are as follows:

<u>Rate Class</u>	<u>Allocation</u>
Residential	66.25%
SGS	11.94%
MGS	12.99%
LGS	8.82%

The Company will review the appropriateness of the AVC Capacity Charge allocation factors on an annual basis and such factors will be subject to review in the Company's 1307(f) gas cost proceeding.

ANNUAL RECONCILIATION

The AVC Capacity Charge costs will be subject to over/undercollection tracking and reconciled annually.

RIDER B

AVC CAPACITY CHARGE (continued)DISCOUNTED RATE CUSTOMERS

Upon Commission approval and implementation of the AVC Capacity Charge, all ratepayers receiving a negotiated discount delivery charge under Rate GS-T shall: 1) receive an initial and one-time delivery charge reduction equal to the reduction applicable to all customers within its rate class; and 2) be assessed an initial AVC Capacity Charge equal to the AVC charges set forth immediately below. To the extent that a customer is receiving a discounted delivery rate that is less than the initial AVC charge set for below, such customer shall receive a delivery charge reduction that is equal to its discounted delivery charge and be assessed an initial AVC charge that is equal to its discounted delivery charge.

<u>Rate Class</u>	<u>Initial AVC Charge</u>
Residential	\$0.5063
SGS	\$0.5032
MGS	\$0.3306
LGS	\$0.0996

To the extent permitted under the customer's discounted rate contract, the Company may recover ongoing increases to the initial AVC charge from such customers.