



17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
717-731-1970 Main
717-731-1985 Main Fax
www.postschell.com

Michael W. Gang

mgang@postschell.com
717-612-6026 Direct
717-720-5383 Direct Fax
File #: 171313

July 9, 2019

VIA HAND DELIVERY

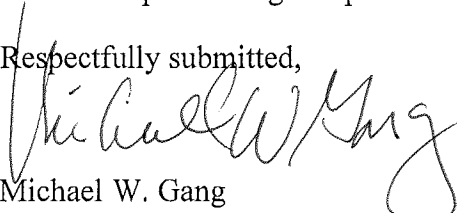
Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: PA Public Utility Commission v. Peoples Natural Gas Company LLC
Docket No. R-2018-3006818

Dear Secretary Chiavetta:

Enclosed for filing is the Joint Petition for Approval of Settlement Stipulation in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,



Michael W. Gang

MWG/jl
Enclosures

cc: Honorable Joel H. Cheskis
Certificate of Service

CERTIFICATE OF SERVICE

Docket No. R-2018-3006818

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA E-MAIL & FIRST CLASS MAIL

Christy M. Appleby, Esquire
Darryl Lawrence, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Erika L. McLain, Esquire
Carrie B. Wright, Esquire
PA Public Utility Commission
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
PO Box 3265
Harrisburg, PA 17105-3265

Erin K. Fure, Esquire
Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101

Todd S. Stewart, Esquire
Hawke McKeon & Sniscak LLP
100 N. 10th Street
Harrisburg, PA 17101
*Natural Gas Supplier Parties and
The Retail Energy Supply Association*

Scott J. Rubin, Esquire
333 Oak Lane
Bloomsburg, PA 17815
Utility Workers Union of America, Local 612

Patrick M. Cicero, Esquire
John W. Sweet, Esquire
Elizabeth R. Marx, Esquire
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101
*Coalition for Affordable Utility Services and
Energy Efficiency in Pennsylvania*

Kevin J. Moody, Esquire
Pennsylvania Independent Oil & Gas
Association
212 Locust Street, Suite 600
Harrisburg, PA 17101-1510
PIOGA

Joseph L. Vullo, Esquire
Burke Vullo Reilly Roberts
1460 Wyoming Avenue
Forty Fort, PA 18704
Community Action Association of Pennsylvania

Linda R. Evers, Esquire
Donald R. Wagner, Esquire
Stevens & Lee
111 N. Sixth Street
Reading, PA 19601
Duquesne Light Company

Michael A. Gruin, Esquire
Timothy K. McHugh, Esquire
Stevens & Lee
17 N. 2nd Street, 16th Floor
Harrisburg, PA 17101
Duquesne Light Company

Emily M. Farah, Esquire
Tishekia Williams, Esquire
Michael Zimmerman, Esquire
Duquesne Light Company
411 7th Avenue, 15th Floor
Pittsburgh, PA 16219
Duquesne Light Company

Tanya C. Leshko, Esquire
Buchanan Ingersoll & Rooney PC
409 North Second Street, Suite 500
Harrisburg, PA 17101-1357
Equitrans, L.P.

Brian Kalcic
Excel Consulting
225 S. Meramec Avenue, Suite 720-T
St. Louis, MO 63105
OSBA Consultant

Pamela C. Polacek, Esquire
Vasiliki Karandrikas, Esquire
Errin McCaulley, Esquire
McNees Wallace & Nurick LLC
100 Pine Street, PO Box 1166
Harrisburg, PA 17108
Snyder Brothers, Inc.
VEC Energy LLC
Snyder Armclar Gas Co., LP
Baker Gas, Inc.
Marco Drilling, Inc.
MDS Energy Development, LLC

Daniel Clearfield, Esquire
Carl R. Shultz, Esquire
Kristine E. Marsilio, Esquire
Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
Harrisburg, PA 17101
Direct Energy

Charis Mincavage, Esquire
Alessandra L. Hylander, Esquire
McNees Wallace & Nurick LLC
100 Pine Street, PO Box 1166
Harrisburg, PA 17108
Peoples Industrial Intervenors

Glenn Watkins
Technical Associates, Inc.
1503 Santa Rosa Road, Suite 130
Richmond, VA 23229
OCA Consultant

Dante Mugrace
PCMG & Associates
90 Moonlight Court
Toms River, NJ 08753
OCA Consultant

Kevin O'Donnell
Nova Energy Consultants, Inc.
1350 SE Maynard Road, Suite 101
Cary, NC 27511
OCA Consultant

Roger Colton
Fisher, Sheehan and Colton
34 Warwick Road
Belmont, MA 02478
OCA Consultant

Diane Burgraff
37 Whittakers Mill Road
Williamsburg, VA 23185
SBI Consultant

James L. Crist
Lumen Group, Inc.
4226 Yarmouth Drive, Suite 101
Allison Park, PA 15101
PII Consultant

VIA OVERNIGHT DELIVERY

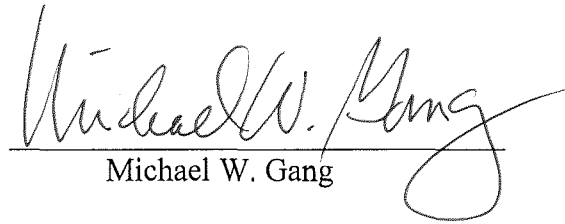
Daniel Killmeyer
184 McKay Road
Saxonburg, PA 16056

Samuel Givens
132 Thunderbird Drive
McKeesport, PA 15135

Charles F. Hagins
420 Goucher Street
Johnstown, PA 15905

Sean D. Ferris
406 Laurie Drive
Penn Hills, PA 15235

Date: July 9, 2019


Michael W. Gang

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos.	R-2018-3006818
Office of Consumer Advocate	:		C-2019-3007711
Office of Small Business Advocate	:		C-2019-3007752
Daniel Killmeyer	:		C-2019-3007635
Charles Hagins	:		C-2019-3007698
Sean D. Ferris	:		C-2019-3007904
Samuel Givens	:		C-2019-3007959
Peoples Industrial Intervenors	:		C-2019-3008506
	:		
	:		
v.	:		
	:		
Peoples Natural Gas Company LLC	:		

**JOINT PETITION FOR APPROVAL OF
SETTLEMENT STIPULATION**

TO ADMINISTRATIVE LAW JUDGE JOEL H. CHESKIS:

I. INTRODUCTION

Peoples Natural Gas Company LLC (“Peoples Natural” or the “Company”), the Bureau of Investigation & Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), Direct Energy Business, LLC, Direct Energy Services, LLC and Direct Energy Business Marketing, LLC (collectively “Direct Energy”), Duquesne Light Company (“Duquesne Light”), Pennsylvania Independent Oil & Gas Association (“PIOGA”), Community Action Association of Pennsylvania (“CAAP”), Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), and Snyder Brothers, Inc., VEC Energy LLC and Snyder Armelar Gas Company LP (“collectively, “Snyder Brothers”), parties to the

above-captioned proceeding (hereinafter, collectively “Joint Petitioners”)¹, hereby join in this “Joint Petition for Approval of Settlement Stipulation” (“Settlement”) and respectfully request that Administrative Law Judge Joel H. Cheskis (the “ALJ”) and the Commission approve this Settlement. The Settlement has been agreed to or not opposed by all active parties in this proceeding.

As fully set forth and explained below, the Joint Petitioners have agreed to a settlement of all but one issue in the above-captioned general base rate proceeding (the “2019 Base Rate Filing”).² The Settlement provides for increases in rates, the merger of rates of the Company’s Peoples and Equitable Divisions, the combination of various other tariff provisions into single retail and supplier tariffs for the Company and the elimination of separate divisions. Attached hereto are **Appendix A** (Retail Tariff, clean and redlined versions); **Appendix B** (Supplier Tariff, clean and redlined versions); the revenue allocation **Appendix C**; the proof of revenues and final settlement rates **Appendix D**; and the Tax Cuts and Jobs Act refund allocation **Appendix E**. The Settlement Rates are designed to produce increased operating revenues of \$59.5 million annually based upon the level of operations for the twelve months ending October 31, 2020. Peoples Natural’s base rates are designed to produce increases in distribution revenues of \$63.38 million and, as a result of approval of reduction of various fees and charges in this proceeding, the net increase in operating revenues is \$59.5 million. The Settlement Rates are to become effective upon one day’s notice following entry of the Commission’s order approving the Settlement for service on or after October 29, 2019.

¹ The following parties do not oppose the Settlement: Dominion Energy Solutions, Inc. (“DES”) and Shipley Choice LLC d/b/a Shipley Energy (“Shipley”) (collectively, the “NGS Parties”), Equitrans LP, (“Equitrans”), Baker Gas, Inc. (“Baker Gas”), Marco Drilling, Inc. (“Marco”), MDS Energy Development, LLC (“MDS”), the Retail Energy Supply Association (“RESA”), Peoples Industrial Intervenors (“PII”) and Utility Workers Union of America, Local 612 (“UWUA”).

² The remaining issue that has been reserved for litigation involves the proposed change to the Company’s main line extension policy.

The effect of the Settlement on residential Peoples Division and Equitable Division customer rates is set forth in Tables 1 and 2 below:

Table 1:

Peoples Division - Residential Bill (86 MCF)			
Base Rate Increase ^{1/}		Total Bill Increase	
Present Base Rate Bill	\$ 36.40	Present Total Bill	\$ 74.24
Proposed Base Rate Bill	\$ 47.77	Proposed Total Bill	\$ 84.73
Proposed Percentage Base Rate Increase	31.2%	Proposed Percentage Total Increase	14.1%
Settled Base Rate Bill	\$ 42.89	Settled Total Bill	\$ 79.84
Settled Percentage Base Rate Increase	17.8%	Settled Percentage Total Increase	7.5%

Table 2:

Equitable Division - Residential Bill (86 MCF)			
Base Rate Increase ^{1/}		Total Bill Increase	
Present Base Rate Bill	\$ 35.96	Present Total Bill	\$ 70.79
Proposed Base Rate Bill	\$ 47.77	Proposed Total Bill	\$ 84.73
Proposed Percentage Base Rate Increase	32.9%	Proposed Percentage Total Increase	19.7%
Settled Base Rate Bill	\$ 42.89	Settled Total Bill	\$ 79.84
Settled Percentage Base Rate Increase	19.3%	Settled Percentage Total Increase	12.8%

1/ Base Rate includes only customer charge and delivery charge.

In support of the Settlement, the Joint Petitioners state the following:

II. BACKGROUND

1. Peoples Natural is a “public utility” and “natural gas distribution company” (“NGDC”) as those terms are defined in Sections 102 and 2202 of the Public Utility Code, 66 Pa.C.S.A. §§ 102, 2202. Peoples Natural provides natural gas sales, transportation, and supplier of last resort services to approximately 620,000 customers through its Peoples and Equitable Divisions throughout the Divisions’ certified service territories, which includes all or a portion of

the following Pennsylvania Counties: Allegheny, Armstrong, Beaver, Blair, Butler, Cambria, Clarion, Fayette, Greene, Indiana, Jefferson, Lawrence, Mercer, Somerset, Venango, Washington, and Westmoreland.

2. On January 28, 2019, Peoples Natural filed with the Commission its 2019 Base Rate Case Filing, which consisted of Retail Tariff Gas – PA PUC No. 47, Supplier Tariff Gas – PA PUC No. S-3, responses to filing requirements and standard data requests, and supporting direct testimony and exhibits. In Retail Tariff Gas – PA PUC No. 47, Peoples Natural proposed to combine the retail rates and tariffs of its Peoples and Equitable Divisions and proposed an overall net revenue increase of \$94.9 million per year.³ In Supplier Tariff Gas – PA PUC No. S-3, Peoples Natural proposed to combine the supplier tariff provisions of its Peoples and Equitable Divisions. The 2019 Base Rate Filing was made in compliance with the Commission’s regulations and contains all supporting data and testimony required to be submitted in conjunction with a tariff change seeking a general rate increase.

3. On February 7, 2019, I&E filed a Notice of Appearance.

4. On February 7, 2019, the OCA filed a Notice of Appearance, Formal Complaint and Public Statement at Docket No. C-2019-3007711.

5. On February 7, 2019, the OSBA filed a Notice of Appearance, Formal Complaint and Public Statement at Docket No. C-2019-3007752.

6. On February 15, 2019, CAAP filed a Petition to Intervene, and CAUSE-PA filed a Petition to Intervene.

7. On February 22, 2019, the NGS Parties and RESA filed a Petition to Intervene.

³ The Company’s proposed net revenue increase was adjusted to approximately \$94.6 million in Peoples’ rebuttal testimony. (See Peoples Statement No. 3-R, p. 5, line 3.)

8. On February 25, 2019, UWUA filed a Petition to Intervene, and Duquesne Light filed a Petition to Intervene.

9. On February 26, 2019, PIOGA filed a Petition to Intervene.

10. In an Order entered February 28, 2019, the Commission initiated an investigation of the Company's proposed general rate increase. Retail Tariff No. 47 and Supplier Tariff No. S-3 were suspended by operation of law pursuant to Section 1308(d) of the Public Utility Code, 66 Pa. C.S.A. § 1308(d), for up to seven months or until October 29, 2019, unless permitted by Commission Order to become effective at an earlier date.

11. By Supplement No. 1 to Retail Tariff Gas – PA PUC No. 47 and Supplement No. 1 to Supplier Tariff Gas – PA PUC No. S-3, Peoples Natural suspended the effective date of the Tariffs until October 29, 2019, as required by the Commission's Order entered February 28, 2019.

12. On March 5, 2019, Snyder Brothers filed a Petition to Intervene.

13. On March 7, 2019, Equitrans filed a Petition to Intervene.

14. On March 12, 2019, Direct Energy filed a Petition to Intervene.

15. On March 13, 2019, PII filed a Formal Complaint at Docket No. C-2019-3008506.

16. Peoples Natural has been served with Formal Complaints by the following customers: Charles Hagins, C-2019-3007698; Daniel Killmeyer, C-2019-3007635; Samuel Givens, C-2019-3007959; and Sean D. Ferris, C-2019-3007904.

17. A Prehearing Conference was scheduled for March 14, 2019, before the ALJ. The Joint Petitioners participated in the prehearing and filed prehearing memoranda identifying potential issues and witnesses.

18. A Scheduling Order dated March 19, 2019, was issued by the ALJ and established a litigation schedule. The ALJ also granted all previously filed Petitions to Intervene.

19. Additional Petitions to Intervene were filed by Baker Gas on March 28, 2019, Marco on March 29, 2019, and MDS on April 2, 2019.

20. On April 18, 2019, the ALJ issued an Order granting the Petitions to Intervene filed by Baker Gas, Marco, and MDS.

21. The Joint Petitioners and other parties undertook extensive formal and informal discovery, prior and subsequent to the Prehearing Conference.

22. On March 28, 2019, Public Input Hearing Notices were issued scheduling public input hearings in the Company's service territory. Pursuant to those notices, two public input hearings were conducted. The first public input hearing was held on April 23, 2019, at Richland Township Fireman's Banquet Hall in Johnstown, Pennsylvania. The second public input hearing was held on April 24, 2019, at the Community College of Allegheny County in Monroeville, Pennsylvania,

23. On April 29, 2019, CAAP, CAUSE-PA, Direct Energy, Duquesne Light, I&E, OCA, OSBA, PII, and SBI served direct testimony and accompanying exhibits. On May 28, 2019, rebuttal testimony and accompanying exhibits were served by Peoples Natural, Duquesne Light, I&E, OCA, OSBA, and PII. On May 29, 2019, OCA filed supplemental direct testimony. On June 12, 2019, surrebuttal testimony and accompanying exhibits were served by Peoples Natural, CAUSE-PA, Duquesne Light, I&E, OCA, OSBA, PII, and SBI. On June 17, 2019, Peoples Natural served rejoinder testimony and accompanying exhibits.

24. On June 17, 2019, the parties advised the ALJ that they had reached a revenue requirement settlement. As requested by the parties, the ALJ canceled the hearings scheduled for June 18 and 19, 2019.

25. The ALJ convened a hearing on June 20, 2019. At the hearing, the Joint Petitioners advised the ALJ that they had achieved a settlement concerning revenue allocation issues. At this hearing, limited cross was undertaken of remaining unresolved issues and evidence was admitted into the record.

26. A further hearing was held June 25, 2019. At the hearing, the Joint Petitioners advised the ALJ that they had resolved all issues except the Company's proposal to implement a 150 foot per residential customer allowance to extend mains to establish new service (the "Reserved Issue"). At the hearing, the ALJ directed that the Joint Petitioners submit a Petition for Approval of Settlement by July 9, 2019, including Statements in Support, Proposed Findings of Fact, Proposed Conclusions of Law, and Proposed Ordering Paragraphs.⁴ The ALJ directed that Main Briefs on the Reserved Issue be submitted on July 9, 2019 and Reply Briefs on July 22, 2019. Finally the ALJ admitted additional evidence to the record.

III. SETTLEMENT

27. The following terms of this Settlement reflect a carefully balanced compromise of the interests of all the Joint Petitioners in this proceeding. The Joint Petitioners unanimously agree that the Settlement, which resolves all issues except for the Reserved Issue, is in the public interest. The Joint Petitioners respectfully request that the 2019 Base Rate Filing, including Retail Tariff No. 47 and Supplier Tariff No. S-3 be approved in their entirety as revised by and subject to the terms and conditions of this Settlement, as specified below:

⁴ The Proposed Findings of Fact, Conclusions of Law, and Ordering Paragraphs are attached hereto as Appendices F through H.

A. REVENUE REQUIREMENT

28. Peoples Natural will be permitted to increase annual revenues by amounts designed to produce increased operating revenues of \$59.5 million annually, net of current Distribution System Improvement Charge (“DSIC”) and Tax Cuts and Jobs Act (“TCJA”) surcharges, based upon the level of operations for the twelve months ended October 31, 2020. This amount reflects the roll in of the negative TCJA surcharges and the current DSIC charges for the Peoples Natural and Equitable Divisions. Peoples Natural’s base rates in this proceeding will be designed to increase distribution revenues by \$63,384,103, as a result of approval of elimination of connection fees, pooling fees, and other miscellaneous charges, netting to the \$59.5 million increase in annual operating revenues.

29. The level of revenue requirement included in this Settlement reflects the resolution of the parties’ positions in the dispute regarding the application of 66 Pa.C.S. § 1301.1 in this case.

30. As of the effective date of rates in this proceeding, Peoples Natural will be eligible to include plant additions in the DSIC once the total eligible account balances exceed the levels projected by the Company in this proceeding at October 31, 2020. The foregoing provision is included solely for purposes of calculating the DSIC and is not determinative for future ratemaking purposes of the projected additions to be included in rate base in any Fully Projected Future Test Year (“FPFTY”) filing.

31. For purposes of calculating its DSIC, Peoples Natural shall use the equity return rate for gas utilities contained in the Commission’s most recent Quarterly Report on the Earnings of Jurisdictional Utilities and shall update the equity return rate each quarter consistent with any changes to the equity return rate for gas utilities contained in the most recent Quarterly Earnings

Report, consistent with 66 Pa. C.S. § 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa. C.S. § 1358(b)(1).

32. Peoples Natural will file a Total Company Pennsylvania jurisdictional report showing capital expenditures, plant additions and retirements, by month, for the Future Test Year (“FTY”) ending September 30, 2019, and the FPFTY ending October 31, 2020, by January 31 of each of the years following the test years. In Peoples Natural’s next base rate proceeding, the Company will prepare a comparison of its actual rate base additions for the twelve months ending October 31, 2020, to its projections in this case. However, it is recognized by Joint Petitioners that this is a black box settlement that is a compromise of the Joint Petitioners’ positions on various issues.

33. Changes resulting from the enactment of the TCJA created differences in the deferred tax rates that were used prior to January 1, 2018, creating excess accumulated deferred income taxes. Peoples Natural will begin amortizing the total excess ADIT using the Average Rate Assumption Method (“ARAM”) upon the effective date of new rates. The remaining unamortized excess ADIT balance will continue as a reduction to rate base in all future proceedings until the full amount is returned to ratepayers.

B. MERGER OF PEOPLES NATURAL AND EQUITABLE DIVISION RATES AND TARIFFS

34. As proposed by the Company in its filing, the Settlement provides for merger of the separate current rates of the Company’s Peoples and Equitable Divisions into a single set of rate schedules and rates which are contained in a combined retail tariff, attached as Appendix A.

35. The Settlement also provides for a single supplier tariff, which is attached as Appendix B.

36. With the combination and rates and tariffs of the Company's Divisions, the Settlement terminates the requirement of maintaining separate book and records for the Companies' Peoples and Equitable Divisions as of the effective date of rates in this proceeding. Peoples Natural's books and records for the 12 months ended December 31, 2019 and thereafter will be on a consolidated basis. Further, all reports and filings submitted to the Commission will no longer be provided by division and will only be reported on a consolidated basis as of the effective date of rates in this proceeding.

C. POST EMPLOYMENT AND POST RETIREMENT BENEFITS

37. Peoples Natural has been granted approval in Docket No. R-00943252 to continue to recover FAS 112 (Post-employment benefit costs) on a pay-go basis. Peoples Natural will continue to recover these costs in rates consistent with that prior Commission order.

38. Peoples Natural's claim for Post-Retirement Benefits other than Pensions ("PBOPs") for the FPFTY of \$982,654 for current expense and continued 10-year amortization of \$1,337,486 per year, to recover the funding deficiency previously approved at Docket No. R-2010-2201702, is approved. The Settlement revenue increase includes these amounts and these amounts will be paid to a dedicated trust account previously established by Peoples Natural for this purpose. Peoples Natural will continue to defer the difference between the annual PBOP expense calculated pursuant to FASB Accounting Standards Codification ("ASC") 715 and the annual PBOP pay-as-you-go expense included in rates of \$982,654. Only the amounts attributable to operation and maintenance will be deferred and recognized as a regulatory asset or liability and will be expensed or credited in future rate proceedings over an amortization period to be determined in the next base rate proceeding.

D. CLASS REVENUE REQUIREMENTS/RATE DESIGN

39. The class revenue increases and revenue allocation at settlement rates, which are designed to produce the \$63.4 million increase in distribution rates and the \$59.5 million net increase in revenues, are as set forth in Appendix C, along with total revenues at settlement rates by class. The monthly changes in customer charges and distribution rates by class included in the settlement rates and proof of revenues is provided in Appendix D.

40. The customer charge for the Residential class will be \$14.50.

E. CREDIT CARD PAYMENTS BY CUSTOMERS

41. The Company's proposal to pay third party fees for customer payments by credit card, walk in payment, and debit card payments is approved.

F. PRICE TO COMPARE ("PTC") AND PURCHASE OF RECEIVABLES ("POR") PROGRAM

42. The PTC for Priority 1 customers consisting of natural gas supply charges (a Commodity Charge and a Gas Cost Adjustment Charge ("GCA")), a Merchant Function Charge ("MFC") and a Gas Procurement Charge ("GPC") (Rider G) are included in the settlement rates.

43. The Settlement Rates set forth the portion of the revenue requirement to be recovered via the MFC (2.49% of purchased gas costs for residential customers and 0.21% of purchased gas costs for small general service, medium general service and large general service) in Rider E and the GPC in Rider G. The GPC shall equal \$0.0801 per Mcf.

44. Peoples Natural's proposal to revise and update its POR discount rate and MFC to match the current write-off factor used to derive the Company's bad debt revenue requirement and to revise and update the administrative rider designed recover incremental POR implementation costs is implemented in the Settlement Rates.

45. Any shortfall in recovery of the uncollectible expenses and administrative costs of the POR program will not be recovered from sales customers.

G. POOLING AND BILLING FEES

46. The Company's existing pooling fees applicable to NP-1 and P-1 pools will be eliminated.

47. Peoples Natural's proposal to deliver the required daily gas supplies for Pool Operators that have a peak demand of 2,000 Dth or less in lieu of capacity assignment is approved with the modification that it will be a voluntary option.

H. LOW INCOME CUSTOMER ISSUES

48. Peoples Natural will waive High Bill Investigation Fees for customers at or below 150% of the federal poverty level.

49. Regardless of income level, Peoples Natural will cease charging any High Bill Investigation Fees for a foreign load investigation.

50. Peoples Natural will integrate the Universal Service Riders of the Peoples and Equitable Divisions in a manner that does not adversely affect either one of the divisions. Within 90 days of the effective date of rates in this proceeding, Peoples Natural will develop a written plan for how it will ensure that funding for its Low Income Usage Reduction Program ("LIURP") will be equitably distributed between divisions. The plan will be circulated to all parties and shared with Commission staff at the Bureau of Consumer Services, and will include data about the actual spending for the program in each rate division over the last three years, as well as information about the estimated and confirmed low income populations in each rate district.

51. Within 120 days of the effective date of rates in this proceeding, Peoples Natural will host an in-person collaborative meeting with interested parties to this proceeding and other

stakeholders, including the Bureau of Consumer Services, to answer questions about its proposed plan. The parties and stakeholders will be given the opportunity to provide feedback and recommendations for revisions to Peoples Natural's proposed plan. If the parties are able to reach consensus, Peoples Natural's proposal to consolidate its universal service program budgets into a single budget for each program will be approved. If the parties are unable to reach consensus, Peoples Natural will file a separate Petition with the Commission seeking approval of its plan for consolidation of its universal service program budgets.

52. Peoples Natural will increase its annual LIURP budget by \$650,000, divided proportionately between Peoples and Equitable Divisions. These costs will be recoverable under the Universal Service Rider. Any unspent funds at the end of each year will roll over and be added to the budget for the following year.

53. The Company commits to maintaining its existing business relationship with CBOs, subject to each individual CBO's continued performance in conformance with the Company's Universal Service and Energy Conservation Plan ("USECP") rules and their contract with the Company.

54. Within 60 days of the effective date of rates, Peoples Natural will update its training materials to clarify that additional medical certificate renewals, beyond the first three certificates, are available to customers who continue to pay their current charges or budget bill amount while protected by a medical certificate. Peoples Natural will share its updated training materials with the parties to this proceeding.

55. Peoples Natural's customer service staff will inform customers upon submission of a medical certificate that they can continue to renew their medical certificates so long as they

continue to pay their current bill or budget bill, but if they fail to do so they are limited to three certificates.

56. Peoples Natural agrees to automatically review its residential accounts at least once every six months to ensure it is not holding deposits for customers who are confirmed low income. If it discovers that deposits are being held, Peoples Natural will refund those deposits to customers within 30 days.

57. Peoples Natural agrees to memorialize, in its USECP, the steps that Peoples Natural has indicated it has already taken to bolster Customer Assistance Program (“CAP”) enrollment that were recommended by CAUSE-PA in its direct testimony.

58. Peoples Natural will revise its Universal Service cost recovery tariff to reflect a bad debt offset of 3.86% for all CAP participation exceeding 32,300. Peoples Natural will no longer track CAP participation separately for its two divisions.

59. Within 6 months, Peoples Natural will adopt a procedure under which it will not disconnect service to a confirmed low-income customer for nonpayment without first providing a stand-alone Plain English notice to that customer of the customer’s right to enter into CAP and an explanation of CAP's arrearage forgiveness benefits. Peoples Natural will develop the Plain English notice in collaboration with its Universal Service Advisory Group.

60. Peoples Natural will adopt a process providing that upon request to enter into Budget Billing, a customer in arrears should be placed on Budget Billing while spreading their arrears over a period consistent with the Commission regulation applicable to the individual customer.

61. For the purposes of cold weather protections, the Company should adopt income verification language that mirrors the tariff language of Columbia Gas of Pennsylvania, Inc. and/or the FirstEnergy Companies to provide greater flexibility to establish income eligibility.

62. Peoples Natural's proposal to present the issue of CAP outreach to its Universal Service Advisory Group ("USAG") no later than October 2019 is accepted, provided that subsequent to this discussion, Peoples Natural will present the recommendations of the USAG to the Commission in either its next round of comments regarding the Peoples Natural's USECP, or its next base rate case, whichever comes first.

63. The additional questions of: (1) why customers do not respond to written shutoff notices that inform customers in arrears of the need to contact the Company in order to avoid the disconnection of service; and (2) why customers do not successfully complete deferred payment agreements, will also be presented to the USAG within the same time line and with the same proviso.

64. Peoples Natural will revise its tariff to explicitly provide that the reconnection fee will be waived for all customers with income at or below 150% of the federal poverty level.

65. Peoples Natural and Duquesne Light will collaborate on their CAPs with the objective to enhance the experience for their mutual low-income customers, including enabling data and document sharing to reduce barriers to enrollment; develop a universal CAP application; and investigate methods of shared recertification that decreases the number of CAP customers removed from CAP for failure to recertify.

I. MISCELLANEOUS PROVISIONS

66. Within 120 days of the effective date of rates in this proceeding, in following the Commission's Temporary Rates Order entered May 17, 2018 at Docket No. R-2018-2641242 and Commission Order entered on June 14, 2018 at Docket No. R-2018-3006818, Peoples

Natural will provide the refund of tax savings with interest associated with the TCJA for the period of January 1, 2018 through June 30, 2018 in a one-time bill credit. The one-time bill credit is estimated at \$16.6 million, plus interest calculated at the residential mortgage lending rate specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. §§ 101 et seq.) in effect on the last day of the month prior to the refund to customers. The one-time bill credit will also include any accumulated over/under recovery associated with the TCJA tax change from January 1, 2018 until rates go into effect for the current proceeding. The previous language will be incorporated into Peoples Natural's Rider TCJA and will go into effect on October 29, 2019, the effective date of new rates in the current proceeding. The bill credit will be allocated to customer classes in the manner set forth in Appendix E. Once the one-bill credit is provided to customers the Rider TCJA will terminate.

67. Peoples Natural will petition to withdraw the Petition for Approval of its Energy Efficiency and Conservation Plan ("EE&C Plan") that is currently pending before the Commission at Docket No. M-2017-2640306. This withdrawal assumes full compliance with all prior settlement agreements related to the requirement to file the EE&C Plan. Peoples Natural will convene a stakeholder group with the statutory advocates and Duquesne Light to review any new proposal at least 120 days prior to filing, if such a proposal is filed in the future. Peoples Natural further agrees that:

- a) Peoples Natural will not make any revised EE&C filing with the Commission that includes any new proposal to incent Combined Heat and Power ("CHP") development prior to June 1, 2021.
- b) Any proposal made by Peoples Natural to incent or otherwise fund CHP development using customer dollars will be made in a distribution base rate case.

- c) In addition, any proposal filed after June 1, 2021, will include a discussion on the total resource economic test, in addition to societal, environmental, non-energy impacts (“NEIs”), or non-electric aspects for the CHP projects.
- d) Any such CHP proposal shall provide Duquesne Light with a reasonable opportunity to provide further customer incentives under its Act 129 EE&C programs for those CHP projects located in Duquesne Light’s service territory. Duquesne Light agrees that upon approval of this settlement by the Commission it shall endeavor to enhance the visibility of available incentives to potential CHP customers. Duquesne Light also agrees that it will include CHP as an available custom measure in the next Phase of its Act 129 EE&C program, if any. Duquesne Light will invite Peoples Natural to participate in its EE&C stakeholder planning process.
- e) Any change in applicable state law, Commission regulation or order would preempt this provision of the settlement. Duquesne Light reserves the right to challenge any aspect of a revised EE&C filing, or other filing related to the development of CHP.

68. Electricity delivered by an electric distribution company shall not constitute a competitive alternative for purposes of natural gas flex rate eligibility or amount, unless the electric distribution company offers an electric flexed distribution rate to the customer.

69. The Company shall provide the highest curtailment priority available under applicable law, no lower than Category 2a or its equivalent, to operational facilities of electric distribution companies. Such operational facilities shall include the six Duquesne Light

operational facilities identified in Duquesne Light Statement No. 3, Direct Testimony of Jason Harchick.

J. RATE APPALACHIAN GATHERING SERVICE

70. The Company's proposal to establish rate Appalachian Gathering service is approved as modified below:

- a) In order to encourage conventional producers to stay on Peoples Natural's gathering system and increase production, the following tariff language addition to Rate AGS is approved:
 - (1) If a conventional producer adds incremental conventional production to the Peoples Natural's system, that producer's incremental production shall qualify for a reduced Rate AGS fee equal to 50% of the effective monthly Rate AGS fee.
 - (2) Incremental conventional production is any conventional production that is not connected to the Company's facilities as of June 15, 2019 and shall not include any existing production delivered to Peoples Natural's system and subsequently acquired by the producer from any other producer. Incremental conventional production shall also include increased production volumes from existing conventional wells as a result of well stimulation or similar actions. The level of incremental production volumes from existing wells shall be determined by the Company based on supporting information provided to the Company by the producer.
- b) Peoples Natural withdraws the proposed escalator to Rate AGS without prejudice to proposing a rate increase and/or rate escalator in a future base rate proceeding.

- c) The water vapor standards for normal ongoing operations on the Peoples Division shall follow the Production Enhancement Services (“PES”) agreement standards currently in place on the Peoples Division. The water vapor standards for normal ongoing operations on the Equitable Division shall be the prevailing water vapor standards as of June 1, 2019. However, Peoples Natural reserves the right to require more stringent water vapor standards in limited and specific situations where Peoples Natural has determined through water vapor testing that the water vapor levels at identified production meter points are affecting customer service or creating operational issues.
- d) Peoples Natural will make every effort to accept local gas as a priority over Interstate gas.
- e) These terms will remain in effect until the effective date of new base rates as a result of Peoples Natural’s next base rate case.

K. MAIN LINE EXTENSION PROPOSAL

71. The Company’s proposed changes to its main line extension policy are reserved for litigation.

L. COMPETITIVE RATE DISCOUNTS

72. On combination of the Peoples and Equitable Divisions as contemplated by this Settlement, the entire Company will be subject to the requirements of the Equitable Gas Company 2008 base rate settlement provision concerning justifying discounts in future base rate proceedings, which provides as follows:

B.3. Equitable will agree to maintain a highly confidential log of negotiated delivery service agreements available for review by the OTS, the OCA and the OSBA. The log will contain the following information related to negotiated agreements:

Customer number, effective date of the agreement, the reason(s) for offering a negotiated delivery agreement, supporting work papers relied upon to substantiate the negotiated agreement, and an analysis which evaluates the contribution to overall fixed costs provided by each customer.

73. In implementing this provision in circumstances where a bypass of the Company's facilities is the customer's competitive option, the Company will work with the customer in future negotiations to develop an analysis of the likely construction cost of the bypass facilities and apply that estimate in determining, through negotiations, the discounted rate offered to the customer. This information will be included as a part of the confidential materials presented in the Company's initial filing in future base rate proceedings. The Company will also provide a confidential annual report to the Statutory Advocates listing all customers that currently are receiving a discounted rate due to any of the reasons contained herein. The confidential report will provide information regarding whether the customer is being offered the discounted rate due to gas-on-gas competition, potential bypass, economic reasons or alternative fuel reasons. The Company should include in its analysis the annual log information. In future base rate proceedings, the confidential materials presented as part of the Company's filing will include sworn affidavits from all discount customers as to the facts and reasons for the discounts as set forth in the Company supplied materials.

IV. SETTLEMENT IS IN THE PUBLIC INTEREST

74. This Settlement was achieved by the Joint Petitioners after an extensive investigation of Peoples Natural's 2019 Base Rate Filing, including informal and formal discovery and the submission of direct, supplemental direct, rebuttal, surrebuttal, and rejoinder testimony by a number of the Joint Petitioners that has been admitted into the record by stipulation.

75. Acceptance of the Settlement will avoid the necessity of further administrative and possibly appellate proceedings regarding the settled issues at what would have been a substantial cost to the Joint Petitioners and, ultimately, the Company's customers.

76. Joint Petitioners have submitted, along with this Settlement, their respective Statements in Support setting forth the basis upon which each believes the Settlement to be fair, just and reasonable and therefore in the public interest. The Joint Petitioners' Statements in Support are attached hereto as Appendices I through R, submitted by Peoples Natural, I&E, OCA, OSBA, Direct Energy, Duquesne Light, PIOGA, CAAP, CAUSE-PA, and Snyder Brothers.

V. CONDITIONS OF SETTLEMENT

77. The Settlement is conditioned upon the Commission's approval of the terms and conditions contained in this Settlement without modification. If the Commission modifies the Settlement, any Joint Petitioner may elect to withdraw from the Settlement and may proceed with litigation and, in such event, the Settlement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served upon all Joint Petitioners within five (5) business days after the entry of an Order modifying the Settlement.

78. This Settlement is proposed by the Joint Petitioners to settle all issues in the instant proceeding. If the Commission does not approve the Settlement and the proceedings continue, the Parties reserve their respective procedural rights to evidentiary hearings, cross-examination of witnesses and briefing, and to argue their respective positions. The Settlement is made without any admission against, or prejudice to, any position that any Party may adopt in the event of any subsequent litigation of these proceedings, or in any other proceeding.

79. The Joint Petitioners acknowledge that the Settlement reflects a compromise of competing positions and does not necessarily reflect any party's position with respect to any issues raised in this proceeding. This Settlement may not be cited as precedent in any future proceeding, except to the extent required to implement this Settlement.

80. It is understood and agreed among the Joint Petitioners that the Settlement is the result of compromise, and does not necessarily represent the position(s) that would be advanced by any Joint Petitioner in these proceedings if they were fully litigated.

81. The Joint Petitioners acknowledge and agree that this Settlement, if approved, shall have the same force and effect as if the Joint Petitioners had fully litigated this proceeding resulting in the establishment of rates that are Commission-made, just and reasonable.

82. This Settlement is being presented only in the context of these proceedings in an effort to resolve the proceedings in a manner which is fair and reasonable. The Settlement is the produce of compromise between and among the Joint Petitioners. This Settlement is presented without prejudice to any position that any of the Joint Petitioners may have advanced and without prejudice to the position any of the Joint Petitioners may advance in the future on the merits of the issues in future proceedings except to the extent necessary to effectuate the terms and conditions of this Settlement. This Settlement does not preclude the Joint Petitioners from taking other positions in proceedings involving other public utilities under Section 1308 of the Public Utility Code, 66 Pa. C.S.A. § 1308, or any other proceeding.

83. If the ALJ adopts the Settlement without modification, the Joint Petitioners waive their right to file Exceptions.

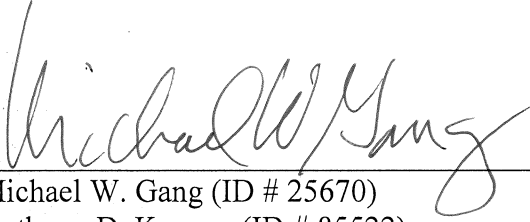
VI. CONCLUSION

WHEREFORE, the Joint Petitioners, by their respective counsel, respectfully request as follows:

1. That Administrative Law Judge Joel H. Cheskis and the Commission approve this Settlement, including all the terms and conditions thereof, without modification;

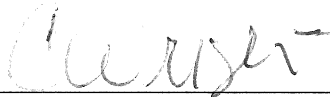
2. That the Commission's proceedings at PUC Docket No. R-2018-3006818; Office of Consumer Advocate, Docket No. C-2019-3007711; Office of Small Business Advocate, Docket No. C-2019-3007752; Daniel Killmeyer, Docket No. C-2019-3007635; Charles Hagins, Docket No. C-2019-3007698; Sean D. Ferris, Docket No. C-2019-3007904; Samuel Givens, Docket No. C-2019-3007959; and Peoples Industrial Intervenors, Docket No. C-2019-3008506 be marked closed;

3. That the Commission enter an Order closing the dockets and authorizing Peoples Natural Gas Company LLC to issue the pro forma tariff supplements included as Appendices A and B, to be effective on and after October 29, 2019.



Michael W. Gang (ID # 25670)
Anthony D. Kanagy (ID # 85522)
Devin T. Ryan (ID # 316602)
Post & Schell, P.C.
17 North Second Street, 12th Floor
Harrisburg, PA 17101-1601
Phone: 717-731-1970
Fax: 717-731-1985
E-mail: mgang@postschell.com
 akanagy@postschell.com
 dryan@postschell.com

William H. Roberts, II (ID # 54724)
Peoples Natural Gas
375 North Shore Drive
Pittsburgh, PA 15212
Phone: 412-208-6527
E-mail: William.H.RobertsII@peoples-gas.com
Peoples Natural Gas Company LLC

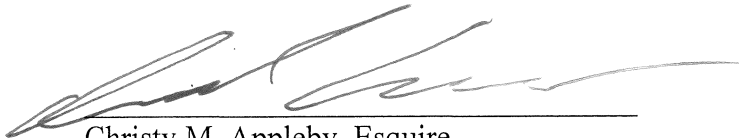


Erika L. McLain, Esquire
Carrie B. Wright, Esquire
PA Public Utility Commission
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
PO Box 3265
Harrisburg, PA 17105-3265
Bureau of Investigation & Enforcement

Respectfully submitted,

Date: 7/9/19

Date: 7/9/19
@ 11:00 am



Christy M. Appleby, Esquire
Darryl Lawrence, Esquire
J.D. Moore, Esquire
Harrison W. Breitman, Esquire
Barrett C. Sheridan, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923
Office of Consumer Advocate

Date: 7-9-2019
10:30 am



Erin K. Fure, Esquire
Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101
Office of Small Business Advocate

Date: 7/9/19



Daniel Clearfield, Esquire
Carl R. Shultz, Esquire
Kristine E. Marsilio, Esquire
Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
Harrisburg, PA 17101
Direct Energy Business, LLC, Direct Energy Services, LLC and Direct Energy Business Marketing, LLC

Date: 7/9/19
@ 10:15 am



Michael A. Gruin, Esquire
Timothy K. McHugh, Esquire
Stevens & Lee
17 N. 2nd. Street, 16th Floor
Harrisburg, PA 17101

Date: 7/9/19

Linda R. Evers, Esquire
Donald R. Wagner, Esquire
Stevens & Lee
111 N. Sixth Street
Reading, PA 19601

Emily M. Farah, Esquire
Tishekia Williams, Esquire
Michael Zimmerman, Esquire
Duquesne Light Company
411 7th Avenue, 15th Floor
Pittsburgh, PA 16219
Duquesne Light Company

Date: _____

Kevin J. Moody, Esquire
Pennsylvania Independent Oil & Gas Association
212 Locust Street, Suite 600
Harrisburg, PA 17101-1510
Pennsylvania Independent Oil & Gas Association

Date: _____

Michael A. Gruin, Esquire
Timothy K. McHugh, Esquire
Stevens & Lee
17 N. 2nd. Street, 16th Floor
Harrisburg, PA 17101

Linda R. Evers, Esquire
Donald R. Wagner, Esquire
Stevens & Lee
111 N. Sixth Street
Reading, PA 19601

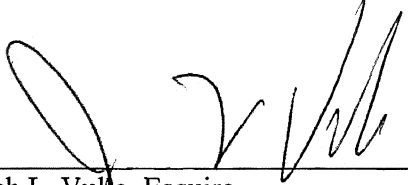
Emily M. Farah, Esquire
Tishekia Williams, Esquire
Michael Zimmerman, Esquire
Duquesne Light Company
411 7th Avenue, 15th Floor
Pittsburgh, PA 16219
Duquesne Light Company

Kevin J. Moody

Date: 7/9/19

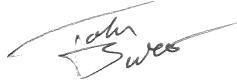
10:00 am

Kevin J. Moody, Esquire
Pennsylvania Independent Oil & Gas Association
212 Locust Street, Suite 600
Harrisburg, PA 17101-1510
Pennsylvania Independent Oil & Gas Association



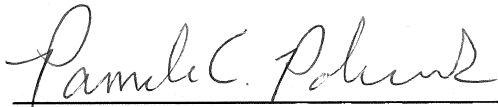
Joseph L. Vullo, Esquire
Burke Vullo Reilly Roberts
1460 Wyoming Avenue
Forty Fort, PA 18704
Community Action Association of Pennsylvania

Date: 7/9/19



Patrick M. Cicero, Esquire
John W. Sweet, Esquire
Elizabeth R. Marx, Esquire
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101
*Coalition for Affordable Utility Services and
Energy Efficiency in Pennsylvania*

Date: 7/9/19



Pamela C. Polacek, Esquire
Vasiliki Karandrikas, Esquire
Errin McCaulley, Esquire
McNees Wallace & Nurick LLC
100 Pine Street, PO Box 1166
Harrisburg, PA 17108
*Snyder Brothers, Inc., VEC Energy LLC and
Snyder Armclar Gas Company LP*

Date: 7/9/19
@Wilsam

APPENDIX “A”

PEOPLES NATURAL GAS COMPANY LLC

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

ISSUED:

BY: Morgan K. O'Brien
President
375 North Shore Drive
Pittsburgh, PA 15212

EFFECTIVE:

NOTICE

This tariff combines Tariff Gas – PA PUC No. 45 for the Peoples Division and Tariff Gas – PA PUC No. 46 for the Equitable Division. Upon approval of this Tariff Gas – PA PUC No. 47, all Peoples Natural Gas customers (including the former Peoples and Equitable Divisions) will be subject to the rates and rules set forth herein.

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

LIST OF CHANGES

Page	Page Description	Revision Description
2, 2A, 2B	List of Changes	List of Changes
3, 4	Summary of Rates	Summary of prices for each rate schedule and rider updated.
3A, 4A	Summary of Rates	Pages removed; no longer needed.
5	Table of Contents	"Ratepayer" changed to "Customer". Rate GL added from Equitable Division tariff. Rider names updated.
6	Definitions of Terms	Applicant definition updated. "Ratepayer" changed to "Customer". "Customer" definition added.
7	Definitions of Terms	"Ratepayer" changed to "Customer". "Ratepayer" definition removed.
8	Classification of Customers	"Ratepayer" changed to "Customer". Definition of residential, commercial, and industrial customer modified.
9	Classification of Customers	"Ratepayer" changed to "Customer".
10	Rates Available Under This Tariff	"Ratepayer" changed to "Customer". Rate GL added from Equitable tariff.
11	Description of Territory	Additional cities/boroughs and townships included.
12	Description of Territory	Additional boroughs and townships included.
14	Description of Territory	Additional boroughs and townships included.
15	Description of Territory	Additional townships included.
16	Description of Territory	Additional cities/boroughs and townships included.
16A	Description of Territory	Additional townships included.
17	Rules and Regulations	Additional language added for conditions of furnishing service to customers. "Ratepayer" changed to "Customer". Transfer fees and connect fees eliminated.
18	Rules and Regulations	Moved cash deposit language into part b. "Ratepayer" changed to "Customer".
19	Rules and Regulations	"Ratepayer" changed to "Customer". Calculation of interest rate for commercial and industrial deposits modified to match residential calculation. Additional descriptive language added for cases where Applicant cannot furnish a cash deposit.
20	Rules and Regulations	Modified language for connection of service. Meter installation specifications from Equitable tariff included. Residential main allowance added.
20A	Rules and Regulations	New Page Added
21	Rules and Regulations	"Ratepayer" changed to "Customer". Turn-on fees updated. Winterizing and collection language added.
22	Rules and Regulations	Non-liability language added. "Ratepayer" changed to "Customer". Measurement of gas language modified.
23	Rules and Regulations	"Ratepayer" changed to "Customer". Accepted forms of payment added. Billing cycle language added.
24	Rules and Regulations	Billing cycle language added. Final bill language added. Dishonored Payment language from Equitable Division tariff added.
25	Rules and Regulations	"Ratepayer" changed to "Customer". Obstruction of meter language added. Meter ownership language added.
26	Rules and Regulations	Rule 15 moved to page 26. Renamed Section 17 "Emergency Curtailment". Language added to Section 16. "Ratepayer" changed to "Customer". Moved "Discontinuance of Service and Curtailment" section to page 27.
27	Rules and Regulations	Renamed Section 17 "Emergency Curtailment". Removed "Gas Shortage Curtailment Related to Long-Term Supplies" section. Old language from Page 29 moved here.
28	Rules and Regulations	Deleted old Section 17 language. Moved appendix to this page.

ISSUED:

EFFECTIVE:

LIST OF CHANGES (CONTINUED)

29	Rules and Regulations	Rules and Regulations renumbered. Section 18 Priority of Service Curtailment moved from Section 17. Service Agreement and Flexible Rates added. "Ratepayer" changed to "Customer".
30	Rules and Regulations	"Ratepayer" changed to "Customer".
31	Rules and Regulations	"Ratepayer" changed to "Customer".
32	Rules and Regulations	"Ratepayer" changed to "Customer". Rules and Regulations renumbered.
33	Rules and Regulations	"Ratepayer" changed to "Customer". Additional release of customer information language and contact information added. Rules and Regulations renumbered.
35	Rules and Regulations	Language added from supplier tariff. Various fees eliminated. Remaining fee amounts updated. Rules and Regulations renumbered.
36	Rate RS – Residential Service	"Ratepayer" changed to "Customer". Customer and delivery charges updated. Late payment charge language modified. Rider name updated.
37	Customer Assistance Program	Availability description updated. "Ratepayer" changed to "Customer".
38	Customer Assistance Program	Monthly payment amount updated. "Ratepayer" changed to "Customer".
39	Customer Assistance Program	"Ratepayer" changed to "Customer". Rules 7 and 8 modified.
39A	Pilot Extended Customer Assistance Program	"Ratepayer" changed to "Customer".
40	Rate SGS – Small General Service	"Ratepayer" changed to "Customer". Customer and delivery charges updated. Rider name updated.
41	Rate SGS – Small General Service	"Ratepayer" changed to "Customer".
42	Rate MGS – Medium General Service	"Ratepayer" changed to "Customer". Customer and delivery charges updated. Rider name updated.
43	Rate MGS – Medium General Service	"Ratepayer" changed to "Customer".
44	Rate LGS – Large General Service	"Ratepayer" changed to "Customer". Customer and delivery charges updated. Rider name updated.
45	Rate LGS – Large General Service	"Ratepayer" changed to "Customer".
46	Rate GS-T – General Service Transportation	"Ratepayer" changed to "Customer". Language added to rule (7).
47	Rate GS-T – General Service Transportation	"Ratepayer" changed to "Customer".
48	Rate GS-T – General Service Transportation	"Ratepayer" changed to "Customer".
49	Rate GS-T – General Service Transportation	"Ratepayer" changed to "Customer". Language added to rule (17).
50	Rate GS-T – General Service Transportation	"Ratepayer" changed to "Customer". Customer charges updated.
51	Rate GS-T – General Service Transportation	"Ratepayer" changed to "Customer". Delivery charges updated.
51A	Rate GS-T – General Service Transportation	Late payment charge moved to this page.
52	Rate GS-T – General Service Transportation	"Ratepayer" changed to "Customer". Liability point 3 updated.

ISSUED:

EFFECTIVE:

LIST OF CHANGES (CONTINUED)

53	Rate GS-SB – General Service – Standby	“Ratepayer” changed to “Customer”.
54	Rate GS-SB – General Service – Standby	“Ratepayer” changed to “Customer”. Customer charges updated.
55	Rate GS-SB – General Service – Standby	Language moved to page 54. Page now intentionally left blank.
57	Rate Appalachian Gathering Service	New rate added.
58	Rate GL – Gas Lights	Rate added from Equitable Division’s tariff.
60	Rate CER – Competitive Energy Rate	Rate language modified. “Ratepayer” changed to “Customer”.
61	Rider A – State Tax Surcharge	Rider renamed. Rate Revised.
62	Rider B – Recovery of Purchased Gas Costs	Rider renamed. “Ratepayer” changed to “Customer”.
63	Rider B – Recovery of Purchased Gas Costs	Rider renamed. “Ratepayer” changed to “Customer”.
63A	Rider B – AVC Capacity Charge	Rider renamed. “Ratepayer” changed to “Customer”.
63B	Rider B – AVC Capacity Charge	Rider renamed. “Ratepayer” changed to “Customer”.
64	Rider C – Transition Cost Mechanism	Rider renamed. “Ratepayer” changed to “Customer”.
65	Rider C – Transition Cost Mechanism	Rider renamed. “Ratepayer” changed to “Customer”.
66	Rider Supplier Choice	Rate Revised. Ratepayer” changed to “Customer”.
67	Rider E – Merchant Function Charge	Rider renamed. Rate Revised. “Ratepayer” changed to “Customer”.
68	Rider F- Universal Service	Rider renamed. Rate revised. “Ratepayer” changed to “Customer”. Bad debt offset percentage updated.
69	Rider G – Gas Procurement Charge	Rider renamed. Rate revised. “Ratepayer” changed to “Customer”.
71	Rider H – Ratepayer Trust Rate Credit	Rider eliminated.
72	Rider H – Ratepayer Trust Rate Credit	Rider eliminated.
73	Rider J – Rager Mountain Storage Credit	Rider eliminated.
74	Rider K – Distribution System Improvement Charge (DSIC)	Rider renamed. Rate revised.
75	Rider K – Distribution System Improvement Charge (DSIC)	Riders renamed.
76	Rider K – Distribution System Improvement Charge (DSIC)	Rider renamed.

ISSUED:

EFFECTIVE:

	Rider Purchased Gas Costs				Base Rate Charges (5)	Rider STAS (6)	Rider MFC (7)	Rider Supplier Choice (8)	Rider USR (9)	Rider GPC (10)	Rider DSIC Charge (11)	Rider TCJA (12)	Total Rate (13=SUM 1 to 12)
	Capacity (1)	AVC Capacity (2)	GCA (3)	Commodity (4)									
Residential Sales						0.00%					0.00%	0.0000%	
Customer Charge					\$ 14.5000		\$ 0.0067				\$ -	\$ -	\$ 14.5067
Capacity	\$ 0.9953	\$ 0.6225					\$ 0.0248						\$ 1.6426
Price to Compare - PTC			\$ (0.0372)	\$ 3.8865			\$ 0.0959		\$ 0.0801				\$ 4.0253
Delivery Charge					\$ 3.9608			\$ 0.4094			\$ -	\$ -	\$ 4.3702
State Tax Surcharge						\$ -							\$ -
Total per MCF							\$ 0.1207						\$ 10.0381
Small General Service (SGS)													
Customer Charge													
0 to 499 MCF/Yr					\$ 20.0000		\$ 0.0067				\$ -	\$ -	\$ 20.0067
500 to 999 MCF/Yr					\$ 40.0000		\$ 0.0067				\$ -	\$ -	\$ 40.0067
1/ Capacity	\$ 0.3848	\$ 0.5742											\$ 0.9590
Price to Compare - PTC	\$ 0.6105		\$ (0.0372)	\$ 3.8865			\$ 0.0102		\$ 0.0801				\$ 4.5501
Delivery Charge					\$ 2.7000						\$ -	\$ -	\$ 2.7000
State Tax Surcharge						\$ -							\$ -
Total per MCF	\$ 0.9953						\$ 0.0102						\$ 8.2091
Medium General Service (MGS)													
Customer Charge													
1,000 to 2,499 MCF/Yr					\$ 85.0000						\$ -	\$ -	\$ 85.0000
2,500 to 24,999 MCF/Yr					\$ 130.0000						\$ -	\$ -	\$ 130.0000
1/ Capacity	\$ 0.3848	\$ 0.3750											\$ 0.7598
Price to Compare - PTC	\$ 0.6105		\$ (0.0372)	\$ 3.8865			\$ 0.0102		\$ 0.0801				\$ 4.5501
Delivery Charge					\$ 2.6914						\$ -	\$ -	\$ 2.6914
State Tax Surcharge						\$ -							\$ -
Total per MCF	\$ 0.9953						\$ 0.0102						\$ 8.0013
Large General Service (LGS)													
Customer Charge													
25,000 to 49,999 MCF/Yr					\$ 575.0000						\$ -	\$ -	\$ 575.0000
50,000 to 99,999 MCF/Yr					\$ 750.0000						\$ -	\$ -	\$ 750.0000
100,000 to 199,999 MCF/Yr					\$ 1,400.0000						\$ -	\$ -	\$ 1,400.0000
Over 200,000 MCF/Yr					\$ 1,600.0000						\$ -	\$ -	\$ 1,600.0000
1/ Capacity	\$ 0.0812	\$ 0.2151											\$ 0.2963
Price to Compare - PTC	\$ 0.9141		\$ (0.0372)	\$ 3.8865			\$ 0.0102		\$ 0.0801				\$ 4.8537
Delivery Charge													
25,000 - 49,999 MCF/Yr					\$ 2.6411	\$ -					\$ -	\$ -	\$ 2.6411
50,000 - 99,999 MCF/Yr					\$ 2.5773	\$ -					\$ -	\$ -	\$ 2.5773
100,000 - 199,999 MCF/Yr					\$ 2.5694	\$ -					\$ -	\$ -	\$ 2.5694
200,000 to 749,999 MCF/Yr					\$ 2.4999	\$ -					\$ -	\$ -	\$ 2.4999
750,000 to 1,999,999 MCF/Yr					\$ 2.1327	\$ -					\$ -	\$ -	\$ 2.1327
Over 2,000,000 MCF/Yr					\$ 1.6445	\$ -					\$ -	\$ -	\$ 1.6445
2/ Total per MCF	\$ 0.9953						\$ 0.0102						\$ 7.7911

- 1/ The Price-to-Compare format as shown is applicable to a Non-Priority One customer; the Price-to-Compare Charge for a Priority One customer would not include the Capacity Charge. See the Residential - Sales section above as an example of Priority One.
- 2/ The Total per MCF displayed for Retail LGS is representative of the 25,000 - 49,999 MCF/Yr delivery charge tier only.
- 3/ The above rates are for non-transitional customers. For transitional customer rates, refer to the corresponding rate schedule found in the Company's retail tariff.

ISSUED:

EFFECTIVE:

	Base Rate Charges (1)	Rider STAS (2)	Rider MFC (3)	Rider USR (4)	Rider Purchased Gas Costs Capacity (5) AVC Capacity (6)		BB&A (7)	Rider Supplier Choice (8)	Rider DSIC Charge (9)	Rider TCJA (10)	Total Rate (11=SUM 1 to 10)
Rate GS-T Residential		0.00%							0.00%	0.0000%	
Customer Charge	\$ 14.5000							\$ 0.0067	\$ -	\$ -	\$ 14.5067
Capacity			\$ 0.0248		\$ 0.9953	\$ 0.6225					\$ 1.6426
Delivery Charge	\$ 3.9608			\$ 0.4094					\$ -	\$ -	\$ 4.3702
State Tax Surcharge		\$ -									\$ -
Total per MCF											\$ 6.0128
Rate GS-Transporation SGS											
Customer Charge											
0 to 499 MCF/Yr	\$ 20.0000							\$ 0.0067	\$ -	\$ -	\$ 20.0067
500 to 999 MCF/Yr	\$ 40.0000							\$ 0.0067	\$ -	\$ -	\$ 40.0067
1/ Capacity/BB&A					\$ 0.5742	\$ 0.3848					\$ 0.9590
Delivery Charge	\$ 2.7000								\$ -	\$ -	\$ 2.7000
State Tax Surcharge		\$ -									\$ -
Total per MCF											\$ 3.6590
Rate GS-Transporation MGS											
Customer Charge											
1,000 to 2,499 MCF/Yr	\$ 85.0000								\$ -	\$ -	\$ 85.0000
2,500 to 24,999 MCF/Yr	\$ 130.0000								\$ -	\$ -	\$ 130.0000
1/ Capacity/BB&A					\$ 0.3750	\$ 0.3848					\$ 0.7598
Delivery Charge	\$ 2.6914								\$ -	\$ -	\$ 2.6914
State Tax Surcharge		\$ -									\$ -
Total per MCF											\$ 3.4512
Rate GS-Transporation LGS											
Customer Charge											
25,000 to 49,999 MCF/Yr	\$ 575.0000								\$ -	\$ -	\$ 575.0000
50,000 to 99,999 MCF/Yr	\$ 750.0000								\$ -	\$ -	\$ 750.0000
100,000 to 199,999 MCF/Yr	\$ 1,400.0000								\$ -	\$ -	\$ 1,400.0000
Over 200,000 MCF/Yr	\$ 1,600.0000								\$ -	\$ -	\$ 1,600.0000
1/ Capacity/BB&A					\$ 0.2151	\$ 0.0812					\$ 0.2963
Delivery Charge											
25,000 - 49,999 MCF/Yr	\$ 2.6411	\$ -							\$ -	\$ -	\$ 2.6411
50,000 - 99,999 MCF/Yr	\$ 2.5773	\$ -							\$ -	\$ -	\$ 2.5773
100,000 - 199,999 MCF/Yr	\$ 2.5694	\$ -							\$ -	\$ -	\$ 2.5694
200,000 to 749,999 MCF/Yr	\$ 2.4999	\$ -							\$ -	\$ -	\$ 2.4999
750,000 to 1,999,999 MCF/Yr	\$ 2.1327	\$ -							\$ -	\$ -	\$ 2.1327
Over 2,000,000 MCF/Yr	\$ 1.6445	\$ -							\$ -	\$ -	\$ 1.6445
2/ Total per MCF											\$ 2.9374

1/ The Capacity Charge applies to Priority 1 ratepayers when electing transport service. All other Ratepayers are billed the BB&A charge.
 2/ The Total per MCF displayed for Transport LGS is representative of the 25,000 - 49,999 MCF/Yr delivery charge tier only.
 3/ The above rates are for non-transitional customers. For transitional customer rates, refer to the corresponding rate schedule found in the Company's retail tariff.

TABLE OF CONTENTS

List of Changes Made by 2-2B

Summary of Rates 3-4

Table of Contents 5

Definition of Terms..... 6-7

Classification of Customers 8-9

Rates Available Under This Tariff 10

Description of Territory 11-16A

Rules and Regulations 17-35

Rate RS 36

Rate CAP 37-39

Rate E-CAP 39A

Rate SGS 40-41

Rate MGS 42-43

Rate LGS 44-45

Rate GS-T 46-52

Rate GS-SB 53-54

INTENTIONALLY LEFT BLANK..... 55

Rate NGPV 56

Rate Appalachian Gathering Service 57

Rate GL..... 58

INTENTIONALLY LEFT BLANK..... 59

Rate CER 60

Rider STAS 61

Rider Purchased Gas Cost and Rider AVC Capacity Charge 62-63B

Rider Transition Cost Mechanism 64-65

Rider Supplier Choice 66

Rider Merchant Function Charge 67

Rider Universal Service 68

Rider Gas Procurement Charge 69

INTENTIONALLY LEFT BLANK..... 70-73

Rider DSIC..... 74-76

Pilot Rider MLX..... 77

Rider TCJA – TCJA Surcharge..... 78

ISSUED:

EFFECTIVE:

DEFINITIONS OF TERMS

Applicant - Any person, corporation or other entity that (i) desires to receive from the Company natural gas or any other service provided for in this Tariff, (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 receiving from the Company any service provided for in this Tariff. An Applicant shall become a customer for purposes of this Tariff only after it actually starts receiving the applicable service(s) from the Company under this Tariff. Applicants for residential service shall be further defined as a natural person not currently receiving service who applies for residential service provided by a public utility or any adult occupant whose name appears on the mortgage, deed or lease of the property for which the residential utility service is requested.

Capacity Charge – A charge designed to recover the costs that the Company incurs to reserve capacity on interstate pipelines.

Chapter 56 – The Commission regulations that govern, among other things, metering, billing and collections for residential gas and electricity service.

City Gate – The point where interstate pipelines deliver gas into natural gas distribution company facilities.

Commission – The Pennsylvania Public Utility Commission or any lawful successor thereto that provides oversight, policy, guidance and direction to public utilities and NGSs.

Commodity Charge – A charge designed to recover the cost of producing or procuring natural gas.

Commodity Service – Service provided by the Company or a natural gas supplier which involves the purchase of gas commodity by the customer.

Company – The entity doing business as Peoples Natural Gas Company LLC.

Customer – Any person, partnership, association, corporation, or other entity (i) in whose name a service account is listed, (ii) who occupies or is the customer for any premises, building, structure, etc, (iii) is primarily responsible for payment of bills, or (iv) any adult occupant whose name appears on the mortgage, deed or lease of the property. A customer includes anyone taking Supplier of Last Resort Service and/or Distribution Service under this Tariff

Customer Charge – A monthly charge to cover such natural gas distribution company costs as maintaining the gas lines, meter reading and billing.

Daily Available Volume – The total volume of gas actually delivered to the Company for the customer's account on a particular day, less an appropriate retainage percentage plus any adjustments associated with the reconciliation of monthly volumes as set forth in Rate GS-T and Rate T.

Daily Consumption Volume – The quantity of gas estimated by the Company to be consumed by the customer on any day.

Day – A 24-hour period beginning at 10 a.m. and ending at 10 a.m. or as subsequently defined by natural gas industry standards promulgated by FERC.

Delivery Charge – A charge designed to recover the costs the Company incurs in using its distribution system or local pipelines to deliver natural gas to a customer.

Distribution Charges – Various natural gas distribution charges that may include the Delivery Charge, Capacity Charge and Gas Cost Adjustment Charge.

Distribution Service – Service provided by the Company involving the delivery of gas to the customer.

Gas Cost Adjustment Charge – The amount billed or credited each month to account for differences between projected and actual gas supply costs of the Company.

Mcf – 1,000 cubic feet of gas. This is a measure of gas usage.

ISSUED:

EFFECTIVE:

DEFINITIONS OF TERMS

Natural Gas Distribution Company - A public utility that provides natural gas distribution services and which may provide natural gas supply services and other services.

Natural Gas Supplier (NGS) – An entity that has received a license from the Commission and that sells natural gas to customers that is delivered through the distribution lines of the Company.

Small Business Customer – Any commercial or industrial customer with annual consumption of less than 300 Mcf.

Storage – Placing natural gas into an underground facility for removal and use at a later date.

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 Priority-One customers under the terms of this tariff. Each customer may only have one supplier of last resort.

Supplier of Last Resort Service – Service that includes both Distribution Service and Commodity Service provided by the Company in its role as Supplier of Last Resort.

(C) – Indicates change.

(D) – Indicates decrease.

(I) – Indicates increase.

**CLASSIFICATION OF CUSTOMERS
TO WHOM SERVICE IS MADE AVAILABLE**

Gas service is made available under the rules, regulations, and terms and at the rates contained in this tariff, based upon the use to which such gas is put and not upon volumes consumed (except where indicated), to the following classes of customers:

RESIDENTIAL CUSTOMERS

Residential customers are customers who use gas for household purposes, including single-family dwellings, boarding and rooming houses, duplex houses, private garages appurtenant to private homes or dwellings, apartments, apartment buildings, and governmental housing in which the units are individually metered. In this class the element of human welfare and comfort in a residential setting is the distinguishing test of the customer's use of gas. Each meter represents one customer.

COMMERCIAL CUSTOMERS

Commercial customers are customers who are engaged in selling, warehousing or distributing a commodity or service, including boarding homes and personal care homes, engaged in some business activity or profession, or in some other form of economic, social, or cultural activity, not primarily involving the manufacturing or processing of a product; and any non-industrial premises where one meter is serving more than one unit. If the customer's predominant usage is for natural gas-powered vehicle service, then the customer will be classified as a Commercial customer.

INDUSTRIAL CUSTOMERS

Industrial customers include customers who are engaged in a process which creates or changes raw material or unfinished materials into another form; customers who use gas for large-volume power; customers who use gas for process steam generation; and customers who use gas for any other purpose not predominantly residential or commercial.

ISSUED:

EFFECTIVE:

**CLASSIFICATION OF CUSTOMERS
TO WHOM SERVICE IS MADE AVAILABLE**

NATURAL GAS DISTRIBUTION COMPANY (NGDC) CUSTOMERS

NGDC customers are companies regulated by the Commission. Within this classification the NGDC can be acting either on its own or on its end user's behalf.

CHANGE IN CLASSIFICATION

Any customer who believes that, as a result of a change in the use of the premises served, his classification ought to be changed must contact the Company. All changes will be determined by the Company, on a prospective basis, after it has been notified of the change; however, the Company reserves the right to make changes in classification on its own initiative. The decision of the Company as to classification shall be final.

Eligibility for a particular rate schedule under this tariff and application of the appropriate monthly customer charge shall be based on a review of the customer's annual usage. This review shall not be conducted more frequently than once per year. All changes in rate schedule classification and monthly customer charges as a result of this usage review shall be implemented on a prospective basis. Rate schedule classification and the appropriate customer charge for new customers, shall be determined by the Company based on an estimate of annual usage. The Company also reserves the right to establish the appropriate rate schedule classification and monthly customer charge based on anticipated customer usage.

ISSUED:

EFFECTIVE:

RATES AVAILABLE UNDER THIS TARIFF**Rate RS - Residential Service**

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

Rate CAP

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

Rate SGS – Small General Service

This rate is available to commercial and industrial customers 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 customers qualifying under Rate NGPV.

Rate MGS – Medium General Service

This rate is available to commercial and industrial customers 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 customers qualifying under Rate NGPV.

Rate LGS – Large General Service

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

Rate CER - Competitive Energy Rate

This rate is available to all customers 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 customers. Commercial, industrial, and NGDC customers that consume less than 1,000 Mcf per year are classified as Small General Service customers under this tariff. Commercial, industrial, and NGDC customers that consume between 1,000 and 24,999 Mcf per year are classified as Medium General Service customers under this tariff. Commercial, industrial, and NGDC customers that consume more than 25,000 Mcf per year are classified as Large General Service customers under this tariff.

Rate GS-SB - General Standby Service

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

Rate NGPV

This rate offers service for natural gas powered vehicles.

Rate Schedule - Appalachian Gathering Service

This rate is available to any party desiring to deliver conventional well gas directly into the Company's system.

Pilot Rate MLX

This delivery rate is offered to new Residential and Commercial consumers who are replacing service from an alternate fuel with natural gas.

Rate GL- Gas Lights

This rate offers service for any gas lighting where the gas is not measured by a meter.

ISSUED:

EFFECTIVE:

DESCRIPTION OF TERRITORY

The Company serves as a natural gas public Company in the following cities, boroughs, and townships, all of which are in Pennsylvania:

ALLEGHENY COUNTYCities and Boroughs

Aspinwall	Emsworth	Port Vue
Avalon	Etna	Rankin
Baldwin	Forest Hills	Rosslyn Farms
Bellevue	Fox Chapel	Sewickley Heights
Ben Avon	Franklin Park	Sewickley Hills
Ben Avon Heights	Glassport	Sharpsburg
Bethel Park	Greentree	Springdale
Blawnox	Heidelberg	Swissvale
Braddock	Homestead	Tarentum
Braddock Hills	Ingram	Thornburg
Brackenridge	Jefferson	Trafford
Brentwood	Jefferson Hill	Turtle Creek
Bridgeville	Liberty	Verona
Carnegie	Lincoln	Versailles
Chalfant	McKeesport	Wall
Cheswick	McKees Rocks	West Elizabeth
Churchill	Millvale	West Homestead
Clairton	Monroeville	West Mifflin
Coraopolis	Mt. Oliver	West View
Crafton	Munhall	Whitaker
Dormont	North Braddock	Whitehall
Dravosburg	Oakmont	White Oak
Duquesne	Penn Hills	Wilkinsburg
East McKeesport	Pitcairn	Wilmerding
East Pittsburgh	Pittsburgh	
Edgewood	Pleasant Hills	
Elizabeth	Plum	

Townships

Aleppo	Kilbuck	Scott
Collier	Marshall	Shaler
Crescent	McCandless	South Fayette
East Deer	Moon	South Park
Elizabeth	Mt. Lebanon	South Versailles
Fawn	North Fayette	Springdale
Findlay	North Versailles	Stowe
Forward	O' Hara	Upper St. Clair
Frazer	Ohio	West Deer
Hampton	Pine	Wilkins
Harmar	Reserve	
Harrison	Richland	
Indiana	Robinson	
Kennedy	Ross	

ISSUED:

EFFECTIVE:

DESCRIPTION OF TERRITORY

ARMSTRONG COUNTY

Boroughs

Apollo
Applewold
Atwood
Dayton
Elderton

Ford City
Ford Cliff
Freeport
Kittanning
Leechburg

Manorville
North Apollo
Rural Valley
West Kittanning

Townships

Bethel
Boggs
Burrell
Cadogan
Cowanshannock
East Franklin
Gilpin
Kiskiminetas
Kittanning
Madison

Mahoning
Manor
North Buffalo
Parks
Pine
Plumcreek
Rayburn
Redbank
South Bend

South Buffalo
Sugarcreek
Valley
Washington
Wayne
West Franklin

BEAVER COUNTY

Cities & Boroughs

Aliquippa
Beaver
Industry
Midland

Monaca
Ohioville

Shippingport
South Heights

Townships

Brighton
Center
Chippewa
Darlington
Franklin

Hopewell
Independence
Marion
New Sewickley

Potter
Raccoon
South Beaver
Vanport

BLAIR COUNTY

Cities and Boroughs

Altoona
Bellwood

Duncansville
Hollidaysburg

Tyrone

DESCRIPTION OF TERRITORY

BLAIR COUNTY (continued)

Townships

Allegheny	Frankstown	Logan
Antis	Greenfield	Snyder
Blair		

BUTLER COUNTY

Boroughs

Callery	Portersville	Slippery Rock
Evans City	Prospect	Valencia
Harmony	Saxonburg	Zelienople
Mars	Seven Fields	

Townships

Adams	Forward	Middlesex
Buffalo	Franklin	Muddycreek
Cherry	Jackson	Slippery Rock
Clinton	Jefferson	Winfield
Connoquenessing	Lancaster	Worth
Cranberry	Marion	

CAMBRIA COUNTY

Cities and Boroughs

Brownstown	Franklin	Nanty-Glo
Cresson	Geistown	Portage
Dale	Johnstown	Sankertown
Ebensburg	Lorain	Southmont
Ferndale	Loretto	Westmont

Townships

Adams	East Taylor	Richland
Allegheny	Jackson	Stonycreek
Blacklick	Lower Yoder	Susquehanna
Cambria	Middle Taylor	Upper Yoder
Conemaugh	Munster	Washington
Cresson	Portage	West Carroll
Croyle		West Taylor

ISSUED:

EFFECTIVE:

DESCRIPTION OF TERRITORY

CLARION COUNTY

Townships

Clarion	Monroe	Redbank
Limestone	Porter	

FAYETTE COUNTY

Boroughs

Belle Vernon	Fairchance	Point Marion
Fayette City	Masontown	

Townships

Franklin	Menallen	Springhill
Georges	North Union	Stewart
German	Perry	Washington
Jefferson	Saltlick	Wharton
Luzerne	South Union	

GREENE COUNTY

Boroughs

Carmichaels	Jefferson	Waynesburg
Clarksville	Mather	

Townships

Aleppo	Greene	Richhill
Center	Jackson	Springhill
Cumberland	Jefferson	Washington
Dunkard	Monongahela	Wayne
Franklin	Morgan	Whiteley
Freeport	Morris	
Gilmore	Perry	

INDIANA COUNTY

Boroughs

Blairsville	Homer City	Saltsburg
Creekside	Indiana	Shelocta

ISSUED:

EFFECTIVE:

DESCRIPTION OF TERRITORY

INDIANA COUNTY (continued)

Townships

Armstrong	Conemaugh	West Mahoning
Black Lick	East Mahoning	West Wheatfield
Buffington	Grant	White
Burrell	North Mahoning	Young
Center	Rayne	
Cherryhill	South Mahoning	
	Washington	

JEFFERSON COUNTY

Townships

Perry	Porter	Ringgold
-------	--------	----------

LAWRENCE COUNTY

Boroughs

Enon Valley	New Wilmington	Volant
-------------	----------------	--------

Townships

Hickory	Pulaski	Wilmington
Little Beaver	Scott	
Neshannock	Washington	

MERCER COUNTY

Boroughs

Grove City	Sandy Lake	Stoneboro
------------	------------	-----------

Townships

East Lackawannock	Pine	Wilmington
Findley	Sandy Lake	Wolf Creek
Lake	Shenango	
Liberty	Springfield	

SOMERSET COUNTY

Boroughs

Boswell	Seven Springs
---------	---------------

DESCRIPTION OF TERRITORY

SOMERSET COUNTY (continued)

Townships

Conemaugh	Jenner	Somerset
Jefferson	Middlecreek	

VENANGO COUNTY

Townships

Clinton	Irwin
---------	-------

WASHINGTON COUNTY

Cities and Boroughs

Beallsville	Centerville	Finleyville
Bentleyville	Cokeburg	Monongahela
Burgettstown	Deemston	New Eagle
California	Donora	
	Ellsworth	

Townships

Amwell	Hanover	Robinson
Carroll	Jefferson	Somerset
Cecil	Monongahela	South Franklin
Chartiers	Morris	South Strabane
Cross Creek	Mt. Pleasant	Smith
East Bethlehem	North Bethlehem	Union
East Finley	North Strabane	West Bethlehem
East Pike Run	Nottingham	West Pike Run
Fallowfield	Peters	

WESTMORELAND COUNTY

Cities and Boroughs

Adamsburg	Jeannette	New Kensington
Arnold	Latrobe	North Belle Vernon
Avonmore	Ligonier	North Irwin
Bolivar	Lower Burrell	Oklahoma
Delmont	Manor	South Greensburg
Derry	Monessen	Southwest Greensburg
East Vandergrift	Murrysville	Trafford
Export	New Alexandria	Vandergrift

ISSUED:

EFFECTIVE:

DESCRIPTION OF TERRITORY

WESTMORELAND COUNTY (continued)

	<u>Cities and Boroughs</u>	
Greensburg	New Florence	West Leechburg
Hunker		Youngstown
Hyde Park		Youngwood
Irwin		
	<u>Townships</u>	
Allegheny	Ligonier	St. Clair
Bell	Lower Burrell	Salem
Derry	Loyalhanna	South Huntingdon
Donegal	Mt. Pleasant	Unity
East Huntingdon	North Huntingdon	Upper Burrell
Fairfield	Penn	Washington
Hempfield	Rostraver	

The above-listed cities, boroughs, and townships in Pennsylvania in which the Company provides natural gas public utility service are not the only cities, boroughs, and townships in which the Company is entitled, either by charter or certificate, to provide such natural gas public utility service.

ISSUED:

EFFECTIVE:

RULES AND REGULATIONS**1. APPLICATION FOR SERVICE**

Applicants desiring any type of service from the Company under this Tariff shall contact the Company and specifically request the type and nature of service. Upon request, the Company will inform the customer of the identity of those NGSs offering retail service in its service territory and either provide a list of licensed suppliers or refer the customer to the Commission for further information. In any circumstance where an application to the Company for any service under this Tariff involves or is related to an NGS, such application cannot and shall not be processed by the Company unless the Applicant and/or the Applicant's NGS provides the necessary information relating to service.

A non-residential Applicant for any service under this Tariff will be required to sign an application for natural gas service, unless the Company, in its sole discretion, accepts an oral application from a non-residential Applicant. The Company shall accept an oral application from a residential Applicant except that the Company may require a written application from a residential Applicant if the Company determines positive identification or other documentation is necessary. The Company may request driver's license, or other information as positive identification. The Company may, as a condition of furnishing service to an Applicant, require the Applicant, in accordance with applicable Commission regulations, to pay an outstanding gas service account balance, if the Company can show that the Applicant resided at, or occupied if a non-residential account, the property for which service is requested during the period of time that the outstanding balance accrued. The methods used by the Company to determine an Applicant's liability for any such previously furnished service may include reference to customer service records of the Company, including internal Company notes, service contracts, information collected from the Applicant and other members of the household in connection with any help provided by the Company in determining eligibility for and completing applications to various assistance programs. Other methods which may be used by the Company for such purposes include identity authentication services, public data and information, mortgage, deed or lease information, commercially available consumer credit reporting services, skip-tracing tools, and other methods which are or have been approved as valid by the Commission.

Upon the receipt of natural gas service, the Applicant shall become a customer of the Company.

The customer shall inform the Company in advance of any proposed additions to (or decreases in) the customer's connected natural gas load.

2. CHARACTER OF SERVICE

The Company offers firm service, unless otherwise provided in this tariff.

3. RULES FOR DEPOSIT

A deposit from a customer shall conform to the Commission's regulations and applicable statutory requirements. Deposits required by the Company for Tariff regulated charges shall not be based on unpaid supplier charges.

Residential Applicant/Customer

- a. The Company will provide service without requiring a deposit when the Applicant provides adequate identification and satisfies the following requirements:
 - i. Has not failed to pay an undisputed delinquent account.
 - ii. Has not failed to complete payment of a deposit, provide a guarantee or establish credit.
 - iii. Has not failed to provide access to meters, service connections, or other property of the public utility for the purpose of replacement, maintenance, repair or meter reading.
 - iv. Has not engaged in unauthorized use of the utility service delivered on or about the affected dwelling.
 - v. Has not failed to comply with the material terms or conditions of a settlement or payment agreement.
 - vi. Has not engaged in fraud or material misrepresentation of identity for the purpose of obtaining utility service.
 - vii. Has not tampered with meters, including, but not limited to, bypassing a meter or removal of an automatic meter reading device or other public utility equipment.

ISSUED:**EFFECTIVE:**

RULES AND REGULATION**3. RULES FOR DEPOSIT (continued)**

- viii. Has not violated tariff provisions on file with the Commission so as to endanger the safety of a person or the integrity of the delivery system of the public utility.
 - ix. Provides information demonstrating to the satisfaction of the Company that the Applicant is not an unsatisfactory credit risk though the use of a generally accepted credit scoring methodology. This methodology includes providing positive identification for the last two known addresses, review of data specific to payment history of other utility services, and review of credit history established previously with the Company. The Company will not find that an Applicant is a bad credit risk simply because he does not have a prior credit history.
- b. If an Applicant does not establish credit under the methods outlined above, the Company may require that the Applicant post a cash deposit. The cash deposit is payable during a 90-day period in accordance with Commission regulations. Instead of posting a cash deposit, the Applicant may:
 - i. Furnish a written guarantee from one who can establish credit to the Company's satisfaction that states terms to secure payment. The guarantor shall be responsible for all missed payments owed to the Company.
 - c. The Company may require an existing customer to post a deposit to reestablish credit:
 - i. If the customer has been delinquent in payment of any two consecutive bills or three or more bills within the preceding 12 months, after having notified the customer of its intention in accordance with prevailing Commission regulations.
 - ii. If the customer's service has been terminated and the customer desires reconnection.
 - iii. When a customer fails to comply with a material term or condition of a settlement or payment agreement.
 - d. An existing customer whose service has been terminated and desires a reconnection of service may be permitted to pay any required deposit during a 90-day period in accordance with Commission regulations.

A cash deposit will be required in an amount equal to one-sixth of the Applicant's or customer's estimated annual bill at the time the Company determines that a deposit is required. This estimate shall be based upon prior consumption for like service at the affected premises, wherever available. Should the character or degree of the customer's usage materially change, or if it can clearly be established that either will materially change in the immediate future, the amount of the cash deposit may be adjusted at the request of either the Company or the customer.

All residential deposits shall bear interest at the simple annual interest rate determined by the Secretary of Revenue for interest on the underpayment of tax under section 806 of the act of April 9, 1929 (P.L. 343, No. 176), known as the Fiscal Code, and such interest shall be returned with the deposit.

RULES AND REGULATIONS**3. RULES FOR DEPOSIT (continued)**

The Company may refund or apply to a customer's account any security deposit held, plus accrued interest, under the following conditions:

- i. Upon discontinuance or termination of service.
- ii. When a customer establishes credit pursuant to the Commission's regulations.
- iii. When a customer substitutes a third-party guarantor, as defined in Commission's regulations, but the refund shall not exceed the guarantee.
- iv. After a customer has established a timely payment history. A timely payment history is established when a customer has paid its account balance in full and on time for 12 consecutive months.
- v. At the option of the Company, a cash deposit, including accrued interest, may be refunded in whole or in part at any time earlier than the time stated in i. through iv. above.

The Company shall deduct the outstanding balance on the customer's account from the deposit and return or credit any positive difference to the customer. The customer may direct to whom a refunded deposit, together with accrued interest, shall be paid.

Commercial and Industrial Applicant/Customer

The Company reserves the right to require a deposit or guaranty for all services to be supplied, or an increase in said deposit if there is an increase in the monthly bill for services rendered; also the right to apply such deposit to bills previously incurred by the Applicant under the existing or any previous contract with the Company.

A deposit may be required from an Applicant in an estimated amount equal to twice the average of the three highest monthly bills anticipated during the next 12 months. Such estimate shall be made from the record of services rendered to the same premises during the last 12 months of use, whether by Applicant or a prior occupant of the premises, adjusted to recognize the extent of the proposed use as compared with the use in the past. If there is no prior record of services rendered to the premises, the estimate shall be based upon the purposes for which services will be provided.

All commercial and industrial deposits shall bear interest at the simple annual interest rate determined by the Secretary of Revenue for interest on the underpayment of tax under section 806 of the act of April 9, 1929 (P.L. 343, No. 176), known as the Fiscal Code, and such interest shall be returned with the deposit.

Upon final discontinuance of service and if such cash deposit has not been theretofore refunded, the principal of and interest thereon will be applied against the final bill, or if all bills are paid in full or if the deposit and interest shall be more than sufficient to cover the same, will be refunded to the customer, in whole or in part, as the case may be, by check.

To accommodate the Applicant in case he cannot furnish a cash deposit, a written guaranty of a third person who can establish credit to the Company's satisfaction, including demonstrating that the third-person is the owner of real estate already receiving service from the Company will be accepted, but such form of security is discouraged. To limit the guaranty to the lowest terms consistent with security, such guarantor is required to agree that upon default of the customer, the guarantor will make prompt payment of the charges for services rendered to the customer for a period not exceeding sixty days. In case the guarantor is required to pay, the customer then must either make a cash deposit or secure a renewal of the guaranty in order to have service maintained.

ISSUED:**EFFECTIVE:**

RULES AND REGULATIONS**4. CONNECTIONS FOR SERVICE - EXTENSION OF FACILITIES**

The Applicant hereby undertakes to furnish, be responsible for, and pay the necessary costs of customer-owned service pipe, fixtures, fittings, valves, regulators, and appliances to make the necessary connections between the Company's lines and the place of consumption or the delivery point to the Applicant and keep the same in good repair, in a skillful and workmanlike manner, furnishing at his own expense said materials, and the labor, care, and supervision necessary and proper to safely conduct and burn the gas, but the Applicant shall not otherwise make changes in or interfere with said pipes and appliances and material. The arrangement and location of all piping and appliances (including meters) shall be subject to the approval of the Company, but the Company shall not be responsible in any manner for the selection, installation, maintenance, or use of said pipes and appliances, or for said labor, care, or supervisions, and shall have no duty or obligation with respect to the care, maintenance or supervision of the facilities. To facilitate this process, the Company makes available a manual entitled "Service Line Installation Standards" on its website.

The Company shall make the necessary connections between its curb cock or shutoff valve and the Applicant's service pipe, provide a meter and the necessary fittings, and connect the meter.

The meter and all pipe fittings and appliances furnished by the Company on the premises shall remain the property of the Company, and the Company shall have the right at all reasonable times to enter in and upon the premises to read, maintain, remove, change, replace, inspect, and/or reclaim the meter and associated equipment.

Meters will be installed at the Company's expense only upon request and subject to the following conditions:

- (a) The Company will install one (1) meter per customer service line
- (b) The type, size and location of the meter will be determined by the Company.
- (c) An individual service line shall be required for each unit of a newly constructed structure consisting of modules which can be sold or leased as and function as separate entities, and having within each such unit control of the total gas energy requirements of that unit, including all interior piping. The requirement of one meter per service line shall apply to renovations of existing structures which meet the aforesaid independency requirements and to which gas service has not been provided for a period of at least one (1) year. The requirement of one meter per service line may be waived for other structures. In this latter event, additional meters will be set by the Company, provided the customer shall bear the cost of all additional meter installations and house line alterations, and such cost of service line alterations as shall be permitted by law.
- (d) Outlet piping from the meter shall not pass through space or property that is or could be controlled or owned by an individual or individuals other than the customer.

The Company will extend its facilities to a new point of delivery within its service territory if, in its judgment and consistent with Commission regulations, the service to such new point of delivery will have no adverse effect upon the availability of gas to meet the present and reasonably foreseeable volume and pressure needs of existing customers. The Company may also condition the extension of facilities upon the Applicant's providing a CIAC, the amount of which will be determined by the Company and consistent with any parameters approved or required by the Commission. At the company's discretion, eligible Applicants for an extension may be offered service under Pilot Rate MLX as an alternative to a CIAC.

ISSUED:**EFFECTIVE:**

RULES AND REGULATIONS

4. CONNECTIONS FOR SERVICE - EXTENSION OF FACILITIES (continued)

If the Company requests a CIAC from an Applicant and additional customers are added to the extended facilities financed by the Applicant's CIAC within three years of the date of completion of the facilities, the Applicant who paid the CIAC will be entitled to a pro rata refund during the three-year period immediately following completion of the extension.

Any CIAC, customer advance, or other like amounts received from the customer that constitute taxable income as defined by the Internal Revenue Service may include a gross up for federal income taxes. To the extent that federal taxes are not included in the CIAC, they shall be segregated in a deferred account for inclusion in rate base in a future rate case proceeding.

Where evidence is found that Company facilities or service lines, meters, or other appurtenances on the customer's premises have been tampered with, the customer shall be required to bear all costs incurred by the Company for investigations and inspections, repairs, and for such protective equipment as, in the judgment of the Company, may be necessary. In addition, where the tampering has resulted in improper measurement of the service supplied, the customer shall be required to pay for such natural gas service, including interest at the late-payment charge rate, and all applicable costs and fees associated with collecting such charges based on the Company's estimate, from available information, of the amount of gas used but not registered by the Company's meters.

The customer shall pay the Company for any repairs to or any loss of the Company's property on the premises when such repairs are necessitated, or loss occasioned, by the willful acts or negligence on the part of the customer or failure to comply with the rules and regulations under which service is furnished.

RULES AND REGULATIONS**5. DISCONTINUANCE AND TERMINATION OF SERVICE**

The authorized agents of the Company shall at all reasonable times have free access to the premises of the customer with the right to shut off the gas and remove its property from the premises for any of the following reasons: failure to permit access to meters, service connections or other property of the Company for the purpose of replacement, maintenance, repair or meter reading; nonpayment of any undisputed delinquent bills due for existing or any previous service; tampering with the meter or connections; fraudulent representation in relation to the consumption of gas; removal of Applicant from the premises; selling or delivering gas to other occupants of the premises without application to the Company; failure to make or increase any deposit; failure to provide a guarantee of payment or establish credit; want of supply or waste of gas from customer's lines or appliances; failure to comply with amortization or settlement agreements; and failure to comply with or violation of Tariff Rules and Regulations. However, service may not be discontinued or terminated under any circumstances except under Commission Regulations or PA Statute(s) in effect and applicable at the time of such contemplated discontinuance.

The Company may immediately terminate service for any of the following actions by the customer: unauthorized use of the service delivered on or about the affected dwelling; fraud or material misrepresentation of the customer's identity for the purpose of obtaining service; tampering with meters or other public utility's equipment; or violating tariff provisions on file with the Commission so as to endanger the safety of a person or the integrity of the public utility's delivery system. Upon termination for such reasons, the Company will make a good faith attempt to provide a post termination notice to the customer or a responsible person at the affected premises, and, in the case of a single meter, multiunit dwelling, the Company will conspicuously post the notice at the dwelling, including in common areas when possible.

Unless otherwise authorized by the Commission, after November 30 and before April 1, the Company will not terminate service to residential customers with household incomes at or below 250% of the federal poverty level except for: 1) customers whose actions are grounds for immediate termination, as described above, and 2) any person receiving gas service as a User without Contract. The Company will use financial information from the customer provided within their most recent twelve month period to determine if a customer exceeds the 250% federal poverty level.

The Company may terminate service for nonpayment of billings for service provided under this tariff or for NGS supply charges purchased by the Company under the purchase of receivables provisions set forth in Rate SBS of the Company's Supplier Tariff.

If service is terminated, the same customer, whether an Applicant or customer as defined in the Commission's regulations or PA Statutes, shall pay a reasonable turn-on fee for resumption of service at the same address after termination. The turn-on fee for Residential customers is \$56. This fee is waived for customers at or below 150% of the federal poverty level. The turn-on fee for Commercial customers is \$115. The turn-on fee for Industrial customers shall be an amount equal to the customer charge for each month of the intervening period since service was terminated.

Upon discontinuance or termination of service, the customer or its agent shall be responsible to winterize the premises to withstand winter conditions, which actions may include, but not limited to, draining plumbing systems, adding insulation and alternative heating units. The Company shall not be responsible for any damages resulting from the customer, or its agent, as a result of a failure to winterize the property.

The Company reserves its rights to use any and all remedies at law to collect any outstanding debts, including, but not limited to, filing a Complaint in civil court seeking a judgment of record for the debt, with interest and recovery of court costs, attorneys' fees and other collection expenses incurred in the process.

6. TERMINATION OF CUSTOMER'S CONTRACT

In case a writ of execution shall be issued against a customer, or in case the premises described or referred to in the contract as the place at which gas is to be delivered or consumed, or the personal property upon said premises shall be levied upon under execution, or in case of any acts of assignment, filing of involuntary or voluntary petitions in bankruptcy, or any action in court for the reorganization of any corporation, partnership, or other customer, the contract, at the option of the Company, shall cease and terminate, and all claims for retail or transportation service previously provided or amounts purchased from a NGS through the purchase of receivables provisions set forth in Rate SBS of the Company's Supplier Tariff shall become forthwith due and payable without notice from said Company to the extent permissible under applicable bankruptcy statutes and Commission regulations.

ISSUED:**EFFECTIVE:**

RULES AND REGULATIONS**7. LEAKS AND WASTE**

The customer shall use all due care to prevent a waste of gas. It is the responsibility of the customer to exercise all due care in the detection of defects and leaks, and in case of failure or deficiency of gas, leakage, excess pressure, or other dangerous developments incident to the handling of gas under pressure, the customer agrees to give immediate notice thereof to the Company, and his failure to do so, should loss follow, shall be conclusive evidence of his contributory or comparative negligence.

8. NONLIABILITY OF COMPANY

The Company does not guarantee continuous, regular and uninterrupted supply of service. The Company may, without liability, interrupt or limit the supply of service for the purpose of making repairs, changes, or improvements in any part of its system for the general good of the service or the safety of the public or for the purpose of preventing or limiting any actual or threatened instability or disturbance of the system. The Company is also not liable for any damages due to accident, strike, storm, riot, fire, flood, legal process, state or municipal interference, or any other cause beyond the Company's control.

In all other circumstances, including but not limited to failure to furnish a sufficient supply of gas or failure to transport the customer's gas to the customer, the liability of the Company to customers or other persons for damages, direct or consequential, including damage to equipment and appliances, loss of business, or loss of production caused by any interruption or variation in supply or pressure, or any other failure in the supply of natural gas shall in no event, unless caused by the willful and/or wanton misconduct of the Company, exceed an amount in liquidated damages equivalent to the greater of \$500 or two times the charge to the customer for the service affected during the period in which such interruption or variation in supply or pressure, or any other failure in the supply of natural gas occurs.

The Company makes no warranty as to merchantability or fitness for a particular purpose, express or implied, by operation of law or otherwise. To the extent applicable under the Uniform Commercial Code or on any theory of contract or products liability, the Company limits its liability in accordance with the previous paragraph to any Customer or third party for claims involving and including, but not limited to, strict products liability, breach of contract, and breach of actual or implied warranties of merchantability or fitness for an intended purpose.

For the purposes of this Rule, all pipe, fittings, and appliances, and associated materials/equipment on the customer's side of the curbstop or shutoff valve of the service pipes which connects with the Company's main line are the property and responsibility of the customer, and in no event shall the Company be liable for any injury to person or property arising there from.

9. MEASUREMENT OF GAS

All gas delivered shall be measured by meter. The term "Mcf," as used in the Company's schedule of rates, shall mean 1,000 cubic feet of gas at no more than 8 ounces above an assumed atmospheric pressure of 14.4 pounds at whatever temperature the gas may be during the period of measurement. If gas is supplied from a low-pressure distribution system in which the pressure of the gas is regulated not to exceed 8 ounces, the measurement will be at whatever pressure the gas may be during the period of measurement. If gas is delivered from a high-pressure system, measurement will be corrected to a pressure base of 14.73 psia. If measurement is corrected for temperature, measurement will be corrected to 60°F.

The measurement of gas by meter shall be conclusive on the customer and the Company, excepting that from the time the meter is found to be defective or ceases to register, until the meter is repaired, the gas delivered shall be estimated by the average of another meter, or by the amount delivered by meter during a previous corresponding period under similar conditions. In the event of the customer's dissatisfaction with the registration of the meter, the Company will, upon request, accompanied by the fee specified in the regulations of the Commission, have the same removed, sealed, and tested and results of the test given to the customer upon request. If the meter so tested shall be found to be inaccurate within the limits specified in the regulations of the Commission, the Company shall refund the charge for such test.

10. BILLING AND PAYMENT

No entity providing billing may share or use information concerning individually negotiated rates of a customer, which has been acquired only through the entity's role as a billing agent, with another customer or any third party without the prior written authorization of the Company. The Company shall offer a separate payment option for residential customers to equalize monthly payment amounts.

ISSUED:**EFFECTIVE:**

RULES AND REGULATIONS**10. BILLING AND PAYMENT (continued)**

No entity providing billing may share or use information concerning individually negotiated rates of a customer, which has been acquired only through the entity's role as a billing agent, with another customer or any third party without the prior written authorization of the Company. The Company shall offer a separate payment option for residential customers to equalize monthly payment amounts.

Billing Options

The Company will offer two billing options: (1) the issuance of a bill by the Company which contains the NGS charges; or (2) the issuance of a bill that contains only the Company's charges, in which case the NGS will bill the customer separately for NGS charges. The right of a customer to receive a separate bill from his/her NGS for the NGS' charges is subject to the ability of the NGS to provide a separate bill and the terms under which the NGS may offer to provide a separate bill.

Allocation of Payments

Under billing option (1), the following order for the application of partial payments shall apply to all residential customers and to non-residential customers unless the contract between the non-residential customer and the NGS provides for a different method:

- a. Pre-existing Company balance;
- b. Current Company charges;
- c. NGS charges;
- d. Non-basic service charges (including but not limited to warranty charges);
- e. Hardship energy fund contribution.

Residential and Commercial Customers

Bills will be rendered and be payable once each month. Amounts due for gas services must be made in one of the following formats: cash at a valid payment center, credit card, debit card, atm card, or personal check, business check, or money order issued by a properly licensed financial institution, or other commercially acceptable form of payment as determined by the Company. The Company may read any meter once each month, but ordinarily it will read meters of residential and commercial customers once every two months. As to any customer whose meter is read once every two months, the volumes consumed for the first month of each bimonthly meter reading period shall be determined by estimation, on the basis of the customer's previous service, adjusted for weather conditions, and the volumes consumed for the second month of each bimonthly meter reading period shall be determined by subtracting the first month's estimated volumes from the total actual volumes consumed or delivered for the bimonthly period as shown by the meter. The bill for each month shall be the result of applying to the volumes consumed or delivered, the applicable rates, charges, and penalties (if any) set forth in this tariff.

Upon request, the Company will supply any customer with an option upon which he may record his meter reading at the end of the first month of each bimonthly meter reading period, and if such reading is received by the Company within two days after the close of such billing month, the bill for such month will be computed from the meter reading provided by the customer instead of by estimate. The Company will adjust estimates of bills for changes in conditions of which it has been notified in advance by a customer.

A bill will be rendered to each residential and commercial customer on account of each meter. Bills will be rendered as nearly as possible on the same day of every month and shall be payable upon presentation. The Company reserves the right to reassign customers into a different billing cycle and the timing of the issuance of the monthly bill may be altered. A bill shall be deemed delinquent if it is not paid by the due date. The due date for residential and commercial customers shall be twenty (20) days after the date of mailing the bill unless the Company agrees to an extension. Delinquent residential accounts shall be subject to a late-payment charge of one and one-half percent (1 ½%) per month for bills not paid within five days after the due date. Delinquent commercial accounts shall be subject to a late-payment charge of one and one-half percent (1 ½%) per month. Late-payment charges will be based on delinquent charges for services provided under this tariff or for NGS supply charges purchased by the Company under the purchase of receivables provisions set forth in Rate SBS of the Company's Supplier Tariff. Payment of bills may be made at authorized collection offices or agencies of the Company during the regular business hours thereof. Payment may be deemed to have been made on the date it is received at any such office or, if remittance is made by mail, on the date of the official U.S. Postal Service postmark.

ISSUED:**EFFECTIVE:**

RULES AND REGULATIONS**10. BILLING AND PAYMENT (continued)****Industrial Customers**

Bills will be rendered and be payable once each month. A bill will be rendered to each industrial account. Bills will be rendered as nearly as possible on the same day of every month and shall be payable monthly upon presentation. The Company reserves the right to reassign customers into a different billing cycle and the timing of the issuance of the monthly bill may be altered. An industrial customer's bill shall be deemed delinquent when it remains unpaid after the payment due date specified on the bill. A payment received from a customer owing a previous balance shall be applied first to the previous balance and only after such previous balance has been fully paid shall any balance of the payment be applied to the current bill. Industrial accounts shall be subject to a late-payment charge of two percent (2%) per month if the bill is not paid in its entirety on or before the payment due date specified on the bill, which shall be fifteen (15) days after the date of mailing the bill. Late-payment charges will be based on delinquency charges for services provided under this tariff or for NGS supply charges purchased by the Company under the purchase of receivables provisions set forth in Rate SBS of the Company's Supplier Tariff.

Final Bill

At the time the Company receives a notice, which notice must be received at least seven days in advance, to discontinue service or transfer service from one customer to another, the Company may provide customers with the options to have the Company read the meter, have the disconnecting and reconnecting customer read the meter, or receive an estimated final reading if the Company's actual read parameters have been met in the previous months. The Company will read the meter if the two customer readings are significantly different. The Company will inform the customer that if they elect the customer meter reading and the customer fails to provide the Company with an acceptable reading in a timely manner, the Company may estimate the final meter reading. The Company will make reasonable efforts to obtain actual meter readings: (a) when the Company has insufficient data to estimate the Customer's usage; (b) when, in the case of a transfer of service, disconnect and reconnect orders are executed on different days; and (c) when the customer, at least seven days prior to the disconnect order date, specifically requests that the meter be read. The Company reserves the right to establish a Customer's usage for a final bill whenever the Company is unable to gain access to its meter on the disconnect order date. The Company will accept meter readings from customers for final bills if the customer reading is provided in a timely manner and if, upon review, the Company finds the customer reading to be reasonable and consistent with prior usage levels. Notwithstanding the foregoing, the Company may not discontinue service unless in compliance with the Rules, Regulations or Orders of the Pennsylvania Public Utility Commission pertaining thereto and in effect at the time of such discontinuation.

Dishonored Payment

If the Company receives a negotiable instrument from an Applicant or customer as payment of any bill, charge or deposit due, and if the instrument (including electronic payment) is subsequently dishonored or is uncollectible for any reason, the Company may charge the Applicant or customer a fee of \$25.

11. AUTHORITY OF AGENTS

No agent or employee of the Company has authority to make any promise, agreement, or representation not incorporated in its rules and regulations, and no promise, agreement, or representation shall bind the Company unless in writing, signed by an officer of the Company.

ISSUED:

EFFECTIVE:

RULES AND REGULATIONS**ADDITIONAL RULES FOR RETAIL CUSTOMERS ON LINES
OUTSIDE OF DISTRIBUTION SYSTEMS (RULES 12-14)****12. CONDITIONS UNDER WHICH SERVICE WILL BE RENDERED**

Applications for service from a transmission, gathering, or storage line outside of the Company's distribution system will not be accepted unless such line is being operated in a manner which will permit gas to be served to the Applicant without interference with the Company's operation. Applications will be accepted only with the understanding that the use or manner of use of the Company's line from which gas is to be supplied is not permanent and that service to the Applicant is subject to temporary or absolute change or discontinuance at the sole discretion of the Company which may at any time remove, repair, or change the use or manner of operating said line after having first canceled the service contract with the Applicant by thirty days written notice to him. The customer agrees that the Company shall have the right to discontinue service for any such reason or in accordance with any other published rule or regulation of the Company, and the customer further agrees that during the term of service the Company shall not be liable for any deficiency in the supply of gas caused by the use of compressing stations, breakage of lines, or other causes or for any claim for damages on account of any matters set forth in this paragraph, subject to the terms and conditions of Rule 8 of this tariff. Every Applicant must obtain adequate and suitable written rights-of-way and regulator sites, and permit copies thereof to be made before the Company will make any tap or connection for service or install any regulating apparatus for Applicant.

13. CONNECTION FOR SERVICE AND RESPONSIBILITY THEREFOR

The Company will furnish gas service from a transmission, gathering, or storage line, subject to the conditions of Rule 12, Rule 14, and its other rules and regulations, at the varying pressures at which the line is operated from time to time. The Applicant assumes all risks from variation in pressure, defects in pipe, connections, and appliances, from the escape and leakage of gas, from the sticking of valves and regulators, and from the burning of gas on his premises and like causes incident to the use of gas. The Applicant shall provide at his own expense and risk the necessary service line from the place of consumption or other mutually agreed upon delivery point to a point designated by the Company near the Company's pipe line from which gas is to be supplied for safely conducting the gas from the stop or shutoff valve on the connection which the Company will make with its pipe line to the place of consumption or other mutually agreed upon delivery point.

14. COST OF CONNECTION

The Company will at its own cost tap its line and furnish and lay a service line terminating with a stop or shutoff valve at or near the point designated by it under Rule 13. Connection for service will be made under Rule 4.

SPECIAL RULES APPLICABLE TO INDUSTRIAL CUSTOMERS (RULE 15-16)

All service to industrial customers is made subject to the following special rules. The foregoing rules are also applicable to such service unless inconsistent with the following rules.

ISSUED:

EFFECTIVE:

RULES AND REGULATIONS**15. METERS AND REGULATORS**

All gas delivered to the customer shall be delivered at and measured by a standard meter to be placed by the Company upon the customer's premises or at another delivery point, as determined by the Company. The said meter or meters and any necessary regulators shall be owned by the Company, and the Company shall pay the cost of keeping the meters and regulators in repair; customer will furnish and maintain suitable building or buildings for same but said meters and regulators shall be at all times open to inspection of both the Company and the customer for the purpose of seeing that they are in a condition of good repair. The customer, or owner of the property where the meter is located, shall not construct any structure(s) on, or around the meter, or permit any obstruction that blocks or encumbers access to the meter. In the event a meter is obstructed and the Company is unable to obtain access, the Company may take necessary action to obtain access to the meter and the Company shall not be liable for any damage or loss to the property of the customer or the property owner.

All meters shall be owned by the Company, and said meters and any regulators in connection therewith shall be at all times open to inspection by both the Company and the customer for the purpose of seeing that they are in condition of good repair. The meter providing service to the customer's premises shall be placed on the property located on the premises. Any meter located on property owned by a third-party who is not the customer or the owner of the real property where the premises is located, shall be relocated to an appropriate location that complies with this Rule.

16. RESPONSIBILITY FOR FIRE, EXPLOSIONS, AND FAILURE OF SUPPLY

The Company shall not be responsible for any lines laid beyond the meter; shall not be held liable for any damage or loss to person or property resulting from explosions or fire or from use of gas in the works of the customer; and shall not be liable for failure to furnish a sufficient supply of gas or for failure to transport the customer's gas to the customer for his purpose arising from any cause not the result of the willful and/or wanton misconduct of the Company, subject to the terms and conditions of Rule 8 of this tariff.

17. EMERGENCY CURTAILMENT

This rule has been adopted pursuant to regulations of the Commission set forth at Pa. Code §§59.71 – 59.75 entitled 'Gas Emergency Plans'.

The definitions for terms used in this Rule 17 shall be shown in Appendix A hereto.

An emergency exists whenever the aggregate demand of firm service customers 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-One customers. If this occurs, the Company may require each commercial and industrial customer, who is not a Priority-One customer, to reduce its consumption of gas. 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; however, the authorized volume shall provide only the minimum volume of firm service necessary for the prevention of damage to plant equipment.

When all other service has been curtailed except for Priority-One service and the Company continues to be unable to meet Priority-One 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.

ISSUED:

EFFECTIVE:

RULES AND REGULATIONS**17. EMERGENCY CURTAILMENT (continued)**

The Company will specify in a notice of emergency curtailment the authorized daily consumption until further notice. An emergency curtailment may be made after oral notice to the customer effective when so given and confirmed in writing within 48 hours thereafter.

If a customer exceeds its authorized consumption during a period of emergency curtailment, then a customer shall be subject to penalties as set forth below:

<u>Actual Usage as a Percentage of Emergency Authorized Consumption</u>	<u>Penalty for Excess Takes (in Dollars Per Mcf)</u>
Greater than 103% but not in excess of 110%	10
Greater than 110%	25

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

The number of days of emergency curtailment multiplied by the authorized daily consumption volume shall be the customer's authorized consumption for the emergency curtailment period. The Company will determine actual consumption during the emergency curtailment period by actual measurement at the beginning and end of the emergency curtailment.

Discontinuance of Service and Curtailment

When the evidence available to the Company reasonably indicates that a customer is using gas in violation of this rule or an order of the Commission, the Company will discontinue all service to such customer unless the use causing such violation is discontinued within ten days after written notice from the Company. This provision shall not affect the Company's right or obligation to discontinue service under other provisions of this tariff, the rules and regulations of the Pennsylvania Commission, or for any other lawful right or reason. The Company will inform the Commission of any termination pursuant to this rule.

ISSUED:

EFFECTIVE:

RULES AND REGULATIONS17. EMERGENCY CURTAILMENT (continued)Appendix A to Rule 17DEFINITIONS FOR TERMS USED IN EMERGENCY CURTAILMENT

1. Alternate Fuel: Any fuel other than natural gas.
2. Alternate Fuel Capability: The installed and operable ability to use any fuel other than natural gas on a time sensitive basis.
3. Commercial Use: Gas usage by customers engaged primarily in the sale of goods or services including but not limited to consumption by office buildings, institutions, and governmental agencies.
4. Critical Uses: Gas usage where natural gas is the only feasible form of energy due to its combustion characteristics, controllability, or chemical properties.
5. Essential Human Needs Use: Gas usage by customers for service to any buildings where persons normally dwell, including but not limited to residences, apartment houses, dormitories, hotels, hospitals, and nursing homes.
6. Firm Service: Natural gas service offered to consumers under tariffs or contracts that anticipate no interruption.
7. 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.
8. Interruptible Service: Natural gas services that can be temporarily discontinued under terms and conditions specified by tariff or contract.
9. NGDC: Natural gas distribution company.
10. NGS: Natural gas supplier.
11. Noncritical Use: Gas usage where natural gas is not the only feasible form of energy, that is, where the user has alternate fuel capability.
12. Plant Protection Use: Minimum usage of natural gas required to prevent physical harm to an industrial or commercial consumer's facility, or danger to personnel at the facility when such protection cannot be afforded through the use of an alternate fuel. Plant protection use includes usage necessary for the protection of the material in process as would otherwise be destroyed, but does not include deliveries required to maintain production.
13. Residential Use: Gas usage in a residential dwelling or unit for space heating, air-conditioning, cooking, water heating, or other domestic purposes.

ISSUED:

EFFECTIVE:

RULES AND REGULATIONS**18. PRIORITY OF SERVICE CURTAILMENT**

Upon issuance of an order to initiate priority-based curtailments, the available gas supplies to the Company shall be allocated among its customers in accordance with the priorities of use listed below. Customers in higher priority will not be curtailed until all customers falling into the lower classifications have been completely curtailed; where only partial curtailment of any one classification is required, the implementation of curtailment shall be prorated, to the extent possible under the circumstances, based upon recent consumption data. The ability to curtail a Priority-One customer is not affected by whether the customer pays for standby service under Rate GS-SB. Following are the priority categories and subcategories listed in descending order. Small commercial and industrial customers as described below are those customers that use less than 25,000 Mcf per year. Large commercial and industrial customers as described below are those customers that use 25,000 Mcf per year or more:

1. a. Residential.
1. b. Firm critical commercial essential human needs.
2. a. Firm small commercial requirements, excluding critical essential human needs requirements in category 1., firm large commercial and industrial requirements for plant protection, and operational facilities of electric distribution companies.
- 2.b. Firm small industrial requirements.
- 2.c. Firm large critical commercial and industrial requirements, excluding firm critical commercial essential human needs requirements in category 1 and excluding firm large commercial and industrial requirements for plant protection in category 2.
- 2.d. Firm large noncritical commercial and industrial requirements other than requirements for boiler fuel use.
- 2.e. Firm large noncritical commercial and industrial requirements for boiler fuel use.
- 2.f. Contractually interruptible use.

19. SALES OF GAS FOR RESALE

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

20. SERVICE AGREEMENT & FLEXIBLE RATES

Service agreements for delivery services are not required unless the customer consumes more than 50,000 Mcf per year or has negotiated a delivery rate less than the maximum rate. When a service agreement is required, an agreement for a minimum of one year must be executed by each Applicant as a condition to receiving delivery service, unless the Company agrees to a shorter term. The Service Agreement, when required, shall include but not be limited to: 1) the point(s) at which the Company will receive customer's gas; 2) the points at which the Company will deliver customer's gas to customer's facilities; 3) pressure, maximum and minimum daily volumes and annual delivery service volumes. Delivery of gas will not begin until a Service Agreement is fully executed.

Specific components of a customer's rate may be lowered or waived if such an adjustment is required to meet competition from an alternative fuel source, for economic development purposes, or for service to new facilities. Determination of eligibility for a flexible rate will be made by the Company and execution of a contract by the customer. When the discount is based on competition from an alternative fuel source, the customer will be required to certify the existence of the alternative fuel source. Electricity delivered by an electric distribution company shall not constitute a competitive alternative for purposes of natural gas flex rate eligibility or amount, unless the electric distribution company offers an electric flexed distribution rate to the customer. Prior to flexing distribution charges for distribution service customers, the Company may reduce charges that are for recovery of balancing charges, AVC capacity charges, and/or the retainage percentage applied to the gas received on behalf of the distribution service customer.

ISSUED:**EFFECTIVE:**

RULES AND REGULATIONS**SPECIAL RULES APPLICABLE TO ALTOONA
AND JOHNSTOWN AND VICINITY (Rules 21 and 22)****21. 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 Stony creek, 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.

22. 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 customer shall use all due care to prevent waste of gas. It is the responsibility of the customer to exercise all due care in the detection of leaks and defects in the service pipes, meter, fittings, and stop cocks on the customer'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 customer 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 customer to do so, should loss or injury follow, shall be evidence of the customer's negligence and shall relieve the Company from liability for such loss or injury.

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

For purposes of billing more than one type of service provided by the Company to a customer 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

24. OPERATIONAL FLOW ORDERS

To the extent the Company issues an operational flow order (OFO) pursuant to Rule 4 of its Supplier Tariff, a transportation customer 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 customers.

ISSUED:

EFFECTIVE:

RULES AND REGULATIONS**25. SELECTION OF NGS**

- a. When the Company receives notice that a customer has elected to switch NGSs or to return to the Company's Supplier of Last Resort service, the Company shall initiate the confirmation procedure described herein. Such changes shall coincide with the start of customer's billing cycle.
- b. Customers can obtain information at any time on the ability to select an NGS other than the Company by contacting the Company via letter, phone, e-mail, or by visiting the Company's internet web site. The Company will also periodically mail to customers information on the opportunity to choose an alternate supplier.
- c. Disclosure Requirements: If a customer selects an NGS, the customer should note that the NGS is required pursuant to the Commission's Customer Information Disclosure Guidelines at Docket No. M-00991249F0005, to disclose certain information to the customer, including but not limited to, agreed-upon pricing in the Company's standard pricing unit, conditions of pricing availability, the length of the agreement, cancellation provisions, and the three-day right of rescission.
- d. Selection and Set-up: The customer, or person or entity that is authorized to act on the customer's behalf, should contact their chosen NGS to initiate the request. When a customer, person or entity authorized to act on the customer's behalf contacts the Company with a request, the Company will inform such party to contact the NGS directly. After the Company has received notification from the NGS of the customer's request, the Company shall mail out a confirmation letter to the customer by the end of the next business day after the date the Company receives notification by the NGS of the new customer, asking the customer to notify the Company if information in the confirmation letter is inaccurate. Such confirmation letter shall include the customer's NGS, the applicable billing option, the approximate date when service from the new NGS will begin and the date that the first bill will be mailed, and notification that service may be terminated for failure to pay NGS supply charges. The confirmation letter also shall include the notice of a five (5) day waiting period in which the request may be cancelled by the customer before the change of the NGS takes place. The five (5) day waiting period shall start on the day the confirmation letter is mailed.

Should the Company receive notification from customer within the five (5) calendar days required under the confirmation letter that customer's gas service or gas supply election as described by the NGS is in error, the Company shall so notify the NGS. In case of notification by customer of such error, the Company shall continue billing customer under customer's current billing arrangement. Should the Company receive notification from customer that customer's gas service or gas supply election as described by the NGS is in error, but not receive such notification within the five (5) calendar days period, the Company shall advise the customer to contact the NGS to request cancellation and if requested by customer the Company will treat this as an alleged slamming complaint under Rule 26.

Should the Company receive notification by more than one NGS within a one-month period that the customer has elected said NGS to supply customer's natural gas, the Company shall proceed with the confirmation process using the first NGS which notifies the Company, unless the customer informs the Company such NGS is in error.

RULES AND REGULATIONS**26. COMPLAINT PROCEDURES**

- a. General Complaints - Inquiries and complaints from any customer will be received and processed in a timely manner. Residential customer inquiries and complaints will be handled in conformance with Chapter 56 of the Commission's Rules. When a customer inquiry or complaint relates to services provided by an NGS, the Company will refer the customer to the NGS for a response. If a customer inquiry or complaint involves issues or services provided by both the Company and the customer's NGS, the Company will coordinate the response to the customer inquiry or complaint from both parties. If a customer is dissatisfied with the Company's response, or indicates dissatisfaction with the NGS's response to the customer with respect to the NGS's services, the Company will inform the customer of the right to file an informal appeal with the Bureau of Consumer Services (BCS) at the Commission and provide the customer with the toll-free telephone number and mailing address of the Commission.
- b. Alleged Slamming Complaints – To the extent a customer contacts the Company and alleges that its Supplier has been changed without the customer's consent, the Company shall:
- i. Consider the matter a customer registered dispute;
 - ii. Investigate and respond to the dispute consistent with the requirements found in §§56.151 and 56.152 (relating to utility company dispute procedures) of the Commission's regulations.
 - iii. Within 10 days of notification or mailing of a utility company report, customer may file an informal complaint with BCS at the Commission.
 - iv. Potential Remedies Available to Customer:
 1. If the customer's dispute has been registered within the first two billing periods since the customer should reasonably have known of a change of suppliers and the dispute investigation establishes that the change occurred without the customer's consent, the Company shall return the customer to the previous commodity provider. Further, the customer will not be responsible for any supplier charges rendered during that period and the company responsible for initiating the change of supplier shall issue a complete refund within 30 days of the close of the dispute. The refund or credit provision shall only apply to the supplier.
 2. Further, the BCS or the Commission may direct that a customer who has had a supplier changed without having consented to that change may be switched back to the original supplier for no additional fee. Any charges involved in the switch back to the prior supplier shall be the responsibility of the company that initiated the change without the customer's consent.

In addition to customer-specific remedies, the Commission may, after investigation and decision, assess fines pursuant to Chapter 33 of the Public Utility Code, 66 Pa. C.S. §§3301, et seq., and initiate proceedings to revoke the license of any supplier that demonstrates a pattern of violating the Commission regulations. The Commission may order a particular supplier that has a pattern of violating the Commission regulations to obtain written authorization from every new customer as a condition of providing service in this Commonwealth.

RULES AND REGULATIONS**27. REQUEST FOR INFORMATION**

- a. Upon customer request, the Company shall provide to its residential and small business customers appliance energy efficiency information that is readily available to the Company.
- b. Upon request, the Company shall provide to a residential or small business customer or the customer's designee, historical billing data, to the extent such information is readily available on Company's billing system. Historical billing data shall be conveyed in Mcf, and associated charges for the current billing period, and for the year preceding the current billing period. The initial request per year shall be provided at no charge to customer.

28. RELEASE OF CUSTOMER INFORMATION

- a. The Company shall notify residential and small business customers of its intent to release private customer information before it releases such information to a third party, excluding those instances noted below in paragraph (c). The notification to customer shall provide a convenient method of notifying the Company of the customer's desire to restrict the release of the private information. Customer shall be permitted to restrict information as specified in this section by returning a signed form, orally or electronically. If the customer changes its election on the restriction of the release of information, the customer must inform the Company in a signed form. The Company shall use its best efforts to ensure that any request or a change in request for restricted information be processed in a timely and expeditious manner.

For all other customers, the Company will not disclose customer information to a third party, excluding those instances noted below in paragraph (c), without the consent of the customer.

Nothing herein shall preclude the Company from releasing aggregated customer information or non-private customer information to a third-party.

- b. Residential and small business customers may request that the release of its private information be restricted based on one of the following two restrictions:
 - i. Restrict the release of only the customer's historical billing data in the Company's standard pricing unit, or
 - ii. Restrict the release of all private customer information including name, billing address, service address, rate class, rate sub-class, account number and historical billing data in the Company's standard pricing unit.

If customer does not choose to restrict the release of information based on one of the two restrictions above, then all of the customer's private information may be released to a third party except for the telephone number. Telephone numbers may not be released to third parties under any circumstances.

- iii. Nothing in this section prohibits the Company from performing its mandatory obligations to provide natural gas service as specified in the disclosure statement and in the Public Utility Code.
- c. The Company may release private information to (i) law enforcement officers, as part of a legal process (such as in response to a warrant, subpoena, or grand jury investigation issued by a court or governmental agency); (ii) to contractors providing utility-related services on behalf, of Peoples, but only to the extent necessary to render the service and subject to confidentiality and security obligations; (iii) to governmental agencies with jurisdiction over Peoples, when they require such information; (iv) to a third-party bill payment company, for the sole purpose of facilitating electronic payments to a natural gas account as requested by a customer; (v) to others as required by court order or by applicable laws, rules, or regulations governing Peoples; and (vi) to credit reporting agencies, and to collection agencies (if a natural gas account is assigned for collection).

RULES AND REGULATIONS

28. RELEASE OF CUSTOMER INFORMATION (continued)

- d. The Company will retain Personal Information for as long as is reasonably necessary to meet its business needs and regulatory and compliance obligations.

29. AUTHORIZATION

A customer may identify persons authorized to make changes to the customer's account. To accomplish this, the customer must provide the Company with a signed document identifying, by name, those persons who have the authority to initiate any change to the customer's account, including a change of the customer's NGS.

30. RULES PART OF CONTRACT

These rules (1 to 29, inclusive), insofar as applicable, are hereby made a part of any contract for public utility service provided by the Company.

Contact Information.

A Customer is responsible for providing, and updating when necessary, accurate contact information including telephone number(s), billing address and email addresses, if provided. If a customer's contact information changes and the customer does not timely provide updated contact information, the Customer agrees and understands that the Company shall not be liable for any notices, statements or other communications that are otherwise undeliverable to the Customer.

The Company may use contact information to reach the customer to discuss their natural gas account, to respond to an inquiry that the customer sent to the Company or to keep the customer informed about the services, products and programs offered by the Company, and its affiliates and partners. By providing an e-mail address to the Company, the customer consents to receive communications from the Company electronically. If the customer provides the Company with a cell phone number, the customer expressly agrees that the Company may contact the customer at this number to discuss their natural gas account. The customer also agrees to receive, from the Company and the Company's service providers, calls and messages, including prerecorded messages, calls from automated dialing systems and text messages. Normal cell phone charges may apply.

ISSUED:

EFFECTIVE:

RULES AND REGULATIONS**31. GAS QUALITY**

Unless otherwise agreed to by the Company through separate agreement, gas delivered by a supplier or producer shall not contain more than:

- (a) Seven (7) pounds of water per million cubic feet on an approved dew point apparatus.
- (b) Two (2) percent by volume of carbon dioxide.
- (c) Four (4) percent by volume total inerts including carbon dioxide, nitrogen, argon, and helium provided that total carbon dioxide content shall not exceed two (2) percent by volume.
- (d) Twenty-five hundredths (0.25) grains of hydrogen sulfide per 100 cubic feet.
- (e) Ten (10) grains of total sulfur per 100 cubic feet.
- (f) Two tenths (0.2) percent by volume oxygen.

Gas delivered into the Company's system should be free from oil, water, salt, gum, dust, and other foreign substances that might interfere with the marketability of the gas. Unless otherwise agreed to by the Company, the gas delivered shall contain not less than 967 Btu per cubic foot and shall not exceed 1,100 Btu per cubic foot (as determined by calorimeter test @ 60 degrees Fahrenheit and saturated with water vapor). Gas accepted by the Company that contains less than 967 Btu per cubic foot will be enhanced to ensure that gas delivered by the Company to customers shall meet Commission heating value requirements and the Company may charge for this.

32. OTHER FEES AND SERVICES

The following customer requested services will require a fee as defined below:

Temporary Customer Service Line Installation – If service to a premises would be discontinued due to a customer service line leak and gas service is required to serve essential human needs, the customer or occupant may request the installation of a temporary customer service line. If the Company is able to install such a line, at the occupant's or customer's request, the Company may charge a fee of \$300. The line shall be placed only for a temporary period and the Company reserves the right to identify the temporary period and remove the line if that period is exceeded.

Excess Flow Valve – At the Customer's request, the Company will install an excess flow valve. If the customer requests installation of the excess flow valve and the Company has not scheduled the location for a service line replacement or a new service line, or the customer requests the installation prior to the Company's scheduled installation time, the customer shall be responsible for the cost of the materials and installation to be paid prior to installation.

High Bill Investigation Fee – At the Customer's request, the Company will provide a scheduled visit to the customer's home to conduct an investigation into the usage measured and billed to the Customer for service. If the investigation identifies an error in the measurement of gas used or the customer's income is at or below 150% of the federal poverty level, the fee will be waived. The fee for this service is \$75. This fee is not applicable to foreign load investigations.

ISSUED:**EFFECTIVE:**

RATE RS
RESIDENTIAL SERVICE**AVAILABILITY**

This rate is available to residential customers (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 customers.

RATE TABLE

Customer Charge per meter per month	\$14.50
Delivery Charge per Mcf	\$3.9608

The currently effective gas cost charges under Rider Purchased Gas Cost 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 customer per month. In the event of an emergency curtailment in the delivery of gas by the Company to a customer pursuant to Rule 17, or complete or partial suspension of operation by the customer 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

The Company will assess a late payment charge of 1.50 percent per month when the Company receives the customer's full payment more than five days after the bill's due date. 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 customer's load characteristics.

ISSUED:**EFFECTIVE:**

CUSTOMER ASSISTANCE PROGRAM (CAP)**AVAILABILITY**

Rate CAP is a program designed to enroll residential customers who satisfy the criteria set forth below. Please refer to Peoples' Universal Service and Energy Conservation Plan on file with the PA PUC for a full description of the CAP program terms and conditions. In addition to the terms and conditions in this Tariff, Peoples' Universal Service and Energy Conservation Plan shall govern the provision of service under this rate category

1. Processing and verification by authorized agencies upon referral by the Company's offices, Customer Assistance Referral Evaluation Service (CARES) representatives, other agencies, or BCS.
2. Customer of the Company and using natural gas for space heating.
3. Annual income no greater than 150 percent of the federal poverty level. The Company will accept a customer's participation in an electric CAP program as verification of income, if the Company is satisfied that the electric company verifies income. For payment purposes, the customers will be defined as follows:
 - a. Group A - Customers whose annual income has been verified as being from 0 to 50 percent of poverty.
 - b. Group B - Customers whose annual income has been verified as being from 51 to 100 percent of poverty.
 - c. Group C - Customers whose annual income has been verified as being from 101 to 150 percent of poverty.
4. A customer who meets the eligibility criteria for the Low Income Home Energy Assistance Program (LIHEAP) should complete an application for a LIHEAP grant when available.
5. The company will monitor the usage of CAP customers on an ongoing basis. Any unjustified excess CAP usage or unjustified CAP credit (designed as the difference between the CAP payment amount, including CAP Plus, and the current charges as billed under Rate RS) that exceeds a maximum of \$1,000 per year will be billed to the CAP customer. An increase in CAP usage or annual CAP credit over \$1,000 may be justified if the CAP customer can demonstrate the household has experienced the addition of a family member; a member of the household experienced a serious illness; energy consumption was beyond the ability of the household to control; or the household is located in housing that is or has been condemned or has housing code violations that negatively affect energy consumption. Before responsibility for the excess CAP usage is imposed on the household, the Company shall notify the customer of the grounds for exemption and assure that the customer has received and understands the grounds for exemption.
6. Agreement by customer to apply for any other energy assistance programs, if available, as referred to by the Company.
7. Customers will automatically be enrolled in CAP if:
 - a. the customer has defaulted on a payment arrangement, and
 - b. the customer has received a LIHEAP payment within the past two years.

ISSUED:

EFFECTIVE:

CUSTOMER ASSISTANCE PROGRAM (CAP)**RATE TABLE**

Customers will pay a specified percentage of their monthly income or \$25/month, whichever is greater. The applicable percentage by Group follows:

<u>Group</u> ¹	<u>Percentage</u>
A	8%
B	9%
C	10%

If the customer's monthly CAP payment, as calculated above, exceeds the otherwise applicable monthly budget payment amount, the monthly budget payment amount will be accepted as the CAP payment. The Company will review any customer account where usage exceeds 125% of the customer's annual usage. In cases where the Company determines that the increase in a CAP customer's usage is unjustified, the Company will provide the customer with conservation information, refer the customer to a usage reduction program, and bill the customer for excess usage.

CAP Plus

Effective November 1, 2011, LIHEAP receipts for customers participating in the CAP program for the previous LIHEAP heating season will be divided by the total of (1) current active CAP and E-CAP participants; and (2) the projected average number of CAP and E-CAP participants to be added for the projected quarter to arrive at a calculated CAP Plus amount. The calculated CAP Plus amount, up to a maximum of \$5 per month, will be added to the calculated monthly CAP or E-CAP payment described above for all participating CAP and E-CAP customers.

PAYMENTS TOWARD ARREARAGE

In addition to the customer's obligation under the Rate Table above, the customer also shall make payments of \$2 per month toward any pre-program arrearage.

SURCHARGES

All riders to this tariff, as would otherwise be applicable to Rate RS with the exception of Rider Universal Service.

LATE-PAYMENT CHARGES

No late-payment charges shall be applied to arrearages existing at the time the customer begins receiving service under Rate Schedule CAP. Late-payment charges will not be applied during participation in the CAP program.

1/ Defined under Availability Criteria 3.

ISSUED:

EFFECTIVE:

CUSTOMER ASSISTANCE PROGRAM (CAP)**RULES AND REGULATIONS**

1. Customer must recertify income eligibility annually.
2. If, at any time after acceptance into CAP, a customer's family size or income changes, the customer must notify the Company of the change within 30 days of the change. Failure to do so may result in the Company ending the customer's opportunity to receive service under CAP.
3. If a customer no longer satisfies the criteria set forth under Availability, with the exception of Item 4, the customer will no longer be eligible to receive service under CAP.
4. At the time of application for CAP, the customer will be advised of the importance of timely payments and energy conservation. The CAP screening administrator will review relevant assistance programs and offer help in applying for programs such as weatherization or energy assistance as appropriate. Energy saving tips will be provided and all participants will be advised that usage will be reviewed on an ongoing basis. Unjustified excess CAP usage will be billed to the CAP customer.
5. If a customer fails to allow access to the Company's meter or fails to provide meter readings in four consecutive months, the customer will no longer receive service under CAP.
6. Failure to make payments will result in the Company returning the participant to the regular collection cycle and may lead to termination of service. To avoid termination, the participant must pay the amount set forth in the termination notice prior to the scheduled termination date.
7. A customer whose service has been terminated pursuant to Rule 5 will be required to pay all CAP arrearages prior to reinstatement and will be advised of appropriate energy assistance programs, including LIHEAP, LIHEAP Crisis and Dollar Energy Fund, which are available to assist in restoration of service.
8. Customers who have been dropped from CAP for the reasons outlined above will be subject to normal termination procedures. The customer will receive a communication providing an opportunity to correct the problem before being removed from CAP.

ISSUED:**EFFECTIVE:**

PILOT EXTENDED CUSTOMER ASSISTANCE PROGRAM (E-CAP)

This Rate is established as a Pilot and will close for new participation three years after this rate is approved by the Commission. All provisions of Rate CAP will additionally apply to participants of E-CAP.

AVAILABILITY

Rate E-CAP is a program designed to enroll residential customers who satisfy the criteria set forth below.

- a. Customer of the Company, using natural gas for space heating, who has a significant delinquent balance, broken payment arrangement, termination notice or lack of utility service.
- b. Annual income verified annually as being between 151 and 200 percent of the federal poverty level.
- c. Agreement by customer to apply for any other energy assistance programs, if available, as referred to by the Company and before enrolling in E-CAP.

RATE TABLE

Customers will pay 11% of their monthly income as their E-CAP Payment. If the customer's monthly E-CAP payment exceeds the otherwise applicable monthly budget payment amount, the monthly budget payment amount will be accepted as the E-CAP payment.

CAP Plus

Effective November 1, 2011, LIHEAP receipts for customers participating in the CAP program for the previous LIHEAP heating season will be divided by the total of (1) current active CAP and E-CAP participants; and (2) the projected average number of CAP and E-CAP participants to be added for the projected quarter to arrive at a calculated CAP Plus amount. The calculated CAP Plus amount, up to a maximum of \$5 per month, will be added to the calculated monthly CAP or ECAP payment described above for all participating CAP and E-CAP customers.

PAYMENTS TOWARD ARREARAGE

In addition to the customer's obligation under the Rate Table above, the customer also shall make payments of \$5 per month toward any pre-program arrearage.

SURCHARGES

All riders are applicable to this tariff, as would otherwise be applicable to Rate RS, with the exception of Rider Universal Service.

LATE-PAYMENT CHARGES

No late-payment charges shall be applied to arrearages existing at the time the customer begins receiving service under Rate Schedule E-CAP. Late-payment charges will not be applied during participation in the E-CAP program.

RATE SGS
SMALL GENERAL SERVICE

AVAILABILITY

This rate is available to commercial, industrial, and NGDC customers 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 customers.

For purposes of this Rate SGS schedule, Transitional Industrial customers shall consist of Peoples Division Industrial Ratepayers that took service on the Peoples Division Rate SGS rate schedule as of March 29, 2019. No other customers will be eligible for the Transitional Industrial rates. In addition, Transitional customers will not retain their Transitional status upon any discontinuance of service and will not be able to transfer their Transitional status to any other entity. These transitional customers may switch between rate schedules based upon their usage.

RATE TABLE

Customer Charge per meter per month:

For customers (including Transitional Industrial) with annual consumption less than 500 Mcf	\$20.00
---	---------

For customers (including Transitional Industrial) with annual consumption equal to or greater than 500 Mcf but less than 1,000 Mcf	\$40.00
--	---------

Delivery Charge per Mcf	\$2.7000
-------------------------	----------

Delivery Charge per Mcf – Transitional Industrial customers	\$2.5012
---	----------

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

RATE SGS
SMALL GENERAL SERVICE

MINIMUM MONTHLY BILL

The minimum monthly bill per meter shall be the customer charge per customer per month. In the event of an emergency, curtailment in the delivery of gas by the Company to a customer pursuant to Rule 17, or complete or partial suspension of operation by the customer 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 for commercial customers and 2.00 percent per month for industrial customers 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.

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 customer's load characteristics.

ISSUED:

EFFECTIVE:

RATE MGS
MEDIUM GENERAL SERVICE**AVAILABILITY**

This rate is available to commercial, industrial, and NGDC customers 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 customer 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 customers.

For purposes of this Rate MGS schedule, Transitional Industrial customers shall consist of Peoples Division Industrial Ratepayers that took service on the Peoples Division Rate MGS rate schedule as of March 29, 2019. No other customers will be eligible for the Transitional Industrial rates. In addition, Transitional customers will not retain their Transitional status upon any discontinuance of service and will not be able to transfer their Transitional status to any other entity. These transitional customers may switch between rate schedules based upon their usage.

RATE TABLE

Customer Charge per meter per month:

For customers (including Transitional Industrial) with annual consumption equal to or greater than 1,000 Mcf but less than 2,500 Mcf	\$85.00
For customers (including Transitional Industrial) with annual consumption equal to or greater than 2,500 Mcf but less than 25,000 Mcf	\$130.00
Delivery Charge per Mcf	\$2.6914
Delivery Charge per Mcf – Transitional Industrial customers	\$2.2663

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

ISSUED:**EFFECTIVE:**

RATE MGS
MEDIUM GENERAL SERVICE

MINIMUM MONTHLY BILL

The minimum monthly bill per meter shall be the customer charge per customer per month. In the event of an emergency curtailment in the delivery of gas by the Company to a customer pursuant to Rule 17, or complete or partial suspension of operation by the customer 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 for commercial customers and 2.00 percent per month for industrial customers 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.

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 this charge may be waived is if the Company determines that such meters have been installed principally and primarily for the Company's convenience and not due to the load characteristics of the customer.

ISSUED:

EFFECTIVE:

RATE LGS
LARGE GENERAL SERVICE

AVAILABILITY

This rate is available to commercial, industrial, and NGDC customers 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 customer 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 customers.

For purposes of this Rate LGS schedule, Transitional Industrial customers shall consist of Peoples Division Industrial Ratepayers that took service on the Peoples Division Rate LGS rate schedule as of March 29, 2019. No other customers will be eligible for the Transitional Industrial rates. In addition, Transitional customers will not retain their Transitional status upon any discontinuance of service and will not be able to transfer their Transitional status to any other entity. These transitional customers may switch between rate schedules based upon their usage.

RATE TABLE

Customer Charge per meter per month:

For customers (including Transitional Industrial) with annual consumption equal to or greater than 25,000 Mcf but less than 50,000 Mcf	\$575.00
For customers (including Transitional Industrial) with annual consumption equal to or greater than 50,000 Mcf but less than 100,000 Mcf	\$750.00
For customers (including Transitional Industrial) with annual consumption equal to or greater than 100,000 Mcf but less than 200,000 Mcf	\$1,400.00
For customers (including Transitional Industrial) with annual consumption equal to or greater than 200,000 Mcf	\$1,600.00

Delivery Charge per Mcf

For customers with annual consumption equal to or greater than 25,000 Mcf but less than 50,000 Mcf	\$2.6411
For customers with annual consumption equal to or greater than 50,000 Mcf but less than 100,000 Mcf	\$2.5773
For customers with annual consumption equal to or greater than 100,000 Mcf but less than 200,000 Mcf	\$2.5694
For customers with annual consumption equal to or greater than 200,000 Mcf but less than 750,000 Mcf	\$2.4999
For customers with annual consumption equal to or greater than 750,000 Mcf but less than 2,000,000 Mcf	\$2.1327
For customers with annual consumption equal to or greater than 2,000,000 Mcf	\$1.6445

Transitional Industrial Delivery Charge per Mcf

For customers with annual consumption equal to or greater than 25,000 Mcf but less than 50,000 Mcf	\$2.1931
For customers with annual consumption equal to or greater than 50,000 Mcf but less than 100,000 Mcf	\$2.1583
For customers with annual consumption equal to or greater than 100,000 Mcf but less than 200,000 Mcf	\$2.1395
For customers with annual consumption equal to or greater than 200,000 Mcf but less than 750,000 Mcf	\$2.0535
For customers with annual consumption equal to or greater than 750,000 Mcf but less than 2,000,000 Mcf	\$1.7553
For customers with annual consumption equal to or greater than 2,000,000 Mcf	\$1.6445

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

ISSUED:**EFFECTIVE:**

RATE LGS
LARGE GENERAL SERVICE

MINIMUM MONTHLY BILL

The minimum monthly bill per meter shall be the customer charge per customer per month. In the event of an emergency curtailment in the delivery of gas by the Company to a customer pursuant to Rule 17, or complete or partial suspension of operation by the customer 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 for commercial and NGDC customers and 2.00 percent per month for industrial customers 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.

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 this charge may be waived is if the Company determines that such meters have been installed principally and primarily for the Company's convenience and not due to the load characteristics of the customer.

ISSUED:

EFFECTIVE:

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 customers 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 customer under this rate schedule. The customer is responsible for paying the Company's bill unless the Company agrees to receive payment from a third party.
- (2) Any customer consuming less than 500 Mcf per year who wishes to acquire transportation service may do so as long as the customer 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 customer is a customer 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 customer 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 customer each month. Only one bill will be issued each month to a single-entity customer.
- (4) The customer will pay for any investment costs required to receive the customer'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 customer(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 customer 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 customer.
- (7) Unless otherwise agreed to by the customer and the Company, the customer or its NGS is responsible for all arrangements required to acquire and to deliver the customer's natural gas to the receipt points set forth in the Transportation Agreement.
- (8) On those days when the transportation gas of an individual industrial customer 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 customer 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 customers without exceeding its pipeline contract level, then the Company may declare an "upset day."

On an upset day, those customers 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 customer's behalf on that day; and

ISSUED:**EFFECTIVE:**

RATE GS-T
GENERAL SERVICE - TRANSPORTATION

RULES AND DELIVERY TERMS (Continued)

- 2) All standby volumes contracted for the month by the customer.

Transportation customers 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 customer. After contact is attempted by the Company with the three persons designated by the customer, 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 customers.
- a. Available System Capacity for Transportation Service: Capacity for the transportation of customer-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 customers, 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.
 - 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 customer-owned gas or is available but restricted, the Company will provide its transportation customer or the customer'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 customers without regard to the sources of the customers' 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 customer learns of any disruption or interruption in its supply of gas, the customer 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." A customer's gas received by the Company in Btus will be converted to Mcf using the current applicable conversion factor as determined annually in the Company's 1307(f) proceeding.
- (12) The Company shall retain 6.6 percent of the total volume of gas received into its system on behalf of all customers 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:

ISSUED:**EFFECTIVE:**

RATE GS-T
GENERAL SERVICE - TRANSPORTATION

RULES AND DELIVERY TERMS (Continued)

- 1) If customer can obtain alternate transportation service via direct bypass;
- 2) If customer receives transportation service through Company-owned facilities which do not produce the retainage percentage set forth in this rate schedule;
- 3) If customer has a competitive offer from a non-PUC-jurisdictional entity;
- 4) If customer can demonstrate economic development or job retention considerations are present; or
- 5) If customer 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) Customer-owned locally produced gas received into the Company's system will be available as nominated by the customer 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 made in the first month available.

(14) Monthly Balancing Provisions Applicable to Rate GS-T Customers Not Served by a Pool

The Company will bank for one month following the month that the customer's gas is available for the customer's use, up to 3.5 percent of the volumes delivered on the customer's behalf (net of the payback of advanced gas). Banked gas shall precede current deliveries of gas through the customer's meter during the month following the banking period.

The Company will balance customer's daily deliveries with customer's actual daily consumption during the month. The Company will advance up to 3.5 percent of the volumes received on the customer's behalf in any month. The first gas received on the customer's behalf in the succeeding month will be deemed the payback of advanced gas. Any difference between the customer's consumption and deliveries shall be subject to the following charges:

Negative Monthly Imbalance - A negative imbalance fee will be assessed on consumption by the customer in excess of gas deliveries plus gas advanced and any contracted for standby service. The negative imbalance volume will be sold by the Company at the highest Midpoint price published in Platts, Gas Daily publication, under the heading Appalachia, Dominion, South Point for the month multiplied by 120%. Volumes sold by the Company are subject to applicable taxes.

Positive Monthly Imbalance - If the customer fails to use at least 96.5 percent of the volumes delivered to the Company on customer'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 customer. The positive imbalance volume will be purchased by the Company at the lowest Midpoint price published in Platts, Gas Daily publication, under the heading Appalachia, Dominion, South Point for the month multiplied by 85%.

ISSUED:**EFFECTIVE:**

RATE GS-T
GENERAL SERVICE - TRANSPORTATION

RULES AND DELIVERY TERMS (Continued)

A balancing charge will be assessed against each Mcf of gas transported at \$0.3848 per Mcf for small and medium general service customers and \$0.0812 per Mcf for large general service customers. This rate will be recalculated in each of the Company's annual 1307(f) gas cost proceedings.

The balancing charge will not be assessed if (1) the customer is already paying the standby charge under Rate Schedule GS-SB on the same volumes or (2) if the customer or pool can match its supply and actual consumption on a daily basis in a manner satisfactory to the Company.

- (15) Backup service is available to customers under this rate schedule only under Rate GS-SB, unless the customer 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 customer 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 customer's expense, as a condition of continuation of service under this rate schedule.
- (17) When the customer purchasing service under this rate is using natural gas for generating power or steam for use by third parties, customer and the Company may require a separate (operating) agreement by which the customer and the Company will agree to, among other things, set limits on hourly or daily consumption; require provision of notice of customer'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 customer's planned consumption, whether through transportation or retail service; establish penalties for failure of customer to adhere to agreed-upon usage levels or to interrupt consumption as agreed upon by the parties; agree upon the availability of retail service; and establish and impose any other rules or restrictions necessary to ensure reliable service for all customers.
- (18) The Company will from time to time make pipeline capacity available for release to transportation customers. Each release transaction will be made in accordance with and subject to applicable pipeline tariff requirements and necessary regulatory requirements.

ISSUED:**EFFECTIVE:**

RATE GS-T
GENERAL SERVICE - TRANSPORTATION

RATE TABLE

Customer Charge - The Company shall determine the annual consumption of each General Service customer in order to assess the appropriate customer charge.

\$14.50	Customer Charge per month per meter for all Residential customers.
\$20.00	Customer Charge per month per meter for all NGDC customers consuming less than 500 Mcf annually.
\$40.00	Customer Charge per month per meter for NGDC customers with annual consumption equal to or greater than 500 Mcf but less than 1,000 Mcf.
\$85.00	Customer Charge per month per meter for NGDC customers with annual consumption equal to or greater than 1,000 Mcf but less than 2,500 Mcf.
\$130.00	Customer Charge per month per meter for NGDC customers with annual consumption equal to or greater than 2,500 Mcf but less than 25,000 Mcf.
\$575.00	Customer Charge per month per meter for NGDC customers with annual consumption equal to or greater than 25,000 Mcf but less than 50,000 Mcf.
\$750.00	Customer Charge per month per meter for NGDC customers with annual consumption equal to or greater than 50,000 but less than 100,000 Mcf
\$1,400.00	Customer Charge per month per meter for NGDC customers with annual consumption equal to or greater than 100,000 Mcf but less than 200,000 Mcf.
\$1,600.00	Customer Charge per month per meter for NGDC customers with annual consumption greater than 200,000 Mcf annually.

ISSUED:

EFFECTIVE:

RATE GS-T
GENERAL SERVICE - TRANSPORTATION

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

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

For Residential Service Customers	\$3.9608
For Small General Service Customers	\$2.7000
For Medium General Service Customers	\$2.6914
For Large General Service Customers with annual consumption greater than 25,000 Mcf but less than 50,000 Mcf	\$2.6411
For Large General Service Customers with annual consumption greater than 50,000 Mcf. but less than 100,000 Mcf	\$2.5773
For Large General Service Customers with annual consumption greater than 100,000 Mcf. but less than 200,000 Mcf	\$2.5694
For Large General Service Customers with annual consumption greater than 200,000 Mcf. but less than 750,000 Mcf	\$2.4999
For Large General Service Customers with annual consumption greater than 750,000 Mcf. but less than 2,000,000 Mcf	\$2.1327
For Large General Service Customers with annual consumption greater than 2,000,000 Mcf	\$1.6445

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

For Large General Service Customers with annual consumption greater than 25,000 Mcf. but less than 50,000 Mcf	\$2.1931
For Large General Service Customers with annual consumption greater than 50,000 Mcf. but less than 100,000 Mcf	\$2.1583
For Large General Service Customers with annual consumption greater than 100,000 Mcf. but less than 200,000 Mcf	\$2.1395
For Large General Service Customers with annual consumption greater than 200,000 Mcf. but less than 750,000 Mcf	\$2.0535
For Large General Service Customers with annual consumption greater than 750,000 Mcf. but less than 2,000,000 Mcf	\$1.7553
For Large General Service Customers with annual consumption greater than 2,000,000 Mcf	\$1.6445

ISSUED:

EFFECTIVE:

RATE GS-T
GENERAL SERVICE – TRANSPORTATION

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

The currently effective gas cost charges under Rider Purchased Gas Costs 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 customers 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 customers and 1.50 percent per month for commercial and NGDC customers 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.

ISSUED:

EFFECTIVE:

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 customers is threatened. Under this circumstance, the transportation customer must agree to sell its gas supply to the Company at either the customer's city gate price or at the Company's average gas cost contained in the prevailing 1307(f) rate applicable to that class of customer, whichever is greater, to be used to supply the needs of Priority-One customers.

LIABILITY

1. The Company shall not be liable for disruption of service under this rate or loss of gas of the customer as a result of any steps taken to comply with any law, regulation, or order of any governmental agency with jurisdiction to regulate, allocate, or control gas supplies or the 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 customer while transported and delivered by the Company. The customer shall be responsible for maintaining all insurance it deems necessary to protect its property interest in such gas before, during, and after receipt by the Company.
3. The Company shall not be liable for any loss to the customer 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 customer with that of other suppliers and customers.
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 customer 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 customer, other than an NGDC, the Company will act as its agent for arranging transportation of customer-owned gas by an interstate pipeline(s). The Company will bill the customer the applicable pipeline tariff rate(s) for any interstate transportation billed to the Company in its role as customer's agent for arranging interstate transportation.

ACCESS TO STORAGE SERVICE

The Company shall provide Non-Priority One customers 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 customers 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 customer agree otherwise, Company shall not release more than 1/12th of the customer's annual usage. The Company shall assign and release such capacity to Non-Priority One customers 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 customer 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 customer or supplier for these pipeline capacity charges.

ISSUED:**EFFECTIVE:**

RATE GS-SB
GENERAL SERVICE - STANDBY**AVAILABILITY**

This service is available to transportation service customers served under Rate GS-T and/or customers who need or use the Company as backup service to service from an alternate supplier.

RULES AND DELIVERY TERMSPriority-One Transportation Customers

Priority One customers must pay for standby service through a transportation standby charge applicable to all volumes transported under Rate Schedule GS-T. Backup service for Priority-One customers shall be provided pursuant to the applicable retail rate schedules.

Non-Priority-One Transportation Customers

The customer may execute a Standby Contract for a specified monthly volume. The term of the Standby Contract will be a minimum period of not less than one year. Customers that execute a Standby Contract will pay for standby service through a capacity charge applicable to contracted for monthly volumes and through a standby commodity charge applicable to all standby volumes actually purchased under Rate Schedule GS-SB.

Back-up Standby Service

If a customer is using the Company as back-up service to service from an alternative supplier, the Company shall charge the customer the standby service fees set forth in the rate table below. The Company reserves the right to determine when and the level to which a customer is using the Company as a backup supplier. In situations where the alternative supply is from local well production and before the Company provides backup standby service under the terms of this rate schedule, the Company shall have the right to inspect the pipeline and related facilities of the customer and require that the customer install, at its own expense, any necessary equipment to protect the integrity and safe operation of the Company's system.

RATE TABLECapacity Charges Applicable under the Rate Schedule:

RS Capacity Charge per Mcf	\$0.9953
SGS Capacity Charge per Mcf	\$0.9953
MGS Capacity Charge per Mcf	\$0.9953
LGS Capacity Charge per Mcf	\$0.9953

Standby Charges for Priority One Transportation Customers

For customers that pay the capacity charge, the Company may release pipeline capacity, the terms of which will be pursuant to the capacity-release terms of the Company's Supplier tariff and this rate schedule.

Priority-One customers who take service under this rate schedule, or their agents, must take assignment of a pro-rata or other agreed upon share of the pipeline and storage capacity and Pennsylvania produced gas supplies ("assigned capacity") that would otherwise be utilized by the Company to meet the customer's service requirements. Assigned capacity shall be subject to recall pursuant to the conditions described in the Company's Supplier Tariff, in which case the Company will provide for the delivery of necessary gas supplies pursuant to the terms of this rate schedule. More specific terms with respect to capacity assignment requirements may be set forth in the Company's Supplier Tariff and in its contracts with Priority One NGSS. However, such additional terms with respect to capacity assignment requirements shall be subject to review in the Company's annual Section 1307(f) proceeding.

ISSUED:**EFFECTIVE:**

RATE GS-SB
GENERAL SERVICE - STANDBY

RATE TABLEStandby Charges For Non Priority One Customers With a Standby Contract

Standby volumes delivered to the customer will be billed at the applicable supplier of last resort rates, excluding the pipeline demand component that has been paid through the capacity charge up to the contracted for monthly volumes in the standby contract. Volumes consumed in excess of contracted for volumes will be billed using the imbalance fee formula shown in Rate GS-T, paragraph 13, plus applicable taxes.

Customers Using The Company as a Back-up Supplier

Any customer using the Company as back-up service to service from an alternative supplier shall be subject to the charges set forth below. The following charges shall be assessed in lieu of any other standby charges applicable under this rate schedule.

Monthly Capacity Charge – In order to recover demand related purchased gas costs incurred by the Company, the customer shall be charged a monthly capacity charge equal to the customer's projected annual natural gas usage divided by twelve and multiplied by the capacity charges set forth above in this Rate Table. The projected annual natural gas usage shall reflect the estimated volumes assuming that all of the customer's natural gas consumption is served by the Company. The Company may waive this fee if the customer is receiving gas supplies from a NGS and the customer can demonstrate that its NGS has agreed to serve its peak day usage requirements. This charge will be assessed instead of the Capacity Charge applicable under other rate schedules.

Standby Customer Charge – In order to recover the fixed non-purchased gas charges incurred by the Company, the customer shall be charged a standby customer charge on a monthly basis. The standby customer charge shall be the monthly Customer Charge otherwise applicable under other rate schedules.

SURCHARGES - All applicable riders to this tariff.

LATE-PAYMENT CHARGE

A late-payment charge of 1.50 percent per month for residential customers 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 1.50 percent per month for commercial and NGDC customers and 2.00 percent for industrial customers will be made 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.

ISSUED:

EFFECTIVE:

THIS PAGE INTENTIONALLY LEFT BLANK

ISSUED:

EFFECTIVE:

RATE NGPV

NATURAL GAS POWERED VEHICLES

AVAILABILITY

This rate schedule applies to use of natural gas retail or transportation service as a motor vehicle fuel to the operator of a public fueling station.

RULES AND DELIVERY TERMS

If transportation service is provided hereunder, the applicable rules and delivery terms under rate schedule GS-T apply.

RATES

Retail or Transportation service provided to an operator of a public fueling station, shall be made pursuant to a contract for service under this rate schedule. The contract may provide for a negotiated customer charge and either a fixed commodity charge or a methodology for determining the commodity charge.

If retail service is provided hereunder, the negotiated rate shall be no lower than the Company's average cost of gas, as determined from the Company's Section 1307(f) gas cost calculation. Any gas cost revenue collected as a result of providing retail service under this rate schedule will be reflected in the Company's 1307(f) mechanism.

Gas purchased under this rate schedule shall be separately metered and not used interchangeable with gas purchased under any other schedule.

SURCHARGES

All applicable riders to this tariff.

LATE PAYMENT CHARGE

A late-payment charge of 1.50 percent 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.

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.

ISSUED:

EFFECTIVE:

RATE APPALACHIAN GATHERING SERVICE

AVAILABILITY

Service under this rate schedule is available to any party desiring to transport gas through the gathering system, as well as to deliver gas directly into the Company's distribution and transmission system, provided that:

(1) a Master Interconnect and Measurement Agreement ("MIMA") has been executed between the Company and the party; and

(2) the party is in compliance the MIMA, the provisions of this Rate Schedule and with all other provisions of this Tariff.

RATES

The gathering rate is \$0.26 per Mcf, plus applicable retainage.

If a conventional producer adds incremental conventional production to the Peoples' system, that producer's incremental production shall qualify for a reduced Rate AGS fee equal to 50% of the effective monthly Rate AGS fee.

Incremental conventional production is any conventional production that is not connected to the Company's facilities as of June 15, 2019 and shall not include any existing production delivered to Peoples' system and subsequently acquired by the producer from any other producer. Incremental conventional production shall also include increased production volumes from existing conventional wells as a result of well stimulation or similar actions. The level of incremental production volumes from existing wells shall be determined by the Company based on supporting information provided to the Company by the producer.

Gathering of natural gas from unconventional sources, including but not limited to, horizontally drilled Marcellus and Utica shale gas and landfill gas, shall be negotiated and agreed to within the MIMA.

TERM

The terms for gathering service shall be a set forth in the MIMA.

CHARACTER OF SERVICE

The Company's only obligation under this Rate Schedule shall be to receive gas from any gathering receipt point and to permit that gas to flow against the existing pressure in the Company's facilities. Peoples shall not be obligated to lower such line pressure by compression or otherwise to accommodate receipts from local Appalachian producers under this Rate Schedule.

Service under this Rate Schedule shall be subject to Operational Flow Orders pursuant to Item 24 of the Rules and Regulations of this Tariff. Nothing in this Rate Schedule shall limit the Company's right to interrupt service or to take other action as may be required to alleviate conditions, which threaten the integrity of its system.

* The applicable retainage rate is 2.0% for conventional production and is negotiable for unconventional production.

ISSUED:

EFFECTIVE:

RATE GL - GAS LIGHTS

APPLICABILITY

This rate shall be applicable throughout the territory served by the Company.

AVAILABILITY

Available for any gas lighting where the gas is not measured by meter.

USAGE

Consumption per light will be assumed at:

Residential 1.8 Mcf/Month
Commercial and Industrial 2.8 Mcf/Month

These volumes will be billed monthly under the customer's otherwise applicable rate schedule.

SURCHARGES AND RIDERS

Customers served under this rate schedule are subject to Rider Distribution System Improvement Charge (DSIC) except that the DSIC rate may be reduced or eliminated for any customer with competitive alternatives or negotiated contracts.

SPECIAL TERMS AND CONDITIONS

Gas will be supplied only to lamps furnished, erected, and maintained by the customer and equipped with devices satisfactory to the Company. Consumption and billing will be assumed to be continuous until customer notifies Company that gas light(s) has been permanently shut off and Company verifies to its satisfaction that service has been disconnected. Company may require gas lights to be metered except in instances where it is not economically feasible or is otherwise impractical, to be determined solely at the discretion of the Company.

ISSUED:

EFFECTIVE:

THIS PAGE INTENTIONALLY LEFT BLANK

RATE CER
COMPETITIVE ENERGY RATE

AVAILABILITY

This Rate Schedule CER - Competitive Energy Rate is a firm service available in the Company's sole discretion to residential, commercial, and industrial customers who would not request service from the Company but for the availability of service under this rate and whose competitive options are not solely limited to other NGDCs.

RULES AND DELIVERY TERMS

Any qualified customer taking service under this Rate Schedule shall do so by agreement.

The agreement shall set forth the percentage of consumption to be made available under this rate schedule. Volumes taken by the customer in excess of the percentage specific on this contract shall be billed at applicable retail rates.

The magnitude of service hereunder shall not exceed that service replaced or subject to replacement.

RATE

The rate will be negotiated between the customer and the Company and may be subject to periodic redetermination. The negotiated rate shall be no lower than the Company's commodity cost of gas at the time the contract is negotiated, as determined from the Company's Section 1307(f) gas cost calculation.

SURCHARGES

All applicable riders to this tariff.

LATE-PAYMENT CHARGE

A late-payment charge of 2 percent per month for industrial customers and 1.50 percent for commercial customers will be made for failure to make payment in full, for all charges billed by the Company, by the due date shown on the bill. A late-payment charge of 1.50 percent per month for residential customers will be made for failure to make payment in full 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.

ISSUED:

EFFECTIVE:

RIDER
STATE TAX SURCHARGE

There shall be added to gas bills rendered by the utility for retail gas service a surcharge of (0.00)% percent applied to the delivery charge under all rate schedules served by this tariff to reflect changes and new taxes imposed by the General Assembly.

The utility will recompute this surcharge whenever any of the tax rates used in calculation of the surcharge are changed. Any recomputation of this surcharge will be submitted to the Commission within ten days after the occurrence of the event or date which occasions such computation. If the recomputed surcharge is less than the one then in effect, the utility will, and if the recomputed surcharge is more than the one then in effect, the utility may, accompany such recomputation with a tariff or supplement to reflect such recomputed surcharge, the effective date of which shall be ten days after filing.

ISSUED:

EFFECTIVE:

RIDER
PURCHASED GAS COST (1307(f) RATES)

COMPUTATION OF PURCHASED GAS COSTS

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

$$\text{Demand} = \frac{\text{DC} - \text{B} - \text{DOU}}{\text{S} + \text{P1AC} + \text{SBC}}$$

$$\text{Commodity} = \frac{\text{CC} - \text{R}}{\text{S} + \text{SBR}}$$

$$\text{Over/Under Collection} = \frac{\text{E}}{\text{S} + \text{SBR} + \text{MR}}$$

$$\text{AVC Capacity} = \frac{\text{AVC} - \text{AVCOU}}{\text{S} + \text{P1AC} + \text{NP1}}$$

(For definitions of "AVC", "DC", "CC", "E", "S", "SBC", "NP1", "P1AC", "R", "B", and "DOU" refer to Section below 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	\$0.9953	(\$0.0372)	\$3.8865	\$0.6225
Rate SGS	\$0.9953	(\$0.0372)	\$3.8865	\$0.5745
Rate MGS	\$0.9953	(\$0.0372)	\$3.8865	\$0.3750
Rate LGS	\$0.9953	(\$0.0372)	\$3.8865	\$0.2151

TRANSPORTATION P1 Rate Schedule	Capacity Charge	AVC Capacity Charge 1/
GS-T Residential	\$0.9953	\$0.6225
GS-T Commercial SGS	\$0.9953	\$0.5745
GS-T Commercial MGS	\$0.9953	\$0.3750
GS-T Commercial LGS	\$0.9953	\$0.2151

TRANSPORTATION NP1 Rate Schedule	AVC Capacity Charge 1/
GS-T Commercial SGS	\$0.5745
GS-T Industrial SGS	\$0.5745
GS-T Commercial MGS	\$0.3750
GS-T Industrial MGS	\$0.3750
GS-T Commercial LGS	\$0.2151
GS-T Industrial LGS	\$0.2151

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.

ISSUED:

EFFECTIVE:

RIDER
PURCHASED GAS COST (1307(f) RATES)**DEFINITIONS**

- "AVC": The projected capacity costs associated with the Allegheny Valley Connector Interstate Pipeline System.
- "AVCOU": Experienced net overcollection or undercollection of the AVC Capacity costs.
- "DC": The projected demand or capacity cost of purchased gas (excluding AVC Capacity Charges).
- "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
- "E": Experienced net overcollection or undercollection of the commodity cost of purchased gas¹.
- "S": Projected retail sales in Mcf during the application period.
- "NP1": Projected volumes in Mcf for NP-1 transportation customers and any customer served by a NP-1 Supplier.
- "P1AC": Projected volumes in Mcf for P-1 transportation customers who are assigned capacity.
- "SBC": Projected contracted standby volumes in Mcf by NP-1 transportation customers.
- "SBR": Projected retail commodity standby volumes in Mcf.
- "R": Shared (savings) or costs for demand charge recovery from the capacity-release program.
- "B": Balancing recovery.
- "MR": Projected transportation volumes, in Mcf.
- "Projected": 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.

ISSUED:**EFFECTIVE:**

RIDER
AVC CAPACITY CHARGE

The AVC Capacity Charge is applicable to all customers 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 customers 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 customers 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 an annual basis in conjunction with the other Rider Purchase Gas costs and reported on as applicable in the annual filing 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.

ISSUED:

EFFECTIVE:

RIDER
AVC CAPACITY CHARGE

DISCOUNTED RATE CUSTOMERS

Upon Commission approval and implementation of the AVC Capacity Charge, all customers 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.

Rate Class	Initial AVC Charge
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.

ISSUED:

EFFECTIVE:

RIDER
TRANSITION COST RECOVERY MECHANISM

1. This Rider establishes a mechanism for the recovery of nongas transition costs from the Company's customers, except to the extent that a customer uses transportation service under Rate GS-T for the delivery of gas transported solely on intrastate pipeline facilities. Nongas transition costs are defined as pipeline gas supply realignment costs and stranded costs.
2. For purposes of nongas transition costs recovery, the Company will assign its recoverable transition costs and any reconciliations of transition costs between two groups of customers--those customers whom the Company designates as "competitive" and those customers whom the Company designates as "noncompetitive." For purposes of this recovery mechanism, competitive customers shall include all customers to whom the Company charges less than its maximum tariffed retail or transportation rates in order to gain or maintain the customers' patronage in the face of competitive pressures. For purposes of this recovery mechanism, noncompetitive customers shall include all of the Company's customers who are not competitive.
3. The assignment of nongas transition cost responsibility to the Company's competitive customers shall be equal to that portion of the revenues that those customers contribute under the Company's program for the release of firm transportation pipeline capacity as set forth in this tariff, and that is designated, either through prearrangement or open bidding, as "transition costs." Notwithstanding the foregoing, the Company may charge a volumetric surcharge to competitive customers. Any additional recovery from competitive customers shall be credited against the nongas transition costs allocated to the Company's noncompetitive customers. The assignment of transition cost responsibility to the Company's noncompetitive customers shall be equal to the difference between the Company's total nongas transition cost liability and the amount of that liability that is allocated to competitive customers.
4. A surcharge for the recovery of nongas transition costs from noncompetitive customers will be recalculated every three months, with the recalculations to be effective on or around January 1, April 1, July 1, and October 1 of each year. The Company will file the January 1, April 1, and July 1 recalculations on one day's notice to the Commission, and these filings are referred to in this rider as the "quarterly recalculation," and will file the October 1 recalculation on thirty days' notice to the Commission.
5. The surcharge will be designed to recover (a) those nongas transition costs that have been billed to the Company by interstate pipelines and (b) those costs that have been approved by the Federal Energy Regulatory Commission to be billed to the Company during the 12-month period following the surcharge filing date.
6. At the time of each quarterly recalculation of the surcharge, the Company will reconcile its actual billed costs over the three-month period that ends one month prior to the filing of the recalculation against the costs that had been projected for that same period and will incorporate the reconciliation within its recalculations; however, no adjustment will be made to reflect variations in billed throughput during such periods. The Company will accompany its recalculation of the surcharge that will become effective on October 1, 1994, with a reconciliation of actual transition cost revenues recovered from the Company's customers from the effective date of the surcharge through July 31, 1994, against the revenues projected to have been recovered over the same period, including adjustments to reflect volumetric variations. The Company will accompany its recalculations of the surcharges that will become effective on or around each October 1 after 1994 with a reconciliation of actual transition cost revenues recovered from its customers over the 12 months ending July 31 of the particular year against the revenues projected to have been recovered over the same 12-month period.

ISSUED:

EFFECTIVE:

RIDER
TRANSITION COST RECOVERY MECHANISM

7. The Company will reduce the recoverable nongas transition costs allocated to its noncompetitive customers by the portion of the revenues that those customers are projected to contribute under the Company's program for the release of firm transportation pipeline capacity as set forth in this tariff and that is designated, either through prearrangement or open bidding, as transition costs. The Company will calculate the unit surcharge rates applicable to noncompetitive customers by dividing the recoverable nongas transition costs allocated to them, net of any reconciliations (including any additional nongas transition costs recovered by the Company from competitive customers under paragraph 3), and net of capacity release revenues as described in this paragraph, by the retail and transportation volumes projected to be consumed by noncompetitive customers, exclusive of those volumes of Pennsylvania-produced natural gas supplies transported by noncompetitive customers.
8. The surcharge rates applicable to noncompetitive customers are as follows:

Retail	\$0.0000/Mcf
Transportation	\$0.0000/Mcf

The surcharge rates, if any, applied to competitive customers will be determined on an individual customer basis.

RIDER SUPPLIER CHOICE

This Rider has been established to recover costs associated with Supplier Choice. The initial filing includes costs related to implementation and administration of the Account Number Access Mechanism per the Commission's Final Order at Docket No. M-2015-2468991 entered June 30, 2016 and costs associated with the implementation and administration of the Supplier Bill in accordance the Commission's Final Order entered August 20, 2015 at Docket No. M-2015-2474802.

The charges assessed per this rider shall be assessed to customers served under rate schedules RS, Commercial SGS, Industrial SGS, Rate GS-T – Residential, Rate GS-T Commercial SGS, and Rate GS-T Industrial SGS. Charges assessed per this rider shall not be applicable to customers served in the Company's CAP or Pilot E-CAP (E-CAP) program.

The Company shall provide a reconciliation of actual costs with actual revenues recovered under Rider – Supplier Choice for the twelve month period ended August 31. The rate will be adjusted annually for the resulting over/undercollection to be effective October 1.

Application of the Supplier Choice Charge shall be subject to review and audit by the Commission at intervals that it shall determine. The Commission shall review the level of charges produced by the Supplier Choice Charge and the costs included therein.

No interest shall be included in the Supplier Choice Charge.

The Supplier Choice Rider shall become effective upon Commission approval and shall remain in effect until otherwise directed by the Commission and until the final reconciliation statement is approved and charges fully recovered.

Supplier Choice Charge per Month \$0.0067

ISSUED:

EFFECTIVE:

RIDER
MERCHANT FUNCTION CHARGE (MFC)

The Merchant Function Charge (MFC) shall be added to the gas cost charges applicable under rate schedules Rate RS, Rate SGS, Rate MGS, LGS and GS-T. The gas costs charges include the Capacity Charge, Gas Cost Adjustment Charge and Commodity Charge.

The MFC shall be updated quarterly effective with each 1307(f) rate change. The write-off factor used to calculate the quarterly MCF shall only be determined in a base rate case filing.

For residential customers receiving service under Rate RS and Rate GS-T, the MFC shall equal the write-off factor of 2.49% times the gas cost charges as set forth in Peoples' Rider Purchase Gas Cost. The current MFC applicable to Rate RS customers is:

Capacity Charge per Mcf	\$0.0248
Gas Cost Adjustment Charge per Mcf	(\$0.0009)
Commodity Charge per Mcf	<u>\$0.0968</u>
Total MFC per Mcf	\$0.1207

For Small, Medium, and Large General Service customers receiving service under Rate SGS, MGS, LGS and Rate GS-T, the MFC shall equal the write-off factor of 0.21% times the gas cost charges as set forth in Peoples' Rider Purchase Gas Cost. The current MFC applicable to these customers is:

SGS, MGS, LGS

Capacity Charge per Mcf	\$0.0021
Gas Cost Adjustment Charge per Mcf	(\$0.0001)
Commodity Charge per Mcf	<u>\$0.0082</u>
Total MFC per Mcf	\$0.0102

ISSUED:

EFFECTIVE:

RIDER
UNIVERSAL SERVICE

This rider shall be applicable to all residential customers except for any residential customer served in the Company's Customer Assistance Program (CAP). This rider recovers costs related to the Company's universal service programs.

RATE

Rider Universal Service per Mcf \$0.4094.

The charges assessed per this rider shall be assessed to residential customers served under rate schedules Rate RS and Rate GS-T. Charges assessed per this rider shall not be applicable to customers served in the Company's CAP or Pilot E-CAP (E-CAP).

Costs related to the following universal service programs shall be calculated and recovered per this rider: CAP; Low Income Usage Reduction Program (LIURP); Community Partnership for Weatherization; and the Emergency Furnace and Houseline Repair Program.

CAP Costs will be calculated to include the following components:

1. Projected CAP Credit – The difference between the total Rate RS bill, excluding Rider Universal Service, and the CAP or E-CAP payment amount which is comprised of the sum of the percentage of income payment or minimum bill, whichever is greater, plus the CAP Plus amount. The projected CAP Credit shall be calculated based on current rates, current CAP or E-CAP payment amounts and projected normalized annual volumes for CAP and E-CAP participants. Separate CAP credit costs will be calculated for: 1) current active CAP and E-CAP participants; and 2) the projected average net change in the number of CAP and E-CAP participants for the projected quarter.
2. Pre-Program Arrearage Forgiveness – Projected CAP and E-CAP pre-program arrearage forgiveness costs for the projected annual period.

Costs for the LIURP, Community Partnership for Weatherization and Emergency Furnace and Houseline Repair programs will be calculated based on the projected number of eligible participants for the projected annual period. Recoverable CAP credit and arrearage forgiveness amounts will be reduced by 3.86% times the average CAP credit and arrearage forgiveness of existing CAP customers times the incremental number of CAP participants in excess of 32,300 CAP customers. Historical payment statistics will be utilized in the development of projected CAP credit and arrearage forgiveness amounts. Third party costs for the purposes of CAP administration and Universal Service call management will be included in the calculation of the Rider.

The applicable unit for this rider shall be determined by dividing the total costs universal service plan costs by the annual projected non-CAP residential volumes established in the most recent 1307(f) gas cost recovery proceeding. For bill display purposes, the unit rate calculated under this rider shall be included in a single delivery charge that also includes the residential delivery charge set forth in rate schedules Rate RS and Rate GS-T.

QUARTERLY ADJUSTMENT

Effective with each quarterly 1307(f) gas cost change, the unit rate under this rider shall be recalculated to reflect current cost data for the cost components outlined above. The updated rate will be filed to be effective one day after the filing.

ANNUAL RECONCILIATION

As part of the quarterly adjustment filing effective on April 1 of each year, the Company shall include a reconciliation of actual revenues recovered under Rider Universal Service and actual universal service costs incurred for the twelve month period ended December 31. The resulting over/undercollection will be included in the quarterly Rider Universal Service rate adjustment to be effective April 1.

RIDER
GAS PROCUREMENT CHARGE

For bill presentment purposes, the Gas Procurement Charge (GPC) shall be added to the Commodity Gas Cost Charge applicable to sales rate schedules Rate RS, Rate SGS, Rate MGS, Rate LGS and any other applicable sales service rate schedule under this tariff.

Recoverable Costs

The GPC shall include gas procurement costs incurred by the Company solely on behalf of its sales service customers. The GPC shall exclude any costs recovered through Rider Purchase Gas Cost - 1307(f) gas cost recovery mechanism. The GPC shall exclude any gas procurement costs incurred by the Company in support of transportation or shopping customers or programs.

Recalculation of the GPC

The costs to be included in the GPC shall be calculated in accordance with Commission regulations and shall be determined and updated in each base rate case filed by the Company. The GPC shall not be subject to reconciliation for any prior-period or over-or-under collections.

GPC Charge per Mcf \$0.0801/Mcf

ISSUED:

EFFECTIVE:

THIS PAGE INTENTIONALLY LEFT BLANK

THIS PAGE INTENTIONALLY LEFT BLANK

PEOPLES NATURAL GAS COMPANY LLC

**SUPPLEMENT NO. 2 TO GAS—PA PUC NO. 47
FIRST REVISED PAGE NO. 72
CANCELLING ORIGINAL PAGE NO. 72**

THIS PAGE INTENTIONALLY LEFT BLANK

ISSUED:

EFFECTIVE:

THIS PAGE INTENTIONALLY LEFT BLANK

RIDER
Distribution System Improvement Charge (DSIC)

In addition to the net charges provided for in this Tariff, a charge of 0.00% will apply consistent with the Commission Order dated May 23, 2013 at Docket No. P-2013-2346161 approving the DSIC.

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.

Eligible Property:

- Gathering Lines (account 332);
- Storage Lines (account 353);
- Transmission Lines (account 367);
- Piping (account 376);
- Couplings (account 376);
- Gas service lines (account 380) and insulated and non-insulated fittings (account 378);
- Valves (account 376);
- Excess flow valves (account 376);
- Risers (account 376);
- Meter bars (account 382);
- Meters (accounts 334,369,381);
- Unreimbursed costs related to highway relocation projects where a natural gas distribution company or city natural gas distribution operation must relocate its facilities; and
- Other related capitalized costs (accounts 303, 387, 391.02 and 392)

Effective Date: The DSIC will become effective for bills rendered on and after 7/1/2013.

Computation of the DSIC

The initial DSIC, effective July 1, 2013, shall be calculated to recover the fixed costs of eligible plant additions that have not previously been reflected in the Company's rates or rate base and will have been placed in service during the (*three-month period ending one month prior to effective date*). Thereafter, the DSIC will be updated on a quarterly basis to reflect eligible plant additions placed in service during the three-month period ending one month prior to the effective date of each DSIC update. Thus, changes in the DSIC rate will occur as follows:

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

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.

RIDER
Distribution System Improvement Charge (DSIC)

2. Pre-tax return: The pre-tax return shall be calculated using the statutory state and federal income tax rates, the Company'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 Company's 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 Jurisdictional Utilities released by the Commission.

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 Company's otherwise applicable rates and charges, excluding amounts billed for Rider State Tax Adjustment Surcharge and Rider Purchased Gas Cost. 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 one-fourth of the Company's annual projected revenue for distribution service (including all applicable clauses and riders), exclusive of Rider State Tax Adjustment Surcharge and Rider Purchased Gas Cost.

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

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

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 expense related to DSIC-eligible property.
- e = Amount calculated under the annual reconciliation feature or Commission audit, as described below.
- S = Synergy fees/(revenues); cost assessed (revenue received) for serving customers of another legal entity approved at G-2014-2448803.
- PQR = Projected annual revenues for distribution service (excluding Riders A, B, H and J) from existing customers plus netted revenue from any customers which will be gained or lost by the beginning of the applicable service period will be divided by four to arrive at a quarterly revenue figure.

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

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 utility may elect to subject the DSIC to quarterly reconciliation but only upon request and approval by the Commission. The revenue received under the DSIC including Synergy fees received, for the reconciliation period will be compared to the Company's eligible costs, including Synergy fees paid, for that period. The difference between revenue and costs will be recouped or refunded, as appropriate, in accordance with Section 1307(e), over a one-year period commencing on April 1 of each year. If DSIC revenues exceed DSIC-eligible costs, 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.

ISSUED:

EFFECTIVE:

RIDER
Distribution System Improvement Charge (DSIC)

Customer Safeguards (cont.):

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.
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.
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 or potential competitive alternatives and customers having negotiated contracts with the Company, if it is reasonably necessary to do so.
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 rate of return used to calculate its fixed costs under the DSIC as described in the pre-tax return section. The utility 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 Utility has earned a rate of return that would exceed the allowable rate of return used to calculate its fixed costs.
7. **Residual E-Factor Recovery Upon Reset to Zero:** The utility 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 utility can collect or credit the residual over/under collection balance when the DSIC rate is reset to zero. The utility shall refund any overcollection to customers and is entitled to recover any undercollections as set forth in Section 4.B. Once the utility 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.

ISSUED:

EFFECTIVE:

**PILOT RATE MLX
MAINLINE EXTENSION SERVICE**

The Company, at its discretion, may offer service under this rider to a residential or commercial Applicant or group of Applicants who require extension of the Company’s facilities to serve the Applicant(s) under Rule 4 of the Rules and Regulations Section of this tariff. This Rate provides the Applicant(s) with an option to pay a delivery rate set by the Company from the delivery rate tiers below in lieu of providing a contribution in aid of construction (“CIAC”) determined in accordance with Rule 4 using rates RS or SGS. All Applicants at the time of construction as well as any future Applicants serviced by a facility extended under this rate will pay the same rate as the original Applicants. Future extensions of mainline from a previous Rate MLX project will be evaluated separately and assigned the greater of the MLX rate for the existing project or the MLX rate tier that will justify the project under Rule 4 on a standalone basis.

This Rider is established as a Pilot and will close for new participation five years after this rate is approved by the Commission.

Residential and Commercial Customers MLX Delivery Charge

The charges under this Rate will include the otherwise applicable RS or SGS customer charge and riders. Only the delivery rate will differ as is shown below.

Pilot Rate MLX delivery rates will be applied for each Mcf of gas used. The applicable rate will be selected from one of the tiers below for the entire extension. The Company will select the rate tier based on the minimum delivery rate required to cover the investment costs in accordance with Rule 4.

MLX Rate Tier	Residential	Commercial
1	\$ 6.79	\$ 5.10
2	\$ 7.23	\$ 5.54
3	\$ 7.67	\$ 5.98
4	\$ 8.11	\$ 6.42
5	\$ 8.55	\$ 6.86
6	\$ 8.99	\$ 7.30
7	\$ 9.43	\$ 7.74
8	\$ 9.87	\$ 8.18
9	\$ 10.31	\$ 8.62

Customer Service Line Costs

The rate chosen by the Company will include the cost of the customer’s service line (curb to meter). The customer will maintain ownership of, and maintenance of, the curb to meter portion of the service line thereafter.

For customers tapping into a Pilot Rate MLX project after the initial construction, the cost of the curb to meter portion of the service line will be limited to the average cost of curb to meter installations for customers who were connected at the time of the mainline installation paid by the Company.

Rider TCJA - TCJA SURCHARGE

To implement the effects of the Tax Cuts and Jobs Act (TCJA), on March 15, 2018 the Pennsylvania Public Utility Commission (Commission) issued a Temporary Rates Order at Docket No. M-2018-2641242 directing the utility to file its current base rates and riders as temporary rates, pursuant to Section 1310(d) of the Public Utility Code. 66 Pa. C.S. § 1310(d). Subsequently, on May 17, 2018 and June 14, 2018, the Commission entered Orders superseding the March 15, 2018 Temporary Rates Order directing the utility to establish temporary rates.

The TCJA rate is currently suspended. Within 60 days of the effective date of the new base rates, established in Docket No. R-2018-3006818, the Company will calculate the final refund due to customers including the:

- 1) refund of the tax savings and interest associated with TCJA for the period January 1, 2018 through June 30, 2018 and
- 2) accumulated over or under collection while rate TCJA was in effect.

The interest will be calculated at the residential mortgage lending rate specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. §§ 101 et seq.) in effect on the last day of the month prior to the refund to customers

These above amounts due to customers will be refunded by means of a one-time bill credit within 120 days of the effective date of the new base rates. Once the one-time bill credit is provided to customers, Rider TCJA will terminate.

ISSUED:

EFFECTIVE:

PEOPLES NATURAL GAS COMPANY LLC

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

ISSUED:

BY: Morgan K. O'Brien
President
375 North Shore Drive
Pittsburgh, PA 15212

EFFECTIVE:

NOTICE

This tariff combines Tariff Gas – PA PUC No. 45 for the Peoples Division and Tariff Gas – PA PUC No. 46 for the Equitable Division. Upon approval of this Tariff Gas – PA PUC No. 47, all Peoples Natural Gas customers (including the former Peoples and Equitable Divisions) will be subject to the rates and rules set forth herein.

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

Deleted: 1

LIST OF CHANGES

<u>Page</u>	<u>Page Description</u>	<u>Revision Description</u>
<u>2, 2A, 2B</u>	<u>List of Changes</u>	<u>List of Changes</u>
<u>3, 4</u>	<u>Summary of Rates</u>	<u>Summary of prices for each rate schedule and rider updated.</u>
<u>3A, 4A</u>	<u>Summary of Rates</u>	<u>Pages removed; no longer needed.</u>
<u>5</u>	<u>Table of Contents</u>	<u>"Ratepayer" changed to "Customer". Rate GL added from Equitable Division tariff. Rider names updated.</u>
<u>6</u>	<u>Definitions of Terms</u>	<u>Applicant definition updated. "Ratepayer" changed to "Customer". "Customer" definition added.</u>
<u>7</u>	<u>Definitions of Terms</u>	<u>"Ratepayer" changed to "Customer". "Ratepayer" definition removed.</u>
<u>8</u>	<u>Classification of Customers</u>	<u>"Ratepayer" changed to "Customer". Definition of residential, commercial, and industrial customer modified.</u>
<u>9</u>	<u>Classification of Customers</u>	<u>"Ratepayer" changed to "Customer".</u>
<u>10</u>	<u>Rates Available Under This Tariff</u>	<u>"Ratepayer" changed to "Customer". Rate GL added from Equitable tariff.</u>
<u>11</u>	<u>Description of Territory</u>	<u>Additional cities/boroughs and townships included.</u>
<u>12</u>	<u>Description of Territory</u>	<u>Additional boroughs and townships included.</u>
<u>14</u>	<u>Description of Territory</u>	<u>Additional boroughs and townships included.</u>
<u>15</u>	<u>Description of Territory</u>	<u>Additional townships included.</u>
<u>16</u>	<u>Description of Territory</u>	<u>Additional cities/boroughs and townships included.</u>
<u>16A</u>	<u>Description of Territory</u>	<u>Additional townships included.</u>
<u>17</u>	<u>Rules and Regulations</u>	<u>Additional language added for conditions of furnishing service to customers. "Ratepayer" changed to "Customer". Transfer fees and connect fees eliminated.</u>
<u>18</u>	<u>Rules and Regulations</u>	<u>Moved cash deposit language into part b. "Ratepayer" changed to "Customer".</u>
<u>19</u>	<u>Rules and Regulations</u>	<u>"Ratepayer" changed to "Customer". Calculation of interest rate for commercial and industrial deposits modified to match residential calculation. Additional descriptive language added for cases where Applicant cannot furnish a cash deposit.</u>
<u>20</u>	<u>Rules and Regulations</u>	<u>Modified language for connection of service. Meter installation specifications from Equitable tariff included. Residential main allowance added.</u>
<u>21</u>	<u>Rules and Regulations</u>	<u>"Ratepayer" changed to "Customer". Turn-on fees updated. Winterizing and collection language added.</u>
<u>22</u>	<u>Rules and Regulations</u>	<u>Non-liability language added. "Ratepayer" changed to "Customer". Measurement of gas language modified.</u>
<u>23</u>	<u>Rules and Regulations</u>	<u>"Ratepayer" changed to "Customer". Accepted forms of payment added. Billing cycle language added.</u>
<u>24</u>	<u>Rules and Regulations</u>	<u>Billing cycle language added. Final bill language added. Dishonored Payment language from Equitable Division tariff added.</u>
<u>25</u>	<u>Rules and Regulations</u>	<u>"Ratepayer" changed to "Customer". Obstruction of meter language added. Meter ownership language added.</u>
<u>26</u>	<u>Rules and Regulations</u>	<u>Renamed Section 17 "Emergency Curtailment". Language added to Section 16. "Ratepayer" changed to "Customer". Moved "Discontinuance of Service and Curtailment" section to page 27.</u>
<u>27</u>	<u>Rules and Regulations</u>	<u>Renamed Section 17 "Emergency Curtailment". Removed "Gas Shortage Curtailment Related to Long-Term Supplies" section.</u>
<u>28</u>	<u>Rules and Regulations</u>	<u>Renamed Section 17 "Emergency Curtailment". Removed "Excess Consumption Penalty Related to Gas Shortage Curtailment" section.</u>

ISSUED:

EFFECTIVE:

LIST OF CHANGES (CONTINUED)

<u>29</u>	<u>Rules and Regulations</u>	<u>Renamed Section 17 "Emergency Curtailment". Removed "allocation of Excess Gas" section. "Ratepayer" changed to "Customer". Added language to Emergency Curtailment section. Inserted "Discontinuance of Service and Curtailment" from page 26.</u>
<u>30</u>	<u>Rules and Regulations</u>	<u>Renamed Section 17 "Emergency Curtailment". Revised definition of Alternate Fuel Capability. Ratepayer" changed to "Customer".</u>
<u>31</u>	<u>Rules and Regulations</u>	<u>Rules and Regulations renumbered. Service Agreement and Flexible Rates added. "Ratepayer" changed to "Customer".</u>
<u>32</u>	<u>Rules and Regulations</u>	<u>"Ratepayer" changed to "Customer". Rules and Regulations renumbered.</u>
<u>33</u>	<u>Rules and Regulations</u>	<u>"Ratepayer" changed to "Customer". Rules and Regulations renumbered.</u>
<u>34</u>	<u>Rules and Regulations</u>	<u>"Ratepayer" changed to "Customer". Additional release of customer information language and contact information added. Rules and Regulations renumbered.</u>
<u>35</u>	<u>Rules and Regulations</u>	<u>Language added from supplier tariff. Various fees eliminated. Remaining fee amounts updated. Rules and Regulations renumbered.</u>
<u>36</u>	<u>Rate RS – Residential Service</u>	<u>"Ratepayer" changed to "Customer". Customer and delivery charges updated. Late payment charge language modified. Rider name updated.</u>
<u>37</u>	<u>Customer Assistance Program</u>	<u>Availability description updated. "Ratepayer" changed to "Customer".</u>
<u>38</u>	<u>Customer Assistance Program</u>	<u>Monthly payment amount updated. "Ratepayer" changed to "Customer".</u>
<u>39</u>	<u>Customer Assistance Program</u>	<u>"Ratepayer" changed to "Customer". Rules 7 and 8 modified.</u>
<u>39A</u>	<u>Pilot Extended Customer Assistance Program</u>	<u>"Ratepayer" changed to "Customer".</u>
<u>40</u>	<u>Rate SGS – Small General Service</u>	<u>"Ratepayer" changed to "Customer". Customer and delivery charges updated. Rider name updated.</u>
<u>41</u>	<u>Rate SGS – Small General Service</u>	<u>"Ratepayer" changed to "Customer".</u>
<u>42</u>	<u>Rate MGS – Medium General Service</u>	<u>"Ratepayer" changed to "Customer". Customer and delivery charges updated. Rider name updated.</u>
<u>43</u>	<u>Rate MGS – Medium General Service</u>	<u>"Ratepayer" changed to "Customer".</u>
<u>44</u>	<u>Rate LGS – Large General Service</u>	<u>"Ratepayer" changed to "Customer". Customer and delivery charges updated. Rider name updated.</u>
<u>45</u>	<u>Rate LGS – Large General Service</u>	<u>"Ratepayer" changed to "Customer".</u>
<u>46</u>	<u>Rate GS-T – General Service Transportation</u>	<u>"Ratepayer" changed to "Customer". Language added to rule (7).</u>
<u>47</u>	<u>Rate GS-T – General Service Transportation</u>	<u>"Ratepayer" changed to "Customer".</u>
<u>48</u>	<u>Rate GS-T – General Service Transportation</u>	<u>"Ratepayer" changed to "Customer".</u>
<u>49</u>	<u>Rate GS-T – General Service Transportation</u>	<u>"Ratepayer" changed to "Customer". Language added to rule (17).</u>
<u>50</u>	<u>Rate GS-T – General Service Transportation</u>	<u>"Ratepayer" changed to "Customer". Customer charges updated.</u>
<u>51</u>	<u>Rate GS-T – General Service Transportation</u>	<u>"Ratepayer" changed to "Customer". Delivery charges updated.</u>
<u>52</u>	<u>Rate GS-T – General Service Transportation</u>	<u>"Ratepayer" changed to "Customer". Liability point 3 updated.</u>

ISSUED:

EFFECTIVE:

LIST OF CHANGES (CONTINUED)

53	Rate <u>GS-SB – General Service – Standby</u>	<u>“Ratepayer” changed to “Customer”.</u>
54	Rate <u>GS-SB – General Service – Standby</u>	<u>“Ratepayer” changed to “Customer”. Customer charges updated.</u>
55	Rate <u>GS-SB – General Service – Standby</u>	<u>“Ratepayer” changed to “Customer”.</u>
57	Rate <u>Appalachian Gathering Service</u>	<u>New rate added.</u>
58	Rate <u>GL – Gas Lights</u>	<u>Rate added from Equitable <u>Division’s</u> tariff.</u>
60	Rate <u>CER – Competitive Energy Rate</u>	<u>Rate language modified. “Ratepayer” changed to “Customer”.</u>
61	Rider <u>A – State Tax Surcharge</u>	<u>Rider renamed. Rate Revised.</u>
62	Rider <u>B – Recovery of Purchased Gas Costs</u>	<u>Rider renamed. “Ratepayer” changed to “Customer”.</u>
63	Rider <u>B – Recovery of Purchased Gas Costs</u>	<u>Rider renamed. “Ratepayer” changed to “Customer”.</u>
63A	Rider <u>B – AVC Capacity Charge</u>	<u>Rider renamed. “Ratepayer” changed to “Customer”.</u>
63B	Rider <u>B – AVC Capacity Charge</u>	<u>Rider renamed. “Ratepayer” changed to “Customer”.</u>
64	Rider <u>C – Transition Cost Mechanism</u>	<u>Rider renamed. “Ratepayer” changed to “Customer”.</u>
65	Rider <u>C – Transition Cost Mechanism</u>	<u>Rider renamed. “Ratepayer” changed to “Customer”.</u>
66	Rider <u>Supplier Choice</u>	<u>Rate Revised. Ratepayer” changed to “Customer”.</u>
67	Rider <u>E – Merchant Function Charge</u>	<u>Rider renamed. Rate Revised. “Ratepayer” changed to “Customer”.</u>
68	Rider <u>F- Universal Service</u>	<u>Rider renamed. Rate revised. “Ratepayer” changed to “Customer”. <u>Bad debt offset percentage updated.</u></u>
69	Rider <u>G – Gas Procurement Charge</u>	<u>Rider renamed. Rate revised. “Ratepayer” changed to “Customer”.</u>
71	Rider <u>H – Ratepayer Trust Rate Credit</u>	<u>Rider eliminated.</u>
72	Rider <u>H – Ratepayer Trust Rate Credit</u>	<u>Rider eliminated.</u>
73	Rider <u>J – Rager Mountain Storage Credit</u>	<u>Rider eliminated.</u>
74	Rider <u>K – Distribution System Improvement Charge (DSIC)</u>	<u>Rider renamed. Rate revised.</u>
75	Rider <u>K – Distribution System Improvement Charge (DSIC)</u>	<u>Riders renamed.</u>
76	Rider <u>K – Distribution System Improvement Charge (DSIC)</u>	<u>Rider renamed.</u>

ISSUED:

EFFECTIVE:

	Rider Purchased Gas Costs				Base Rate Charges (5)	Rider STAS (6)	Rider MFC (7)	Rider Supplier Choice (8)	Rider USR (9)	Rider GPC (10)	Rider DSIC Charge (11)	Rider TCJA (12)	Total Rate (13=SUM 1 to 12)
	Capacity (1)	AVC Capacity (2)	GCA (3)	Commodity (4)									
Residential Sales						0.00%					0.00%	0.0000%	
Customer Charge					\$ 14.5000		\$ 0.0067				\$ -	\$ -	\$ 14.5067
Capacity	\$ 0.9953	\$ 0.6225					\$ 0.0248						\$ 1.6426
Price to Compare - PTC			\$ (0.0372)	\$ 3.8865			\$ 0.0959		\$ 0.0801				\$ 4.0253
Delivery Charge					\$ 3.9608			\$ 0.4094		\$ -	\$ -		\$ 4.3702
State Tax Surcharge						\$ -							\$ -
Total per MCF							\$ 0.1207						\$ 10.0381
Small General Service (SGS)													
Customer Charge													
0 to 499 MCF/Yr					\$ 20.0000		\$ 0.0067				\$ -	\$ -	\$ 20.0067
500 to 999 MCF/Yr					\$ 40.0000		\$ 0.0067				\$ -	\$ -	\$ 40.0067
1/ Capacity	\$ 0.3848	\$ 0.5742											\$ 0.9590
Price to Compare - PTC	\$ 0.6105		\$ (0.0372)	\$ 3.8865			\$ 0.0102		\$ 0.0801				\$ 4.5501
Delivery Charge					\$ 2.7000					\$ -	\$ -		\$ 2.7000
State Tax Surcharge						\$ -							\$ -
Total per MCF	\$ 0.9953						\$ 0.0102						\$ 8.2091
Medium General Service (MGS)													
Customer Charge													
1,000 to 2,499 MCF/Yr					\$ 85.0000						\$ -	\$ -	\$ 85.0000
2,500 to 24,999 MCF/Yr					\$ 130.0000						\$ -	\$ -	\$ 130.0000
1/ Capacity	\$ 0.3848	\$ 0.3750											\$ 0.7598
Price to Compare - PTC	\$ 0.6105		\$ (0.0372)	\$ 3.8865			\$ 0.0102		\$ 0.0801				\$ 4.5501
Delivery Charge					\$ 2.6914					\$ -	\$ -		\$ 2.6914
State Tax Surcharge						\$ -							\$ -
Total per MCF	\$ 0.9953						\$ 0.0102						\$ 8.0013
Large General Service (LGS)													
Customer Charge													
25,000 to 49,999 MCF/Yr					\$ 575.0000						\$ -	\$ -	\$ 575.0000
50,000 to 99,999 MCF/Yr					\$ 750.0000						\$ -	\$ -	\$ 750.0000
100,000 to 199,999 MCF/Yr					\$ 1,400.0000						\$ -	\$ -	\$ 1,400.0000
Over 200,000 MCF/Yr					\$ 1,600.0000						\$ -	\$ -	\$ 1,600.0000
1/ Capacity	\$ 0.0812	\$ 0.2151											\$ 0.2963
Price to Compare - PTC	\$ 0.9141		\$ (0.0372)	\$ 3.8865			\$ 0.0102		\$ 0.0801				\$ 4.8537
Delivery Charge													
25,000 - 49,999 MCF/Yr					\$ 2.6411	\$ -				\$ -	\$ -		\$ 2.6411
50,000 - 99,999 MCF/Yr					\$ 2.5773	\$ -				\$ -	\$ -		\$ 2.5773
100,000 - 199,999 MCF/Yr					\$ 2.5694	\$ -				\$ -	\$ -		\$ 2.5694
200,000 to 749,999 MCF/Yr					\$ 2.4999	\$ -				\$ -	\$ -		\$ 2.4999
750,000 to 1,999,999 MCF/Yr					\$ 2.1327	\$ -				\$ -	\$ -		\$ 2.1327
Over 2,000,000 MCF/Yr					\$ 1.6445	\$ -				\$ -	\$ -		\$ 1.6445
2/ Total per MCF	\$ 0.9953						\$ 0.0102						\$ 7.7911

- 1/ The Price-to-Compare format as shown is applicable to a Non-Priority One customer; the Price-to-Compare Charge for a Priority One customer would not include the Capacity Charge. See the Residential - Sales section above as an example of Priority One.
- 2/ The Total per Mcf displayed for Retail LGS is representative of the 25,000 - 49,999 MCF/Yr delivery charge tier only.
- 3/ The above rates are for non-transitional customers. For transitional customer rates, refer to the corresponding rate schedule found in the Company's retail tariff.

ISSUED:

EFFECTIVE:

	Base Rate Charges (1)	Rider STAS (2)	Rider MFC (3)	Rider USR (4)	Rider Purchased Gas Costs Capacity (5) AVC Capacity (6)		BB&A (7)	Rider Supplier Choice (8)	Rider DSIC Charge (9)	Rider TCJA (10)	Total Rate (11=SUM 1 to 10)
Rate GS-T Residential		0.00%							0.00%	0.0000%	
Customer Charge	\$ 14.5000							\$ 0.0067	\$ -	\$ -	\$ 14.5067
Capacity			\$ 0.0248		\$ 0.9953	\$ 0.6225					\$ 1.6426
Delivery Charge	\$ 3.9608			\$ 0.4094					\$ -	\$ -	\$ 4.3702
State Tax Surcharge		\$ -									\$ -
Total per MCF											\$ 6.0128
Rate GS-Transporation SGS											
Customer Charge											
0 to 499 MCF/Yr	\$ 20.0000							\$ 0.0067	\$ -	\$ -	\$ 20.0067
500 to 999 MCF/Yr	\$ 40.0000							\$ 0.0067	\$ -	\$ -	\$ 40.0067
1/ Capacity/BB&A					\$ 0.5742	\$ 0.3848					\$ 0.9590
Delivery Charge	\$ 2.7000								\$ -	\$ -	\$ 2.7000
State Tax Surcharge		\$ -									\$ -
Total per MCF											\$ 3.6590
Rate GS-Transporation MGS											
Customer Charge											
1,000 to 2,499 MCF/Yr	\$ 85.0000								\$ -	\$ -	\$ 85.0000
2,500 to 24,999 MCF/Yr	\$ 130.0000								\$ -	\$ -	\$ 130.0000
1/ Capacity/BB&A					\$ 0.3750	\$ 0.3848					\$ 0.7598
Delivery Charge	\$ 2.6914								\$ -	\$ -	\$ 2.6914
State Tax Surcharge		\$ -									\$ -
Total per MCF											\$ 3.4512
Rate GS-Transporation LGS											
Customer Charge											
25,000 to 49,999 MCF/Yr	\$ 575.0000								\$ -	\$ -	\$ 575.0000
50,000 to 99,999 MCF/Yr	\$ 750.0000								\$ -	\$ -	\$ 750.0000
100,000 to 199,999 MCF/Yr	\$ 1,400.0000								\$ -	\$ -	\$ 1,400.0000
Over 200,000 MCF/Yr	\$ 1,600.0000								\$ -	\$ -	\$ 1,600.0000
1/ Capacity/BB&A					\$ 0.2151	\$ 0.0812					\$ 0.2963
Delivery Charge											
25,000 - 49,999 MCF/Yr	\$ 2.6411	\$ -							\$ -	\$ -	\$ 2.6411
50,000 - 99,999 MCF/Yr	\$ 2.5773	\$ -							\$ -	\$ -	\$ 2.5773
100,000 - 199,999 MCF/Yr	\$ 2.5694	\$ -							\$ -	\$ -	\$ 2.5694
200,000 to 749,999 MCF/Yr	\$ 2.4999	\$ -							\$ -	\$ -	\$ 2.4999
750,000 to 1,999,999 MCF/Yr	\$ 2.1327	\$ -							\$ -	\$ -	\$ 2.1327
Over 2,000,000 MCF/Yr	\$ 1.6445	\$ -							\$ -	\$ -	\$ 1.6445
2/ Total per MCF											\$ 2.9374

1/ The Capacity Charge applies to Priority 1 ratepayers when electing transport service. All other Ratepayers are billed the BB&A charge.
 2/ The Total per MCF displayed for Transport LGS is representative of the 25,000 - 49,999 MCF/Yr delivery charge tier only.
 3/ The above rates are for non-transitional customers. For transitional customer rates, refer to the corresponding rate schedule found in the Company's retail tariff.

TABLE OF CONTENTS

List of Changes Made by 2-2B

Summary of Rates..... 3-4

Table of Contents 5

Definition of Terms 6-7

Classification of Customers 8-9

Rates Available Under This Tariff..... 10

Description of Territory 11-16A

Rules and Regulations 17-35

Rate RS 36

Rate CAP 37-39

Rate E-CAP..... 39A

Rate SGS 40-41

Rate MGS 42-43

Rate LGS 44-45

Rate GS-T 46-52

Rate GS-SB 53-5

Rate NGPV 56

Rate Appalachian Gathering Service 57

Rate GL..... 58

INTENTIONALLY LEFT BLANK..... 59

Rate CER 60

Rider STAS 61

Rider Purchased Gas Cost, and Rider AVC Capacity Charge 62-63B

Rider Transition Cost Mechanism..... 64-65

Rider Supplier Choice 66

Rider Merchant Function Charge..... 67

Rider Universal Service..... 68

Rider Gas Procurement Charge..... 69

INTENTIONALLY LEFT BLANK..... 70-73

Rider DSIC..... 74-76

Pilot Rider MLX 77

Rider TCJA – TCJA Surcharge 78

Deleted: Ratepayers

Deleted: 5

Deleted: 58-

Deleted: A

Deleted: B

Deleted: C

Deleted: E

Deleted: F

Deleted: G

Deleted: Rider H . 71-72¶
 Rider J . . 73¶

Deleted: K

ISSUED:

EFFECTIVE:

DEFINITIONS OF TERMS

Applicant - Any person, corporation or other entity that (i) desires to receive from the Company natural gas or any other service provided for in this Tariff, (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 receiving from the Company any service provided for in this Tariff. An Applicant shall become a customer for purposes of this Tariff only after it actually starts receiving the applicable service(s) from the Company under this Tariff. Applicants for residential service shall be further defined as a natural person not currently receiving service who applies for residential service provided by a public utility or any adult occupant whose name appears on the mortgage, deed or lease of the property for which the residential utility service is requested.

Deleted: yet actually
Deleted: ratepayer

Capacity Charge – A charge designed to recover the costs that the Company incurs to reserve capacity on interstate pipelines.

Chapter 56 – The Commission regulations that govern, among other things, metering, billing and collections for residential gas and electricity service.

City Gate – The point where interstate pipelines deliver gas into natural gas distribution company facilities.

Commission – The Pennsylvania Public Utility Commission or any lawful successor thereto that provides oversight, policy, guidance and direction to public utilities and NGSS.

Commodity Charge – A charge designed to recover the cost of producing or procuring natural gas.

Commodity Service – Service provided by the Company or a natural gas supplier which involves the purchase of gas commodity by the customer.

Deleted: ratepayer

Company – The entity doing business as Peoples Natural Gas Company LLC.

Customer – Any person, partnership, association, corporation, or other entity (i) in whose name a service account is listed, (ii) who occupies or is the customer for any premises, building, structure, etc. (iii) is primarily responsible for payment of bills, or (iv) any adult occupant whose name appears on the mortgage, deed or lease of the property. A customer includes anyone taking Supplier of Last Resort Service and/or Distribution Service under this Tariff

Customer Charge – A monthly charge to cover such natural gas distribution company costs as maintaining the gas lines, meter reading and billing.

Daily Available Volume – The total volume of gas actually delivered to the Company for the customer's account on a particular day, less an appropriate retainage percentage plus any adjustments associated with the reconciliation of monthly volumes as set forth in Rate GS-T and Rate T.

Deleted: ratepayer

Daily Consumption Volume – The quantity of gas estimated by the Company to be consumed by the customer on any day.

Deleted: ratepayer

Day – A 24-hour period beginning at 10 a.m. and ending at 10 a.m. or as subsequently defined by natural gas industry standards promulgated by FERC.

Delivery Charge – A charge designed to recover the costs the Company incurs in using its distribution system or local pipelines to deliver natural gas to a customer.

Deleted: ratepayer

Distribution Charges – Various natural gas distribution charges that may include the Delivery Charge, Capacity Charge and Gas Cost Adjustment Charge.

Distribution Service – Service provided by the Company involving the delivery of gas to the customer.

Deleted: ratepayer

Gas Cost Adjustment Charge – The amount billed or credited each month to account for differences between projected and actual gas supply costs of the Company.

Mcf – 1,000 cubic feet of gas. This is a measure of gas usage.

ISSUED:

EFFECTIVE:

DEFINITIONS OF TERMS

Natural Gas Distribution Company - A public utility that provides natural gas distribution services and which may provide natural gas supply services and other services.

Natural Gas Supplier (NGS) – An entity that has received a license from the Commission and that sells natural gas to customers that is delivered through the distribution lines of the Company.

Small Business Customer – Any commercial or industrial customer with annual consumption of less than 300 Mcf.

Storage – Placing natural gas into an underground facility for removal and use at a later date.

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 Priority-One customers under the terms of this tariff. Each customer may only have one supplier of last resort.

Supplier of Last Resort Service – Service that includes both Distribution Service and Commodity Service provided by the Company in its role as Supplier of Last Resort.

(C) – Indicates change.

(D) – Indicates decrease.

(I) – Indicates increase.

Deleted: Ratepayer – Any person, partnership, association, corporation, or other entity (i) in whose name a service account is listed, (ii) who occupies or is the customer for any premises, building, structure, etc, (iii) is primarily responsible for payment of bills, or (iv) any adult occupant whose name appears on the mortgage, deed or lease of the property. A Ratepayer includes anyone taking Supplier of Last Resort Service and/or Distribution Service under this Tariff.¶

Deleted: Ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

ISSUED:

EFFECTIVE:

**CLASSIFICATION OF CUSTOMERS
TO WHOM SERVICE IS MADE AVAILABLE**

Gas service is made available under the rules, regulations, and terms and at the rates contained in this tariff, based upon the use to which such gas is put and not upon volumes consumed (except where indicated), to the following classes of customers:

RESIDENTIAL CUSTOMERS

Residential customers are customers who use gas for household purposes, including single-family dwellings, boarding and rooming houses, duplex houses, private garages appurtenant to private homes or dwellings, apartments, apartment buildings, and governmental housing in which the units are individually metered. In this class the element of human welfare and comfort in a residential setting is the distinguishing test of the customer's use of gas. Each meter represents one customer.

COMMERCIAL CUSTOMERS

Commercial customers are customers who are engaged in selling, warehousing or distributing a commodity or service, including boarding homes and personal care homes, engaged in some business activity or profession, or in some other form of economic, social, or cultural activity, not primarily involving manufacturing or processing of a product; and any non-industrial premises where one meter is serving more than one unit. If the customer's predominant usage is for natural gas-powered vehicle service, then the customer will be classified as a Commercial customer.

INDUSTRIAL CUSTOMERS

Industrial customers include customers who are engaged in a process which creates or changes raw material or unfinished materials into another form; customers who use gas for large-volume power; customers who use gas for process steam generation; and customers who use gas for any other purpose not predominantly residential or commercial.

ISSUED:

EFFECTIVE:

Deleted: RATEPAYER

Deleted: ratepayer

Deleted: RATEPAYER

Deleted: ratepayer

Deleted: ratepayer

Deleted: Master-metered multi-family dwelling that fit the following criteria will be considered residential when: 1) the structure (or multi-family dwelling) at which the ratepayer/landlord receives natural gas service from the Company originally was built and used as a single family residence; and 2) the ratepayer/landlord lives in the structure and has one or more tenants.

Deleted: ratepayer

Deleted: ratepayer

Deleted: RATEPAYER

Deleted: ratepayer

Deleted: include ratepayers who use gas in establishments of a commercial or service nature for purposes other than manufacturing and ratepayers who do not use gas for large-volume power or process steam generation. In this class are included, among others, hotels, restaurants, cafeterias, tea rooms, bars, grills, delicatessens, butchers, grocers, beauty parlors, barber shops, wearing apparel shops, department stores, garages not appurtenant to dwelling houses, gasoline stations, tailors, neighborhood pressing shops and small laundries, small bakeries, dairies, warehouses, office buildings, clubs, fraternities, sororities, lodges, associations, cooperatives, theaters, auditoriums, professional offices, printing shops, mercantile establishments, schools, colleges, churches, charitable institutions, libraries, hospitals, public buildings, governmental entities, and multi-family dwellings that are master-metered. Master-metered multi-family dwellings include those structures in which gas measured by one meter is used to operate at least one appliance that serves more than one household (except as noted under residential). In the case of master-metered multi-family dwellings, the owner of the property must be the ratepayer.

Deleted: ratepayer

Deleted: ratepayer

Deleted: Ratepayer

Deleted: RATEPAYER

Deleted: ratepayer

Deleted: ratepayers who use gas for manufacturing or industrial purposes;

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

**CLASSIFICATION OF CUSTOMERS
TO WHOM SERVICE IS MADE AVAILABLE**

Deleted: RATEPAYER

NATURAL GAS DISTRIBUTION COMPANY (NGDC) CUSTOMERS

Deleted: RATEPAYER

NGDC customers are companies regulated by the Commission. Within this classification the NGDC can be acting either on its own or on its end user's behalf.

Deleted: ratepayer

Deleted: either

CHANGE IN CLASSIFICATION

Any customer who believes that, as a result of a change in the use of the premises served, his classification ought to be changed must contact the Company. All changes will be determined by the Company, on a prospective basis, after it has been notified of the change; however, the Company reserves the right to make changes in classification on its own initiative. The decision of the Company as to classification shall be final.

Deleted: ratepayer

Eligibility for a particular rate schedule under this tariff and application of the appropriate monthly customer charge shall be based on a review of the customer's annual usage. This review shall not be conducted more frequently than once per year. All changes in rate schedule classification and monthly customer charges as a result of this usage review shall be implemented on a prospective basis. Rate schedule classification and the appropriate customer charge for new customers, shall be determined by the Company based on an estimate of annual usage. The Company also reserves the right to establish the appropriate rate schedule classification and monthly customer charge based on anticipated customer usage.

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

ISSUED:

EFFECTIVE:

RATES AVAILABLE UNDER THIS TARIFF

Rate RS - Residential Service

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

Deleted: ratepayer

Rate CAP

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

Deleted: p

Deleted: ratepayer

Rate SGS – Small General Service

This rate is available to commercial and industrial customers 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 customers qualifying under Rate NGPV.

Deleted: ratepayer

Deleted: ratepayer

Rate MGS – Medium General Service

This rate is available to commercial and industrial customers 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 customers qualifying under Rate NGPV.

Deleted: ratepayer

Deleted: ratepayer

Rate LGS – Large General Service

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

Deleted: ratepayer

Deleted: ratepayer

Rate CER - Competitive Energy Rate

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

Deleted: ratepayer

Rate GS-T - General Service Transportation

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

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Rate GS-SB - General Standby Service

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

Deleted: ratepayer

Rate NGPV

This rate offers service for natural gas powered vehicles.

Rate Schedule - Appalachian Gathering Service

This rate is available to any party desiring to deliver conventional well gas directly into the Company's system.

Deleted: GS

Deleted: -

Deleted: A

Deleted: the

Pilot Rate MLX

This delivery rate is offered to new Residential and Commercial consumers who are replacing service from an alternate fuel with natural gas.

Rate GL- Gas Lights

This rate offers service for any gas lighting where the gas is not measured by a meter.

ISSUED:

EFFECTIVE:

DESCRIPTION OF TERRITORY

The Company serves as a natural gas public Company in the following cities, boroughs, and townships, all of which are in Pennsylvania:

ALLEGHENY COUNTY

Cities and Boroughs

Aspinwall	Emsworth	Port Vue
Avalon	Etna	Rankin
Baldwin	Forest Hills	Rosslyn Farms
Bellevue	Fox Chapel	Sewickley Heights
Ben Avon	Franklin Park	Sewickley Hills
Ben Avon Heights	Glassport	Sharpsburg
Bethel Park	Greentree	Springdale
Blawnox	Heidelberg	Swissvale
Braddock	Homestead	Tarentum
Braddock Hills	Ingram	Thornburg
Brackenridge	Jefferson	Trafford
Brentwood	Jefferson Hill	Turtle Creek
Bridgeville	Liberty	Verona
Carnegie	Lincoln	Versailles
Chalfant	McKeesport	Wall
Cheswick	McKees Rocks	West Elizabeth
Churchill	Millvale	West Homestead
Clairton	Monroeville	West Mifflin
Coraopolis	Mt. Oliver	West View
Crafton	Munhall	Whitaker
Dormont	North Braddock	Whitehall
Dravosburg	Oakmont	White Oak
Duquesne	Penn Hills	Wilksburg
East McKeesport	Pitcairn	Wilmerding
East Pittsburgh	Pittsburgh	
Edgewood	Pleasant Hills	
Elizabeth	Plum	

Townships

Aleppo	Kilbuck	Scott
Collier	Marshall	Shaler
Crescent	McCandless	South Fayette
East Deer	Moon	South Park
Elizabeth	Mt. Lebanon	South Versailles
Fawn	North Fayette	Springdale
Findlay	North Versailles	Stowe
Forward	O' Hara	Upper St. Clair
Frazer	Ohio	West Deer
Hampton	Pine	Wilkins
Harmar	Reserve	
Harrison	Richland	
Indiana	Robinson	Kennedy Ross

- Deleted:** Frazier
- Deleted:** Versailles
- Deleted:** Penn Hills
- Deleted:** ¶

ISSUED:

EFFECTIVE:

DESCRIPTION OF TERRITORY

ARMSTRONG COUNTY

Boroughs

Apollo
Applewold
Atwood
Dayton
[Elderton](#)

Ford City
Ford Cliff
[Freeport](#)
Kittanning
Leechburg

Manorville
[North Apollo](#)
Rural Valley
West Kittanning

Townships

Bethel
Boggs
Burrell
[Cadogan](#)
Cowanshannock
East Franklin
Gilpin
Kiskiminetas
Kittanning
[Madison](#)

Mahoning
Manor
North Buffalo
Parks
[Pine](#)
Plumcreek
Rayburn
Redbank
South Bend

South Buffalo
Sugarcreek
Valley
Washington
Wayne
West Franklin

BEAVER COUNTY

Cities & Boroughs

Aliquippa
Beaver
Industry
Midland

Monaca
Ohioville

Shippingport
South Heights

Townships

Brighton
Center
Chippewa
Darlington
Franklin

Hopewell
Independence
Marion
New Sewickley

Potter
Raccoon
South Beaver
Vanport

BLAIR COUNTY

Cities and Boroughs

Altoona
Bellwood

Duncansville
Hollidaysburg

Tyrone

ISSUED:

EFFECTIVE:

DESCRIPTION OF TERRITORY

BLAIR COUNTY (continued)

Townships

Allegheny	Frankstown	Logan
Antis	Greenfield	Snyder
Blair		

BUTLER COUNTY

Boroughs

Callery	Portersville	Slippery Rock
Evans City	Prospect	Valencia
Harmony	Saxonburg	Zelienople
Mars	Seven Fields	

Townships

Adams	Forward	Middlesex
Buffalo	Franklin	Muddycreek
Cherry	Jackson	Slippery Rock
Clinton	Jefferson	Winfield
Connoquenessing	Lancaster	Worth
Cranberry	Marion	

CAMBRIA COUNTY

Cities and Boroughs

Brownstown	Franklin	Nanty-Glo
Cresson	Geistown	Portage
Dale	Johnstown	Sankertown
Ebensburg	Lorain	Southmont
Ferndale	Loretto	Westmont

Townships

Adams	East Taylor	Richland
Allegheny	Jackson	Stonycreek
Blacklick	Lower Yoder	Susquehanna
Cambria	Middle Taylor	Upper Yoder
Conemaugh	Munster	Washington
Cresson	Portage	West Carroll
Croyle		West Taylor

ISSUED:

EFFECTIVE:

DESCRIPTION OF TERRITORY

CLARION COUNTY

Townships

Clarion	Monroe	Redbank
Limestone	Porter	

FAYETTE COUNTY

Boroughs

Belle Vernon	Fairchance	Point Marion
Fayette City	Masontown	

Townships

Franklin	Menallen	Springhill
Georges	North Union	Stewart
German	Perry	Washington
Jefferson	Saltlick	Wharton
Luzerne	South Union	

GREENE COUNTY

Boroughs

Carmichaels	Jefferson	Waynesburg
Clarksville	Mather	

Townships

Aleppo	Greene	Richhill
Center	Jackson	Springhill
Cumberland	Jefferson	Washington
Dunkard	Monongahela	Wayne
Franklin	Morgan	Whiteley
Freeport	Morris	
Gilmore	Perry	

INDIANA COUNTY

Boroughs

Blairsville	Homer City	Saltsburg
Creekside	Indiana	Shelocta

ISSUED:

EFFECTIVE:

DESCRIPTION OF TERRITORY

INDIANA COUNTY (continued)

Townships

Armstrong	Conemaugh	West Mahoning
Black Lick	East Mahoning	West Wheatfield
Buffington	Grant	White
Burrell	North Mahoning	Young
Center	Rayne	
Cherryhill	South Mahoning	
	Washington	

JEFFERSON COUNTY

Townships

Perry	Porter	Ringgold
-----------------------	------------------------	--------------------------

LAWRENCE COUNTY

Boroughs

Enon Valley	New Wilmington	Volant
-------------	----------------	--------

Townships

Hickory	Pulaski	Wilmington
Little Beaver	Scott	
Neshannock	Washington	

MERCER COUNTY

Boroughs

Grove City	Sandy Lake	Stoneboro
------------	------------	-----------

Townships

East Lackawannock	Pine	Wilmington
Findley	Sandy Lake	Wolf Creek
Lake	Shenango	
Liberty	Springfield	

SOMERSET COUNTY

Boroughs

Boswell	Seven Springs
---------	---------------

ISSUED:

EFFECTIVE:

DESCRIPTION OF TERRITORY

SOMERSET COUNTY (continued)

Townships

Conemaugh	Jenner	Somerset
Jefferson	Middlecreek	

VENANGO COUNTY

Townships

Clinton	Irwin
---------	-------

WASHINGTON COUNTY

Cities and Boroughs

Bealsville	Centerville	Finleyville
Bentleyville	Cokeburg	Monongahela
Burgettstown	Deemston	New Eagle
California	Donora	
	Ellsworth	

Deleted: Bealsville

Townships

Amwell	Hanover	Robinson
Carroll	Jefferson	Somerset
Cecil	Monongahela	South Franklin
Chartiers	Morris	South Strabane
Cross Creek	Mt. Pleasant	Smith
East Bethlehem	North Bethlehem	Union
East Finley	North Strabane	West Bethlehem
East Pike Run	Nottingham	West Pike Run
Fallowfield	Peters	

WESTMORELAND COUNTY

Cities and Boroughs

Adamsburg	Jeannette	New Kensington
Arnold	Latrobe	North Belle Vernon
Avonmore	Ligonier	North Irwin
Bolivar	Lower Burrell	Oklahoma
Delmont	Manor	South Greensburg
Derry	Monessen	Southwest Greensburg
East Vandergrift	Murrysville	Trafford
Export	New Alexandria	Vandergrift

ISSUED:

EFFECTIVE:

DESCRIPTION OF TERRITORY

WESTMORELAND COUNTY (continued)

Greensburg Hunker Hyde Park Irwin	<u>Cities and Boroughs</u> New Florence	West Leechburg Youngstown Youngwood
--	--	---

Allegheeny Bell Derry Donegal East Huntingdon Fairfield Hempfield	<u>Townships</u> Ligonier Lower Burrell Loyalhanna Mt. Pleasant North Huntingdon Penn Rostraver	St. Clair Salem South Huntingdon Unity Upper Burrell Washington
---	--	--

The above-listed cities, boroughs, and townships in Pennsylvania in which the Company provides natural gas public utility service are not the only cities, boroughs, and townships in which the Company is entitled, either by charter or certificate, to provide such natural gas public utility service.

Deleted: ¶

RULES AND REGULATIONS

1. APPLICATION FOR SERVICE

Applicants desiring any type of service from the Company under this Tariff shall contact the Company and specifically request the type and nature of service. Upon request, the Company will inform the customer of the identity of those NGSs offering retail service in its service territory and either provide a list of licensed suppliers or refer the customer to the Commission for further information. In any circumstance where an application to the Company for any service under this Tariff involves or is related to an NGS, such application cannot and shall not be processed by the Company unless the Applicant and/or the Applicant's NGS provides the necessary information relating to service.

Deleted: All
Deleted: ratepayer
Deleted: ratepayer

A non-residential Applicant for any service under this Tariff will be required to sign an application for natural gas service, unless the Company, in its sole discretion, accepts an oral application from a non-residential Applicant. The Company shall accept an oral application from a residential Applicant except that the Company may require a written application from a residential Applicant if the Company determines positive identification or other documentation is necessary. The Company may request driver's license, or other information as positive identification. The Company may, as a condition of furnishing service to an Applicant, require the Applicant, in accordance with applicable Commission regulations, to pay an outstanding gas service account balance, if the Company can show that the Applicant resided at, or occupied if a non-residential account, the property for which service is requested during the period of time that the outstanding balance accrued. The methods used by the Company to determine an Applicant's liability for any such previously furnished service may include reference to customer service records of the Company, including internal Company notes, service contracts, information collected from the Applicant and other members of the household in connection with any help provided by the Company in determining eligibility for and completing applications to various assistance programs. Other methods which may be used by the Company for such purposes include identity authentication services, public data and information, mortgage, deed or lease information, commercially available consumer credit reporting services, skip-tracing tools, and other methods which are or have been approved as valid by the Commission.

Deleted: The Company will also review Company records and may also require additional documentation, as described in Commission regulations, to determine the applicant's liability for unpaid previously furnished service.

Upon the receipt of natural gas service, the Applicant shall become a customer of the Company.

Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer

The customer shall inform the Company in advance of any proposed additions to (or decreases in) the customer's connected natural gas load.

Deleted: The Company shall charge a transfer fee of \$25 to residential and commercial applicants when natural gas service is not being initiated or reinstated but is continuing from a prior ratepayer

customer
customer
customer
2. CHARACTER OF SERVICE

The Company offers firm service, unless otherwise provided in this tariff.

Deleted: who is not the builder of a residence or commercial building. The Company shall charge a connection fee of \$74 for residential applicants and a connection fee of \$98 for commercial applicants when natural gas service is being initiated for the first time or had been previously discontinued at the location. In no case shall a connection fee or transfer fee be charged to a residential ratepayer

3. RULES FOR DEPOSIT

A deposit from a customer shall conform to the Commission's regulations and applicable statutory requirements. Deposits required by the Company for Tariff regulated charges shall not be based on unpaid supplier charges.

Deleted: whose income does not exceed 150 percent of the Federal Poverty Level and/or who is eligible to receive a LIHEAP award; or to the builder of a residence or commercial building who is using natural gas during the construction process; or to a ratepayer

Residential Applicant/Customer

Deleted: in a competitive posture, as determined in the sole discretion of the Company. The initial occupant of newly constructed residences or commercial buildings will be charged the \$74 or \$98 connection fee. Separate connection fees for reinstatement of service after termination by the Company are set forth in Rule 5.1

- a. The Company will provide service without requiring a deposit when the Applicant provides adequate identification and satisfies the following requirements:
 - i. Has not failed to pay an undisputed delinquent account.
 - ii. Has not failed to complete payment of a deposit, provide a guarantee or establish credit.
 - iii. Has not failed to provide access to meters, service connections, or other property of the public utility for the purpose of replacement, maintenance, repair or meter reading.
 - iv. Has not engaged in unauthorized use of the utility service delivered on or about the affected dwelling.
 - v. Has not failed to comply with the material terms or conditions of a settlement or payment agreement.
 - vi. Has not engaged in fraud or material misrepresentation of identity for the purpose of obtaining utility service.
 - vii. Has not tampered with meters, including, but not limited to, bypassing a meter or removal of an automatic meter reading device or other public utility equipment.

Deleted: ratepayer
Deleted: Ratepayer
Deleted: a

| ISSUED: January 28, 2019

EFFECTIVE: March 29, 2019

RULES AND REGULATION

3. RULES FOR DEPOSIT (continued)

viii. Has not violated tariff provisions on file with the Commission so as to endanger the safety of a person or the integrity of the delivery system of the public utility.

ix. Provides information demonstrating to the satisfaction of the Company that the Applicant is not an unsatisfactory credit risk though the use of a generally accepted credit scoring methodology. This methodology includes providing positive identification for the last two known addresses, review of data specific to payment history of other utility services, and review of credit history established previously with the Company. The Company will not find that an Applicant is a bad credit risk simply because he does not have a prior credit history.

Deleted: a

Deleted: a

b. If an Applicant does not establish credit under the methods outlined above, the Company may require that the Applicant post a cash deposit. The cash deposit is payable during a 90-day period in accordance with Commission regulations. Instead of posting a cash deposit, the Applicant may:

Deleted: a

Deleted: a

Deleted: a

i. Furnish a written guarantee from one who can establish credit to the Company's satisfaction that states terms to secure payment. The guarantor shall be responsible for all missed payments owed to the Company.

c. The Company may require an existing customer to post a deposit to reestablish credit:

Deleted: The cash deposit or guarantee, if required, is payable during a 90-day period in accordance with (C) Commission regulations.¶

i. If the customer has been delinquent in payment of any two consecutive bills or three or more bills within the preceding 12 months, after having notified the customer of its intention in accordance with prevailing Commission regulations.

Deleted: ratepayer

Deleted: ratepayer

ii. If the customer's service has been terminated and the customer desires reconnection.

Deleted: ratepayer

Deleted: ratepayer

iii. When a customer fails to comply with a material term or condition of a settlement or payment agreement.

Deleted: ratepayer

Deleted: ratepayer

d. An existing customer whose service has been terminated and desires a reconnection of service may be (C) permitted to pay any required deposit during a 90-day period in accordance with Commission regulations.

Deleted: ratepayer

A cash deposit will be required in an amount equal to one-sixth of the Applicant's or customer's estimated annual bill at the time the Company determines that a deposit is required. This estimate shall be based upon prior consumption for like service at the affected premises, wherever available. Should the character or degree of the customer's usage materially change, or if it can clearly be established that either will materially change in the immediate future, the amount of the cash deposit may be adjusted at the request of either the Company or the customer.

Deleted: a

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

All residential deposits shall bear interest at the simple annual interest rate determined by the Secretary (C) of Revenue for interest on the underpayment of tax under section 806 of the act of April 9, 1929 (P.L. 343, No. 176), known as the Fiscal Code, and such interest shall be returned with the deposit.

ISSUED:

EFFECTIVE:

RULES AND REGULATIONS

3. RULES FOR DEPOSIT (continued)

The Company may refund or apply to a customer's account any security deposit held, plus accrued interest, under the following conditions:

Deleted: ratepayer

i. Upon discontinuance or termination of service.

ii. When a customer establishes credit pursuant to the Commission's regulations.

Deleted: ratepayer

iii. When a customer substitutes a third-party guarantor, as defined in Commission's regulations, but the refund shall not exceed the guarantee.

Deleted: ratepayer

iv. After a customer has established a timely payment history. A timely payment history is established when a customer has paid its account balance in full and on time for 12 consecutive months.

Deleted: ratepayer

Deleted: ratepayer

v. At the option of the Company, a cash deposit, including accrued interest, may be refunded in whole or in part at any time earlier than the time stated in i. through iv. above.

The Company shall deduct the outstanding balance on the customer's account from the deposit and return or credit any positive difference to the customer. The customer may direct to whom a refunded deposit, together with accrued interest, shall be paid.

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: Ratepayer

Commercial and Industrial Applicant/Customer

The Company reserves the right to require a deposit or guaranty for all services to be supplied, or an increase in said deposit if there is an increase in the monthly bill for services rendered; also the right to apply such deposit to bills previously incurred by the Applicant under the existing or any previous contract with the Company.

Deleted: a

A deposit may be required from an Applicant in an estimated amount equal to twice the average of the three highest monthly bills anticipated during the next 12 months. Such estimate shall be made from the record of services rendered to the same premises during the last 12 months of use, whether by Applicant or a prior occupant of the premises, adjusted to recognize the extent of the proposed use as compared with the use in the past. If there is no prior record of services rendered to the premises, the estimate shall be based upon the purposes for which services will be provided.

Deleted: a

Deleted: a

All commercial and industrial deposits shall bear interest at the simple annual interest rate determined by the Secretary of Revenue for interest on the underpayment of tax under section 806 of the act of April 9, 1929 (P.L. 343, No. 176), known as the Fiscal Code, and such interest shall be returned with the deposit.

Deleted: All commercial and industrial ratepayer deposits shall bear interest at the rate of six (6) per centum per annum, without deduction for any taxes thereon; such interest will be credited at the end of each year, from the date of the deposit, to the ratepayer's account and applied against the oldest unpaid bill.

Upon final discontinuance of service and if such cash deposit has not been theretofore refunded, the principal of and interest thereon will be applied against the final bill, or if all bills are paid in full or if the deposit and interest shall be more than sufficient to cover the same, will be refunded to the customer, in whole or in part, as the case may be, by check.

Deleted: ¶

To accommodate the Applicant in case he cannot furnish a cash deposit, a written guaranty of a third person who can establish credit to the Company's satisfaction, including demonstrating that the third-person is the owner of real estate already receiving service from the Company will be accepted, but such form of security is discouraged. To limit the guaranty to the lowest terms consistent with security, such guarantor is required to agree that upon default of the customer, the guarantor will make prompt payment of the charges for services rendered to the customer for a period not exceeding sixty days. In case the guarantor is required to pay, the customer then must either make a cash deposit or secure a renewal of the guaranty in order to have service maintained.

Deleted: ratepayer

Deleted: cash or

Deleted: a

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

ISSUED:

EFFECTIVE:

RULES AND REGULATIONS

4. CONNECTIONS FOR SERVICE - EXTENSION OF FACILITIES

The Applicant hereby undertakes to furnish, be responsible for, and pay the necessary costs of customer-owned service pipe, fixtures, fittings, valves, regulators, and appliances to make the necessary connections between the Company's lines and the place of consumption or the delivery point to the Applicant and keep the same in good repair, in a skillful and workmanlike manner, furnishing at his own expense said materials, and the labor, care, and supervision necessary and proper to safely conduct and burn the gas, but the Applicant shall not otherwise make changes in or interfere with said pipes and appliances and material. The arrangement and location of all piping and appliances (including meters) shall be subject to the approval of the Company, but the Company shall not be responsible in any manner for the selection, installation, maintenance, or use of said pipes and appliances, or for said labor, care, or supervisions, and shall have no duty or obligation with respect to the care, maintenance or supervision of the facilities. To facilitate this process, the Company makes available a manual entitled "Service Line Installation Standards" on its website.

The Company shall make the necessary connections between its curb cock or shutoff valve and the Applicant's service pipe, provide a meter and the necessary fittings, and connect the meter.

The meter and all pipe fittings and appliances furnished by the Company on the premises shall remain the property of the Company, and the Company shall have the right at all reasonable times to enter in and upon the premises to read, maintain, remove, change, replace, inspect, and/or reclaim the meter and associated equipment.

Meters will be installed at the Company's expense only upon request and subject to the following conditions:

(a) The Company will install one (1) meter per customer service line.

(b) The type, size and location of the meter will be determined by the Company.

(c) An individual service line shall be required for each unit of a newly constructed structure consisting of modules which can be sold or leased as and function as separate entities, and having within each such unit control of the total gas energy requirements of that unit, including all interior piping. The requirement of one meter per service line shall apply to renovations of existing structures which meet the aforesaid independency requirements and to which gas service has not been provided for a period of at least one (1) year. The requirement of one meter per service line may be waived for other structures. In this latter event, additional meters will be set by the Company, provided the customer shall bear the cost of all additional meter installations and house line alterations, and such cost of service line alterations as shall be permitted by law.

(d) Outlet piping from the meter shall not pass through space or property that is or could be controlled or owned by an individual or individuals other than the customer.

The Company will extend its facilities to a new point of delivery within its service territory if, in its judgment and consistent with Commission regulations, the service to such new point of delivery will have no adverse effect upon the availability of gas to meet the present and reasonably foreseeable volume and pressure needs of existing customers. The Company may also condition the extension of facilities upon the Applicant's providing a CIAC, the amount of which will be determined by the Company and consistent with any parameters approved or required by the Commission. At the company's discretion, eligible Applicants for an extension may be offered service under Pilot Rate MLX as an alternative to a CIAC.

If the Company requests a CIAC from an Applicant and additional customers are added to the extended facilities financed by the Applicant's CIAC within three years of the date of completion of the facilities, the Applicant who paid the CIAC will be entitled to a pro rata refund during the three-year period immediately following completion of the extension.

Any CIAC, customer advance, or other like amounts received from the customer that, constitute taxable income as defined by the Internal Revenue Service may include a gross up for federal income taxes. To the extent that federal taxes

Deleted: a

Deleted: agreed upon

Deleted: a

Deleted: a

Deleted: same.

Deleted: .

Deleted: a

Deleted: for reading and change of meters, inspection, and reclaiming of its property.

Deleted: .

Comment [A1]: Excluding due to litigation on this item.

Deleted: The Company, at its discretion, may extend its distribution mains up to a distance of one-hundred fifty (150) feet on any street or highway without cost to a residential applicant(s), absent any abnormal underground conditions or unusual permitting requirements. When abnormal underground conditions or unusual permitting requirements exist, as determined by the Company, the applicant(s) will be required to pay a contribution in aid of construction (CIAC) in an amount determined by the Company.

Deleted: a

Deleted: all

Deleted: a

Deleted: a

Deleted: where service is not rendered under Pilot Rate MLX,

Deleted: a

Deleted: a

Deleted: ratepayer

Deleted: ratepayer

Deleted: which shall

are not included in the CIAC, they shall be segregated in a deferred account for inclusion in rate base in a future rate case proceeding.

Where evidence is found that Company facilities or service lines, meters, or other appurtenances on the customer's premises have been tampered with, the customer shall be required to bear all costs incurred by the Company for investigations and inspections, repairs, and for such protective equipment as, in the judgment of the Company, may be necessary. In addition, where the tampering has resulted in improper measurement of the service supplied, the customer shall be required to pay for such natural gas service, including interest at the late-payment charge rate, and all applicable costs and fees associated with collecting such charges based on the Company's estimate, from available information, of the amount of gas used but not registered by the Company's meters.

ISSUED:

EFFECTIVE:

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

RULES AND REGULATIONS

4. CONNECTIONS FOR SERVICE - EXTENSION OF FACILITIES (continued)

The customer shall pay the Company for any repairs to or any loss of the Company's property on the premises when such repairs are necessitated, or loss occasioned, by the willful acts or negligence on the part of the customer or failure to comply with the rules and regulations under which service is furnished.

Deleted: ratepayer

Deleted: ratepayer

5. DISCONTINUANCE AND TERMINATION OF SERVICE

The authorized agents of the Company shall at all reasonable times have free access to the premises of the customer with the right to shut off the gas and remove its property from the premises for any of the following reasons: failure to permit access to meters, service connections or other property of the Company for the purpose of replacement, maintenance, repair or meter reading; nonpayment of any undisputed delinquent bills due for existing or any previous service; tampering with the meter or connections; fraudulent representation in relation to the consumption of gas; removal of Applicant from the premises; selling or delivering gas to other occupants of the premises without application to the Company; failure to make or increase any deposit; failure to provide a guarantee of payment or establish credit; want of supply or waste of gas from customer's lines or appliances; failure to comply with amortization or settlement agreements; and failure to comply with or violation of Tariff Rules and Regulations. However, service may not be discontinued or terminated under any circumstances except under Commission Regulations or PA Statute(s) in effect and applicable at the time of such contemplated discontinuance.

Deleted: ratepayer

Deleted: a

Deleted: ratepayer

The Company may immediately terminate service for any of the following actions by the customer: unauthorized use of the service delivered on or about the affected dwelling; fraud or material misrepresentation of the customer's identity for the purpose of obtaining service; tampering with meters or other public utility's equipment; or violating tariff provisions on file with the Commission so as to endanger the safety of a person or the integrity of the public utility's delivery system. Upon termination for such reasons, the Company will make a good faith attempt to provide a post termination notice to the customer or a responsible person at the affected premises, and, in the case of a single meter, multiunit dwelling, the Company will conspicuously post the notice at the dwelling, including in common areas when possible.

Unless otherwise authorized by the Commission, after November 30 and before April 1, the Company will not terminate service to residential customers with household incomes at or below 250% of the federal poverty level except for: 1) customers whose actions are grounds for immediate termination, as described above, and 2) any person receiving gas service as a User without Contract. The Company will use financial information from the customer provided within their most recent twelve month period to determine if a customer exceeds the 250% federal poverty level.

Deleted: the qualifying level as determined by Commission regulation or of PA Statute

The Company may terminate service for nonpayment of billings for service provided under this tariff or for NGS supply charges purchased by the Company under the purchase of receivables provisions set forth in Rate SBS of the Company's Supplier Tariff.

Deleted: ratepayer

Deleted: a

Deleted: ratepayer

Deleted: ratepayer

Deleted: 0

Deleted: ratepayer

Deleted: 80

Deleted: ratepayer

If service is terminated, the same customer, whether an Applicant or customer as defined in the Commission's regulations or PA Statutes, shall pay a reasonable turn-on fee for resumption of service at the same address after termination. The turn-on fee for Residential customers is \$56. This fee is waived for customers at or below 150% of the federal poverty level. The turn-on fee for Commercial customers is \$115. The turn-on fee for Industrial customers shall be an amount equal to the customer charge for each month of the intervening period since service was terminated.

Deleted: For requests for discontinuance of service the Company shall determine whether the ratepayer

Deleted: is requesting discontinuance of service at their current location or discontinuance of supply from their current NGS. If the ratepayer

Deleted: requests to discontinue supply service, the Company shall refer the ratepayer

Deleted: to such NGS.

Deleted: ¶

customercustomercustomer.

Upon discontinuance or termination of service, the customer or its agent shall be responsible to winterize the premise to withstand winter conditions, which actions may include, but not limited to, draining plumbing systems, adding insulation and alternative heating units. The Company shall not be responsible for any damages resulting from the customer, or its agent's, as a result of a failure to winterize the property.

The Company reserves its rights to use any and all remedies at law to collect any outstanding debts, including, but not limited to, filing a Complaint in civil court seeking a judgment of record for the debt, with interest and recovery of court costs, attorneys' fees and other collection expenses incurred in the process.

6. TERMINATION OF CUSTOMER'S CONTRACT

In case a writ of execution shall be issued against a customer, or in case the premises described or referred to in the contract as the place at which gas is to be delivered or consumed, or the personal property upon said premises shall be levied upon under execution, or in case of any acts of assignment, filing of involuntary or voluntary petitions in bankruptcy, or any action in court for the reorganization of any corporation, partnership, or other customer, the contract, at the option of the Company, shall cease and terminate, and all claims for retail or transportation service previously provided or amounts purchased from a NGS through the purchase of receivables provisions set forth in Rate SBS of the Company's Supplier Tariff shall become forthwith due and payable without notice from said Company to the extent permissible under applicable bankruptcy statutes and Commission regulations.

ISSUED:

EFFECTIVE:

Deleted: RATEPAYER

Deleted: n

Deleted: ratepayer

Deleted: ratepayer

RULES AND REGULATIONS

7. LEAKS AND WASTE

The customer shall use all due care to prevent a waste of gas. It is the responsibility of the customer to exercise all due care in the detection of defects and leaks, and in case of failure or deficiency of gas, leakage, excess pressure, or other dangerous developments incident to the handling of gas under pressure, the customer agrees to give immediate notice thereof to the Company, and his failure to do so, should loss follow, shall be conclusive evidence of his contributory or comparative negligence.

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

8. NONLIABILITY OF COMPANY

The Company does not guarantee continuous, regular and uninterrupted supply of service. The Company may, without liability, interrupt or limit the supply of service for the purpose of making repairs, changes, or improvements in any part of its system for the general good of the service or the safety of the public or for the purpose of preventing or limiting any actual or threatened instability or disturbance of the system. The Company is also not liable for any damages due to accident, strike, storm, riot, fire, flood, legal process, state or municipal interference, or any other cause beyond the Company's control.

Deleted: The Company shall not be liable for failure to furnish a sufficient supply of gas or for failure to transport the ratepayer's gas to the ratepayer arising from any cause whatsoever, nor shall the Company be liable for any injury to person or property arising from the use of gas by or the supply of gas to the ratepayer which is not the result of negligence on the part of the Company. The liability of the Company for damages for failure to furnish a sufficient supply of gas or for failure to transport ratepayer's gas to him shall be limited to an amount equivalent to the ratepayer's proportionate monthly ratepayer customer charge for the period of service during which a supply failure occurs. In no event shall the Company be liable for extraordinary or consequential damages arising in any manner whatever as a result of supply failure. ¶

In all other circumstances, including but not limited to failure to furnish a sufficient supply of gas or failure to transport the customer's gas to the customer, the liability of the Company to customers or other persons for damages, direct or consequential, including damage to equipment and appliances, loss of business, or loss of production caused by any interruption or variation in supply or pressure, or any other failure in the supply of natural gas shall in no event, unless caused by the willful and/or wanton misconduct of the Company, exceed an amount in liquidated damages equivalent to the greater of \$500 or two times the charge to the customer for the service affected during the period in which such interruption or variation in supply or pressure, or any other failure in the supply of natural gas occurs.

The Company makes no warranty as to merchantability or fitness for a particular purpose, express or implied, by operation of law or otherwise. To the extent applicable under the Uniform Commercial Code or on any theory of contract or products liability, the Company limits its liability in accordance with the previous paragraph to any Customer or third party for claims involving and including, but not limited to, strict products liability, breach of contract, and breach of actual or implied warranties of merchantability or fitness for an intended purpose.

For the purposes of this Rule, all pipe, fittings, appliances, and associated materials/equipment on the customer's side of the curb stop, or shutoff valve of the service pipes which connects with the Company's main line are the property and responsibility of the customer, and in no event shall the Company be liable for any injury to person or property arising there from.

Deleted: and

Deleted: ratepayer

Deleted: cock

Deleted: ratepayer

9. MEASUREMENT OF GAS

All gas delivered shall be measured by meter. The term "Mcf." as used in the Company's schedule of rates, shall mean 1,000 cubic feet of gas at no more than 8 ounces above an assumed atmospheric pressure of 14.4 pounds at whatever temperature the gas may be during the period of measurement. If gas is supplied from a low-pressure distribution system in which the pressure of the gas is regulated not to exceed 8 ounces, the measurement will be at whatever pressure the gas may be during the period of measurement. If gas is delivered from a high-pressure system, measurement will be corrected to a pressure base of 14.73 psia. If measurement is corrected for temperature, measurement will be corrected to 60°F.

Deleted: All meters shall be owned by the Company, and said meters and any regulators in connection therewith shall be at all times open to inspection by both the Company and the ratepayer

customer.

The measurement of gas by meter shall be conclusive on the customer and the Company, excepting that from the time the meter is found to be defective or ceases to register, until the meter is repaired, the gas delivered shall be estimated by the average of another meter, or by the amount delivered by meter during a previous corresponding period under similar conditions. In the event of the customer's dissatisfaction with the registration of the meter, the Company will, upon request, accompanied by the fee specified in the regulations of the Commission, have the same removed, sealed, and tested and results of the test, given to the customer upon request. If the meter so tested shall be found to be inaccurate within the limits specified in the regulations of the Commission, the Company shall refund the charge for such test.

Deleted: for the purpose of seeing that they are in condition of good repair.¶

Deleted: ratepayer

Deleted: ratepayer

Deleted: written application,

Deleted: rules

Deleted: a certificate of test

Deleted: ratepayer

Deleted: Rules

10. BILLING AND PAYMENT

No entity providing billing may share or use information concerning individually negotiated rates of a customer, which has been acquired only through the entity's role as a billing agent, with another customer or any third party without the prior written authorization of the Company. The Company shall offer a separate payment option for residential customers to equalize monthly payment amounts.

Billing Options

The Company will offer two billing options: (1) the issuance of a bill by the Company which contains the NGS charges; or (2) the issuance of a bill that contains only the Company's charges, in which case the NGS will bill the customer separately for NGS charges. The right of a customer to receive a separate bill from his/her NGS for the NGS' charges is subject to the ability of the NGS to provide a separate bill and the terms under which the NGS may offer to provide a separate bill.

ISSUED:

EFFECTIVE:

~~Deleted: ratepayer~~

~~Deleted: ratepayer~~

~~Deleted: ratepayer~~

~~Deleted: ratepayer~~

~~Deleted: ratepayer~~

RULES AND REGULATIONS

10. BILLING AND PAYMENT (continued)

Allocation of Payments

Under billing option (1), the following order for the application of partial payments shall apply to all residential customers and to non-residential customers unless the contract between the non-residential customer and the NGS provides for a different method:

- Deleted: ratepayer
- Deleted: ratepayer
- Deleted: ratepayer
- Deleted: Payment agreement for p
- Deleted: or pre-existing balance

- a. Pre-existing Company balance;
- b. Current Company charges;
- c. NGS charges;
- d. Non-basic service charges (including but not limited to warranty charges);
- e. Hardship energy fund contribution.

Residential and Commercial Customers

Bills will be rendered and be payable once each month. Amounts due for gas services must be made in one of the following formats: cash at a valid payment center, credit card, debit card, atm card, or personal check, business check, or money order issued by a properly licensed financial institution, or other commercially acceptable form of payment as determined by the Company. The Company may read any meter once each month, but ordinarily it will read meters of residential and commercial customers once every two months. As to any customer whose meter is read once every two months, the volumes consumed for the first month of each bimonthly meter reading period shall be determined by estimation, on the basis of the customer's previous service, adjusted for weather conditions, and the volumes consumed for the second month of each bimonthly meter reading period shall be determined by subtracting the first month's estimated volumes from the total actual volumes consumed or delivered for the bimonthly period as shown by the meter. The bill for each month shall be the result of applying to the volumes consumed or delivered, the applicable rates, charges, and penalties (if any) set forth in this tariff.

- Deleted: Ratepayer
- Deleted: ratepayer
- Deleted: ratepayer
- Deleted: ratepayer

Upon request, the Company will supply any customer with an option, upon which he may record his meter reading at the end of the first month of each bimonthly meter reading period, and if such reading, is received by the Company within two days after the close of such billing month, the bill for such month will be computed from the meter reading provided by the customer, instead of by estimate. The Company will adjust estimates of bills for changes in conditions of which it has been notified in advance by a customer.

- Deleted: ratepayer
- Deleted: card form
- Deleted: card
- Deleted: shown on the card
- Deleted: ratepayer
- Deleted: ratepayer
- Deleted: ratepayer

A bill will be rendered to each residential and commercial customer on account of each meter. Bills will be rendered as nearly as possible on the same day of every month and shall be payable upon presentation. The Company reserves the right to reassign customers into a different billing cycle and the timing of the issuance of the monthly bill may be altered. A bill shall be deemed delinquent if it is not paid by the due date. The due date for residential and commercial customers shall be twenty (20) days after the date of mailing the bill unless the Company agrees to an extension. Delinquent residential accounts shall be subject to a late-payment charge of one and one-half percent (1 ½%) per month for bills not paid within five days after the due date. Delinquent commercial accounts shall be subject to a late-payment charge of one and one-half percent (1 ½%) per month. Late-payment charges will be based on delinquent charges for services provided under this tariff or for NGS supply charges purchased by the Company under the purchase of receivables provisions set forth in Rate SBS of the Company's Supplier Tariff. Payment of bills may be made at authorized collection offices or agencies of the Company during the regular business hours thereof. Payment may be deemed to have been made on the date it is received at any such office or, if remittance is made by mail, on the date of the official U.S. Postal Service postmark.

ISSUED:

EFFECTIVE:

RULES AND REGULATIONS

10. BILLING AND PAYMENT (continued)

Industrial Customers

Bills will be rendered and be payable once each month. A bill will be rendered to each industrial account. Bills will be rendered as nearly as possible on the same day of every month and shall be payable monthly upon presentation. The Company reserves the right to reassign customers into a different billing cycle and the timing of the issuance of the monthly bill may be altered. An industrial customer's bill shall be deemed delinquent when it remains unpaid after the payment due date specified on the bill. A payment received from a customer owing a previous balance shall be applied first to the previous balance and only after such previous balance has been fully paid shall any balance of the payment be applied to the current bill. Industrial accounts shall be subject to a late-payment charge of two percent (2%) per month if the bill is not paid in its entirety on or before the payment due date specified on the bill, which shall be fifteen (15) days after the date of mailing the bill. Late-payment charges will be based on delinquency charges for services provided under this tariff or for NGS supply charges purchased by the Company under the purchase of receivables provisions set forth in Rate SBS of the Company's Supplier Tariff.

Final Bill

At the time the Company receives a notice, which notice must be received at least seven days in advance, to discontinue service or transfer service from one customer to another, the Company may provide customers with the options to have the Company read the meter, have the disconnecting and reconnecting customer read the meter, or receive an estimated final reading if the Company's actual read parameters have been met in the previous months. The Company will read the meter if the two customer readings are significantly different. The Company will inform the customer that if they elect the customer meter reading and the customer fails to provide the Company with an acceptable reading in a timely manner, the Company may estimate the final meter reading. The Company will make reasonable efforts to obtain actual meter readings: (a) when the Company has insufficient data to estimate the Customer's usage; (b) when, in the case of a transfer of service, disconnect and reconnect orders are executed on different days; and (c) when the customer, at least seven days prior to the disconnect order date, specifically requests that the meter be read. The Company reserves the right to establish a Customer's usage for a final bill whenever the Company is unable to gain access to its meter on the disconnect order date. The Company will accept meter readings from customers for final bills if the customer reading is provided in a timely manner and if, upon review, the Company finds the customer reading to be reasonable and consistent with prior usage levels. Notwithstanding the foregoing, the Company may not discontinue service unless in compliance with the Rules, Regulations or Orders of the Pennsylvania Public Utility Commission pertaining thereto and in effect at the time of such discontinuation.

Dishonored Payment

If the Company receives a negotiable instrument from an Applicant or customer as payment of any bill, charge or deposit due, and if the instrument (including electronic payment) is subsequently dishonored or is uncollectible for any reason, the Company may charge the Applicant or customer a fee of \$25.

11. AUTHORITY OF AGENTS

No agent or employee of the Company has authority to make any promise, agreement, or representation not incorporated in its rules and regulations, and no promise, agreement, or representation shall bind the Company unless in writing, signed by an officer of the Company.

ISSUED:

EFFECTIVE:

- Deleted: will
- Deleted: either
- Deleted: or to
- Deleted: .

RULES AND REGULATIONS

**ADDITIONAL RULES FOR RETAIL CUSTOMERS ON LINES
OUTSIDE OF DISTRIBUTION SYSTEMS (RULES 12-14)**

12. CONDITIONS UNDER WHICH SERVICE WILL BE RENDERED

Applications for service from a transmission, gathering, or storage line outside of the Company's distribution system will not be accepted unless such line is being operated in a manner which will permit gas to be served to the Applicant without interference with the Company's operation. Applications will be accepted only with the understanding that the use or manner of use of the Company's line from which gas is to be supplied is not permanent and that service to the Applicant is subject to temporary or absolute change or discontinuance at the sole discretion of the Company which may at any time remove, repair, or change the use or manner of operating said line after having first canceled the service contract with the Applicant by thirty days written notice to him. The customer agrees that the Company shall have the right to discontinue service for any such reason or in accordance with any other published rule or regulation of the Company, and the customer further agrees that during the term of service the Company shall not be liable for any deficiency in the supply of gas caused by the use of compressing stations, breakage of lines, or other causes or for any claim for damages on account of any matters set forth in this paragraph, subject to the terms and conditions of Rule 8 of this tariff. Every Applicant must obtain adequate and suitable written rights-of-way and regulator sites, and permit copies thereof to be made before the Company will make any tap or connection for service or install any regulating apparatus for Applicant.

Deleted: RATEPAYER

Deleted: a

Deleted: a

Deleted: a

Deleted: ratepayer

Deleted: ratepayer

Deleted: .

Deleted: a

Deleted: a

13. CONNECTION FOR SERVICE AND RESPONSIBILITY THEREFOR

The Company will furnish gas service from a transmission, gathering, or storage line, subject to the conditions of Rule 12, Rule 14, and its other rules and regulations, at the varying pressures at which the line is operated from time to time. The Applicant assumes all risks from variation in pressure, defects in pipe, connections, and appliances, from the escape and leakage of gas, from the sticking of valves and regulators, and from the burning of gas on his premises and like causes incident to the use of gas. The Applicant shall provide at his own expense and risk the necessary service line from the place of consumption or other mutually agreed upon delivery point to a point designated by the Company near the Company's pipe line from which gas is to be supplied for safely conducting the gas from the stop or shutoff valve on the connection which the Company will make with its pipe line to the place of consumption or other mutually agreed upon delivery point.

Deleted: a

Deleted: a

14. COST OF CONNECTION

The Company will at its own cost tap its line and furnish and lay a service line terminating with a stop or shutoff valve at or near the point designated by it under Rule 13. Connection for service will be made under Rule 4.

SPECIAL RULES APPLICABLE TO INDUSTRIAL CUSTOMERS (RULE 15-16)

All service to industrial customers is made subject to the following special rules. The foregoing rules are also applicable to such service unless inconsistent with the following rules.

Deleted: RATEPAYER

Deleted: ratepayer

15. METERS AND REGULATORS

All gas delivered to the customer shall be delivered at and measured by a standard meter to be placed by the Company upon the customer's premises or at another delivery point, as determined by the Company customer. The said meter or meters and any necessary regulators shall be owned by the Company, and the Company shall pay the cost of keeping the meters and regulators in repair; customer will furnish and maintain suitable building or buildings for same, but said meters and regulators shall be at all times open to inspection of both the Company and the customer for the purpose of seeing that they are in a condition of good repair. The customer, or owner of the property where the meter is located, shall not construct any structure(s) on, or around the meter, or permit any obstruction that blocks or encumbers access to the meter. In the event a meter is obstructed and the Company is unable to obtain access, the Company may take necessary action to obtain access to the meter and the Company shall not be liable for any damage or loss to the property of the customer or the property owner.

Deleted: ratepayer

Deleted: at a mutually agreed upon point

Deleted: ratepayer

Deleted: mutually agreeable

Deleted: for gas usage on the ratepayer

Deleted: 's premises

Deleted: ratepayer

Deleted: ; the said meter or meters shall be read at least once every month,

Deleted: ratepayer

All meters shall be owned by the Company, and said meters and any regulators in connection therewith shall be at all times open to inspection by both the Company and the customer for the purpose of seeing that they are in condition of good repair. The meter providing service to the customer's premises shall be placed on the property located on the premises. Any meter located on property owned by a third-party who is not the customer or the owner of the real property where the premises is located, shall be relocated to an appropriate location that complies with this Rule.

ISSUED:

EFFECTIVE:

RULES AND REGULATIONS

16. RESPONSIBILITY FOR FIRE, EXPLOSIONS, AND FAILURE OF SUPPLY

The Company shall not be responsible for any lines laid beyond the meter; shall not be held liable for any damage or loss to person or property resulting from explosions or fire or from use of gas in the works of the customer; and shall not be liable for failure to furnish a sufficient supply of gas or for failure to transport the customer's gas to the customer for his purpose arising from any cause not the result of the willful and/or wanton misconduct, of the Company, subject to the terms and conditions of Rule 8 of this tariff.

17. EMERGENCY CURTAILMENT.

This rule has been adopted pursuant to regulations of the Commission set forth at Pa. Code §§59.71 – 59.75 entitled 'Gas Emergency Plans'.

ISSUED:

EFFECTIVE:

~~Deleted: ratepayer~~

~~Deleted: ratepayer~~

~~Deleted: ratepayer~~

~~Deleted: negligence~~

~~Deleted: PRIORITY OF SERVICE AND CURTAILMENT FOR RETAIL RATEPAYERS~~

~~Deleted: Discontinuance of Service and Curtailment~~

~~Deleted: When the evidence available to the Company reasonably indicates that a ratepayer is using gas in violation of this rule or an order of the Commission, the Company will discontinue all service to such ratepayer unless the use causing such violation is discontinued within ten days after written notice from the Company. This provision shall not affect the Company's right or obligation to discontinue service under other provisions of this tariff, the rules and regulations of the Pennsylvania Commission, or for any other lawful right or reason. The Company will inform the Commission of any termination pursuant to this rule.~~

~~Deleted: Priority of Service¶~~

¶ The available gas supplies to the Company shall be allocated among its ratepayers in accordance with the priorities of use listed below. Ratepayers in higher priority will not be curtailed until all ratepayers falling into the lower classifications have been completely curtailed; where only partial curtailment of any one classification is required, the implementation of curtailment shall be prorated. The ability to curtail a Priority-One ratepayer is not affected by whether the ratepayer pays for standby service under Rate GS-SB. Following are the priority categories and subcategories listed in descending order. Small commercial and industrial ratepayers as described below are those ratepayers that use less than (C) ¶
 . 25,000 Mcf per year. Large commercial and industrial ratepayers as described below are those ratepayers that use 25,000 Mcf per year or more:¶
 ¶
 . 1. a. . Residential.¶
 . 1. b. . Firm critical commercial essential human needs.¶
 ¶
 . 2. a. . Firm small commercial requirements, excluding critical essential human needs requirements in category 1., and firm large commercial and industrial requirements for plant protection.¶
 ¶
 . 2.b. . Firm small industrial requirements.¶
 ¶
 . 2.c. . Firm large critical commercial and industrial requirements, excluding firm critical commercial essential human needs requirements in category 1 and excluding firm large commercial and industrial requirements for plant protection in category 2.¶
 ¶
 2.d. . Firm large noncritical commercial and industrial requirements other than requirements for boiler fuel use.¶
 ¶
 . 2.e. . Firm large noncritical commercial and industrial requirements for boiler fuel use.¶
 ¶
 . 2.f. . Contractually interruptible use.¶

RULES AND REGULATIONS

17. **EMERGENCY CURTAILMENT**, (continued)

The definitions for terms used in [this Rule 17](#), shall be shown in Appendix A hereto.

ISSUED:
PEOPLES NATURAL GAS COMPANY LLC

EFFECTIVE:
SUPPLEMENT NO. 2 TO GAS—PA PUC NO. 47
FIRST REVISED PAGE NO. 28
CANCELLING ORIGINAL PAGE NO. 28

RULES AND REGULATIONS

ISSUED:

EFFECTIVE:

Deleted: PRIORITY OF SERVICE AND CURTAILMENT FOR RETAIL RATEPAYERS

Deleted: the priority of service categories

Deleted: 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.¶

Deleted: 17. PRIORITY OF SERVICE AND CURTAILMENT FOR RETAIL RATEPAYERS (continued)¶

¶ **Excess Consumption Penalty Related to Gas Shortage Curtailment . ¶**

¶ As used herein, the term "excess consumption" means the volume by which a ratepayer's actual consumption: (a) in any month during a gas shortage curtailment exceeds his authorized monthly volume specified in a notice of curtailment or as reduced pursuant to this Rule 17; or (b) in an emergency curtailment period, exceeds his authorized volume for the emergency period pursuant to this Rule 17.¶

¶ Excess consumption shall be billed at the rates prescribed by this tariff plus a penalty according to the following schedule:¶
... Actual Usage as a Percentage . Penalty For¶
... of Total Authorized Volumes . Excess Consumption¶

¶ Greater than 103% but not in excess of 110% . \$10 per Mcf¶

RULES AND REGULATIONS

17. **EMERGENCY CURTAILMENT (continued)**

An emergency exists whenever the aggregate demand of firm service customers 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-One customers. If this occurs, the Company may require each commercial and industrial customer, who is not a Priority-One customer, to reduce its consumption of gas. 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; however, the authorized volume shall provide only the minimum volume of firm service necessary for the prevention of damage to plant equipment.

When all other service has been curtailed except for Priority-One service and the Company continues to be unable to meet Priority-One 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.

The Company will specify in a notice of emergency curtailment the authorized daily consumption until further notice. An emergency curtailment may be made after oral notice to the customer effective when so given and confirmed in writing within 48 hours thereafter.

If a customer exceeds its authorized consumption during a period of emergency curtailment, then a customer shall be subject to penalties as set forth below:

Actual Usage as a Percentage of Emergency Authorized Consumption	Penalty for Excess Takes(in Dollars Per Mcf)
Greater than 103% but not in excess of 110%	10
Greater than 110%	25

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

The number of days of emergency curtailment multiplied by the authorized daily consumption volume shall be the customer's authorized consumption for the emergency curtailment period. The Company will determine actual consumption during the emergency curtailment period by actual measurement at the beginning and end of the emergency curtailment.

Discontinuance of Service and Curtailment

When the evidence available to the Company reasonably indicates that a customer is using gas in violation of this rule or an order of the Commission, the Company will discontinue all service to such customer unless the use causing such violation is discontinued within ten days after written notice from the Company. This provision shall not affect the Company's right or obligation to discontinue service under other provisions of this tariff, the rules and regulations of the Pennsylvania Commission, or for any other lawful right or reason. The Company will inform the Commission of any termination pursuant to this rule.

ISSUED:

EFFECTIVE:

Deleted: PRIORITY OF SERVICE AND CURTAILMENT FOR RETAIL RATEPAYERS (continued)

Deleted: Allocation of Excess Gas

If, in the Company's judgment, sufficient gas supply is available to permit deliveries in addition to the monthly authorized entitlement in any month, the Company will provide all ratepayers with as much advance notice as possible of the amount of such additional gas anticipated to be available. Such gas shall be apportioned by the Company to all ratepayers of the highest priority being curtailed.

To the extent that a ratepayer has exceeded the sum of its authorized entitlements for any period, penalties shall not be assessed for any excess volumes authorized pursuant to the provisions of this sections.

Emergency Curtailment

Deleted: the Company is unable to fulfill the daily requirements of all its ratepayers because of reasons unrelated to long-range supplies,

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

RULES AND REGULATIONS

17. ~~EMERGENCY CURTAILMENT (continued)~~

Appendix A to Rule 17

DEFINITIONS FOR TERMS USED IN EMERGENCY CURTAILMENT

Deleted: PRIORITY OF SERVICE AND CURTAILMENT FOR RETAIL RATEPAYERS (continued)

Deleted: THE PRIORITY OF SERVICE CATEGORIES

Deleted: The ability to use an alternate fuel whether or not the facilities for such use have actually been installed. For purposes of this definition, alternate fuel means any fuel other than natural gas.

Deleted: ratepayer

Deleted: Commercial use shall not include use of gas for manufacturing or electric power generation.

Deleted: ratepayer

Deleted: ratepayer

1. Alternate Fuel: Any fuel other than natural gas.
2. Alternate Fuel Capability: The installed and operable ability to use any fuel other than natural gas on a time sensitive basis.
3. Commercial Use: Gas usage by customers engaged primarily in the sale of goods or services including but not limited to consumption by office buildings, institutions, and governmental agencies.
4. Critical Uses: Gas usage where natural gas is the only feasible form of energy due to its combustion characteristics, controllability, or chemical properties.
5. Essential Human Needs Use: Gas usage by customers for service to any buildings where persons normally dwell, including but not limited to residences, apartment houses, dormitories, hotels, hospitals, and nursing homes.
6. Firm Service: Natural gas service offered to consumers under tariffs or contracts that anticipate no interruption.
7. 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.
8. Interruptible Service: Natural gas services that can be temporarily discontinued under terms and conditions specified by tariff or contract.
9. NGDC: Natural gas distribution company.
10. NGS: Natural gas supplier.
11. Noncritical Use: Gas usage where natural gas is not the only feasible form of energy, that is, where the user has alternate fuel capability.
12. Plant Protection Use: Minimum usage of natural gas required to prevent physical harm to an industrial or commercial consumer's facility, or danger to personnel at the facility when such protection cannot be afforded through the use of an alternate fuel. Plant protection use includes usage necessary for the protection of the material in process as would otherwise be destroyed, but does not include deliveries required to maintain production.
13. Residential Use: Gas usage in a residential dwelling or unit for space heating, air-conditioning, cooking, water heating, or other domestic purposes.

ISSUED:

EFFECTIVE:

RULES AND REGULATIONS**18. PRIORITY OF SERVICE CURTAILMENT**

Upon issuance of an order to initiate priority-based curtailments, the available gas supplies to the Company shall be allocated among its customers in accordance with the priorities of use listed below. Customers in higher priority will not be curtailed until all customers falling into the lower classifications have been completely curtailed; where only partial curtailment of any one classification is required, the implementation of curtailment shall be prorated, to the extent possible under the circumstances, based upon recent consumption data. The ability to curtail a Priority-One customer is not affected by whether the customer pays for standby service under Rate GS-SB. Following are the priority categories and subcategories listed in descending order. Small commercial and industrial customers as described below are those customers that use less than 25,000 Mcf per year. Large commercial and industrial customers as described below are those customers that use 25,000 Mcf per year or more:

1. a. Residential.

1. b. Firm critical commercial essential human needs.

2. a. Firm small commercial requirements, excluding critical essential human needs requirements in category 1, firm large commercial and industrial requirements for plant protection, and operational facilities of electric distribution companies.

2.b. Firm small industrial requirements.

2.c. Firm large critical commercial and industrial requirements, excluding firm critical commercial essential human needs requirements in category 1 and excluding firm large commercial and industrial requirements for plant protection in category 2.

2.d. Firm large noncritical commercial and industrial requirements other than requirements for boiler fuel use.

2.e. Firm large noncritical commercial and industrial requirements for boiler fuel use.

2.f. Contractually interruptible use.

Deleted: and

19. SALES OF GAS FOR RESALE

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

Deleted: ratepayer

20. SERVICE AGREEMENT & FLEXIBLE RATES

Service agreements for delivery services are not required unless the customer consumes more than 50,000 Mcf per year or has negotiated a delivery rate less than the maximum rate. When a service agreement is required, an agreement for a minimum of one year must be executed by each Applicant as a condition to receiving delivery service, unless the Company agrees to a shorter term. The Service Agreement, when required, shall include but not be limited to: 1) the point(s) at which the Company will receive customer's gas; 2) the points at which the Company will deliver customer's gas to customer's facilities; 3) pressure, maximum and minimum daily volumes and annual delivery service volumes. Delivery of gas will not begin until a Service Agreement is fully executed.

Specific components of a customer's rate may be lowered or waived if such an adjustment is required to meet competition from an alternative fuel source, for economic development purposes, or for service to new facilities. Determination of eligibility for a flexible rate will be made by the Company and execution of a contract by the customer. When the discount is based on competition from an alternative fuel source, the customer will be required to certify the existence of the alternative fuel source. Electricity delivered by an electric distribution company shall not constitute a competitive alternative for purposes of natural gas flex rate eligibility or amount, unless the electric distribution company offers an electric flexed distribution rate to the customer. Prior to flexing distribution charges for distribution service

customers, the Company may reduce charges that are for recovery of balancing charges, AVC capacity charges, and/or the retainage percentage applied to the gas received on behalf of the distribution service customer.

**SPECIAL RULES APPLICABLE TO ALTOONA
AND JOHNSTOWN AND VICINITY (Rules 21 and 22)**

21. 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 Stony creek, 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.

22. 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 customer shall use all due care to prevent waste of gas. It is the responsibility of the customer to exercise all due care in the detection of leaks and defects in the service pipes, meter, fittings, and stop cocks on the customer'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 customer 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 customer to do so, should loss or injury follow, shall be evidence of the customer's negligence and shall relieve the Company from liability for such loss or injury.

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

For purposes of billing more than one type of service provided by the Company to a customer 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

24. OPERATIONAL FLOW ORDERS

To the extent the Company issues an operational flow order (OFO) pursuant to Rule 4 of its Supplier Tariff, a transportation customer 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 customers.

ISSUED:

EFFECTIVE:

Deleted: 19
Deleted: 20

Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: (C)
Deleted: ratepayer

Deleted: ratepayer
Deleted: ratepayer

RULES AND REGULATIONS

26. COMPLAINT PROCEDURES

a. **General Complaints** - Inquiries and complaints from any customer will be received and processed in a timely manner. Residential customer inquiries and complaints will be handled in conformance with Chapter 56 of the Commission's Rules. When a customer inquiry or complaint relates to services provided by an NGS, the Company will refer the customer to the NGS for a response. If a customer inquiry or complaint involves issues or services provided by both the Company and the customer's NGS, the Company will coordinate the response to the customer inquiry or complaint from both parties. If a customer is dissatisfied with the Company's response, or indicates dissatisfaction with the NGS's response to the customer with respect to the NGS's services, the Company will inform the customer of the right to file an informal appeal with the Bureau of Consumer Services (BCS) at the Commission and provide the customer with the toll-free telephone number and mailing address of the Commission.

Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer

b. **Alleged Slamming Complaints** – To the extent a customer contacts the Company and alleges that its Supplier has been changed without the customer's consent, the Company shall:

- i. Consider the matter a customer registered dispute;
- ii. Investigate and respond to the dispute consistent with the requirements found in §§56.151 and 56.152 (relating to utility company dispute procedures) of the Commission's regulations.
- iii. Within 10 days of notification or mailing of a utility company report, customer may file an informal complaint with BCS at the Commission.

Deleted: ratepayer

iv. Potential Remedies Available to Customer:

Deleted: Ratepayer

1. If the customer's dispute has been registered within the first two billing periods since the customer should reasonably have known of a change of suppliers and the dispute investigation establishes that the change occurred without the customer's consent, the Company shall return the customer to the previous commodity provider. Further, the customer will not be responsible for any supplier charges rendered during that period and the company responsible for initiating the change of supplier shall issue a complete refund within 30 days of the close of the dispute. The refund or credit provision shall only apply to the supplier.

Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: C

2. Further, the BCS or the Commission may direct that a customer who has had a supplier changed without having consented to that change may be switched back to the original supplier for no additional fee. Any charges involved in the switch back to the prior supplier shall be the responsibility of the company that initiated the change without the customer's consent.

Deleted: ratepayer
Deleted: C
Deleted: ratepayer

In addition to customer-specific remedies, the Commission may, after investigation and decision, assess fines pursuant to Chapter 33 of the Public Utility Code, 66 Pa. C.S. §§3301, et seq., and initiate proceedings to revoke the license of any supplier that demonstrates a pattern of violating the Commission regulations. The Commission may order a particular supplier that has a pattern of violating the Commission regulations to obtain written authorization from every new customer as a condition of providing service in this Commonwealth.

Deleted: ratepayer
Deleted: ratepayer

RULES AND REGULATIONS

27. REQUEST FOR INFORMATION

- a. Upon customer request, the Company shall provide to its residential and small business customers appliance energy efficiency information that is readily available to the Company.
- b. Upon request, the Company shall provide to a residential or small business customer or the customer's designee, historical billing data, to the extent such information is readily available on Company's billing system. Historical billing data shall be conveyed in Mcf, and associated charges for the current billing period, and for the year preceding the current billing period. The initial request per year shall be provided at no charge to customer.

Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer

28. RELEASE OF CUSTOMER INFORMATION

- a. The Company shall notify residential and small business customers of its intent to release private customer information before it releases such information to a third party, excluding those instances noted below in paragraph (c). The notification to customer shall provide a convenient method of notifying the Company of the customer's desire to restrict the release of the private information. Customer shall be permitted to restrict information as specified in this section by returning a signed form, orally or electronically. If the customer changes its election on the restriction of the release of information, the customer must inform the Company in a signed form. The Company shall use its best efforts to ensure that any request or a change in request for restricted information be processed in a timely and expeditious manner.

For all other customers, the Company will not disclose customer information to a third party, excluding those instances noted below in paragraph (c), without the consent of the customer.

Nothing herein shall preclude the Company from releasing aggregated customer information or non-private customer information to a third-party.
- b. Residential and small business customers may request that the release of its private information be restricted based on one of the following two restrictions:
 - i. Restrict the release of only the customer's historical billing data in the Company's standard pricing unit, or
 - ii. Restrict the release of all private customer information including name, billing address, service address, rate class, rate sub-class, account number and historical billing data in the Company's standard pricing unit.

If customer does not choose to restrict the release of information based on one of the two restrictions above, then all of the customer's private information may be released to a third party except for the telephone number. Telephone numbers may not be released to third parties under any circumstances.
 - iii. Nothing in this section prohibits the Company from performing its mandatory obligations to provide natural gas service as specified in the disclosure statement and in the Public Utility Code.
- c. The Company may release private information to (i) law enforcement officers, as part of a legal process (such as in response to a warrant, subpoena, or grand jury investigation issued by a court or governmental agency); (ii) to contractors providing utility-related services on behalf, of Peoples, but only to the extent necessary to render the service and subject to confidentiality and security obligations; (iii) to governmental agencies with jurisdiction over Peoples, when they require such information; (iv) to a third-party bill payment company, for the sole purpose of facilitating electronic payments to a natural gas account as requested by a customer; (v) to others as required by court order or by applicable laws, rules, or regulations governing Peoples; and (vi) to credit reporting agencies, and to collection agencies (if a natural gas account is assigned for collection).
- d. The Company will retain Personal Information for as long as is reasonably necessary to meet its business needs and regulatory and compliance obligations.

Deleted: RATEPAYER
Deleted: ratepayer
Deleted: ratepayer
Deleted: .
Deleted: ratepayer
Deleted: ratepayer
Deleted: Ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: except to the extent necessary to comply with a Commission or court order.
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer

29. AUTHORIZATION

A customer may identify persons authorized to make changes to the customer's account. To accomplish this, the customer must provide the Company with a signed document identifying, by name, those persons who have the authority to initiate any change to the customer's account, including a change of the customer's NGS.

30. RULES PART OF CONTRACT

These rules (1 to 29, inclusive), insofar as applicable, are hereby made a part of any contract for public utility service provided by the Company.

Contact Information.

A Customer is responsible for providing, and updating when necessary, accurate contact information including telephone number(s), billing address and email addresses, if provided. If a customer's contact information changes and the customer does not timely provide updated contact information, the Customer agrees and understands that the Company shall not be liable for any notices, statements or other communications that are otherwise undeliverable to the Customer.

The Company may use contact information to reach the customer to discuss their natural gas account, to respond to an inquiry that the customer sent to the Company or to keep the customer informed about the services, products and programs offered by the Company, and its affiliates and partners. By providing an e-mail address to the Company, the customer consents to receive communications from the Company electronically. If the customer provides the Company with a cell phone number, the customer expressly agrees that the Company may contact the customer at this number to discuss their natural gas account. The customer also agrees to receive, from the Company and the Company's service providers, calls and messages, including prerecorded messages, calls from automated dialing systems and text messages. Normal cell phone charges may apply.

ISSUED:

EFFECTIVE:

- Deleted: ratepayer
- Deleted: ratepayer
- Deleted: ratepayer
- Deleted: ratepayer
- Deleted: ratepayer

RULES AND REGULATIONS

31. GAS QUALITY

Unless otherwise agreed to by the Company through separate agreement, gas delivered by a supplier or producer shall not contain more than:

- (a) Seven (7) pounds of water per million cubic feet on an approved dew point apparatus.
- (b) Two (2) percent by volume of carbon dioxide.
- (c) Four (4) percent by volume total inerts including carbon dioxide, nitrogen, argon, and helium provided that total carbon dioxide content shall not exceed two (2) percent by volume.
- (d) Twenty-five hundredths (0.25) grains of hydrogen sulfide per 100 cubic feet.
- (e) Ten (10) grains of total sulfur per 100 cubic feet.
- (f) Two tenths (0.2) percent by volume oxygen.

Gas delivered into the Company's system should be free from oil, water, salt, gum, dust, and other foreign substances that might interfere with the marketability of the gas. Unless otherwise agreed to by the Company, the gas delivered shall contain not less than 967 Btu per cubic foot and shall not exceed 1,100 Btu per cubic foot (as determined by calorimeter test @ 60 degrees Fahrenheit and saturated with water vapor). Gas accepted by the Company that contains less than 967 Btu per cubic foot will be enhanced to ensure that gas delivered by the Company to customers shall meet Commission heating value requirements and the Company may charge for this.

32. OTHER FEES AND SERVICES

The following customer requested services will require a fee as defined below:

Temporary Customer Service Line Installation – If service to a premises would be discontinued due to a customer service line leak and gas service is required to serve essential human needs, the customer or occupant may request the installation of a temporary customer service line. If the Company is able to install such a line, at the occupant's or customer's request, the Company may charge a fee of \$300. The line shall be placed only for a temporary period and the Company reserves the right to identify the temporary period and remove the line if that period is exceeded.

Deleted: is

Deleted: Remote Meter Reading Devices –A remote meter reading device and associated meter can be installed at a customer's premise upon request for the fee of \$80. ¶

Deleted: Split Load -- If operationally appropriate, a single metered multi-consumer premises can be converted to separate meters attached to a single manifold. This modification is by customer request and will be charged a fee of \$91. ¶

Deleted: Field Visit Fee – If the customer or their representative schedules a non-emergency field visit and fails to prepare for the Company's arrival, a fee of \$30 may be charged.¶

Excess Flow Valve – At the Customer's request, the Company will install an excess flow valve. If the customer requests installation of the excess flow valve and the Company has not scheduled the location for a service line replacement or a new service line, or the customer requests the installation prior to the Company's scheduled installation time, the customer shall be responsible for the cost of the materials and installation to be paid prior to installation.

High Bill Investigation Fee – At the Customer's request, the Company will provide a scheduled visit to the customer's home to conduct an investigation into the usage measured and billed to the Customer for service. If the investigation identifies an error in the measurement of gas used, or the customer's income is at or below 150% of the federal poverty level, the fee will be waived. The fee for this service is \$75. This fee is not applicable to foreign load investigations.

ISSUED:

EFFECTIVE:

**RATE RS
RESIDENTIAL SERVICE**

AVAILABILITY

This rate is available to residential customers (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.

Deleted: ratepayer

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

Deleted: ratepayer

RATE TABLE

Customer Charge per meter per month	\$14.50
Delivery Charge per Mcf	\$3.9608

Deleted: 13.95

Deleted: 3.1330

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

Deleted: B

MINIMUM MONTHLY BILL

The minimum monthly bill per meter shall be the customer charge per customer per month. In the event of an emergency curtailment in the delivery of gas by the Company to a customer pursuant to Rule 17, or complete or partial suspension of operation by the customer 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.

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

SURCHARGES

All applicable riders to this tariff.

LATE-PAYMENT CHARGE

The Company will assess a late payment charge of 1.50 percent per month when the Company receives the customer's full payment more than five days after the bill's due date. This charge is to be calculated on the overdue portion of the bill, excluding any unpaid late-payment charges.

Deleted: 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.

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 customer's load characteristics.

Deleted: ratepayer

CUSTOMER ASSISTANCE PROGRAM (CAP)

AVAILABILITY

Rate CAP is a program designed to enroll residential customers who satisfy the criteria set forth below. Please refer to Peoples' Universal Service and Energy Conservation Plan on file with the PA PUC for a full description of the CAP program terms and conditions. In addition to the terms and conditions in this Tariff, Peoples' Universal Service and Energy Conservation Plan shall govern the provision of service under this rate category

Deleted: ratepayer

Deleted: the

Deleted: '

1. Processing and verification by authorized agencies upon referral by the Company's offices, Customer Assistance Referral Evaluation Service (CARES) representatives, other agencies, or BCS.

2. Customer of the Company and using natural gas for space heating.

Deleted: Ratepayer

3. Annual income no greater than 150 percent of the federal poverty level. The Company will accept a customer's participation in an electric CAP program as verification of income, if the Company is satisfied that the electric company verifies income. For payment purposes, the customers will be defined as follows:

Deleted: ratepayer

Deleted: ratepayer

a. Group A - Customers whose annual income has been verified as being from 0 to 50 percent of poverty.

Deleted: Ratepayer

b. Group B - Customers whose annual income has been verified as being from 51 to 100 percent of poverty.

Deleted: Ratepayer

c. Group C - Customers whose annual income has been verified as being from 101 to 150 percent of poverty.

Deleted: Ratepayer

4. A customer who meets the eligibility criteria for the Low Income Home Energy Assistance Program-(LIHEAP) should complete an application for a LIHEAP grant when available.

Deleted: ratepayer

5. The company will monitor the usage of CAP customers on an ongoing basis. Any unjustified excess CAP usage or unjustified CAP credit (designed as the difference between the CAP payment amount, including CAP Plus, and the current charges as billed under Rate RS) that exceeds a maximum of \$1,000 per year will be billed to the CAP customer. An increase in CAP usage or annual CAP credit over \$1,000 may be justified if the CAP customer can demonstrate the household has experienced the addition of a family member; a member of the household experienced a serious illness; energy consumption was beyond the ability of the household to control; or the household is located in housing that is or has been condemned or has housing code violations that negatively affect energy consumption. Before responsibility for the excess CAP usage is imposed on the household, the Company shall notify the customer of the grounds for exemption and assure that the customer has received and understands the grounds for exemption.

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

6. Agreement by customer to apply for any other energy assistance programs, if available, as referred to by the Company.

Deleted: ratepayer

7. Customers will automatically be enrolled in CAP if:

Deleted: Ratepayer

a. the customer has defaulted on a payment arrangement, and

Deleted: ratepayer

b. the customer has received a LIHEAP payment within the past two years.

Deleted: ratepayer

ISSUED:
PEOPLES NATURAL GAS COMPANY LLC

EFFECTIVE:
SUPPLEMENT NO. 2 TO GAS—PA PUC NO. 47
FIRST REVISED PAGE NO. 38
CANCELLING ORIGINAL PAGE NO. 38

CUSTOMER ASSISTANCE PROGRAM (CAP)

RATE TABLE

Customers will pay a specified percentage of their monthly income or \$25/month, whichever is greater. The applicable percentage by Group follows:

<u>Group¹</u>	<u>Percentage</u>
A	8%
B	9%
C	10%

If the customer's monthly CAP payment, as calculated above, exceeds the otherwise applicable monthly budget payment amount, the monthly budget payment amount will be accepted as the CAP payment. The Company will review any customer account where usage exceeds 125% of the customer's annual usage. In cases where the Company determines that the increase in a CAP customer's usage is unjustified, the Company will provide the customer with conservation information, refer the customer to a usage reduction program, and bill the customer for excess usage.

CAP Plus

Effective November 1, 2011, LIHEAP receipts for customers participating in the CAP program for the previous LIHEAP heating season will be divided by the total of (1) current active CAP and E-CAP participants; and (2) the projected average number of CAP and E-CAP participants to be added for the projected quarter to arrive at a calculated CAP Plus amount. The calculated CAP Plus amount, up to a maximum of \$5 per month, will be added to the calculated monthly CAP or E-CAP payment described above for all participating CAP and E-CAP customers.

PAYMENTS TOWARD ARREARAGE

In addition to the customer's obligation under the Rate Table above, the customer also shall make payments of \$2 per month toward any pre-program arrearage.

SURCHARGES

All riders to this tariff, as would otherwise be applicable to Rate RS with the exception of Rider Universal Service,

LATE-PAYMENT CHARGES

No late-payment charges shall be applied to arrearages existing at the time the customer begins receiving service under Rate Schedule CAP. Late-payment charges will not be applied during participation in the CAP program.

1/ Defined under Availability Criteria 3.

ISSUED:

EFFECTIVE:

Deleted: Ratepayer
Deleted: 21

Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer

Deleted: ratepayer
Deleted: ratepayer

Deleted: F

Deleted: ratepayer

CUSTOMER ASSISTANCE PROGRAM (CAP)

RULES AND REGULATIONS

1. | Customer must recertify income eligibility annually.
2. | If, at any time after acceptance into CAP, a customer's family size or income changes, the customer must notify the Company of the change within 30 days of the change. Failure to do so may result in the Company ending the customer's opportunity to receive service under CAP.
3. | If a customer no longer satisfies the criteria set forth under Availability, with the exception of Item 4, the customer will no longer be eligible to receive service under CAP.
4. | At the time of application for CAP, the customer will be advised of the importance of timely payments and energy conservation. The CAP screening administrator will review relevant assistance programs and offer help in applying for programs such as weatherization or energy assistance as appropriate. Energy saving tips will be provided and all participants will be advised that usage will be reviewed on an ongoing basis. Unjustified excess CAP usage will be billed to the CAP customer.
5. | If a customer fails to allow access to the Company's meter or fails to provide meter readings in four consecutive months, the customer will no longer receive service under CAP.
6. Failure to make payments will result in the Company returning the participant to the regular collection cycle and may lead to termination of service. To avoid termination, the participant must pay the amount set forth in the termination notice prior to the scheduled termination date.
7. | A customer whose service has been terminated pursuant to Rule 5, will be required to pay all CAP arrearages prior to reinstatement and will be advised of appropriate energy assistance programs, including LIHEAP, LIHEAP Crisis and Dollar Energy Fund, which are available to assist in restoration of service.
8. | Customers who have been dropped from CAP for the reasons outlined above will be subject to normal termination procedures. The customer will receive a communication providing an opportunity to correct the problem before being removed from CAP.

Deleted: Ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: 6

Deleted: that

Deleted: Ratepayer

Deleted: ratepayer

Deleted: telephone call and/or a warning letter

ISSUED:

EFFECTIVE:

PILOT EXTENDED CUSTOMER ASSISTANCE PROGRAM (E-CAP)

This Rate is established as a Pilot and will close for new participation three years after this rate is approved by the Commission. All provisions of Rate CAP will additionally apply to participants of E-CAP.

AVAILABILITY

- Rate E-CAP is a program designed to enroll residential customers who satisfy the criteria set forth below.
 - a. Customer of the Company, using natural gas for space heating, who has a significant delinquent balance, broken payment arrangement, termination notice or lack of utility service.
 - b. Annual income verified annually as being between 151 and 200 percent of the federal poverty level..
 - c. Agreement by customer to apply for any other energy assistance programs, if available, as referred to by the Company and before enrolling in E-CAP.

Deleted: ratepayer

Deleted: Ratepayer

Deleted: ratepayer

RATE TABLE

Customers will pay 11% of their monthly income as their E-CAP Payment. If the customer's monthly E-CAP payment exceeds the otherwise applicable monthly budget payment amount, the monthly budget payment amount will be accepted as the E-CAP payment.

Deleted: Ratepayer

Deleted: ratepayer

CAP Plus

Effective November 1, 2011, LIHEAP receipts for customers participating in the CAP program for the previous LIHEAP heating season will be divided by the total of (1) current active CAP and E-CAP participants; and (2) the projected average number of CAP and E-CAP participants to be added for the projected quarter to arrive at a calculated CAP Plus amount. The calculated CAP Plus amount, up to a maximum of \$5 per month, will be added to the calculated monthly CAP or ECAP payment described above for all participating CAP and E-CAP customers.

PAYMENTS TOWARD ARREARAGE

In addition to the customer's obligation under the Rate Table above, the customer also shall make payments of \$5 per month toward any pre-program arrearage.

Deleted: ratepayer

Deleted: ratepayer

SURCHARGES

All riders are applicable to this tariff, as would otherwise be applicable to Rate RS, with the exception of Rider Universal Service.

Deleted: F

LATE-PAYMENT CHARGES

No late-payment charges shall be applied to arrearages existing at the time the customer begins receiving service under Rate Schedule E-CAP. Late-payment charges will not be applied during participation in the E-CAP program.

Deleted: ratepayer

**RATE SGS
 SMALL GENERAL SERVICE**

AVAILABILITY

This rate is available to commercial, industrial, and NGDC customers 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.

Deleted: ratepayer

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

Deleted: ratepayer

For purposes of this Rate SGS schedule, Transitional Industrial customers shall consist of Peoples Division Industrial Ratepayers that took service on the Peoples Division Rate SGS rate schedule as of March 29, 2019. No other customers will be eligible for the Transitional Industrial rates. In addition, Transitional customers will not retain their Transitional status upon any discontinuance of service and will not be able to transfer their Transitional status to any other entity. These transitional customers may switch between rate schedules based upon their usage.

RATE TABLE

Customer Charge per meter per month:

For <u>customers (including Transitional Industrial)</u> with annual consumption less than 500 Mcf	\$20.00 \$40.00
--	-------------------------------

Deleted: Commercial
 Deleted: ratepayer
 Deleted: 14.88

For <u>customers (including Transitional Industrial)</u> with annual consumption equal to or greater than 500 Mcf but less than 1,000 Mcf	\$40.00
---	--------------------

Deleted: For Industrial ratepayers with annual consumption less than 500 Mcf
 Deleted: \$20.00
 Deleted: ratepayer
 Deleted: 27.00

Delivery Charge per Mcf	\$2.7000
-------------------------	---------------------

Deleted: -

Delivery Charge per Mcf - <u>Transitional Industrial customers</u>	\$2.5012
--	---------------------

Deleted: Commercial
 Deleted: Ratepay
 Deleted: ercustomers
 Deleted: 2.1939
 Deleted: Ratepayer
 Deleted: 1.7623
 Deleted: B

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

Deleted: ¶

ISSUED:

EFFECTIVE:

RATE SGS
SMALL GENERAL SERVICE

MINIMUM MONTHLY BILL

The minimum monthly bill per meter shall be the customer charge per customer per month. In the event of an emergency, curtailment in the delivery of gas by the Company to a customer pursuant to Rule 17, or complete or partial suspension of operation by the customer 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.

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

SURCHARGES

All applicable riders to this tariff

LATE-PAYMENT CHARGE

A late payment charge of 1.50 percent per month for commercial customers and 2.00 percent per month for industrial (C) customers 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.

Deleted: ratepayer

Deleted: ratepayer

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 customer's load characteristics.

Deleted: ratepayer

**RATE MGS
 MEDIUM GENERAL SERVICE**

AVAILABILITY

This rate is available to commercial, industrial, and NGDC customers 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 customer 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 customers.

For purposes of this Rate MGS schedule, Transitional Industrial customers shall consist of Peoples Division Industrial Ratepayers that took service on the Peoples Division Rate MGS rate schedule as of March 29, 2019. No other customers will be eligible for the Transitional Industrial rates. In addition, Transitional customers will not retain their Transitional status upon any discontinuance of service and will not be able to transfer their Transitional status to any other entity. These transitional customers may switch between rate schedules based upon their usage.

RATE TABLE

Customer Charge per meter per month:

For customers (including Transitional Industrial) with annual consumption equal to or greater than 1,000 Mcf but less than 2,500 Mcf \$85.00

For customers (including Transitional Industrial) with annual consumption equal to or greater than 2,500 Mcf but less than 25,000 Mcf \$130.00

\$2,691.4

Delivery Charge per Mcf – \$2.663

Delivery Charge per Mcf – Transitional Industrial customers

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

ISSUED:

EFFECTIVE:

Deleted: ratepayer

Deleted: ratepayer

Deleted:

Deleted: ratepayer

Deleted: Customer Charges:

Deleted: commercial and NGDC

Deleted: ratepayer

Deleted: 50.00

Deleted: commercial

Deleted: ratepayer

Deleted: 77.00

Deleted: For industrial ratepayers with annual consumption equal to or

Deleted: \$50.00

Deleted: \$77.00

Deleted: greater than 1,000 Mcf but less than 2,500 Mcf, the charge, per ratepayer per month is

Deleted: ¶
 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

Deleted: 2.1904

Deleted: Commercial

Deleted: Ratepayer

Deleted: customers

Deleted: 1.5243

Deleted: Ratepayer

Deleted: B

**RATE MGS
MEDIUM GENERAL SERVICE**

MINIMUM MONTHLY BILL

The minimum monthly bill per meter shall be the customer charge per customer per month. In the event of an emergency curtailment in the delivery of gas by the Company to a customer pursuant to Rule 17, or complete or partial suspension of operation by the customer 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.

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

SURCHARGES

All applicable riders to this tariff.

LATE-PAYMENT CHARGE

A late payment charge of 1.50 percent per month for commercial customers and 2.00 percent per month for industrial customers 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.

Deleted: ratepayer

Deleted: ratepayer

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 this charge may be waived is if the Company determines that such meters have been installed principally and primarily for the Company's convenience and not due to the load characteristics of the customer.

Deleted: ratepayer

Deleted: ratepayer

ISSUED:

EFFECTIVE:

**RATE LGS
LARGE GENERAL SERVICE**

AVAILABILITY

This rate is available to commercial, industrial, and NGDC customers 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 customer 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 customers.

For purposes of this Rate LGS schedule, Transitional Industrial customers shall consist of Peoples Division Industrial Ratepayers that took service on the Peoples Division Rate LGS rate schedule as of March 29, 2019. No other customers will be eligible for the Transitional Industrial rates. In addition, Transitional customers will not retain their Transitional status upon any discontinuance of service and will not be able to transfer their Transitional status to any other entity. These transitional customers may switch between rate schedules based upon their usage.

RATE TABLE

Customer Charge per meter per month:

For customers (including Transitional Industrial) with annual consumption equal to or greater than 25,000 Mcf but less than 50,000 Mcf

\$575.00

For customers (including Transitional Industrial) with annual consumption equal to or greater than 50,000 Mcf but less than 100,000 Mcf

\$750.00

For customers (including Transitional Industrial) with annual consumption equal to or greater than 100,000 Mcf but less than 200,000 Mcf

\$1,400.00

For customers (including Transitional Industrial) with annual consumption equal to or greater than 200,000 Mcf

\$1,600.00

Delivery Charge per Mcf

For customers with annual consumption equal to or greater than 25,000 Mcf but less than 50,000 Mcf

\$2.6411

For customers with annual consumption equal to or greater than 50,000 Mcf but less than 100,000 Mcf

\$2.5773

For customers with annual consumption equal to or greater than 100,000 Mcf but less than 200,000 Mcf

\$2.5694

For customers with annual consumption equal to or greater than 200,000 Mcf but less than 750,000 Mcf

\$2.4999

For customers with annual consumption equal to or greater than 750,000 Mcf but less than 2,000,000 Mcf

\$2.1327

For customers with annual consumption equal to or greater than 2,000,000

\$1.6445

Transitional Industrial Delivery Charge per Mcf

For customers with annual consumption equal to or greater than 25,000 Mcf but less than 50,000 Mcf

\$2.1931

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: Commercial

Deleted: Ratepayers:

Deleted: ratepayer

Deleted: 443.00

Deleted: ratepayer

Deleted: 545.00

Deleted: ratepayer

Deleted: 793.00

Deleted: ratepayer

Deleted: 1,215.00

Deleted: \$2.3913

Deleted: ¶

Deleted: Industrial Ratepayers: Customer Charge per ratepayer per month

Deleted: ¶

For ratepayers with annual consumption equal to or greater than 25,000 Mcf but less than 50,000 Mcf¶

¶ For ratepayers with annual consumption equal to or greater than 50,000 Mcf but less than 100,000 Mcf¶

Deleted: \$443.00 ¶

¶

¶ \$545.00¶

Deleted: For ratepayers with annual consumption equal to or greater than 100,000 Mcf by less than 200,000 Mcf¶

Deleted: \$1,144.00 ¶

Deleted: For ratepayers with annual consumption equal to or greater than 200,000 Mcf

Deleted: \$2,009.00

For customers with annual consumption equal to or greater than 50,000 Mcf but less than 100,000 Mcf	<u>\$2.1583</u>
For customers with annual consumption equal to or greater than 100,000 Mcf but less than 200,000 Mcf	<u>\$2.1395</u>
For customers with annual consumption equal to or greater than 200,000 Mcf but less than 750,000 Mcf	<u>\$2.0535</u>
For customers with annual consumption equal to or greater than 750,000 Mcf but less than 2,000,000 Mcf	<u>\$1.7533</u>
For customers with annual consumption equal to or greater than 2,000,000	<u>\$1.6445</u>

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

Deleted: B

ISSUED:

EFFECTIVE:

RATE LGS
LARGE GENERAL SERVICE

MINIMUM MONTHLY BILL

The minimum monthly bill per meter shall be the customer charge per customer per month. In the event of an emergency curtailment in the delivery of gas by the Company to a customer pursuant to Rule 17, or complete or partial suspension of operation by the customer 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.

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

SURCHARGES

All applicable riders to this tariff.

LATE-PAYMENT CHARGE

A late payment charge of 1.50 percent per month for commercial and NGDC customers and 2.00 percent per month for industrial customers 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.

Deleted: ratepayer

Deleted: ratepayer

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 this charge may be waived is if the Company determines that such meters have been installed principally and primarily for the Company's convenience and not due to the load characteristics of the customer.

Deleted: ratepayer

Deleted: ratepayer

ISSUED:

EFFECTIVE:

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 customers 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.

Deleted: ratepayer

RULES AND DELIVERY TERMS

- (1) | The entity to whom the Company delivers the transported gas shall be considered the customer under this rate schedule. The customer is responsible for paying the Company's bill unless the Company agrees to receive payment from a third party.
- (2) | Any customer consuming less than 500 Mcf per year who wishes to acquire transportation service may do so as long as the customer 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 customer is a customer 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 customer 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 customer each month. Only one bill will be issued each month to a single-entity customer.
- (4) | The customer will pay for any investment costs required to receive the customer'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 customer(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 customer 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 customer.
- (7) | Unless otherwise agreed to by the customer and the Company, the customer or its NGS is responsible for all arrangements required to acquire and to deliver the customer's natural gas to the receipt points set forth in the Transportation Agreement.
- (8) | On those days when the transportation gas of an individual industrial customer 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 customer 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 customers without exceeding its pipeline contract level, then the Company may declare an "upset day."

On an upset day, those customers 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 customer's behalf on that day; and

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

RATE GS-T
GENERAL SERVICE - TRANSPORTATION

RULES AND DELIVERY TERMS (Continued)

2) All standby volumes contracted for the month by the customer.

Deleted: ratepayer

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

Deleted: ratepayer

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 customer. After contact is attempted by the Company with the three persons designated by the customer, the Company will be deemed to have satisfied its notice obligations.

Deleted: ratepayer

Deleted: ratepayer

(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 customers.

Deleted: ratepayer

a. Available System Capacity for Transportation Service: Capacity for the transportation of customer-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 customers, 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.

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

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 customer-owned gas or is available but restricted, the Company will provide its transportation customer or the customer'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 customers without regard to the sources of the customers' natural gas supplies.

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

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 customer learns of any disruption or interruption in its supply of gas, the customer shall notify the Company.

Deleted: ratepayer

Deleted: ratepayer

(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." A customer's gas received by the Company in Btus will be converted to Mcf using the current applicable conversion factor as determined annually in the Company's 1307(f) proceeding.

Deleted: ratepayer

(12) The Company shall retain 6.6 percent of the total volume of gas received into its system on behalf of all customers 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:

Deleted: (l)

Deleted: ratepayer

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

RULES AND DELIVERY TERMS (Continued)

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

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

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

- (13) Customer-owned locally produced gas received into the Company's system will be available as nominated by the (C) customer 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.

Deleted: Ratepayer

Deleted: ratepayer

- (14) Monthly Balancing Provisions Applicable to Rate GS-T Customers Not Served by a Pool

Deleted: (C)

The Company will bank for one month following the month that the customer's gas is available for the customer's use, up to 3.5 percent of the volumes delivered on the customer's behalf (net of the payback of advanced gas). Banked gas shall precede current deliveries of gas through the customer's meter during the month following the banking period.

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: (C)

Deleted: ratepayer

Deleted: ratepayer

Deleted: (C)

Deleted: 15

Deleted:

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: (C)

The Company will balance customer's daily deliveries with customer's actual daily consumption during the month. The Company will advance up to 3.5 percent of the volumes received on the customer's behalf in any month. The first gas received on the customer's behalf in the succeeding month will be deemed the payback of advanced gas. Any difference between the customer's consumption and deliveries shall be subject to the following charges:

Negative Monthly Imbalance - A negative imbalance fee will be assessed on consumption by the customer in excess of gas deliveries plus gas advanced and any contracted for standby service. The negative imbalance volume will be sold by the Company at the highest Midpoint price published in Platts, Gas Daily publication, under the heading Appalachia, Dominion, South Point for the month multiplied by 120%. Volumes sold by the Company are subject to applicable taxes.

Positive Monthly Imbalance - If the customer fails to use at least 96.5 percent of the volumes delivered to the Company on customer'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 customer. The positive imbalance volume will be purchased by the Company at the lowest Midpoint price published in Platts, Gas Daily publication, under the heading Appalachia, Dominion, South Point for the month multiplied by 85%.

ISSUED:
PEOPLES NATURAL GAS COMPANY LLC

EFFECTIVE:
SUPPLEMENT NO. 2 TO GAS—PA PUC NO. 47
FIRST REVISED PAGE NO. 49
CANCELLING ORIGINAL PAGE NO. 49

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

RULES AND DELIVERY TERMS (Continued)

A balancing charge will be assessed against each Mcf of gas transported at \$0.3848 per Mcf for small and medium general service customers and \$0.0812 per Mcf for large general service customers. This rate will be recalculated in each of the Company's annual 1307(f) gas cost proceedings.

The balancing charge will not be assessed if (1) the customer is already paying the standby charge under Rate Schedule GS-SB on the same volumes or (2) if the customer or pool can match its supply and actual consumption on a daily basis in a manner satisfactory to the Company.

(15) Backup service is available to customers under this rate schedule only under Rate GS-SB, unless the customer 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 customer 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 customer's expense, as a condition of continuation of service under this rate schedule.

(17) When the customer purchasing service under this rate is using natural gas for generating power or steam for use by third parties, customer and the Company may require a separate (operating) agreement by which the customer and the Company will agree to, among other things, set limits on hourly or daily consumption; require provision of notice of customer'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 customer's planned consumption, whether through transportation or retail service; establish penalties for failure of customer 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; and establish and impose any other rules or restrictions necessary to ensure reliable service for all customers.

(18) The Company will from time to time make pipeline capacity available for release to transportation customers. Each release transaction will be made in accordance with and subject to applicable pipeline tariff requirements and necessary regulatory requirements.

Deleted: ratepayer

Deleted: ratepayer

Deleted: (D)

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: shall enter into

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: 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.¶

Deleted: ratepayer

ISSUED: PEOPLES NATURAL GAS COMPANY LLC

EFFECTIVE: SUPPLEMENT NO. 2 TO GAS—PA PUC NO. 47
FIRST REVISED PAGE NO. 50
CANCELLING ORIGINAL PAGE NO. 50

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

RATE TABLE

Customer Charge - The Company shall determine the annual consumption of each General Service customer in order to assess the appropriate customer charge.

Deleted: ratepayer

\$14.50	Customer Charge per month per meter for all Residential <u>customers</u> .
\$20.00	Customer Charge per month per meter for all NGDC <u>customers</u> consuming less than 500 Mcf annually.
\$40.00	Customer Charge per month per meter for NGDC <u>customers</u> with annual consumption equal to or greater than 500 Mcf but less than 1,000 Mcf.
\$85.00	Customer Charge per month per meter for NGDC <u>customers</u> with annual consumption equal to or greater than 1,000 Mcf but less than 2,500 Mcf.
\$130.00	Customer Charge per month per meter for NGDC <u>customers</u> with annual consumption equal to or greater than 2,500 Mcf but less than 25,000 Mcf.
\$575.00	Customer Charge per month per meter for NGDC <u>customers</u> with annual consumption equal to or greater than 25,000 Mcf but less than 50,000 Mcf.
\$1,300.00	Customer Charge per month per meter for NGDC <u>customers</u> with annual consumption equal to or greater than 50,000 but less than 100,000 Mcf
\$750.00	Customer Charge per month per meter for NGDC <u>customers</u> with annual consumption equal to or greater than 100,000 Mcf but less than 200,000 Mcf.
<p>ISSUED: PEOPLES NATURAL GAS COMPANY LLC</p> <p>EFFECTIVE: SUPPLEMENT NO. 2 TO GAS—PA PUC NO. 47 FIRST REVISED PAGE NO. 51 CANCELLING ORIGINAL PAGE NO. 51</p> <p>RATE GS-T GENERAL SERVICE - TRANSPORTATION</p>	
\$1,600.00	Customer Charge per month per meter for NGDC <u>customers</u> with annual consumption greater than 200,000 Mcf annually.
<p>Delivery Charge, Per Mcf - the delivery charge will be negotiated by the Company and the <u>customer</u> and expressed in the Transportation Agreement.</p> <p>The following is the maximum charge per Mcf for transportation service:</p>	

- Deleted: 13.95
- Deleted: ratepayer
- Deleted: 14.88
- Deleted: Commercial or
- Deleted: ratepayer
- Deleted: \$20.00 . Customer Charge per month per ratepayercustomer for Industrial ratepayercustomers . consuming less than 500 Mcf annually.
- Deleted: 27.00
- Deleted: Commercial or
- Deleted: ratepayer
- Deleted: \$27.00 . Customer Charge per month per ratepayercustomer for Industrial ratepayercustomers with annual . consumption equal to or greater than 500 Mcf but less than 1,000 Mcf.
- Deleted: 50.00
- Deleted: Commercial or
- Deleted: ratepayer
- Deleted: \$50.00 . Customer Charge per month per ratepayercustomer for Industrial ratepayercustomers with annual consumption equal to or greater than 1,000 Mcf but less than 2,500 Mcf
- Deleted: 77.00
- Deleted: Commercial Service - Large or
- Deleted: ratepayer
- Deleted: \$77.00 . Customer Charge per month per ratepayercustomer for Industrial ratepayercustomers with annual . consumption equal to or greater than 2,500 Mcf but less than 25,000 Mcf
- Deleted: 443.00
- Deleted: Commercial, or
- Deleted: ratepayer
- Deleted: \$443.00 . Customer Charge per month per ratepayercustomer for Industrial ratepayercustomers with annual ¶ . consumption equal to or greater than 25,000 Mcf but less than 50,000 Mcf.¶
- Deleted: 545.00
- Deleted: Commercial or
- Deleted: ratepayer
- Deleted: \$545.00 . Customer Charg (... [2])
- Deleted: 793.00
- Deleted: Commercial or
- Deleted: ratepayer
- Deleted: \$1,144.00 . Customer Cha (... [3])
- Deleted: (Continued)¶
- Deleted: 1,215.00
- Deleted: Commercial or
- Deleted: ratepayer
- Deleted: \$2,009.00 . Customer Cha (... [4])
- Deleted: ratepayer

For Residential Service Customers \$3.9608

Deleted: Ratepayer

For Small General Service Customers \$2.7000

Deleted: 3.1330

For Medium General Service Customers \$2.6914

Deleted: Commercial and NGDC

Deleted: Ratepayer

Deleted: 2.1939

For Large General Service Customers with annual consumption greater than 25,000 Mcf but less than 50,000 Mcf \$2.6411

Deleted: For Small General Service Industrial RatepayerCustomers . \$1.7623

Deleted: Commercial and NGDC

For Large General Service Customers with annual consumption greater than 50,000 Mcf. but less than 100,000 Mcf \$2.5773

Deleted: Ratepayer

Deleted: 2.1904

For Large General Service Customers with annual consumption greater than 100,000 Mcf. but less than 200,000 Mcf \$2.5694

Deleted: For Medium General Service Industrial RatepayerCustomers . \$1.5243

Deleted: Commercial and NGDC

For Large General Service Customers with annual consumption greater than 200,000 Mcf. but less than 750,000 Mcf \$2.4999

Deleted: Ratepayer

Deleted: equal to or

For Large General Service Customers with annual consumption greater than 750,000 Mcf. but less than 2,000,000 Mcf \$2.1327

Deleted: .

Deleted: 2.3913

For Large General Service Customers with annual consumption greater than 2,000,000 Mcf \$1.6445

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

For Large General Service Customers with annual consumption greater than 25,000 Mcf. but less than 50,000 Mcf \$2.1931

For Large General Service Customers with annual consumption greater than 50,000 Mcf. but less than 100,000 Mcf \$2.1583

For Large General Service Customers with annual consumption greater than 100,000 Mcf. but less than 200,000 Mcf \$2.1395

For Large General Service Customers with annual consumption greater than 200,000 Mcf. but less than 750,000 Mcf \$2.053

For Large General Service Customers with annual consumption greater than 750,000 Mcf. but less than 2,000,000 Mcf \$1.7533

For Large General Service Customers with annual consumption greater than 2,000,000 Mcf \$1.6445

Deleted: For Large General Service Industrial RatepayerCustomers with annual consumption equal or greater to 25,000 Mcf. . . \$1.7553

Deleted: ratepayer

Deleted: ratepayer

Deleted: B

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

The currently effective gas cost charges under Rider Purchased Gas Costs, 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 customers 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 customers and 1.50 percent per month for commercial and NGDC customers shall be applied for

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

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.

ISSUED:

EFFECTIVE:

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 customers is threatened. Under this circumstance, the transportation customer must agree to sell its gas supply to the Company at either the customer's city gate price or at the Company's average gas cost contained in the prevailing 1307(f) rate applicable to that class of customer, whichever is greater, to be used to supply the needs of Priority-One customers.

LIABILITY

- 1. The Company shall not be liable for disruption of service under this rate or loss of gas of the customer as a result of any steps taken to comply with any law, regulation, or order of any governmental agency with jurisdiction to regulate, allocate, or control gas supplies or the 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 customer while transported and delivered by the Company. The customer shall be responsible for maintaining all insurance it deems necessary to protect its property interest in such gas before, during, and after receipt by the Company.
- 3. The Company shall not be liable for any loss to the customer 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 customer with that of other suppliers and customers.
- 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 customer 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 customer, other than an NGDC, the Company will act as its agent for arranging transportation of customer-owned gas by an interstate pipeline(s). The Company will bill the customer the applicable pipeline tariff rate(s) for any interstate transportation billed to the Company in its role as customer's agent for arranging interstate transportation.

ACCESS TO STORAGE SERVICE

The Company shall provide Non-Priority One customers 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 customers 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 customer agree otherwise, Company shall not release more than 1/12th of the customer's annual usage. The Company shall assign and release such capacity to Non-Priority One customers 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 customer 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 customer or supplier for these pipeline capacity charges.

Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer
Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer
Deleted: NGS

Deleted: ratepayer

Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: (C)
Deleted: ratepayer
Deleted: ratepayer

Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer
Deleted: ratepayer

RATE GS-SB
GENERAL SERVICE - STANDBY

AVAILABILITY

This service is available to transportation service customers served under Rate GS-T and/or customers who need or use the Company as backup service to service from an alternate supplier.

Deleted: ratepayer

Deleted: ratepayer

RULES AND DELIVERY TERMS

Priority-One Transportation Customers

Priority One customers must pay for standby service through a transportation standby charge applicable to all volumes transported under Rate Schedule GS-T. Backup service for Priority-One customers shall be provided pursuant to the applicable retail rate schedules.

Deleted: Ratepayer

Deleted: ratepayer

Deleted: ratepayer

Non-Priority-One Transportation Customers

The customer may execute a Standby Contract for a specified monthly volume. The term of the Standby Contract will be a minimum period of not less than one year. Customers that execute a Standby Contract will pay for standby service through a capacity charge applicable to contracted for monthly volumes and through a standby commodity charge applicable to all standby volumes actually purchased under Rate Schedule GS-SB.

Deleted: Ratepayer

Deleted: ratepayer

Deleted: Ratepayer

Back-up Standby Service

If a customer is using the Company as back-up service to service from an alternative supplier, the Company shall charge the customer the standby service fees set forth in the rate table below. The Company reserves the right to determine when and the level to which a customer is using the Company as a backup supplier. In situations where the alternative supply is from local well production and before the Company provides backup standby service under the terms of this rate schedule, the Company shall have the right to inspect the pipeline and related facilities of the customer and require that the customer install, at its own expense, any necessary equipment to protect the integrity and safe operation of the Company's system.

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

RATE TABLE

Capacity Charges Applicable under the Rate Schedule:

RS Capacity Charge per Mcf	\$0.9953
SGS Capacity Charge per Mcf	\$0.9953
MGS Capacity Charge per Mcf	\$0.9953
LGS Capacity Charge per Mcf	\$0.9953

Deleted: (D)

Deleted: (D)

Deleted: (D)

Deleted: (D)

Standby Charges for Priority One Transportation Customers

For customers that pay the capacity charge, the Company may release pipeline capacity, the terms of which will be pursuant to the capacity-release terms of the Company's Supplier tariff and this rate schedule.

Deleted: Ratepayer

Deleted: ratepayer

Priority-One customers who take service under this rate schedule, or their agents, must take assignment of a pro-rata or other agreed upon share of the pipeline and storage capacity and Pennsylvania produced gas supplies ("assigned capacity") that would otherwise be utilized by the Company to meet the customer's service requirements. Assigned capacity shall be subject to recall pursuant to the conditions described in the Company's Supplier Tariff, in which case the Company will provide for the delivery of necessary gas supplies pursuant to the terms of this rate schedule. More specific terms with respect to capacity assignment requirements may be set forth in the Company's Supplier Tariff and in its contracts with Priority One NGSS. However, such additional terms with respect to capacity assignment requirements shall be subject to review in the Company's annual Section 1307(f) proceeding.

Deleted: ratepayer

Deleted: ratepayer

ISSUED:

EFFECTIVE:

**RATE GS-SB
GENERAL SERVICE - STANDBY**

RATE TABLE

Standby Charges For Non Priority One Customers With a Standby Contract

Standby volumes delivered to the customer will be billed at the applicable supplier of last resort rates, excluding the pipeline demand component that has been paid through the capacity charge up to the contracted for monthly volumes in the standby contract. Volumes consumed in excess of contracted for volumes will be billed using the imbalance fee formula shown in Rate GS-T, paragraph 13, plus applicable taxes.

Customers Using The Company as a Back-up Supplier

Any customer using the Company as back-up service to service from an alternative supplier shall be subject to the charges set forth below. The following charges shall be assessed in lieu of any other standby charges applicable under this rate schedule.

Monthly Capacity Charge – In order to recover demand related purchased gas costs incurred by the Company, the customer shall be charged a monthly capacity charge equal to the customer's projected annual natural gas usage divided by twelve and multiplied by the capacity charges set forth above in this Rate Table. The projected annual natural gas usage shall reflect the estimated volumes assuming that all of the customer's natural gas consumption is served by the Company. The Company may waive this fee if the customer is receiving gas supplies from a NGS and the customer can demonstrate that its NGS has agreed to serve its peak day usage requirements. This charge will be assessed instead of the Capacity Charge applicable under other rate schedules.

Standby Customer Charge – In order to recover the fixed non-purchased gas charges incurred by the Company, the customer shall be charged a standby customer charge on a monthly basis. The standby customer charge shall be the monthly Customer Charge otherwise applicable under other rate schedules.

SURCHARGES - All applicable riders to this tariff.

ISSUED:
PEOPLES NATURAL GAS COMPANY LLC

EFFECTIVE:
SUPPLEMENT NO. 2 TO GAS—PA PUC NO. 47
FIRST REVISED PAGE NO. 55
CANCELLING ORIGINAL PAGE NO. 55

**RATE GS-SB
GENERAL SERVICE - STANDBY**

(Continued)

LATE-PAYMENT CHARGE

A late-payment charge of 1.50 percent per month for residential customers 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 1.50 percent per month for commercial and NGDC customers and 2.00 percent for industrial customers will be made 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.

Deleted: (continued)

Deleted: Ratepayer

Deleted: ratepayer

Deleted: Ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: the higher of the applicable charge set forth below or

Deleted: ratepayer

Deleted: customer's

Deleted: M

Formatted: Tab stops: Not at 1.5"

Deleted: \$ 34.00 per month per meter for all Residential ratepayercustomers. ¶

¶ \$ 41.00 per month per meter for Commercial or NGDC ratepayercustomers with usage less than 1,000 Mcf/yr ¶

¶ \$ 41.00 per ratepayercustomer per month for Industrial ratepayercustomers with usage less than 1,000 Mcf/yr.¶

¶ \$ 72.00 per month per meter for Commercial or NGDC ratepayercustomers with usage of 1,000 to 24,999 Mcf/yr ¶

¶ \$ 72.00 per ratepayercustomer per month for Industrial ratepayercustomers with usage of 1,000 to 24,999 Mcf/yr.¶

¶ For Commercial, Industrial or NGDC ratepayercustomers with usage greater than 25,000 Mcf/year, the appropriate (C) standby customer charge shall be the higher of \$146 or the ratepayercustomer's Monthly Customer Charge otherwise applicable under other rate schedules.

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: (C)

ISSUED:
PEOPLES NATURAL GAS COMPANY LLC

EFFECTIVE:
SUPPLEMENT NO. 2 TO GAS—PA PUC NO. 47
FIRST REVISED PAGE NO. 56
CANCELLING ORIGINAL PAGE NO. 56

RATE NGPV

NATURAL GAS POWERED VEHICLES

AVAILABILITY

This rate schedule applies to use of natural gas retail or transportation service as a motor vehicle fuel to the operator of a public fueling station.

RULES AND DELIVERY TERMS

If transportation service is provided hereunder, the applicable rules and delivery terms under rate schedule GS-T apply.

RATES

Retail or Transportation service provided to an operator of a public fueling station, shall be made pursuant to a contract for service under this rate schedule. The contract may provide for a negotiated customer charge and either a fixed commodity charge or a methodology for determining the commodity charge.

If retail service is provided hereunder, the negotiated rate shall be no lower than the Company's average cost of gas, as determined from the Company's Section 1307(f) gas cost calculation. Any gas cost revenue collected as a result of providing retail service under this rate schedule will be reflected in the company's 1307(f) mechanism.

Gas purchased under this rate schedule shall be separately metered and not used interchangeable with gas purchased under any other schedule.

SURCHARGES

All applicable riders to this tariff.

LATE PAYMENT CHARGE

A late-payment charge of 1.50 percent 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.

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.

ISSUED:

EFFECTIVE:

RATE APPALACHIAN GATHERING SERVICE

AVAILABILITY

Service under this rate schedule is available to any party desiring to transport gas through the gathering system, as well as to deliver gas directly into the Company's distribution and transmission system, provided that:

- (1) a Master Interconnect and Measurement Agreement ("MIMA") has been executed between the Company and the party; and
- (2) the party is in compliance the MIMA, the provisions of this Rate Schedule and with all other provisions of this Tariff.

RATES

The gathering rate is \$0.26 per Mcf, plus applicable retainage*.

If a conventional producer adds incremental conventional production to the Peoples' system, that producer's incremental production shall qualify for a reduced Rate AGS fee equal to 50% of the Rate AGS fee.

Incremental conventional production is any conventional production that is not connected to the Company's facilities as of June 15, 2019 and shall not include any existing production delivered to Peoples' system and subsequently acquired by the producer from any other producer. Incremental conventional production shall also include increased production volumes from existing conventional wells as a result of well stimulation or similar actions. The level of incremental production volumes from existing wells shall be determined by the Company based on supporting information provided to the Company by the producer.

Gathering of natural gas from unconventional sources, including but not limited to, horizontally drilled Marcellus and Utica shale gas and landfill gas, shall be negotiated and agreed to within the MIMA.

TERM

The terms for gathering service shall be set forth in the MIMA.

CHARACTER OF SERVICE

The Company's only obligation under this Rate Schedule shall be to receive gas from any gathering receipt point and to permit that gas to flow against the existing pressure in the Company's facilities. Peoples shall not be obligated to lower such line pressure by compression or otherwise to accommodate receipts from local Appalachian producers under this Rate Schedule.

Service under this Rate Schedule shall be subject to Operational Flow Orders pursuant to Item 24 of the Rules and Regulations of this Tariff. Nothing in this Rate Schedule shall limit the Company's right to interrupt service or to take other action as may be required to alleviate conditions, which threaten the integrity of its system.

* The applicable retainage rate is 2.0% for conventional production and is negotiable for unconventional production.

ISSUED:

EFFECTIVE:

Deleted: (\$/Mcf) will be set on a monthly basis in an amount equal to % of the beginning of the month price[¶] (\$Dth) published in Platts, Gas Daily publication, under the heading Appalachia, Dominion, South Point, but in no[¶] event shall be less than

Deleted: The gathering rate shall not exceed the fully allocated[¶] cost of service associated with gathering system, as determined in the most recent base rate case proceeding.

Deleted: ¶

Deleted: ¶

RATE GL - GAS LIGHTS

APPLICABILITY

This rate shall be applicable throughout the territory served by the Company.

AVAILABILITY

Available for any gas lighting where the gas is not measured by meter.

USAGE

Consumption per light will be assumed at:

_____ Residential 1.8 Mcf/Month
_____ Commercial and Industrial 2.8 Mcf/Month

These volumes will be billed monthly under the customer's otherwise applicable rate schedule.

SURCHARGES AND RIDERS

Customers served under this rate schedule are subject to Rider Distribution System Improvement Charge (DSIC) except that the DSIC rate may be reduced or eliminated for any customer with competitive alternatives or negotiated contracts.

SPECIAL TERMS AND CONDITIONS

Gas will be supplied only to lamps furnished, erected, and maintained by the customer and equipped with devices satisfactory to the Company. Consumption and billing will be assumed to be continuous until customer notifies Company that gas light(s) has been permanently shut off and Company verifies to its satisfaction that service has been disconnected. Company may require gas lights to be metered except in instances where it is not economically feasible or is otherwise impractical, to be determined solely at the discretion of the Company.

ISSUED:

EFFECTIVE:

THIS PAGE INTENTIONALLY LEFT BLANK

ISSUED:

EFFECTIVE:

RATE CER
COMPETITIVE ENERGY RATE

AVAILABILITY

This Rate Schedule CER - Competitive Energy Rate is a firm service available in the Company's sole discretion to residential, commercial, and industrial customers who would not request service from the Company but for the availability of service under this rate and whose competitive options are not solely limited to other NGDCs.

Deleted: ratepayer

RULES AND DELIVERY TERMS

Any qualified customer taking service under this Rate Schedule shall do so by agreement.

Deleted: ratepayer

The agreement shall set forth the percentage of consumption to be made available under this rate schedule. Volumes taken by the customer in excess of the percentage specific on this contract shall be billed at applicable retail rates.

Deleted: ratepayer

The magnitude of service hereunder shall not exceed that service replaced or subject to replacement.

RATE

The rate will be negotiated between the customer and the Company and may be subject to periodic redetermination. The negotiated rate shall be no lower than the Company's commodity cost of gas at the time the contract is negotiated, as determined from the Company's Section 1307(f) gas cost calculation.

Deleted: ratepayer

SURCHARGES

All applicable riders to this tariff.

LATE-PAYMENT CHARGE

A late-payment charge of 2 percent per month for industrial customers and 1.50 percent for commercial customers will be made for failure to make payment in full, for all charges billed by the Company, by the due date shown on the bill. A late-payment charge of 1.50 percent per month for residential customers will be made for failure to make payment in full 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.

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

ISSUED:

EFFECTIVE:

RIDER
STATE TAX SURCHARGE

There shall be added to gas bills rendered by the utility for retail gas service a surcharge of (0.00)% percent applied to the delivery charge under all rate schedules served by this tariff to reflect changes and new taxes imposed by the General Assembly.

The utility will recompute this surcharge whenever any of the tax rates used in calculation of the surcharge are changed. Any recomputation of this surcharge will be submitted to the Commission within ten days after the occurrence of the event or date which occasions such computation. If the recomputed surcharge is less than the one then in effect, the utility will, and if the recomputed surcharge is more than the one then in effect, the utility may, accompany such recomputation with a tariff or supplement to reflect such recomputed surcharge, the effective date of which shall be ten days after filing.

ISSUED:

EFFECTIVE:

Deleted: A

Deleted: 23

Comment [BW2]: Consistent with Carol Scanlon's rebuttal testimony – page 10.

Comment [BW3]: To be consistent with I&E Brenton Grab's surrebuttal testimony – pages 9 and 10.

Deleted: maximum

Deleted: tariff

Deleted: Rate RS, Rate SGS, Rate MGS, Rate LGS, Rate GS-T, and Rate NGPV ¶

RIDER
PURCHASED GAS COST (1307(f) RATES)

COMPUTATION OF PURCHASED GAS COSTS

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

$$\text{Demand} = \frac{\text{DC} - \text{B} - \text{DOU}}{\text{S} + \text{P1AC} + \text{SBC}}$$

$$\text{Commodity} = \frac{\text{CC} - \text{R}}{\text{S} + \text{SBR}}$$

$$\text{Over/Under Collection} = \frac{\text{E}}{\text{S} + \text{SBR} + \text{MR}}$$

$$\text{AVC Capacity} = \frac{\text{AVC} - \text{AVCOU}}{\text{S} + \text{P1AC} + \text{NP1}}$$

(For definitions of "AVC", "DC", "CC", "E", "S", "SBC", "NP1", "P1AC", "R", "B", and "DOU" refer to Section below 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	\$0.9953	(\$0.0372)	\$3.8865	\$0.6225
Rate SGS	\$0.9953	(\$0.0372)	\$3.8865	\$0.5745
Rate MGS	\$0.9953	(\$0.0372)	\$3.8865	\$0.3750
Rate LGS	\$0.9953	(\$0.0372)	\$3.8865	\$0.2151

TRANSPORTATION P1 Rate Schedule	Capacity Charge	AVC Capacity Charge 1/
GS-T Residential	\$0.9953	\$0.6225
GS-T Commercial SGS	\$0.9953	\$0.5745
GS-T Commercial MGS	\$0.9953	\$0.3750
GS-T Commercial LGS	\$0.9953	\$0.2151

TRANSPORTATION NP1 Rate Schedule	AVC Capacity Charge 1/
GS-T Commercial SGS	\$0.5745
GS-T Industrial SGS	\$0.5745
GS-T Commercial MGS	\$0.3750
GS-T Industrial MGS	\$0.3750
GS-T Commercial LGS	\$0.2151
GS-T Industrial LGS	\$0.2151

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.

ISSUED:

EFFECTIVE:

Deleted: B

Deleted: RECOVERY OF

Deleted: S

Deleted: ratepayer

Deleted: (D)

Deleted: (D)

Deleted: (I)

Deleted: (D)

Deleted: (D)

Deleted: (I)

Deleted: (D)

Deleted: (D)

Deleted: (I)

Deleted: (D)

Deleted: (D)

Deleted: (I)

Deleted: (D)

Deleted: (D)

Deleted: (D)

Deleted: (D)

Deleted: (continued)

RIDER

PURCHASED GAS COST (1307(f) RATES)

DEFINITIONS

"AVC" The projected capacity costs associated with the Allegheny Valley Connector Interstate Pipeline System.

"AVCOU" Experienced net overcollection or undercollection of the AVC Capacity costs.

"DC": The projected demand or capacity cost of purchased gas (excluding AVC Capacity Charges).

"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

"E": Experienced net overcollection or undercollection of the commodity cost of purchased gas¹.

"S": Projected retail sales in Mcf during the application period.

"NP1" Projected volumes in Mcf for NP-1 transportation customers and any customer served by a NP-1 Supplier.

"P1A" Projected volumes in Mcf for P-1 transportation customers who are assigned capacity.

"SBC" Projected contracted standby volumes in Mcf by NP-1 transportation customers.

"SBR": Projected retail commodity standby volumes in Mcf.

"R": Shared (savings) or costs for demand charge recovery from the capacity-release program.

"B": Balancing recovery.

"MR": Projected transportation volumes, in Mcf.

"Projected" 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.

Deleted: B

Deleted: RECOVERY OF

Deleted: S

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: , subject to Rider D

Deleted: refers to t

RIDER AVC CAPACITY CHARGE

Deleted: B¶

The AVC Capacity Charge is applicable to all customers 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 customers 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.

Deleted: ratepayer

Deleted: ratepayer

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 customers 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.

Deleted: ratepayer

RATES

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

These rates will be recalculated on an annual basis in conjunction with the other Rider Purchase Gas costs and reported on as applicable in the annual filing 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.

Deleted: B

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.

ISSUED:
PEOPLES NATURAL GAS COMPANY LLC

EFFECTIVE:
SUPPLEMENT NO. 2 TO GAS—PA PUC NO. 47
FIRST REVISED PAGE NO. 63B

RIDER

AVC CAPACITY CHARGE

Deleted: B

Deleted: (continued)

DISCOUNTED RATE CUSTOMERS

Upon Commission approval and implementation of the AVC Capacity Charge, all customers 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.

Deleted: ratepayer

Rate Class	Initial AVC Charge
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.

RIDER

TRANSITION COST RECOVERY MECHANISM

1. This Rider establishes a mechanism for the recovery of nongas transition costs from the Company's customers, except to the extent that a customer uses transportation service under Rate GS-T for the delivery of gas transported solely on intrastate pipeline facilities. Nongas transition costs are defined as pipeline gas supply realignment costs and stranded costs.
2. For purposes of nongas transition costs recovery, the Company will assign its recoverable transition costs and any reconciliations of transition costs between two groups of customers--those customers whom the Company designates as "competitive" and those customers whom the Company designates as "noncompetitive." For purposes of this recovery mechanism, competitive customers shall include all customers to whom the Company charges less than its maximum tariffed retail or transportation rates in order to gain or maintain the customers' patronage in the face of competitive pressures. For purposes of this recovery mechanism, noncompetitive customers shall include all of the Company's customers who are not competitive.
3. The assignment of nongas transition cost responsibility to the Company's competitive customers shall be equal to that portion of the revenues that those customers contribute under the Company's program for the release of firm transportation pipeline capacity as set forth in this tariff, and that is designated, either through prearrangement or open bidding, as "transition costs." Notwithstanding the foregoing, the Company may charge a volumetric surcharge to competitive customers. Any additional recovery from competitive customers shall be credited against the nongas transition costs allocated to the Company's noncompetitive customers. The assignment of transition cost responsibility to the Company's noncompetitive customers shall be equal to the difference between the Company's total nongas transition cost liability and the amount of that liability that is allocated to competitive customers.
4. A surcharge for the recovery of nongas transition costs from noncompetitive customers will be recalculated every three months, with the recalculations to be effective on or around January 1, April 1, July 1, and October 1 of each year. The Company will file the January 1, April 1, and July 1 recalculations on one day's notice to the Commission, and these filings are referred to in this rider as the "quarterly recalculation," and will file the October 1 recalculation on thirty days' notice to the Commission.
5. The surcharge will be designed to recover (a) those nongas transition costs that have been billed to the Company by interstate pipelines and (b) those costs that have been approved by the Federal Energy Regulatory Commission to be billed to the Company during the 12-month period following the surcharge filing date.
6. At the time of each quarterly recalculation of the surcharge, the Company will reconcile its actual billed costs over the three-month period that ends one month prior to the filing of the recalculation against the costs that had been projected for that same period and will incorporate the reconciliation within its recalculations; however, no adjustment will be made to reflect variations in billed throughput during such periods. The Company will accompany its recalculation of the surcharge that will become effective on October 1, 1994, with a reconciliation of actual transition cost revenues recovered from the Company's customers from the effective date of the surcharge through July 31, 1994, against the revenues projected to have been recovered over the same period, including adjustments to reflect volumetric variations. The Company will accompany its recalculations of the surcharges that will become effective on or around each October 1 after 1994 with a reconciliation of actual transition cost revenues recovered from its customers over the 12 months ending July 31 of the particular year against the revenues projected to have been recovered over the same 12-month period.

Deleted: C

Deleted: ratepayer

Deleted: (C)

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

ISSUED:

EFFECTIVE:

RIDER

TRANSITION COST RECOVERY MECHANISM

7. The Company will reduce the recoverable nongas transition costs allocated to its noncompetitive customers by the portion of the revenues that those customers are projected to contribute under the Company's program for the release of firm transportation pipeline capacity as set forth in this tariff and that is designated, either through prearrangement or open bidding, as transition costs. The Company will calculate the unit surcharge rates applicable to noncompetitive customers by dividing the recoverable nongas transition costs allocated to them, net of any reconciliations (including any additional nongas transition costs recovered by the Company from competitive customers under paragraph 3), and net of capacity release revenues as described in this paragraph, by the retail and transportation volumes projected to be consumed by noncompetitive customers, exclusive of those volumes of Pennsylvania-produced natural gas supplies transported by noncompetitive customers.

8. The surcharge rates applicable to noncompetitive customers are as follows:

Retail	\$0.0000/Mcf
Transportation	\$0.0000/Mcf

The surcharge rates, if any, applied to competitive customers will be determined on an individual customer basis.

Deleted: C

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

ISSUED:

EFFECTIVE:

RIDER, SUPPLIER CHOICE

Deleted: =

This Rider has been established to recover costs associated with Supplier Choice. The initial filing includes costs related to implementation and administration of the Account Number Access Mechanism per the Commission's Final Order at Docket No. M-2015-2468991 entered June 30, 2016 and costs associated with the implementation and administration of the Supplier Bill in accordance the Commission's Final Order entered August 20, 2015 at Docket No. M-2015-2474802.

The charges assessed per this rider shall be assessed to customers served under rate schedules RS, Commercial SGS, Industrial SGS, Rate GS-T – Residential, Rate GS-T Commercial SGS, and Rate GS-T Industrial SGS.

Deleted: ratepayer

Charges assessed per this rider shall not be applicable to customers served in the Company's CAP or Pilot E-CAP (E-CAP) program.

Deleted: ratepayer

The Company shall provide a reconciliation of actual costs with actual revenues recovered under Rider – Supplier Choice for the twelve month period ended August 31. The rate will be adjusted annually for the resulting over/undercollection to be effective October 1.

Application of the Supplier Choice Charge shall be subject to review and audit by the Commission at intervals that it shall determine. The Commission shall review the level of charges produced by the Supplier Choice Charge and the costs included therein.

No interest shall be included in the Supplier Choice Charge.

The Supplier Choice Rider shall become effective upon Commission approval and shall remain in effect until otherwise directed by the Commission and until the final reconciliation statement is approved and charges fully recovered.

Supplier Choice Charge per Month **\$0.0067**

Deleted: 115

ISSUED:

EFFECTIVE:

RIDER

Deleted: E

MERCHANT FUNCTION CHARGE (MFC)

The Merchant Function Charge (MFC) shall be added to the gas cost charges applicable under rate schedules Rate RS, Rate SGS, Rate MGS, LGS and GS-T. The gas costs charges include the Capacity Charge, Gas Cost Adjustment Charge and Commodity Charge.

The MFC shall be updated quarterly effective with each 1307(f) rate change. The write-off factor used to calculate the quarterly MCF shall only be determined in a base rate case filing.

For residential customers receiving service under Rate RS and Rate GS-T, the MFC shall equal the write-off factor of 2.49% times the gas cost charges as set forth in Peoples' Rider Purchase Gas Cost. The current MFC applicable to Rate RS customers is:

Deleted: 596

Deleted: B and Rider D

Capacity Charge per Mcf	\$0.0248
Gas Cost Adjustment Charge per Mcf	(\$0.0009)
Commodity Charge per Mcf	\$0.0968
Total MFC per Mcf	\$0.1207

Deleted: 1009

Deleted: 1257

For Small, Medium, and Large General Service customers receiving service under Rate SGS, MGS, LGS and Rate GS-T, the MFC shall equal the write-off factor of 0.21% times the gas cost charges as set forth in Peoples' Rider Purchase Gas Cost. The current MFC applicable to these customers is:

Deleted: 661

Deleted: B and Rider D

Deleted: ratepayer

SGS, MGS, LGS

Capacity Charge per Mcf	\$0.0021
Gas Cost Adjustment Charge per Mcf	(\$0.0001)
Commodity Charge per Mcf	\$0.0082
Total MFC per Mcf	\$0.0102

Deleted: 66

Deleted: 2

Deleted: 257

Deleted: 0321

ISSUED:

EFFECTIVE:

**RIDER,
UNIVERSAL SERVICE**

Deleted: F

This rider shall be applicable to all residential customers except for any residential customer served in the Company's Customer Assistance Program (CAP). This rider recovers costs related to the Company's universal service programs.

Deleted: ratepayer

RATE

Rider Universal Service per Mcf \$0.4094.

Deleted: F

The charges assessed per this rider shall be assessed to residential customers served under rate schedules Rate RS and Rate GS-T. Charges assessed per this rider shall not be applicable to customers served in the Company's CAP or Pilot E-CAP (E-CAP).

Deleted: 5479

Deleted: ratepayer

Deleted: ratepayer

Costs related to the following universal service programs shall be calculated and recovered per this rider: CAP; Low Income Usage Reduction Program (LIURP); Community Partnership for Weatherization; and the Emergency Furnace and Houseline Repair Program.

CAP Costs will be calculated to include the following components:

1. Projected CAP Credit – The difference between the total Rate RS bill, excluding Rider Universal Service, and the CAP or E-CAP payment amount which is comprised of the sum of the percentage of income payment or minimum bill, whichever is greater, plus the CAP Plus amount. The projected CAP Credit shall be calculated based on current rates, current CAP or E-CAP payment amounts and projected normalized annual volumes for CAP and E-CAP participants. Separate CAP credit costs will be calculated for: 1) current active CAP and E-CAP participants; and 2) the projected average net change in the number of CAP and E-CAP participants for the projected quarter.
2. Pre-Program Arrearage Forgiveness – Projected CAP and E-CAP pre-program arrearage forgiveness costs for the projected annual period.

Deleted: F

Costs for the LIURP, Community Partnership for Weatherization and Emergency Furnace and Houseline Repair programs will be calculated based on the projected number of eligible participants for the projected annual period.

Recoverable CAP credit and arrearage forgiveness amounts will be reduced by 3.86% times the average CAP credit and arrearage forgiveness of existing CAP customers times the incremental number of CAP participants in excess of 32,300 CAP customers. Historical payment statistics will be utilized in the development of projected CAP credit and arrearage forgiveness amounts. Third party costs for the purposes of CAP administration and Universal Service call management will be included in the calculation of the Rider.

Deleted: 3.27

Deleted: 16,725

The applicable unit for this rider shall be determined by dividing the total costs universal service plan costs by the annual projected non-CAP residential volumes established in the most recent 1307(f) gas cost recovery proceeding. For bill display purposes, the unit rate calculated under this rider shall be included in a single delivery charge that also includes the residential delivery charge set forth in rate schedules Rate RS and Rate GS-T.

QUARTERLY ADJUSTMENT

Effective with each quarterly 1307(f) gas cost change, the unit rate under this rider shall be recalculated to reflect current cost data for the cost components outlined above. The updated rate will be filed to be effective one day after the filing.

ANNUAL RECONCILIATION

As part of the quarterly adjustment filing effective on April 1 of each year, the Company shall include a reconciliation of actual revenues recovered under Rider Universal Service and actual universal service costs incurred for the twelve month period ended December 31. The resulting over/undercollection will be included in the quarterly Rider Universal Service, rate adjustment to be effective April 1.

Deleted: F

Deleted: F

RIDER
GAS PROCUREMENT CHARGE

Deleted: G

For bill presentment purposes, the Gas Procurement Charge (GPC) shall be added to the Commodity Gas Cost Charge applicable to sales rate schedules Rate RS, Rate SGS, Rate MGS, Rate LGS and any other applicable sales service rate schedule under this tariff.

Recoverable Costs

The GPC shall include gas procurement costs incurred by the Company solely on behalf of its sales service customers. The GPC shall exclude any costs recovered through Rider Purchase Gas Cost - 1307(f) gas cost recovery mechanism. The GPC shall exclude any gas procurement costs incurred by the Company in support of transportation or shopping customers or programs.

Deleted: B

Recalculation of the GPC

The costs to be included in the GPC shall be calculated in accordance with Commission regulations and shall be determined and updated in each base rate case filed by the Company. The GPC shall not be subject to reconciliation for any prior-period or over-or-under collections.

GPC Charge per Mcf \$0.0801/Mcf

Deleted: 1055

ISSUED:

EFFECTIVE:

PEOPLES NATURAL GAS COMPANY LLC

SUPPLEMENT NO. 2 TO GAS—PA PUC NO. 47
FIRST REVISED PAGE NO. 70
CANCELLING ORIGINAL PAGE NO. 70

THIS PAGE INTENTIONALLY LEFT BLANK

ISSUED:

EFFECTIVE:

PEOPLES NATURAL GAS COMPANY LLC

SUPPLEMENT NO. 2 TO GAS—PA PUC NO. 47
FIRST REVISED PAGE NO. 71
CANCELLING ORIGINAL PAGE NO. 71

THIS PAGE INTENTIONALLY LEFT BLANK

ISSUED:
PEOPLES NATURAL GAS COMPANY LLC

EFFECTIVE:
SUPPLEMENT NO. 2 TO GAS—PA PUC NO. 47
FIRST REVISED PAGE NO. 72
CANCELLING ORIGINAL PAGE NO. 72

THIS PAGE INTENTIONALLY LEFT BLANK

ISSUED:
PEOPLES NATURAL GAS COMPANY LLC

EFFECTIVE:
SUPPLEMENT NO. 2 TO GAS—PA PUC NO. 47
FIRST REVISED PAGE NO. 73
CANCELLING ORIGINAL PAGE NO. 73

THIS PAGE INTENTIONALLY LEFT BLANK

Deleted: RIDER H
RATEPAYER TRUST RATE CREDIT

The Ratepayer Trust was established on February 1, 2010 as part of the settlement of the transfer of the capital stock of Peoples to PNG Companies LLC. On that date, \$35 million was deposited into an Irrevocable Trust exclusively for the benefit of Peoples' ratepayers. The Trust will be flowed back to ratepayers as a distribution rate credit over three years.

The rate credit shall not be applied to any competitive customer receiving a discounted rate.

Calculation of the Distribution Rate Credit

The Year One rate credit will be effective on the effective date of new base rates established in Peoples' 2010 general rate proceeding.

The balance of funds in the Trust, plus interest, net of taxes and Trust expenses, shall be ... [5]

Deleted: RIDER H
RATEPAYER TRUST RATE CREDIT (Cont.)

Year One Rate Credit

Residential Ratepayers	\$0.00	per Customer Charge
Residential Ratepayers	\$0.00000	per Mcf
Rate SGS	\$0.00	per Customer Charge (l)
Rate MGS		
≥1,000<2,500 Mcf / year	\$0.00	per Customer Charge (l)
≥2,500<25,000 Mcf / year	\$0.00	per Customer Charge (l)
MGS Ratepayers)	\$0.00000	per Mcf (l)
Rate LGS – Commercial		
≥25,000<50,000 Mcf / year	\$0.00	(l)
≥50,000<100,000 Mcf / year	\$0.00	(l)

Deleted: RIDER J
Rager Mountain Storage Rate Credit

The Rager Mountain Storage Rate Credit was established as part of the settlement in Peoples' Application to Lease Storage Capacity at its Rager Mountain Storage Facility and related Affiliated Interest Agreements at Docket Nos. A-2010-2203699, G-2010-2203161 and G-2010-2203162. The rate credit is based on Peoples' ratepayer's 50% share of the net proceeds received from the sale of unused working gas and the sale of transferred base gas (Shared Revenues).

The rate credit shall not be applied to any competitive customer receiving a discounted rate.

Calculation of the Rager Mountain Storage Rate Credit

... [7]

ISSUED:
PEOPLES NATURAL GAS COMPANY LLC

EFFECTIVE:
SUPPLEMENT NO. 2 TO GAS—PA PUC NO. 47
FIRST REVISED PAGE NO. 74
CANCELLING ORIGINAL PAGE NO. 74

RIDER Distribution System Improvement Charge (DSIC)

Deleted: K¶

In addition to the net charges provided for in this Tariff, a charge of 0.00% will apply consistent with the Commission Order dated May 23, 2013 at Docket No. P-2013-2346161 approving the DSIC.

Deleted: 5

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.

Eligible Property:

- Gathering Lines (account 332);
- Storage Lines (account 353);
- Transmission Lines (account 367);
- Piping (account 376);
- Couplings (account 376);
- Gas service lines (account 380) and insulated and non-insulated fittings (account 378);
- Valves (account 376);
- Excess flow valves (account 376);
- Risers (account 376);
- Meter bars (account 382);
- Meters (accounts 334,369,381);
- Unreimbursed costs related to highway relocation projects where a natural gas distribution company or city natural gas distribution operation must relocate its facilities; and
- Other related capitalized costs (accounts 303, 387, 391.02 and 392)

Effective Date: The DSIC will become effective for bills rendered on and after 7/1/2013.

Deleted: ISC

Computation of the DSIC

The initial DSIC, effective July 1, 2013, shall be calculated to recover the fixed costs of eligible plant additions that have not previously been reflected in the Company's rates or rate base and will have been placed in service during the (*three-month period ending one month prior to effective date*). Thereafter, the DSIC will be updated on a quarterly basis to reflect eligible plant additions placed in service during the three-month period ending one month prior to the effective date of each DSIC update. Thus, changes in the DSIC rate will occur as follows:

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

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.

ISSUED:
PEOPLES NATURAL GAS COMPANY LLC

EFFECTIVE:
SUPPLEMENT NO. 2 TO GAS—PA PUC NO. 47
FIRST REVISED PAGE NO. 75
CANCELLING ORIGINAL PAGE NO. 75

RIDER
Distribution System Improvement Charge (DSIC)

Deleted: K (cont.)

2. Pre-tax return: The pre-tax return shall be calculated using the statutory state and federal income tax rates, the Company'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 Company's 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 Jurisdictional Utilities released by the Commission.

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 Company's otherwise applicable rates and charges, excluding amounts billed for Rider State Tax Adjustment Surcharge and Rider Purchased Gas Cost. 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 one-fourth of the Company's annual projected revenue for distribution service (including all applicable clauses and riders), exclusive of Rider State Tax Adjustment Surcharge and Rider Purchased Gas Cost.

Deleted: (Rider A),

Deleted: s

Deleted: (Rider B)

Deleted: Ratepayer Trust (Rider H), and
Rager Mountain Credit (Rider J)

Deleted: s A, B, H, and J.

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

$$\text{DSIC} = \frac{(\text{DSI} \times \text{PTRR}) + \text{Dep} + \text{S}}{\text{PQR}} + \frac{e}{\text{PQR}}$$

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 expense related to DSIC-eligible property.

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

S = Synergy fees/(revenues); cost assessed (revenue received) for serving customers of another legal entity approved at G-2014-2448803.

PQR = Projected annual revenues for distribution service (excluding Riders A, B, H and J) from existing customers plus netted revenue from any customers which will be gained or lost by the beginning of the applicable service period will be divided by four to arrive at a quarterly revenue figure.

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

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 utility may elect to subject the DSIC to quarterly reconciliation but only upon request and approval by the Commission. The revenue received under the DSIC including Synergy fees received, for the reconciliation period will be compared to the Company's eligible costs, including Synergy fees paid, for that period. The difference between revenue and costs will be recouped or refunded, as appropriate, in accordance with Section 1307(e), over a one-year period commencing on April 1 of each year. If DSIC revenues exceed DSIC-eligible costs, 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.

ISSUED:

EFFECTIVE:

RIDER

Distribution System Improvement Charge (DSIC)

Deleted: K (cont.)

Customer Safeguards (cont.):

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.
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.
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 or potential competitive alternatives and customers having negotiated contracts with the Company, if it is reasonably necessary to do so.
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 rate of return used to calculate its fixed costs under the DSIC as described in the pre-tax return section. The utility 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 Utility has earned a rate of return that would exceed the allowable rate of return used to calculate its fixed costs.
7. **Residual E-Factor Recovery Upon Reset to Zero:** The utility 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 utility can collect or credit the residual over/under collection balance when the DSIC rate is reset to zero. The utility shall refund any overcollection to customers and is entitled to recover any undercollections as set forth in Section 4.B. Once the utility 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.

Deleted: K

ISSUED:

EFFECTIVE:

**PILOT RATE MLX
MAINLINE EXTENSION SERVICE**

The Company, at its discretion, may offer service under this rider to a residential or commercial Applicant or group of Applicants who require extension of the Company's facilities to serve the Applicant(s) under Rule 4 of the Rules and Regulations Section of this tariff. This Rate provides the Applicant(s) with an option to pay a delivery rate set by the Company from the delivery rate tiers below in lieu of providing a contribution in aid of construction ("CIAC") determined in accordance with Rule 4 using rates RS or SGS. All Applicants at the time of construction as well as any future Applicants serviced by a facility extended under this rate will pay the same rate as the original Applicants. Future extensions of mainline from a previous Rate MLX project will be evaluated separately and assigned the greater of the MLX rate for the existing project or the MLX rate tier that will justify the project under Rule 4 on a standalone basis.

This Rider is established as a Pilot and will close for new participation five years after this rate is approved by the Commission.

Residential and Commercial Customers MLX Delivery Charge

The charges under this Rate will include the otherwise applicable RS or SGS customer charge and riders. Only the delivery rate will differ as is shown below.

Pilot Rate MLX delivery rates will be applied for each Mcf of gas used. The applicable rate will be selected from one of the tiers below for the entire extension. The Company will select the rate tier based on the minimum delivery rate required to cover the investment costs in accordance with Rule 4.

Customer Service Line Costs

The rate chosen by the Company will include the cost of the customer's service line (curb to meter). The customer will maintain ownership of, and maintenance of, the curb to meter portion of the service line thereafter.

For customers tapping into a Pilot Rate MLX project after the initial construction, the cost of the curb to meter portion of the service line will be limited to the average cost of curb to meter installations for customers who were connected at the time of the mainline installation paid by the Company.

ISSUED:

EFFECTIVE:

Deleted: a

Deleted: a

Deleted: a

Rider TCJA - TCJA SURCHARGE

To implement the effects of the Tax Cuts and Jobs Act (TCJA), on March 15, 2018 the Pennsylvania Public Utility Commission (Commission) issued a Temporary Rates Order at Docket No. M-2018-2641242 directing the utility to file its current base rates and riders as temporary rates, pursuant to Section 1310(d) of the Public Utility Code. 66 Pa. C.S. § 1310(d). Subsequently, on May 17, 2018 and June 14, 2018, the Commission entered Orders superseding the March 15, 2018 Temporary Rates Order directing the utility to establish temporary rates.

The TCJA rate is currently suspended. Within 60 days of the effective date of the new base rates, established in Docket No. R-2018-3006818, the Company will calculate the final refund due to customers including the:

- 1) refund of the tax savings and interest associated with TCJA for the period January 1, 2018 through June 30, 2018 and
- 2) accumulated over or under collection while rate TCJA was in effect.

The interest will be calculated at the residential mortgage lending rate specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. §§ 101 et seq.) in effect on the last day of the month prior to the refund to customers

These above amounts due to customers will be refunded by means of a one-time bill credit within 120 days of the effective date of the new base rates. Once the one-time bill credit is provided to customers, Rider TCJA will terminate.

--	--

ISSUED:

EFFECTIVE:

Deleted: as follows:

Deleted: A negative surcharge of 5.2290% will apply as a credit for intrastate service to all customer bills rendered ¶ on and after January 1, 2019. This negative surcharge will be distributed equally among the utility's various customer classes, exclusive of STAS and automatic adjustment clause revenues. ¶

Deleted: This negative surcharge will be reconciled at the end of each calendar year and will remain in place until the utility files and the Commission approves new base rates for the utility pursuant to Section 1308(d) that include the effects of the TCJA tax rate changes.

Deleted: Interest on over or under collections shall be computed monthly at the residential mortgage lending rate specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. §§ 101, et seq.) from the month that the over or under collection occurs to the mid-point of the recovery period. ¶

Deleted: Upon determination that the negative surcharge, if left unchanged, would result in a material over or under collection, the Company may file with the Commission, on at least 10 days' notice, for an interim revision of the TCJA Temporary Surcharge. ¶

Deleted: The TCJA Temporary Surcharge will be filed with the Commission by December 1 of each year to become effective the following January 1. ¶

Deleted: _____

Deleted: ¶

17. PRIORITY OF SERVICE AND CURTAILMENT FOR RETAIL RATEPAYERS (continued)Excess Consumption Penalty Related to Gas Shortage Curtailment

As used herein, the term "excess consumption" means the volume by which a ratepayer's actual consumption: (a) in any month during a gas shortage curtailment exceeds his authorized monthly volume specified in a notice of curtailment or as reduced pursuant to this Rule 17; or (b) in an emergency curtailment period, exceeds his authorized volume for the emergency period pursuant to this Rule 17.

Excess consumption shall be billed at the rates prescribed by this tariff plus a penalty according to the following schedule:

<u>Actual Usage as a Percentage of Total Authorized Volumes</u>	<u>Penalty For Excess Consumption</u>
Greater than 103% but not in excess of 110%	\$10 per Mcf
Greater than 110% but not in excess of 125%	\$20 per Mcf
Greater than 125%	\$50 per Mcf

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

There shall be excluded from the volumes subject to penalty under a gas shortage curtailment volumes for which the ratepayer has previously been penalized pursuant to overruns during emergency curtailment.

A penalty paid by a ratepayer for excess consumption in any month in connection with a gas shortage curtailment shall be refunded to that ratepayer if: (a) the ratepayer's actual consumption in either the first or the second month thereafter is less than his authorized monthly volume by an amount equal to the volume of such excess consumption or (b) the ratepayer's combined actual consumption in the first and second months thereafter does not exceed his combined authorized monthly volume for both months. Excess consumption penalties resulting from emergency curtailment overruns are not subject to refund.

As of December 31 of each year, the Company shall subtract the total of all overrun penalties paid that year to the Company's suppliers from excess consumption penalties collected from ratepayers during the year which are not subject to gas payback refund provisions set forth above. The Company will then distribute among its curtailed ratepayers who did not incur overruns all penalties collected in excess of those paid by the gas Company to its suppliers.

The amount of reimbursement due a ratepayer shall be determined by dividing the total amount to be redistributed by the total volume of sales during the twelve-month period to all ratepayers eligible for reimbursement. This quotient shall represent the factor which, when multiplied by an eligible ratepayer's total purchase volume during the twelve-month period, will equal the amount to be credited to that ratepayer's gas account. However, no reimbursement shall be made to ratepayers who have terminated service during the year.

The Company will compute the reimbursement credit for each eligible ratepayer to the nearest one cent. If the total amount credited to eligible ratepayer's gas accounts, as calculated above, is more or less than the total amount to be redistributed, the difference shall be retained as a debit or credit in the excess consumption penalty account, and shall be subtracted from or added to the next ensuing excess consumption penalty redistribution amount.

At least ten (10) days prior to the billing month in which each eligible ratepayer's account shall be credited, the Company will file with the Commission a detailed report itemizing the penalties paid, penalties received, and the computation of the redistribution credit, if any.

Page 58: [2] Deleted	Bob Waruszewski	1/17/2019 2:42:00 PM
\$545.00	Customer Charge per month per ratepayercustomer for Industrial ratepayercustomers with annual consumption equal to or greater than 50,000 Mcf but less than 100,000 Mcf.	
Page 58: [3] Deleted	Bob Waruszewski	1/17/2019 2:43:00 PM
\$1,144.00	Customer Charge per month per ratepayercustomer for Industrial ratepayercustomers with annual consumption equal to or greater than 100,000 Mcf but less than 200,000 Mcf.	
Page 58: [4] Deleted	Bob Waruszewski	1/17/2019 2:43:00 PM
\$2,009.00	Customer Charge per month per ratepayercustomer for Industrial ratepayercustomers with annual consumption equal to or greater than 200,000 Mcf.	
Page 82: [5] Deleted	Administrator	12/28/2018 9:14:00 PM

RIDER H
RATEPAYER TRUST RATE CREDIT

The Ratepayer Trust was established on February 1, 2010 as part of the settlement of the transfer of the capital stock of Peoples to PNG Companies LLC. On that date, \$35 million was deposited into an Irrevocable Trust exclusively for the benefit of Peoples' ratepayers. The Trust will be flowed back to ratepayers as a distribution rate credit over three years.

The rate credit shall not be applied to any competitive customer receiving a discounted rate.

Calculation of the Distribution Rate Credit

The Year One rate credit will be effective on the effective date of new base rates established in Peoples' 2010 general rate proceeding

The balance of funds in the Trust, plus interest, net of taxes and Trust expenses, shall be divided by three to establish the amount to be returned to ratepayers in Year-One of the required three-year flow-back.

This amount would then be allocated to rate classes based on the amount of revenue increase assigned to each rate class as a proportion to the overall approved revenue increase approved by the Commission in Peoples' 2010 general rate proceeding. The distribution rate credit will be allocated to the residential, commercial large, and industrial classes through both the monthly customer charge and the volumetric delivery charge. The distribution rate credit will be allocated to the commercial small class through the monthly customer charge only.

Of the total residential credit, \$1.50 will be applied to the monthly residential customer charge. The remainder of the annual credit assigned to the residential class will be distributed through the volumetric delivery charge. This volumetric rate will be determined by dividing the credit not assigned to the customer charge by the projected annual usage for the residential class as established in Peoples' 2010 rate case. The distribution credit for the SGS class will be determined by dividing the annual rate credit assigned to the commercial (C) small class by the total estimated annual number of non-competitive customers within that class as established in Peoples' 2010 rate case. The distribution credit for the MGS and LGS classes will be (C) determined by first dividing the total distribution credit allocated to the commercial large class by two (C) in order to establish two portions. The first portion will be divided by the total estimated annual number of non-competitive customers within the class as established in Peoples' 2010 rate case to determine the monthly customer charge credit. The second portion will be divided by the projected annual usage for non-competitive commercial large customers as established in Peoples' 2010 rate case to determine the volumetric adjustment to the delivery charge. (C)

The ratepayer credit for Year Two would become effective one year after new rates are established in Peoples' 2010 general rate proceeding. The Year Two ratepayer credit will be determined by first dividing by two the estimated balance available in the Trust at the end of the first year of distributions. Next, this amount would then be allocated to rate classes based on the amount of revenue increase assigned to each rate class as a proportion to the overall approved revenue increase approved by the Commission in Peoples' 2010 general rate proceeding. The Year Two allocation by class will be prepared in the same manner as described in the paragraph above. Beginning with the remaining balance after the Year Two distributions, this method would also be utilized to distribute the Year Three rate credit.

During the distribution of the ratepayer credit in Year Three, if Peoples determines that all of the available funds from the Trust will be distributed prior to the end of the Year Three distribution period, Peoples will discontinue distribution of the ratepayer credits. At the end of Year Three, the rate credits will terminate.

(Cont.)

**RIDER H
RATEPAYER TRUST RATE CREDIT (Cont.)**

Year One Rate Credit

Residential Ratepayers	\$0.00	per Customer Charge
Residential Ratepayers	\$0.0000	per Mcf
Rate SGS	\$0.00	per Customer Charge
(l)		
Rate MGS		
≥1,000<2,500 Mcf / year	\$0.00	per Customer Charge
(l)		
≥2,500<25,000 Mcf / year	\$0.00	per Customer Charge
(l)		
MGS Ratepayers)	\$0.0000	per Mcf
(l)		
Rate LGS – Commercial		
≥25,000<50,000 Mcf / year	\$0.00	
(l)		
≥50,000<100,000 Mcf / year	\$0.00	
(l)		
≥100,000<200,000 Mcf / year	\$0.00	
(l)		
≥200,000 Mcf / year	\$0.00	
Commercial Ratepayers	\$0.0000	per Mcf
(l)		
Rate LGS – Industrial		
≥25,000<50,000 Mcf / year	\$0.00	
(l)		
≥50,000<100,000 Mcf / year	\$0.00	
(l)		
≥100,000<200,000 Mcf / year	\$0.00	
(l)		
≥200,000 Mcf / year	\$0.00	
Industrial Ratepayers	\$0.0000	per Mcf
(l)		

Any over or under ratepayer credit amounts remaining at the end of Year Three shall be flowed through to ratepayers in Peoples' next quarterly 1307(f) gas cost filing. Within 60 days of termination of the distribution of the ratepayer credit, Peoples shall file with the Commission and provide a copy to all parties to the sale proceeding settlement a final reconciliation of all ratepayer credit amounts.

RIDER J

Rager Mountain Storage Rate Credit

The Rager Mountain Storage Rate Credit was established as part of the settlement in Peoples' Application to Lease Storage Capacity at its Rager Mountain Storage Facility and related Affiliated Interest Agreements at Docket Nos. A-2010-2203699, G-2010-2203161 and G-2010-2203162. The rate credit is based on Peoples' ratepayer's 50% share of the net proceeds received from the sale of unused working gas and the sale of transferred base gas (Shared Revenues).

The rate credit shall not be applied to any competitive customer receiving a discounted rate.

Calculation of the Rager Mountain Storage Rate Credit

The Shared Revenues will be distributed to all non-competitive distribution customers (*i.e.*, customers that pay full, non-discounted distribution rates) as a monthly volumetric base rate credit for a period of approximately one year until the Shared Revenues are exhausted. The credit will be calculated on the assumption that the funds will be available to apply for one year, but the credit will terminate when the funds for each class have been exhausted.

Rager Mountain Storage Rate Credit

Residential	\$0.0000/Mcf
Rate SGS-Commercial and NGDC	\$0.0000/Mcf
Rate SGS-Industrial	\$0.0000/Mcf
Rate MGS-Commercial and NGDC	\$0.0000/Mcf
Rate MGS-Industrial	\$0.0000/Mcf
Rate LGS-Commercial and NGDC	\$0.0000/Mcf
Rate LGS-Industrial	\$0.0000/Mcf

Any over or under ratepayer credit amounts remaining after the rate credit is terminated shall be flowed through to ratepayers in Peoples' next quarterly 1307(f) gas cost filing.

APPENDIX “B”

PEOPLES NATURAL GAS COMPANY LLC

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

ISSUED:

EFFECTIVE:

**By: Morgan K. O'Brien
President
375 North Shore Drive
Pittsburgh, PA 15212**

NOTICE

This tariff combines Tariff Natural Gas Suppliers – PA PUC No. S-2 for the Peoples Division and the supplier tariff provisions in Tariff Gas – PA PUC No. 46 for the Equitable Division. Upon approval of this Tariff Natural Gas Suppliers – PA PUC No. S-3, all Peoples Natural Gas suppliers (including the former Peoples and Equitable Divisions) will be subject to the rates and rules set forth herein.

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

LIST OF CHANGES

Page	Page Description	Revision Description
Cover Page	Cover Page	Company address updated.
2, 2A	List of Changes	List of Changes
4	Definition of Terms	Dekatherm and Customer definitions added, "Ratepayer" changed to "Customer", "S" in Supplier capitalized.
5	Definition of Terms	"Ratepayer" changed to "Customer". Ratepayer definition deleted. "S" in Supplier capitalized.
6	Definition of Terms	"Ratepayer" changed to "Customer".
7	Rules and Regulations	"Ratepayer" changed to "Customer"; "S" in Supplier capitalized. Rule 2, (b) language updated.
7A	Rules and Regulations	Critical day planning language shortened. Additional language added for operational alert. Curtailment language shortened. "S" in Supplier capitalized.
8	Rules and Regulations	OFO Procedures – Section i modified, Section iii deleted. "S" in Supplier capitalized.
9	Rules and Regulations	"Ratepayer" changed to "Customer". "S" in Supplier capitalized.
10	Rules and Regulations	"Ratepayer" changed to "Customer". "S" in Supplier capitalized.
11	Rules and Regulations	Additional language added to Section 6 – Creditworthiness, part c.
12	Rules and Regulations	"Ratepayer" changed to "Customer". "S" in Supplier capitalized.
13	Rules and Regulations	"Ratepayer" changed to "Customer".
14	Rules and Regulations	"Ratepayer" changed to "Customer".
15	Rules and Regulations	"Ratepayer" changed to "Customer".
16	Rules and Regulations	"Ratepayer" changed to "Customer". Added language to section (i) and deleted sections (ii) through (v).
16A	Rules and Regulations	Nomination and Reconciliation of Local Production Volumes – additional sections iv, v, and vi added.
16B	Rules and Regulations	"Ratepayer" changed to "Customer". "S" in Supplier capitalized.
17	Rules and Regulations	"Ratepayer" changed to "Customer". "S" in Supplier capitalized.
18	Rules and Regulations	"Ratepayer" changed to "Customer".
19	Rate P-1	Assignment of Capacity language added for Pool Operators with Peak Day Demand < 2,000 Dth per day. "Ratepayer" changed to "Customer".
20	Rate P-1	"Ratepayer" changed to "Customer".
20A	Rate P-1	"Ratepayer" changed to "Customer". "S" in Supplier capitalized.
21	Rate P-1	"Ratepayer" changed to "Customer".
22	Rate P-1	Moved prior pages 27-30 language up. "Ratepayer" changed to "Customer".
23	Rate P-1	Moved prior pages 27-30 language up. "Ratepayer" changed to "Customer". Negative Daily Imbalance and Positive Daily Imbalance Language modified. Pooling Fee and Pool-to-Pool Transfer Fee Eliminated.
27	Rate P-1	Page left intentionally blank. Language moved up to page 22.
28	Rate P-1	Page left intentionally blank. Language moved up to page 23.
29	Rate P-1	Page left intentionally blank. Language moved up to page 23.
30	Rate P-1	Page left intentionally blank. Language moved up to page 23.
31	Rate NP-1	Assignment of Capacity renamed AVC Capacity and language modified. "Ratepayer" changed to "Customer".

ISSUED:**EFFECTIVE:**

LIST OF CHANGES (CONTINUED)

31A	Rate NP-1	Rule 3 renamed. Rules 4 and 5 added.
32	Rate NP-1	Moved prior pages 34-35B language up. Rule 6 language modified. Rule numbering modified.
33	Rate NP-1	Moved prior pages 34-35B language up. Rule numbering modified. Monthly balancing role eliminated. Daily Load Forecasting and Balancing language modified. "S" in Supplier capitalized. Negative Daily Imbalance and Positive Daily Imbalance Language modified.
34	Rate NP-1	Moved prior pages 34-35B language up.
34A	Rate NP-1	Page left intentionally blank. Language moved up to page 32.
35	Rate NP-1	Page left intentionally blank. Language moved up to page 33.
35A	Rate NP-1	Page left intentionally blank. Language moved up to page 33.
35B	Rate NP-1	Page left intentionally blank. Language moved up to page 34.
37	Rate LGA	Rules 3 and 4 modified. Aggregation and Pool-to-Pool Transfer Fee Eliminated.
38	Rate SBS	"Ratepayer" changed to "Customer". Rule 3, item (c) language modified.
39	Rate SBS	Discount rates updated.
40	Rate SBS	"Ratepayer" changed to "Customer".

ISSUED:

EFFECTIVE:

TABLE OF CONTENTS

List of Changes Made by Tariff2

Table of Contents 3

Definition of Terms4

Rates Available Under This Tariff 6

Rules and Regulations7

Rate P-1 19

Rate NP-1.....31

Rate LGA.....36

Rate SBS 38

ISSUED:

EFFECTIVE:

DEFINITION OF TERMS

The following is a list of some of the most commonly used terms in this Tariff. In the event of a conflict between any of the definitions set forth below or those contained in a more specific provision of this Tariff, the definition contained in the more specific provision shall prevail.

Aggregate Daily Consumption Volume - The aggregate quantity of gas estimated by the Company to be consumed by all Customers served by the NGS on any day or the direct end user in an OFO situation under Rule 4 of the Tariff.

Aggregate Monthly Consumption Volume - The aggregate quantity of gas actually consumed by all Customers of Pool Operator's pool over their respective Billing Cycles for the month as determined by the Company through actual or estimated meter readings.

Aggregator - A broker, marketer or producer of natural gas which aggregates locally produced gas, injected directly into the Company's lines, into a pool.

Billing Cycle - The period that occurs between actual or estimated meter readings taken by the Company for billing purposes.

Calendar Month Pool Sendout - The sum of (1) the Aggregate Monthly Consumption Volumes plus (2) Pool-to-Pool Volumes nominated for the month.

Calendar Month Pool Supply - The sum of the Daily Available Volumes during the month as adjusted for any gas received from other Pool Operators during the month and any imbalance sales to or purchases from the Company.

Chapter 56 – The Commission regulations that govern, among other things, metering, billing and collections for residential gas and electricity service.

Commodity Charge – A charge designed to recover the cost of producing or procuring natural gas.

Commodity Service – Service provided by the Company or a natural gas Supplier which involves the purchase of gas commodity by the Customer.

Company – The entity doing business as Peoples Natural Gas Company LLC.

Customer – Any person, partnership, association, corporation, or other entity (i) in whose name a service account is listed, (ii) who occupies or is the Customer for any premises, building, structure, etc. or (iii) is primarily responsible for payment of bills. A Customer includes anyone taking Supplier of Last Resort Service and/or Distribution Service under the Company's Retail Tariff.

Daily Available Volume - The total quantity of gas available to be allocated by the NGS for delivery by the Company to all Customers on any day. This quantity is equal to the total volume of gas actually delivered to the Company for the NGS's account on that day, less an appropriate retainage percentage, plus any adjustments associated with the reconciliation of local gas volumes and/or the reconciliation of monthly volumes as set forth in Rates P-1 and NP-1.

Day – A 24-hour period beginning at 10 a.m. and ending at 10 a.m. or as subsequently defined by natural gas industry standards promulgated by FERC.

Dekatherm (Dth) – 10 therms or 1,000,000 British thermal units ("Btu")

Direct End User – A Customer that receives distribution service from the Company and purchases commodity service from a natural gas Supplier who does not pool supplies under the Company's Rate P-1 or Rate NP-1.

ISSUED:

EFFECTIVE:

DEFINITION OF TERMS (continued)

Local Gas Aggregation Agreement - The Local Gas Aggregation Agreement between the Company and the NGS.

Mcf – 1,000 cubic feet of gas. This is a measure of gas usage.

Measurement Operating Agreement - The agreement between a producer of natural gas and the Company which sets forth the obligations and responsibilities for owning and operating measurement equipment for designated measuring stations.

Monthly Available Volume - The total quantity of gas available to be allocated by the NGS for delivery by the Company to all Customers for the applicable month. This quantity is equal to the total volume of gas actually delivered to the Company for the NGS's account for the applicable month, less an appropriate retainage percentage, plus any adjustments associated with the reconciliation of local gas volumes.

Natural Gas Supplier (NGS) – An entity that has received a license from the Commission and that sells natural gas to Customers that is delivered through the distribution lines of the Company.

Non-Priority One Pool Operator – A pool operator which aggregates natural gas supplies needed to satisfy the full requirements of one or more Non-Priority One transportation Customers of the Company.

Non-Priority One Pooling Agreement - The Non-Priority-One Pooling Agreement between the Company and the Pool Operator.

Pool Operator – A broker, marketer or producer of natural gas licensed as a gas Supplier by the Pennsylvania Public Utility Commission which has executed a Priority-One or Non-Priority One Pooling Agreement with the Company.

Priority One Pool Operator – A pool operator which aggregates natural gas supplies needed to satisfy the full requirements of Priority One transportation Customers of the Company.

Small Business Customer – A Customer receiving natural gas service for commercial or industrial use whose annual usage is equal to or less than 300 MCF.

Supplier – Shall include, but is not limited to, aggregators, brokers, marketers, natural gas distribution companies, natural gas suppliers or producers.

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 Priority-One Customers under the terms of this tariff. Each Customer may only have one Supplier of last resort.

ISSUED:

EFFECTIVE:

RATES AVAILABLE UNDER THIS TARIFF

Service is made available to NGSs under the rules, regulations, rates and terms contained in this tariff .
The following rates are made available to NGSs:

Rate P-1 - Priority One Pooling Service

This rate is available to any broker, marketer or producer of natural gas which aggregates natural gas supplies needed to satisfy the full requirements of Priority One (P-1) transportation Customers of the Company.

Rate NP-1 - Non-Priority One Pooling Service

This rate is available to any broker, marketer or producer of natural gas which aggregates natural gas supplies needed to satisfy the full requirements of Non-Priority One (NP-1) transportation Customers of the Company.

Rate LGA - Local Gas Aggregation Service

This rate is available to any broker, marketer or producer of natural gas which aggregates locally produced gas injected directly into the Company's pipeline system.

Rate SBS – NGS Billing Service

This rate is available to the NGS which receives service under Rate P-1 or Rate NP-1 and elects to have the Company bill Customers for natural gas sold by the NGS.

ISSUED:

EFFECTIVE:

RULES AND REGULATIONS**1. Sources of Supply**

The Company agrees to receive, for the NGS's account, upstream pipeline transportation volumes, local gas volumes, storage volumes, Pool-to-Pool Volumes and Imbalance Trading Volumes.

In determining the volumes available for delivery to Customers in the applicable month, the Company may retain an appropriate percentage, as set forth in the Company's Retail Tariff, of gas used in Company operations and unaccounted for gas from upstream pipeline transportation volumes and local gas volumes as they are received by the Company. For purposes of determining storage inventory volumes, the retainage percentage shall be applied to volumes at the time the volumes are nominated for injection into storage. Pool-to-Pool Volumes and Imbalance Trading Volumes shall be added to the adjusted volumes.

Suppliers will pay for any investment costs and any other agreed-upon fees relating to the delivery of gas into the Company's system. The Company will own and maintain each natural gas connection's tapping tee or pipe and valve.

2. Measurement and Quality of Gas

All gas delivered shall be measured by meter. The term "mcf" as used in the Company's schedule of rates, shall mean 1,000 cubic feet of gas at no more than 8 ounces above an assumed atmospheric pressure of 14.4 pounds at whatever temperature the gas may be during the period of measurement. If gas is supplied from a low-pressure distribution system in which the pressure of the gas is regulated not to exceed 8 ounces, the measurement will be at whatever pressure the gas may be during the period of measurement. If gas is delivered from a high-pressure system, measurement will be corrected to a pressure base of 14.73 psia. If measurement is corrected for temperature, measurement will be corrected to 60°F.

Gas delivered into the Company's system should be free from oil, water, salt, gum, dust, and other foreign substances that might interfere with the marketability of the gas. Unless otherwise agreed to by the Company, the gas delivered shall contain not less than 967 Btu per cubic foot and shall not exceed 1,100 Btu per cubic foot (as determined by calorimeter test @ 60 degrees Fahrenheit and saturated with water vapor). Gas accepted by the Company that contains less than 967 Btu per cubic foot will be enhanced to ensure that gas delivered by the Company to Customers shall meet Commission heating value requirements, and the Company may charge for this.

Unless otherwise agreed to by the Company through separate agreement, gas delivered by a Supplier shall not contain more than:

- (a) Seven (7) pounds of water per million cubic feet on an approved dew point apparatus.
- (b) Two (2) percent by volume of carbon dioxide.
- (c) Twenty-five hundredths (0.25) grains of hydrogen sulfide per 100 cubic feet.
- (d) Ten (10) grains of total sulfur per 100 cubic feet.

The Company may enter into agreements with suppliers whereby the Company will agree to treat gas on behalf of a Supplier in order to meet such gas quality requirements outlined above. Should the Supplier not enter into such an agreement and fail to meet these gas quality requirements, the Company may refuse to accept gas delivered by the Supplier and should a Supplier cause damage to any metering, regulating and/or other equipment or interruption of service, the Supplier shall reimburse the Company for the costs to repair such damage and for any related costs which the Company may incur to restore service to Customers and/or repair facilities, including payments made by the Company to Customers in settlement of claims arising out of interruption of gas service. The Supplier agrees to allow the Company to make necessary gas samples to permit testing of the delivered gas to determine quality of gas delivered by the supplier.

ISSUED:**EFFECTIVE:**

RULES AND REGULATIONS**3. Critical Day Planning**

As events occur that could develop into system emergencies or lead to a threatening of system integrity, the Company may request and/or require NGSs or Customers to take certain actions to protect, maintain, or reestablish the safe operation of the system.

- a. Maintenance Alerts (MA) – A maintenance alert is an announcement of actual or pending events related to various physical connections to the Company's system. These communications shall occur on an as needed basis and shall be communicated via the electronic bulletin board as soon as practical.
- b. Operational Alert (OA) – An operational alert may be called during periods of projected increased or decreased consumer demand for natural gas. An "OA" is a request for specific action on the part of an individual NGS, or all NGSs. The NGSs are expected to respond to "OAs" as soon as practical by giving notice to the Company of their intended action. These communications shall occur on an as needed basis and shall be communicated via the electronic bulletin board and/or through email as soon as practical.
- c. Operational Flow Order (OFO) – An OFO is defined in paragraph 4 of the Supplier Tariff. NGSs are expected to comply with an OFO.
- d. Curtailment – In the event of an emergency curtailment of Customer consumption, the Company will alert the appropriate NGSs, and if appropriate, will coordinate with them responses to media and elected officials.

ISSUED:**EFFECTIVE:**

RULES AND REGULATIONS**4. Operational Flow Orders****a. Issuance of OFOs**

The Company may issue, in its sole discretion, an OFO (Operational Flow Order) in any of the following circumstances: To the extent possible, the Company will provide a 24-hour prior notice of an OFO in situations where a prior indication of the need to issue an OFO exists.

- i. to alleviate conditions that threaten the operational integrity of the Company's system;
- ii. to maintain pressures necessary for the Company's operations;
- iii. to insure adequate flowing supplies are delivered to specific receipt points on the Company's system; or
- iv. to alleviate operational problems arising from overdeliveries or underdeliveries by NGSs or Customers transporting supplies for their own consumption ("Direct End User"), in violation of their agreements or Company tariffs.

b. OFO Procedures

In the event of the issuance of an OFO, NGSs and Direct End Users (or a Supplier that the Direct End User has arranged with and designated to the Company to receive notification of the OFO) will be directed to maintain its supply according to the steps set forth below.

- i. The NGS or the Direct End User must adjust supply nominations, including any Pool-to-Pool Volumes to equal Aggregate Daily Consumption Volume, with gas delivered at the points specified by the Company. The Company shall provide such estimates via the electronic bulletin board and/or through email as soon as practical.
- ii. Upon the NGS or Direct End User request, the Company will consider, if time permits, adjustments to the Aggregate Daily Consumption Volume or the Daily Available Volume to the extent such adjustment, in the Company's discretion, benefits system operations during the OFO event and if such adjustment is confirmable the Company.

ISSUED:**EFFECTIVE:**

RULES AND REGULATIONS**4. Operational Flow Orders (continued)****c. OFO Penalties**

Failure to comply with an OFO may result in the following:

- i. The immediate recall of capacity assigned by the Company to the NGS or a Direct End User, if any, throughout the remainder of the OFO period. Further, in the event the NGS/Direct End User's failure to comply with an OFO contributes to the Company using other Customers' flowing supplies to meet the needs of end-use Customers of the NGS/Direct End User's and/or the Company's Retail Sales Demand, the Company may, at its sole discretion, recall or otherwise withdraw any capacity rights assigned to the NGS/Direct End User upon five (5) days written notice to the NGS/Direct End User (unless already recalled under the provisions of this section).
- ii. The billing of the incremental charges set forth below times the OFO shortfall which is defined as the imbalance between Daily Available Volume and its Aggregate Daily Consumption Volume as calculated by the Company, on those days subject to the OFO.

The OFO incremental charges shall equal:

- (1) the payment of a gas cost equal to the highest incremental cost paid by the Company on the date of noncompliance;
- (2) one month's demand charges and/or otherwise applicable storage and overrun costs. This charge shall not be imposed more frequently than twelve times in any thirty-day period;
- (3) the payment of all other charges incurred by the Company on the date of the OFO shortfall that are associated with the OFO shortfall; and
- (4) in the Company's discretion, an appropriate penalty charge, not to exceed \$15/Mcf.

The penalties set forth herein shall be billed to NGSs serving Customers under Rates P-1 or NP-1, or to Direct End Users (or a Supplier that the Direct End User has arranged with and designated to the Company to receive notification of the OFO).

- iii. In the event the NGS/Direct End User's failure to comply with an OFO contributes to the Company using other Customers' flowing supplies to meet the needs of any Customer and/or the Company's retail sales demand, the Company may terminate the NGS's rights to operate on the Company's system under the applicable pooling and/or transportation agreements upon ten (10) days written notice to the NGS.

5. Billing and Payment

Each calendar month the Company shall render a statement of account to the NGS summarizing the charges due the Company, including any purchases by the Company.

The NGS shall pay the Company by wire transfer of federal funds unless the NGS and the Company mutually agree upon a method of payment other than wire transfer which will result in timely receipt of payment by the Company.

ISSUED:**EFFECTIVE:**

RULES AND REGULATIONS**5. Billing and Payment (continued)**

Charges previously billed to the NGS by the Company, for which payment has not been received by the Company by the due date, will be assessed a late-payment charge of two percent (2%) per month on the unpaid balance.

If the Company has not received payment from the NGS for any services or charges, including late-payment charges, within fifteen (15) days of the statement date, the Company may deduct this unpaid amount from any payments accruing to the NGS under any agreement between the NGS and the Company or take gas in kind from the NGS in satisfaction of obligations and/or terminate the agreement with the NGS upon ten (10) days written notice to the NGS.

6. Creditworthiness

The Company shall not commence service or continue service to the NGS if the NGS fails to meet the creditworthiness criteria outlined in this Section.

The Company will base its creditworthiness evaluation on the financial information provided in response to the "Financial Information" and "Certificate" sections below.

- a. Financial Information - In consideration of the opportunity to supply gas to the Company's Customers and in order for the Company to accept the NGS as the Supplier of gas to Customers of the Company, the NGS must provide the following financial information, provided, however, that such financial information will not be required by the Company if the NGS has obtained a Natural Gas Supplier License from the Commission within one year prior to the date it submits an application to the Company for approval to become a NGS of gas to Customers of the Company and that such information has been provided to the Company:
 - i. Financial statements, annual report or Form 10-K for the most recent fiscal year-end.
 - ii. Current interim financial statements.
 - iii. Listing of parent company, affiliates and subsidiaries.
 - iv. Any reports from credit reporting and bond rating agencies which are available.
 - v. A bank reference and at least two trade references.
- b. Certificate: The NGS shall deliver a certificate of a duly elected officer or authorized representative certifying the following:
 - i. The NGS is not operating under any chapter of the bankruptcy laws and is not subject to liquidation under any state law.
 - ii. The NGS is not subject to the uncertainty of pending or threatened litigation in state or federal courts or regulatory proceedings which could (1) cause a substantial deterioration in its financial condition, (2) cause a condition of insolvency, or (3) endanger its ability to exist as an ongoing business.
 - iii. The NGS does not have outstanding lawsuits, actions or judgments, which, individually or in the aggregate, could jeopardize its ability to remain solvent.

ISSUED:**EFFECTIVE:**

RULES AND REGULATIONS**6. Creditworthiness (continued)**

- iv. The NGS has the power and authority to transact the business it transacts and proposes to transact, has obtained and holds a Natural Gas Suppliers License from the Commission and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which failure to be in good standing would not, individually or in the aggregate, reasonably be expected to jeopardize its ability to transact the business it transacts or to remain solvent.
- v. The NGS has no delinquent balances outstanding for billings made previously by the Company or its affiliate, and the NGS must have paid its account in the past according to the established terms and not made deductions or withheld payment for claims not authorized by contract.
- c. The NGS has a continuing obligation to notify the Company in writing, within two business days, of the occurrence of any event which would render the NGS unable to provide the certificate required in paragraph (b) of this "Creditworthiness" section, as of the date such event occurred and within two business days of any other significant deterioration of its financial fitness or creditworthiness, including if the NGS's Credit Rating is downgraded below Ba3 from Moody's or BB- from S&P or Fitch. "Credit Rating" means the rating assigned to the NGS's unsecured, senior long-term debt obligations (not supported by third party security) by Moody's, S&P, or Fitch. The NGS shall also provide the Company a copy of the financial statements as specified in paragraph (a) of this "Creditworthiness" section upon request by the Company.

d. Evaluation Process to Determine Financial Fitness:

To the extent the Company determines that the NGS's financial condition under paragraph (a) is questionable or the NGS cannot supply the certificate required under paragraph (b) above, the Company will require the establishment of a security enhancement based on the financial exposure imposed on the Company by the NGS for all service fees applicable per the rate schedules governed by this tariff. The amount of the security enhancement shall include the following components and shall be calculated based on the projected peak winter month usage served by the NGS:

1. All applicable pooling and aggregation fees;
2. All applicable billing fees; and
3. Projected imbalance fees using the maximum imbalance price multipliers and assuming that the NGS fails to delivery gas supplies during the peak month.

The Company shall consider the forms of security enhancements as set forth in 52 Pa. Code §§ 62.102 – 62.114. The Company may also consider as a form of security such amounts collected by the Company on behalf of the NGS under Rate SBS of this tariff or such other security as is mutually acceptable to both the Company and the NGS. The Company reserves the right to determine which of these financial instruments shall be established as a security enhancement.

All information submitted or provided to the Company will remain confidential and be used solely for the purpose of evaluating the financial fitness or creditworthiness of the NGS. The amount of the security enhancement may be reviewed and modified based on the criteria established at 52 Pa. Code §§ 62.102 – 62.114.

ISSUED:**EFFECTIVE:**

RULES AND REGULATIONS**7. Bonding Requirement**

In addition to any creditworthiness requirements as set forth in Rule 6, the Company may also require that the NGS post a performance bond or any other security suitable to the Company, to cover any costs associated with the NGS prematurely discontinuing service to Customers or the NGS default of payments of Commission imposed financial penalties and restitution to Customers. The amount of the performance bond or other security shall be equal to \$2 times the volumes the NGS is expected to serve during the month of January. The level of the bond shall be recalculated annually.

The bonding requirement will be waived for that portion of the NGS's load used to serve Non-Priority One Customers whose annual consumption is 300 Mcf or more, but in such circumstance, the Company shall not be responsible to provide those Customers service as Supplier of last resort and the Company shall have none of the obligations arising under Section 2207(a) and (k) of the Public Utility Code. The Company may waive the bonding requirement related to delivery failure for the NGS that demonstrates to the Company's satisfaction that it will assign the gas supply contract to the Company in the event of a default. With regard to the latter, the Company, in its sole discretion, which shall not be unreasonably exercised, may waive the bonding requirement related to delivery failure if the NGS assigns its gas supply contracts acquired for purposes of serving its Customers on the Company's system (and if applicable, any related financial risk management contracts) to the Company in the event the NGS prematurely discontinues service to its Customers. Such waiver shall be subject to the following conditions:

- a. The NGS's Supplier agrees to assign applicable gas supply to the Company.
- b. The Company is satisfied with the relevant contract assignment language and applicable reasonable terms and conditions.
- c. The Company is satisfied with the NGS's Supplier's credentials or the security of supply.
- d. The NGS agrees to reimburse the Company for any losses the Company suffers as a result of agreeing to the assignment of contracts, including, but not limited to, losses from a differential in the assigned gas prices and the NGS's contracted price with its Customers and losses resulting from the NGS's Supplier refusing to assign the relevant gas supply.

8. Procedures when a NGS Exits the System

Prior to exiting the Company's system the NGS shall provide the Company with two months prior notice. Upon the NGS's exit from the Company's system, the Company will serve the NGS's former Customers at the Company's Supplier of last resort rates, or at the agreed-to NGS price for the remainder of the billing cycle if the NGS discontinues service prior to the beginning of the next billing cycle. Any differences between the cost incurred by the Company and the NGS's price shall be recovered from the NGS. Any capacity or supplies previously assigned to the NGS will revert to the Company, including gas held in storage. If the NGS had used capacity not assigned by the Company to bring gas on to the Company's system, then the NGS agrees to offer to assign said capacity, including gas held in storage, to the Company, which the Company may, at its sole discretion, accept or reject.

Balancing for NP-1 and P-1 pools of both interstate and local supplies for the exiting NGS's final month of service shall be performed in accordance with the Balancing provisions under Rate NP-1. No imbalance price multipliers will be applied.

ISSUED:**EFFECTIVE:**

RULES AND REGULATIONS**9. Dispute Resolution Process**

The Company and each NGS will designate specific personnel for responding to complaints and disputes under this process.

The Company and the NGS shall use good faith and commercially reasonable efforts to informally and timely resolve all disputes that may develop between them. Failing such informal resolution, either party may initiate this Dispute Resolution Process by presenting a written Notice of Dispute that includes the names of the Parties and Customer(s), if any, involved and a brief description of the matters in dispute.

Within five (5) days of the Company's and/or the NGS's receipt of a Notice of Dispute, a designated senior representative of each of the Parties shall attempt to resolve the dispute on an informal basis.

In the event the designated representatives are unable to resolve the dispute by mutual agreement within thirty (30) days of said referral, the dispute shall be referred for mediation through the Commission's Office of Administrative Law Judge. A party may request mediation prior to that time if it appears that informal resolution is not productive.

If mediation is not successful, then the matter shall be converted to a formal proceeding before a Commission Administrative Law Judge.

Any party may file a complaint concerning the dispute with the Commission under relevant provisions of the Public Utility Code.

10. Standards of Conduct

- a. The Company shall apply its tariffs in a nondiscriminatory manner to its affiliated NGS and any nonaffiliated NGS.
- b. The Company shall not apply a tariff provision in any manner that would give its affiliated NGS an unreasonable preference over other NGSs with regard to matters such as scheduling, balancing, transportation, storage, curtailment, capacity release and assignment, or nondelivery, and all other services provided to its affiliated NGS.
- c. Mandatory tariff provisions shall not be waived by the Company for any NGS absent prior approval of the Commission.
- d. If a tariff provision is not mandatory or provides for waivers, the Company shall grant the waivers without preference to its affiliated NGS or non-affiliated NGS.
- e. The Company shall maintain a chronological log of tariff provisions for which it has granted waivers. Entries shall include the name of the party receiving the waiver, the date and time of the request, the specific tariff provision waived and the reason for the waiver. The chronological log shall be open for public inspection during normal business hours and the Company shall post the log on its website for a period of at least three (3) months.
- f. The Company shall process requests for distribution services promptly and in a nondiscriminatory fashion with respect to other requests received in the same or a similar period. The Company shall maintain a chronological log showing the processing of requests for transportation services. The chronological log shall be open for public inspection during normal business hours.

ISSUED:**EFFECTIVE:**

RULES AND REGULATIONS**10. Standards of Conduct (continued)**

- g. If the Company provides a distribution service discount, fee waiver or rebate to its favored Customers, or to the favored Customers of its affiliated NGS, the Company shall offer the same distribution service discount, fee waiver or rebate to other similarly situated Customers. Offers shall not be tied to any unrelated service, or incentive or offer on behalf of either the natural gas distribution company or its affiliated NGS. A chronological log shall be maintained showing the date, party, time and rationale for the action. The chronological log shall be open for public inspection during normal business hours.
- h. Subject to Customer privacy or confidentiality constraints, the Company shall not disclose, directly or indirectly, any Customer proprietary information to its affiliated NGS unless authorized by the Customer. To the extent that the Company does disclose Customer information without Customer authorization, it shall first seek the permission of the Customer consistent with the Company's tariff, any contractual obligations with the Customer and Section 62.78 of the Pennsylvania Code, and if the Customer grants permission, the Company shall contemporaneously provide this same information to other similarly situated NGSs in a similar fashion so as not to selectively disclose, delay disclosure, or give itself or its affiliated NGS any advantage related to the disclosure. A chronological log shall be maintained showing the date, time and rationale for the disclosure. The chronological log shall be open for public inspection during normal business hours. This provision does not apply to the disclosure of Customer information made under a Customer assistance program mandated by state law or regulation.
- i. The Company shall justly and reasonably allocate to its affiliated NGS the costs or expenses for general administration or support services provided to its affiliated NGS.
- j. The Company shall not condition or tie the provision of any product, service or price agreement by the Company (including release of interstate pipeline capacity) to the provision of any product or service by its affiliated NGS.
- k. The Company shall not give its affiliated NGS preference over a nonaffiliated NGS in the provision of goods and services including processing requests for information, complaints and responses to service interruptions. The Company shall provide comparable treatment in its provision of such goods and services without regard to a Customer's chosen NGS.
- l. The Company and its affiliated NGS shall maintain separate books and records. Further, transactions between the Company and its affiliated NGS shall not involve cross-subsidies. Any shared facilities shall be fully and transparently allocated between the Company function and the affiliated NGS function. The Company accounts and records shall be maintained such that the costs incurred on behalf of an affiliated NGS may be clearly identified.
- m. The Company employees who have responsibility for operating the distribution system, including natural gas delivery or billing and metering, as well as those responsible for marking and Customer service, shall not be shared with an affiliated NGS, and their offices shall be physically separated from the office(s) used by those working for the affiliated NGS. Such Company employees may transfer to an affiliated NGS provided such transfer is not used as a means to circumvent these interim standards of conduct.

ISSUED:**EFFECTIVE:**

RULES AND REGULATIONS**10. Standards of Conduct (continued)**

- n. Neither the Company nor its affiliated NGS shall directly or by implication, falsely and unfairly represent to any Customer, the NGS or third party that an advantage may accrue to any party through use of the Company's affiliates or subsidiary, such as:
- i. That the Commission regulated services provided by the Company are of a superior quality when services are purchased from its affiliated NGS;
 - ii. That the merchant services (for natural gas) are being provided by the Company when they are in fact being provided by an affiliated NGS;
 - iii. That the natural gas purchased from a nonaffiliated NGS may not be reliably delivered; or
 - iv. That natural gas must be purchased from an affiliated NGS to receive Commission regulated services.
- o. When affiliated NGSs market or communicate to the public using the Company's name or logo, it shall include a legible disclaimer that states:
- i. That the affiliated NGS is not the same company as the Company;
 - ii. That the prices of the affiliated NGS are not regulated by the Commission; and
 - iii. That a Customer does not have to buy natural gas or other products from the affiliated NGS in order to receive the same quality service from the Company.

When an affiliated NGS advertises or communicates verbally through radio or television to the public using the Company name or log, the affiliated NGS shall include at the conclusion of any such communication a legible disclaimer that includes all of the disclaimers listed in this paragraph.

- p. Except in competitive bid situations, the Company shall not (a) jointly market or jointly package its Commission regulated services with the services of an affiliated NGS or (b) offer or provide to its affiliated NGS products or services, including bill inserts in its Company bills promoting an affiliated NGS's services or a link from the Company's web site, unless the Company offers or provides the products or service to all nonaffiliated NGSs on the same terms and conditions.
- q. The Company shall not offer to sell natural gas commodity or capacity to its affiliated NGS without simultaneously posting the offering electronically on a source generally available to the market or otherwise making a sufficient offer to the market. The Company shall maintain a chronological log of these public disseminations. The chronological log shall be open for public inspection during normal business hours.
- r. The Company shall utilize, unless otherwise agreed to by the affected parties, the following complaint and dispute resolution procedure for dealing with any alleged violations of any of the standards of conduct, with the exception of paragraph (r)(i), which are exclusively under the purview of the Commission:

RULES AND REGULATIONS**10. Standards of Conduct (continued)**

- i. In the event a NGS alleges a violation of any of these Standards of Conduct provisions, the NGS must provide the Company with a written Notice of Dispute that includes the names of the Parties and Customer(s), if any, involved and a brief description of the matters in dispute. The dispute procedures in Section 9 shall apply to any Notice of Dispute issued per Section 10(i). A complainant bears the burden of proof consistent with 66 Pa. C.S. Section 332 (relating to Public Utility Code) in regard to the allegations, and the Commission may impose penalties for such violations pursuant to 66 Pa. C.S. Section 3301.

- s. The Company shall keep a chronological log of any complaints, excepting paragraph (r)(i), regarding discriminatory treatment of NGS. This chronological log shall include the date and nature of the complaint and the resolution of the complaint. The chronological log shall be open for inspection during normal business hours.

11. Nomination Procedures**a. General Procedures**

- i. All Transportation Volumes received for NGS's pool account at upstream pipeline transportation receipt points, local production volumes received for NGS's or Aggregator's account at local production receipt points and Pool-to-Pool transfer volumes shall be nominated to the Company in advance according to the procedures outlined in this section.
- ii. Nominations are to be transmitted to the Company via the Company's Electronic Nominations System and are to be received by the Company by the dates and times specified on the Company's Electronic Nomination System.

b. Nomination of Upstream Pipeline Volumes

- i. Upstream pipeline nominations must conform, in content and format, with Company specifications for transportation volume nominations, which shall include, at a minimum: NGS's contract number; upstream pipeline contract number; and requested daily transportation volume.

ISSUED:

EFFECTIVE:

RULES AND REGULATIONS**b. Nomination of Upstream Pipeline Volumes (cont.)**

- ii. The Company will either confirm, in total or in part, or reject NGS's transportation volume nomination based on the Company's operating conditions, the limits and requirements of the Company's system and facilities, previously confirmed nominations and timely confirmation by upstream pipelines. Accepted transportation volumes will be posted on Company's Electronic Nomination System. In order to support system operations, maintain system integrity, and minimize positive or negative imbalance volumes, the Company may request NGS to nominate and deliver transportation volumes to designated transportation receipt points. Such request shall be posted in advance on Company's Electronic Nomination System or through direct communication with the NGS. If, in Company's sole discretion, voluntary compliance by NGS fails to correct operational deficiencies, the Company may exercise its authority under Rule 4 of the Rules and Regulations to issue NGS specific and/or system wide OFOs.
- iii. Confirmed nominations will become effective on the date specified in the NGS's nomination and will remain in force until the last day of the current calendar month, subject to continued receipt by the Company from upstream pipeline of the confirmed volume, unless superseded by a subsequent transportation volume nomination or limited by operational conditions as mentioned above.
- iv. Nominations made in accordance with this Section do not relieve NGS of the obligation to submit corresponding nominations for service with an upstream pipeline.

c. Nomination and Reconciliation of Local Production Volumes

- i. No later than five days prior to the end of each month, the Company will set a Gross Production Projection (GPP) nomination for the following month for the metering stations identified in the agreement or other point of interconnection into the Company's System. The initial GPP nomination shall be based on recent available production data but may be subject to adjustment by the Company to reflect known and anticipated production changes provided (within 2 days) by the NGS or Local Gas Aggregator and confirmed by the Company. The confirmed GPP volume shall be used for reconciling local gas nominations and actual production.
- ii. The NGS or Local Gas Aggregator may request to change its GPP nomination during the month in accordance with the Company's Operating Rules for Local Gas Aggregation Service. The Company may, at its discretion, ask for additional justification for any nomination, which may result in an adjustment to the nomination.
- iii. Confirmed GPP nominations will be credited to the NGS's or Local Gas Aggregator's account on the date specified in the GPP nomination. When actual local gas aggregation volumes delivered into the Company's system are known, any discrepancies between actual and GPP nominations will be reconciled, in the first full calendar month following the determination of actual local gas aggregation volumes (the "Adjustment Month").
- iv. The volumetric discrepancy between the actual local gas aggregation volumes and the local gas aggregation nominations will be reconciled in the Adjustment Month by adjusting the NGS's or Local Gas Aggregator's monthly available volume or by other methods as made available by the Company, including, but not limited to, selling or purchasing additional supplies, transferring gas in storage, or pool-to-pool transfer.
- v. In the event that a pool ceases its existence and due to this, a negative imbalance results, the pool will be cashed out at the first of the month IFERC DTI Appalachia Index.
- vi. Unless otherwise agreed upon by the Company, monthly volumes delivered out of the pool must be baseloaded proportionately with regard to the number of days in the month.

ISSUED:

EFFECTIVE:

RULES AND REGULATIONS**d. Nomination of Pool-to-Pool Volumes**

- i. Nominations must conform, in content and format, with the Company's specifications for Pool-to-Pool Volume nominations, as specified in the Company's Electronic Nominations System.
- ii. Such transfers may be used to resolve current daily imbalances created by the NGS's inability to match Daily Available volumes with the projected Aggregate Daily Consumption Volume and shall not be used to resolve daily imbalances occurring for any prior day or days.
- iii. Subject to the limits of the Company's operating conditions and facilities, and the reasonableness of the NGS's nomination as determined solely by the Company, the Company will either confirm, in total or in part, or reject the NGS's Pool-to-Pool Volume nomination.

e. Nomination of Assigned Pennsylvania-Produced Supplies

- i. All Pennsylvania-produced supplies assigned or sold to the NGS for a given month will be divided by the number of days of that month and automatically credited to the pool operator's Daily Available Volumes.

12. Confirmation of Customer Enrollment

When the Company receives notice that a Customer has elected to switch NGSs or return to the Company's Supplier of Last Resort service, the Company shall initiate the confirmation procedure described herein. Such changes shall coincide with the start of Customer's next billing cycle.

- a. The NGS must maintain either a mainframe computer or a personal computer that meets the processing capabilities required by the Company.
- b. The NGS shall notify the Company of new or deleted Customers via e-mail file in approved spreadsheet format. The NGS should notify the Company only of additions or deletions to its Customer list; existing Customers shall not be included.

ISSUED:

EFFECTIVE:

RULES AND REGULATIONS**12. Confirmation of Customer Enrollment (continued)**

- c. Notification from the NGS of a new or deleted Customer shall consist of the following information: Customer name, Service Address, the Company Account Number, Date and Time of file preparation, the NGS's assigned Pool Code (rather than the NGS name) and the NGS's assigned Rate Numbers, if the Company is billing on behalf of the NGS.
- d. The NGS may submit additions, changes or deletions from its Customer list to the Company on a daily basis. Such additions, changes or deletions from the Customer list will become effective for the service period reflected in the second bill issued following the date such additions, changes or deletions are submitted to the Company.
- e. The Company shall notify the NGS with a report via the Internet if a new Customer is not processed. The circumstances in which a Customer will not be processed may include, but are not limited to, the information provided by the NGS does not match the Company's required data elements, the Customer submitted by the NGS is not eligible for the requested service, and the Customer is no longer receiving service from the Company. Such report will be issued on the Company's web site following processing and will include the reason the Customer has not been processed.
- f. Once a prospective Customer's request has been processed, the Company shall mail out a confirmation letter to each Customer by the end of the next business day after the date the Company receives notification from the NGS that the Customer has elected to switch NGSs or return to the Company's Supplier of last resort service, asking the Customer to notify the Company if information in the confirmation letter is inaccurate. Such confirmation letter shall include, if appropriate, the Customer's pool operator choice as stated by the NGS, the applicable billing option, the approximate date when transportation service is to begin and the date that the first bill will be mailed.
- g. Should the Company receive notification from a Customer within the five (5) calendar days required under the confirmation letter that the Customer's gas service or gas supply election as described by the NGS is in error, the Company shall so notify the NGS. In case of notification by Customer of such error, the Company shall continue billing the Customer under the Customer's current billing arrangement. Should the Company receive notification from the Customer that the Customer's gas service or gas supply election as described by the NGS is in error, but not receive such notification within the five (5) calendar days period, the Company shall advise the Customer to contact the NGS to request cancellation, and if requested by the Customer, the Company will treat this as an alleged slamming complaint.
- h. On or about the eighteenth (18th) of the month, the Company will post on its web site, a list of Customers for the forthcoming month. Additions and removals from the NGS will also be reported on a daily basis in an activity file.
- i. Should the Company receive notification by more than one NGS within a one-month period that the Customer has elected said NGS to supply Customer's natural gas, the Company shall proceed with the confirmation process using the first NGS which notifies the Company, unless the Customer informs the Company otherwise.
- j. The Company will issue, at a minimum, a monthly report of Customers who have discontinued service with the NGS via Internet, which shall include discontinuances initiated by the incumbent NGS, the Customer or Customer's new NGS.

ISSUED:**EFFECTIVE:**

RULES AND REGULATIONS**13. Customer Service, Information Requirements and Slamming Complaints**

- a. NGSs shall refer to the Commission's Guidelines for Maintaining Customer Services at the Same Level of Quality Pursuant to 66 Pa. C.S. §2206 (a), Assuring Conformance with 52 Pa. Code Chapter 56 Pursuant to 66 Pa. C.S. §§2207 (b), 2208 (e) and (f) and Addressing the Application of Partial Payments at Docket No. M-00991249F0003, for requirements relating to credit determination, deposits, initiation and disconnection of service.
- b. NGSs shall refer to the Commission's Customer Information Disclosure Guidelines at Docket No. M-00991249F0005, for requirements relating to disclosure of terms of service, marketing, advertising and sales practices, and privacy of Customer information.
- c. NGSs shall refer to the Commission's Guidelines to Ensure Customer Consent to a Change of Natural Gas Suppliers at Docket No. M-00991249F0006, for requirements on handling Customer slamming complaints.

14. Customer Contact

The NGS must maintain a twenty-four (24) hour answering service or a telephone answering machine which informs all callers that if they smell gas or there is any other emergency regarding gas service, the callers should call their gas utility immediately.

If the NGS receives a telephone call from a Customer which should be directed to the Company, the NGS shall direct the Customer to the appropriate contact within the Company.

The NGS shall handle all calls regarding commodity charges and associated rates.

NGSs must coordinate with the Company in resolving Customer inquiries or complaints which involve services provided by both the Company and NGSs.

15. Miscellaneous

- a. The NGS shall be deemed to be in control and possession of the gas transported to Company until the gas has been delivered to Company at the agreed-upon delivery point.
- b. The NGS warrants the title of the gas delivered to Company and shall indemnify the Company for and save Company harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or attributable to the adverse claims of any and all other persons or parties to the gas delivered to Company.
- c. The NGS shall be subject to the Liability provisions contained in Company's Retail Gas Tariff.

ISSUED:**EFFECTIVE:**

RATE P-1
PRIORITY ONE POOLING SERVICE**AVAILABILITY**

Unless otherwise agreed to by the Company, an NGS that operates a P-1 and a NP-1 pool must serve its P-1 Customers from its P-1 pool and serve its NP-1 Customers from its NP-1 pool. Service under this rate schedule is available to any Priority One Pool Operator who has entered into a Priority One Pooling Agreement with the Company and demonstrates to the Company's satisfaction that it has met the Company's creditworthiness standards and bonding requirements. Customers must assign their rights provided under the applicable transportation rate schedules to said Pool Operators.

RULES AND CONDITIONS**1. Assignment of Capacity****Pool Operators with Peak Day Demand < 2,000 Dth per Day**

Pool Operators who take service under this rate schedule and have a peak day demand of 2,000 Dth per day or less may choose to decline their pro-rata share of the pipeline and storage capacity. In lieu of such capacity assignment, the Company will deliver the Pool Operator's required daily gas supplies. The Company will bill the Pool Operator monthly at the first of the month IFERC DTI Appalachia Index plus associated delivery charges. Pool operators may change their election to accept or decline capacity each April.

Pool Operators with Peak Day Demand > 2,000 Dth per Day

Pool Operators who take service under this rate schedule must take assignment of a pro-rata or other agreed upon share of the pipeline and storage capacity and Pennsylvania produced gas supplies ("assigned capacity") that would otherwise be utilized by the Company to meet the Customer's commodity service requirements. Assigned capacity shall be subject to recall to the extent that the Pool Operator is unable to deliver necessary gas supplies, in which case the Company will provide for the delivery of necessary gas supplies pursuant to the terms of the standby rate schedule. More specific terms with respect to capacity assignment requirements are set forth in the following sections. However, such additional terms with respect to capacity assignment requirements shall be subject to review in the Company's annual Section 1307(f) proceeding.

Assignment of Pennsylvania –Produced Supplies

Pennsylvania gas produced from wells under gas purchase contracts for sale to the Company and for ultimate delivery into the Company's system may be assigned or sold to the NGS as agent for the Customer of the NGS's Priority-One Pool. The assignment shall be structured at a monthly weighted average purchase cost of the assigned Pennsylvania-produced supplies. Such purchased gas cost shall include any volumetric delivery and fuel charges incurred by the Company for local production volumes delivered to the Company via interstate pipelines. The term of the assignment shall be from the first month in which the NGS renders commodity service to the Customer until the NGS's supply agreement with Customer expires, or as otherwise provided herein.

Assigned Pennsylvania-produced supplies shall be recallable by the Company only under the following circumstances:

- (1) the Customer on whose behalf the supplies have been assigned is no longer served by the NGS; or
- (2) the NGS has failed to comply with terms and conditions set forth herein.

Assignment of Upstream Pipeline Capacity

This section applies to the Company's upstream pipeline capacity on Dominion Transmission, Inc. ("DTI"), Texas Eastern ("TETCO"), Equitrans, and any other pipelines on which the Company may contract for capacity from time to time, excluding National Fuel Gas Supply Corporation.

ISSUED:**EFFECTIVE:**

RATE P-1
PRIORITY ONE POOLING SERVICE

1. Assignment of Capacity (continued)

Consistent with FERC rules and regulations for capacity releases under state retail choice programs, upstream pipeline firm transportation capacity held by the Company shall be assigned to the NGS as agent for the Customers of the NGS's Priority-One Pool. The assignment shall be structured as a zero cost release of capacity provided, however, that the NGS should be responsible for paying all usage based pipeline charges. The term of the release shall be on a monthly basis, commencing with the first month in which the NGS rendered commodity service to the Customer to the earlier of the end of the seasonal period (Winter releases shall terminate March 31 and summer releases shall terminate October 31) or the termination date of the contract(s) between the Company and the upstream pipeline or the last month in which the NGS renders commodity service to the Customer on whose behalf the capacity had been assigned; provided however, the Company may in its discretion release such capacity on a monthly basis. The NGS must comply with all upstream pipeline requirements to become an eligible shipper on the upstream pipeline system. The NGS is responsible for paying all upstream pipeline variable charges incurred on the upstream pipeline.

The firm transportation capacity released pursuant to the previous section shall be recallable by the Company only under the following circumstances:

- a. the Customer on whose behalf the capacity has been assigned is no longer served by the NGS; or
- b. the NGS has failed to comply with the terms and conditions set forth herein.

Consistent with FERC rules and regulations for capacity releases under state retail choice programs, upstream pipeline storage capacity held by the Company shall be assigned to the NGS as agent for the Customers of the NGS's Priority-One Pool. The assignment shall be structured as a release of capacity at zero cost and may be subject to conditions of release (including, but not limited to, injection and withdrawal rights) that differ from the applicable upstream pipeline storage service. The release shall terminate at the end of the then-current storage season pursuant to the applicable upstream pipeline rate schedule terms and conditions; provided, however, the Company may in its discretion release such capacity on a monthly basis.

Capacity released pursuant to this section shall be recallable by the Company only upon failure of the NGS to comply with the terms and conditions set forth herein or in connection with a buyback of gas by the Company as set forth in paragraph 2 of this rate schedule.

Assignment of Other Supplies

The Company reserves the right to assign or sell other gas supplies that are under contract with the Company and used to satisfy its Supplier of last resort obligation to Priority-One Customers. To the extent that a Priority-One Supplier receives an assignment of the Company's capacity it holds on the Equitrans System, the Company shall provide Priority-One suppliers with an option to purchase from the Company a pro-rata share of the firm gas supplies available to the Company under its gas supply agreement with EQT Energy, LLC. Such purchase shall also occur if the Company determines that, as a result of the Priority One Customer's migration from supply service provided by the Company to supply service provided by P-1 NGSs, the amount of gas supplies under long term firm purchase contracts are in excess of the usage requirements of Supplier of last resort Customers currently served by the Company.

ISSUED:

EFFECTIVE:

RATE P-1
PRIORITY ONE POOLING SERVICE

Assignment of Other Supplies (continued)

Such gas shall be sold to the NGS as agent for the Customer of the NGS's Priority One Pool. The sale shall be structured at the actual purchase cost of the supplies associated with firm purchase contracts.

Supplies sold under this section shall be discontinued by the Company under the following conditions:

1. The Customer on whose behalf the supplies have been sold is no longer served by the NGS;
or
2. The NGS has failed to comply with terms and conditions set forth herein.

Determination of Assignment Quantities

Unless provided otherwise herein, assignments of Pennsylvania-produced and other supplies, upstream pipeline firm transportation capacity and upstream pipeline storage capacity shall be assigned on a *pro rata* basis in accordance with the supply portfolio held by the Company at the time of assignment to serve its Priority-One Customers; provided, however, the Company shall not be required to assign capacity that is de minimis in nature. The Company will endeavor to accommodate a Priority-One supplier's request for particular upstream pipeline capacity on a first-come first-served basis.

The Company will evaluate the capacity and supply assignments made to the NGS as agent for Customers of the NGS's Priority-One Pool monthly based on the methodology set forth above. The evaluation will include an assessment of whether the upstream pipeline storage capacity assignments are adequate to serve the needs of the Customers of the Pool Operator at that time. To the extent that the evaluation so indicates, revisions to the upstream pipeline storage and storage capacity assignments will be made effective with the summer period. To the extent that the winter evaluation so indicates, the Company may require the NGS to secure additional reliable natural gas commodity, capacity and delivery service to meet the needs of the NGS's Customers. In addition to the preceding, the Company will evaluate the capacity assignments made pursuant to this section from time to time to ensure adequate compliance with its provisions.

Capacity assigned to the NGS hereunder by the Company may be traded with other Priority-One NGSs as long as each NGS retains an aggregate amount determined by the Company to be necessary to satisfy the total demands of the NGS's Customers. Such trading may occur no more frequently than twice per calendar year unless otherwise agreed to by the Company. Any capacity trades must be reduced to writing and provided to the Company for final approval.

Any assignments made pursuant to this tariff are made subject to any order of the Commission. Should the Commission, or anybody authorized by law require a disallowance in the Company's rates that is directly attributable to the Company's assigning or transferring gas supplies to the NGS pursuant to these procedures, the NGS agrees to reimburse to the Company within 30 days of notification of any monies disallowed by the Commission or such other body that are directly attributable to the NGS. The Company shall provide such notification no later than thirty (30) days after a final order is entered by the Commission or other such body.

ISSUED:**EFFECTIVE:**

RATE P-1
PRIORITY ONE POOLING SERVICE

2. Nomination Procedures

Refer to Rule 11 of the Rules and Regulations.

3. Storage Gas Transfers**Storage Gas Sold by the Company**

- a. Storage gas transfers may be required by the Company under the following conditions:
 - i. The NGS is unable to attain the storage inventory level required by the upstream storage service as a result of Customers initially receiving service from the NGS after the commencement of the Summer Period; or
 - ii. The NGS is assigned upstream pipeline storage capacity during the Winter Period as a result of Customers initially receiving service from the NGS during the Winter Period.
- b. The maximum volume of storage gas transfers for the applicable month shall be determined as follows:
 - i. For assigned upstream pipeline storage capacity, the maximum storage gas transfer shall be the upstream pipeline storage capacity incrementally assigned for the month multiplied by the estimated beginning of the month percentage of the Company's upstream pipeline storage inventory level to the Company's upstream pipeline storage capacity.

Storage gas transfers shall not be allowed if in the Company's sole discretion it determines such transfers would be detrimental to the operation of the Company's system or its ability to meet Retail Sales Demand in a cost effective manner.

The storage gas transfer price each month shall be at the Company's estimated commodity cost of storage gas for the year, plus any applicable taxes. The storage gas transfer price shall be reconciled each calendar year to take into account the actual commodity cost of gas injected into storage net of withdrawals for the current year and, as applicable, the commodity cost of gas from previous years' LIFO inventory layers. The Company shall bill such additional costs as soon as practicable. With respect to storage gas transfers from upstream pipeline storage capacity, the NGS will pay an additional charge equal to the upstream pipeline storage capacity injection and storage fuel charges.

Storage Gas Purchased by the Company

In the event 1) the NGS's Priority-One Pooling Agreement is terminated or canceled or 2) the NGS is no longer serving Customers on whose behalf the storage capacity has been assigned and to the extent the Company in its sole judgment determines it operationally requires such storage capacity to serve the returning Customers, the Company shall have the right, but not the obligation to purchase up to the remaining storage gas in upstream pipeline storage inventories or up to the volumes in storage attributable to the NGS's load loss, respectively. The buyback rate shall be the lower of 1) Storage Gas Transfer Price or 2) the midpoint index price for gas delivered to Dominion Transmission, Inc.'s ("DTI") Appalachian South Point as published on the effective date of the buyback plus firm transportation charges to bring the gas to the Company's system, including applicable fuel retainage.

ISSUED:**EFFECTIVE:**

RATE P-1
PRIORITY ONE POOLING SERVICE**3. Storage Gas Transfers (Cont.)**

To the extent this provision is invoked and the NGS's storage gas in inventory is below the minimum inventory levels required by these procedures and the Company is required to purchase additional gas supplies on the open market, the NGS agrees to pay the Company an amount equal to the deficiency in volumes from the required inventory levels multiplied by the difference between the price the Company paid and the buyback rate.

4. Load Forecasting

The Company will provide the Pool Operator with a daily projection of the amount of gas to be delivered to the Company to satisfy the estimated daily consumption of all the Customers in the pool (Aggregate Daily Consumption Volume) at least two days in advance of when Pool Operators must deliver volumes to the Company. The Company may issue OFOs consistent with the terms of the Company's tariff and, as a result, may provide the Pool Operator with daily projections less than two days in advance.

In a format suitable to the Company, the Pool Operator will provide sufficient information about the Priority-One transportation Customers, whose natural gas requirements shall be supplied by the Pool, for the Company to identify them in the Company's billing system. In the event that those Customers shall vary during the term of the Priority One Agreement, Pool Operator shall provide an updated list of Customers to the Company as soon as reasonably possible.

Each of the Customers of Pool Operator's Priority-One Pool must have all of their natural gas consumption over the entire Customer Billing Cycle supplied by Priority-One Pool volumes nominated by Pool Operator. Seven business days prior to the first nomination period, the Company shall provide Pool Operator an initial listing of the end-use Customer accounts to be served by the Pool Operator's Priority-One Pool during the period to which the nominations apply and one week prior to the nomination period for each subsequent month, a listing with additions and deletions from the initial list.

Each Monday through Friday before 10:00 a.m., the Company will provide a projection of the Aggregate Daily Consumption Volume of the Customers of the Pool Operator's Priority-One Pool for the current and subsequent two days. During periods in which no Operational Flow Orders have been issued, the Company will use the following schedule to establish the Aggregate Daily Consumption Volume for which the Pool Operator will be held accountable:

<u>The Projection Provided On:</u>	<u>Will Be Used to Establish the Aggregate Daily Consumption Volume Accountability for the Following:</u>
Monday	Wednesday
Tuesday	Thursday
Wednesday	Friday
Thursday	Saturday
Friday	Sunday, Monday and Tuesday

- a. During periods in which an OFO is in effect, the Company shall establish the Aggregate Daily Consumption Volume no later than 10:00 a.m. of the same Day; or
- b. During periods when the mean average temperature is projected to be below 20 degrees Fahrenheit and the mean average temperature projection changes to be colder by at least 4 degrees Fahrenheit, the Company may establish the Aggregate Daily Consumption Volume for a particular day by giving 24 hour notice to the Pool Operator.

ISSUED:**EFFECTIVE:**

RATE P-1
PRIORITY ONE POOLING SERVICE

5. Daily Gas Deliveries and Balancing

The Pool Operator must acquire an adequate supply of natural gas (including any assigned volumes) of a quality acceptable to the Company, including allowances for any retention required by upstream pipelines and the Company, and arrange for the delivery of such gas supply to delivery points specified by the Company.

Any differences between the Aggregate Daily Consumption Volume and the Daily Available Volumes during periods in which no OFOs have been issued shall be subject to the following balancing charges:

Negative Daily Imbalance - The negative imbalance volume will be sold by the Company at the Midpoint price published in Platts, Gas Daily publication, under the heading Appalachia, Dominion, South Point on the day the shortfall occurs multiplied by 120%. Volumes sold by the Company are subject to applicable taxes

Positive Daily Imbalance - The positive imbalance volume will be purchased by the Company at Midpoint price published in Platts, Gas Daily publication, under the heading Appalachia, Dominion, South Point on the day the excess occurs multiplied by 85%.

In the event Pool Operator fails to provide cumulative Daily Available Volumes plus pool-to-pool transferred volumes equal to at least 75% of cumulative daily pool requirements over two or more consecutive months, the Company may, at its sole discretion in accordance with reasonable and standard industry practice, recall or otherwise withdraw any capacity rights assigned to the Pool Operator upon five (5) days written notice to the Pool Operator and terminate the Agreement upon ten (10) days written notice to Pool Operator.

In the event the Pool Operator fails to provide Daily Available Volumes plus pool-to-pool transferred volumes equal to at least 50% of daily pool requirements for five or more days in each of two consecutive month the Company may, at its sole discretion in accordance with reasonable and standard industry practice, recall or otherwise withdraw any capacity rights assigned to the Pool Operator upon five (5) days written notice to the Pool Operator and terminate the Agreement upon ten (10) days written notice to Pool Operator.

6. Reconciliation of Monthly Volumes

The difference between aggregate monthly consumption volume and the sum of the aggregate daily consumption volume, as adjusted for any prior month billing corrections, shall be reconciled monthly. The difference shall be reconciled in the next calendar month following its determination (the "Adjustment Month") by adjusting the NGS's aggregate daily consumption volume on each day in the Adjustment Month by an amount equal to the difference divided by the number of days in the Adjustment Month or by other methods as made available by the Company, including, but not limited to, selling or purchasing additional supplies, transferring gas in storage, or pool-to-pool transfer.

ISSUED:

EFFECTIVE:

PAGE INTENTIONALLY LEFT BLANK

ISSUED:

EFFECTIVE:

PAGE INTENTIONALLY LEFT BLANK

ISSUED:

EFFECTIVE:

PAGE INTENTIONALLY LEFT BLANK

ISSUED:

EFFECTIVE:

PEOPLES NATURAL GAS COMPANY LLC

**SUPPLEMENT NO. 2 TO GAS—PA PUC NO. S-3
FIRST REVISED PAGE NO. 27
CANCELLING ORIGINAL PAGE NO. 27**

PAGE INTENTIONALLY LEFT BLANK

ISSUED:

EFFECTIVE:

PAGE INTENTIONALLY LEFT BLANK

ISSUED:

EFFECTIVE:

PAGE INTENTIONALLY LEFT BLANK

ISSUED:

EFFECTIVE:

PAGE INTENTIONALLY LEFT BLANK

ISSUED:

EFFECTIVE:

PAGE INTENTIONALLY LEFT BLANK

ISSUED:

EFFECTIVE:

RATE NP-1
NON-PRIORITY ONE POOLING SERVICE

AVAILABILITY

Service under this rate schedule is available to any Non-Priority One Pool Operator who has entered into a Non-Priority One Pooling Agreement with the Company and demonstrates to the Company's satisfaction that it has met the Company's creditworthiness standards and bonding requirements. Customers must assign their rights provided under the applicable transportation rate schedules to said Pool Operators.

Unless otherwise agreed to by the Company, an NGS that operates both a P1 and NP-1 pool must serve its P1 Customers from its P1 pool and serve its NP-1 Customers from its NP-1 pool. If the Non-Priority One Pool Operator supplies Priority One Customers with a total annual consumption greater than 30,000 mcf and does not operate a P1 pool, then the Non-Priority One Pool Operator shall establish a separate Priority One Pool for these Customers or eliminate sufficient Priority One Customers from the Non-Priority One Pool to reduce the total annual consumption by Priority One Customers to an amount less than 30,000 mcf.

RULES AND CONDITIONS**1. Scheduling of Service**

All transportation volumes received for Pool Operator's account at transportation receipt points shall be nominated in advance according to the procedures set forth below. Pool Operators may not nominate volumes in excess of the total maximum daily volumes of its Customers as determined by the Company or as set forth in a Customer's transportation contract with the Company, times the number of days in the month. The Company may issue Operational Flow Orders consistent with the terms of the Company's tariff.

2. AVC Capacity

Consistent with FERC's rules and regulations for capacity releases under state retail choice programs, upstream pipeline firm transportation capacity held by the Company on the Allegheny Valley Connector ("AVC") pipeline system may be assigned to the NGS as agent for the Customers of the NGS's Non-Priority One Pool. The assignment shall be structured as a zero cost release of capacity, provided, however, that the NGS should be responsible for paying all usage based pipeline charges. Assigned capacity shall be subject to recall to at the Company's discretion.

3. Assignment of AVC Storage Capacity

Upstream pipeline firm storage capacity held by the Company on the AVC pipeline system may be assigned to the NGS as agent for the ratepayers of the NGS's Non-Priority One Pool. With regard to capacity that represents storage service formerly provided under Rate ST and Rate ST-SW, the Company may release storage capacity on the AVC system at less than maximum rates. The release shall terminate at the end of the then-current storage season pursuant to the applicable rate schedule terms and conditions for service on the AVC system; provided, however, the Company may at its discretion release such capacity on a monthly basis. 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 rules for capacity releases occurring as part of a state retail choice program.

ISSUED:**EFFECTIVE:**

RATE NP-1
NON-PRIORITY ONE POOLING SERVICE

3. Assignment of AVC Storage Capacity (continued)

The NGS must comply with all pipeline tariff requirements to become an eligible shipper on the AVC pipeline system. The NGS is responsible for paying the pipeline directly for capacity assigned under these provisions, which payments shall include all applicable surcharges for service on the AVC system. To the extent that the NGS's Customers are paying equivalent capacity charges in accordance with the Company's Retail Tariff, the Company will reimburse the NGS for these pipeline capacity charges.

The capacity released under this section shall be recallable by the Company under the following conditions:

1. The ratepayer on whose behalf the supplies have been assigned is no longer served by the NGS; or
2. The NGS has failed to comply with terms and conditions set forth herein.

4. Supply Option

The Company may make available gas supplies to Non-Priority One pools upon request. Supplies sold under this section may be recalled by the Company upon 24-hour notice.

5. Nomination Procedures

Refer to Section 11 of the Rules and Regulations.

6. Terms and Conditions for Non-Priority One Pool Access to Balancing Volumes

AVAILABILITY

The Company will make available for purchase by Non-Priority One pool volumes used by the Company to provide balancing services for Non-Priority One Customers.

The Company will purchase balancing volumes based on the Summer Period schedule set forth below. Such volumes shall be purchased by the Company at the first of the month Dominion Transmission Inc. Appalachia Index price as published in *Inside FERC's Gas Market Report*. The Company will sell balancing volumes on the Winter Period schedule set forth below. Such monthly volumes shall be sold to Non-Priority One pools at a price equal to the sum of:

1. Weighted average cost of balancing volumes purchased during the summer season;
2. The Company's carrying costs associated with balancing volumes purchased by the Company to be sold to Non-Priority One pools. The rate used to calculate the carrying costs shall be based on the Company's actual short-term debt cost rate; and
3. Any applicable interstate pipeline volumetric charges and fuel associated with the delivery of any balancing volumes to the Company's system.

ISSUED:

EFFECTIVE:

RATE NP-1
NON-PRIORITY ONE POOLING SERVICE

6. Terms and Conditions for Non-Priority One Pool Access to Balancing Volumes (continued)

All of the revenues generated by the sale of balancing gas to the Non-Priority One pools shall be credited to Customers through the 1307(f) mechanism.

The amount of balancing volumes to be made available for purchase by each Non-Priority One pool will be determined based on the percentage of projected balancing fee revenues served by each Non-Priority One pool to total projected balancing fee revenues served by all Non-Priority One pools, based on February business of each year. The Company will inform each Non-Priority One pool of its allocation of balancing volumes available for purchase no later than nine business days before the end of March and each Non-Priority One pool must inform the Company of the amount of balancing volumes to be purchased, up to 100 percent of its allocated volumes, no later than six business days before the end of March. Any balancing volumes not accepted for purchase by a Non-Priority One pool shall be utilized by the Company and will not be made available to other Non-Priority One pools throughout the winter season. The amount of balancing volumes accepted by a Non-Priority One pool shall be final for the ensuing winter period and shall fix the volume of balancing to be purchased and which the Non-Priority One pool is obligated to utilize throughout the entire winter period.

SUMMER PERIOD PURCHASE

Balancing volumes will be purchased by the Company according to the following schedule, with daily purchase volumes in a given month determined by dividing the monthly amount by the number of days in the month:

April and October -	1/12 th of allocated balancing volumes
May – September -	1/6 th of allocated balancing volumes

WINTER PERIOD SALE

Balancing volumes shall be sold by the Company according to the following schedule, with daily volumes in a given month determined by dividing the monthly amount by the number of days in the month:

November -	9 percent of allocated balancing volumes
December -	17 percent of allocated balancing volumes
January -	27 percent of allocated balancing volumes
February -	27 percent of allocated balancing volumes
March -	20 percent of allocated balancing volumes

OTHER PROVISIONS

Annual Level of Balancing Volumes to be Made Available for Purchase

On an ongoing annual basis, the Company shall review the total level of balancing volumes made available for sale to Non-Priority One pools and, based on changes in the total annual volumes served by all Non-Priority One pools, may revise from year to year the total level of available balancing volumes. Any proposed revisions to the total level of balancing volumes shall be reflected in the Company's annual 1307(f) filings and will be determined by multiplying a factor of 46.7% times forecasted January Non-Priority One transportation usage. The Company shall, for a period of three years, notify active Non-Priority One suppliers of any proposed revision to the total level of balancing volumes at the time of any annual 1307(f) filing containing such a revision.

ISSUED:

EFFECTIVE:

RATE NP-1
NON-PRIORITY ONE POOLING SERVICE

6. Terms and Conditions for Non-Priority One Pool Access to Balancing Volumes (continued)

Calendar Month Pool Supply

Balancing gas volumes purchased will be considered as part of the Monthly Available Volumes and will have the priority immediately following pay-back of prior month advanced and banked volumes.

All Supplier Tariff provisions shall apply to Non-Priority One pool access to balancing volumes unless otherwise modified herein.

7. Daily Load Forecasting and Balancing

The Company will provide the Pool Operator with a daily projection of the amount of gas to be delivered to the Company to satisfy the estimated daily consumption of all the Customers in the pool (Aggregate Daily Consumption Volume) at least 7 days in advance of the start of the month. This projection will be based on estimated monthly usage divided by the number of days within the month. The Aggregate Daily Consumption Volume will remain the same throughout the month and any difference in actual monthly usage will be reflected in the calculation of the following month's Aggregate Daily Consumption Volume. The Company reserves the right to adjust the Aggregate Daily Consumption Volume due to weather or large known consumption variations.

Any difference between the Customers' Aggregate Daily Consumption Volume and the Daily Available Volumes, during periods in which no OFOs have been issued, shall be subject to the following balancing charges:

Negative Daily Imbalance - The negative imbalance volume will be sold by the Company at the Midpoint price published in Platts, Gas Daily publication, under the heading Appalachia, Dominion, South Point on the day the shortfall occurs multiplied by 120%. Volumes sold by the Company are subject to applicable taxes.

Positive Daily Imbalance - The positive imbalance volume will be purchased by the Company at Midpoint price published in Platts, Gas Daily publication, under the heading Appalachia, Dominion, South Point on the day the excess occurs multiplied by 85%.

In the event Pool Operator fails to provide cumulative Daily Available Volumes plus pool-to-pool transferred volumes equal to at least 75% of cumulative daily pool requirements over two or more consecutive months, the Company may, at its sole discretion, in accordance with reasonable and standard industry practice, terminate the Pooling Agreement.

The difference between Calendar Month Pool Supply and Calendar Month Pool Sendout, as adjusted for any prior month billing corrections, may be reconciled monthly. The difference shall be reconciled in the next calendar month following its determination (the "Adjustment Month") by adjusting the NGS's Daily Available Volume on each day in the Adjustment Month by an amount equal to the difference divided by the number of days in the Adjustment Month or by other methods made available by the Company including, but not limited to, the selling or purchasing additional supplies, transferring gas in storage, or pool-to-pool transfer.

ISSUED:

EFFECTIVE:

RATE NP-1
NON-PRIORITY ONE POOLING SERVICE (cont.)

8. Local Gas Volumes

Refer to Rule11, part (c), for nomination and reconciliation details.

ISSUED:

EFFECTIVE:

PEOPLES NATURAL GAS COMPANY LLC

**SUPPLEMENT NO. 2 TO GAS—PA PUC NO. S-3
FIRST REVISED PAGE NO. 34A
CANCELLING ORIGINAL PAGE NO. 34A**

PAGE INTENTIONALLY LEFT BLANK

ISSUED:

EFFECTIVE:

PAGE INTENTIONALLY LEFT BLANK

ISSUED:

EFFECTIVE:

PEOPLES NATURAL GAS COMPANY LLC

**SUPPLEMENT NO. 2 TO GAS—PA PUC NO. S-3
FIRST REVISED PAGE NO. 35A
CANCELLING ORIGINAL PAGE NO. 35A**

PAGE INTENTIONALLY LEFT BLANK

ISSUED:

EFFECTIVE:

RATE LGA
LOCAL GAS AGGREGATION SERVICE

AVAILABILITY

Service under this rate schedule is available to any Aggregator who has entered into a Local Gas Aggregation Agreement with the Company and demonstrates to the Company's satisfaction that it has met the Company's creditworthiness standards and bonding requirements.

The locally produced gas nominated out of the Local Gas Aggregation Pool will be balanced monthly with actual production delivered into the Company's system.

RULES AND CONDITIONS**1. Points of Receipt**

The points of receipt for local gas aggregation shall be those metering stations identified by the Aggregator in its Measurement Operating Agreement with the Company or any other designated point where gas is delivered into the Company's system. The Aggregator will pay for any investment costs required to receive 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.

2. Nomination of Aggregated Production

Refer to Rule 11 of the Rules and Regulations.

3. Aggregation Balancing

Volumes nominated into a Local Gas Aggregation Pool shall equal the volumes delivered out of the Local Gas Aggregation Pool. Aggregators will not be permitted to deliver more gas out of the pool than is nominated into the pool in any given month. If daily volumes nominated into a Local Gas Aggregation Pool are greater than the daily volumes delivered out of the Local Gas Aggregation Pool, those volumes shall be sold to the Company at the Midpoint price published in Platts, Gas Daily publication, under the heading Appalachia, Dominion, South Point on the day the excess occurs multiplied by 85%.

4. Procedures When a Local Gas Aggregator Exits the System

Refer to Rule 11, part (c).

ISSUED:**EFFECTIVE:**

PAGE INTENTIONALLY LEFT BLANK

ISSUED:

EFFECTIVE:

RATE SBS
SUPPLIER BILLING SERVICE**AVAILABILITY**

Service under this rate schedule is available to the NGS which receives service under Rate P-1 or Rate NP-1 and elects to have the Company bill Customers for natural gas supplied by the NGS.

RULES AND CONDITIONS**1. Limitations**

The Company shall provide service under this rate schedule provided that its billing systems have the capacity and capability to bill the rate plans offered by the NGS. The Company shall maintain a limited amount of billing system space and accordingly, shall offer only a limited number of price plans per NGS. The Company shall not be required to make programming changes to accommodate the NGS's rate structure.

2. Notifications

Prior to the NGS commencing marketing, the NGS shall provide a written copy of its rate structure to the Company. All rate information received by the Company shall be confidential.

The NGS shall be notified within ten (10) business days after the Company receives a written copy of the NGS's rate structure if such rate structure can (or cannot) be accommodated by the Company's billing system. The NGS shall not commence marketing until it receives a positive affirmation that its rate structure can be accommodated by the Company.

The NGS must provide fifteen (15) day's notice to the Company of any rate changes, which changes shall be subject to the Company's approval based on the Company's ability to accommodate such changes in its programming. Approved rate changes shall be effective on the Customer's next billing date.

3. Bill Content

The bill sent to the Customer shall be provided under the following conditions:

- a. The NGS's name, phone number, business address and internet address shall appear on the bill so the NGS can answer any Customer questions regarding commodity charges.
- b. The billing envelope shall not provide space for inserts from the NGS. The bill shall not include messages from the NGS.
- c. The bill shall contain the NGS's Commodity charges. The Company shall not be required to bill any charges other than gas commodity charges.
- d. The Company will house, bill and display sales tax on the commodity and remit sales tax to the state. The NGS appoints the Company as its agent for the limited purpose of collecting and remitting the NGS's sales tax, and further agrees to indemnify and hold the Company harmless for any claims, suits and/or damages that arise due to the Company acting as the NGS's agent in collecting and remitting such taxes.
- e. The Company shall offer a separate billing option for residential Customers to equalize monthly payments.

ISSUED:**EFFECTIVE:**

RATE SBS
SUPPLIER BILLING SERVICE

4. Purchase of Receivables

NGSs that receive service under this rate schedule may elect to have the Company purchase its accounts receivables. The NGS's option to participate or not participate in the Purchase of Receivables (POR) program is limited to once per year. If an existing NGS elects to participate in the POR program, the Company will not purchase accounts receivable balances that existed prior to the NGS's election to participate in the POR program.

Purchase of Receivables Option

The following operating rules will apply to any NGS electing to participate in the POR program:

1. The POR program is only available to NGSs that operate a P-1 or NP-1 pool. The Company shall purchase receivables for all Customers in a participating pool. All Customers served from a P-1 pool are eligible to have their receivables purchased by the Company. If an NP-1 pool opts to participate in the POR program, the Company shall purchase receivables for only residential and small business Customers (as defined in § 62.72 of the Commission's Regulations). NGSs serving NP-1 Customers and participating in the POR program must operate a separate NP-1 pool for residential and small business Customers (POR pool) and a separate NP-1 pool for all other Customers;
2. The NGS must include all of its accounts receivable related to commodity sales in its P-1 pool or its NP-1 POR pool (Refer to Availability under Rate P-1 and Rate NP-1);
3. Only receivables associated with basic gas supply will be eligible for purchase by the Company. Basic gas supply does not include a non-gas supply product, carbon-neutral products not tied to the actual provision of natural gas to Customers or security deposits assessed by a natural gas supplier. For residential accounts, basic gas supply shall also not include early contract cancellation fees or late fees;
4. In order to participate in the POR program, the NGS must use consolidated billing services under this rate schedule. Should the NGSs participating in the POR program wish to offer products that are bundled with non-basic services, or where the Company's billing service cannot accommodate the NGS's charge for basic supply, the NGS may issue a separate bill for such service or product for that Customer. NGS separately billed items will not be included in the POR program;
5. The Company will purchase NGS receivables at a discount rate equal to the write-off factor used to derive the Merchant Function Charge. The discount rate for residential Customer receivables is 2.49%. The discount rate for commercial and industrial Customer receivables is 0.21%. The discount rate applicable to each POR pool (Pool Discount Rate) shall be established by the Company and shall be based on the weighted average of the class specific accounts receivables and the class specific discount rates stated above. The Company shall have the right to review and adjust the Pool Discount Rate on a monthly basis to reflect the actual mix of Customers served by the pool;
6. An administrative adder of 0.0213% will also be applicable to purchased receivables. The administrative adder will be eliminated once actual costs of establishing the POR program are recovered;
7. The Company shall terminate for the full amount of purchased receivables and require full payment for reconnection in accordance with the service termination provisions of Chapter 14 of the PA Public Utility Code and Chapter 56 of the Commission's regulations;
8. The Company shall inform all eligible Customers by separate bill insert of the policy for termination of service and that service may be terminated for failure to pay NGS supply charges. Further, the enrollment letter sent to Customers selecting a NGS shall state that service may be terminated for failure to pay NGS supply charges;
9. The NGS must confirm to the Company that their Customer terms and conditions are appropriately revised to reflect their collection rights; and

ISSUED:**EFFECTIVE:**

RATE SBS
SUPPLIER BILLING SERVICE

Purchase of Receivables (continued)

10. The NGS will not deny service to residential Customers whose accounts are included in POR for credit-related reasons and will not ask residential Customers for deposits separate from any deposit required by the Company pursuant to Commission regulations.

Non-Purchase of Receivables Option

The Company will remit to the NGS on a monthly basis all amounts actually paid to the Company by the Customer relating to the charges billed to the Customer on behalf of the NGS, net of amounts due to the Company from the NGS. The amounts remitted to the NGS shall also conform to requirements on the Application of Partial Payments – Rule 5.

5. Application of Partial Payments

The Company will apply partial payments in accordance with Commission guidelines. The following order for the application of partial payments shall apply to all residential Customers and for other Customers whose gas supply contract does not specify the application of partial payments:

- a. Payment agreement for pre-existing balance;
- b. Current company charges;
- c. NGS charges;
- d. Non-basic service charges; and
- e. Hardship energy fund contribution.

RATE TABLE

Billing Fee: \$0.15 billing charge per Customer per month.

To the extent the NGS has provided the Company with inaccurate or erroneous information which requires an adjustment to Customer's bills, the NGS agrees to pay the Company \$2.00 per bill for bill credits and \$4.00 per bill for any Customer's bill that must be canceled and rebilled. The Company may assess a nominal fee to a NGS for reproduction copies of any daily or monthly file previously provided by the Company.

ISSUED:

EFFECTIVE:

SUPPLEMENT NO. 2 TO
Gas - PA PUC No. S-3

PEOPLES NATURAL GAS COMPANY LLC

RATES AND RULES GOVERNING THE FURNISHING OF SERVICE TO NATURAL GAS SUPPLIERS

ISSUED:

EFFECTIVE:

By: Morgan K. O'Brien
President
[375 North Shore Drive](#)
Pittsburgh, PA 15212

Deleted: 225

NOTICE

This tariff combines Tariff Natural Gas Suppliers – PA PUC No. S-2 for the Peoples Division and the supplier tariff provisions in Tariff Gas – PA PUC No. 46 for the Equitable Division. Upon approval of this Tariff Natural Gas Suppliers – PA PUC No. S-3, all Peoples Natural Gas suppliers (including the former Peoples and Equitable Divisions) will be subject to the rates and rules set forth herein.

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

LIST OF CHANGES

<u>Page</u>	<u>Page Description</u>	<u>Revision Description</u>
<u>Cover Page</u>	<u>Cover Page</u>	<u>Company address updated.</u>
<u>2, 2A</u>	<u>List of Changes</u>	<u>List of Changes</u>
<u>4</u>	<u>Definition of Terms</u>	<u>Dekatherm and Customer definitions added. "Ratepayer" changed to "Customer". "S" in Supplier capitalized.</u>
<u>5</u>	<u>Definition of Terms</u>	<u>"Ratepayer" changed to "Customer". Ratepayer definition deleted. "S" in Supplier capitalized.</u>
<u>6</u>	<u>Definition of Terms</u>	<u>"Ratepayer" changed to "Customer".</u>
<u>7</u>	<u>Rules and Regulations</u>	<u>"Ratepayer" changed to "Customer"; "S" in Supplier capitalized. Rule 2, (b) language updated.</u>
<u>7A</u>	<u>Rules and Regulations</u>	<u>Critical day planning language shortened. Additional language added for operational alert. Curtailment language shortened. "S" in Supplier capitalized.</u>
<u>8</u>	<u>Rules and Regulations</u>	<u>OFO Procedures – Section i modified. Section iii deleted. "S" in Supplier capitalized.</u>
<u>9</u>	<u>Rules and Regulations</u>	<u>"Ratepayer" changed to "Customer". "S" in Supplier capitalized.</u>
<u>10</u>	<u>Rules and Regulations</u>	<u>"Ratepayer" changed to "Customer". "S" in Supplier capitalized.</u>
<u>11</u>	<u>Rules and Regulations</u>	<u>Additional language added to Section 6 – Creditworthiness, part c.</u>
<u>12</u>	<u>Rules and Regulations</u>	<u>"Ratepayer" changed to "Customer". "S" in Supplier capitalized.</u>
<u>13</u>	<u>Rules and Regulations</u>	<u>"Ratepayer" changed to "Customer".</u>
<u>14</u>	<u>Rules and Regulations</u>	<u>"Ratepayer" changed to "Customer".</u>
<u>15</u>	<u>Rules and Regulations</u>	<u>"Ratepayer" changed to "Customer".</u>
<u>16</u>	<u>Rules and Regulations</u>	<u>"Ratepayer" changed to "Customer". Added language to section (i) and deleted sections (ii) through (v).</u>
<u>16A</u>	<u>Rules and Regulations</u>	<u>Nomination and Reconciliation of Local Production Volumes – additional sections iv, v, and vi added.</u>
<u>16B</u>	<u>Rules and Regulations</u>	<u>"Ratepayer" changed to "Customer". "S" in Supplier capitalized.</u>
<u>17</u>	<u>Rules and Regulations</u>	<u>"Ratepayer" changed to "Customer". "S" in Supplier capitalized.</u>
<u>18</u>	<u>Rules and Regulations</u>	<u>"Ratepayer" changed to "Customer".</u>
<u>19</u>	<u>Rate P-1</u>	<u>Assignment of Capacity language added for Pool Operators with Peak Day Demand < 2,000 Dth per day. "Ratepayer" changed to "Customer".</u>
<u>20</u>	<u>Rate P-1</u>	<u>"Ratepayer" changed to "Customer".</u>
<u>20A</u>	<u>Rate P-1</u>	<u>"Ratepayer" changed to "Customer". "S" in Supplier capitalized.</u>
<u>21</u>	<u>Rate P-1</u>	<u>"Ratepayer" changed to "Customer".</u>
<u>27</u>	<u>Rate P-1</u>	<u>"Ratepayer" changed to "Customer".</u>
<u>28</u>	<u>Rate P-1</u>	<u>"Ratepayer" changed to "Customer".</u>
<u>29</u>	<u>Rate P-1</u>	<u>Negative Daily Imbalance and Positive Daily Imbalance Language modified.</u>
<u>30</u>	<u>Rate P-1</u>	<u>Pooling Fee and Pool-to-Pool Transfer Fee Eliminated.</u>
<u>31</u>	<u>Rate NP-1</u>	<u>AVC Capacity language modified. "Ratepayer" changed to "Customer".</u>

Deleted: customer

ISSUED:

EFFECTIVE:

LIST OF CHANGES (CONTINUED)

31A	Rate NP-1	Rule 3 renamed. Rules 4 and 5 added.
34	Rate NP-1	Rule 6 language modified.
34A	Rate NP-1	Rule numbering modified.
35	Rate NP-1	Rule numbering modified. Monthly balancing role eliminated. Daily Load Forecasting and Balancing language modified. "S" in Supplier capitalized.
35A	Rate NP-1	Rule numbering modified. Negative Daily Imbalance and Positive Daily Imbalance Language modified.
35B	Rate NP-1	Rule 8 moved to page 35A. Page deleted.
37	Rate LGA	Rules 3 and 4 modified. Aggregation and Pool-to-Pool Transfer Fee Eliminated.
38	Rate SBS	"Ratepayer" changed to "Customer". Rule 3, item (c) language modified.
39	Rate SBS	Discount rates updated.
40	Rate SBS	"Ratepayer" changed to "Customer".

ISSUED: _____ EFFECTIVE: _____

Deleted: ¶
 ¶
 ¶
 ¶
 ¶
 ¶

Deleted: ¶
 ¶
 ¶
 ¶
 ¶

TABLE OF CONTENTS

List of Changes Made by Tariff 2

Table of Contents 3

Definition of Terms 4

Rates Available Under This Tariff 6

Rules and Regulations 7

Rate P-1 19

Rate NP-1 31

Rate LGA 36

Rate SBS 38

Deleted: (C)

ISSUED:

EFFECTIVE:

DEFINITION OF TERMS

The following is a list of some of the most commonly used terms in this Tariff. In the event of a conflict between any of the definitions set forth below or those contained in a more specific provision of this Tariff, the definition contained in the more specific provision shall prevail.

Aggregate Daily Consumption Volume - The aggregate quantity of gas estimated by the Company to be consumed by all Customers served by the NGS on any day or the direct end user in an OFO situation under Rule 4 of the Tariff.

Deleted: ratepayer

Aggregate Monthly Consumption Volume - The aggregate quantity of gas actually consumed by all Customers of Pool Operator's pool over their respective Billing Cycles for the month as determined by the Company through actual or estimated meter readings.

Aggregator - A broker, marketer or producer of natural gas which aggregates locally produced gas, injected directly into the Company's lines, into a pool.

Billing Cycle - The period that occurs between actual or estimated meter readings taken by the Company for billing purposes.

Calendar Month Pool Sendout - The sum of (1) the Aggregate Monthly Consumption Volumes plus (2) Pool-to-Pool Volumes nominated for the month.

Calendar Month Pool Supply - The sum of the Daily Available Volumes during the month as adjusted for any gas received from other Pool Operators during the month and any imbalance sales to or purchases from the Company.

Chapter 56 - The Commission regulations that govern, among other things, metering, billing and collections for residential gas and electricity service.

Commodity Charge - A charge designed to recover the cost of producing or procuring natural gas.

Commodity Service - Service provided by the Company or a natural gas Supplier which involves the purchase of gas commodity by the Customer.

Deleted: s

Deleted: ratepayer

Company - The entity doing business as Peoples Natural Gas Company LLC.

Customer - Any person, partnership, association, corporation, or other entity (i) in whose name a service account is listed, (ii) who occupies or is the Customer for any premises, building, structure, etc. or (iii) is primarily responsible for payment of bills. A Customer includes anyone taking Supplier of Last Resort Service and/or Distribution Service under the Company's Retail Tariff.

Deleted: customer

Deleted: customer

Daily Available Volume - The total quantity of gas available to be allocated by the NGS for delivery by the Company to all Customers on any day. This quantity is equal to the total volume of gas actually delivered to the Company for the NGS's account on that day, less an appropriate retainage percentage, plus any adjustments associated with the reconciliation of local gas volumes and/or the reconciliation of monthly volumes as set forth in Rates P-1 and NP-1.

Day - A 24-hour period beginning at 10 a.m. and ending at 10 a.m. or as subsequently defined by natural gas industry standards promulgated by FERC.

Dekatherm (Dth) - 10 therms or 1,000,000 British thermal units ("Btu")

Direct End User - A Customer that receives distribution service from the Company and purchases commodity service from a natural gas Supplier who does not pool supplies under the Company's Rate P-1 or Rate NP-1.

Deleted: f

Deleted: ratepayer

Deleted: s

ISSUED:

EFFECTIVE:

DEFINITION OF TERMS (continued)

Local Gas Aggregation Agreement - The Local Gas Aggregation Agreement between the Company and the NGS.

Mcf – 1,000 cubic feet of gas. This is a measure of gas usage.

Measurement Operating Agreement - The agreement between a producer of natural gas and the Company which sets forth the obligations and responsibilities for owning and operating measurement equipment for designated measuring stations.

Monthly Available Volume - The total quantity of gas available to be allocated by the NGS for delivery by the Company to all **Customers** for the applicable month. This quantity is equal to the total volume of gas actually delivered to the Company for the NGS's account for the applicable month, less an appropriate retainage percentage, plus any adjustments associated with the reconciliation of local gas volumes.

Natural Gas Supplier (NGS) – An entity that has received a license from the Commission and that sells natural gas to **Customers** that is delivered through the distribution lines of the Company.

Non-Priority One Pool Operator – A pool operator which aggregates natural gas supplies needed to satisfy the full requirements of one or more Non-Priority One transportation **Customers** of the Company.

Non-Priority One Pooling Agreement - The Non-Priority-One Pooling Agreement between the Company and the Pool Operator.

Pool Operator – A broker, marketer or producer of natural gas licensed as a gas **Supplier** by the Pennsylvania Public Utility Commission which has executed a Priority-One or Non-Priority One Pooling Agreement with the Company.

Priority One Pool Operator – A pool operator which aggregates natural gas supplies needed to satisfy the full requirements of Priority One transportation **Customers** of the Company.

Small Business Customer – A **Customer** receiving natural gas service for commercial or industrial use whose annual usage is equal to or less than 300 MCF.

Supplier – Shall include, but is not limited to, aggregators, brokers, marketers, natural gas distribution companies, natural gas suppliers or producers.

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 Priority-One **Customers** under the terms of this tariff. Each **Customer** may only have one **Supplier** of last resort.

ISSUED:

EFFECTIVE:

Deleted: s

Deleted: ¶
Ratepayer – Any person, partnership, association, corporation, or other entity (i) in whose name a service account is listed, (ii) who occupies or is the ratepayer for any premises, building, structure, etc. or (iii) is primarily responsible for payment of bills. A ratepayer includes anyone taking Supplier of Last Resort Service and/or Distribution Service under the Company's Retail Tariff.

Deleted: ratepayer

Deleted: s

Deleted: s

Deleted: ratepayer

Deleted: ratepayer

Deleted: s

Deleted: s

Deleted: ratepayer

Deleted: ratepayer

Deleted: s

RATES AVAILABLE UNDER THIS TARIFF

Service is made available to NGSs under the rules, regulations, rates and terms contained in this tariff .
The following rates are made available to NGSs:

Rate P-1 - Priority One Pooling Service

This rate is available to any broker, marketer or producer of natural gas which aggregates natural gas supplies needed to satisfy the full requirements of Priority One (P-1) transportation Customers of the Company.

Deleted: ratepayer

Rate NP-1 - Non-Priority One Pooling Service

This rate is available to any broker, marketer or producer of natural gas which aggregates natural gas supplies needed to satisfy the full requirements of Non-Priority One (NP-1) transportation Customers of the Company.

Deleted: ratepayer

Rate LGA - Local Gas Aggregation Service

This rate is available to any broker, marketer or producer of natural gas which aggregates locally produced gas injected directly into the Company's pipeline system.

Rate SBS – NGS Billing Service

This rate is available to the NGS which receives service under Rate P-1 or Rate NP-1 and elects to have the Company bill Customers for natural gas sold by the NGS.

Deleted: ratepayer

ISSUED:

EFFECTIVE:

RULES AND REGULATIONS

1. Sources of Supply

The Company agrees to receive, for the NGS’s account, upstream pipeline transportation volumes, local gas volumes, storage volumes, Pool-to-Pool Volumes and Imbalance Trading Volumes.

In determining the volumes available for delivery to Customers in the applicable month, the Company may retain an appropriate percentage, as set forth in the Company’s Retail Tariff, as gas used in Company operations and unaccounted for gas from upstream pipeline transportation volumes and local gas volumes as they are received by the Company. For purposes of determining storage inventory volumes, the retainage percentage shall be applied to volumes at the time the volumes are nominated for injection into storage. Pool-to-Pool Volumes and Imbalance Trading Volumes shall be added to the adjusted volumes.

Suppliers will pay for any investment costs and any other agreed-upon fees relating to the delivery of gas into the Company’s system. The Company will own and maintain each natural gas connection’s tapping tee or pipe and valve.

2. Measurement and Quality of Gas

All gas delivered shall be measured by meter. The term “mcf” as used in the Company’s schedule of rates, shall mean 1,000 cubic feet of gas at no more than 8 ounces above an assumed atmospheric pressure of 14.4 pounds at whatever temperature the gas may be during the period of measurement. If gas is supplied from a low-pressure distribution system in which the pressure of the gas is regulated not to exceed 8 ounces, the measurement will be at whatever pressure the gas may be during the period of measurement. If gas is delivered from a high-pressure system, measurement will be corrected to a pressure base of 14.73 psia. If measurement is corrected for temperature, measurement will be corrected to 60°F.

Gas delivered into the Company’s system should be free from oil, water, salt, gum, dust, and other foreign substances that might interfere with the marketability of the gas. Unless otherwise agreed to by the Company, the gas delivered shall contain not less than 967 Btu per cubic foot and shall not exceed 1,100 Btu per cubic foot (as determined by calorimeter test @ 60 degrees Fahrenheit and saturated with water vapor). Gas accepted by the Company that contains less than 967 Btu per cubic foot will be enhanced to ensure that gas delivered by the Company to Customers shall meet Commission heating value requirements, and the Company may charge for this.

Unless otherwise agreed to by the Company through separate agreement, gas delivered by a Supplier shall not contain more than:

- (a) Seven (7) pounds of water per million cubic feet on an approved dew point apparatus.
- (b) Two (2) percent by volume of carbon dioxide.
- (c) Twenty-five hundredths (0.25) grains of hydrogen sulfide per 100 cubic feet.
- (d) Ten (10) grains of total sulfur per 100 cubic feet.

The Company may enter into agreements with suppliers whereby the Company will agree to treat gas on behalf of a Supplier in order to meet such gas quality requirements outlined above. Should the Supplier not enter into such an agreement and fail to meet these gas quality requirements, the Company may refuse to accept gas delivered by the Supplier and should a Supplier cause damage to any metering, regulating and/or other equipment or interruption of service, the Supplier shall reimburse the Company for the costs to repair such damage and for any related costs which the Company may incur to restore service to Customers and/or repair facilities, including payments made by the Company to Customers in settlement of claims arising out of interruption of gas service. The Supplier agrees to allow the Company to make necessary gas samples to permit testing of the delivered gas to determine quality of gas delivered by the supplier.

Deleted: s

Deleted: Three (3)

Deleted: s

Deleted: s

Deleted: s

Deleted: s

Deleted: s

Deleted: ratepayer

Deleted: s

ISSUED:

EFFECTIVE:

RULES AND REGULATIONS

3. Critical Day Planning

As events occur that could develop into system emergencies or lead to a threatening of system integrity, the Company may request and/or require NGSs or Customers to take certain actions to protect, maintain, or reestablish the safe operation of the system.

- a. Maintenance Alerts (MA) – A maintenance alert is an announcement of actual or pending events related to various physical connections to the Company’s system. These communications shall occur on an as needed basis and shall be communicated via the electronic bulletin board as soon as practical.
- b. Operational Alert (OA) – An operational alert may be called during periods of projected increased or decreased consumer demand for natural gas. An “OA” is a request for specific action on the part of an individual NGS, or all NGSs. The NGSs are expected to respond to “OAs” as soon as practical by giving notice to the Company of their intended action. These communications shall occur on an as needed basis and shall be communicated via the electronic bulletin board and/or through email as soon as practical
- c. Operational Flow Order (OFO) – An OFO is defined in paragraph 4 of the Supplier Tariff. NGSs are expected to comply with an OFO.
- d. Curtailment – In the event of an emergency curtailment of Customer consumption, the Company will alert the appropriate NGS, and if appropriate, will coordinate with them responses to media and elected officials.

Deleted: The communication procedures established for Critical Day Planning, are set forth in more detail in the Company’s Communications Protocol.¶

Deleted: 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.¶

ISSUED:

EFFECTIVE:

RULES AND REGULATIONS

4. Operational Flow Orders

a. Issuance of OFOs

The Company may issue, in its sole discretion, an OFO (Operational Flow Order) in any of the following circumstances: To the extent possible, the Company will provide a 24-hour prior notice of an OFO in situations where a prior indication of the need to issue an OFO exists.

- i. to alleviate conditions that threaten the operational integrity of the Company's system; or
- ii. to maintain pressures necessary for the Company's operations; or
- iii. to insure adequate flowing supplies are delivered to specific receipt points on the Company's system; or
- iv. to alleviate operational problems arising from overdeliveries or underdeliveries by NGSs or Customers transporting supplies for their own consumption ("Direct End User"), in violation of their agreements or Company tariffs.

b. OFO Procedures

In the event of the issuance of an OFO, NGSs and Direct End Users (or a Supplier that the Direct End User has arranged with and designated to the Company to receive notification of the OFO) will be directed to maintain its supply according to the steps set forth below.

- i. The NGS or the Direct End User must adjust supply nominations, including any Pool-to-Pool Volumes to equal Aggregate Daily Consumption Volume, with gas delivered at the points specified by the Company. The Company shall provide such estimates via the electronic bulletin board and/or through email as soon as practical.
- ii. Upon the NGS or Direct End User request, the Company will consider, if time permits, adjustments to the Aggregate Daily Consumption Volume or the Daily Available Volume to the extent such adjustment, in the Company's discretion, benefits system operations during the OFO event and if such adjustment is confirmable the Company.

Deleted: no later than 10:00 am of the same day.

Deleted: <#>During an OFO, to the extent the NGS or a Direct End User has gas in storage, the maximum storage withdrawal shall equal the maximum withdrawal requirements or any further limitation as the Company in its discretion finds necessary to impose in accordance with reasonable and standard industry practice during the OFO event.¶

ISSUED:

EFFECTIVE:

RULES AND REGULATIONS

4. Operational Flow Orders (continued)

c. OFO Penalties

Failure to comply with an OFO may result in the following:

- i. The immediate recall of capacity assigned by the Company to the NGS or a Direct End User, if any, throughout the remainder of the OFO period. Further, in the event the NGS/Direct End User's failure to comply with an OFO contributes to the Company using other Customers' flowing supplies to meet the needs of end-use Customers of the NGS/Direct End User's and/or the Company's Retail Sales Demand, the Company may, at its sole discretion, recall or otherwise withdraw any capacity rights assigned to the NGS/Direct End User upon five (5) days written notice to the NGS/Direct End User (unless already recalled under the provisions of this section).
- ii. The billing of the incremental charges set forth below times the OFO shortfall which is defined as the imbalance between Daily Available Volume and its Aggregate Daily Consumption Volume as calculated by the Company, on those days subject to the OFO.

The OFO incremental charges shall equal:

- (1) the payment of a gas cost equal to the highest incremental cost paid by the Company on the date of noncompliance;
- (2) one month's demand charges and/or otherwise applicable storage and overrun costs. This charge shall not be imposed more frequently than twelve times in any thirty-day period;
- (3) the payment of all other charges incurred by the Company on the date of the OFO shortfall that are associated with the OFO shortfall; and,
- (4) in the Company's discretion, an appropriate penalty charge, not to exceed \$15/Mcf.

The penalties set forth herein shall be billed to NGSs serving Customers under Rates P-1 or NP-1, or to Direct End Users (or a Supplier that the Direct End User has arranged with and designated to the Company to receive notification of the OFO).

- iii. In the event the NGS/Direct End User's failure to comply with an OFO contributes to the Company using other Customers' flowing supplies to meet the needs of any Customer and/or the Company's retail sales demand, the Company may terminate the NGS's rights to operate on the Company's system under the applicable pooling and/or transportation agreements upon ten (10) days written notice to the NGS.

5. Billing and Payment

Each calendar month the Company shall render a statement of account to the NGS summarizing the charges due the Company, including any purchases by the Company.

The NGS shall pay the Company by wire transfer of federal funds unless the NGS and the Company mutually agree upon a method of payment other than wire transfer which will result in timely receipt of payment by the Company.

ISSUED:

EFFECTIVE:

Deleted: ratepayer

Deleted: and

Deleted: and

Deleted: ratepayer

Deleted: customer

Deleted: ratepayer

RULES AND REGULATIONS

5. Billing and Payment (continued)

Charges previously billed to the NGS by the Company, for which payment has not been received by the Company by the due date, will be assessed a late-payment charge of two percent (2%) per month on the unpaid balance.

If the Company has not received payment from the NGS for any services or charges, including late-payment charges, within fifteen (15) days of the statement date, the Company may deduct this unpaid amount from any payments accruing to the NGS under any agreement between the NGS and the Company or take gas in kind from the NGS in satisfaction of obligations and/or terminate the agreement with the NGS upon ten (10) days written notice to the NGS.

6. Creditworthiness

The Company shall not commence service or continue service to the NGS if the NGS fails to meet the creditworthiness criteria outlined in this Section.

The Company will base its creditworthiness evaluation on the financial information provided in response to the "Financial Information" and "Certificate" sections below.

- a. Financial Information - In consideration of the opportunity to supply gas to the Company's Customers and in order for the Company to accept the NGS as the Supplier of gas to Customers of the Company, the NGS must provide the following financial information, provided, however, that such financial information will not be required by the Company if the NGS has obtained a Natural Gas Supplier License from the Commission within one year prior to the date it submits an application to the Company for approval to become a NGS of gas to Customers of the Company and that such information has been provided to the Company:

Deleted: ratepayer

Deleted: s

Deleted: ratepayer

Deleted: ratepayer

Deleted: The NGS shall provide the following financial information:

- i. Financial statements, annual report or Form 10-K for the most recent fiscal year-end.
- ii. Current interim financial statements.
- iii. Listing of parent company, affiliates and subsidiaries.
- iv. Any reports from credit reporting and bond rating agencies which are available.
- v. A bank reference and at least two trade references.

- b. Certificate: The NGS shall deliver a certificate of a duly elected officer or authorized representative certifying the following:
 - i. The NGS is not operating under any chapter of the bankruptcy laws and is not subject to liquidation under any state law.
 - ii. The NGS is not subject to the uncertainty of pending or threatened litigation in state or federal courts or regulatory proceedings which could (1) cause a substantial deterioration in its financial condition, (2) cause a condition of insolvency, or (3) endanger its ability to exist as an ongoing business.
 - iii. The NGS does not have outstanding lawsuits, actions or judgments, which, individually or in the aggregate, could jeopardize its ability to remain solvent.

ISSUED:

EFFECTIVE:

RULES AND REGULATIONS**6. Creditworthiness (continued)**

- iv. The NGS has the power and authority to transact the business it transacts and proposes to transact, has obtained and holds a Natural Gas Suppliers License from the Commission and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which failure to be in good standing would not, individually or in the aggregate, reasonably be expected to jeopardize its ability to transact the business it transacts or to remain solvent.
- v. The NGS has no delinquent balances outstanding for billings made previously by the Company or its affiliate, and the NGS must have paid its account in the past according to the established terms and not made deductions or withheld payment for claims not authorized by contract.
- c. The NGS has a continuing obligation to notify the Company in writing, within two business days, of the occurrence of any event which would render the NGS unable to provide the certificate required in paragraph (b) of this "Creditworthiness" section, as of the date such event occurred and within two business days of any other significant deterioration of its financial fitness or creditworthiness, including if the NGS's Credit Rating is downgraded below Ba3 from Moody's or BB- from S&P or Fitch. "Credit Rating" means the rating assigned to the NGS's unsecured, senior long-term debt obligations (not supported by third party security) by Moody's, S&P, or Fitch. The NGS shall also provide the Company a copy of the financial statements as specified in paragraph (a) of this "Creditworthiness" section upon request by the Company.
- d. Evaluation Process to Determine Financial Fitness:

To the extent the Company determines that the NGS's financial condition under paragraph (a) is questionable or the NGS cannot supply the certificate required under paragraph (b) above, the Company will require the establishment of a security enhancement based on the financial exposure imposed on the Company by the NGS for all service fees applicable per the rate schedules governed by this tariff. The amount of the security enhancement shall include the following components and shall be calculated based on the projected peak winter month usage served by the NGS:
 - 1. All applicable pooling and aggregation fees;
 - 2. All applicable billing fees; and
 - 3. Projected imbalance fees using the maximum imbalance price multipliers and assuming that the NGS fails to delivery gas supplies during the peak month.

The Company shall consider the forms of security enhancements as set forth in 52 Pa. Code §§ 62.102 – 62.114. The Company may also consider as a form of security such amounts collected by the Company on behalf of the NGS under Rate SBS of this tariff or such other security as is mutually acceptable to both the Company and the NGS. The Company reserves the right to determine which of these financial instruments shall be established as a security enhancement.

Deleted: c

All information submitted or provided to the Company will remain confidential and be used solely for the purpose of evaluating the financial fitness or creditworthiness of the NGS. The amount of the security enhancement may be reviewed and modified based on the criteria established at 52 Pa. Code §§ 62.102 – 62.114.

Deleted: c

ISSUED:

EFFECTIVE:

RULES AND REGULATIONS

7. Bonding Requirement

In addition to any creditworthiness requirements as set forth in Rule 6, the Company may also require that the NGS post a performance bond or any other security suitable to the Company, to cover any costs associated with the NGS prematurely discontinuing service to Customers or the NGS default of payments of Commission imposed financial penalties and restitution to Customers. The amount of the performance bond or other security shall be equal to \$2 times the volumes the NGS is expected to serve during the month of January. The level of the bond shall be recalculated annually.

The bonding requirement will be waived for that portion of the NGS's load used to serve Non-Priority One Customers whose annual consumption is 300 Mcf or more, but in such circumstance, the Company shall not be responsible to provide those Customers service as Supplier of last resort and the Company shall have none of the obligations arising under Section 2207(a) and (k) of the Public Utility Code. The Company may waive the bonding requirement related to delivery failure for the NGS that demonstrates to the Company's satisfaction that it will assign the gas supply contract to the Company in the event of a default. With regard to the latter, the Company, in its sole discretion, which shall not be unreasonably exercised, may waive the bonding requirement related to delivery failure if the NGS assigns its gas supply contracts acquired for purposes of serving its Customers on the Company's system (and if applicable, any related financial risk management contracts) to the Company in the event the NGS prematurely discontinues service to its Customers. Such waiver shall be subject to the following conditions:

- a. The NGS's Supplier agrees to assign applicable gas supply to the Company.
- b. The Company is satisfied with the relevant contract assignment language and applicable reasonable terms and conditions.
- c. The Company is satisfied with the NGS's supplier's credentials or the security of supply;
- d. The NGS agrees to reimburse the Company for any losses the Company suffers as a result of agreeing to the assignment of contracts, including, but not limited to, losses from a differential in the assigned gas prices and the NGS's contracted price with its Customers and losses resulting from the NGS's Supplier refusing to assign the relevant gas supply

8. Procedures when a NGS Exits the System

Prior to exiting the Company's system the NGS shall provide the Company with two months prior notice. Upon the NGS's exit from the Company's system, the Company will serve the NGS's former Customers at the Company's Supplier of last resort rates, or at the agreed-to NGS price for the remainder of the billing cycle if the NGS discontinues service prior to the beginning of the next billing cycle. Any differences between the cost incurred by the Company and the NGS's price shall be recovered from the NGS. Any capacity or supplies previously assigned to the NGS will revert to the Company, including gas held in storage. If the NGS had used capacity not assigned by the Company to bring gas on to the Company's system, then the NGS agrees to offer to assign said capacity, including gas held in storage, to the Company, which the Company may, at its sole discretion, accept or reject.

Balancing for NP-1 and P-1 pools of both interstate and local supplies for the exiting NGS's final month of service shall be performed in accordance with the Balancing provisions under Rate NP-1. No imbalance price multipliers will be applied.

ISSUED

EFFECTIVE:

Deleted: ratepayer

Deleted: ratepayer

Deleted: s

Deleted: s

Deleted: s

Deleted: s

RULES AND REGULATIONS**9. Dispute Resolution Process**

The Company and each NGS will designate specific personnel for responding to complaints and disputes under this process.

The Company and the NGS shall use good faith and commercially reasonable efforts to informally and timely resolve all disputes that may develop between them. Failing such informal resolution, either party may initiate this Dispute Resolution Process by presenting a written Notice of Dispute that includes the names of the Parties and Customer(s), if any, involved and a brief description of the matters in dispute.

Within five (5) days of the Company's and/or the NGS's receipt of a Notice of Dispute, a designated senior representative of each of the Parties shall attempt to resolve the dispute on an informal basis.

In the event the designated representatives are unable to resolve the dispute by mutual agreement within thirty (30) days of said referral, the dispute shall be referred for mediation through the Commission's Office of Administrative Law Judge. A party may request mediation prior to that time if it appears that informal resolution is not productive.

If mediation is not successful, then the matter shall be converted to a formal proceeding before a Commission Administrative Law Judge.

Any party may file a complaint concerning the dispute with the Commission under relevant provisions of the Public Utility Code.

10. Standards of Conduct

- a. The Company shall apply its tariffs in a nondiscriminatory manner to its affiliated NGS and any nonaffiliated NGS.
- b. The Company shall not apply a tariff provision in any manner that would give its affiliated NGS an unreasonable preference over other NGSs with regard to matters such as scheduling, balancing, transportation, storage, curtailment, capacity release and assignment, or nondelivery, and all other services provided to its affiliated NGS.
- c. Mandatory tariff provisions shall not be waived by the Company for any NGS absent prior approval of the Commission.
- d. If a tariff provision is not mandatory or provides for waivers, the Company shall grant the waivers without preference to its affiliated NGS or non-affiliated NGS.
- e. The Company shall maintain a chronological log of tariff provisions for which it has granted waivers. Entries shall include the name of the party receiving the waiver, the date and time of the request, the specific tariff provision waived and the reason for the waiver. The chronological log shall be open for public inspection during normal business hours and the Company shall post the log on its website for a period of at least three (3) months.
- f. The Company shall process requests for distribution services promptly and in a nondiscriminatory fashion with respect to other requests received in the same or a similar period. The Company shall maintain a chronological log showing the processing of requests for transportation services. The chronological log shall be open for public inspection during normal business hours.

Deleted: ratepayer

ISSUED:

EFFECTIVE:

RULES AND REGULATIONS

10. Standards of Conduct (continued)

- g. If the Company provides a distribution service discount, fee waiver or rebate to its favored Customers, or to the favored Customers of its affiliated NGS, the Company shall offer the same distribution service discount, fee waiver or rebate to other similarly situated Customers. Offers shall not be tied to any unrelated service, or incentive or offer on behalf of either the natural gas distribution company or its affiliated NGS. A chronological log shall be maintained showing the date, party, time and rationale for the action. The chronological log shall be open for public inspection during normal business hours.
- h. Subject to Customer privacy or confidentiality constraints, the Company shall not disclose, directly or indirectly, any Customer proprietary information to its affiliated NGS unless authorized by the Customer. To the extent that the Company does disclose Customer information without Customer authorization, it shall first seek the permission of the Customer consistent with the Company's tariff, any contractual obligations with the Customer and Section 62.78 of the Pennsylvania Code, and if the Customer grants permission, the Company shall contemporaneously provide this same information to other similarly situated NGSs in a similar fashion so as not to selectively disclose, delay disclosure, or give itself or its affiliated NGS any advantage related to the disclosure. A chronological log shall be maintained showing the date, time and rationale for the disclosure. The chronological log shall be open for public inspection during normal business hours. This provision does not apply to the disclosure of Customer information made under a Customer assistance program mandated by state law or regulation.
- i. The Company shall justly and reasonably allocate to its affiliated NGS the costs or expenses for general administration or support services provided to its affiliated NGS.
- j. The Company shall not condition or tie the provision of any product, service or price agreement by the Company (including release of interstate pipeline capacity) to the provision of any product or service by its affiliated NGS.
- k. The Company shall not give its affiliated NGS preference over a nonaffiliated NGS in the provision of goods and services including processing requests for information, complaints and responses to service interruptions. The Company shall provide comparable treatment in its provision of such goods and services without regard to a Customer's chosen NGS.
- l. The Company and its affiliated NGS shall maintain separate books and records. Further, transactions between the Company and its affiliated NGS shall not involve cross-subsidies. Any shared facilities shall be fully and transparently allocated between the Company function and the affiliated NGS function. The Company accounts and records shall be maintained such that the costs incurred on behalf of an affiliated NGS may be clearly identified.
- m. The Company employees who have responsibility for operating the distribution system, including natural gas delivery or billing and metering, as well as those responsible for marking and Customer service, shall not be shared with an affiliated NGS, and their offices shall be physically separated from the office(s) used by those working for the affiliated NGS. Such Company employees may transfer to an affiliated NGS provided such transfer is not used as a means to circumvent these interim standards of conduct.

Deleted: ratepayer
 Deleted: ratepayer
 Deleted: ratepayer

Deleted: ratepayer
 Deleted: ratepayer
 Deleted: ratepayer
 Deleted: ratepayer
 Deleted: ratepayer
 Deleted: ratepayer
 Deleted: ratepayer
 Deleted: ratepayer

ISSUED:

EFFECTIVE:

RULES AND REGULATIONS**10. Standards of Conduct (continued)**

- n. Neither the Company nor its affiliated NGS shall directly or by implication, falsely and unfairly represent to any Customer, the NGS or third party that an advantage may accrue to any party through use of the Company's affiliates or subsidiary, such as:
- i. That the Commission regulated services provided by the Company are of a superior quality when services are purchased from its affiliated NGS; or
 - ii. That the merchant services (for natural gas) are being provided by the Company when they are in fact being provided by an affiliated NGS;
 - iii. That the natural gas purchased from a nonaffiliated NGS may not be reliably delivered;
 - iv. That natural gas must be purchased from an affiliated NGS to receive Commission regulated services.
- o. When affiliated NGSs market or communicate to the public using the Company's name or logo, it shall include a legible disclaimer that states:
- i. That the affiliated NGS is not the same company as the Company.
 - ii. That the prices of the affiliated NGS are not regulated by the Commission; and
 - iii. That a Customer does not have to buy natural gas or other products from the affiliated NGS in order to receive the same quality service from the Company.

When an affiliated NGS advertises or communicates verbally through radio or television to the public using the Company name or log, the affiliated NGS shall include at the conclusion of any such communication a legible disclaimer that includes all of the disclaimers listed in this paragraph.

- p. Except in competitive bid situations, the Company shall not (a) jointly market or jointly package its Commission regulated services with the services of an affiliated NGS or (b) offer or provide to its affiliated NGS products or services, including bill inserts in its Company bills promoting an affiliated NGS's services or a link from the Company's web site, unless the Company offers or provides the products or service to all nonaffiliated NGSs on the same terms and conditions.
- q. The Company shall not offer to sell natural gas commodity or capacity to its affiliated NGS without simultaneously posting the offering electronically on a source generally available to the market or otherwise making a sufficient offer to the market. The Company shall maintain a chronological log of these public disseminations. The chronological log shall be open for public inspection during normal business hours.
- r. The Company shall utilize, unless otherwise agreed to by the affected parties, the following complaint and dispute resolution procedure for dealing with any alleged violations of any of the standards of conduct, with the exception of paragraph (i.), which are exclusively under the purview of the Commission:

Deleted: ratepayer

ISSUED:

EFFECTIVE:

RULES AND REGULATIONS**10. Standards of Conduct (continued)**

- i. In the event a NGS alleges a violation of any of these Standards of Conduct provisions, the NGS must provide the Company with a written Notice of Dispute that includes the names of the Parties and Customer(s), if any, involved and a brief description of the matters in dispute. The dispute procedures in Section 9 shall apply to any Notice of Dispute issued per Section 10(i). A complainant bears the burden of proof consistent with 66 Pa. C.S. Section 332 (relating to Public Utility Code) in regard to the allegations and the Commission may impose penalties for such violations pursuant to 66 Pa. C.S. Section 3301.

Deleted: ratepayer

- s. The Company shall keep a chronological log of any complaints, excepting paragraph (i.), regarding discriminatory treatment of NGS. This chronological log shall include the date and nature of the complaint and the resolution of the complaint. The chronological log shall be open for inspection during normal business hours.

Deleted: ii. Within five (5) days of the Company's and/or the NGS's receipt of a Notice of Dispute, a designated senior representative of each of the Parties shall attempt to resolve the dispute on an informal basis.¶

11. Nomination Procedures**a. General Procedures**

- i. All Transportation Volumes received for NGS's pool account at upstream pipeline transportation receipt points, local production volumes received for NGS's or Aggregator's account at local production receipt points and Pool-to-Pool transfer volumes shall be nominated to the Company in advance according to the procedures outlined in this section.
- ii. Nominations are to be transmitted to the Company via the Company's Electronic Nominations System and are to be received by the Company by the dates and times specified on the Company's Electronic Nomination System.

¶
iii. In the event the designated representatives are unable to resolve the dispute by mutual agreement within thirty (30) days of said referral, the dispute shall be referred for mediation through the Commission's Office of Administrative Law Judge. A party may request mediation prior to that time if it appears that informal resolution is not productive.¶¶
iv. Any party may file a complaint concerning the dispute with the Commission under relevant provisions of the Public Utility Code.¶**b. Nomination of Upstream Pipeline Volumes**

- i. Upstream pipeline nominations must conform, in content and format, with Company specifications for transportation volume nominations, which shall include, at a minimum: NGS's contract number; upstream pipeline contract number; and requested daily transportation volume.

¶
v. A complainant bears the burden of proof consistent with 66 Pa. C.S. Section 332 (relating to Public Utility Code) in regard to the allegations and the Commission may impose penalties for such violations pursuant to 66 Pa. C.S. Section 3301.¶ISSUED:
PEOPLES NATURAL GAS COMPANY LLCEFFECTIVE:
SUPPLEMENT NO. 2 TO GAS—PA PUC NO. S-3
FIRST REVISED PAGE NO. 16A
CANCELLING ORIGINAL PAGE NO. 16A**RULES AND REGULATIONS****b. Nomination of Upstream Pipeline Volumes (cont.)**

- ii. The Company will either confirm, in total or in part, or reject NGS's transportation volume nomination based on the Company's operating conditions, the limits and requirements of the Company's system and facilities, previously confirmed nominations and timely confirmation by upstream pipelines. Accepted transportation volumes will be posted on Company's Electronic Nomination System. In order to support system operations, maintain system integrity, and minimize positive or negative imbalance volumes, the Company may request NGS to nominate and deliver transportation volumes to

designated transportation receipt points. Such request shall be posted in advance on Company's Electronic Nomination System or through direct communication with the NGS. If, in Company's sole discretion, voluntary compliance by NGS fails to correct operational deficiencies, the Company may exercise its authority under Rule 4 of the Rules and Regulations to issue NGS specific and/or system wide OFOs.

- iii. Confirmed nominations will become effective on the date specified in the NGS's nomination and will remain in force until the last day of the current calendar month, subject to continued receipt by the Company from upstream pipeline of the confirmed volume, unless superseded by a subsequent transportation volume nomination or limited by operational conditions as mentioned above.
- iv. Nominations made in accordance with this Section do not relieve NGS of the obligation to submit corresponding nominations for service with an upstream pipeline.

c. Nomination and Reconciliation of Local Production Volumes

- i. No later than five days prior to the end of each month, the Company will set a Gross Production Projection (GPP) nomination for the following month for the metering stations identified in the agreement or other point of interconnection into the Company's System. The initial GPP nomination shall be based on recent available production data but may be subject to adjustment by the Company to reflect known and anticipated production changes provided (within 2 days) by the NGS or Local Gas Aggregator and confirmed by the Company. The confirmed GPP volume shall be used for reconciling local gas nominations and actual production.
- ii. The NGS or Local Gas Aggregator may request to change its GPP nomination during the month in accordance with the Company's Operating Rules for Local Gas Aggregation Service. The Company may, at its discretion, ask for additional justification for any nomination, which may result in an adjustment to the nomination.
- iii. Confirmed GPP nominations will be credited to the NGS's or Local Gas Aggregator's account on the date specified in the GPP nomination. When actual local gas aggregation volumes delivered into the Company's system are known, any discrepancies between actual and GPP nominations will be reconciled, in the first full calendar month following the determination of actual local gas aggregation volumes (the "Adjustment Month").
- iv. The volumetric discrepancy between the actual local gas aggregation volumes and the local gas aggregation nominations will be reconciled in the Adjustment Month by adjusting the NGS's or Local Gas Aggregator's monthly available volume or by other methods as made available by the Company, including, but not limited to, selling or purchasing additional supplies, transferring gas in storage, or pool-to-pool transfer.
- v. In the event that a pool ceases its existence and due to this, a negative imbalance results, the pool will be cashed out at the first of the month IFERC DTI Appalachia Index.
- vi. Unless otherwise agreed upon by the Company, monthly volumes delivered out of the pool must be baseloaded proportionately with regard to the number of days in the month.

ISSUED:

EFFECTIVE:

RULES AND REGULATIONS

d. Nomination of Pool-to-Pool Volumes

- i. Nominations must conform, in content and format, with the Company's specifications for Pool-to-Pool Volume nominations, as specified in the Company's Electronic Nominations System.
- ii. Such transfers may be used to resolve current daily imbalances created by the NGS's inability to match Daily Available volumes with the projected Aggregate Daily Consumption Volume and shall not be used to resolve daily imbalances occurring for any prior day or days.
- iii. Subject to the limits of the Company's operating conditions and facilities, and the reasonableness of the NGS's nomination as determined solely by the Company, the Company will either confirm, in total or in part, or reject the NGS's Pool-to-Pool Volume nomination.

e. Nomination of Assigned Pennsylvania-Produced Supplies

- i. All Pennsylvania-produced supplies assigned or sold to the NGS for a given month will be divided by the number of days of that month and automatically credited to the pool operator's Daily Available Volumes.

12. Confirmation of Customer Enrollment

When the Company receives notice that a Customer has elected to switch NGSs or return to the Company's Supplier of Last Resort service, the Company shall initiate the confirmation procedure described herein. Such changes shall coincide with the start of Customer's next billing cycle.

- a. The NGS must maintain either a mainframe computer or a personal computer that meets the processing capabilities required by the Company.
- b. The NGS shall notify the Company of new or deleted Customers via e-mail file in approved spreadsheet format. The NGS should notify the Company only of additions or deletions to its Customer list; existing Customers shall not be included.

Deleted: Ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

ISSUED:

EFFECTIVE:

RULES AND REGULATIONS

12. Confirmation of Customer Enrollment (continued)

- c. Notification from the NGS of a new or deleted Customer shall consist of the following information: Customer name, Service Address, the Company Account Number, Date and Time of file preparation, the NGS's assigned Pool Code (rather than the NGS name) and the NGS's assigned Rate Numbers, if the Company is billing on behalf of the NGS.
- d. The NGS may submit additions, changes or deletions from its Customer list to the Company on a daily basis. Such additions, changes or deletions from the Customer list will become effective for the service period reflected in the second bill issued following the date such additions, changes or deletions are submitted to the Company.
- e. The Company shall notify the NGS with a report via the Internet if a new Customer is not processed. The circumstances in which a Customer will not be processed may include, but are not limited to, the information provided by the NGS does not match the Company's required data elements, the Customer submitted by the NGS is not eligible for the requested service, and the Customer is no longer receiving service from the Company. Such report will be issued on the Company's web site following processing and will include the reason the Customer has not been processed.
- f. Once a prospective Customer's request has been processed, the Company shall mail out a confirmation letter to each Customer by the end of the next business day after the date the Company receives notification from the NGS that the Customer has elected to switch NGSs or return to the Company's Supplier of last resort service, asking the Customer to notify the Company if information in the confirmation letter is inaccurate. Such confirmation letter shall include, if appropriate, the Customer's pool operator choice as stated by the NGS, the applicable billing option, the approximate date when transportation service is to begin and the date that the first bill will be mailed.
- g. Should the Company receive notification from a Customer within the five (5) calendar days required under the confirmation letter that the Customer's gas service or gas supply election as described by the NGS is in error, the Company shall so notify the NGS. In case of notification by Customer of such error, the Company shall continue billing the Customer under the Customer's current billing arrangement. Should the Company receive notification from the Customer that the Customer's gas service or gas supply election as described by the NGS is in error, but not receive such notification within the five (5) calendar days period, the Company shall advise the Customer to contact the NGS to request cancellation, and if requested by the Customer, the Company will treat this as an alleged slamming complaint.
- h. On or about the eighteenth (18th) of the month, the Company will post on its web site, a list of Customers for the forthcoming month. Additions and removals from the NGS will also be reported on a daily basis in an activity file.
- i. Should the Company receive notification by more than one NGS within a one-month period that the Customer has elected said NGS to supply Customer's natural gas, the Company shall proceed with the confirmation process using the first NGS which notifies the Company, unless the Customer informs the Company otherwise.
- j. The Company will issue, at a minimum, a monthly report of Customers who have discontinued service with the NGS via Internet, which shall include discontinuances initiated by the incumbent NGS, the Customer or Customer's new NGS.

Deleted: Ratepayer

Deleted: ratepayer

Deleted: Ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: s

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

ISSUED:

EFFECTIVE:

RULES AND REGULATIONS

13. Customer Service, Information Requirements and Slamming Complaints

- a. NGSs shall refer to the Commission’s Guidelines for Maintaining Customer Services at the Same Level of Quality Pursuant to 66 Pa. C.S. §2206 (a), Assuring Conformance with 52 Pa. Code Chapter 56 Pursuant to 66 Pa. C.S. §§2207 (b), 2208 (e) and (f) and Addressing the Application of Partial Payments at Docket No. M-00991249F0003, for requirements relating to credit determination, deposits, initiation and disconnection of service.
- b. NGSs shall refer to the Commission’s Customer Information Disclosure Guidelines at Docket No. M-00991249F0005, for requirements relating to disclosure of terms of service, marketing, advertising and sales practices, and privacy of Customer information.
- c. NGSs shall refer to the Commission’s Guidelines to Ensure Customer Consent to a Change of Natural Gas Suppliers at Docket No. M-00991249F0006, for requirements on handling Customer slamming complaints.

14. Customer Contact

The NGS must maintain a twenty-four (24) hour answering service or a telephone answering machine which informs all callers that if they smell gas or there is any other emergency regarding gas service, the callers should call their gas utility immediately.

If the NGS receives a telephone call from a Customer which should be directed to the Company, the NGS shall direct the Customer to the appropriate contact within the Company.

The NGS shall handle all calls regarding commodity charges and associated rates.

NGSs must coordinate with the Company in resolving Customer inquiries or complaints which involve services provided by both the Company and NGSs.

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

15. Miscellaneous

- a. The NGS shall be deemed to be in control and possession of the gas transported to Company until the gas has been delivered to Company at the agreed-upon delivery point.
- b. The NGS warrants the title of the gas delivered to Company and shall indemnify the Company for and save Company harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or attributable to the adverse claims of any and all other persons or parties to the gas delivered to Company.
- c. The NGS shall be subject to the Liability provisions contained in Company’s Retail Gas Tariff.

ISSUED:

EFFECTIVE:

RATE P-1

PRIORITY ONE POOLING SERVICE

AVAILABILITY

Unless otherwise agreed to by the Company, an NGS that operates a P-1 and a NP-1 pool must serve its P-1 Customers from its P-1 pool and serve its NP-1 Customers from its NP-1 pool. Service under this rate schedule is available to any Priority One Pool Operator who has entered into a Priority One Pooling Agreement with the Company and demonstrates to the Company's satisfaction that it has met the Company's creditworthiness standards and bonding requirements. Customers must assign their rights provided under the applicable transportation rate schedules to said Pool Operators.

Deleted: Ratepayer

RULES AND CONDITIONS

1. Assignment of Capacity

Pool Operators with Peak Day Demand < 2,000 Dth per Day

Pool Operators who take service under this rate schedule and have a peak day demand of 2,000 Dth per day or less may choose to decline their pro-rata share of the pipeline and storage capacity. In lieu of such capacity assignment, the Company will deliver the Pool Operator's required daily gas supplies. The Company will bill the Pool Operator monthly at the first of the month IFERC DTI Appalachia Index plus associated delivery charges. Pool operators may change their election to accept or decline capacity each April.

Deleted: will not be assigned

Deleted: or other agreed upon

Deleted: ¶

Pool Operators with Peak Day Demand > 2,000 Dth per Day

Pool Operators who take service under this rate schedule must take assignment of a pro-rata or other agreed upon share of the pipeline and storage capacity and Pennsylvania produced gas supplies ("assigned capacity") that would otherwise be utilized by the Company to meet the Customer's commodity service requirements. Assigned capacity shall be subject to recall to the extent that the Pool Operator is unable to deliver necessary gas supplies, in which case the Company will provide for the delivery of necessary gas supplies pursuant to the terms of the standby rate schedule. More specific terms with respect to capacity assignment requirements are set forth in the following sections. However, such additional terms with respect to capacity assignment requirements shall be subject to review in the Company's annual Section 1307(f) proceeding.

Deleted: ratepayer

Assignment of Pennsylvania –Produced Supplies

Pennsylvania gas produced from wells under gas purchase contracts for sale to the Company and for ultimate delivery into the Company's system may be assigned or sold to the NGS as agent for the Customer of the NGS's Priority-One Pool. The assignment shall be structured at a monthly weighted average purchase cost of the assigned Pennsylvania-produced supplies. Such purchased gas cost shall include any volumetric delivery and fuel charges incurred by the Company for local production volumes delivered to the Company via interstate pipelines. The term of the assignment shall be from the first month in which the NGS renders commodity service to the Customer until the NGS's supply agreement with Customer expires, or as otherwise provided herein.

Deleted: ratepayer

Assigned Pennsylvania-produced supplies shall be recallable by the Company only under the following circumstances:

- (1) the Customer on whose behalf the supplies have been assigned is no longer served by the NGS or
- (2) the NGS has failed to comply with terms and conditions set forth herein.

Deleted: ratepayer

Assignment of Upstream Pipeline Capacity

This section applies to the Company's upstream pipeline capacity on Dominion Transmission, Inc. ("DTI"), Texas Eastern (TETCO), Equitrans, and any other pipelines on which the Company may contract for capacity from time to time, excluding National Fuel Gas Supply Corporation.

ISSUED:

EFFECTIVE:

RATE P-1
PRIORITY ONE POOLING SERVICE

1. Assignment of Capacity (continued)

Consistent with FERC rules and regulations for capacity releases under state retail choice programs, upstream pipeline firm transportation capacity held by the Company shall be assigned to the NGS as agent for the Customers of the NGS's Priority-One Pool. The assignment shall be structured as a zero cost release of capacity provided, however, that the NGS should be responsible for paying all usage based pipeline charges. The term of the release shall be on a monthly basis, commencing with the first month in which the NGS rendered commodity service to the Customer to the earlier of the end of the seasonal period (Winter releases shall terminate March 31 and summer releases shall terminate October 31.) or the termination date of the contract(s) between the Company and the upstream pipeline or the last month in which the NGS renders commodity service to the Customer on whose behalf the capacity had been assigned; provided however, the Company may in its discretion release such capacity on a monthly basis. The NGS must comply with all upstream pipeline requirements to become an eligible shipper on the upstream pipeline system. The NGS is responsible for paying all upstream pipeline variable charges incurred on the upstream pipeline.

The firm transportation capacity released pursuant to the previous section shall be recallable by the Company only under the following circumstances:

- a. the Customer on whose behalf the capacity has been assigned is no longer served by the NGS or
- b. the NGS has failed to comply with the terms and conditions set forth herein.

Consistent with FERC rules and regulations for capacity releases under state retail choice programs, upstream pipeline storage capacity held by the Company shall be assigned to the NGS as agent for the Customers of the NGS's Priority-One Pool. The assignment shall be structured as a release of capacity at zero cost and may be subject to conditions of release (including, but not limited to, injection and withdrawal rights) that differ from the applicable upstream pipeline storage service. The release shall terminate at the end of the then-current storage season pursuant to the applicable upstream pipeline rate schedule terms and conditions; provided however, the Company may in its discretion release such capacity on a monthly basis.

Deleted: ratepayer

Capacity released pursuant to this section shall be recallable by the Company only upon failure of the NGS to comply with the terms and conditions set forth herein or in connection with a buyback of gas by the Company as set forth in paragraph 2 of this rate schedule.

ISSUED:

EFFECTIVE:

RATE P-1
PRIORITY ONE POOLING SERVICE

Assignment of Other Supplies

The Company reserves the right to assign or sell other gas supplies that are under contract with the Company and used to satisfy its Supplier of last resort obligation to Priority-One Customers. To the extent that a Priority-One Supplier receives an assignment of the Company's capacity it holds on the Equitrans System, the Company shall provide Priority-One suppliers with an option to purchase from the Company a pro-rata share of the firm gas supplies available to the Company under its gas supply agreement with EQT Energy, LLC. Such purchase shall also occur if the Company determines that, as a result of the Priority One Customer's migration from supply service provided by the Company to supply service provided by P-1 NGSs, the amount of gas supplies under long term firm purchase contracts are in excess of the usage requirements of Supplier of last resort Customers currently served by the Company.

Such gas shall be sold to the NGS as agent for the Customer of the NGS's Priority One Pool. The sale shall be structured at the actual purchase cost of the supplies associated with firm purchase contracts.

Supplies sold under this section shall be discontinued by the Company under the following conditions:

1. The Customer on whose behalf the supplies have been sold is no longer served by the NGS;
or
2. The NGS has failed to comply with terms and conditions set forth herein.

Deleted: s

Deleted: ratepayer

Deleted: s

Deleted: ratepayer

Deleted: s

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

ISSUED:

EFFECTIVE:

RATE P-1
PRIORITY ONE POOLING SERVICE**1. Assignment of Capacity (continued)***Determination of Assignment Quantities*

Unless provided otherwise herein, assignments of Pennsylvania-produced and other supplies, upstream pipeline firm transportation capacity and upstream pipeline storage capacity shall be assigned on a *pro rata* basis in accordance with the supply portfolio held by the Company at the time of assignment to serve its Priority-One Customers; provided however, the Company shall not be required to assign capacity that is de minimis in nature. The Company will endeavor to accommodate a Priority-One supplier's request for particular upstream pipeline capacity on a first-come first-served basis.

The Company will evaluate the capacity and supply assignments made to the NGS as agent for Customers of the NGS's Priority-One Pool monthly based on the methodology set forth above. The evaluation will include an assessment of whether the upstream pipeline storage capacity assignments are adequate to serve the needs of the Customers of the Pool Operator at that time. To the extent that the evaluation so indicates, revisions to the upstream pipeline storage and storage capacity assignments will be made effective with the summer period. To the extent that the winter evaluation so indicates, the Company may require the NGS to secure additional reliable natural gas commodity, capacity and delivery service to meet the needs of the NGS's Customers. In addition to the preceding, the Company will evaluate the capacity assignments made pursuant to this section from time to time to ensure adequate compliance with its provisions.

Capacity assigned to the NGS hereunder by the Company may be traded with other Priority-One NGSs as long as each NGS retains an aggregate amount determined by the Company to be necessary to satisfy the total demands of the NGS's Customers. Such trading may occur no more frequently than twice per calendar year unless otherwise agreed to by the Company. Any capacity trades must be reduced to writing and provided to the Company for final approval.

Any assignments made pursuant to this tariff are made subject to any order of the Commission. Should the Commission, or any body authorized by law require a disallowance in the Company's rates that is directly attributable to the Company's assigning or transferring gas supplies to the NGS pursuant to these procedures, the NGS agrees to reimburse to the Company within 30 days of notification of any monies disallowed by the Commission or such other body that are directly attributable to the NGS. The Company shall provide such notification no later than thirty (30) days after a final order is entered by the Commission or other such body.

2. Nomination Procedures

Refer to Rule 11 of the Rules and Regulations.

Deleted: ratepayer

ISSUED:

EFFECTIVE:

PEOPLES NATURAL GAS COMPANY LLC

SUPPLEMENT NO. 2 TO GAS—PA PUC NO. S-3
FIRST REVISED PAGE NO. 22
CANCELLING ORIGINAL PAGE NO. 22

PAGE INTENTIONALLY LEFT BLANK

ISSUED:

EFFECTIVE:

PEOPLES NATURAL GAS COMPANY LLC

SUPPLEMENT NO. 2 TO GAS—PA PUC NO. S-3
FIRST REVISED PAGE NO. 23
CANCELLING ORIGINAL PAGE NO. 23

PAGE INTENTIONALLY LEFT BLANK

ISSUED:

EFFECTIVE:

PEOPLES NATURAL GAS COMPANY LLC

SUPPLEMENT NO. 2 TO GAS—PA PUC NO. S-3
FIRST REVISED PAGE NO. 24
CANCELLING ORIGINAL PAGE NO. 24

PAGE INTENTIONALLY LEFT BLANK

ISSUED:

EFFECTIVE:

PEOPLES NATURAL GAS COMPANY LLC

SUPPLEMENT NO. 2 TO GAS—PA PUC NO. S-3
FIRST REVISED PAGE NO. 25
CANCELLING ORIGINAL PAGE NO. 25

PAGE INTENTIONALLY LEFT BLANK

ISSUED:

EFFECTIVE:

PEOPLES NATURAL GAS COMPANY LLC

SUPPLEMENT NO. 2 TO GAS—PA PUC NO. S-3
FIRST REVISED PAGE NO. 26
CANCELLING ORIGINAL PAGE NO. 26

PAGE INTENTIONALLY LEFT BLANK

ISSUED:

EFFECTIVE:

RATE P-1
PRIORITY ONE POOLING SERVICE

3. Storage Gas Transfers

Storage Gas Sold by the Company

- a. Storage gas transfers may be required by the Company under the following conditions:
 - i. The NGS is unable to attain the storage inventory level required by the upstream storage service as a result of Customers initially receiving service from the NGS after the commencement of the Summer Period; or,
 - ii. The NGS is assigned upstream pipeline storage capacity during the Winter Period as a result of Customers initially receiving service from the NGS during the Winter Period.
- b. The maximum volume of storage gas transfers for the applicable month shall be determined as follows:
 - i. For assigned upstream pipeline storage capacity, the maximum storage gas transfer shall be the upstream pipeline storage capacity incrementally assigned for the month multiplied by the estimated beginning of the month percentage of the Company's upstream pipeline storage inventory level to the Company's upstream pipeline storage capacity.

Deleted: ratepayer

Deleted: ratepayer

Storage gas transfers shall not be allowed if in the Company's sole discretion it determines such transfers would be detrimental to the operation of the Company's system or its ability to meet Retail Sales Demand in a cost effective manner.

The storage gas transfer price each month shall be at the Company's estimated commodity cost of storage gas for the year, plus any applicable taxes. The storage gas transfer price shall be reconciled each calendar year to take into account the actual commodity cost of gas injected into storage net of withdrawals for the current year and, as applicable, the commodity cost of gas from previous years' LIFO inventory layers. The Company shall bill such additional costs as soon as practicable. With respect to storage gas transfers from upstream pipeline storage capacity, the NGS will pay an additional charge equal to the upstream pipeline storage capacity injection and storage fuel charges.

ISSUED:

EFFECTIVE:

RATE P-1
PRIORITY ONE POOLING SERVICE**3. Storage Gas Transfers (Cont.)**Storage Gas Purchased by the Company

In the event: 1) the NGS's Priority-One Pooling Agreement is terminated or canceled or 2) the NGS is no longer serving **Customers** on whose behalf the storage capacity has been assigned and to the extent the Company in its sole judgment determines it operationally requires such storage capacity to serve the returning **Customers**, the Company shall have the right, but not the obligation to purchase up to the remaining storage gas in upstream pipeline storage inventories or up to the volumes in storage attributable to the NGS's load loss, respectively. The buyback rate shall be the lower of: 1) Storage Gas Transfer Price or 2) the midpoint index price for gas delivered to Dominion Transmission, Inc.'s ("DTI") Appalachian South Point as published on the effective date of the buyback plus firm transportation charges to bring the gas to the Company's system, including applicable fuel retainage.

To the extent this provision is invoked and the NGS's storage gas in inventory is below the minimum inventory levels required by these procedures and the Company is required to purchase additional gas supplies on the open market, the NGS agrees to pay the Company an amount equal to the deficiency in volumes from the required inventory levels multiplied by the difference between the price the Company paid and the buyback rate.

ISSUED:

EFFECTIVE:

RATE P-1
PRIORITY ONE POOLING SERVICE

4. Load Forecasting

The Company will provide the Pool Operator with a daily projection of the amount of gas to be delivered to the Company to satisfy the estimated daily consumption of all the Customers in the pool (Aggregate Daily Consumption Volume) at least two days in advance of when Pool Operators must deliver volumes to the Company. The Company may issue OFOs consistent with the terms of the Company's tariff and, as a result, may provide the Pool Operator with daily projections less than two days in advance.

Deleted: ratepayer

In a format suitable to the Company, the Pool Operator will provide sufficient information about the Priority-One transportation Customers, whose natural gas requirements shall be supplied by the Pool, for the Company to identify them in the Company's billing system. In the event that those Customers shall vary during the term of the Priority One Agreement, Pool Operator shall provide an updated list of Customers to the Company as soon as reasonably possible.

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Each of the Customers of Pool Operator's Priority-One Pool must have all of their natural gas consumption over the entire Customer Billing Cycle supplied by Priority-One Pool volumes nominated by Pool Operator. Seven business days prior to the first nomination period, the Company shall provide Pool Operator an initial listing of the end-use Customer accounts to be served by the Pool Operator's Priority-One Pool during the period to which the nominations apply and one week prior to the nomination period for each subsequent month, a listing with additions and deletions from the initial list.

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Each Monday through Friday before 10:00 a.m., the Company will provide a projection of the Aggregate Daily Consumption Volume of the Customers of the Pool Operator's Priority-One Pool for the current and subsequent two days. During periods in which no Operational Flow Orders have been issued, the Company will use the following schedule to establish the Aggregate Daily Consumption Volume for which the Pool Operator will be held accountable:

Deleted: ratepayer

<u>The Projection Provided On:</u>	<u>Will Be Used to Establish the Aggregate Daily Consumption Volume Accountability for the Following:</u>
Monday	Wednesday
Tuesday	Thursday
Wednesday	Friday
Thursday	Saturday
Friday	Sunday, Monday and Tuesday

- a. During periods in which an OFO is in effect, the Company shall establish the Aggregate Daily Consumption Volume no later than 10:00 a.m. of the same Day; or,
- b. During periods when the mean average temperature is projected to be below 20 degrees Fahrenheit and the mean average temperature projection changes to be colder by at least 4 degrees Fahrenheit, the Company may establish the Aggregate Daily Consumption Volume for a particular day by giving 24 hour notice to the Pool Operator.

ISSUED:

EFFECTIVE:

RATE P-1
PRIORITY ONE POOLING SERVICE

5. Daily Gas Deliveries and Balancing

The Pool Operator must acquire an adequate supply of natural gas (including any assigned volumes) of a quality acceptable to the Company, including allowances for any retention required by upstream pipelines and the Company, and arrange for the delivery of such gas supply to delivery points specified by the Company.

Any differences between the Aggregate Daily Consumption Volume and the Daily Available Volumes during periods in which no OFOs have been issued shall be subject to the following balancing charges:

Negative Daily Imbalance - The negative imbalance volume will be sold by the Company at the Midpoint price published in Platts, Gas Daily publication, under the heading Appalachia, Dominion, South Point on the day the shortfall occurs multiplied by 120%. Volumes sold by the Company are subject to applicable taxes

Positive Daily Imbalance - The positive imbalance volume will be purchased by the Company at Midpoint price published in Platts, Gas Daily publication, under the heading Appalachia, Dominion, South Point on the day the excess occurs multiplied by 85%.

In the event Pool Operator fails to provide cumulative Daily Available Volumes plus pool-to-pool transferred volumes equal to at least 75% of cumulative daily pool requirements over two or more consecutive months, the Company may, at its sole discretion in accordance with reasonable and standard industry practice, recall or otherwise withdraw any capacity rights assigned to the Pool Operator upon five (5) days written notice to the Pool Operator and terminate the Agreement upon ten (10) days written notice to Pool Operator.

In the event the Pool Operator fails to provide Daily Available Volumes plus pool-to-pool transferred volumes equal to at least 50% of daily pool requirements for five or more days in each of two consecutive month the Company may, at its sole discretion in accordance with reasonable and standard industry practice, recall or otherwise withdraw any capacity rights assigned to the Pool Operator upon five (5) days written notice to the Pool Operator and terminate the Agreement upon ten (10) days written notice to Pool Operator.

ISSUED:

EFFECTIVE:

Deleted: Negative Daily Imbalance - A negative imbalance fee will be assessed on the shortfall of the Daily Available Volumes relative to the Aggregate Daily Consumption Volume. The negative imbalance will be sold by the Company at a price equal to the midpoint price of gas for the day using the Gas Daily index price (converted to Mcf) for gas delivered to Dominion Transmission, Inc.'s Appalachian South Point multiplied by 115%. Volumes sold by the Company are subject to applicable taxes.¶

Deleted: Positive Daily Imbalance - A positive imbalance fee will be assessed on the Daily Available Volumes in excess of the Aggregate Daily Consumption Volume. The positive imbalance will be purchased by the Company at a price equal to the midpoint price of gas for the day using the Gas Daily index price (converted to Mcf) for gas delivered to Dominion Transmission, Inc.'s Appalachian South Point multiplied by 85%.

RATE P-1
PRIORITY ONE POOLING SERVICE

6. Reconciliation of Monthly Volumes

The difference between aggregate monthly consumption volume and the sum of the aggregate daily consumption volume, as adjusted for any prior month billing corrections, shall be reconciled monthly. The difference shall be reconciled in the next calendar month following its determination (the "Adjustment Month") by adjusting the NGS's aggregate daily consumption volume on each day in the Adjustment Month by an amount equal to the difference divided by the number of days in the Adjustment Month or by other methods as made available by the Company, including, but not limited to, selling or purchasing additional supplies, transferring gas in storage, or pool-to-pool transfer.

▼
▼
▼
▼
▼

Deleted: 7. ¶

Deleted: RATE TABLE

Deleted: Pooling Fee:

Deleted: \$0.0436 pooling charge per 1,000 cubic feet (mcf) for each mcf delivered into a pool each month, net of retainage, subject to a minimum charge of \$400.00 per month, except that the pooling charge shall only be assessed to the pool which receives gas via a pool-to-pool transfer and shall not be assessed to the pool which supplies gas in a pool-to-pool transfer.

Deleted: Pool-to-Pool

Deleted: \$0.04 per 1,000 cubic feet (mcf) up to a maximum amount of \$100 per

Deleted: Transfer Fee:

Deleted: month charged to the pool which supplies volumes of gas to another pool that balances on a daily basis. Pool-to-Pool transfers may be nominated at any time during the calendar month.

ISSUED:

EFFECTIVE:

PEOPLES NATURAL GAS COMPANY LLC

SUPPLEMENT NO. 2 TO GAS—PA PUC NO. S-3
FIRST REVISED PAGE NO. 31
CANCELLING ORIGINAL PAGE NO. 31

RATE NP-1
NON-PRIORITY ONE POOLING SERVICE

AVAILABILITY

Service under this rate schedule is available to any Non-Priority One Pool Operator who has entered into a Non-Priority One Pooling Agreement with the Company and demonstrates to the Company's satisfaction that it has met the Company's creditworthiness standards and bonding requirements. Customers must assign their rights provided under the applicable transportation rate schedules to said Pool Operators.

Deleted: Ratepayer

Unless otherwise agreed to by the Company, an NGS that operates both a P1 and NP-1 pool must serve its P1 Customers from its P1 pool and serve its NP-1 Customers from its NP-1 pool. If the Non-Priority One Pool Operator supplies Priority One Customers with a total annual consumption greater than 30,000 mcf and does not operate a P1 pool, then the Non-Priority One Pool Operator shall establish a separate Priority One Pool for these Customers or eliminate sufficient Priority One Customers from the Non-Priority One Pool to reduce the total annual consumption by Priority One Customers to an amount less than 30,000 mcf.

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

Deleted: ratepayer

RULES AND CONDITIONS

1. Scheduling of Service

All transportation volumes received for Pool Operator's account at transportation receipt points shall be nominated in advance according to the procedures set forth below. Pool Operators may not nominate volumes in excess of the total maximum daily volumes of its Customers as determined by the Company or as set forth in a Customer's transportation contract with the Company, times the number of days in the month. The Company may issue Operational Flow Orders consistent with the terms of the Company's tariff.

Deleted: ratepayer

Deleted: ratepayer

2. AVC Capacity

Consistent with FERC's rules and regulations for capacity releases under state retail choice programs, upstream pipeline firm transportation capacity held by the Company on the Allegheny Valley Connector ("AVC") pipeline system may be assigned to the NGS as agent for the Customers of the NGS's Non-Priority One Pool. The assignment shall be structured as a zero cost release of capacity, provided, however, that the NGS should be responsible for paying all usage based pipeline charges. Assigned capacity shall be subject to recall to at the Company's discretion.

Deleted: Assignment of

Deleted: NGSs who take service under this rate schedule must take assignment of a pro-rata or otherwise agreed upon by the Company share of the pipeline and storage capacity held by the Company on the Allegheny Valley Connector ("AVC") pipeline system, an interstate pipeline system subject to the regulation of FERC, that would otherwise be utilized by the Company to meet the ratepayer's commodity service requirements. Assigned capacity shall be subject to recall to the extent that the NGS is unable to deliver necessary gas supplies, in which case the Company will provide for the delivery of necessary gas supplies under its supplier of last resort obligation. The capacity assignment requirements shall be subject to review in the Company's annual 1307(f) proceeding

Deleted: ratepayer

Deleted:

Deleted: -

Deleted: The term of the release may be on a seasonal basis commencing with the first month in which the NGS renders commodity service to the ratepayer to the earlier of the end of the seasonal period (winter releases shall terminate March 31 and summer releases shall terminate October 31) or the termination date of the Company's contract for service on the AVC system or the last month in which the NGS renders commodity service to the ratepayer on whose behalf the capacity has been assigned; provided however, the Company may in its discretion release such capacity on a monthly basis. ¶

Deleted: (Cont.)

Deleted:

Deleted: -

**ISSUED:
PEOPLES NATURAL GAS COMPANY LLC**

**EFFECTIVE:
SUPPLEMENT NO. 2 TO GAS—PA PUC NO. S-3
FIRST REVISED PAGE NO. 31A
CANCELLING ORIGINAL PAGE NO. 31A**

RATE NP-1 NON-PRIORITY ONE POOLING SERVICE

3. Assignment of AVC Storage Capacity

Upstream pipeline firm storage capacity held by the Company on the AVC pipeline system may be assigned to the NGS as agent for the ratepayers of the NGS's Non-Priority One Pool. With regard to capacity that represents storage service formerly provided under Rate ST and Rate ST-SW, the Company may release storage capacity on the AVC system at less than maximum rates. The release shall terminate at the end of the then-current storage season pursuant to the applicable rate schedule terms and conditions for service on the AVC system; provided however, the Company may at its discretion release such capacity on a monthly basis. 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 rules for capacity releases occurring as part of a state retail choice program.

The NGS must comply with all pipeline tariff requirements to become an eligible shipper on the AVC pipeline system. The NGS is responsible for paying the pipeline directly for capacity assigned

under these provisions, which payments shall include all applicable surcharges for service on the AVC system. To the extent that the NGS's Customers are paying equivalent capacity charges in accordance with the Company's Retail Tariff, the Company will reimburse the NGS's for these pipeline capacity charges.

The capacity released under this section shall be recallable by the Company under the following conditions:

1. The ratepayer on whose behalf the supplies have been assigned is no longer served by the NGS; or
2. The NGS has failed to comply with terms and conditions set forth herein.

4. Supply Option

The Company may make available gas supplies to Non-Priority One pools upon request. Supplies sold under this section may be recalled by the Company upon 24-hour notice.

5. Nomination Procedures

Refer to Section 11 of the Rules and Regulations.

ISSUED:

EFFECTIVE:

PEOPLES NATURAL GAS COMPANY LLC

SUPPLEMENT NO. 2 TO GAS—PA PUC NO. S-3
FIRST REVISED PAGE NO. 32
CANCELLING ORIGINAL PAGE NO. 32

PAGE INTENTIONALLY LEFT BLANK

ISSUED:

EFFECTIVE:

PEOPLES NATURAL GAS COMPANY LLC

SUPPLEMENT NO. 2 TO GAS—PA PUC NO. S-3
FIRST REVISED PAGE NO. 33
CANCELLING ORIGINAL PAGE NO. 33

PAGE INTENTIONALLY LEFT BLANK

ISSUED:

EFFECTIVE:

RATE ~~NP-1~~
NON-PRIORITY ONE POOLING SERVICE

Deleted: NON-PRIORITY ONE

6. Terms and Conditions for Non-Priority One Pool Access to Balancing Volumes

AVAILABILITY

The Company will make available for purchase by Non-Priority One pool volumes used by the Company to provide balancing services for Non-Priority One ~~Customers~~.

The Company will purchase balancing volumes based on the Summer Period schedule set forth below. Such volumes shall be purchased by the Company at the first of the month Dominion Transmission Inc. Appalachia Index price as published in *Inside FERC's Gas Market Report*. The Company will sell balancing volumes on the Winter Period schedule set forth below. Such monthly volumes shall be sold to Non-Priority One pools at a price equal to the sum of:

1. Weighted average cost of balancing volumes purchased during the summer season;
2. The Company's carrying costs associated with balancing volumes purchased by the Company to be sold to Non-Priority One pools. The rate used to calculate the carrying costs shall be based on the Company's actual short-term debt cost rate ; and
3. Any applicable interstate pipeline volumetric charges and fuel associated with the delivery of any balancing volumes to the Company's system.

All of the revenues generated by the sale of balancing gas to the Non-Priority One pools shall be credited to ~~Customers~~ through the 1307(f) mechanism.

Deleted: ratepayer

The amount of balancing volumes to be made available for purchase by each Non-Priority One pool will be determined based on the percentage of ~~projected balancing fee revenues~~, served by each Non-Priority One pool to total ~~projected balancing fee revenues~~, served by all Non-Priority One pools, based on February business of each year. The Company will inform each Non-Priority One pool of its allocation of balancing volumes available for purchase no later than nine business days before the end of March and each Non-Priority One pool must inform the Company of the amount of balancing volumes to be purchased, up to 100 percent of its allocated volumes, no later than six business days before the end of March. Any balancing volumes not accepted for purchase by a Non-Priority One pool shall be utilized by the Company and will not be made available to other Non-Priority One pools throughout the winter season. The amount of balancing volumes accepted by a Non-Priority One pool shall be final for the ensuing winter period and shall fix the volume of balancing to be purchased and which the Non-Priority One pool is obligated to utilize throughout the entire winter period.

Deleted: annual volumes

Deleted: annual volumes

Deleted:

ISSUED:

EFFECTIVE:

6. Terms and Conditions for Non-Priority One Pool Access to Balancing Volumes (cont.)

SUMMER PERIOD PURCHASE

Balancing volumes will be purchased by the Company according to the following schedule, with daily purchase volumes in a given month determined by dividing the monthly amount by the number of days in the month:

April and October - $1/12^{\text{th}}$ of allocated balancing volumes
May – September - $1/6^{\text{th}}$ of allocated balancing volumes

WINTER PERIOD SALE

Balancing volumes shall be sold by the Company according to the following schedule, with daily volumes in a given month determined by dividing the monthly amount by the number of days in the month:

November - 9 percent of allocated balancing volumes
December - 17 percent of allocated balancing volumes
January - 27 percent of allocated balancing volumes
February - 27 percent of allocated balancing volumes
March - 20 percent of allocated balancing volumes

ISSUED:

EFFECTIVE:

RATE NP-1
NON-PRIORITY ONE POOLING SERVICE

Deleted: NON-PRIORITY ONE

6. Terms and Conditions for Non-Priority One Pool Access to Balancing Volumes (continued)

OTHER PROVISIONS

Annual Level of Balancing Volumes to be Made Available for Purchase

On an ongoing annual basis, the Company shall review the total level of balancing volumes made available for sale to Non-Priority One pools and, based on changes in the total annual volumes served by all Non-Priority One pools, may revise from year to year the total level of available balancing volumes. Any proposed revisions to the total level of balancing volumes shall be reflected in the Company's annual 1307(f) filings and will be determined by multiplying a factor of 46.7% times forecasted January Non-Priority One transportation usage. The Company shall, for a period of three years, notify active Non-Priority One suppliers of any proposed revision to the total level of balancing volumes at the time of any annual 1307(f) filing containing such a revision.

Calendar Month Pool Supply

Balancing gas volumes purchased will be considered as part of the Monthly Available Volumes and will have the priority immediately following pay-back of prior month advanced and banked volumes.

All Supplier Tariff provisions shall apply to Non-Priority One pool access to balancing volumes unless otherwise modified herein.

Deleted: 5. Monthly Balancing

Deleted: Until March 31, 2016, The Company shall provide a monthly balancing service to Non-Priority One Pools.

Deleted: Any difference between the customers' Aggregate Monthly Consumption Volume and the total Monthly Available Volumes shall be subject to monthly balancing.

Deleted: Negative Monthly Imbalance – The negative imbalance volume will be sold by the Company at a price equal to the highest midpoint price published in Platts, Gas Daily publication, under Appalachia DTI Southpointe for the month multiplied by 115%.

Deleted: Positive Monthly Imbalance – The positive imbalance volume will be purchased by the Company at a price equal to the lowest midpoint price published in Platts, Gas Daily publication, under Appalachia DTI Southpointe for the month multiplied by 85%.

Deleted: Effective April 1, 2016, the Company shall provide daily load forecasting and balancing for Non-Priority

Deleted: One Pools

Deleted: ratepayer

7. Daily Load Forecasting and Balancing

The Company will provide the Pool Operator with a daily projection of the amount of gas to be delivered to the Company to satisfy the estimated daily consumption of all the Customers in the pool (Aggregate Daily Consumption Volume) at least 7 days in advance of the start of the month. This projection will be based on estimated monthly usage divided by the number of days within the month. The Aggregate Daily Consumption Volume will remain the same throughout the month and any difference in actual monthly usage will be reflected in the calculation of the following month's Aggregate Daily Consumption Volume. The Company reserves the right to adjust the Aggregate Daily Consumption Volume due to weather or large known consumption variations.

ISSUED:

PEOPLES NATURAL GAS COMPANY LLC

EFFECTIVE:

SUPPLEMENT NO. 2 TO GAS—PA PUC NO. S-3
FIRST REVISED PAGE NO. 35A
CANCELLING ORIGINAL PAGE NO. 35A

RATE NP-1
NON-PRIORITY ONE POOLING SERVICE (cont.)

Deleted: NON-PRIORITY ONE

7. Daily Load Forecasting and Balancing (Cont.)

Any difference between the Customers' Aggregate Daily Consumption Volume and the Daily Available Volumes, during periods in which no OFOs have been issued, shall be subject to the following balancing charges:

Negative Daily Imbalance - The negative imbalance volume will be sold by the Company at the Midpoint price published in Platts, Gas Daily publication, under the heading Appalachia, Dominion, South Point on the day the shortfall occurs multiplied by 120%. Volumes sold by the Company are subject to applicable taxes.

Positive Daily Imbalance - The positive imbalance volume will be purchased by the Company at Midpoint price published in Platts, Gas Daily publication, under the heading Appalachia, Dominion, South Point on the day the excess occurs multiplied by 85%



In the event Pool Operator fails to provide cumulative Daily Available Volumes plus pool-to-pool transferred volumes equal to at least 75% of cumulative daily pool requirements over two or more consecutive months, the Company may, at its sole discretion, in accordance with reasonable and standard industry practice, terminate the Pooling Agreement.

The difference between Calendar Month Pool Supply and Calendar Month Pool Sendout, as adjusted for any prior month billing corrections, may be reconciled monthly. The difference shall be reconciled in the next calendar month following its determination (the "Adjustment Month") by adjusting the NGS's Daily Available Volume on each day in the Adjustment Month by an amount equal to the difference divided by the number of days in the Adjustment Month or by other methods made available by the Company including, but not limited to, the selling or purchasing additional supplies, transferring gas in storage, or pool-to-pool transfer.

Deleted: Negative Daily Imbalance - The negative imbalance volume will be sold by the Company at the Midpoint price published in Platts, Gas Daily publication, under the heading Appalachia, Dominion, South Point on the day the shortfall occurs multiplied by 115%. Volumes sold by the Company are subject to applicable taxes¶

Deleted: Positive Daily Imbalance - The positive imbalance volume will be purchased by the Company at Midpoint price published in Platts, Gas Daily publication, under the heading Appalachia, Dominion, South Point on the day the excess occurs multiplied by 85%.

ISSUED:

EFFECTIVE:

RATE NP-1
NON-PRIORITY ONE POOLING SERVICE

8. Local Gas Volumes

Refer to Rule 11, part (c), for nomination and reconciliation details.

▼

▼

▼

▼

▼

▼

▼

▼

▼

▼

ISSUED:

EFFECTIVE:

RATE LGA
LOCAL GAS AGGREGATION SERVICE

AVAILABILITY

Service under this rate schedule is available to any Aggregator who has entered into a Local Gas Aggregation Agreement with the Company and demonstrates to the Company's satisfaction that it has met the Company's creditworthiness standards and bonding requirements.

The locally produced gas nominated out of the Local Gas Aggregation Pool will be balanced monthly with actual production delivered into the Company's system.

RULES AND CONDITIONS

1. Points of Receipt

Deleted: NON-PRIORITY ONE

Deleted: Reconciliation of

Deleted: No later than five days prior to the end of each month, the Company will set a Gross Production Projection (GPP) nomination for the following month. The initial GPP nomination shall be based on recent available production data but may be subject to adjustment by the Company to reflect known and anticipated production changes provided by the Pool or Local Gas Aggregator and confirmed by the Company. The confirmed volumes will be used for reconciling local gas nominations and actual production. Confirmed GPP nominations will be credited to Pool Operator's account on the date specified in the Pool Operator's nomination. When actual local gas volumes delivered to the Company are known, any discrepancies between actual and nominated local gas volumes will be reconciled in the first full calendar month following the determination of actual local gas volumes (the "Adjustment Month") by adjusting the Pool Operator's monthly available volume.

Deleted: The volumetric discrepancy between the actual produced local gas volumes and the nominated local gas volumes will be reconciled in the Adjustment Month by adjusting the Pool Operator's Monthly Available Volume in the Adjustment Month by an amount equal to the volumetric discrepancy

Deleted: Local gas volumes supplied from a Local Gas Aggregation Pool are not subject to this reconciliation

Deleted: RATE TABLE

Deleted: Pooling Fee

Deleted: \$0.0436 pooling charge per 1,000 cubic feet (mcf) for each mcf delivered into a pool each month, net of retainage, subject to a minimum charge of \$800.00 per month. The pooling ch[... [1]

Deleted: Pool-to-Pool

Deleted: \$0.04 per 1,000 cubic feet (mcf) up to a maximum amount of \$100 per month

Deleted: Transfer Fee:

Deleted: assessed to the pool which supplies volumes of gas to another [... [2]

Deleted: Imbalance

Deleted: \$0.04 per 1,000 cubic feet (mcf) up to a maximum of \$100 per month charged to the

Deleted: Trading Fee

Deleted: pool which supplies volumes of gas to another Non-Priority One pool or ¶ [... [3]

Deleted: Priority-One pool that balances on the same basis. These fees shall also apply to the

Deleted: Balanced

Deleted: pool that transfers storage inventory volumes to a Priority-One pool after the e [... [4]

Deleted: of the calendar . month. Imbalance trades must be nominated by 5:00 p.m. o [... [5]

Deleted: full business day after the Company provides actual consumption volumes to [... [6]

Deleted: Operator.

The points of receipt for local gas aggregation shall be those metering stations identified by the Aggregator in its Measurement Operating Agreement with the Company or any other designated point where gas is delivered into the Company's system. The Aggregator will pay for any investment costs required to receive 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.

2. Nomination of Aggregated Production

Refer to Rule 11 of the Rules and Regulations.

ISSUED:

EFFECTIVE:

**RATE LGA
LOCAL GAS AGGREGATION SERVICE**

3. Aggregation Balancing

Volumes nominated into a Local Gas Aggregation Pool shall equal the volumes delivered out of the Local Gas Aggregation Pool. Aggregators will not be permitted to deliver more gas out of the pool than is nominated into the pool in any given month. If daily volumes nominated into a Local Gas Aggregation Pool are greater than the daily volumes delivered out of the Local Gas Aggregation Pool, those volumes shall be sold to the Company at the Midpoint price published in Platts, Gas Daily publication, under the heading Appalachia, Dominion, South Point on the day the excess occurs multiplied by 85%.

Deleted: a price using the first of the month IFERC DTI Appalachia Index multiplied by 85%.

4. Procedures When a Local Gas Aggregator Exits the System

Refer to Rule 11, part (c).

Deleted: Balancing of local supplies for the exiting aggregator's final month of service shall be performed in accordance with the "Monthly Balancing" provisions under Rate NP-1. No imbalance price multipliers will be applied.

Deleted: Rate Table

Deleted: Aggregation

Deleted: \$0.0436 aggregation charge per 1,000 cubic feet (mcf) for each mcf delivered out of

Deleted: Fee:

Deleted: the Local Gas Aggregation Pool each month subject to a minimum charge of \$100 per

Deleted: month. The aggregation fee will not be applied to volumes supplied to a Non-Priority

Deleted: One, Priority One Pool, or Local Gas Aggregation Pool which will be subject to a pooling/aggregation fee. The aggregation fee shall not be applied to volumes delivered off system by Peoples. Gas volumes delivered off system by Peoples shall be subject to an off system transportation fee.

Deleted: Pool-to-Pool

Deleted: \$0.04 per 1,000 cubic feet (mcf) up to a maximum amount of \$100 per

Deleted: Transfer Fee

Deleted: month charged to any Local Gas Aggregation pool which supplies volumes of gas to

Deleted: another Local Gas Aggregation pool.

ISSUED:

EFFECTIVE:

RATE SBS
SUPPLIER BILLING SERVICE

AVAILABILITY

Service under this rate schedule is available to the NGS which receives service under Rate P-1 or Rate NP-1 and elects to have the Company bill Customers for natural gas supplied by the NGS.

RULES AND CONDITIONS

1. Limitations

The Company shall provide service under this rate schedule provided that its billing systems have the capacity and capability to bill the rate plans offered by the NGS. The Company shall maintain a limited amount of billing system space and accordingly, shall offer only a limited number of price plans per NGS. The Company shall not be required to make programming changes to accommodate the NGS's rate structure.

2. Notifications

Prior to the NGS commencing marketing, the NGS shall provide a written copy of its rate structure to the Company. All rate information received by the Company shall be confidential.

The NGS shall be notified within ten (10) business days after the Company receives a written copy of the NGS's rate structure if such rate structure can (or cannot) be accommodated by the Company's billing system. The NGS shall not commence marketing until it receives a positive affirmation that its rate structure can be accommodated by the Company.

The NGS must provide fifteen (15) day's notice to the Company of any rate changes, which changes shall be subject to the Company's approval based on the Company's ability to accommodate such changes in its programming. Approved rate changes shall be effective on the Customer's next billing date.

3. Bill Content

The bill sent to the Customer shall be provided under the following conditions:

- a. The NGS's name, phone number, business address and internet address shall appear on the bill so the NGS can answer any Customer questions regarding commodity charges.
- b. The billing envelope shall not provide space for inserts from the NGS. The bill shall not include messages from the NGS.
- c. The bill shall contain the NGS's Commodity charges. The Company shall not be required to bill any charges other than gas commodity charges.
- d. The Company will house, bill and display sales tax on the commodity and remit sales tax to the state. The NGS appoints the Company as its agent for the limited purpose of collecting and remitting the NGS's sales tax, and further agrees to indemnify and hold the Company harmless for any claims, suits and/or damages that arise due to the Company acting as the NGS's agent in collecting and remitting such taxes.
- e. The Company shall offer a separate billing option for residential Customers to equalize monthly payments.

Deleted: customer

Deleted: ratepayer

Deleted: ¶

ISSUED:

EFFECTIVE:

RATE SBS
SUPPLIER BILLING SERVICE

4. Purchase of Receivables

NGSs that receive service under this rate schedule may elect to have the Company purchase its accounts receivables. The NGS's option to participate or not participate in the Purchase of Receivables (POR) program is limited to once per year. If an existing NGS elects to participate in the POR program, the Company will not purchase accounts receivable balances that existed prior to the NGS's election to participate in the POR program.

Purchase of Receivables Option

The following operating rules will apply to any NGS electing to participate in the POR program:

1. The POR program is only available to NGSs that operate a P-1 or NP-1 pool. The Company shall purchase receivables for all Customers in a participating pool. All Customers served from a P-1 pool are eligible to have their receivables purchased by the Company. If a NP-1 pool opts to participate in the POR program, the Company shall purchase receivables for only residential and small business Customers (as defined in § 62.72 of the Commission's Regulations). NGSs serving NP-1 Customers and participating in the POR program must operate a separate NP-1 pool for residential and small business Customers (POR pool) and a separate NP-1 pool for all other Customers;
2. The NGS must include all of its accounts receivable related to commodity sales in its P-1 pool or its NP-1 POR pool. (Refer to Availability under Rate P-1 and Rate NP-1.)
3. Only receivables associated with basic gas supply will be eligible for purchase by the Company. Basic gas supply does not include a non-gas supply product, carbon-neutral products not tied to the actual provision of natural gas to Customers or security deposits assessed by a natural gas supplier. For residential accounts, basic gas supply shall also not include early contract cancellation fees or late fees;
4. In order to participate in the POR program, the NGS must use consolidated billing services under this rate schedule. Should the NGSs participating in the POR program, wish to offer products that are bundled with non-basic services, or where the Company's billing service cannot accommodate the NGS's charge for basic supply, the NGS may issue a separate bill for such service or product for that Customer. NGS separately billed items will not be included in the POR program;
5. The Company will purchase NGS receivables at a discount rate equal to the write-off factor used to derive the Merchant Function Charge. The discount rate for residential Customer receivables is 2.49%. The discount rate for commercial and industrial Customer receivables is 0.21%. The discount rate applicable to each POR pool (Pool Discount Rate) shall be established by the Company and shall be based on the weighted average of the class specific accounts receivables and the class specific discount rates stated above. The Company shall have the right to review and adjust the Pool Discount Rate on a monthly basis to reflect the actual mix of Customers served by the pool;
6. An administrative adder of 0.0213%, will also be applicable to purchased receivables. The administrative adder will be eliminated once actual costs of establishing the POR program are recovered;
7. The Company shall terminate for the full amount of purchased receivables and require full payment for reconnection in accordance with the service termination provisions of Chapter 14 of the PA Public Utility Code and Chapter 56 of the Commission's regulations;
8. The Company shall inform all eligible Customers by separate bill insert of the policy for termination of service and that service may be terminated for failure to pay NGS supply charges. Further, the enrollment letter sent to Customers selecting a NGS shall state that service may be terminated for failure to pay NGS supply charges;
9. The NGS must confirm to the Company that their Customer terms and conditions are appropriately revised to reflect their collection rights; and

Deleted: 3.55

Deleted: 77

Deleted: 417%

ISSUED:

EFFECTIVE:

**RATE SBS
SUPPLIER BILLING SERVICE**

Purchase of Receivables (continued)

10. The NGS will not deny service to residential Customers whose accounts are included in POR for credit-related reasons and will not ask residential Customers for deposits separate from any deposit required by the Company pursuant to Commission regulations.

Non-Purchase of Receivables Option

The Company will remit to the NGS on a monthly basis all amounts actually paid to the Company by the Customer relating to the charges billed to the Customer on behalf of the NGS, net of amounts due to the Company from the NGS. The amounts remitted to the NGS shall also conform to requirements on the Application of Partial Payments – Rule 5.

Deleted: ratepayer
Deleted: ratepayer

5. Application of Partial Payments

The Company will apply partial payments in accordance with Commission guidelines. The following order for the application of partial payments shall apply to all residential Customers and for other Customers whose gas supply contract does not specify the application of partial payments:

Deleted: ratepayer
Deleted: ratepayer

- a. Payment agreement for pre-existing balance;
- b. Current company charges;
- c. NGS charges;
- d. Non-basic service charges; and
- e. Hardship energy fund contribution

RATE TABLE

Billing Fee: \$0.15 billing charge per Customer per month.

To the extent the NGS has provided the Company with inaccurate or erroneous information which requires an adjustment to Customer's bills, the NGS agrees to pay the Company \$2.00 per bill for bill credits and \$4.00 per bill for any Customer's bill that must be canceled and rebilled. The Company may assess a nominal fee to a NGS for reproduction copies of any daily or monthly file previously provided by the Company.

Deleted: c
Deleted: ratepayer
Deleted: ratepayer

ISSUED:

EFFECTIVE:

Page 45: [1] Deleted Administrator 12/31/2018 6:35:00 AM

\$0.0436 pooling charge per 1,000 cubic feet (mcf) for each mcf delivered into a pool each month, net of retainage, subject to a minimum charge of \$800.00 per month. The pooling charge shall only be assessed to the pool which receives gas via a pool-to-pool transfer and shall not be assessed to the pool which supplies gas in a pool-to-pool transfer and/or an imbalance trade.

Page 45: [2] Deleted Administrator 12/31/2018 6:35:00 AM

assessed to the pool which supplies volumes of gas to another pool balancing on the same basis, either daily or monthly. Pool-to-Pool Transfers occurring during a calendar month may be nominated at any time during the calendar month but no later than by 5:00 p.m. on the second business day of the following calendar month.

Page 45: [3] Deleted Administrator 12/31/2018 6:36:00 AM

pool which supplies volumes of gas to another Non-Priority One pool or
For Monthly

Page 45: [4] Deleted Administrator 12/31/2018 6:36:00 AM

pool that transfers storage inventory volumes to a Priority-One pool after the end
Pools

Page 45: [5] Deleted Administrator 12/31/2018 6:36:00 AM

of the calendar month. Imbalance trades must be nominated by 5:00 p.m. on the fourth

Page 45: [6] Deleted Administrator 12/31/2018 6:36:00 AM

full business day after the Company provides actual consumption volumes to the Pool

APPENDIX “C”

PEOPLES NATURAL GAS COMPANY
Final Revenue Allocation
Docket No. R-2018-3008618

Line	Rate Classification	Present	Settlement Base Rate Increase		Percent of	Proposed
		Base Revenue	Amount	Percent	Total Revenue	Base Revenue
		(1)	(2)	(3)	(4)	(5)
1	Residential Service	\$265,681,853	\$46,939,801	17.7%	74.1%	\$312,621,654
<u>Small General Service:</u>						
2	Non-Competitive	\$32,004,196	\$6,131,754	19.2%		\$38,135,950
3	Competitive	\$2,779	\$0	0.0%		\$2,779
4	Total SGS	\$32,006,975	\$6,131,754	19.2%	9.7%	\$38,138,729
<u>Medium General Service:</u>						
5	Non-Competitive	\$42,297,425	\$6,612,510	15.6%		\$48,909,935
6	Competitive	\$480,032	\$0	0.0%		\$480,032
7	Total SGS	\$42,777,457	\$6,612,510	15.5%	10.4%	\$49,389,967
<u>Large General Service:</u>						
8	Non-Competitive	\$25,352,082	\$3,700,038	14.6%		\$29,052,120
9	Competitive	\$11,395,291	\$0	0.0%		\$11,395,291
10	Total SGS	\$36,747,373	\$3,700,038	10.1%	5.8%	\$40,447,411
11	Total Rate Revenue	\$377,213,658	\$63,384,103	16.8%	100.0%	
<u>Other Revenues:</u>						
12	Forfeited Discounts	\$4,405,264	\$425,953	9.7%		\$4,831,217
13	Misc. Services	\$3,254,481	-\$2,378,515	-73.1%		\$875,966
14	Trans. via Gathering	\$3,376,781	\$0	0.0%		\$3,376,781
15	Rent Gas Property	\$173,982	\$0	0.0%		\$173,982
16	Other Gas Revenues	\$7,631,760	-\$1,931,541	-25.3%		\$5,700,219
17	Total Oher Revenues	\$18,842,268	-\$3,884,103	-20.6%		\$14,958,165
18	TOTAL	\$396,055,926	\$59,500,000	15.0%		\$455,555,926

APPENDIX “D”

Residential Class

	<u>Division</u>	<u>Quantity or MCF</u>	<u>Rate</u>	<u>Revenues Present Rates</u>	<u>Proposed Rates</u>	<u>Revenues Proposed Rates</u>
Sales						
<u>Customer Charges</u>						
Base Customer Charge:						
	Peoples	3,070,920	\$ 13.95	\$ 42,839,334	\$ 14.50	\$ 44,528,340
	Equitable	2,697,726	\$ 13.25	\$ 35,744,870	\$ 14.50	\$ 39,117,027
Rider DSIC Fixed Charge:						
	Peoples	3,070,920	\$ 0.6975	\$ 2,141,967	\$ -	\$ -
	Equitable	2,697,726	\$ 0.6625	\$ 1,787,243	\$ -	\$ -
Rider TCJA Fixed Charge:						
	Peoples	3,070,920	\$ (0.6728)	\$ (2,066,184)	\$ -	\$ -
	Equitable	2,697,726	\$ (0.9508)	\$ (2,564,909)	\$ -	\$ -
Rider Supplier Choice Fixed Charge:						
	Peoples	2,861,972	\$ 0.0115	\$ 32,913	\$ 0.0067	\$ 19,175
	Equitable	2,538,625	\$ 0.0001	\$ 254	\$ 0.0067	\$ 17,009
<u>MCF Usage</u>						
Base Cost of Gas	Peoples	22,085,640	\$ 4.5679	\$ 100,884,997	\$ 4.5679	\$ 100,884,997
Delivery Rate	Peoples	22,085,640	\$ 3.1330	\$ 69,194,311	\$ 3.9608	\$ 87,476,804
CAP Rate	Peoples	1,896,417		\$ (5,966,701)		\$ (7,374,412)
Rider STAS	Peoples	22,085,640	\$ (0.0072)	\$ (159,147)	\$ -	\$ -
Rider MFC	Peoples	22,085,640	\$ 0.1024	\$ 2,262,218	\$ 0.0982	\$ 2,168,810
Rider USR	Peoples	20,189,223	\$ 0.4667	\$ 9,422,311	\$ 0.4094	\$ 8,265,468
Rider GPC	Peoples	22,085,640	\$ 0.1055	\$ 2,330,035	\$ 0.0801	\$ 1,769,060
Rider Rate Credit	Peoples	22,085,640	\$ -	\$ -	\$ -	\$ -
Rider DSIC	Peoples	22,085,640	\$ 0.1904	\$ 4,204,697	\$ -	\$ -
Rider TCJA	Peoples	22,085,640	\$ (0.1511)	\$ (3,337,311)	\$ -	\$ -
Base Cost of Gas	Equitable	19,155,419	\$ 4.5679	\$ 87,500,038	\$ 4.5679	\$ 87,500,038
Delivery Rate	Equitable	19,155,419	\$ 3.1687	\$ 60,697,776	\$ 3.9608	\$ 75,870,783
CAP Rate	Equitable	1,511,380		\$ (5,003,172)		\$ (6,071,113)
Rider STAS	Equitable	19,155,419	\$ (0.0304)	\$ (582,699)	\$ -	\$ -
Rider MFC	Equitable	19,155,419	\$ 0.1024	\$ 1,961,515	\$ 0.0982	\$ 1,881,062
Rider USR	Equitable	17,644,039	\$ 0.2040	\$ 3,599,384	\$ 0.4094	\$ 7,223,469
Rider GPC	Equitable	19,155,419	\$ 0.1055	\$ 2,020,897	\$ 0.0801	\$ 1,534,349
Rider DSIC	Equitable	19,155,419	\$ 0.1790	\$ 3,429,395	\$ -	\$ -
Rider TCJA	Equitable	19,155,419	\$ (0.2274)	\$ (4,355,430)	\$ -	\$ -
Total Sales Revenue		41,241,059		\$ 406,018,600		\$ 444,810,867

Residential Class

	<u>Division</u>	<u>Quantity or MCF</u>	<u>Rate</u>	<u>Revenues Present Rates</u>	<u>Proposed Rates</u>	<u>Revenues Proposed Rates</u>
Transport						
<u>Customer Charges</u>						
	Peoples	925,717	\$ 13.95	\$ 12,913,752	\$ 14.50	\$ 13,422,897
	Equitable	277,595	\$ 13.25	\$ 3,678,134	\$ 14.50	\$ 4,025,128
Rider DSIC Fixed Charge						
	Peoples	925,717	\$ 0.6975	\$ 645,688	\$ -	\$ -
	Equitable	277,595	\$ 0.6625	\$ 183,907	\$ -	\$ -
Rider TCJA Fixed Charge						
	Peoples	925,717	\$ (0.6728)	\$ (622,843)	\$ -	\$ -
	Equitable	277,595	\$ (0.9508)	\$ (263,928)	\$ -	\$ -
Rider Supplier Choice Fixed Charge:						
	Peoples	925,717	\$ 0.0115	\$ 10,646	\$ 0.0067	\$ 6,202
	Equitable	277,595	\$ 0.0001	\$ 28	\$ 0.0067	\$ 1,860
<u>MCF Usage</u>						
Base Cost of Gas	Peoples	6,864,117	\$ 1.6623	\$ 11,410,221	\$ 1.6623	\$ 11,410,221
Delivery Rate	Peoples	6,864,117	\$ 3.1330	\$ 21,505,277	\$ 3.9608	\$ 27,187,393
Rider STAS	Peoples	6,864,117	\$ (0.0072)	\$ (49,462)	\$ -	\$ -
Rider MFC	Peoples	6,864,117	\$ 0.0270	\$ 185,331	\$ 0.0259	\$ 177,781
Rider USR	Peoples	6,864,117	\$ 0.4667	\$ 3,203,483	\$ 0.4094	\$ 2,810,169
Rider Rate Credit	Peoples	6,864,117	\$ -	\$ -	\$ -	\$ -
Rider DSIC	Peoples	6,864,117	\$ 0.1813	\$ 1,244,705	\$ -	\$ -
Rider TCJA	Peoples	6,864,117	\$ (0.1511)	\$ (1,037,221)	\$ -	\$ -
Base Cost of Gas	Equitable	1,947,758	\$ 1.6623	\$ 3,237,758	\$ 1.6623	\$ 3,237,758
Delivery Rate	Equitable	1,947,758	\$ 3.1687	\$ 6,171,860	\$ 3.9608	\$ 7,714,679
Rider STAS	Equitable	1,947,758	\$ (0.0304)	\$ (59,250)	\$ -	\$ -
Rider MFC	Equitable	1,947,758	\$ 0.0270	\$ 52,589	\$ 0.0259	\$ 50,447
Rider USR	Equitable	1,947,758	\$ 0.2040	\$ 397,343	\$ 0.4094	\$ 797,412
Rider DSIC	Equitable	1,947,758	\$ 0.1700	\$ 331,119	\$ -	\$ -
Rider TCJA	Equitable	1,947,758	\$ (0.2274)	\$ (442,868)	\$ -	\$ -
Total Transportation Revenue		8,811,874		\$ 62,696,267		\$ 70,841,945
Total Sales and Transportation Revenue		50,052,933		\$ 468,714,867		\$ 515,652,812
Less: Gas Costs				\$ 203,033,013		\$ 203,033,013
Residential Base Revenue				\$ 265,681,854		\$ 312,619,799
				Per Final Revenue Allocation		\$ 312,621,654
				Rate variance		\$ (1,855)

**Small General Service Class
0 to 1,000 Mcf/Yr.**

	<u>Previous Class</u>	<u>Division</u>	<u>Quantity or MCF</u>	<u>Present Rate</u>	<u>Revenues Present Rates</u>	<u>Proposed Rates</u>	<u>Revenues Proposed Rates</u>
Sales							
<u>Customer Charges</u>							
Base Customer Charge:							
0-499	Commercial SGS - 1	Peoples	194,181	\$ 14.88	\$ 2,889,421	\$ 20.00	\$ 3,883,630
0-499	GSS - 1	Equitable	132,753	\$ 17.00	\$ 2,256,796	\$ 20.00	\$ 2,655,055
500 - 999	Commercial SGS - 2	Peoples	17,335	\$ 27.00	\$ 468,045	\$ 40.00	\$ 693,400
500 - 999	GSS - 2	Equitable	14,279	\$ 28.00	\$ 399,812	\$ 40.00	\$ 571,160
Rider DSIC Fixed Charge:							
0-499	Commercial SGS - 1	Peoples	194,181	\$ 0.74	\$ 144,471	\$ -	\$ -
0-499	GSS - 1	Equitable	132,753	\$ 0.85	\$ 112,840	\$ -	\$ -
500 - 999	Commercial SGS - 2	Peoples	17,335	\$ 1.35	\$ 23,402	\$ -	\$ -
500 - 999	GSS - 2	Equitable	14,279	\$ 1.40	\$ 19,991	\$ -	\$ -
Rider TCJA Fixed Charge:							
0-499	Commercial SGS - 1	Peoples	194,181	\$ (0.7177)	\$ (139,360)	\$ -	\$ -
0-499	GSS - 1	Equitable	132,753	\$ (1.2199)	\$ (161,939)	\$ -	\$ -
500 - 999	Commercial SGS - 2	Peoples	17,335	\$ (1.3022)	\$ (22,574)	\$ -	\$ -
500 - 999	GSS - 2	Equitable	14,279	\$ (2.0092)	\$ (28,689)	\$ -	\$ -
Rider Supplier Choice Fixed Charge:							
0-499	Commercial SGS - 1	Peoples	194,181	\$ 0.0115	\$ 2,233	\$ 0.0067	\$ 1,301
0-499	GSS - 1	Equitable	132,753	\$ 0.0001	\$ 13	\$ 0.0067	\$ 889
500 - 999	Commercial SGS - 2	Peoples	17,335	\$ 0.0115	\$ 199	\$ 0.0067	\$ 116
500 - 999	GSS - 2	Equitable	14,279	\$ 0.0001	\$ 1	\$ 0.0067	\$ 96
<u>MCF Usage</u>							
Base Cost of Gas	Commercial SGS	Peoples	3,519,431	\$ 4.5199	\$ 15,907,475	\$ 4.5199	\$ 15,907,475
Delivery Rate	Commercial SGS	Peoples	3,519,431	\$ 2.1939	\$ 7,721,279	\$ 2.7000	\$ 9,502,463
Rider STAS	Commercial SGS	Peoples	3,519,431	\$ (0.0050)	\$ (17,759)	\$ -	\$ -
Rider MFC	Commercial SGS	Peoples	3,519,431	\$ 0.0261	\$ 91,857	\$ 0.0083	\$ 29,211
Rider GPC	Commercial SGS	Peoples	3,519,431	\$ 0.1055	\$ 371,300	\$ 0.0801	\$ 281,906
Rider Rate Credit	Commercial SGS	Peoples	3,519,431	\$ -	\$ -	\$ -	\$ -
Rider DSIC	Commercial SGS	Peoples	3,519,431	\$ 0.1163	\$ 409,222	\$ -	\$ -
Rider TCJA	Commercial SGS	Peoples	3,519,431	\$ (0.1058)	\$ (372,405)	\$ -	\$ -
Base Cost of Gas	GSS	Equitable	2,522,776	\$ 4.5199	\$ 11,402,697	\$ 4.5199	\$ 11,402,697
Delivery Rate	GSS	Equitable	2,522,776	\$ 2.5910	\$ 6,536,513	\$ 2.7000	\$ 6,811,496
Rider STAS	GSS	Equitable	2,522,776	\$ (0.0249)	\$ (62,751)	\$ -	\$ -
Rider MFC	GSS	Equitable	2,522,776	\$ 0.0261	\$ 65,792	\$ 0.0083	\$ 20,939
Rider GPC	GSS	Equitable	2,522,776	\$ 0.1055	\$ 266,153	\$ 0.0801	\$ 202,074
Rider DSIC	GSS	Equitable	2,522,776	\$ 0.1361	\$ 343,423	\$ -	\$ -
Rider TCJA	GSS	Equitable	2,522,776	\$ (0.1859)	\$ (469,034)	\$ -	\$ -
Total Sales Revenue			6,042,207		\$ 48,158,426		\$ 51,963,909.0

Industrial Sales Legacy

Customer Charges

Base Customer Charge:

0-499	Industrial SGS-1	Peoples	67	\$ 20.00	\$ 1,340	\$ 20.00	\$ 1,340.00
500 - 999	Industrial SGS-2	Peoples	30	\$ 27.00	\$ 810	\$ 40.00	\$ 1,200.00

Rider DSIC Fixed Charge:

0-499	Industrial SGS-1	Peoples	67	\$ 1.00	\$ 67	\$ -	\$ -
500 - 999	Industrial SGS-2	Peoples	30	\$ 1.35	\$ 41	\$ -	\$ -

Rider TCJA Fixed Charge:

0-499	Industrial SGS-1	Peoples	67	\$ (0.9646)	\$ (65)	\$ -	\$ -
500 - 999	Industrial SGS-2	Peoples	30	\$ (1.3022)	\$ (39)	\$ -	\$ -

Rider Supplier Choice Fixed Charge:

0-499	Industrial SGS-1	Peoples	67	\$	0.0115	\$	1	\$	0.0067	\$	0.45
500 - 999	Industrial SGS-2	Peoples	30	\$	0.0115	\$	0	\$	0.0067	\$	0.20

MCF Usage

Base Cost of Gas	Industrial SGS	Peoples	3,350	\$	4.5199	\$	15,143	\$	4.5199	\$	15,143.0
Delivery Rate	Industrial SGS	Peoples	3,350	\$	1.7623	\$	5,904	\$	2.5012	\$	8,379.8
Rider STAS	Industrial SGS	Peoples	3,350	\$	(0.0041)	\$	(14)	\$	-	\$	-
Rider MFC	Industrial SGS	Peoples	3,350	\$	0.0261	\$	87	\$	0.0083	\$	27.8
Rider GPC	Industrial SGS	Peoples	3,350	\$	0.1055	\$	353	\$	0.0801	\$	268.4
Rider Rate Credit	Industrial SGS	Peoples	3,350	\$	-	\$	-	\$	-	\$	-
Rider DSIC	Industrial SGS	Peoples	3,350	\$	0.0947	\$	317	\$	-	\$	-
Rider TCJA	Industrial SGS	Peoples	3,350	\$	(0.0850)	\$	(285)	\$	-	\$	-
Total Industrial Sales Revenue			3,350			\$	23,662			\$	26,360
Total Sales Revenue			6,045,557			\$	48,182,088			\$	51,990,269

**Small General Service Class
0 to 1,000 Mcf/Yr.**

	<u>Previous Class</u>	<u>Division</u>	<u>Quantity or MCF</u>	<u>Rate</u>	<u>Revenues Present Rates</u>	<u>Proposed Rates</u>	<u>Revenues Proposed Rates</u>
Transport							
<u>Customer Charges</u>							
0 - 499	GS-T Commercial SGS-1	Peoples	73,643	\$ 14.88	\$ 1,095,808	\$ 20.00	\$ 1,472,860
0 - 499	GSS-Transport-1	Equitable	34,821	\$ 17.00	\$ 591,957	\$ 20.00	\$ 696,420
500 - 999	GS-T Commercial SGS-2	Peoples	16,684	\$ 27.00	\$ 450,468	\$ 40.00	\$ 667,360
500 - 999	GSS-Transport-2	Equitable	11,573	\$ 28.00	\$ 324,044	\$ 40.00	\$ 462,920
Rider DSIC Fixed Charge							
0 - 499	GS-T Commercial SGS-1	Peoples	73,643	\$ 0.74	\$ 54,790	\$ -	\$ -
0 - 499	GSS-Transport-1	Equitable	34,821	\$ 0.85	\$ 29,598	\$ -	\$ -
500 - 999	GS-T Commercial SGS-2	Peoples	16,684	\$ 1.35	\$ 22,523	\$ -	\$ -
500 - 999	GSS-Transport-2	Equitable	11,573	\$ 1.40	\$ 16,202	\$ -	\$ -
Rider TCJA Fixed Charge							
0 - 499	GS-T Commercial SGS-1	Peoples	73,643	\$ (0.7177)	\$ (52,852)	\$ -	\$ -
0 - 499	GSS-Transport-1	Equitable	34,821	\$ (1.2199)	\$ (42,476)	\$ -	\$ -
500 - 999	GS-T Commercial SGS-2	Peoples	16,684	\$ (1.3022)	\$ (21,727)	\$ -	\$ -
500 - 999	GSS-Transport-2	Equitable	11,573	\$ (2.0092)	\$ (23,252)	\$ -	\$ -
Rider Supplier Choice Fixed Charge:							
0 - 499	GS-T Commercial SGS-1	Peoples	73,643	\$ 0.0115	\$ 847	\$ 0.0067	\$ 493
0 - 499	GSS-Transport-1	Equitable	34,821	\$ 0.0001	\$ 3	\$ 0.0067	\$ 233
500 - 999	GS-T Commercial SGS-2	Peoples	16,684	\$ 0.0115	\$ 192	\$ 0.0067	\$ 112
500 - 999	GSS-Transport-2	Equitable	11,573	\$ 0.0001	\$ 1	\$ 0.0067	\$ 78
<u>MCF Usage</u>							
Base Cost of Gas	GS-T Commercial SGS	Peoples	2,353,146	\$ 0.9593	\$ 2,257,373	\$ 0.9593	\$ 2,257,373
Delivery Rate	GS-T Commercial SGS	Peoples	2,353,146	\$ 2.1939	\$ 5,162,567	\$ 2.7000	\$ 6,353,494
Rider STAS	GS-T Commercial SGS	Peoples	2,353,146	\$ (0.0050)	\$ (11,874)	\$ -	\$ -
Rider Rate Credit	GS-T Commercial SGS	Peoples	2,353,146	\$ -	\$ -	\$ -	\$ -
Rider DSIC	GS-T Commercial SGS	Peoples	2,353,146	\$ 0.1097	\$ 258,128	\$ -	\$ -
Rider TCJA	GS-T Commercial SGS	Peoples	2,353,146	\$ (0.1058)	\$ (248,996)	\$ -	\$ -
Negotiated							
Base Cost of Gas	GS-T Commercial SGS	Peoples	3,003	\$ 0.9593	\$ 2,881	\$ 0.9593	\$ 2,881
Delivery Rate	GS-T Commercial SGS	Peoples	3,003	\$ 0.2497	\$ 750	\$ 0.2497	\$ 750
Rider Rate Credit	GS-T Commercial SGS	Peoples	3,003	\$ -	\$ -	\$ -	\$ -
Rider DSIC	GS-T Commercial SGS	Peoples	3,003	\$ 0.1097	\$ 329	\$ -	\$ -
Rider TCJA	GS-T Commercial SGS	Peoples	3,003	\$ (0.1058)	\$ (318)	\$ -	\$ -
Base Cost of Gas	GSS - Transport	Equitable	1,402,059	\$ 0.9593	\$ 1,344,995	\$ 0.9593	\$ 1,344,995
Delivery Rate	GSS - Transport	Equitable	1,402,059	\$ 2.5910	\$ 3,632,735	\$ 2.7000	\$ 3,785,560
Rider STAS	GSS - Transport	Equitable	1,402,059	\$ (0.0249)	\$ (34,874)	\$ -	\$ -
Rider Rate Credit	GSS - Transport	Equitable	1,402,059	\$ -	\$ -	\$ -	\$ -
Rider DSIC	GSS - Transport	Equitable	1,402,059	\$ 0.1296	\$ 181,637	\$ -	\$ -
Rider TCJA	GSS - Transport	Equitable	1,402,059	\$ (0.1859)	\$ (260,671)	\$ -	\$ -
Negotiated							
Base Cost of Gas	GSS - Transport	Equitable	4,658	\$ 0.9593	\$ 4,468	\$ 0.9593	\$ 4,468
Delivery Rate	GSS - Transport	Equitable	4,658	\$ 0.4323	\$ 2,014	\$ 0.4323	\$ 2,014
Rider STAS	GSS - Transport	Equitable	4,658	\$ (0.0249)	\$ (116)	\$ -	\$ -
Rider DSIC	GSS - Transport	Equitable	4,658	\$ 0.1296	\$ 603	\$ -	\$ -
Rider TCJA	GSS - Transport	Equitable	4,658	\$ (0.1859)	\$ (866)	\$ -	\$ -
Total Transportation Revenue	GSS - Transport		3,762,866		\$ 14,736,894		\$ 17,052,011
Industrial Transport Legacy							
<u>Customer Charges</u>							
0-499	GS-T Industrial SGS-1	Peoples	168	\$ 20.00	\$ 3,360	\$ 20.00	\$ 3,360

499-999.9	GS-T Industrial SGS-2	Peoples	108	\$	27.00	\$	2,916	\$	40.00	\$	4,320
Rider DSIC Fixed Charge											
0-499	GS-T Industrial SGS-1	Peoples	168	\$	1.00	\$	168	\$	-	\$	-
499-999.9	GS-T Industrial SGS-2	Peoples	108	\$	1.35	\$	146	\$	-	\$	-
Rider TCJA Fixed Charge											
0-499	GS-T Industrial SGS-1	Peoples	168	\$	(0.9646)	\$	(162)	\$	-	\$	-
499-999.9	GS-T Industrial SGS-2	Peoples	108	\$	(1.3022)	\$	(141)	\$	-	\$	-
Rider Supplier Choice Fixed Charge:											
0-499	GS-T Industrial SGS-1	Peoples	168	\$	0.0115	\$	2	\$	0.0067	\$	1.13
499-999.9	GS-T Industrial SGS-2	Peoples	108	\$	0.0115	\$	1	\$	0.0067	\$	0.72
<u>MCF Usage</u>											
Base Cost of Gas	GS-T Industrial SGS	Peoples	9,502	\$	0.9593	\$	9,115	\$	0.9593	\$	9,115
Delivery Rate	GS-T Industrial SGS	Peoples	9,502	\$	1.7623	\$	16,745	\$	2.5012	\$	23,766
Rider STAS	GS-T Industrial SGS	Peoples	9,809	\$	(0.0041)	\$	(40)	\$	-	\$	-
Rider Rate Credit	GS-T Industrial SGS	Peoples	9,502	\$	-	\$	-	\$	-	\$	-
Rider DSIC	GS-T Industrial SGS	Peoples	9,502	\$	0.0881	\$	837	\$	-	\$	-
Rider TCJA	GS-T Industrial SGS	Peoples	9,502	\$	(0.0850)	\$	(808)	\$	-	\$	-
Negotiated											
Base Cost of Gas	GS-T Industrial SGS	Peoples	307	\$	0.9593	\$	295	\$	0.9593	\$	295
Delivery Rate	GS-T Industrial SGS	Peoples	307	\$	-	\$	-	\$	-	\$	-
Rider Rate Credit	GS-T Industrial SGS	Peoples	307	\$	-	\$	-	\$	-	\$	-
Rider DSIC	GS-T Industrial SGS	Peoples	307	\$	0.0881	\$	27	\$	-	\$	-
Rider TCJA	GS-T Industrial SGS	Peoples	307	\$	(0.0850)	\$	(26)	\$	-	\$	-
Total Industrial Transportation Revenue			9,809				\$ 32,435.53				\$ 40,857.1
Total Transportation Revenue			3,772,675				\$ 14,769,329.61				\$ 17,092,867.7
Total Sales and Transportation Revenue			\$ 9,818,232				\$ 62,951,417				\$ 69,083,136
Less: Gas Costs							\$ 30,944,442				\$ 30,944,442
SGS Base Revenue							\$ 32,006,975				\$ 38,138,694
							Per Final Revenue Allocation	\$			38,138,729
							Rate Variance	\$			(35)

**Medium General Service Class
1,000-24,999 Mcf/Yr.**

	<u>Previous Class</u>	<u>Division</u>	<u>Quantity or MCF</u>	<u>Rate</u>	<u>Revenues Present Rates</u>	<u>Proposed Rates</u>	<u>Revenues Proposed Rates</u>
Sales							
<u>Customer Charges</u>							
Base Customer Charge:							
1,000 - 2,499	Commercial MGS - 1	Peoples	8,115	\$ 50.00	\$ 405,748	\$ 85.00	\$ 689,772
1,000 - 2,499	GSL - 1	Equitable	5,760	\$ 150.00	\$ 863,948	\$ 85.00	\$ 489,570
2,500 - 24,999	Commercial MGS - 2	Peoples	2,002	\$ 77.00	\$ 154,154	\$ 130.00	\$ 260,260
2,500 - 24,999	GSL - 1	Equitable	1,204	\$ 150.00	\$ 180,600	\$ 130.00	\$ 156,520
2,500 - 24,999	GSL - 2	Equitable	568	\$ 300.00	\$ 170,400	\$ 130.00	\$ 73,840
Rider DSIC Fixed Charge:							
1,000 - 2,499	Commercial MGS - 1	Peoples	8,115	\$ 2.50	\$ 20,287	\$ -	\$ -
1,000 - 2,499	GSL - 1	Equitable	5,760	\$ 7.50	\$ 43,197	\$ -	\$ -
2,500 - 24,999	Commercial MGS - 2	Peoples	2,002	\$ 3.85	\$ 7,708	\$ -	\$ -
2,500 - 24,999	GSL - 1	Equitable	1,204	\$ 7.50	\$ 9,030	\$ -	\$ -
2,500 - 24,999	GSL - 2	Equitable	568	\$ 15.00	\$ 8,520	\$ -	\$ -
Rider TCJA Fixed Charge:							
1,000 - 2,499	Commercial MGS - 1	Peoples	8,115	\$ (2.4116)	\$ (19,570)	\$ -	\$ -
1,000 - 2,499	GSL - 1	Equitable	5,760	\$ (10.7634)	\$ (61,993)	\$ -	\$ -
2,500 - 24,999	Commercial MGS - 2	Peoples	2,002	\$ (3.7139)	\$ (7,435)	\$ -	\$ -
2,500 - 24,999	GSL - 1	Equitable	1,204	\$ (10.7634)	\$ (12,959)	\$ -	\$ -
2,500 - 24,999	GSL - 2	Equitable	568	\$ (21.5268)	\$ (12,227)	\$ -	\$ -
<u>MCF Usage</u>							
Base Cost of Gas	Commercial MGS	Peoples	1,817,524	\$ 4.3204	\$ 7,852,431	\$ 4.3204	\$ 7,852,431
Delivery Rate	Commercial MGS	Peoples	1,817,524	\$ 2.1904	\$ 3,981,105	\$ 2.6914	\$ 4,891,685
Rider STAS	Commercial MGS	Peoples	1,817,524	\$ (0.0050)	\$ (9,157)	\$ -	\$ -
Rider MFC	Commercial MGS	Peoples	1,817,524	\$ 0.0261	\$ 47,437	\$ 0.0083	\$ 15,085
Rider GPC	Commercial MGS	Peoples	1,817,524	\$ 0.1055	\$ 191,749	\$ 0.0801	\$ 145,584
Rider Rate Credit	Commercial MGS	Peoples	1,817,524	\$ -	\$ -	\$ -	\$ -
Rider DSIC	Commercial MGS	Peoples	1,817,524	\$ 0.1161	\$ 211,015	\$ -	\$ -
Rider TCJA	Commercial MGS	Peoples	1,817,524	\$ (0.1056)	\$ (192,013)	\$ -	\$ -
Base Cost of Gas	GSL	Equitable	1,406,495	\$ 4.3204	\$ 6,076,620	\$ 4.3204	\$ 6,076,620
Delivery Rate	GSL	Equitable	1,406,495	\$ 2.4950	\$ 3,509,205	\$ 2.6914	\$ 3,785,440
Rider STAS	GSL	Equitable	1,406,495	\$ (0.0240)	\$ (33,688)	\$ -	\$ -
Rider MFC	GSL	Equitable	1,406,495	\$ 0.0261	\$ 36,680	\$ 0.0083	\$ 11,674
Rider GPC	GSL	Equitable	1,406,495	\$ 0.1055	\$ 148,385	\$ 0.0801	\$ 112,660
Rider DSIC	GSL	Equitable	1,406,495	\$ 0.1313	\$ 184,713	\$ -	\$ -
Rider TCJA	GSL	Equitable	1,406,495	\$ (0.1790)	\$ (251,806)	\$ -	\$ -
Total Sales Revenue			3,224,019		\$ 23,502,085		\$ 24,561,141.9

Industrial Sales Legacy

Customer Charges

Base Customer Charge:

1,000 - 2,499	Industrial MGS-1	Peoples	84	\$ 50.00	\$ 4,200	\$ 85.00	\$ 7,140
2,500 - 24,999	Industrial MGS-2	Peoples	224	\$ 77.00	\$ 17,248	\$ 130.00	\$ 29,120

Rider DSIC Fixed Charge:

1,000 - 2,499	Industrial MGS-1	Peoples	84	\$ 2.50	\$ 210	\$ -	\$ -
2,500 - 24,999	Industrial MGS-2	Peoples	224	\$ 3.85	\$ 862	\$ -	\$ -

Rider TCJA Fixed Charge:

1,000 - 2,499	Industrial MGS-1	Peoples	84	\$ (2.4116)	\$ (203)	\$ -	\$ -
2,500 - 24,999	Industrial MGS-2	Peoples	224	\$ (3.7139)	\$ (832)	\$ -	\$ -

MCF Usage

Base Cost of Gas	Industrial MGS	Peoples	148,197	\$ 4.3204	\$	640,272	\$	4.3204	\$	640,272
Delivery Rate	Industrial MGS	Peoples	148,197	\$ 1.5243	\$	225,897	\$	2.2663	\$	335,860
Rider STAS	Industrial MGS	Peoples	148,197	\$ (0.0035)	\$	(520)	\$	-	\$	-
Rider MFC	Industrial MGS	Peoples	148,197	\$ 0.0261	\$	3,868	\$	0.0083	\$	1,230
Rider GPC	Industrial MGS	Peoples	148,197	\$ 0.1055	\$	15,635	\$	0.0801	\$	11,871
Rider Rate Credit	Industrial MGS	Peoples	148,197	\$ -	\$	-	\$	-	\$	-
Rider DSIC	Industrial MGS	Peoples	148,197	\$ 0.0828	\$	12,270	\$	-	\$	-
Rider TCJA	Industrial MGS	Peoples	148,197	\$ (0.0735)	\$	(10,895)	\$	-	\$	-
Total Industrial Sales Revenue			148,197		\$	908,013			\$	1,025,492
Total Sales Revenue			3,372,216		\$	24,410,097			\$	25,586,634

**Medium General Service Class
1,000-24,999 Mcf/Yr.**

	<u>Previous Class</u>	<u>Division</u>	<u>Quantity or MCF</u>	<u>Rate</u>	<u>Revenues Present Rates</u>	<u>Proposed Rates</u>	<u>Revenues Proposed Rates</u>
Transport							
<u>Customer Charges</u>							
1,000 - 2,499	GS-T Commercial MGS-1	Peoples	14,775	\$ 50.00	\$ 738,750	\$ 85.00	\$ 1,255,875
1,000 - 2,499	GSL-Transport-1	Equitable	8,418	\$ 150.00	\$ 1,262,700	\$ 85.00	\$ 715,530
2,500 - 24,999	GS-T Commercial MGS-2	Peoples	9,791	\$ 77.00	\$ 753,907	\$ 130.00	\$ 1,272,830
2,500 - 24,999	GSL-Transport-1	Equitable	4,761	\$ 150.00	\$ 714,150	\$ 130.00	\$ 618,930
2,500 - 24,999	GSL-Transport-2	Equitable	2,773	\$ 300.00	\$ 831,900	\$ 130.00	\$ 360,490
Rider DSIC Fixed Charge							
1,000 - 2,499	GS-T Commercial MGS-1	Peoples	14,775	\$ 2.50	\$ 36,938	\$ -	\$ -
1,000 - 2,499	GSL-Transport-1	Equitable	8,418	\$ 7.50	\$ 63,135	\$ -	\$ -
2,500 - 24,999	GS-T Commercial MGS-2	Peoples	9,791	\$ 3.85	\$ 37,695	\$ -	\$ -
2,500 - 24,999	GSL-Transport-1	Equitable	4,761	\$ 7.50	\$ 35,708	\$ -	\$ -
2,500 - 24,999	GSL-Transport-2	Equitable	2,773	\$ 15.00	\$ 41,595	\$ -	\$ -
Rider TCJA Fixed Charge							
1,000 - 2,499	GS-T Commercial MGS-1	Peoples	14,775	\$ (2.4116)	\$ (35,631)	\$ -	\$ -
1,000 - 2,499	GSL-Transport-1	Equitable	8,418	\$ (10.7634)	\$ (90,606)	\$ -	\$ -
2,500 - 24,999	GS-T Commercial MGS-2	Peoples	9,791	\$ (3.7139)	\$ (36,363)	\$ -	\$ -
2,500 - 24,999	GSL-Transport-1	Equitable	4,761	\$ (10.7634)	\$ (51,245)	\$ -	\$ -
2,500 - 24,999	GSL-Transport-2	Equitable	2,773	\$ (21.5268)	\$ (59,694)	\$ -	\$ -
<u>MCF Usage</u>							
Base Cost of Gas	GS-T Commercial MGS	Peoples	6,820,877	\$ 0.7598	\$ 5,182,503	\$ 0.7598	\$ 5,182,503
Delivery Rate	GS-T Commercial MGS	Peoples	6,820,877	\$ 2.1904	\$ 14,940,450	\$ 2.6914	\$ 18,357,709
Rider STAS	GS-T Commercial MGS	Peoples	6,820,877	\$ (0.0050)	\$ (34,363)	\$ -	\$ -
Rider Rate Credit	GS-T Commercial MGS	Peoples	6,820,877	\$ -	\$ -	\$ -	\$ -
Rider DSIC	GS-T Commercial MGS	Peoples	6,820,877	\$ 0.1095	\$ 747,022	\$ -	\$ -
Rider TCJA	GS-T Commercial MGS	Peoples	6,820,877	\$ (0.1056)	\$ (720,593)	\$ -	\$ -
Negotiated							
Base Cost of Gas	GS-T Commercial MGS	Peoples	124,663	\$ 0.7598	\$ 94,719	\$ 0.7598	\$ 94,719
Delivery Rate	GS-T Commercial MGS	Peoples	124,663	\$ 0.8115	\$ 101,162	\$ 0.8115	\$ 101,164
Rider Rate Credit	GS-T Commercial MGS	Peoples	124,663	\$ -	\$ -	\$ -	\$ -
Rider DSIC	GS-T Commercial MGS	Peoples	124,663	\$ 0.1095	\$ 13,653	\$ -	\$ -
Rider TCJA	GS-T Commercial MGS	Peoples	124,663	\$ (0.1056)	\$ (13,170)	\$ -	\$ -
Base Cost of Gas	GSL - Transport	Equitable	4,962,616	\$ 0.7598	\$ 3,770,596	\$ 0.7598	\$ 3,770,596
Delivery Rate	GSL - Transport	Equitable	4,962,616	\$ 2.4950	\$ 12,381,727	\$ 2.6914	\$ 13,356,385
Rider STAS	GSL - Transport	Equitable	4,962,616	\$ (0.0240)	\$ (118,865)	\$ -	\$ -
Rider DSIC	GSL - Transport	Equitable	4,962,616	\$ 0.1248	\$ 619,086	\$ -	\$ -
Rider TCJA	GSL - Transport	Equitable	4,962,616	\$ (0.1790)	\$ (888,463)	\$ -	\$ -
Negotiated							
Base Cost of Gas	GSL - Transport	Equitable	221,819	\$ 0.7598	\$ 168,538	\$ 0.7598	\$ 168,538
Delivery Rate	GSL - Transport	Equitable	221,819	\$ 1.7052	\$ 378,243	\$ 1.7052	\$ 378,245
Rider STAS	GSL - Transport	Equitable	221,819	\$ (0.0240)	\$ (5,313)	\$ -	\$ -
Rider DSIC	GSL - Transport	Equitable	221,819	\$ 0.1248	\$ 27,672	\$ -	\$ -
Rider TCJA	GSL - Transport	Equitable	221,819	\$ (0.1790)	\$ (39,712)	\$ -	\$ -
Total Transportation Revenue			12,129,975		\$ 40,847,830		\$ 45,633,513
Industrial Transport Legacy							
<u>Customer Charges</u>							
1,000 - 2,499	GS-T Industrial MGS-1	Peoples	174	\$ 50.00	\$ 8,700	\$ 85.00	\$ 14,790
2,500 - 24,999	GS-T Industrial MGS-2	Peoples	787	\$ 77.00	\$ 60,599	\$ 130.00	\$ 102,310
Rider DSIC Fixed Charge							
1,000 - 2,499	GS-T Industrial MGS-1	Peoples	174	\$ 2.50	\$ 435	\$ -	\$ -
2,500 - 24,999	GS-T Industrial MGS-2	Peoples	787	\$ 3.85	\$ 3,030	\$ -	\$ -
Rider TCJA Fixed Charge							
1,000 - 2,499	GS-T Industrial MGS-1	Peoples	174	\$ (2.4116)	\$ (420)	\$ -	\$ -

2,500 - 24,999	GS-T Industrial MGS-2	Peoples	787	\$ (3.7139)	\$	(2,923)	\$	-	\$	-
<u>MCF Usage</u>										
Base Cost of Gas	GS-T Industrial MGS	Peoples	811,159	\$ 0.7598	\$	616,318	\$	0.7598	\$	616,318
Delivery Rate	GS-T Industrial MGS	Peoples	811,159	\$ 1.5243	\$	1,236,449	\$	2.2663	\$	1,838,329
Rider STAS	GS-T Industrial MGS	Peoples	821,866	\$ (0.0035)	\$	(2,881)	\$	-	\$	-
Rider Rate Credit	GS-T Industrial MGS	Peoples	811,159	\$ -	\$	-	\$	-	\$	-
Rider DSIC	GS-T Industrial MGS	Peoples	811,159	\$ 0.0762	\$	61,822	\$	-	\$	-
Rider TCJA	GS-T Industrial MGS	Peoples	811,159	\$ (0.0735)	\$	(59,635)	\$	-	\$	-
<u>Negotiated</u>										
Base Cost of Gas	GS-T Commercial MGS	Peoples	10,707	\$ 0.7598	\$	8,135	\$	0.7598	\$	8,135
Delivery Rate	GS-T Commercial MGS	Peoples	10,707	\$ -	\$	-	\$	-	\$	-
Rider Rate Credit	GS-T Commercial MGS	Peoples	10,707	\$ -	\$	-	\$	-	\$	-
Rider DSIC	GS-T Commercial MGS	Peoples	10,707	\$ 0.0762	\$	816	\$	-	\$	-
Rider TCJA	GS-T Commercial MGS	Peoples	10,707	\$ (0.0735)	\$	(787)	\$	-	\$	-
Total Industrial Transportation Revenue			821,866		\$	1,929,659.37			\$	2,579,882.8
Total Transportation Revenue			12,951,841		\$	42,777,490			\$	48,213,396.2
Total Revenue			16,324,057		\$	67,187,587			\$	73,800,030
Less: Gas Costs					\$	24,410,132			\$	24,410,132
MGS Base Revenue					\$	42,777,455			\$	49,389,898
						Per Final Revenue Allocation	\$			49,389,967
						Rate variance	\$			(69)

**Large General Service Class
> 25,000 Mcf/Yr.**

	<u>Previous Class</u>	<u>Division</u>	<u>Quantity or MCF</u>	<u>Present Rate</u>	<u>Revenues Present Rates</u>	<u>Proposed Rates</u>	<u>Revenues Proposed Rates</u>
Sales							
<u>Customer Charges - LGS</u>							
Base Customer Charge:							
25,000 - 49,999	Commercial LGS - 1	Peoples	12	\$ 443.00	\$ 5,316	\$ 575.00	\$ 6,900
25,000 - 49,999	Commercial LGS - 2	Peoples	24	\$ 545.00	\$ 13,080	\$ 575.00	\$ 13,800
50,000 - 99,999	Commercial LGS - 2	Peoples	-	\$ 545.00	\$ -	\$ 750.00	\$ -
100,000 - 199,999	Commercial LGS - 3	Peoples	-	\$ 793.00	\$ -	\$ 1,400.00	\$ -
> 200,000	Commercial LGS - 4	Peoples	-	\$ 1,215.00	\$ -	\$ 1,600.00	\$ -
25,000 - 49,999	GSL	Equitable	36	\$ 1,600.00	\$ 57,600	\$ 575.00	\$ 20,700
50,000 - 99,999	GSL	Equitable	-	\$ 1,600.00	\$ -	\$ 750.00	\$ -
100,000 - 199,999	GSL	Equitable	-	\$ 1,600.00	\$ -	\$ 1,400.00	\$ -
> 200,000	GSL	Equitable	-	\$ 1,600.00	\$ -	\$ 1,600.00	\$ -
Rider DSIC Fixed Charge:							
25,000 - 49,999	Commercial LGS - 1	Peoples	12	\$ 22.15	\$ 266	\$ -	\$ -
25,000 - 49,999	Commercial LGS - 2	Peoples	24	\$ 27.25	\$ 654	\$ -	\$ -
50,000 - 99,999	Commercial LGS - 2	Peoples	-	\$ 27.25	\$ -	\$ -	\$ -
100,000 - 199,999	Commercial LGS - 3	Peoples	-	\$ 39.65	\$ -	\$ -	\$ -
> 200,000	Commercial LGS - 4	Peoples	-	\$ 60.75	\$ -	\$ -	\$ -
25,000 - 49,999	GSL	Equitable	36	\$ 80.00	\$ 2,880	\$ -	\$ -
50,000 - 99,999	GSL	Equitable	-	\$ 80.00	\$ -	\$ -	\$ -
100,000 - 199,999	GSL	Equitable	-	\$ 80.00	\$ -	\$ -	\$ -
> 200,000	GSL	Equitable	-	\$ 80.00	\$ -	\$ -	\$ -
Rider TCJA Fixed Charge:							
25,000 - 49,999	Commercial LGS - 1	Peoples	12	\$ (21.3663)	\$ (256)	\$ -	\$ -
25,000 - 49,999	Commercial LGS - 2	Peoples	24	\$ (26.2859)	\$ (631)	\$ -	\$ -
50,000 - 99,999	Commercial LGS - 2	Peoples	-	\$ (26.2859)	\$ -	\$ -	\$ -
100,000 - 199,999	Commercial LGS - 3	Peoples	-	\$ (38.2472)	\$ -	\$ -	\$ -
> 200,000	Commercial LGS - 4	Peoples	-	\$ (58.6007)	\$ -	\$ -	\$ -
25,000 - 49,999	GSL	Equitable	36	\$ (114.8096)	\$ (4,133)	\$ -	\$ -
50,000 - 99,999	GSL	Equitable	-	\$ (114.8096)	\$ -	\$ -	\$ -
100,000 - 199,999	GSL	Equitable	-	\$ (114.8096)	\$ -	\$ -	\$ -
> 200,000	GSL	Equitable	-	\$ (114.8096)	\$ -	\$ -	\$ -
<u>MCF Usage</u>							
Base Cost of Gas	Com LGS	Peoples	45,812	\$ 4.1605	\$ 190,602	\$ 4.1605	\$ 190,602
Delivery Rate - 25,000 - 49,999	Com LGS	Peoples	45,812	\$ 2.3913	\$ 109,551	\$ 2.6411	\$ 120,995
Delivery Rate - 50,000 - 99,999	Com LGS	Peoples	-	\$ 2.3913	\$ -	\$ 2.5773	\$ -
Delivery Rate - 100,000 - 199,999	Com LGS	Peoples	-	\$ 2.3913	\$ -	\$ 2.5694	\$ -
Delivery Rate - 200,000 to 749,999	Com LGS	Peoples	-	\$ 2.3913	\$ -	\$ 2.4999	\$ -
Delivery Rate - 750,000 to 1,999,999	Com LGS	Peoples	-	\$ 2.3913	\$ -	\$ 2.1327	\$ -
Delivery Rate - Over 2,000,000	Com LGS	Peoples	-	\$ 2.3913	\$ -	\$ 1.6445	\$ -
Rider STAS	Com LGS	Peoples	45,812	\$ (0.0055)	\$ (252)	\$ -	\$ -
Rider MFC	Com LGS	Peoples	45,812	\$ 0.0261	\$ 1,196	\$ 0.0083	\$ 380
Rider GPC	Com LGS	Peoples	45,812	\$ 0.1055	\$ 4,833	\$ 0.0801	\$ 3,670
Rider Rate Credit	Com LGS	Peoples	45,812	\$ -	\$ -	\$ -	\$ -
Rider DSIC	Com LGS	Peoples	45,812	\$ 0.1261	\$ 5,777	\$ -	\$ -
Rider TCJA	Com LGS	Peoples	45,812	\$ (0.1153)	\$ (5,282)	\$ -	\$ -
Base Cost of Gas	GSL	Equitable	93,680	\$ 4.1605	\$ 389,756	\$ 4.1605	\$ 389,756
Delivery Rate - 25,000 - 49,999	GSL	Equitable	93,680	\$ 2.4950	\$ 233,732	\$ 2.6411	\$ 247,418
Delivery Rate - 50,000 - 99,999	GSL	Equitable	-	\$ 2.4950	\$ -	\$ 2.5773	\$ -
Delivery Rate - 100,000 - 199,999	GSL	Equitable	-	\$ 2.4950	\$ -	\$ 2.5694	\$ -
Delivery Rate - 200,000 to 749,999	GSL	Equitable	-	\$ 2.4950	\$ -	\$ 2.4999	\$ -
Delivery Rate - 750,000 to 1,999,999	GSL	Equitable	-	\$ 2.4950	\$ -	\$ 2.1327	\$ -
Delivery Rate - Over 2,000,000	GSL	Equitable	-	\$ 2.4950	\$ -	\$ 1.6445	\$ -
Rider STAS	GSL	Equitable	93,680	\$ (0.0240)	\$ (2,244)	\$ -	\$ -
Rider MFC	GSL	Equitable	93,680	\$ 0.0261	\$ 2,443	\$ 0.0083	\$ 778
Rider GPC	GSL	Equitable	93,680	\$ 0.1055	\$ 9,883	\$ 0.0801	\$ 7,504
Rider DSIC	GSL	Equitable	93,680	\$ 0.1313	\$ 12,303	\$ -	\$ -
Rider TCJA	GSL	Equitable	93,680	\$ (0.1790)	\$ (16,772)	\$ -	\$ -
Total Sales Revenue			139,492	\$	1,010,300	\$	1,002,501.3

Industrial Sales Legacy

Customer Charges

Base Customer Charge:

25,000 - 49,999	Industrial LGS - 1	Peoples	10	\$	443.00	\$	4,430	\$	575.00	\$	5,750
25,000 - 49,999	Industrial LGS - 2	Peoples	12	\$	545.00	\$	6,540	\$	575.00	\$	6,900
50,000 - 99,999	Industrial LGS - 2	Peoples		\$	545.00	\$	-	\$	750.00	\$	-
100,000 - 199,999	Industrial LGS - 3	Peoples		\$	1,144.00	\$	-	\$	1,400.00	\$	-
> 200,000	Industrial LGS - 4	Peoples		\$	2,009.00	\$	-	\$	1,600.00	\$	-

Rider DSIC Fixed Charge:

25,000 - 49,999	Industrial LGS - 1	Peoples	10	\$	22.15	\$	222	\$	-	\$	-
25,000 - 49,999	Industrial LGS - 2	Peoples	12	\$	27.25	\$	327	\$	-	\$	-
50,000 - 99,999	Industrial LGS - 2	Peoples	-	\$	27.25	\$	-	\$	-	\$	-
100,000 - 199,999	Industrial LGS - 3	Peoples	-	\$	57.20	\$	-	\$	-	\$	-
> 200,000	Industrial LGS - 4	Peoples	-	\$	100.45	\$	-	\$	-	\$	-

Rider TCJA Fixed Charge:

25,000 - 49,999	Industrial LGS - 1	Peoples	10	\$	(21.3663)	\$	(214)	\$	-	\$	-
25,000 - 49,999	Industrial LGS - 2	Peoples	12	\$	(26.2859)	\$	(315)	\$	-	\$	-
50,000 - 99,999	Industrial LGS - 2	Peoples	-	\$	(26.2859)	\$	-	\$	-	\$	-
100,000 - 199,999	Industrial LGS - 3	Peoples	-	\$	(55.1763)	\$	-	\$	-	\$	-
> 200,000	Industrial LGS - 4	Peoples	-	\$	(96.8961)	\$	-	\$	-	\$	-

MCF Usage

Base Cost of Gas	Ind LGS	Peoples	21,990	\$	4.1605	\$	91,487	\$	4.1605	\$	91,487
Delivery Rate - 25,000 - 49,999	Ind LGS	Peoples	21,990	\$	1.7553	\$	38,598	\$	2.1931	\$	48,225
Delivery Rate - 50,000 - 99,999	Ind LGS	Peoples		\$	1.7553	\$	-	\$	2.1583	\$	-
Delivery Rate - 100,000 - 199,999	Ind LGS	Peoples		\$	1.7553	\$	-	\$	2.1395	\$	-
Delivery Rate - 200,000 to 749,999	Ind LGS	Peoples		\$	1.7553	\$	-	\$	2.0535	\$	-
Delivery Rate - 750,000 to 1,999,999	Ind LGS	Peoples		\$	1.7553	\$	-	\$	1.7553	\$	-
Delivery Rate - Over 2,000,000	Ind LGS	Peoples		\$	1.7553	\$	-	\$	1.6445	\$	-
Rider STAS	Ind LGS	Peoples	21,990	\$	(0.0040)	\$	(88)	\$	-	\$	-
Rider MFC	Ind LGS	Peoples	21,990	\$	0.0261	\$	574	\$	0.0083	\$	183
Rider GPC	Ind LGS	Peoples	21,990	\$	0.1055	\$	2,320	\$	0.0801	\$	1,761
Rider Rate Credit	Ind LGS	Peoples	21,990	\$	-	\$	-	\$	-	\$	-
Rider DSIC	Ind LGS	Peoples	21,990	\$	0.0943	\$	2,074	\$	-	\$	-
Rider TCJA	Ind LGS	Peoples	21,990	\$	(0.0847)	\$	(1,863)	\$	-	\$	-

Total Industrial Sales Revenue 21,990 \$ 144,092 \$ 154,306

Total Sales Revenue 161,482 \$ 1,154,392 \$ 1,156,808

**Large General Service Class
> 25,000 Mcf/Yr.**

	<u>Previous Class</u>	<u>Division</u>	Rev Req Quantity or MCF	Migration Quantity or MCF	Quantity or MCF	Rate	Revenues Present Rates	Proposed Rates	Revenues Proposed Rates
Transport									
<u>Customer Charges - GS-T</u>									
Base Customer Charge:									
25,000 - 49,999	Commercial LGS - 1	Peoples	344			\$ 443.00	\$ 152,392	\$ 575.00	\$ 197,800
50,000 - 99,999	Commercial LGS - 1	Peoples	36			\$ 443.00	\$ 15,948	\$ 750.00	\$ 27,000
50,000 - 99,999	Commercial LGS - 2	Peoples	143			\$ 545.00	\$ 77,935	\$ 750.00	\$ 107,250
100,000 - 199,999	Commercial LGS - 2	Peoples	36			\$ 545.00	\$ 19,620	\$ 1,400.00	\$ 50,400
100,000 - 199,999	Commercial LGS - 3	Peoples	60			\$ 793.00	\$ 47,580	\$ 1,400.00	\$ 84,000
> 200,000	Commercial LGS - 4	Peoples	24			\$ 1,215.00	\$ 29,160	\$ 1,600.00	\$ 38,400
25,000 - 49,999	GSL	Equitable	240			\$ 1,600.00	\$ 384,000	\$ 575.00	\$ 138,000
50,000 - 99,999	GSL	Equitable	263			\$ 1,600.00	\$ 420,800	\$ 750.00	\$ 197,250
100,000 - 199,999	GSL	Equitable	96			\$ 1,600.00	\$ 153,600	\$ 1,400.00	\$ 134,400
> 200,000	GSL	Equitable	192			\$ 1,600.00	\$ 307,200	\$ 1,600.00	\$ 307,200
Rider DSIC Fixed Charge:									
25,000 - 49,999	Commercial LGS - 1	Peoples	344			\$ 22.15	\$ 7,620	\$ -	\$ -
50,000 - 99,999	Commercial LGS - 1	Peoples	36			\$ 22.15	\$ 797	\$ -	\$ -
50,000 - 99,999	Commercial LGS - 2	Peoples	143			\$ 27.25	\$ 3,897	\$ -	\$ -
100,000 - 199,999	Commercial LGS - 2	Peoples	36			\$ 27.25	\$ 981	\$ -	\$ -
100,000 - 199,999	Commercial LGS - 3	Peoples	60			\$ 39.65	\$ 2,379	\$ -	\$ -
> 200,000	Commercial LGS - 4	Peoples	24			\$ 60.75	\$ 1,458	\$ -	\$ -
25,000 - 49,999	GSL	Equitable	240			\$ 80.00	\$ 19,200	\$ -	\$ -
50,000 - 99,999	GSL	Equitable	263			\$ 80.00	\$ 21,040	\$ -	\$ -
100,000 - 199,999	GSL	Equitable	96			\$ 80.00	\$ 7,680	\$ -	\$ -
> 200,000	GSL	Equitable	192			\$ 80.00	\$ 15,360	\$ -	\$ -
Rider TCJA Fixed Charge:									
25,000 - 49,999	Commercial LGS - 1	Peoples	344			\$ (21.3663)	\$ (7,350)	\$ -	\$ -
50,000 - 99,999	Commercial LGS - 1	Peoples	36			\$ (21.3663)	\$ (769)	\$ -	\$ -
50,000 - 99,999	Commercial LGS - 2	Peoples	143			\$ (26.2859)	\$ (3,759)	\$ -	\$ -
100,000 - 199,999	Commercial LGS - 2	Peoples	36			\$ (26.2859)	\$ (946)	\$ -	\$ -
100,000 - 199,999	Commercial LGS - 3	Peoples	60			\$ (38.2472)	\$ (2,295)	\$ -	\$ -
> 200,000	Commercial LGS - 4	Peoples	24			\$ (58.6007)	\$ (1,406)	\$ -	\$ -
25,000 - 49,999	GSL	Equitable	240			\$ (114.8096)	\$ (27,554)	\$ -	\$ -
50,000 - 99,999	GSL	Equitable	263			\$ (114.8096)	\$ (30,195)	\$ -	\$ -
100,000 - 199,999	GSL	Equitable	96			\$ (114.8096)	\$ (11,022)	\$ -	\$ -
> 200,000	GSL	Equitable	192			\$ (114.8096)	\$ (22,043)	\$ -	\$ -
<u>MCF Usage</u>									
Base Cost of Gas	GST - T Com LGS	Peoples	2,774,544			\$ 0.2963	\$ 822,097	\$ 0.2963	\$ 822,097
Delivery Rate - 25,000 - 49,999	GST - T Com LGS	Peoples	868,804			\$ 2.3913	\$ 2,077,570	\$ 2.6411	\$ 2,294,597
Delivery Rate - 50,000 - 99,999	GST - T Com LGS	Peoples	828,074			\$ 2.3913	\$ 1,980,172	\$ 2.5773	\$ 2,134,194
Delivery Rate - 100,000 - 199,999	GST - T Com LGS	Peoples	726,555			\$ 2.3913	\$ 1,737,411	\$ 2.5694	\$ 1,866,810
Delivery Rate - 200,000 to 749,999	GST - T Com LGS	Peoples	351,112			\$ 2.3913	\$ 839,614	\$ 2.4999	\$ 877,744
Delivery Rate - 750,000 to 1,999,999	GST - T Com LGS	Peoples	-			\$ 2.3913	\$ -	\$ 2.1327	\$ -
Delivery Rate - Over 2,000,000	GST - T Com LGS	Peoples	-			\$ 2.3913	\$ -	\$ 1.6445	\$ -
Rider STAS	GST - T Com LGS	Peoples	2,774,544			\$ (0.0055)	\$ (15,260)	\$ -	\$ -
Rider DSIC	GST - T Com LGS	Peoples	2,774,544			\$ 0.1196	\$ 331,738	\$ -	\$ -
Rider TCJA	GST - T Com LGS	Peoples	2,774,544			\$ (0.1153)	\$ (320,001)	\$ -	\$ -
Negotiated									
Base Cost of Gas	GST - T Com LGS	Peoples	851,934			\$ 0.2963	\$ 252,428	\$ 0.2963	\$ 252,428
Delivery Rate	GST - T Com LGS	Peoples	851,934			\$ 0.6825	\$ 581,460	\$ 0.6825	\$ 581,445
Rider DSIC	GST - T Com LGS	Peoples	851,934			\$ 0.1196	\$ 101,861	\$ -	\$ -
Rider TCJA	GST - T Com LGS	Peoples	851,934			\$ (0.1153)	\$ (98,258)	\$ -	\$ -
<u>MCF Usage</u>									
Base Cost of Gas	GSL	Equitable	3,170,114			\$ 0.2963	\$ 939,305	\$ 0.2963	\$ 939,305
Delivery Rate - 25,000 - 49,999	GSL	Equitable	583,540			\$ 2.4950	\$ 1,455,932	\$ 2.6411	\$ 1,541,187
Delivery Rate - 50,000 - 99,999	GSL	Equitable	1,197,156			\$ 2.4950	\$ 2,986,905	\$ 2.5773	\$ 3,085,431
Delivery Rate - 100,000 - 199,999	GSL	Equitable	703,973			\$ 2.4950	\$ 1,756,413	\$ 2.5694	\$ 1,808,788
Delivery Rate - 200,000 to 749,999	GSL	Equitable	685,445			\$ 2.4950	\$ 1,710,185	\$ 2.4999	\$ 1,713,543
Delivery Rate - 750,000 to 1,999,999	GSL	Equitable	-			\$ 2.4950	\$ -	\$ 2.1327	\$ -
Delivery Rate - Over 2,000,000	GSL	Equitable	-			\$ 2.4950	\$ -	\$ 1.6445	\$ -
Rider STAS	GSL	Equitable	3,170,114			\$ (0.0240)	\$ (75,931)	\$ -	\$ -
Rider DSIC	GSL	Equitable	3,170,114			\$ 0.1248	\$ 395,472	\$ -	\$ -
Rider TCJA	GSL	Equitable	3,170,114			\$ (0.1790)	\$ (567,549)	\$ -	\$ -
Negotiated									
Base Cost of Gas	GSL	Equitable	15,285,835			\$ 0.2963	\$ 4,529,193	\$ 0.2963	\$ 4,529,193
Delivery Rate	GSL	Equitable	15,285,835			\$ 0.3393	\$ 5,186,389	\$ 0.3407	\$ 5,207,884

Rider STAS	GSL	Equitable	15,285,835	\$ (0.0240)	\$ (366,126)	\$ -	\$ -
Rider DSIC	GSL	Equitable	15,285,835	\$ 0.1248	\$ 1,906,908	\$ -	\$ -
Rider TCJA	GSL	Equitable	15,285,835	\$ (0.1790)	\$ (2,736,642)	\$ -	\$ -
Total Transportation Revenue			22,082,426		\$ 26,992,592		\$ 28,936,346.7
Industrial Transport Legacy							
<u>Customer Charges</u>							
Base Customer Charge:							
25,000 - 49,999	GS-T Industrial LGS - 1	Peoples	312	\$ 443.00	\$ 138,216	\$ 575.00	\$ 179,400
25,000 - 49,999	GS-T Industrial LGS - 2	Peoples	132	\$ 545.00	\$ 71,940	\$ 575.00	\$ 75,900
50,000 - 99,999	GS-T Industrial LGS - 2	Peoples	169	\$ 545.00	\$ 92,105	\$ 750.00	\$ 126,750
50,000 - 99,999	GS-T Industrial LGS - 3	Peoples	83	\$ 1,144.00	\$ 94,952	\$ 750.00	\$ 62,250
100,000 - 199,999	GS-T Industrial LGS - 3	Peoples	205	\$ 1,144.00	\$ 234,520	\$ 1,400.00	\$ 287,000
100,000 - 199,999	GS-T Industrial LGS - 4	Peoples	112	\$ 2,009.00	\$ 225,008	\$ 1,400.00	\$ 156,800
> 200,000	GS-T Industrial LGS - 4	Peoples	276	\$ 2,009.00	\$ 554,484	\$ 1,600.00	\$ 441,600
Rider DSIC Fixed Charge							
25,000 - 49,999	GS-T Industrial LGS - 1	Peoples	312	\$ 22.15	\$ 6,911	\$ -	\$ -
25,000 - 49,999	GS-T Industrial LGS - 2	Peoples	132	\$ 27.25	\$ 3,597	\$ -	\$ -
50,000 - 99,999	GS-T Industrial LGS - 2	Peoples	169	\$ 27.25	\$ 4,605	\$ -	\$ -
50,000 - 99,999	GS-T Industrial LGS - 3	Peoples	83	\$ 57.20	\$ 4,748	\$ -	\$ -
100,000 - 199,999	GS-T Industrial LGS - 3	Peoples	205	\$ 57.20	\$ 11,726	\$ -	\$ -
100,000 - 199,999	GS-T Industrial LGS - 4	Peoples	112	\$ 100.45	\$ 11,250	\$ -	\$ -
> 200,000	GS-T Industrial LGS - 4	Peoples	276	\$ 100.45	\$ 27,724	\$ -	\$ -
Rider TCJA Fixed Charge:							
25,000 - 49,999	GS-T Industrial LGS - 1	Peoples	312	\$ (21.3663)	\$ (6,666)	\$ -	\$ -
25,000 - 49,999	GS-T Industrial LGS - 2	Peoples	132	\$ (26.2859)	\$ (3,470)	\$ -	\$ -
50,000 - 99,999	GS-T Industrial LGS - 2	Peoples	169	\$ (26.2859)	\$ (4,442)	\$ -	\$ -
50,000 - 99,999	GS-T Industrial LGS - 3	Peoples	83	\$ (55.1763)	\$ (4,580)	\$ -	\$ -
100,000 - 199,999	GS-T Industrial LGS - 3	Peoples	205	\$ (55.1763)	\$ (11,311)	\$ -	\$ -
100,000 - 199,999	GS-T Industrial LGS - 4	Peoples	112	\$ (96.8961)	\$ (10,852)	\$ -	\$ -
> 200,000	GS-T Industrial LGS - 4	Peoples	276	\$ (96.8961)	\$ (26,743)	\$ -	\$ -
<u>MCF Usage</u>							
Base Cost of Gas	GST - T Ind LGS	Peoples	5,010,906	\$ 0.2963	\$ 1,484,731	\$ 0.2963	\$ 1,484,731
Delivery Rate - 25,000 - 49,999	GST - T Ind LGS	Peoples	754,775	\$ 1.7553	\$ 1,324,857	\$ 2.1931	\$ 1,655,297
Delivery Rate - 50,000 - 99,999	GST - T Ind LGS	Peoples	1,293,499	\$ 1.7553	\$ 2,270,479	\$ 2.1583	\$ 2,791,760
Delivery Rate - 100,000 - 199,999	GST - T Ind LGS	Peoples	1,604,026	\$ 1.7553	\$ 2,815,547	\$ 2.1395	\$ 3,431,814
Delivery Rate - 200,000 to 749,999	GST - T Ind LGS	Peoples	1,358,606	\$ 1.7553	\$ 2,384,761	\$ 2.0535	\$ 2,789,897
Delivery Rate - 750,000 to 1,999,999	GST - T Ind LGS	Peoples	-	\$ 1.7553	\$ -	\$ 1.7553	\$ -
Delivery Rate - Over 2,000,000	GST - T Ind LGS	Peoples	-	\$ 1.7553	\$ -	\$ 1.6445	\$ -
Rider STAS	GST - T Ind LGS	Peoples	5,010,906	\$ (0.0040)	\$ (20,230)	\$ -	\$ -
Rider DSIC	GST - T Ind LGS	Peoples	5,010,906	\$ 0.0878	\$ 439,782	\$ -	\$ -
Rider TCJA	GST - T Ind LGS	Peoples	5,010,906	\$ (0.0847)	\$ (424,223)	\$ -	\$ -
			5,010,906				
Negotiated							
Base Cost of Gas	GST - T Ind LGS	Peoples	13,082,577	\$ 0.2963	\$ 3,876,367	\$ 0.2963	\$ 3,876,367
Delivery Rate	GST - T Ind LGS	Peoples	13,082,577	\$ 0.4258	\$ 5,569,939	\$ 0.4258	\$ 5,570,561
Rider DSIC	GST - T Ind LGS	Peoples	13,082,577	\$ 0.0878	\$ 1,148,192	\$ -	\$ -
Rider TCJA	GST - T Ind LGS	Peoples	13,082,577	\$ (0.0847)	\$ (1,107,569)	\$ -	\$ -
Total Industrial Transportation Revenue			18,093,482		\$ 21,176,356		\$ 22,930,127
Total Transportation Revenue			40,175,909		\$ 48,168,947		\$ 51,866,473.91
Total Sales and Transportation Revenue			40,337,390		\$ 49,323,340		\$ 53,023,282
Less: Gas Costs					\$ 12,575,966		\$ 12,575,966
LGS Base Revenue					\$ 36,747,373		\$ 40,447,315

APPENDIX “E”

Appendix E
Peoples Natural Gas Company
Proposed Tax Refund by Class
Docket No. R-2018-3008618

Rate Class	Pro Forma Base Revenues	Pro Forma Base Revenues Allocation	Tax Refund Allocated	{1} Customer Count	TCJA One-Time Bill Credit
RS	\$ 312,621,655	71.0%	\$ 11,778,361	585,275	\$ 20.12
SGS	\$ 38,138,729	8.7%	\$ 1,436,918	41,327	\$ 34.77
MGS	\$ 49,389,965	11.2%	\$ 1,860,821	5,502	\$ 338.21
LGS	\$ 40,447,411	9.2%	\$ 1,523,900	254	{2}
	\$ 440,597,760	100.0%	\$ 16,600,000		

{1} Illustrative purposes only. A fixed one-time bill credit will be provided to customers of record as of the first day of the month before the bill credit is issued in each of these rate classes. The credit will be provided no later than 120 days after the proposed base rates go into effect.

{2} For the LGS class, the Company proposes an individual calculation for each customer based on their percentage of actual base distribution revenue to the class for the period January 1, 2018 through December 31, 2018.

APPENDIX “F”

APPENDIX F

PROPOSED FINDINGS OF FACT

1. Peoples Natural Gas Company LLC (“Peoples Natural” or the “Company”) is a “public utility” and “natural gas distribution company” (“NGDC”) as those terms are defined in Sections 102 and 2202 of the Public Utility Code, 66 Pa.C.S.A. §§ 102, 2202.

2. Peoples Natural provides natural gas sales, transportation, and supplier of last resort services to approximately 620,000 customers through its Peoples and Equitable Divisions throughout the Divisions’ certified service territories, which includes all or a portion of the following Pennsylvania Counties: Allegheny, Armstrong, Beaver, Blair, Butler, Cambria, Clarion, Fayette, Greene, Indiana, Jefferson, Lawrence, Mercer, Somerset, Venango, Washington, and Westmoreland.

3. On January 28, 2019, Peoples Natural filed with the Commission its 2019 Base Rate Case Filing (“Filing”), which consisted of Retail Tariff Gas – PA PUC No. 47, Supplier Tariff Gas – PA PUC No. S-3, responses to filing requirements and standard data requests, and supporting direct testimony and exhibits. In Retail Tariff Gas – PA PUC No. 47, Peoples Natural proposed to combine the retail rates and tariffs of its Peoples and Equitable Divisions and proposed an overall net distribution rate increase of \$94.9 million per year.¹ In Supplier Tariff Gas – PA PUC No. S-3, Peoples Natural proposed to combine the supplier tariff provisions of its Peoples and Equitable Divisions.

4. At the hearing held on June 25, 2019, the parties advised Administrative Law Judge Joel H. Cheskis (the “ALJ”) that the parties had achieved a Settlement of all issues except

¹ The Company’s proposed net distribution rate increase was adjusted to approximately \$94.6 million in Peoples’ rebuttal testimony. (See Peoples St. No. 3-R, p. 5.)

the Company's proposal to implement a 150 foot per residential customer allowance to extend mains to establish new service ("Reserved Issue").

5. The Settlement is supported by Peoples Natural, the Commission's Bureau of Investigation & Enforcement (I&E"), the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), Direct Energy Business, LLC, Direct Energy Services, LLC and Direct Energy Business Marketing, LLC (collectively "Direct Energy"), Duquesne Light Company ("Duquesne Light"), Pennsylvania Independent Oil and Gas Association ("PIOGA"), Community Action Association of Pennsylvania ("CAAP"), Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), and Snyder Brothers, Inc., VEC Energy LLC and Snyder Armclar Gas Company LP ("collectively, "Snyder Brothers").

6. The other parties in the proceeding, including Dominion Energy Solutions, Inc. ("DES") and Shipley Choice LLC d/b/a Shipley Energy ("Shipley") (collectively, the "NGS Parties"), Equitrans LP, ("Equitrans"), Baker Gas, Inc. ("Baker Gas"), Marco Drilling, Inc. ("Marco"), MDS Energy Development, LLC ("MDS"), the Retail Energy Supply Association ("RESA"), and Peoples Industrial Intervenors ("PII"), have indicated that they do not oppose the Settlement.

7. All active parties in this proceeding either support or do not oppose the Settlement.

8. There are four *pro se* customer complaints in this proceeding: Charles Hagins, C-2019-3007698; Daniel Killmeyer, C-2019-3007635; Samuel Givens, C-2019-3007959; and Sean D. Ferris, C-2019-3007904. These customer complainants have not been active parties.

9. The Settlement reflects a carefully balanced compromise of the interests of all of the Joint Petitioners.

10. Under the Settlement, Peoples Natural will be permitted to increase annual revenues by amounts designed to produce increased operating revenues of \$59.5 million annually, net of current Distribution System Improvement Charge (“DSIC”) and Tax Cuts and Jobs Act (“TCJA”) surcharges, based upon the level of operations for the twelve months ended October 31, 2020. This amount reflects the roll in of the negative TCJA surcharges and the current DSIC charges for the Peoples Natural and Equitable Divisions. Peoples Natural’s base rates in this proceeding will be designed to increase distribution revenues by \$63,384,103, as a result of approval of elimination of connection fees, pooling fees, and other miscellaneous charges, netting to the \$59.5 million increase in annual operating revenues. (Settlement ¶ 28.)

11. Peoples Natural’s continuing investment in its infrastructure has driven the need for an increase in base rates. The Company is experiencing higher costs resulting from increases in both its plant in service and its labor complement. Without a base rate increase, Peoples Natural’s revenues will no longer be adequate to cover its costs to provide service and to provide an opportunity to earn a fair rate of return on the Company’s investment. (Peoples St. No. 1, p. 22.)

12. Absent rate relief, the Company would earn a return on equity substantially lower than the Company’s proposed return on equity (“ROE”) of 11.25% in this proceeding. (Peoples St. No. 9, pp. 1-2, 52-53.)

13. During the course of the proceeding, the differences between the parties’ litigation positions changed. In rebuttal testimony, the Company’s proposed net distribution rate increase was adjusted from approximately \$94.9 million to approximately \$94.6 million. (See Peoples St.

No. 3-R, p. 5.) In surrebuttal testimony, I&E revised its proposed revenue requirement increase from approximately \$44 million to approximately \$46 million, whereas OCA revised its position regarding the Company's revenue requirement from a proposed increase of approximately \$22.9 million to a proposed decrease of approximately \$15.0 million. (*See* I&E St. No. 1, p. 3; I&E St. No. 1-SR, p. 3 OCA St. No. 1, p. 5; OCA St. No. 1-SR, p. 1.)

14. The revenue increase under the Settlement represents a compromise of the parties' competing litigation positions. The increase under the Settlement is within the range proposed by the parties, is in the public interest, and should be adopted without modification.

15. Currently, Peoples Natural's Peoples Division has two separate tariffs on file with the Commission: (1) Retail Tariff, Gas – PA PUC No. 45, which contains the rules and regulations, rate schedules, and rates applicable to services for the end-use customers; (2) Supplier Tariff, Gas – PA PUC No. S-2, which contains the rules and regulations, rate schedules, and rates applicable to services for natural gas suppliers (“NGSs”) that operate on the system. (Peoples St. No. 5, p. 22.)

16. Peoples Natural's Equitable Division has one tariff on file with the Commission, *i.e.*, Gas – PA PUC No. 46, which contains the rules, regulations, and rate schedules for both end-use customers and NGSs. (Peoples St. No. 5, p. 22.)

17. Peoples Natural proposed to merge the Peoples Division and Equitable Division tariffs into two combined tariffs (one for Retail service and one for Supplier service) that are applicable to both entities going forward. (Peoples St. No. 5, p. 22.)

18. Under the Settlement, the separate current rates of the Peoples and Equitable Divisions will be merged into a single retail tariff and a single supplier tariff. (Settlement ¶¶ 34-35.) Further, through the merger of these rates and tariffs, Peoples Natural's books and records

for the 12 months ended December 31, 2019, and thereafter will be on a consolidated basis, and the Company will only submit reports and filings on a consolidated basis as of the effective date of rates in this proceeding. (Settlement ¶ 36.)

19. Peoples Natural has been accounting for Post-Retirement Benefits other than Pensions (“PBOPs”) for the Fully Projected Future Test Year (“FPFTY”) on the same basis that these costs are recovered in rates, meaning on an accrual basis consistent with FAS 106 and the Commission’s Order entered at Docket No. R-00953318. Peoples Natural has complied with that order and deposited the amounts into dedicated trust accounts in response to the Commission’s Order entered at Docket No. R-00943111. Moreover, the rate proceeding at Docket No. R-2010-2201702 further allowed Peoples Natural to include \$1,337,486, the funding deficiency for these costs at time of the acquisition by Steel River, over a 10-year amortization period. (Peoples St. No. 3, p. 16.)

20. In this proceeding, Peoples Natural proposed to track actual PBOP costs and amortize the cumulative difference between actual and projected costs in the Company’s next base rate proceeding. The amount to be tracked is \$982,654, and the tracking will exclude the \$1,337,486 funding deficiency for these costs mentioned previously. (Peoples St. No. 3, p. 17.)

21. The Settlement provides that Peoples Natural’s FPFTY claim of PBOP expense of \$982,654 and its continued 10-year amortization of \$1,337,486 per year are approved. Peoples Natural also will continue to defer the difference between the annual PBOP expense calculated pursuant to FASB Accounting Standards Codification (“ASC”) 715 and the annual PBOP pay-as-you-go expense included in rates of \$982,654. Only the amounts attributable to operation and maintenance will be deferred and recognized as a regulatory asset or liability and will be

expensed or credited in future rate proceedings over an amortization period to be determined in the next base rate proceeding. (Settlement ¶ 38.)

22. Peoples Natural presented multiple cost of service studies in this proceeding based upon pro forma revenues and costs for the FPFTY at present and proposed rates. These cost of service studies used different allocation methods, as explained in the direct testimony of Peoples witness Feingold. (Peoples St. No. 11, pp. 7-8, 10-12.)

23. Appendix C provides the class revenue increases along with total revenues at Settlement rates by class. Appendix D to the Settlement sets forth the monthly changes in customer charges and distribution rates by class included in the Settlement rates and a proof of revenues. (Appx. C and D to Settlement; Settlement ¶ 39.)

24. The Company originally proposed increasing the residential customer charge to \$20.00, which was an increase of \$6.05 for Peoples Division's current charge of \$13.95 and an increase of \$6.75 per month for Equitable Division's current charge of \$13.25. (Peoples St. No. 11, p. 46.)

25. OCA submitted testimony arguing that the proposed residential customer charge should be increased to \$14.00, whereas CAUSE-PA and CAAP advocated for no increase to the residential customer charge. (Peoples St. No. 11-R, pp. 46-47; OCA St. No. 3, p. 34; CAUSE-PA St. No. 1, p. 44; CAAP St. No. 1, p. 3.)

26. Under the Settlement, the proposed customer charge for the Residential class will be \$14.50, which is \$5.50 lower than Peoples Natural's originally proposed residential customer charge and is \$0.50 higher than the OCA's proposed residential customer charge of \$14.00. (Settlement ¶ 40; Peoples St. No. 11, p. 46; OCA St. No. 3, p. 34.)

27. Presently, Peoples Natural customers can make payment through various channels, such as mail, web, and automated telephone (“IVR”). While the cost of processing the majority of these payments is borne by customers via their base rates, the costs associated with third party payment processing for certain web, IVR, and walk-in payments are borne by the individual customers making such payments. (Peoples St. No. 3, p. 26.)

28. The Company proposed to pay all costs associated with customer payments directly to its service providers and recover such costs from all customers via base rates. (Peoples St. No. 3, p. 26.)

29. Under the Settlement, the Company’s proposal to pay third party fees for customer payments by credit card, walk in payment, and debit card payments is approved. (Settlement ¶ 41.)

30. The Price to Compare (“PTC”) for Priority 1 customers consisting of natural gas supply charges (a Commodity Charge and a Gas Cost Adjustment Charge (“GCA”)), a Merchant Function Charge (“MFC”) and a Gas Procurement Charge (“GPC”) (Rider G) are included in the Settlement Rates. (Settlement ¶ 42.)

31. The Settlement Rates set forth the portion of the revenue requirement to be recovered via the MFC (2.49% of purchased gas costs for residential customers and 0.21% of purchased gas costs for small general service, medium general service and large general service) in Rider E and the GPC in Rider G. The GPC shall equal \$0.0801 per Mcf. (Settlement ¶ 43.)

32. Peoples Natural’s proposal to revise and update its Purchase of Receivables (“POR”) discount rate and MFC to match the current write-off factor used to derive the Company’s bad debt revenue requirement and to revise and update the administrative rider

designed recover incremental POR implementation costs is implemented in the Settlement Rates. (Settlement ¶ 44; Peoples Exhibit No. CAS-3, p. 49; Peoples St. No. 11, p. 60.)

33. The Settlement also provides that any shortfall in recovery of the uncollectible expenses and administrative costs of the POR program will not be recovered from sales customers. (Settlement ¶ 45.)

34. The Settlement also incorporates Peoples Natural's proposal to eliminate the existing pooling fees applicable to NP-1 and P-1 pools. (Settlement ¶ 46; Peoples St. No. 5, p. 24.)

35. Further, under the Settlement, Peoples Natural's proposal to deliver the required daily gas supplies for Pool Operators that have a peak demand of 2,000 Dth or less in lieu of capacity assignment is approved, except that proposal will be modified to be a voluntary option as recommended by Direct Energy witness Magnani. (Settlement ¶ 47; Peoples St. No. 5, pp. 24-25; Direct Energy St. No. 1, p. 5.)

36. The Settlement addresses several low-income customer issues raised by certain parties. (Settlement ¶¶ 48-65; *see* CAAP St. No. 1, pp. 7-8; CAUSE-PA St. No. 1, pp. 44-46; OCA St. No. 4, pp. 4-5.)

37. Specifically, consistent with CAUSE-PA's recommendations, the Settlement provides that Peoples Natural: (1) will waive High Bill Investigation Fees for customers at or below 150% of the federal poverty level; (2) will cease charging any High Bill Investigation Fees for a foreign load investigation; and (3) will revise its tariff to provide that the reconnection fee will be waived for all customers with income at or below 150% of the federal poverty level. (Settlement ¶¶ 48-49, 64; CAUSE-PA St. No. 1, p. 44.)

38. In addition, Peoples Natural will integrate the Universal Service Riders of the Peoples and Equitable Divisions in a manner that does not adversely affect either one of the divisions, will increase its annual Low Income Usage Reduction Program (“LIURP”) budget by \$650,000 (divided proportionately between the Peoples and Equitable Divisions, will develop a written plan for how it will ensure that funding for its LIURP will be equitably distributed between divisions, and will host an in-person collaborative about the proposed plan. (Settlement ¶¶ 50-52; *see* CAUSE-PA St. No. 1, pp. 26-30)

39. Under the Settlement, the Company also commits to maintaining its existing business relationship with community based organizations (“CBOs”), subject to each individual CBO’s continued performance in conformance with the Company’s Universal Service and Energy Conservation Plan (“USECP”) rules and their contract with the Company. (Settlement ¶ 53.)

40. Further, the Settlement provides that Peoples Natural will update its training materials to clarify that additional medical certificate renewals, beyond the first three certificates, are available to customers who continue to pay their current charges or budget bill amount while protected by a medical certificate. When customers submit a medical certificate, Peoples Natural’s customer service staff will inform customers about how to obtain medical certificate renewals beyond the first three certificates. (Settlement ¶¶ 54-55; *see* CAUSE-PA St. No. 1, pp. 41-42.)

41. Moreover, as the Company committed to implementing in its rejoinder testimony, Peoples Natural will automatically review its residential accounts at least once every six months to ensure it is not holding deposits for customers who are confirmed low income. If the Company discovers that deposits are being held, Peoples Natural will refund those deposits to

customers within 30 days. (Settlement ¶ 56; *see* CAUSE-PA St. No. 1-SR, p. 19; Peoples St. No. 12-RJ, p. 4.)

42. Under the Settlement, Peoples Natural also agrees to memorialize, in its USECP, the steps that Peoples Natural has indicated it has already taken to bolster Customer Assistance Program (“CAP”) enrollment that were recommended by CAUSE-PA in its direct testimony. (Settlement ¶ 57; *see* CAUSE-PA St. No. 1, p. 45.)

43. Consistent with the Company’s rebuttal testimony, Peoples Natural will revise its Universal Service cost recovery tariff to reflect a bad debt offset of 3.86% for all CAP participation exceeding 32,300. Peoples Natural also will no longer track CAP participation separately for its two divisions. (Settlement ¶ 58; Peoples St. No. 5-R, pp. 16-17.)

44. Furthermore, Peoples Natural will adopt a procedure under which it will not disconnect service to a confirmed low-income customer for nonpayment without first providing a stand-alone Plain English notice to that customer of the customer’s right to enter into CAP and an explanation of CAP’s arrearage forgiveness benefits. (Settlement ¶ 59; *see* OCA St. No. 4, p. 5.)

45. Also under the Settlement, Peoples Natural will adopt a process providing that upon request to enter into Budget Billing, a customer in arrears should be placed on Budget Billing while spreading their arrears over a period consistent with the PUC regulation applicable to the individual customer. (Settlement ¶ 60; *see* OCA St. No. 4, p. 5.)

46. For the purposes of cold weather protections, the Company should adopt income verification language that mirrors the tariff language of Columbia Gas of Pennsylvania, Inc. and/or the FirstEnergy Companies to provide greater flexibility to establish income eligibility. (Settlement ¶ 61.)

47. Concerning CAP outreach, Peoples Natural will present the issue to its Universal Service Advisory Group (“USAG”) no later than October 2019. Subsequent to this discussion, Peoples Natural will present the recommendations of the USAG to the Commission in either its next round of comments regarding the Peoples Natural’s USECP, or its next base rate case, whichever comes first. The additional questions of: (1) why customers do not respond to written shutoff notices that inform customers in arrears of the need to contact the Company in order to avoid the disconnection of service; and (2) why customers do not successfully complete deferred payment agreements, will also be presented to the USAG within the same time line and with the same proviso. (Settlement ¶¶ 62-63; *see* OCA St. No. 4, p. 5.)

48. Additionally, the Settlement states that Peoples Natural and Duquesne Light will collaborate on their CAPs with the objective to enhance the experience for their mutual low-income customers, including enabling data and document sharing to reduce barriers to enrollment; develop a universal CAP application; and investigate methods of shared recertification that decreases the number of CAP customers removed from CAP for failure to recertify. (Settlement ¶ 65.)

49. The TCJA reduced the U.S. federal corporate income tax rate from 35 percent to 21 percent, which resulted in tax savings that are to be refunded to ratepayers. (Peoples St. No. 4, pp. 14, 17-18.)

50. Under the Settlement, within 120 days of the effective date of rates in this proceeding, Peoples Natural will provide the refund of tax savings with interest associated with the TCJA for the period of January 1, 2018 through June 30, 2018 in a one-time bill credit, which is estimated at \$16.6 million plus interest calculated at the residential mortgage lending rate that is effective on the last day of the month prior to the refund. The one-time bill credit will

also include any accumulated over/under recovery associated with the TCJA tax change from January 1, 2018 until rates go into effect for the current proceeding. The previous language will be incorporated into Peoples Natural's Rider TCJA and will go into effect on the effective date of new rates in the current proceeding, and Rider TCJA will terminate once the one-bill credit is provided to customers. (Settlement ¶ 66.)

51. In this case, Peoples Natural did not project any incremental gas sales or revenue associated with serving new combined heat and power ("CHP") systems pursuant to its proposed Energy Efficiency and Conservation Plan ("EE&C Plan") that is currently pending before the Commission at Docket No. M-2017-2640306. (Duquesne Light St. No. 1, p. 4.)

52. The Settlement provides that Peoples Natural will petition to withdraw its proposed EE&C Plan and will convene a stakeholder group with the statutory advocates and Duquesne Light to review any new proposal at least 120 days prior to filing, if such a proposal is filed in the future. Further, the Settlement includes certain conditions on Peoples Natural's ability to include CHP projects in a future EE&C Plan. (Settlement ¶ 67; *see* Duquesne Light St. No. 1, p. 5.)

53. Peoples Natural and Duquesne Light disputed whether electricity should be considered a competitive alternative for the purposes of Peoples Natural offering flexed gas rates. (Duquesne Light St. No. 1, pp. 5-7; Peoples St. No. 5-R, pp. 8-10.)

54. Under the Settlement, electricity delivered by an electric distribution company shall not constitute a competitive alternative for purposes of natural gas flex rate eligibility or amount, unless the electric distribution company offers an electric flexed distribution rate to the customer. (Settlement ¶ 68.)

55. Further, consistent with Duquesne Light's recommendation, the Settlement states that Peoples Natural shall provide the highest curtailment priority available under applicable law, no lower than Category 2a or its equivalent, to operational facilities of electric distribution companies, including the six Duquesne Light operational facilities identified in Duquesne Light witness Harchick. (Settlement ¶ 69; Duquesne Light St. No. 3, p. 7.)

56. As set forth in its proposed tariff rate schedule Rate - Appalachian Gathering Service ("Rate AGS"), Peoples Natural proposed instituting a uniform gathering rate for conventional gas production that would start at a base level and increase as the price of gas increases. This gathering rate would be based on a minimum charge of \$0.26/Mcf and would be subject to monthly adjustment as natural gas market prices change. The monthly gathering rate would be set at a level equal to the higher of \$0.26/Mcf or 12.4% of the first of the month Dominion South Point Appalachia Index market price as published in Platts, Gas Daily. The maximum gathering rate would be set equal to the fully allocated gathering cost of service rate, which Peoples witness Feingold averred is \$0.76/Mcf for the FPFTY. (Peoples St. No. 2, pp. 20, 22; Peoples Exhibit No. JAG-2.)

57. Under the Settlement, Peoples Natural's proposed changes to Rate AGS are approved as modified by the terms of the Settlement, which include: (1) conditions on the Rate AGS fee applicable for incremental conventional production; (2) the withdrawal of the indexing feature without prejudice, in Rate AGS from 12.4% to 0%; (3) continuation on the applicable water vapor standards for normal ongoing operations for the Peoples and Equitable Divisions; and (4) the Company's commitment to accept local gas as a priority over interstate gas. (Settlement ¶ 70.)

58. Peoples Natural offers discounted delivery rates to commercial and industrial customers when the Company determines that they have more than one service option available to them. By retaining these customers, Peoples Natural maintains that the customers support important operational needs of the Company's system and offset the cost of service for other customers. (Peoples St. No. 5, pp. 13-14.)

59. One of the principal issues in this case concerned the support provided by the Company for the discounts it has provided to certain customers. (See OCA St. No. 3-Supp, p. 2; Peoples St. No. 2-SR; Peoples St. No. 5-SR.)

60. The Settlement provides that on combination of the Peoples and Equitable Divisions, the entire Company will be subject to the requirements of the Equitable Gas Company 2008 base rate settlement provision concerning justifying discounts in future base rate proceedings. (Settlement ¶ 72.)

61. In addition, where a bypass of the Company's facilities is the customer's competitive option, the Company will work with the customer in future negotiations to develop an analysis of the likely construction cost of the bypass facilities and apply that estimate in determining, through negotiations, the discounted rate offered to the customer. This information will be provided on a confidential basis in the Company's initial filing in future base rate proceedings. Further, Peoples Natural has agreed to provide a confidential annual report to the Statutory Advocates that contains details on each customer's discounted rate. Finally, in future base rate proceedings, Peoples Natural will provide, on a confidential basis, sworn affidavits from all discount customers attesting to the facts and reasons for the discounts. (Settlement ¶ 73.)

APPENDIX “G”

APPENDIX G

PROPOSED CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter and the parties to this proceeding. 66 Pa. C.S. §§ 1301, 1308(d).

2. Under Section 1301 of the Public Utility Code, a public utility's rates must be just and reasonable. 66 Pa. C.S. § 1301.

3. The Commission possesses a great deal of flexibility in its ratemaking function. *See Popowsky v. Pa. PUC*, 665 A.2d 808, 812 (Pa. 1995). "In determining just and reasonable rates, the [Commission] has discretion to determine the proper balance between the interests of ratepayers and utilities." *Id.*

4. The term "just and reasonable" is not intended to confine the ambit of regulatory discretion to an absolute or mathematical formulate; rather, the Commission is granted the power to balance the prices charged to utility customers and returns on capital to utility investors. *Pa. PUC v. Pa. Gas & Water Co.*, 424 A.2d 1213, 1219 (Pa. 1980), *cert. denied*, 454 U.S. 824, 102 S. Ct. 112, 70 L. Ed. 2d 97 (1981).

5. Commission policy promotes settlements. 52 Pa. Code § 5.231. Settlements lessen the time and expense the parties must expend litigating a case and at the same time conserve administrative resources.

6. Settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code § 69.401.

7. The Commission encourages black box settlements. *Pa. PUC v. Aqua Pa., Inc.*, Docket No. R-2011-2267958, at 26-27 (Order entered June 7, 2012); *Pa. PUC v. Peoples TWP LLC*, Docket No. R-2013-2355886, at 27 (Order entered Dec. 19, 2013) ("*Peoples TWP LLC*");

Statement of Chairman Robert F. Powelson, *Implementation of Act 11 of 2012*, Docket No. M-2012-2293611, Public Meeting, August 2, 2012.

8. In order to accept a settlement, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. UGI Utilities, Inc. – Gas Division*, Docket Nos. R-2015-2518438, *et al.* (Order entered Oct. 14, 2016); *Pa. PUC v. Philadelphia Gas Works*, Docket No. M-00031768 (Order entered Jan. 7, 2004).

9. The Petitioners have the burden to prove that the Settlement is in the public interest. *Pa. PUC v. Pike Cnty. Light & Power (Electric)*, Docket Nos. R-2013-2397237, C-2014-2405317, *et al.* (Order entered Sept. 11, 2014).

10. The decision of the Commission must be supported by substantial evidence. 2 Pa. C.S. § 704.

11. “Substantial evidence” is such relevant evidence that a reasonable mind might accept as adequate to support a conclusion. More is required than a mere trace of evidence or a suspicion of the existence of a fact sought to be established. *Norfolk & Western Ry. Co. v. Pa. PUC*, 489 Pa. 109, 413 A.2d 1037 (1980); *Erie Resistor Corp. v. Unemployment Comp. Bd. of Review*, 194 Pa. Superior Ct. 278, 166 A.2d 96 (1961); *Murphy v. Comm., Dept. of Public Welfare, White Haven Center*, 85 Pa. Commonwealth Ct. 23, 480 A.2d 382 (1984).

12. The rates and terms of service set forth in the Settlement are supported by substantial evidence and are in the public interest. Therefore, consistent with the terms and conditions set forth in the Settlement, Peoples Natural’s proposed rate increase should be granted.

APPENDIX ‘H’

APPENDIX H

PROPOSED ORDERING PARAGRAPHS

1. That the Pennsylvania Public Utility Commission approve this Settlement, including all the terms and modifications thereof, without modification;
2. That the investigation into this matter be terminated and the matter marked closed; and
3. That the Commission issue an Order terminating the proceeding, and authorizing Peoples Natural to file pro forma tariff supplements attached to the Settlement as **Appendix A and Appendix B** to become effective for service on and after October 29, 2019.

APPENDIX “I”

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos. R-2018-3006818
Office of Consumer Advocate	:	C-2019-3007711
Office of Small Business Advocate	:	C-2019-3007752
Daniel Killmeyer	:	C-2019-3007635
Charles Hagins	:	C-2019-3007698
Sean D. Ferris	:	C-2019-3007904
Samuel Givens	:	C-2019-3007959
Peoples Industrial Intervenors	:	C-2019-3008506
	:	
	:	
v.	:	
	:	
	:	
Peoples Natural Gas Company LLC	:	

**PEOPLES NATURAL GAS COMPANY LLC’S STATEMENT IN SUPPORT OF
JOINT PETITION FOR APPROVAL OF SETTLEMENT**

TO ADMINISTRATIVE LAW JUDGE JOEL H. CHESKIS:

I. INTRODUCTION

Peoples Natural Gas Company LLC (“Peoples Natural” or the “Company”) hereby submits this Statement in Support of the Joint Petition for Approval of Settlement Stipulation (“Settlement”) in the above-captioned proceeding among the Company and the Bureau of Investigation & Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), Direct Energy Business, LLC, Direct Energy Services, LLC and Direct Energy Business Marketing, LLC (collectively “Direct Energy”), Duquesne Light Company (“Duquesne Light”), Pennsylvania Independent Oil and Gas Association (“PIOGA”), Community Action Association of Pennsylvania (“CAAP”), Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), and Snyder Brothers, Inc., VEC Energy LLC and Snyder Armelar Gas Company LP (“collectively, “Snyder Brothers”),

parties to the above-captioned proceeding (hereinafter, collectively “Joint Petitioners”).¹ In the Settlement, the Joint Petitioners respectfully request that Administrative Law Judge Joel H. Cheskis (the “ALJ”) and the Commission approve the Settlement. The Settlement has been agreed to or not opposed by all active parties in this proceeding. The Settlement reserves one issue, concerning Peoples Natural’s proposal of 150 feet of main line extension for each new residential customer, for litigation.

The Settlement was achieved after a comprehensive investigation of Peoples Natural’s operations and finances. In addition to informal discovery, Peoples Natural responded to over 600 formal discovery requests, many of which included multiple subparts. Parties filed five rounds of testimony including the Company’s direct testimony, other parties’ direct testimony, rebuttal testimony, surrebuttal testimony and rejoinder testimony. In addition, OCA filed supplemental direct to which the Company responded in its surrebuttal testimony. Moreover, numerous settlement discussions and formal negotiations were undertaken, which ultimately resulted in this Settlement.

The Settlement reflects a carefully balanced compromise of the interests of the Joint Petitioners and the non-opposing parties on a broad range of issues. For the reasons explained herein, the Settlement is just and reasonable, is supported by substantial evidence and is in the public interest. Therefore, the Settlement should be approved without modification.

¹ The following parties do not oppose the Settlement: Dominion Energy Solutions, Inc. (“DES”) and Shipley Choice LLC d/b/a Shipley Energy (“Shipley”) (collectively, the “NGS Parties”), Equitrans LP, (“Equitrans”), Baker Gas, Inc. (“Baker Gas”), Marco Drilling, Inc. (“Marco”), MDS Energy Development, LLC (“MDS”), the Retail Energy Supply Association (“RESA”), Peoples Industrial Intervenors (“PII”) and Utility Workers Union of America, Local 612 (“UWUA”).

II. THE SETTLEMENT IS JUST AND REASONABLE AND SUPPORTED BY SUBSTANTIAL EVIDENCE

A. REVENUE REQUIREMENT

Paragraph Nos. 28 and 29 of the Settlement set forth the increase in revenues under the Settlement. Peoples Natural is permitted to increase base distribution rates by the amount designed to increase base rate revenues by \$63,384,103. Because Peoples Natural's proposals in this proceeding to eliminate certain miscellaneous and pooling fees have been accepted, the net effect of all tariff charges will be to increase the Company's operating revenues by \$59.5 million.

The \$59.5 million increase in operating revenue and \$63.4 million increase in distribution revenue provided for under Settlement is just and reasonable and supported by substantial evidence. The Company proposed an increase in operating revenue of \$94.9 million, and provided extensive evidence in support of its claim. Peoples Natural St. No. 3, pp. 4-30; Peoples Natural St. No. 4, pp. 5-21; Peoples Natural St. No. 7, pp. 3-12; Peoples Natural St. No. 9, pp. 1-53; Peoples Natural St. No. 10, pp. 2-13. In direct testimony, I&E proposed a \$44.1 million increase. I&E St. No. 1, p. 3. In surrebuttal testimony, I&E updated its proposed increase to \$46.1 million. I&E St. No. 1-SR, p. 3.

OCA's direct testimony proposed an increase in revenues of \$22,949,558. OCA St. No. 1, p. 5. On a comparison of the overall positions of the Parties presenting a total revenue requirement, the Settlement demonstrates substantial compromise by these parties.

A more detailed analysis of the settled rate increase is provided by starting with the increase of \$46.1 million proposed by I&E. I&E correctly used an end of year rate base and end of year expense adjustments, as proposed by the Company and consistent with the Commission's action in the recent UGI Electric rate case. I&E St. No. 5, p. 5, I&E St. 1-R, p. 3; *Pa. PUC v.*

UGI Utilities, Inc. – Electric Division, Docket Nos. R-2017-2640058, *et al.*, pp. 20-26 (Order entered Oct. 25, 2018) (“*UGI Electric*”).

However, I&E proposed that the allowed return on equity (“ROE”) be set at only 8.97%. I&E St. No. 2, p. 5. As Peoples Natural’s witness explained in rebuttal, the minimum ROE should be equal to, or above, the Commission’s current Distribution System Improvement Charge (“DSIC”) ROE of 10.1% for natural gas distribution utilities, given that the DSIC return is a reconciled guaranteed return while a base rate ROE is only an opportunity to earn that return and brings more risk. Peoples Natural St. No. 9-R, p. 9. In fact, in *UGI Electric*, the Commission set the rate case ROE above the then applicable DSIC ROE for electric distribution companies. *Compare UGI Electric*, p. 94, with “Bureau of Technical Utility Services Report on the Quarterly Earnings of Jurisdictional Utilities for the Year Ended March 31, 2018,” Docket No. M-2018-3003513, Attachment D, p. 15 (Public Meeting held Aug. 2, 2018). Adjusting I&E’s proposed revenue increase to reflect the 10.1% DSIC return would increase I&E’s revenue increase by \$16.7 from \$46.1 million to \$62.8 million.² Therefore, the revenue requirement settlement is supported without making any other adjustment in I&E’s testimony

OCA’s initial revenue increase amount was \$22,949,558. OCA St. No. 1, p. 5.³ It is noted that in arriving at this position, OCA proposed the use of an average rate base. OCA St. No. 1, pp. 6-8. Company witness Wachter demonstrated in rebuttal testimony that adjusting

² This change is calculated as follows from data in the record in millions:

I&E Rate Base (I&E St. No. 1-SR, p. 3)	\$2,041.8
I&E Rate Base Equity% (I&E St. No. 2, p. 5)	53.66%
ROE Change (8.97% to 10.10%)	<u>1.13%</u>
Impact – Pre-Tax	\$ 12.4
Income Taxes	<u>\$ 4.3</u>
Impact – After-Tax	<u>\$ 16.7</u>
Adjusted Revenue Increase	\$ 62.8

See I&E St. No. 1-SR, p. 3.

³ OCA served Highly Confidential Supplemental Direct Testimony, a day after rebuttal was due in this case, proposing additional revenues be added to reflect disallowances of discounts to competitive customers. OCA St. No. 3-Supp, p. 2. This subject is addressed with regard to the discounted rate section of this Settlement.

OCA's proposed rate increase to use an end of year rate base and expenses would increase the allowed rate increase proposed by OCA by \$14.6 million. Peoples Natural St. No. 3-R, pp. –5-13; Peoples Natural Ex. No. APW-R-2; *see also UGI Electric*, pp. 20-23.

OCA also proposed an 8.75% ROE. OCA St. No. 2, p. 3. Adjusting OCA's revenue increase to reflect an ROE at a minimum DSIC return of 10.1% would result in a further revenue increase of \$17.6 million.⁴ Finally, it is noted that OCA also adjusted out \$2.7 million of inflation adjustments proposed in the Company's case. OCA St. No. 1-SR, p. 15. In rebuttal, Mr. Wachter demonstrated that the accounts for which inflation factor was used to project future costs had increased by more than inflation in recent past periods. Peoples Natural St. No. 3-R, pp. 21-23. The total result of just these changes to OCA's direct testimony produces an adjusted increase of \$57.9 million (\$23 million + \$14.6 million, + \$17.6 million, + \$2.7 million).

The above explanations demonstrate that the \$59.5 million settlement increase is both just and reasonable and fully supported by substantial evidence. There were many other I&E and OCA adjustments that were disputed by the Company, any group of which could have resulted in a revenue increase in excess of \$59.5 million.⁵ Resolution of this important issue without continued litigation is in the public interest.

The revenue requirement under the Settlement is generally a "black box" number. Under a "black box" settlement, parties do not specifically identify the rate base, revenue, expense and

⁴ This change is calculated as follows from data in the record in millions:

OCA Rate Base (OCA St. No. 1, p. 4)	\$1,934.6
OCA Rate Base Equity% (OCA St. No. 2, p. 21)	50.09%
ROE Change (8.75% to 10.10%)	<u>1.35%</u>
Impact – Pre-Tax	\$ 13.1
Income Taxes	<u>\$ 4.5</u>
Impact – After-Tax	<u>\$ 17.6</u>

See OCA St. No. 1-SR, p. 1; OCA Schedules DM-Surr-1, DM-Surr-2, DM-Surr-3.

⁵ One such example is OCA's proposal to use a hypothetical equity ratio of 50.09% instead of the Company's actual equity ratio of 53.66%. OCA St. No. 2, pp. 20-21. Peoples Natural's equity ratio is within the range of the barometer group companies and should not be adjusted. Peoples St. No. 9-R, pp. 6-7. Removing this adjustment would further increase the OCA revenue increase by \$6.5 million to \$64.4 million.

return amounts that are allowed or disallowed. The Company has found that the “black box” concept often facilitates settlement agreements because parties are not required to identify a specific return on equity or specifically identify rate base, revenue, expense, and return amounts that are allowed or disallowed. This process allows a settlement without requiring parties to abandon or reverse their positions on important issues, which could impact their positions in later cases. The Commission encourages black box settlements. *Pa. P.U.C. v. Aqua Pennsylvania, Inc.*, Docket No. R-2011-2267958, Order entered June 7, 2012, pp. 26-27; *Pa. P.U.C. v. Peoples TWP LLC*, Docket No. R-2013-2355886, Order entered December 19, 2013, p. 27 (“*Peoples TWP LLC*”); Statement of Chairman Robert F. Powelson, *Implementation of Act 11 of 2012*, Docket No. M-2012-2293611, Public Meeting, August 2, 2012.

Paragraphs 30 and 31 of the Settlement address operation of the Distribution System Improvement Charge (“DSIC”) once the plant is reflected in base rates and the DSIC is reset to zero in this case. These provisions determine when DSIC eligible investment exceeds levels reflected in base rates and how the ROE used in the DSIC calculation will be determined.

Paragraph No. 32 of the Settlement provides a process to review, in future proceedings, whether Peoples Natural achieves its rate base estimates in this case.

Paragraph No. 33 addresses the flow back of excess deferred income taxes under the Tax Cuts and Jobs Act (“TCJA”) in future base rate proceedings.

B. MERGER OF PEOPLES NATURAL’S PEOPLES AND EQUITABLE DIVISION RATES, TARIFFS AND ACCOUNTING

This base rate proceeding is the first such proceeding since Peoples Natural’s acquisition of Equitable Gas Company (“Equitable”). In the Application proceeding to acquire Equitable, Peoples Natural agreed to maintain separate retail and supplier tariffs and separate accounting for

the divisions. An important part of this proceeding is to complete the combination of the former companies into a single company for financial and rate purposes. As explained by Mr. O'Brien:

The Company has taken a variety of steps to unify the operations of its divisions. In particular, organizational structures of the two divisions have been restructured to avoid duplicative positions, the unions have been merged, and the vehicles, tools, and equipment have been standardized across the divisions. In addition, the Company has restructured the locations of offices across the combined service territory to better serve the customers and avoid duplicative offices. The Company has gone to great efforts to create a single operations that provides the most valuable services to our customers in the most efficient means possible.

Peoples Natural St. No. 1, pp. 6-7.

Paragraph No. 34 provides for the merger of rates into a single set of rate schedules, combined in a single retail tariff, which is attached as Appendix A to the Settlement.

Paragraph No. 35 of the Settlement provides a single supplier tariff, which is attached as Appendix B.

Paragraph No. 36 of the Settlement removes the requirement that Peoples Natural maintain separate books and records for the Divisions.

Peoples Natural notes that the Commission has already approved the consolidation of the Peoples Division and Equitable Division Purchased Gas Cost ("PGC") rates. Peoples Natural St. No. 1, p. 7. Further consolidation of the Company's rates, tariffs and record keeping requirements will provide substantial benefits to the Company by eliminating duplicative filings and to customers by avoiding confusion over rates and service. Peoples Natural St. No. 1, p. 8.

C. POST-EMPLOYMENT AND POST-RETIREMENT BENEFITS

Paragraph No. 37 of the Settlement permits Peoples Natural to continue to recover post-employment benefit costs ("workers compensation") on a pay as you go basis.

Paragraph No. 38 of the Settlement permits Peoples Natural to recover costs for post-retirement benefits other than pensions ("PBOPs") including continued recovery of a 10-year

amortization to recover a funding deficiency approved by the Commission at R-2010-2207702, and ongoing PBOB expenses. Pursuant to the Commission's Policy Statement at 52 Pa. Code § 69.351, this paragraph provides for deferral of differences between PBOP expense accruals and pay as you go expense included in rates and recognizing the difference as a regulatory liability or asset to be expensed or credited in future base rate proceedings. This provision is consistent with the Commission's Policy Statement and in the public interest.

D. CLASS REVENUE REQUIREMENTS/RATE DESIGN

The second step in any rate case, after deciding the amount of rate increase, is to determine how that increase is to be apportioned to the customer classes and then rates are assigned to each class to recover the class assignments of the rate increase.

In apportioning or allocating the total rate increase to the classes, the principal tool is a class cost allocation study. The Company's witness, Mr. Feingold prepared two studies, a demand/customer study and a peak and average study or demand commodity study. Peoples Natural St. No. 11, pp. 7-13. These terms refer to alternative methods of allocating mains, the principal investment category of a natural gas distribution company, and related facilities. Peoples Natural St. No. 11, pp. 13-17. The demand/customer method allocates mains and other related costs to the classes in part on peak demand of each class and in part on number of customers in each class. *See* Peoples Natural St. No. 11, p. 26; Peoples Natural Exhibit No. 11, Schedule 1, 53.53 IV-B-1(A). The demand commodity study allocates mains and other related costs to the classes on a 50% class peak demand and 50% annual usage. *See* Peoples Natural Exhibit No. 11, Schedule 1, 53.53 IV-B-1(B).

Generally, advocates for large customers favor the demand customer study because it follows cost causation and allocates less costs to larger customers. Advocates for smaller customers favor demand commodity or peak and average studies because they allocate more

costs to larger customer. Witness Watkins for the OCA produced his own peak and average study. OCA St. No. 3, pp. 20-21; OCA Schedule GAW-4.⁶

The witnesses use these studies to determine the class returns at present rates and assign greater rate increases to classes that provide below average returns and lesser increases to classes with above average returns. However, because the studies produce different class returns, there are disputes concerning the allocation of the increase to the classes.

Provided below are the positions of the Company, I&E, and OCA in direct testimony allocating the Company's proposed total increase and the scaled back amount for each party of the Settlement revenue increase on a percentage basis (reduction percentage of original increase to settlement increase).

⁶ Witness Crist for PII supported the Company's demand customer study but did not present a revenue allocation. PII St. No. 1, p. 6.

Peoples Natural Gas Company LLC
Settlement Class Revenue Apportionment
July 9, 2019

Company's Original Proposed Class Revenue Apportionment					Apportionment of Settled Revenue Increase	Percent Change	Adjustment for Changes to Fees	Base Rate Change (Target)	Base Rate Percent Change
Rate Class	Non-Gas Revenue at Current Rates	Revenue Change	Percent Change	Percent of Total Increase					
Residential Service	\$ 273,991,108	\$ 79,862,244	29.1%	84.2%	\$ 50,099,031	18.3%	\$ 1,381,800	\$51,480,832	18.8%
Small General Service	\$ 33,951,754	\$ 8,742,577	25.8%	9.2%	\$ 5,484,377	16.2%	\$ 859,707	\$ 6,344,084	18.7%
Medium General Service	\$ 45,000,023	\$ 4,950,003	11.0%	5.2%	\$ 3,105,226	6.9%	\$ 462,508	\$ 3,567,734	7.9%
Large General Service	\$ 43,112,951	\$ 1,293,389	3.0%	1.4%	\$ 811,366	1.9%	\$ 1,180,087	\$ 1,991,453	4.6%
Total Company	\$ 396,055,837	\$ 94,848,212	23.9%	100.0%	\$ 59,500,000	15.0%	\$ 3,884,103	\$63,384,103	16.0%

I&E's Original Proposed Class Revenue Apportionment					Apportionment of Settled Revenue Increase	Percent Change	Adjustment for Changes to Fees	Base Rate Change (Target)	Base Rate Percent Change
Rate Class	Non-Gas Revenue at Current Rates	Revenue Change	Percent Change	Percent of Total Increase					
Residential Service	\$ 273,991,108	\$ 56,275,845	20.5%	59.3%	\$ 35,302,856	12.9%	\$ 1,381,800	\$36,684,657	13.4%
Small General Service	\$ 33,951,754	\$ 10,818,121	31.9%	11.4%	\$ 6,786,403	20.0%	\$ 859,707	\$ 7,646,110	22.5%
Medium General Service	\$ 45,000,023	\$ 11,733,634	26.1%	12.4%	\$ 7,360,721	16.4%	\$ 462,508	\$ 7,823,229	17.4%
Large General Service	\$ 43,112,951	\$ 16,020,612	37.2%	16.9%	\$ 10,050,020	23.3%	\$ 1,180,087	\$11,230,107	26.0%
Total Company	\$ 396,055,837	\$ 94,848,212	23.9%	100.0%	\$ 59,500,000	15.0%	\$ 3,884,103	\$63,384,103	16.0%

OCA's Original Proposed Class Revenue Apportionment					Apportionment of Settled Revenue Increase	Percent Change	Adjustment for Changes to Fees	Base Rate Change (Target)	Base Rate Percent Change
Rate Class	Non-Gas Revenue at Current Rates	Revenue Change	Percent Change	Percent of Total Increase					
Residential Service	\$ 273,991,108	\$ 65,615,916	23.9%	69.2%	\$ 41,162,052	15.0%	\$ 1,381,800	\$42,543,852	15.5%
Small General Service	\$ 33,951,754	\$ 8,130,831	23.9%	8.6%	\$ 5,100,618	15.0%	\$ 859,707	\$ 5,960,325	17.6%
Medium General Service	\$ 45,000,023	\$ 10,776,692	23.9%	11.4%	\$ 6,760,414	15.0%	\$ 462,508	\$ 7,222,922	16.1%
Large General Service	\$ 43,112,951	\$ 10,324,772	23.9%	10.9%	\$ 6,476,917	15.0%	\$ 1,180,087	\$ 7,657,004	17.8%
Total Company	\$ 396,055,837	\$ 94,848,212	23.9%	100.0%	\$ 59,500,000	15.0%	\$ 3,884,103	\$63,384,103	16.0%

Settlement Class Revenue Apportionment - Final									
Rate Class	Non-Gas Revenue at Current Rates	Settled Revenue Apportionment	Percent Change	Percent of Total Increase	Adjustment for Changes to Fees	Base Rate Change (Target)	Base Rate Change (Designed)	Base Rate Change	Base Rate Percent Change
Residential Service	\$ 273,991,108	\$ 45,558,000	16.6%	76.6%	\$ 1,381,800	\$46,939,800	\$46,937,945		17.1%
Small General Service	\$ 33,951,754	\$ 5,272,047	15.5%	8.9%	\$ 859,707	\$ 6,131,754	\$ 6,131,719		18.1%
Medium General Service	\$ 45,000,023	\$ 6,150,002	13.7%	10.3%	\$ 462,508	\$ 6,612,510	\$ 6,612,443		14.7%
Large General Service	\$ 43,112,951	\$ 2,519,951	5.8%	4.2%	\$ 1,180,087	\$ 3,700,038	\$ 3,699,942		8.6%
Total Company	\$ 396,055,837	\$ 59,500,000	15.0%	100.0%	\$ 3,884,103	\$63,384,103	\$63,382,048		16.0%

Rate Class	Non-Gas Revenue at Settlement Rates
Residential Service	\$ 319,549,108
Small General Service	\$ 39,223,801
Medium General Service	\$ 51,150,025
Large General Service	\$ 45,632,902
Total Company	\$ 455,555,837

Comparison of each of the parties' proposed percentage of the settlement increase by class demonstrates that the settlement revenue allocation represents a reasonable balance of the positions of the Joint Petitioners and is supported by the evidence in this proceeding.

As explained subsequently in Subsection F of this Statement in Support and shown in Appendix "C" to the Settlement, pooling fees charged to suppliers are eliminated in this

proceeding. *See* Peoples Natural St. No. 5, p. 24. While these fees are not a direct reduction in costs to customers, the Company believes that these cost savings should produce lower charges to shopping customers, particularly the Company's LGS rate class, which is served almost exclusively by competitive suppliers. The effects of the reduction in pooling fees were considered by the Parties in arriving at the Settlement revenue allocation

In addition, the Company also proposed, and no party opposed, elimination of various other fees.⁷ The elimination of these fees primarily benefits residential and small general service customers. The Parties also considered these reduced fees in arriving at the allocation of the base rate increase.

The reductions in pooling and other fees are shown in Appendix C.

E. CREDIT CARD PAYMENTS BY CUSTOMERS

Paragraph No. 41 of the Settlement confirms that the Company's proposal to pay costs of credit, debit and walk in payments by customers is approved. The Company presented extensive testimony on the benefits to customers of this change, particularly to low income customers, of paying such costs. Peoples Natural St. No. 3, pp. 26-28. Mr. Wachter explained that customers have frequently expressed their dissatisfaction with paying transaction fees for making payments. In addition, few industries outside of government and utility entities charge transaction fees for making payments. The elimination of third party fees will benefit customers, is consistent with changing industry practices and is also consistent with other utilities. Peoples Natural St. No. 3, p. 28. The revenue requirement settlement amount includes these costs.

⁷ The following other fees were eliminated: (1) connection fee, Exhibit CAS-2, p. 20; (2) transfer fee, Exhibit CAS-2, p. 20; (3) remote meter fee, Exhibit CAS-2, p. 46; split load fee, Exhibit CAS-2, p. 46; and (4) field visit fee, Exhibit CAS-2, p. 46.

F. PRICE TO COMPARE (“PTC”) AND PURCHASE OF RECEIVABLES (“POR”)

Paragraph Nos. 42 to 45 of the Settlement update the PTC, which provides a benchmark for shopping customers, for costs of procuring gas supplies for customers that buy gas from the Company and uncollectible accounts costs related to gas purchases. These charges are unbundled and are recovered from only sales customers in accordance with prior Commission orders, and are updated in the base rate case and this Settlement to reflect current costs.

G. POOLING AND BILLING FEES

As noted previously, Paragraph Nos. 46 and 47 approve proposals to eliminate pooling fees charged by the Company to natural gas suppliers and to provide a voluntary option to have Peoples Natural deliver gas in lieu of capacity assignment for small pool operators. This Settlement provision is responsive to concerns raised by Direct Energy by making the provision voluntary. Direct Energy St. No. 1, pp. 3-5. This will benefit small suppliers by giving them flexibility in addressing the capacity requirements of their customers.

H. LOW INCOME CUSTOMER ISSUES

Paragraph Nos. 48 through 65 address an array of low income customer issues raised by CAUSE-PA, CAAP, and OCA, summarized as follows:

- Waiver of high bill investigations fees for low income customers (¶ 48);
- Removal of high bill investigations for foreign load investigations (¶ 49);
- Integration of universal service riders of Peoples and Equitable Divisions and LIURP programs (¶¶ 50-51);
- Increase in LIURP budget by \$650,000 (¶ 52);
- Maintenance of relationships with existing CBOs (¶ 53);
- Updated procedures for medical certificates (¶¶ 54 – 55)
- Revised procedures for CAPs (¶¶ 57 – 59, 62, 63 and 65);

- Revised verification provisions for cold weather protections (§ 61); and
- Waiver of connection fees for low income customers (§ 64).

The Settlement adopts many of the low-income customer provisions proposed by the parties in this proceeding. These provisions will further assist low income customers in paying their utility bills.

I. MISCELLANEOUS PROVISIONS

1. Income Tax Refunds

Paragraph No. 66 of the Settlement provides the procedures for a one-time credit to customers related to the reduction of income tax rates under the TCJA for the period prior to Peoples Natural's implementation of the TCJA negative surcharge, over under collections under the TCJA negative surcharge and interest. The estimated refund is \$16.6 million. The allocation of the refund to the classes and methods of determining the refund for customers in each class is provided in Appendix E.

2. Peoples Natural's EE&C Filing

Paragraph No. 67 provides for withdrawal of Peoples Natural's EE&C Plan⁸ and procedures to be employed with regard to any future filing.

3. Electricity as a Competitive Fuel

Paragraph No. 68 of the Settlement addresses the circumstances when electricity may be considered an alternative fuel to natural gas distributed by Peoples Natural.

4. Priority of Services to Electric Distribution Companies

Paragraph No. 69 of the Settlement clarifies the priority of gas distribution service to electric distribution utilities.

⁸ Peoples Natural's EE&C Plan is pending before the Commission at Docket No. M-2017-2640306.

J. RATE APPALACHIAN GATHERING SERVICE

A significant issue in this proceeding is Peoples Natural's proposal to charge non Marcellus, conventional producers a rate for gathering gas into its systems. The Company explained that the primary purpose of its gathering system is to gather local gas supplies and that the cost of the gathering systems should be paid, at least in part, by local producers who benefit from such facilities. Peoples Natural St. No. 2, pp. 15-24. The Company proposed to charge a minimum rate of \$0.26 per Mcf, subject to potential escalation of local gas prices to all conventional gas delivered into its systems. Peoples Natural St. No. 2, p. 22. OSBA submitted testimony supporting the Company's proposal. OSBA St. No. 1-R, pp. 5-6. It is the Company's understanding that PIOGA, OCA and I&E support or do not oppose the gathering charge. Snyder Brothers was the only party to oppose the Appalachian Gathering Service rate arguing that the customer classes should pay all of the costs of the gathering system. SBI St. No. 1, pp. 1, 9-48.⁹

Paragraph No. 70 of the Settlement reflects the agreement of all Joint Petitioners that the gathering rate of \$0.26/Mcf will be approved in this proceeding. In addition, the AGS tariff has been revised to include an incentive for verified incremental Appalachian gas delivered to Peoples Natural systems of 50% of the AGS rate, or \$0.13/Mcf, to encourage additional production.

In addition, Paragraph No. 70 also identifies the normal operating conditions relating to water vapor in gas delivered into Peoples Natural's systems while maintaining the standards that apply to producers where excess water vapor would affect customer service or create operational issues. See Appendix A, First Revised Page No. 35.

⁹ The proposed gathering rate to producers was designed to recover 33% of the costs identified by the Company's witness Mr. Feingold of the gathering system. The remainder was charged to the classes that use the Appalachian gas. Peoples Natural St. No. 2, p. 24.

Finally, the settlement of the AGS proposal eliminates any escalator of the AGS rate at this time. However, the Company reserves its right to propose a higher AGS rate and/or escalator in future base rate proceedings if conditions justify higher recoveries from producers of the cost of providing gathering service.

The Company believes that these Settlement provisions are in the public interest because they require producers that benefit from the gathering system, to pay for a portion of the costs of the gathering system. The Company believes that it is reasonable and in the public interest for gathering system costs to be shared by both producers and customers, and the Settlement is a reasonable resolution of these issues.

K. MAIN LINE EXTENSION PROPOSAL

Paragraph No. 71 of the Settlement reserves the Company's residential main line extension policy for litigation.

L. COMPETITIVE RATE DISCOUNTS

Peoples Natural is located in areas with abundant Appalachian gas, numerous interstate and non-utility intrastate gas pipelines and competing overlapping gas distribution companies. Pursuant to long term policies of the Commission, the Company has been permitted to reduce its tariff rates to customers where necessary to avoid loss of customers and all contribution from such customers toward the system costs of providing gas distribution service. Peoples Natural St. No. 5, pp. 13-15; Peoples Natural St. No. 2-SR, pp. 3-6.

Several parties in this proceeding proposed, in highly confidential testimonies, to impute increased revenues to Peoples Natural based upon conclusions that some of these discounts were not justified. *See* OSBA St. No. 1, pp. 2, 10-13; OSBA St. No. 1-S, pp. 3-6; OCA St. No. 3-Supp, pp. 1-42. The Company presented extensive testimony refuting these contentions.

Peoples Natural St. No. 5-R, pp. 4-7; Peoples Natural St. No. 2-SR, pp. 3-56; Peoples Natural St. No. 5-SR, pp. 2-11.

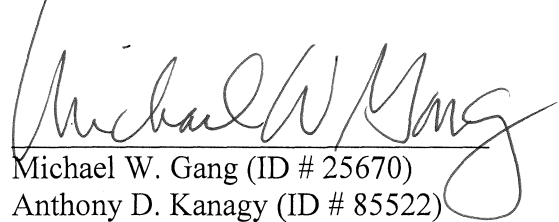
The Company believes that the OSBA and OCA proposals are based upon misunderstandings of the circumstances that require the discounts. Accordingly, the Company, in Paragraph Nos. 72 and 73 of the Settlement, has agreed to work more closely with Parties and with customers to provide clearer information on the basis of these discounts. However, the Company does not believe that it is appropriate to consider the OSBA and OCA adjustments in evaluating the reasonableness of the revenue requirement settlement in this proceeding.¹⁰

¹⁰ OCA's adjustment was presented in "Supplemental Direct" testimony served on May 29, 2019, *i.e.*, the day after the Company's rebuttal testimony in this proceeding was due on May 28, 2019. The Company's response to OCA's supplemental direct testimony was served only 14 days after as surrebuttal testimony. Nevertheless, this process gave potentially affected customers no opportunity to be heard about the potential loss of their discounts.

III. CONCLUSION

For the reasons summarized in the Statement in Support, and detailed in the extensive testimony of Peoples Natural Gas LLC's testimony and exhibits, the Settlement is just, reasonable, and in the public interest and is fully supported by evidence in this proceeding.

Respectfully submitted,



William H. Roberts II (ID # 54724)
Peoples Natural Gas
375 North Shore Drive
Pittsburgh, PA 15212
Phone: 412-208-6527
E-mail: William.H.RobertsII@peoples-gas.com

Michael W. Gang (ID # 25670)
Anthony D. Kanagy (ID # 85522)
Devin T. Ryan (ID # 316602)
Post & Schell, P.C.
17 North Second Street, 12th Floor
Harrisburg, PA 17101-1601
Phone: 717-731-1970
Fax: 717-731-1985
E-mail: mgang@postschell.com
akanagy@postschell.com
dryan@postschell.com

Date: July 9, 2019

Counsel for Peoples Natural Gas Company LLC

APPENDIX “J”

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

PEOPLES NATURAL GAS
COMPANY, LLC

DOCKET NOS. R-2018-3006818

**BUREAU OF INVESTIGATION AND ENFORCEMENT
STATEMENT IN SUPPORT OF
JOINT PETITION FOR SETTLEMENT
OF RATE INVESTIGATION**

TO DEPUTY CHIEF ADMINISTRATIVE LAW JUDGE JOEL CHESKIS:

The Bureau of Investigation and Enforcement (I&E) of the Pennsylvania Public Utility Commission (Commission), by and through Prosecutors, Carrie B. Wright and Erika L. McLain, hereby respectfully submits that the terms and conditions of the foregoing *Joint Petition for Partial Settlement* (Joint Petition or Settlement) are in the public interest and represent a fair, just, reasonable and equitable balance of the interests of Peoples Natural Gas Company, LLC (Peoples or Company) and its customers. The parties to this Settlement Agreement have conducted extensive formal and informal discovery and have participated in numerous Settlement Conferences. The extensive discussions and sharing of information has culminated in the submission of the attached Settlement Agreement. The

request for approval of the Joint Petition is based on I&E's conclusion that the Settlement Agreement meets all the legal and regulatory standards necessary for approval. "The prime determinant in the consideration of a proposed Settlement is whether or not it is in the public interest."¹ The Commission has recognized that a settlement "reflects a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest."² The Settlement Agreement in the instant proceeding protects the public interest in that a comparison of the original filing submitted by the Company and the negotiated agreement demonstrates that compromises are evident throughout the Joint Petition.

The Bureau of Investigation and Enforcement is of the opinion that the terms and conditions of the Joint Petition are in the public interest. In support of this position, I&E offers the following:

I. INTRODUCTION

A. Legal Landscape Regarding Public Utilities

A business may acquire "public utility status" when that business is the sole organization that maintains the infrastructure utilized in providing an essential service to the public for compensation.³ In order to protect consumers, the public utility's rates and services are regulated.⁴ Price regulation strives to replicate the results of effective

¹ *Pennsylvania Public Utility Commission v. Philadelphia Electric Company*, 60 Pa.PUC 1, 22 (1985).

² *Pennsylvania Public Utility Commission v. C S Water and Sewer Associates*, 74 Pa.PUC 767, 771 (1991).

³ James C. Bonbright, *Principles of Public Utility Rates*, Columbia University Press: New York (1961) at 3-14; 66 Pa.C.S. § 102.

⁴ *Principles of Public Utility Rates*, at 3-14; 66 Pa.C.S §§ 1301, 1501.

competition.⁵ A public utility is entitled to a rate that allows it to recover those expenses that are reasonably necessary to provide service to its customers and allows the utility an opportunity to obtain a reasonable rate of return on its investment.⁶ A public utility shall also provide safe and reliable service by furnishing and maintaining adequate facilities and reasonable services and by making the necessary improvements thereto.⁷

B. I&E's Role

Through its bureaus and offices, the Commission has the authority to take appropriate enforcement actions that are necessary to ensure compliance with the Public Utility Code and Commission regulations and orders.⁸ The Commission established I&E to serve as the prosecutory bureau to represent the public interest in ratemaking and utility service matters and to enforce compliance with the Public Utility Code.⁹ By representing the public interest in rate proceedings before the Commission, I&E works to balance the interest of customers, utilities, and the regulated community as a whole to ensure that a utility's rates are just, reasonable, and nondiscriminatory.¹⁰

C. Procedural History

On January 28, 2019, Peoples filed proposed Tariff Gas-PA. P.U.C. No. 47 and Supplier Tariff Gas – Pa. P.U.C. No. S-3 setting forth proposed rates designed to produce

⁵ See *Cantor v. Detroit Edison*, 428 U.S. 579, 595-6, fn. 33 (1976).

⁶ *City of Lancaster v. Pennsylvania Public Utility Commission*, 793 A.2d 978, 982 (Pa. Cmwlth. 2002); see also *Hope*, 320 U.S. at 602-603.

⁷ 66 Pa.C.S. § 1501.

⁸ Act 129 of 2008, 66 Pa.C.S. § 308.2(a)(11); 66 Pa.C.S. § 101 *et seq.*; 52 Pa.Code § 1.1 *et seq.*

⁹ *Implementation of Act 129 of 2008; Organization of Bureaus and Offices*, Docket No. M-2008-2071852 (Order entered August 11, 2011).

¹⁰ See 66 Pa.C.S. §§ 1301, 1304.

an increase in Peoples' annual revenue of approximately \$94.9 million, or 14.2% above existing operating revenues.

On February 28, 2019, the Commission entered an Order instituting an investigation into the lawfulness, justness and reasonableness of the Company's proposed rates. The Commission entered an order suspending the implementation of this rate filing by operation of law until October 29, 2019, unless permitted by Commission Order to become effective on an earlier date.

The Commission assigned the Company's filing to the Office of Administrative Law Judge (OALJ) for the development of an evidentiary record culminating in a Recommended Decision (RD). The OALJ subsequently assigned the suspended proceeding to Deputy Chief Administrative Law Judge Joel Cheskis for investigation and scheduling of hearings to consider the lawfulness, justness and reasonableness of the Company's rate increase request.

A Prehearing Conference was held on March 14, 2019, at which time a procedural schedule was established. The procedural schedule included filing dates for written Direct, Rebuttal, and Surrebuttal Testimony and Main Briefs and Reply Briefs, as well as dates for Evidentiary Hearings.

Two Public Input Hearings were held in Peoples service territory on April 23, 2019 and April 24, 2019. In accordance with the procedural schedule, I&E filed Direct Testimony on April 29, 2019. On May 28, 2019, I&E filed Rebuttal Testimony and on June 12, 2019, I&E filed Surrebuttal Testimony.

The parties informed the ALJ that they had reached a partial settlement in principal and a hearing was held for the purpose of moving the Parties' pre-filed written testimony into the record. The settling parties, with minor exception as some of the Company witnesses were cross-examined, also filed verifications to the testimony in lieu of presenting witnesses. There was also limited cross-examination of some non-company witnesses at the hearing related to issues that had not been settled.

II. DISCUSSION

The Commission encourages settlements, which eliminate the time, effort, and expense of litigating a matter to its ultimate conclusion.¹¹ Here, the Joint Petitioners successfully achieved a Settlement Agreement of most of the issues.

The Settlement Agreement is a "Black Box" agreement, which does not specifically identify the resolution of certain disputed issues.¹² Instead, an overall increase to base rates is agreed to and Joint Petitioners retain all rights to further challenge all issues in subsequent proceedings. A "Black Box" settlement benefits ratepayers as it allows for the resolution of a proceeding in a timely manner while avoiding significant additional expenses.¹³

I&E contends that an agreement as to the resolution of each and every disputed issue in this proceeding would not have been possible without judicial intervention. Additional testimony and exhibits, three days of litigious hearings, briefing, and further involvement of both ALJs would have added time and expense to an already cumbersome and complex

¹¹ *Pa. PUC v. Venango Water Co.*, Docket No. R-2014-2427035, 2015 WL 2251531, at *3 (Apr. 23, 2015 ALJ Decision) (adopted by Commission via Order entered June 11, 2015); *See* 52 Pa. Code §5.231.

¹² *See id.* at *11.

¹³ *See id.*

proceeding. Ratepayers benefit when rate case expenses stay at a reasonable level.¹⁴ The request for approval of the *Joint Petition for Settlement* is based on the I&E conclusion that the Settlement Agreement meets all the legal and regulatory standards necessary for approval. “The prime determinant in the consideration of a proposed Settlement is whether or not it is in the public interest.”¹⁵ The Commission has recognized that a settlement “reflects a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest.”¹⁶ The Settlement Agreement in the instant proceeding protects the public interest in that a comparison of the original filing submitted by the Company and the negotiated agreement demonstrates that compromises are evident throughout the Joint Petition.

A. Revenue Increase (Joint Petition ¶ 15)

i. Revenue Requirement

The proposed Settlement will allow Peoples to file new tariff rates designed to provide an overall distribution base rate increase of \$59.5 million in revenues for service rendered on or after the Commission enters an Order approving the Settlement, instead of the Company’s requested approximately \$94.9 million increase. The parties to the Joint Settlement have agreed upon the additional annual revenues as a Black Box settlement, subject to a few specific provisions that affect rate design and the setting of rates in the future.

¹⁴ See *id.*

¹⁵ *Pennsylvania Public Utility Commission v. Philadelphia Electric Company*, 60 PA PUC 1, 22 (1985).

¹⁶ *Pennsylvania Public Utility Commission v. C S Water and Sewer Associates*, 74 PA PUC 767, 771 (1991).

Based on I&E's analysis of the Company's filing and discovery responses received, the rate increase under the proposed Settlement represents a result that is within the range of likely outcomes if the case was fully litigated. The increase is appropriate and, when accompanied by other important provisions contained in the Settlement, yields a result that is both just and reasonable and in the public interest.

As noted above, the additional revenue in this proceeding is base rate revenue and has been agreed to in the context of a Black Box settlement. A Black Box agreement does not specifically identify the resolution of any disputed issues. Instead, an overall increase to base rates is agreed to and parties retain all rights to further challenge all issues in subsequent proceedings. A Black Box settlement benefits ratepayers as it allows for the resolution of a proceeding in a timely manner while avoiding significant additional expenses. I&E is of the opinion that an agreement as to the resolution of each and every disputed issue in this proceeding would not have been possible without judicial intervention. The involvement of the ALJ would have added time and expense to an already cumbersome proceeding. Avoiding this necessity will benefit ratepayers by keeping the expenses associated with this filing at a reasonable level. The previous Chairman of the Commission has commented on Black Box settlements and stated that the "[d]etermination of a company's revenue requirement is a calculation that involves many complex and interrelated adjustments affecting revenue, expenses, rate base and the company's cost of capital. To reach an agreement on each component of a rate increase is an undertaking that in many cases would be difficult, time-consuming, expensive and perhaps impossible.

Black Box settlements are an integral component of the process of delivering timely and cost-effective regulation.”¹⁷

This increased level of Black Box revenue adequately balances the interests of ratepayers and the Company. Peoples will receive sufficient operating funds in order to provide safe and reliable service while ratepayers are protected as the resulting increase minimizes the impact of the initial proposal. Mitigation of the level of the rate increase benefits ratepayers and results in rates that satisfy the regulatory standard requiring just and reasonable rates. As such, this element supports the standard for approval of a settlement as the resulting rates are just and reasonable and in accordance with the Public Utility Code and all pertinent case law.

ii. DSIC

I&E avers that the provisions related to the DSIC are in the public interest and benefit both Peoples and its ratepayers. First, Peoples benefits because it will have access to DSIC funding for necessary infrastructure improvements which helps to ensure Peoples is able to meet its obligation to provide its customers with safe and reliable service. Second, customers will benefit because they will have a defined period of time during which they will be relieved from paying any DSIC costs; however, even when the DSIC charge becomes effective, the customers will benefit from the assurance that improved infrastructure will facilitate safe and reliable service.

¹⁷ See Statement of Commissioner Robert F. Powelson, *Pennsylvania Public Utility Commission v. Wellsboro Electric Company*, Docket No. R-2010-2172662 (Order entered January 13, 2011). See also Statement of Commissioner Robert F. Powelson, *Pennsylvania Public Utility Commission v. Citizens' Electric Company of Lewisburg, Pennsylvania*, Docket No. R-2010-2172665 (Order entered January 13, 2011).

Further Peoples will use the equity return rate for gas utilities contained in the Commission's most recent Quarterly Earnings Report and will update the equity return rate each quarter consistent with any changes reflected in the most recent Quarterly Earnings Report until such a time as the DSIC is reset pursuant to 66 Pa. C.S. § 1358(b)(1).

iii. Fully Projected Future Test Year Reporting

The Company uses a Fully Projected Future Test Year ("FPFTY") in its filing. Peoples used a FPFTY ending October 31, 2020. I&E witness Gilliland recommended that the Company provide interim reports until the filing of its next base rate case to allow the Commission to measure and verify the accuracy of People's projected investments in future facilities.¹⁸

In paragraph 6 of the settlement, Peoples agrees to provide updates in its next base rate proceeding which will provide a comparison of its actual expenses and rate base additions for the twelve months ended October 31, 2020 to its projections in the instant case. This provision is in the public interest as it ensures that the Commission will receive data sufficient to allow for the evaluation and confirmation of the accuracy of People's projections. As noted by I&E witness Gilliland, "...requiring the Company to provide updates demonstrating that actual investments comport with projections used in setting rates in the FPFTY provides the Commission with actual data to gauge the accuracy of Peoples projected investments in future proceedings."¹⁹

¹⁸ I&E St. No. 5, p. 13.

¹⁹ *Id.*, at 14..

B. Merger of Peoples Natural and Equitable Division Rates and Tariffs (Joint Petition ¶ B--.8-B.10)

The Settlement provides that the Company's Peoples Natural and Equitable Division rates will be merged into a single set of rate schedule and rates. Allowing for the consolidation of these rates is in the public interest. It eliminates the need to maintain separate books and records for each division as well as allows for the Company to file consolidated reports and filings with the Commission. Further, consolidating the rates eliminates customer confusion as all residential customers will be paying the same rates.

C. Post Employment and Post Retirement Benefits (Joint Petition ¶¶ C.11-C.12)

In accordance with the Settlement, Peoples Natural's claim for Post Retirement Benefits other than Pensions ("PBOBs") of \$982,654 for current expenses and continued 10-year amortization of \$1,337,486 per year to recover the funding deficiency approved at Docket No. R-2010-2201702 is approved. Peoples will pay these amounts to a dedicated trust and Peoples will continue to defer the difference between the annual PBOP expense calculated account to FASB 715 and the annual PBOP pay-as-you-go expense included in rates of \$982,654. The amounts attributable to operation and maintenance will be deferred and recognized as a regulatory asset or liability and will be expensed or credited over an amortization period determined in the next base rate case. This provision is consistent with prior Commission Orders and is reasonable.

D. Class Revenue Requirement/Rate Design (Joint Petition ¶¶ D.13-D.14)

The allocation of rate increase among the customer classes was a significant issue in this proceeding. Per the settlement, the Residential Class customer charge will be set at \$14.50 in lieu of the \$20.00 customer charge proposed by the Company.

It is important to allow the utility to recover only those direct monthly costs that vary with the addition or loss of a customer through the Customer Charge. This charge provides the Company with a steady, predictable level of income that will allow for the proper maintenance and upkeep of the system. Establishing the proper customer charge also protects ratepayers by ensuring that the Company is not being overcompensated. Moderating the requested increase in this proceeding also benefits ratepayers as it allows them to reap a greater portion of the benefit of conservation. Shifting costs to the volumetric portion of a customer's bill allows for the immediate realization of the benefit of conserving usage. Designing rates this way allows customers to have greater control of their bills and is in the public interest.

Based on I&E's review of the cost of service studies presented in this proceeding, I&E views the Settlement to be within the range of reasonable outcomes that would result from full litigation of this case. Further, the mitigated level of Customer Charge demonstrates a compromise of the interests of the Parties. As such, these provisions are in the public interest.

E. Credit Card Payments By Customers (Joint Petition ¶ E.14)

The Settlement provides that customers will not be charged a separate processing fee for bill payments using debit card, credit card, or walk-in payment locations.

Customers are increasingly choosing these types of alternative payment methods to pay

their utility bills. All payment methods except credit card, debit card, and walk-in payments are included in the cost of service. Currently customers who take advantage of these alternative methods of paying their bills pay, not only the fee for the payment methods included in the cost of service, but an additional fee for the credit card, debit card, or walk-in payment they choose. This proposal will help to eliminate that disparity as increasing numbers of customers choose to pay their bills in these additional ways.

F. Price to Compare (“PTC”) and Purchase of Receivables (“POR”) Program (Joint Petition ¶¶ F.16-F.19)

I&E took no position in this proceeding on the PTC and POR issues as addressed in paragraphs 16-19 of this settlement.

G. Pooling and Billing Fees (Joint Petition ¶¶ G.20-G.21)

I&E took no position in this proceeding on the pooling and billing fee issues addressed in paragraphs 20-21 of this settlement.

H. Low Income Customer Issues (Joint Petition ¶¶ H.22-H.39)

I&E took no position in this proceeding on the low-income customer issues addressed in paragraphs 22-39 of this settlement.

I. Miscellaneous Provisions (Joint Petition ¶¶ I.40-I.43)

As noted in the Settlement, Peoples will refund the Tax Cuts and Jobs Act (“TCJA”) savings through a one-time bill credit. The total bill credit is estimated to be \$16.6 million plus interest calculated at the residential mortgage lending rate.

In its Temporary Rates Order at Docket No. M-2018-2641242, the Commission stated that Companies not currently in for base rate filings would be required to

“...accrue interest at the residential mortgage lending rate specified by the Secretary of Banking...” I&E continues to believe that it is appropriate for all utilities to be consistent in returning the estimated TCJA savings. Therefore, it is appropriate for the savings associated with the TCJA to be refunded reflecting the residential mortgage lending rate as specified by the Commission.

J. Rate Appalachian Gathering Service (Joint Petition ¶ J.44)

I&E took no position in this proceeding on the Rate Appalachian Gathering Service issues addressed in paragraph 44 of this settlement.

K. Mainline Extension Proposal (Joint Petition ¶ K.45)

As noted in the Settlement Petition, this issue is being reserved for litigation.

L. Competitive Rate Discount (Joint Petition ¶ L.46)

As part of this settlement, the Company has agreed that in its next base rate case filing, it will provide certain information with regards to justifying competitive discounts. This information includes a highly confidential log of negotiated delivery service agreements which details the customer number, effective date of the agreement, the reason(s) for offering a negotiated delivery agreement, supporting workpapers and an analysis which evaluated the contribution to overall fixed costs by each customer.

Competitive rate discounts are complex issues that require sufficient proof of a viable competitive alternative. I&E witness Cline recommended that for any discount rate customers that have went longer than five years without having their competitive alternatives verified, the Company should provide a competitive alternative analysis and

justify those customer's discounts in the Company's next base rate case.²⁰ The information the Company has agreed to provide will allow the parties to have sufficient information to make a determination as to whether or not the customer is, in fact, entitled to a competitive rate discount. As noted by Mr. Cline, it is possible that the customer's alternative source of supply or access to that supply could have changed since the last analysis was conducted.²¹ Therefore, to ensure only those customers that are entitled to a discount rate are receiving one, the Company's information will be beneficial to the parties in its next base rate filing.

M. I&E's Remaining Issues

The remaining issues raised in I&E's Prehearing Memo and testimony have been satisfactorily resolved through discovery and discussions with the Company and are incorporated into the black box resolution of the revenue requirement in this proceeding. The very nature of a settlement is that it incorporates compromise on the part of all parties. This particular settlement agreement exemplifies this principle. In addition, a black box settlement makes the specific identification of the resolution of disputed issues impossible. Each signatory acknowledges the ultimate revenue allowance but makes no representation as to how this addition to base rate revenue was achieved.

III. CONCLUSION

Based on I&E's analysis of the base rate revenue increase requested by Peoples Natural Gas, LLC, acceptance of this proposed Joint Petition is in the public interest.

²⁰ I&E St. 4, p. 4.

²¹ *Id.*

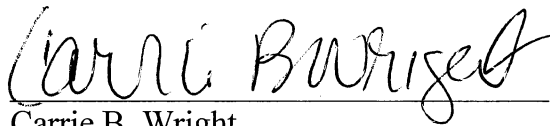
Resolution of these provisions by settlement rather than continued litigation will avoid the additional time and expense involved in formally pursuing all issues in this proceeding. Increased litigation expenses may cause an increase in revenue beyond that agreed to in the Joint Petition. The avoidance of further rate case expense by settlement of these provisions in this base rate investigation proceeding best serves the interests of Peoples and its customers. As litigation of this rate case is a recoverable expense, curtailment of these charges is in the public interest.

I&E's agreement to settle this case is made without any admission or prejudice to any position that I&E might adopt during subsequent litigation or the continuation of this litigation in the event the settlement agreement is rejected by the Commission or otherwise properly withdrawn by any of the Joint Petitioners.

If the ALJ recommends that the Commission adopt the settlement agreement as proposed, I&E has agreed to waive the right to file Exceptions. However, I&E has not waived its rights to file Exceptions with respect to any modifications to the terms and conditions of the settlement agreement, or any additional matters, that may be proposed by the ALJ in the Recommended Decision. I&E also reserves the right to file Reply Exceptions to any Exceptions that may be filed by any party to this proceeding. The settlement agreement is also conditioned upon the Commission's approval of all terms and conditions contained therein, and should the Commission fail to approve or otherwise modify the terms and conditions of the settlement, the Joint Petition may be withdrawn by I&E or any of the signatories.

WHEREFORE, the Commission's Bureau of Investigation and Enforcement represents that it supports the *Joint Petition for Settlement* as being in the public interest and respectfully requests that Deputy Chief Administrative Law Judge Joel Cheskis recommend, and the Commission subsequently approve, the foregoing Settlement Agreement, including all terms and conditions contained therein.

Respectfully submitted,



Carrie B. Wright
Prosecutor
Attorney ID #208185

Erika L. McLain
Prosecutor
Attorney ID #320526

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
Post Office Box 3265
Harrisburg, Pennsylvania 17105-3265
(717) 783-6156

Dated: July 9, 2019

APPENDIX “K”

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	Docket Nos. R-2018-3006818
v.	:	C-2019-3007711
	:	C-2019-3007698
Peoples Natural Gas Company, LLC	:	C-2019-3007752
	:	C-2019-3007635
	:	C-2019-3007959
	:	C-2019-3007904
	:	C-2019-3008506

STATEMENT OF THE OFFICE OF CONSUMER
ADVOCATE IN SUPPORT OF THE JOINT
PETITION FOR APPROVAL OF SETTLEMENT STIPULATION

The Office of Consumer Advocate (OCA), a signatory party to the Joint Petition for Approval of Settlement Stipulation (Settlement), finds that the proposed terms and conditions of the Settlement are in the public interest. The OCA respectfully requests that the Pennsylvania Public Utility Commission (Commission) approve the Settlement without modification for the reasons set forth below:

I. INTRODUCTION

Peoples Natural Gas Company, LLC (Peoples or the Company) is engaged in the business of furnishing natural gas to approximately 620,000 residential, commercial and industrial customers throughout southwestern Pennsylvania. On January 28, 2019, Peoples filed Tariff Gas – Pa. P.U.C. No. 47 with the Commission to become effective on March 29, 2019. In its tariff filing, the Company proposed to increase rates to produce additional annual operating revenues of \$94.9 million, or an increase of 14%.

On February 7, 2019, the OCA filed a Formal Complaint and Public Statement against the proposed rate increase, the Commission's Bureau of Investigation and Enforcement (I&E), and the Office of Small Business Advocate (OSBA) filed Notices of Appearance. The Community Action Association of Pennsylvania (CAAP) and the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania (CAUSE-PA) filed Petitions to Intervene on February 15, 2019. The Natural Gas Supplier Parties and the Retail Energy Supply Association (NGS/RESA) filed a Petition to Intervene on February 22, 2019. On February 25, 2019, the Utility Workers Union of America, Local 612 and Duquesne Light Company filed Petitions to Intervene. The Pennsylvania Independent Oil & Gas Association (PIOGA) filed a Petition to Intervene on February 26, 2019.

On February 28, 2019, the Commission issued an Order initiating an investigation into the lawfulness, justness, and reasonableness of the proposed rate increase in this filing and suspended the effective date of Retail Tariff Gas – PA. P.U.C. No. 47 until October 29, 2019, by operation of law. The case was assigned to Deputy Chief Administrative Law Judge Joel H. Cheskis, and a Prehearing Conference was scheduled for March 14, 2019. The Snyder Brothers, Inc., VEC Energy, LLC, and Snyder Armclar Gas Co., LP (collectively SBI) filed a Petition to Intervene on March 5, 2019, and Equitrans, LP filed a Petition to Intervene on March 7, 2019. Direct Energy Business, LLC, Direct Energy Services, LLC, and Direct Energy Business Marketing, LLC (collectively Direct Energy) filed a Petition to Intervene on March 12, 2019. On March 13, 2019, the Peoples Industrial Intervenors (PII) filed a Petition to Intervene.

In accord with the Scheduling Order issued by Judge Cheskis on March 19, 2019, the OCA submitted the Direct Testimony of Dante Mugrace, OCA Statement No. 1;¹ Kevin

¹ OCA Statement No. 1 included a Public version and a Confidential version that were served in accordance with the Protective Order adopted in this matter.

O'Donnell, OCA Statement No. 2; Glenn Watkins, OCA Statement No. 3;² and Roger Colton, OCA Statement No. 4 on April 29, 2019. Direct Testimony was also filed by PII, Duquesne Light, CAAP, I&E, SBI, OSBA, Direct Energy, and CAUSE-PA.

On May 28, 2019, the OCA submitted the Rebuttal Testimony of Glenn Watkins, OCA Statement No. 3-R. Rebuttal Testimony was also filed by I&E, OSBA, Peoples, and PII. The OCA filed the Supplemental Direct Testimony of Glenn Watkins, OCA Statement No. 3-Supp³ on May 29, 2019.

On June 12, 2019, the OCA submitted the Surrebuttal Testimony of Dante Mugrace, OCA Statement 1-SR;⁴ Kevin O'Donnell, OCA Statement 2-SR; Glenn Watkins, OCA Statement 3-SR;⁵ and Roger Colton, OCA Statement 4-SR. Surrebuttal Testimony was also filed by I&E, OSBA, CAUSE-PA, PII, SBI, Duquesne Light, and Peoples.

The Company filed Rejoinder Testimony on June 17, 2019. The parties agreed to stipulate to the admission of the OCA's testimony and all OCA testimony was admitted into the record during the June 18, 2019 evidentiary hearing.

Pursuant to the Commission's policy of encouraging settlements, the parties participated in numerous settlement conferences throughout the course of this proceeding. Settlement

² OCA Statement No. 3 included a Public version and a Highly Confidential version that were served in accordance with the Protective Order adopted in this matter.

³ OCA Statement No. 3-Supp included a Public version and a Highly Confidential version that were served in accordance with the Protective Order adopted in this matter.

⁴ OCA Statement No. 1-SR included a Public version and a Highly Confidential version that were served in accordance with the Protective Order adopted in this matter.

⁵ OCA Statement No. 3-SR included a Public version and a Highly Confidential version that were served in accordance with the Protective Order adopted in this matter.

discussions resulted in a settlement in principle on all issues, with the exception of the Company's proposed changes to its main line extension program.⁶

II. SETTLEMENT TERMS AND CONDITIONS

The OCA submits that the terms of the Settlement satisfactorily address the issues raised by the OCA's analysis of the Company's filing. While the Settlement does not include all of the OCA's recommendations, the OCA recognizes that the Settlement is a product of compromise and represents a balance of the signatory parties' positions. In this Statement in Support, the OCA addresses those Settlement terms pertaining to issues it raised throughout the proceeding and looks to other parties to discuss Settlement terms addressing their respective issues. The OCA submits that the Settlement, taken as a whole, is a reasonable compromise that reflects the range of likely outcomes in the event of full litigation before the Commission. The OCA further submits that, for the reasons set forth below, the Settlement is in the public interest and in the best interest of Peoples' ratepayers.

A. Revenue Requirement (Settlement ¶¶ 28-33)

As stated above, in its filing the Company proposed to increase its total operating revenues by \$94.9 million per year or 14.23% above current rates. OCA St. 1 at 3. After reviewing the Company's filing, the OCA recommended a revenue decrease of approximately \$15 million. OCA St. No. 1-SR at 1.⁷ Under the Settlement, Peoples will be permitted a total annual revenue increase of \$59.5 million, net of the current Distribution System Improvement Charge (DSIC) and Tax Cuts and Jobs Act (TCJA) surcharges. Settlement ¶ 28. This represents

⁶ The parties reserved the Company's proposed modification to its main line extension program for litigation. The parties filed briefs with respect to Peoples' proposed changes to the main line extension program on July 9, 2019.

⁷ The OCA initially recommended a revenue requirement increase of \$22,949,558. OCA St. 1 at 5. Subsequently, the number was revised in surrebuttal due to a discount rate adjustment by OCA witness Watkins. See, OCA St. 1S at 1.

an overall increase of 8.92% over present rates. The overall increase allowed by the Settlement is \$35.4 million less than the amount originally requested by the Company.

The Settlement further specifies that Peoples will begin amortizing the total excess accumulated deferred income tax (ADIT) using the Average Rate Assumption Method (ARAM) upon the effective date of new rates and that the remaining unamortized excess ADIT balance will continue as a reduction to rate base in all future proceedings until the full amount is returned to ratepayers. Settlement ¶ 33.

In general, the Settlement represents a “black box” approach to all individual revenue requirement issues. Black box settlements avoid the need for protracted disputes over the merits of individual revenue adjustments and avoid the need for a diverse group of stakeholders to attempt to reach a consensus on a variety of financial numbers. The OCA submits that it is unlikely that the parties would have been able to reach a consensus on each of the disputed accounting and ratemaking issues raised in this matter, as policy and legal positions can differ widely. As such, the parties have not specified a dollar amount for each issue or adjustment raised in this case. Attempting to reach an agreement regarding each adjustment in this proceeding would likely have prevented any settlement from being reached.

Based on an analysis of the Company’s filing, discovery responses received, and testimony by all parties, the revenue increase under the Settlement represents a result that would be within the range of likely outcomes in the event of full litigation of this case. The increase is reasonable and yields a result that is in the public interest, particularly when accompanied by other important conditions contained in the Settlement as will be further discussed below. As such, the OCA submits that the increase agreed to in this Settlement is in the public interest and in the interest of the Company’s ratepayers, and should be approved by the Commission.

**B. Merger of Peoples Natural and Equitable Division Rates and Tariffs
(Settlement ¶¶ 34-36)**

In Direct Testimony, the OCA examined the impact on customer bills that would result from consolidating the Peoples Division rates and the Equitable Division rates into a single system-wide set of rate schedules. OCA St. 3 at 28. The OCA determined that, while the rate impact would be somewhat greater for Equitable customers than Peoples customers, the proposal to consolidate the rates did not warrant opposition. OCA St. 3 at 28. The proposed Settlement provides for the merger of the Peoples Division rates and the Equitable Division rates. Settlement ¶ 34. As a result, the Company will provide a single system-wide set of rate schedules for both the Peoples Division customers and the Equitable Division customers. Settlement ¶ 34. In addition, taking into account the reduced revenue increase agreed to in this Settlement, the rate impacts to consumers from moving to system-wide rates has lessened. The OCA submits that the consolidation of the Company's divisions provides for uniform rate schedules and is in the public interest.

C. Class Revenue Requirements/Rate Design (Settlement ¶¶ 39-40)

In its filing, Peoples sought to allocate approximately \$79.8 million of its proposed \$94.8 million revenue increase to residential customers. OCA St. 3 at 35, Table 6. Under the revenue allocation agreed to by the Joint Petitioners, the residential class would receive approximately \$46.9 million of the \$59.5 million increase. Settlement, App. C. As a result, the revenue increase allocated to the residential class is approximately \$32.9 million less than the Company's filed-for request.

Based on the OCA's analysis of the Company's filing and discovery responses received, the revenue allocation under the proposed Settlement represents a result that would be within the

range of likely outcomes in the event of full litigation of the case. Several parties, including the OCA, proposed varied revenue allocations and the revenue allocation provided in Appendix C to the Settlement represents a compromise of a contentious issue. In the OCA's view, the revenue allocation yields a result that is just and reasonable under the circumstances of this case.

Peoples also proposed to increase the residential customer charge from \$13.95 for its Peoples Division and \$13.25 for its Equitable Division to a consolidated customer charge of \$20.00 per month. In Direct Testimony, the OCA explained that the Company's list of customer costs was overly broad and included many costs that should not be collected through a fixed and unavoidable customer charge. OCA St. 3 at 33. The OCA instead recommended an increase in the residential customer charge to a consolidated customer charge of \$14.00. OCA St. 3 at 34. Recognizing the OCA's concerns, under the terms of the proposed Settlement, the residential customer charge will increase to a consolidated customer charge of \$14.50. Settlement ¶ 40, App. D. The customer charge within the Settlement balances the Company's need to recover its customer costs while also not imposing an unnecessarily high fixed and unavoidable charge on the Company's customers. As such, the OCA submits that the customer charge provision of the Settlement is in the public interest.

D. Low Income Customer Issues (Settlement ¶¶ 48-65)

In his Direct Testimony, OCA witness Colton provided recommendations to address concerns regarding low-income and universal service issues that he identified in reviewing the Company's base rate filing. See generally OCA St. 4. The Settlement addresses a number of these concerns. In particular, the Settlement provides:

50. Peoples Natural will integrate the Universal Service Riders of Peoples and Equitable divisions in a manner that does not adversely affect either one of the divisions. Within 90 days of the effective date of rates in this proceeding, Peoples Natural will develop a written plan for how it will ensure funding for its Low

Income Usage Reduction Program (“LIURP”) will be equitably distributed between divisions. The plan will be circulated to all parties and shared with Commission staff at the Bureau of Consumer Services, and will include data about the actual spending for the program in each rate division over the last three years, as well as the information about the estimated and confirmed low income populations in each rate district.

51. Within 120 days of the effective date of rates in this proceeding, Peoples Natural will host an in-person collaborative meeting with interested parties to this proceeding and other stakeholders, including the Bureau of Consumer Services, to answer questions about its proposed plan. The parties and stakeholders will be given the opportunity to provide feedback and recommendations for revisions to Peoples Natural’s proposed plan. If the parties are able to reach consensus, Peoples Natural’s proposal to consolidate its universal service program budgets into a single budget for each program will be approved. If the parties are unable to reach consensus, Peoples Natural will file a separate Petition with the Commission seeking approval of its plan for consolidation of its universal service program budgets.

58. Peoples Natural will revise its Universal Service cost recovery tariff to reflect a bad debt offset of 3.86% for all CAP participating exceeding 32,300. Peoples Natural will no longer track CAP participation separately for its two divisions.

59. Within 6 months, Peoples Natural will adopt a procedure under which it will not disconnect service to a confirmed low-income customer for nonpayment without first providing a stand-alone Plain English notice to that customer of the customer’s right to enter into CAP and an explanation of CAP’s arrearage forgiveness benefits. Peoples Natural will develop the Plain English notice in collaboration with its Universal Service Advisory Group.

60. Peoples Natural will adopt a process providing that upon request to enter into Budget Billing, a customer in arrears should be placed on Budget Billing while spreading their arrears over a period consistent with the PUC regulation applicable to the individual customer.

61. For the purposes of cold weather protections, the Company will adopt income verification language that mirrors the tariff language of Columbia Gas of Pennsylvania, Inc. and/or the FirstEnergy Companies to provide greater flexibility to establish income eligibility.

Settlement ¶¶ 50-51, 58-61.

The OCA submits that these terms are in the public interest in that they provide necessary steps toward remedying issues related to integration of the LIURP budgets, the bad debt offset

included in the universal service cost recovery, a Plain English notice regarding the Customer Assistance Programs (CAP), Budget Billing outreach, and cold weather protections. Specifically, the Budget Billing provision will help to ensure access to Budget Billing for customers in arrears.

The Settlement also will increase the funding for the Company's weatherization program, LIURP, by \$650,000. Settlement ¶ 52. Increasing LIURP funding will work to benefit both CAP customers and non-CAP residential customers who pay the costs of the program. Low-income customers will receive the benefit of lower energy bills, and non-low-income customers will benefit because lower energy usage will decrease the amount of the CAP shortfall.

The Settlement includes additional provisions that address reconnection and High Bill Investigation fees; medical certificates; and the treatment of deposits for low-income customers. Under the Settlement, the Company will waive reconnection fees and High Bill Investigation fees for customers at or below 150% of the Federal Poverty Level (FPL) and eliminate the fee for a foreign load investigation for customers at all income levels. Settlement ¶¶ 48-49, 65. The Company will also update and review with the parties its medical certificate training materials to "clarify that additional medical certificate renewals, beyond the first three certificates, are available to customers who continue to pay their current charges or budget bill amount while protected by a medical certificate." Settlement ¶¶ 54-55. Under the Settlement, the Company will review residential accounts at least once every 6 months to ensure that the Company is not holding deposits for confirmed low-income customers, and if deposits are held, the Company will refund deposits within 30 days. Settlement ¶¶ 56-57.

Finally, the Settlement also will improve the collaboration between Peoples Natural and Duquesne Light regarding CAP issues. Peoples and Duquesne Light will collaborate on the

implementation of their CAPs, including “enabling data and document sharing to reduce barriers to enrollment; develop a universal CAP application; and investigate methods of shared recertification that decreases the number of CAP customers removed from CAP for failure to recertify.” Settlement ¶ 65. Improved communication and the proposed data-sharing will benefit both utilities and the Company’s shared low-income customers.

The low-income customer provisions will provide additional residential and low-income customer protections, will help to ensure the availability of essential programs to low-income customers, and will ensure equitable cost recovery for the residential ratepayers that pay the costs of the program. Accordingly, the low-income customer provisions of the Settlement are in the public interest and should be approved.

E. Miscellaneous Provisions - Rider TCJA (Settlement ¶ 66)

The Settlement fully addresses the impact of the Tax Cuts and Jobs Act of 2017 (TCJA). In particular, the Settlement provides that within 120 days of the effective date of rates in this proceeding “Peoples Natural will provide the refund of tax savings with interest associated with the TCJA for the period of January 1, 2018 through June 30, 2018 in a one-time bill credit” and that “[t]he one-time bill credit is estimated at \$16.6 million, plus interest calculated at the residential mortgage lending rate specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. §§ 101 et seq.) in effect on the last day of the month prior to the refund to customers.” Settlement ¶ 66. The Settlement further provides that this one-time bill credit “will also include any accumulated over/under recovery associated with the TCJA tax change from January 1, 2018 until rates go into effect for the current proceeding.” Settlement ¶ 66.

The OCA submits that these provisions are consistent with the Commission’s Order addressing the TCJA, which provided that the “tax savings and associated reductions in utility revenue requirements should be flowed back to consumers on a current basis.” Tax Cuts and Jobs Act of 2017, Docket No. M-2018-2641242 (Temporary Rates Order entered May 17, 2018, at 15). The Commission’s Order further provided that, with regard to utilities with pending base rate cases, the Commission “expects the public utility and the parties in each such proceeding to address the effect of the federal tax rate reduction on the justness and reasonableness of the consumer rates charged during the term of the suspension period and, in particular, whether a retroactive surcharge or other measure is necessary to account for the tax rate changes.” Id. at 20-21.

Accordingly, the OCA submits that it is appropriate that the parties to this proceeding agreed that the Company will timely refund TCJA savings, including interest, to customers via a negative surcharge. The OCA further submits that returning TCJA savings to customers as provided in the proposed Settlement is just and reasonable and in the public interest.

F. Competitive Rate Discounts (Settlement ¶¶ 72-73)

In Direct Testimony and Supplemental Direct Testimony, OCA witness Glenn Watkins expressed concern that the Company did not keep sufficient records to justify the need for providing a negotiated, discounted rate to 41 large customers. OCA St. 3 at 41-43. Mr. Watkins explained that the data provided by the Company to justify the discounted rates was lacking in detail and made an evaluation unnecessarily difficult as to whether a discounted rate was necessary, or whether the level of the discount was reasonable. OCA St. 3 at 41-43. After further discovery, the OCA recommended adjustments to several of the Company’s discounted rates due to the lack of information the Company provided that justified the need for a discount.

See generally OCA St. 3-Supp. In Surrebuttal Testimony, however, the Company provided more detailed information to justify the need for a negotiated rate for these 41 customers. See generally Peoples St. 2-SR.

The proposed Settlement ensures that going forward Peoples will keep detailed records with regard to its discounted rates and will provide this information with its initial filing materials in any future base rate case. In particular, the Settlement requires:

On combination of the Peoples and Equitable Divisions as contemplated by this Settlement, the entire Company will be subject to the requirements of the Equitable Gas Company 2008 base rate settlement provision concerning justifying discounts in future base rate proceedings, which provides as follows:

B.3. Equitable will agree to maintain a highly confidential log of negotiated delivery service agreements available for review by the OTS [I&E], the OCA and the OSBA. The log will contain the following information related to negotiated agreements:

Customer number, effective date of the agreement, the reason(s) for offering a negotiated delivery agreement, supporting work papers relied upon to substantiate the negotiated agreement, and an analysis which evaluates the contribution to overall fixed costs provided by each customer.

In implementing this provision in circumstances where a bypass of the Company's facilities is the customer's competitive option, the Company will work with the customer in future negotiations to develop an analysis of the likely construction cost of the bypass facilities and apply that estimate in determining, through negotiations, the discounted rate offered to the customer. This information will be included as a part of the confidential materials presented in the Company's initial filing in future base rate proceedings. The Company will also provide a confidential annual report to the Statutory Advocates listing all customers that currently are receiving a discounted rate due to any of the reasons contained herein. The confidential report will provide information regarding whether the customer is being offered the discounted rate due to gas-on-gas competition, potential bypass, economic reasons or alternative fuel reasons. The Company should include in its analysis the annual log information. In future base rate proceedings, the confidential materials presented as part of the Company's filing will include sworn affidavits from all discount customers as to the facts and reasons for the discounts as set forth in the Company supplied materials.

Settlement ¶¶ 72-73. The Settlement ensures that the Company will collect and maintain documents sufficient to justify the need for providing a discounted rate to large customers. Going forward, the Company—both the Peoples and Equitable divisions—is required to maintain a detailed log of these negotiated rates. Importantly, the Company must provide the OCA, I&E and OSBA with an annual report explaining why a particular negotiated rate was provided and the analysis used for determining that a discounted rate was necessary. The OCA submits that the Settlement provisions concerning the Company’s provision of discounted rates represents a reasonable compromise of a highly contentious issue and is in the public interest.

III. CONCLUSION

For the reasons set forth above, the OCA submits that the terms and conditions of the proposed Settlement are reasonable and in the public interest. Therefore, the OCA respectfully requests that the Commission approve the terms of the Settlement without modification.

Respectfully submitted,

/s/ Christy M. Appleby

Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824
E-Mail: CAppleby@paoca.org

Darryl A. Lawrence
Senior Assistant Consumer Advocate
PA Attorney I.D. # 93682
E-Mail: DLawrence@paoca.org

Harrison W. Breitman
Assistant Consumer Advocate
PA Attorney I.D. # 320580
E-Mail: HBreitman@paoca.org

J.D. Moore
Assistant Consumer Advocate
PA Attorney I.D. # 326292
E-Mail: JMoore@paoca.org

Barrett C. Sheridan
Assistant Consumer Advocate
PA Attorney I.D. # 61138
E-Mail: BSheridan@paoca.org

Counsel for:
Tanya J. McCloskey
Acting Consumer Advocate

Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152
Dated: July 9, 2019
275712.doc

APPENDIX “L”

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2018-3006818
	:	
Peoples Natural Gas Company LLC	:	

**OFFICE OF SMALL BUSINESS ADVOCATE
STATEMENT IN SUPPORT OF THE
JOINT PETITION FOR APPROVAL OF
SETTLEMENT STIPULATION**

I. Introduction

The Office of Small Business Advocate (“OSBA”) is an agency of the Commonwealth of Pennsylvania authorized by the Small Business Advocate Act (Act 181 of 1988, 73 P.S. §§ 399.41 – 399.50) to represent the interests of small business consumers as a party in proceedings before the Pennsylvania Public Utility Commission (“Commission”).

II. Filing Background

On January 28, 2019 Peoples Natural Gas Company LLC (“Peoples Natural” or the “Company”) filed both Retail Tariff Gas—PA P.U.C. No. 47 and Supplier Tariff Gas--PA P.U.C. No. S-3 to become effective March 29, 2019. Peoples Natural’s tariff filings seek approval of rates and rate changes which would increase total annual operating revenues of the Company by \$94.9 million per year.

The OSBA filed a Notice of Appearance and Complaint on February 7, 2019.

By Order entered February 28, 2019, the proposed Retail Tariff Gas—PA P.U.C. No. 47 and Supplier Tariff Gas--PA P.U.C. No. S-3 were suspended by operation of law until October 29, 2019. The Commission ordered an investigation into the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in the proposed Retail Tariff Gas—PA P.U.C. No. 47 and Supplier Tariff Gas--PA P.U.C. No. S-3.

On March 14, 2019, a prehearing conference was held before Deputy Chief Administrative Law (ALJ) Judge Joel H. Cheskis.

Multiple public input hearings were held from April 23, through April 24, 2019.

Peoples Natural served direct testimony with its filing on January 28, 2019. The Bureau of Investigation and Enforcement (“I&E”), the Office of Consumer Advocate (“OCA”), the OSBA, the Community Action Association of Pennsylvania (“CAAP”); the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania (“CAUSE-PA”); Duquesne Light Company (“Duquesne Light”); Snyder Brothers, Inc., VEC Energy LLC, and Snyder Armclar Gas Co., LP (collectively “SBI”); Direct Energy Business, LLC, Direct Energy Services, LLC, and Direct Energy Business Marketing, LLC (collectively, “Direct Energy”); and the Peoples Industrial Intervenors (“PII”) served direct testimony on April 29, 2019. The OSBA and other parties served rebuttal testimony on May 28, 2019. The OSBA and other parties served surrebuttal testimony on June 12, 2019. The Company served rejoinder testimony on June 17, 2019.

The parties conducted settlement negotiations which resulted in a full settlement of all the issues except for the Company’s proposed tariff change to modify its residential main line extension policy (“Reserved Issue”). As such, many parties waived cross-examination and the evidentiary hearings scheduled for June 18th and 19th were cancelled. A hearing was held on

June 20, 2019, during which the testimony and exhibits of the OSBA's witness, Mr. Brian Kalcic, was moved into the record, and limited cross was undertaken of issues that had, at that point, been unresolved. On June 25, 2019, a second hearing was held at which the parties informed the ALJ that all issues had been resolved except for the Reserved Issue.

III. Summary of the OSBA's Principal Concerns

On May 11, 2019, the OSBA filed a Prehearing Memorandum. In its Complaint and Prehearing Memorandum, the OSBA identified several issues of concern, including the following:

1. Whether the methodologies used in the Company's filed cost-of-service studies are appropriate, including whether such studies properly allocate all CAP-related costs to the residential class;
2. Whether the Company's proposed class revenue allocation is cost-based;
3. Whether Peoples Natural's proposed rate designs for Rate SGS and Rate MGS are reasonable and appropriate;
4. Whether Peoples Natural's proposed Gas Procurement Charge (Rider GPC) properly unbundles the Company's natural gas procurement costs;
5. Whether the Company's claimed current gas Storage Inventory costs are reasonable;
6. Whether the Company's proposed discounts to flex rate customers are reasonable and appropriate; and
7. Whether Peoples Natural's proposed revisions to its current Main Extension Policy for residential customers are appropriate.

The OSBA has actively participated in the negotiations which have led to the filing of the Joint Petition for Approval of Settlement Stipulation ("Settlement"). The OSBA is a signatory to the Settlement and urges the Commission's approval of the Settlement without modification.

IV. Settlement

The Settlement sets forth a comprehensive list of issues which were resolved through the negotiation process. This statement outlines the OSBA's specific reasons for joining the Settlement. The following provisions were of particular significance to the OSBA in concluding that the Settlement is in the best interests of small business customers:

A. Revenue Requirement

In the Company's original filing, Peoples Natural proposed a revenue increase of \$94.9 million per year.¹ In contrast, the Settlement provides only \$59.5 million per year in additional annual operating revenues.² At a time when all types of utility service are becoming more expensive, the significant reduction in the overall revenue increase provided by the Settlement will benefit all of Peoples Natural's consumers, including the Company's small business customers. The OSBA sponsored a limited adjustment to Peoples Natural's requested revenue requirement in the form of Mr. Kalcic's recommendation to impute additional revenues to gas-on-gas customers, and it supports the \$59.5 million figure reached through settlement negotiations.

B. Rate Design for Rate SGS—Small General Service and Rate MGS—Medium General Service

The Company proposed to move Rate SGS transitional industrial customers toward rate parity by increasing the transitional volumetric charge by 150% of the system average. However, the OSBA noted that the Company's proposal would only eliminate approximately 10% of existing differential in base rate delivery charges paid by small commercial versus small

¹ Settlement, at 4, ¶2.

² Settlement, at 8, ¶28.

industrial customers in the Peoples Division.³ Moreover, Mr. Kalcic determined that the Company's proposed rate design would actually assign a lower base rate increase to transitional industrial customers than non-transitional SGS customers in the Peoples Division.⁴ In order to provide for greater movement toward rate parity for transitional industrial customers, Mr. Kalcic recommended that Peoples Natural's SGS transitional industrial delivery charge be increased so as to reduce the current difference in transitional and non-transitional delivery charges by 50%.⁵ Under the OSBA's proposal, the resulting base rate increase to SGS transitional industrial customers would be about 45%, or 150% of the Company's proposed SGS increase of 30.0%.⁶ Under the terms of the Settlement, the current difference in transitional and non-transitional delivery charges is reduced by approximately 54%.⁷ As a result, the OSBA concludes that the Settlement provides for meaningful movement toward rate parity for SGS transitional industrial customers.

The Company proposed to increase Rate MGS customer charges from 100% to 159.7% in the Peoples Division, and from -33% to 33% in the Equitable Division.⁸ The OSBA did not support the MGS customer charge increases proposed by Peoples Natural in its filing.⁹ Rather, the OSBA's preferred customer charge levels of \$75.00 and \$115.00 per month were presented in Mr. Kalcic's direct testimony, which would limit the customer charge increase in the Peoples

³ OSBA Statement No. 1, at 5.

⁴ OSBA Statement No. 1, at 6.

⁵ OSBA Statement No. 1, at 7.

⁶ *Id.*

⁷ Appendix D of the Settlement, at 3-6.

⁸ OSBA Statement No. 1, at 8.

⁹ OSBA Statement No. 1, at 9; OSBA Statement No. 1-R, at 4.

Division to approximately 50%.¹⁰ Under the terms of the Settlement, the Rate MGS customer charge levels are set at \$85.00 and \$130.00 per month, which would limit the customer charge increase to approximately 70% for Peoples Division customers.¹¹ As a result, the OSBA concludes that the Settlement reasonably limits the percentage increase in Rate MGS customer charges in the Peoples Division, which is appropriate for Rate MGS small business customers.

C. Rate Appalachian Gathering Service

The OSBA supported Peoples Natural's proposal to recover the base rate costs associated with its gathering system from both ratepayers and gas producers, determining it was appropriate and reasonable for producers to contribute toward the costs of the gathering system.¹² The Settlement modified the Company's proposal as set forth in Paragraph 70 of the Settlement. The OSBA does not object to the modified terms concerning the rate Appalachian Gathering service as these terms reflect a compromise of competing interests, will encourage conventional producers to stay on the Company's gathering system and increase production, and will still require producers to contribute toward the costs of the gathering system.

D. Competitive Rate Discounts

Pursuant to the terms of the Settlement, the Company will maintain a highly confidential log of negotiated delivery service agreements available for review by the OSBA and will further provide a confidential annual report to the Statutory Advocates listing all customers that are currently receiving a discounted rate.¹³ The OSBA argued in this case for Peoples Natural to

¹⁰ OSBA Statement No. 1, at 9-10; OSBA Statement No. 1-R, at 5.

¹¹ Appendix D of the Settlement, at 7-10.

¹² OSBA Statement No. 1-R, at 5-6.

¹³ Settlement, at 19-20, ¶¶72-73.

impute additional revenues from the discounted rates to gas-on-gas customers during the fully projected future test year.¹⁴ The OSBA additionally argued that Peoples Natural should not be permitted to recover the revenue shortfall arising from excess gas-on-gas discounts from general ratepayers.¹⁵ However, on June 13, 2019, the Commission issued an Opinion and Order at Docket Nos. P-2011-2277868 and I-2012-2320323, which concern the Joint Petition for Generic Investigation or Rulemaking Regarding “Gas-on-Gas” Competition between Jurisdictional Natural Gas Distribution Companies. The June 13, 2019 Opinion and Order provided additional guidance on resolving gas-on-gas issues and established a collaborative working group to consider and make recommendations on certain unresolved gas-on-gas matters. In light of the June 13, 2019 Order and Opinion, the OSBA is satisfied with the resolution of the Settlement’s treatment of competitive rate discounts in this proceeding.

V. Conclusion

For the reasons set forth in the Settlement, as well as the additional factors enumerated in this statement, the OSBA supports the proposed Settlement and respectfully requests that the ALJ and the Commission approve the Settlement in its entirety.

¹⁴ OSBA Statement No. 1, at 13.

¹⁵ OSBA Statement No. 1, at 12.

Respectfully submitted,



Erin K. Fure
Assistant Small Business Advocate
Attorney ID No. 312245

For:

John R. Evans
Small Business Advocate

Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101
(717) 783-2525
(717) 783-2831 (fax)

Dated: July 9, 2019

APPENDIX “M”

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos.	R-2018-3006818
Office of Consumer Advocate	:		C-2019-3007711
Office of Small Business Advocate	:		C-2019-3007752
Daniel Killmeyer	:		C-2019-3007635
Charles Hagins	:		C-2019-3007698
Sean D. Ferris	:		C-2019-3007904
Samuel Givens	:		C-2019-3007959
Peoples Industrial Intervenors	:		C-2019-3008506
	:		
v.	:		
	:		
Peoples Natural Gas Company LLC	:		

**STATEMENT IN SUPPORT OF THE
JOINT PETITION FOR APPROVAL OF SETTLEMENT STIPULATION
OF DIRECT ENERGY BUSINESS, LLC,
DIRECT ENERGY SERVICES, LLC, AND
DIRECT ENERGY BUSINESS MARKETING, LLC**

Direct Energy Business, LLC, Direct Energy Services, LLC, and Direct Energy Business Marketing, LLC (collectively, “Direct Energy”) submit this Statement in Support of the Joint Petition for Approval of Settlement Stipulation (“Joint Petition” or “Settlement”) in the above-captioned proceeding. Direct Energy submits that the Settlement is in the public interest and respectfully requests that Administrative Law Judge Joel H. Cheskis (“ALJ Cheskis”) and the Pennsylvania Public Utility Commission (“Commission”) approve the Settlement without modification.

I. SETTLEMENT

In this proceeding, Peoples Natural Gas Company, LLC (“Peoples” or the “Company”) proposed, *inter alia*, to change the capacity for Priority One Pool Operators who have a peak day demand of 2,000 Dth per day or less. Specifically, the Company proposed that Priority One Pool Operators who have a peak day demand of 2,000 Dth per day or less will not be assigned their pro-rata, or other agreed upon share, of pipeline and storage capacity. In lieu of such capacity assignment, the Company proposed to deliver the Pool Operator’s required daily gas supplies. Peoples Statement No. 5 at 24-25.

Direct Energy filed the Direct Testimony of Mr. Orlando Magnani (“Direct Energy St. 1”), in which Mr. Magnani addressed the Company’s proposal to change the assignment of capacity for Priority One Pool Operators with Peak Day Demand of 2,000 Dth per day, or less. In his Direct Testimony, Mr. Magnani explained that he has serious concerns with this proposal and the impact that it will have on the ability of NGSs to manage natural gas costs, to prevent the volatility of prices, and to operate Priority One (“P1”) Pools. Mr. Magnani explained that the Company’s proposal is not limited to smaller suppliers, nor is it voluntary in nature. Even Direct Energy, one of the largest energy providers in North America, has a peak day demand of less than 2,000 Dth per day and, thus, would be impacted by the Company’s proposal. Mr. Magnani further testified that Direct Energy’s P1 Pool is necessary to aggregate natural gas supplies to satisfy the full requirements of its Priority One transportation customers. Direct Energy. St. 1 at 4.

Mr. Magnani explained the implications that this proposal may have on Direct Energy and its transportation customers, as follows:

Under the Company’s proposal, Direct Energy would not be assigned its agreed-upon share of storage capacity. Instead, Peoples would deliver Direct Energy’s required daily gas supplies to its transportation customers, bill the customers, and

send Direct Energy a check for Peoples' services. This proposal takes away any control that Direct Energy has over its P1 Pool, in that it prevents Direct Energy from being able to make future hedges and assign capacity on a long-term basis. In this manner, Direct Energy would be unable to efficiently manage natural gas costs, impacting its entire P1 Pool and potentially increasing costs for its transportation customers. NGSs, including Direct Energy, need to be able to manage their natural gas costs in order to build a market and to best serve their customers.

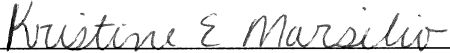
Id. To address Direct Energy's concern, Mr. Magnani recommended that Peoples lower the threshold to Priority One Pool Operators who have a peak day demand of 500 Dth per day, or less, and make this option voluntary. *Id.* at 5. Neither Peoples, nor any other party to this proceeding, attempted to rebut Mr. Magnani's testimony in this proceeding.

The Settlement adequately addresses the concerns raised by Mr. Magnani. Specifically, the Settlement provides that Peoples' proposal to deliver the required daily gas supplies for Pool Operators that have a peak demand of 2,000 Dth or less in lieu of capacity assignment will be a voluntary option. Joint Petition at ¶ 47. This Settlement provision is consistent with Mr. Magnani's recommendation. By making this change voluntary, Peoples will be able to assist smaller suppliers who want the assistance, without impacting larger suppliers and their ability to manage natural gas costs. *See* Direct Energy St. 1 at 5. This Settlement provision will enable NGSs, including Direct Energy, to continue to manage energy costs, to prevent the volatility of prices, and to operate their Priority One Pool without the risk of increasing costs for customers. In this regard, the Joint Petition is in the public interest and in the interest of NGSs and Peoples' ratepayers.

II. CONCLUSION

For the foregoing reasons, Direct Energy submits that the Joint Petition is in the public interest and respectfully requests that the Joint Petition be approved without modification.

Respectfully submitted,



Daniel Clearfield, Esquire
Attorney ID 26183
Carl Shultz, Esquire
Attorney ID 70328
Kristine Marsilio, Esquire
Attorney ID 316479
Eckert Seamans Cherin & Mellott, LLC
213 Market St., 8th Floor
Harrisburg, PA 17101
717.237.6000

Date: July 9, 2019

APPENDIX “N”

customer using 238 Mcf per year would increase from \$150.79 to \$172.56 per month, a 14.4% increase.

2. On February 25, 2019, Duquesne Light filed its Petition to Intervene in this proceeding, which was granted by the presiding ALJ on March 19, 2019.

3. Pursuant to Section 1308(d) of the Public Utility Code (“Code”), 66 Pa.C.S. § 1308(d), the Commission suspended Peoples’ filing by operation of law until October 29, 2019, unless permitted by the Commission to become effective at an earlier date. By Order dated February 28, 2019, the Commission indicated that investigation and analysis into the proposed rates, rules, and regulations may prove to be unlawful, unjust, and unreasonable. Therefore, it assigned the case to the Office of Administrative Law Judge in order for hearings to be scheduled as necessary.

4. In its Prehearing Conference Memorandum, Duquesne Light identified several issues of concern that it anticipated addressing in this proceeding. Those issues were as follows:

- a. The impact of Peoples’ proposed rate increase on customer service and quality of service to customers, including Duquesne Light;
- b. The reasonableness of Peoples’ proposed rate design, including its proposed increase to commercial customers by 14.4%; and
- c. The reasonableness and appropriateness of Peoples’ proposed tariff changes, and whether such changes comply with all prior orders.

5. Through the Direct Testimony of C. James Davis, Cynthia Menhorn, and Jason Harchick, as well as the Rebuttal Testimony and Surrebuttal Testimony of C. James Davis, Duquesne Light identified and explained several more issues of concern with Peoples’ rate proposal and tariffs.

6. The Settlement resolves all contested issues in this proceeding except for one. The sole remaining unresolved issue, which involves main line extensions, will be litigated accordingly. However, as set forth below, the Settlement adequately addresses Duquesne Light's concerns, and Duquesne Light takes no position as to the one outstanding issue.

II. THE SETTLEMENT

7. As discussed above, Duquesne Light raised several concerns regarding Peoples' rate proposal and tariffs. The Settlement adequately addresses Duquesne Light's concerns.

8. First, the Settlement provides a commitment for Peoples to collaborate with Duquesne Light on issues related to the two companies' Customer Assistance Programs ("CAP"). Specifically, Paragraph 65 of the Settlement provides the following:

- a. Peoples and Duquesne Light will collaborate on their Customer Assistance Programs ("CAP") with the objective to enhance the experience for their mutual low-income customers, including enabling data and document sharing to reduce barriers to enrollment; develop a universal CAP application; and investigate methods of sharing recertification that decreases the number of CAP customers from CAP for failure to recertify.

The Settlement's provisions related to collaboration on CAP issues will positively impact the public because they will allow for more customers to benefit from CAP by streamlining the application and enrollment process, and, in some instances, removing obstacles that would automatically remove previously and otherwise qualified customers from CAP due to customer inaction or oversight.

9. Secondly, the Settlement resolves Duquesne Light's concerns with Peoples' Combined Heat and Power ("CHP") initiatives. Peoples currently has a CHP proposal as part of its Energy Efficiency and Conservation ("EE&C") Plan pending before the Commission at

Docket No. M-2017-2640306. Duquesne has raised concerns that Peoples' CHP proposal was inappropriate and not in accordance with Pennsylvania law, and that Peoples' rate proposal did not accurately reflect the impact of its CHP proposal because Peoples did not include any incremental sales associated with new CHP projects in its gas sales projections for its proposed rate increases in this proceeding.

Under Paragraph 67 of the Settlement, Peoples has agreed to withdraw its Petition for Approval of its EE&C Plan that is currently pending before the Commission. Paragraph 67 of the Settlement further provides, in part, that:

- a. Peoples will not make any revised EE&C filing with the Commission that includes any new proposal to incent CHP development prior to June 1, 2021;
- b. Any proposal by Peoples to incent or otherwise fund CHP development using customer dollars will be made in a distribution base rate case; and
- c. Any proposal filed after June 1, 2021, will include a discussion on the total resource economic test, in addition to societal, environmental, non-energy impacts ("NEIs"), or non-electric aspects for the CHP projects.

The provisions of Paragraph 67 are in the public interest because they are reasonable steps to ensure that any proposals by Peoples to incentivize CHP will be cost effective and transparent to Peoples' customers, and provide for adequate opportunity for affected stakeholders to provide input on the proposals.

10. Thirdly, the Settlement satisfactorily resolves Duquesne Light's concerns with Peoples' flex rate contracts, and the lack of clarity regarding what constitutes a competitive alternative for purposes of determining customer eligibility for flex rate contracts.

Paragraph 68 of the Settlement clarifies that electricity delivered by an electric distribution company does not qualify as a competitive alternative for purposes of natural gas flex rate eligibility or amount, unless the electric distribution company itself offers an electric flexed distribution rate to customers. This clarification is in the public interest because it removes uncertainty and ensures that the scope of customers who are considered to have a competitive alternative is appropriate and reasonable.

11. Finally, the Settlement satisfactorily resolves Duquesne Light's concerns with Peoples gas curtailment policies.

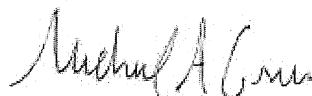
Paragraph 69 of the Settlement clarifies that operational facilities of electric distribution companies will receive the highest curtailment priority available under law. This clarification is in the public interest because it will provide the appropriate curtailment priority for electric distribution facilities in Peoples' territory that are used to provide critical electricity distribution services to approximately 600,000 customers in Peoples' service territories.

III. CONCLUSION

For the foregoing reasons, Duquesne Light submits that the Settlement in the above-captioned proceeding is in the public interest. Therefore, Duquesne Light respectfully requests that the Commission approve such Settlement without modification.

Respectfully submitted,

STEVENS & LEE



Michael A. Gruin, (I.D. No. 78625)
17 N. 2nd St., 16th Floor
Harrisburg, PA 17101
Tel. (717) 255-7365
Fax (610) 988-0852
COUNSEL FOR DUQUESNE LIGHT
COMPANY

DATE: July 9, 2019

APPENDIX “O”

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2018-3006818
Office of Consumer Advocate	:	C-2019-3007711
Office of Small Business Advocate	:	C-2019-3007752
Charles Hagins	:	C-2019-3007698
Daniel Killmeyer	:	C-2019-3007635
Samuel Givens	:	C-2019-3007959
Sean D. Ferris	:	C-2019-3007904
	:	
v.	:	
	:	
Peoples Natural Gas Company, LLC	:	

**STATEMENT OF
PENNSYLVANIA INDEPENDENT OIL & GAS ASSOCIATION
IN SUPPORT OF APPROVAL OF PROPOSED SETTLEMENT**

The Pennsylvania Independent Oil & Gas Association (PIOGA) respectfully submits this Statement in Support of Pennsylvania Public Utility Commission (PUC or Commission) approval of the “Joint Petition for Approval of Settlement Stipulation” (Settlement) in this proceeding.

PIOGA is the principal nonprofit trade association representing oil and natural gas interests in Pennsylvania. PIOGA’s members include natural gas producers and Commission-licensed natural gas suppliers and marketers (NGSs) that produce, transport and market natural gas, including Pennsylvania Appalachian “conventional” and “unconventional” production, on the pipeline systems of Peoples Natural Gas Company LLC (Peoples Natural or Peoples) for system supply and transportation customers.

Through its pipelines Peoples Natural provides gathering and related services to PIOGA producer members and other services to PIOGA’s NGS members. PIOGA producer members currently pay for gathering system costs and services through Rate AGS (Appalachian Gathering

Service) gathering and retainage fees on the Equitable Division pipelines and through the PA Production Enhancement Service (PA PES) program fees on the Peoples Division pipelines.¹ As these current arrangements are to terminate on the effective date of new base rates in this proceeding, Peoples Natural proposed to replace these arrangements by instituting for all conventional natural gas production a uniform gathering service rate that starts at a base level and increases as the price of gas increases.² The proposed base level was \$0.26/Mcf, with a maximum rate of \$0.76/Mcf.³

In last year's Section 1307(f) proceedings of Peoples Natural, the Commission approved a gathering system retainage charge on producers based on Peoples' position that producers are substantial beneficiaries of its gathering systems and ruled that "[a]s beneficiaries of the gathering system, it is fair and in the public interest that the producers also contribute to the costs associated with the Company's gathering system."⁴ While PIOGA disagrees with these rulings, it matters not because the Commission has spoken.

Accordingly, prior to this filing PIOGA provided feedback to Peoples Natural concerning appropriate gathering charges per the Commission's rulings and Peoples' proposed Rate AGS and intervened in support of Peoples' proposal,⁵ which assigned a smaller portion of Peoples' Fully Projected Future Test Year (FPFTY) total gathering cost of service (\$26.6 million) to

¹ PIOGA Petition to Intervene, ¶s 1-3; Peoples Statement (St.) No. 2 (Gregorini) at 19:22–21:9.

² Peoples St. No. 2 (Gregorini) at 20:1-4.

³ *Id.*, at 22:17-23.

⁴ PaPUC *et al. v. Peoples Natural Gas Company, LLC – Peoples Division*, R-2018-2645278 *et al.*; PaPUC *et al. v. Peoples Natural Gas Company, LLC – Equitable Division*, R-2018-3000236 *et al.*, at 54 (rejecting PIOGA Exception No. 1 rationale at 42-43); *see also*, 64 (“[W]e agree with the ALJ’s rationale that even though the Company operates an integrated system, like Equitable, it may also impose charges associated with the individual cost components of its system including gathering pipelines”).

⁵ PIOGA Prehearing Memorandum at 2.

producers of conventional gas than to other ratepayers.⁶ Peoples' proposal was based upon its position adopted by the Commission that "it is appropriate for both producers and customers to share in paying these [gathering system] costs,⁷ as well as Peoples' recognition that "[t]here is a practical limit to how much of the gathering system costs can be recovered from producers" because of:

- historically low average natural gas prices producers currently receive and are projected to receive for the FPFTY;
- reduction of production from conventional wells since 2012; and
- concern about continued declines in conventional production.⁸

Peoples was also concerned about not creating an economic disincentive for conventional producers to continue to produce low cost gas supplies into the Peoples' systems.⁹ Peoples' concerns about diminishing the availability of conventional natural gas to users on its systems impacts the other gathering system cost allocation factors Peoples considered.¹⁰

⁶ Peoples St. No. 2 (Gregorini) at 24:3-14 (slightly more than 30% [\$8,159,237]); Peoples St. No. 11 (Feingold) at 32:1-12, 40:2-13, Peoples Exhibit RAF-3: Derivation of the Total Gathering Cost of Service.

⁷ Peoples St. No. 2 (Gregorini) at 18:12-13; *see also*, 16:8-10 ("Producers benefit from gathering lines because, in most cases, it is their only means to get their gas production to a market. The gas produced into the gathering systems originates from conventional wells."), 16:16-17 ("Customers receive a notable cost savings benefit from local production delivered into the Peoples' systems."), 18:11-12 ("Gathering system costs are incurred to provide a market for supplies produced by local wells and to provide cost effective gas supplies to customers."), and 19:1-4 ("Producers derive substantial benefit from the gathering facilities as it is their source to a market. In addition, Peoples Natural Gas operates its gathering and distribution systems to facilitate the introduction of lower pressure gas from conventional wells into its system.").

⁸ *Id.*, at 19:10-21.

⁹ *Id.*, at 21:17-19.

¹⁰ *Id.*, at 18:15-23. Cost of service considerations underlying Peoples' proposal are also explained in Peoples St. No. 11 (Feingold) at 9:19-10:10.

Some other producers, including PIOGA member Snyder Brothers, Inc. (SBI), intervened in opposition to Peoples' proposal. Peoples and SBI agreed to some modifications of Peoples' proposal to further address the concern about diminishing the availability of conventional natural gas to users on the Peoples Natural systems, including a reduced Rate AGS fee equal to 50% of the effective monthly Rate AGS fee for incremental conventional production added to the Peoples Natural systems and withdrawal of Peoples' proposed escalator to Rate AGS,¹¹ which SBI had opposed as resulting in an over-recovery of non-gas gathering system costs.¹² The Settlement thus fixes the gathering charge under Rate AGS at \$0.26/Mcf. Peoples Natural also agreed to make every effort to accept local gas as a priority over interstate gas.¹³

PIOGA supports the modifications to Peoples' Rate AGS proposal agreed to by Peoples and SBI and therefore the Rate AGS Settlement provisions because they decrease the likelihood that Peoples' revised structure for assessing gathering related charges on its systems will create an economic disincentive for conventional producers to continue to produce low cost gas supplies into the Peoples' systems and thereby diminish the benefits of this dependable, low cost supply to Peoples' users and its pipeline systems. The PA PES program initiated in 2002 by PIOGA's predecessor, IOGA of PA, and Peoples was designed to increase the flow of locally produced conventional natural gas into the Peoples systems through the installation and operation of compression facilities, dehydration equipment and strategic delivery interconnections with other systems.¹⁴ Fixing Rate AGS at \$0.26/Mcf means that far more producers (270) and production (37,131,550 Mcf) will receive a gathering rate *decrease* than will

¹¹ Settlement, ¶70.a), b).

¹² SBI St. No. 1 (Burgraff) at 17:1-9.

¹³ Settlement, ¶70.d).

¹⁴ Peoples St. No. 2 (Gregorini) at 21:1-4.

receive a rate increase (producers – 39; production – 3,162,552 Mcf),¹⁵ which should incentivize producers of conventional natural gas to continue to produce into the Peoples Natural systems. The Settlement modifications to Peoples’ Rate AGS proposal are consistent with PIOGA’s efforts to maintain and increase throughput of conventional natural gas on the Peoples systems.

Accordingly, PIOGA submits that the record shows that the Rate AGS Settlement provisions are just and reasonable,¹⁶ and in the public interest, as the Commission’s regulations state unequivocally that “[t]he transportation of natural gas by jurisdictional gas utilities is in the public interest [and] [t]he development of Pennsylvania natural gas should be promoted, because it will achieve benefits that accrue to gas utilities and their customers.”¹⁷

WHEREFORE, for the reasons set forth above, the Pennsylvania Independent Oil & Gas Association respectfully requests that the Commission approve the Settlement.

Respectfully submitted,



Kevin J. Moody, Esq.
General Counsel
Pennsylvania Independent Oil & Gas Association
212 Locust Street, Suite 300
Harrisburg, PA 17101-1510

Dated: July 9, 2019

¹⁵ SBI Exhibit EDB-4 (data based on HTY).

¹⁶ In last year’s Peoples Natural Section 1307(f) proceedings, the Commission adopted the ALJ’s conclusions that based on the evidence and the unique nature of the integrated operation of Peoples’ pipeline system, the producer retainage charge properly balanced the interests of both customers (payment of 81% of gathering system UFG) and producers (19%) and was therefore just and reasonable. PaPUC *et al.* v Peoples Natural Gas Company, LLC – Peoples Division, R-2018-2645278 *et al.*; PaPUC *et al.* v. Peoples Natural Gas Company, LLC – Equitable Division, R-2018-3000236 *et al.*, at 53-54 (citing Recommended Decision at 88-90).

¹⁷ 52 Pa. Code § 60.1.

APPENDIX “P”

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos.	R-2018-3006818
Office of Consumer Advocate	:		C-2019-3007711
Office of Small Business Advocate	:		C-2019-3007752
Peoples Industrial Intervenors	:		C-2019-3008506
Daniel Killmeyer	:		C-2019-3007635
Charles Hagins	:		C-2019-3007698
Sean D. Ferris	:		C-2019-3007904
Samuel Givens	:		C-2019-3007959
James E. Boudreau	:		C-2019-3008800
Edward A. and Ann D. Bugosh	:		C-2019-3008884
	:		
v.	:		
	:		
Peoples Natural Gas Company LLC	:		

**COMMUNITY ACTION ASSOCIATION OF PENNSYLVANIA'S
STATEMENT IN SUPPORT OF THE JOINT PETITION FOR APPROVAL OF
SETTLEMENT STIPULATION**

NOW COMES the Intervenor, the Community Action Association of Pennsylvania (CAAP) and files this statement in support of the Joint Petition for Approval of Settlement Stipulation in the above-captioned matter stating as follows:

1. CAAP is a not-for-profit Pennsylvania corporation and a statewide association representing Pennsylvania's community action agencies that provide anti-poverty planning and community development activities for low-income communities and services to individuals and families.

2. CAAP has been directly involved in assuring that low-income persons' utility costs are contained through counseling, advice, payment assistance and energy conservation measures.

3. CAAP intervened in this proceeding to address, on behalf of its clients, the adequacy and availability of the company's universal service programs.

4. CAAP submitted the direct testimony of Susan Moore (CAAP Statement No. 1).

5. Ms. Moore's testimony addressed the level of funding for the Company's low-income usage reduction program (LIURP), the Company's proposed fixed monthly customer charge for residential customers and the use of community-based organizations (CBOs) in the companies' universal service programs.

6. CAAP contended in its testimony that the proposed funding level for the Company's LIURP was insufficient to meet the need for LIURP services of the Company's low-income customers. The testimony further contended that the level of the proposed fixed monthly customer charge would negatively impact a consumer's ability to conserve energy and lower his or her utility costs.

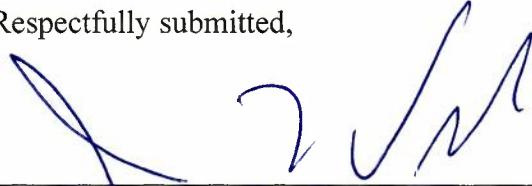
7. In settlement, the Company has agreed to increase its annual funding for LIURP and to reduce its fixed monthly customer charge from the level proposed. The Company also committed in settlement to continue its existing relationships with CBOs in its universal service programs.

8. CAAP believes that the settlement as it relates to the above issues – the level of LIURP funding, the amount of the fixed monthly customer charge and commitment to the use of CBOs – addresses its concerns and will provide a substantial benefit to low income customers by providing additional conservation measures to those customers that will result in lower energy use and utility costs for those vulnerable customers. Further, those additional measures that promote conservation will benefit the public generally.

9. CAAP did not submit testimony relative to other issues presented in this case so this statement in support will not address those issues.

WHEREFORE, CAAP respectfully requests that the settlement be approved.

Respectfully submitted,



JOSEPH L. VULLO, ESQUIRE
I.D. No. 41279
1460 Wyoming Avenue
Forty Fort, PA 18704
(570) 288-6441
e-mail: jlvullo@bvrrlaw.com
Attorney for Community Action Association
of Pennsylvania

APPENDIX “Q”

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos.	R-2018-3006818
Office of Consumer Advocate	:		C-2019-3007711
Office of Small Business Advocate	:		C-2019-3007752
Daniel Killmeyer	:		C-2019-3007635
Charles Hagins	:		C-2019-3007698
Sean D. Ferris	:		C-2019-3007904
Samuel Givens	:		C-2019-3007959
Peoples Industrial Intervenors	:		C-2019-3008506
	:		
v.	:		
	:		
Peoples Natural Gas Company LLC	:		

**STATEMENT OF THE COALITION FOR AFFORDABLE UTILITY SERVICES
AND ENERGY EFFICIENCY IN PENNSYLVANIA (CAUSE-PA) IN SUPPORT OF
JOINT PETITION FOR SETTLEMENT**

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), one of the signatory parties to the Joint Petition for Settlement (Joint Petition or Settlement), respectfully requests that the terms and conditions of the Settlement be approved by the Honorable Joel H. Cheskis, Deputy Chief Administrative Law Judge (ALJ), and the Pennsylvania Public Utility Commission (Commission). For the reasons stated more fully below, CAUSE-PA believes that the terms and conditions of the Settlement are in the public interest and should be approved.

I. INTRODUCTION

CAUSE-PA intervened in this proceeding to address, among other issues, whether the proposed rate increase would detrimentally impact the ability of Peoples Natural Gas Company LLC's (Peoples or the Company) low income customers to access service under reasonable terms and conditions. Specifically, CAUSE-PA addressed the financial harm of the rate increase on low income households; the disproportionate impact of the proposed residential (fixed) customer charge on low users and low income households; the need offset the negative impacts of the proposed rate increase through the adoption of targeted changes to Peoples' universal service programs; the need to address Peoples' medical certificate and security deposit policies; Peoples' proposed fees structure, including its proposed High Bill Investigation fee and reconnection fee; and the potential benefits of Peoples' proposal to include third party payment processing fees in cost of service. (See CAUSE-PA St. 1)

In relevant part, the Settlement proposes to increase net operating revenues by \$59.5 million (Joint Pet. at ¶ 28), much lower than the proposed increase of approximately \$94.9 million. (Joint Pet. at ¶ 2). Average residential bills will increase approximately 7.5% in Peoples Division and 12.8% in Equitable Division. (Joint Pet. at Tables 1, 2). The fixed charge portion of the residential structure will increase from \$13.25 in Equitable Division and \$13.95 in Peoples Division to \$14.50 across both divisions, which is also far less than the initially proposed \$20.00 charge. (Joint Pet. at ¶ 40). Importantly, as discussed in further detail below, the Settlement provides significant improvements to Peoples' universal service programs and other policies affecting vulnerable customers. (Joint Pet. at ¶¶ 48-65). The Settlement also provides for modification to Peoples' medical certificates policies, security deposit policies, and fee structure

that will help vulnerable customers connect to and maintain service. (Joint Pet. at ¶¶ 22-23, 28-30, 64).

The Commission’s regulations lend unambiguous support for settlements, and declare: “It is the policy of the Commission to encourage settlements.”¹ The Commission has also set explicit policy guiding settlement of a major rate case, explaining in its codified statement of policy that “the results achieved from a negotiated settlement or stipulation, or both, in which the interested parties have had an opportunity to participate are often preferable to those achieved at the conclusion of a fully litigated proceeding.”² Settlements are preferred because they “lessen the time and expense that Parties must expend litigating a case and, at the same time, conserve resources.”³ In reviewing whether to approve a proposed settlement, the Commission must determine whether the terms and conditions are in the interest of the public based on a preponderance of the evidence “showing a likelihood or probability of public benefits that need not be quantified or guaranteed.”⁴ Historically, the Commission has defined the public interest as inclusive of ratepayers, shareholders, and the regulated community at large.⁵ Of course, proposed settlement terms must also be consistent with applicable law.⁶

Although CAUSE-PA’s positions in litigation were not fully adopted, the Settlement was arrived at through good faith negotiation by all parties. The Settlement is in the public interest in that it (1) addresses the ability of low income natural gas customers in Peoples’ service territory

¹ 52 Pa. Code § 5.231.

² 52 Pa. Code § 69.401.

³ See Commonwealth of Pa. et al. v. IDT Energy, Inc., Docket No. C-2014-2427657, at 35-37 (Tentative Order entered June 30, 2016).

⁴ See id. (quoting Popowsky v. Pa. PUC, 594 Pa. 583, 937 A.2d at 1040 (2007)).

⁵ See id. (citing Pa. PUC v. Bell Atlantic Pennsylvania, Inc., Docket No. R-00953409 (Order entered Sept. 29, 1995)).

⁶ See id. (citing Dauphin County Indus. Dev. Auth. v. Pa. PUC, 2015 Pa. Commw. LEXIS 381 (Sept. 9, 2015)).

to access safe and affordable natural gas service, (2) balances the interests of the parties, and (3) fairly resolves a number of important issues raised by CAUSE-PA and other parties. If the Settlement is approved, the parties will also avoid the considerable cost of further litigation and/or appeals.

II. BACKGROUND

For the purposes of this Statement in Support of the Joint Petition, CAUSE-PA adopts the procedural history as set forth in the attached Joint Petition. (Joint Pet. at ¶¶ 1-26).

III. SETTLEMENT

When determining whether or not a proposed rate increase is just and reasonable, special consideration must be given to impact of the proposed rate increase and the resultant rate structure on ability of the most vulnerable members of society to afford natural gas service. It is both unjust and unreasonable to charge rates, which could force families to do without service that is essential to meet basic human needs. (CAUSE-PA St. 1 at 4-5, 11-16, 23-24). Low income households already struggle to afford necessities. (*Id.* at 3-4, 11). An increase to cost of natural gas service will only worsen the affordability gap for these customers.

The proposed Settlement takes rate affordability into account by using structural rate design to limit the disproportionate burdens on low income households and through enhancements to Peoples’ universal service programs. These enhancements will better match needy households with available assistance and ensure access to stable and affordable utility services over the long term. Additionally, the Settlement removes price pressures on low income households by waiving high bill investigation fees and reconnection fees for low income customers and including third

party payment fees in the Company's cost of service. These terms, and the reasons each are in the public interest, are discussed in further depth below.

A. REVENUE REQUIREMENT

CAUSE-PA did not take a position in this proceeding on the revenue requirement, or the components thereof, except to explain the detrimental impact of any increase in the Company's revenue requirement on low-income residential consumers generally. CAUSE-PA focused its case on the need to appropriately remediate any resultant increase in the Company's residential distribution rates through equitable rate design and the adoption of enhancements to available universal service programming. Rate design and universal service enhancements are discussed below.

B. MERGER OF PEOPLES NATURAL AND EQUITABLE DIVISION RATES AND TARIFFS

CAUSE-PA did not take a formal position in this proceeding on the Merger of Peoples Natural and Equitable Division Rates and Tariffs.

C. POST EMPLOYMENT AND POST RETIREMENT BENEFITS

CAUSE-PA did not take a formal position in this proceeding on Post Employment and Post-Retirement Benefits.

D. CLASS REVENUE REQUIREMENTS/RATE DESIGN

Under the terms of the Settlement, the residential (fixed) customer charge will rise to \$14.50 across both Peoples and Equitable rate divisions. (Joint Pet. at ¶ 40). Peoples initially proposed to increase the fixed customer charge to \$20.00, an increase of \$6.75 per month for Equitable Division and \$6.05 for Peoples Division. (CAUSE- PA St.1 at 23). As CAUSE-PA's

expert witness Harry Geller explained, increases to the fixed charge are particularly harmful for low-income customers. Fixed customer charge rate increases undermine the ability of low-income customers to recognize appreciable bill savings through energy conservation, and impede the ability of Peoples' LIURP program to help participants achieve more affordable bills. (CAUSE-PA St. 1 at 23-24). Limiting the amount of the fixed charge increase will help ensure that low-income customers can still mitigate the impact of the rate increase through energy conservation. (CAUSE-PA St. 1 at 25).

E. CREDIT CARD PAYMENTS BY CUSTOMERS

CAUSE-PA supports the Peoples' proposal to pay third party fees for customer payments. (Joint Pet. at ¶ 41). As Mr. Geller points out in his direct testimony, these fees disproportionately impact low income customers because they take up a larger percentage of a customer's monthly income and therefore disproportionately add to the household's energy burden. (CAUSE-PA St. 1 at 42). This is especially significant when one considers that low income customers are more likely to make partial payments and, therefore, may pay these fees multiple times per month. (*Id.*). Thus, this provision of the settlement helps mitigate the impact of the rate increase on low income customers by removing the price pressures caused by the third party payment fees.

F. PRICE TO COMPARE ("PTC") AND PURCHASE OF RECEIVABLES ("POR") PROGRAM

CAUSE-PA did not take a formal position in this proceeding on the PTC and POR Program.

G. POOLING AND BILLING FEES

CAUSE-PA did not take a formal position in this proceeding on Pooling and Billing Fees.

H. LOW INCOME CUSTOMER ISSUES

High Bill Investigation Fee

In its initial filing, the Company proposed to charge a \$75.00 High Bill Investigation Fee whenever a customer requests the Company to come to their home to investigate the usage measured and the fee would only be waived if the measurement was inaccurate. (CAUSE-PA St. 1 at 42-43). Mr. Geller pointed out in his direct testimony that this proposed fee would disproportionately affect low income tenants and will create a chilling effect on tenants who suspect that their unit's meter is improperly being charged for usage from another unit or common area – commonly known as a “foreign load.” (CAUSE-PA St. 1 at 43). Under the terms of the Settlement, Peoples has agreed to waive the High Bill Investigation Fee for all customers at or below 150% of the Federal Poverty Level. (Joint Pet. at ¶ 48). Peoples has also agreed not to charge any fee for a foreign load investigation. (Joint Pet. at ¶ 49). These adjustments to the proposed policy help ensure that low income customers will not be discouraged from exercising their rights to verify their meter reading and to ensure that they are only paying for usage for which they are responsible.

LIURP

In his direct testimony, Mr. Geller explained that Peoples' low income customers are clearly in need of increased LIURP funding. (CAUSE-PA St. 1 at 28). He pointed out that at its currently projected funding level and job completion rate, it would take Peoples between 50-100 years to serve all eligible households. (CAUSE-PA St. 1 at 29). As part of this Settlement, the Company has agreed to increase LIURP funding by \$650,000 per year, with any unspent funds rolling over into the following year. (Joint Pet. at ¶ 52). While it will not completely solve the problem, this increase in funding will help increase the number of customers that Peoples is able

to serve and will help mitigate the impact of the rate increase by helping conserve energy and reduce bills, which is particularly important for low income non-CAP customers. (CAUSE-PA St. 1 at 30).

Medical Certificates

In his direct testimony, Mr. Geller points out that, although Peoples indicated that its policy is to allow customers indefinite renewals if they pay their current or budget bills, consistent with the Commission's regulatory requirements, the Company's training materials do not reflect this policy, creating a risk that uninformed staff could deny renewals to qualifying medically vulnerable customers. (CAUSE-PA St. 1 at 41). Under the terms of this Settlement, Peoples agrees to update its training materials to clarify that additional medical certificate renewals, beyond the first three certificates, are available to customers who continue to pay their current charges or budget bill amount while protected by a medical certificate. (Joint Pet. at ¶ 54). Additionally, Peoples agrees that, going forward, its customer service staff will inform customers upon submission of a medical certificate that they can continue to renew their medical certificates so long as they continue to pay their current bill or budget bill, but if they fail to do so the Company will only honor three certificates. (Joint Pet. at ¶ 55). These adjustments further the public interest because they will help ensure the Company does not wrongfully deny medically vulnerable customers the extended medical certificates to which they are entitled.

Security Deposits

During the course of discovery in this proceeding, Peoples indicated that it was holding 95 deposits, totaling \$9,297.25 for confirmed low income customers. (CAUSE-PA St. 1 at 39). Mr. Geller pointed out that households confirmed to be eligible for CAP should not have a security deposit imposed. (Id.). Peoples subsequently removed the deposits and, under the terms of this

Settlement, has agreed to automatically review its residential accounts at least once every six months to ensure it is not holding deposits for confirmed low income customers and return deposits within 30 days if it discovers that the Company is holding any such deposits. (Joint Pet. at ¶ 56). This will help prevent such errors from happening in the future.

Terminations

In his direct testimony, Mr. Geller explained the perils suffered by low income households who experience termination of natural gas service. (See CAUSE-PA St. 1 at 14-16). He pointed out that termination of service to low income households often causes those households to resort to dangerous heating methods, thus putting the entire community at risk. (*Id.*) As part of this settlement, Peoples will, for the purposes of cold weather protections, adopt income verification language that mirrors the tariff language of Columbia Gas of Pennsylvania, Inc., and/or the FirstEnergy Companies to provide greater flexibility to establish income eligibility. (Joint Pet. at ¶ 61). Peoples also agrees to raise the questions of (1) why customers do not respond to written shutoff notices that inform customers in arrears of the need to contact the Company in order to avoid the disconnection of service; and (2) why customers do not successfully complete deferred payment agreements to its USAG no later than October 2019. (Joint Pet. at ¶ 62). These terms will hopefully help reduce terminations by addressing some of the reasons that customers are terminated. Specifically, reducing the barrier to winter termination protections will help lower the number of winter terminations and, in turn, reduce the risks of low income households resorting to dangerous heating methods.

Reconnection Fee

Mr. Geller also opposed Peoples' proposal to increase its reconnection fee. (CAUSE-PA St. 1 at 44). He explained that increasing the reconnection fee would disproportionately affect low

income customers because they are more likely to suffer utility termination and still less likely to be able to be able to afford the reconnection fee. (Id.) To help alleviate his concerns, Peoples has agreed to waive the reconnection fee for all confirmed low income customers, whose income is at or below 150% FPL. (Joint Pet. at ¶ 64). This provision of the Settlement is in the public interest because it will help ensure that low income customers who are terminated are able to afford to have their service restored, and thus help avoid the host of harmful consequences that follow from service terminations in low income communities.

CAP Outreach

In his direct testimony, Mr. Geller voiced concern about Peoples' CAP enrollment levels. He pointed to Peoples' universal service reporting data from 2014-2017, showing that while residential customer count and confirmed low income count had grown substantially over that period, CAP enrollment had dropped by more than 10%. (CAUSE-PA St. 1at 18-19). Mr. Geller made a number of recommendations to improve Peoples' CAP enrollment and retention policies; however, Peoples indicated that it had already taken many of the steps that he recommended. (CAUSE-PA St. 1-SR at 15-16).

Under the terms of this Settlement, Peoples' agrees to memorialize these steps in its USECP. (Joint Pet at ¶ 57). Additionally, Peoples will adopt a procedure under which it will not disconnect service to a confirmed low-income customer for nonpayment without first providing a stand-alone plain language notice to that customer of the customer's right to enter into CAP and an explanation of CAP's arrearage forgiveness benefits. (Joint Pet. at ¶ 59). Peoples will also present the issue of CAP outreach to its Universal Service Advisory Group (USAG) no later than October 2019, and will present the recommendations of the USAG to the Commission in either its next round of comments regarding the Peoples Natural's USECP or its next base rate case,

whichever comes first. (Joint Pet at ¶ 62). Furthermore, as part of this Settlement, Peoples agreed to collaborate with Duquesne Light to enhance the experience for their mutual low-income customers, including enabling data and document sharing to reduce barriers to enrollment; develop a universal CAP application; and investigate methods of shared recertification that decreases the number of CAP customers removed from CAP for failure to recertify. (Joint Pet. at ¶ 65).

These are all much needed steps to start to work toward a solution to help bolster CAP enrollment by making sure that customers are aware of available programs and benefits and that the program is adequately constructed to attract and retain low income participants. Further, inter-utility collaboration with Duquesne will help facilitate effective program coordination, and will help the companies to learn from each other's experience to refine their respective programs in a way that benefits low income customers of both utilities.

Integration of Universal Service Riders

As part of the Settlement, Peoples has agreed to integrate the Universal Service Riders of Peoples and Equitable divisions in a manner that does not adversely affect either one of the divisions. (Joint Pet. at ¶ 50). This provision of the Settlement is in the public interest because it will help protect low income customers in both rate divisions from any loss of benefits that the merger of the two programs could cause.

Budget Billing

Peoples agreed to allow customers with arrearages who request to enter Budget Billing to obtain payment arrangements spreading the arrearage over a time period consistent with Commission regulations. (Joint Pet. at ¶ 60). This will help to ensure that customers with arrearages will receive a consistent and predictable bill while paying down their arrearages.

Use of Community Based Organizations

Finally, with respect to low income issues, Peoples commits to maintaining its existing business relationship with community based organizations (CBOs), subject to each individual CBO's continued performance in conformance with the Company's USECP rules and their contract with the Company. (Joint Pet. at ¶ 53). This will help ensure continuity of service of Peoples low income programing so that low income customers seeking assistance continue to know where to find it.

I. MISCELLANIOUS PROVISIONS

CAUSE-PA did not take a formal position in this proceeding on the issues discussed under the Miscellaneous Provision section of the Joint Petition.

J. RATE APPLACHIAN GATHERING SERVICE (AGS)

CAUSE-PA did not take a formal position in this proceeding on the AGS rate.

K. MAIN LINE EXTENSION PROPOSAL

CAUSE-PA did not take a formal position in this proceeding on the Main Line Extension Proposal.

L. COMPETITIVE RATE DISCOUNT

CAUSE-PA did not take a formal position in this proceeding on Competitive Rate Discounts.

IV. SETTLEMENT IS IN THE PUBLIC INTEREST

A key component in determining if a proposed rate is just and reasonable is to determine whether consumers can reasonably afford the rate increase and whether enough protections are in

place to protect vulnerable consumers. (CAUSE-PA St. 1 at 11-12). As Mr. Geller explained in testimony, low income households are particularly vulnerable to rate increased because they lack budget elasticity and already cannot afford life's most basic necessities. (CAUSE-PA St. 1 at 11-13, 23-24). He further noted that, "Because of the proposed rate increase, many economically vulnerable households are likely to incur increased debts and, ultimately, increased rates of termination" (CAUSE-PA St. 1 at 11).

The Settlement takes rate affordability into account by limiting the impact of the rate increase on low income households through common-sense enhancements to available low income programs. While rates will ultimately still increase for residential consumers, CAUSE-PA asserts that the enhancements contained in the Settlement will help connect vulnerable low income consumers to available assistance programs, and will help those already enrolled in a program to absorb the rate increase more reasonably. Thus, the settlement will help ensure low income customers will better be able to access and maintain stable and affordable utility services over the long term.

V. CONCLUSION

CAUSE-PA submits that the Settlement, which the Joint Petitioners reached after an extensive investigation of Peoples' filing, is in the public interest. Acceptance of the Settlement avoids the necessity of further administrative and possible appellate proceedings regarding the settled issues at a substantial cost to the Joint Petitioners and Peoples' customers. Accordingly, CAUSE-PA respectfully requests that the Commission approve the Settlement without modification.

Respectfully Submitted,

PENNSYLVANIA UTILITY LAW PROJECT

On Behalf of CAUSE-PA

A handwritten signature in black ink that reads "John W. Sweet". The signature is written in a cursive style with a long horizontal stroke above the name.

John W. Sweet, Esq., PA ID: 320182
Elizabeth R. Marx, Esq., PA ID: 309014
Patrick M. Cicero, Esq., PA ID: 89039
118 Locust Street
Harrisburg, PA 17101
(717) 236-9486
pulp@palegalaid.net

Date: July 8, 2019

APPENDIX “R”

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2018-3006818
Office of Consumer Advocate	:	C-2019-3007711
Office of Small Business Advocate	:	C-2019-3007752
Charles Hagins	:	C-2019-3007698
Daniel Killmeyer	:	C-2019-3007635
Samuel Givens	:	C-2019-3007959
Sean D. Ferris	:	C-2019-3007904
Peoples Industrial Intervenors	:	C-2019-3008506
	:	
	:	
v.	:	
	:	
Peoples Natural Gas Company, LLC	:	

**SNYDER BROTHERS, INC., VEC ENERGY LLC, AND
SNYDER ARMCLAR GAS CO., LP
JOINT STATEMENT IN SUPPORT OF
JOINT PETITION FOR APPROVAL OF SETTLEMENT STIPULATION**

Snyder Brothers, Inc., VEC Energy LLC, and Snyder Armclar Gas Co., LP (collectively, "SBI"), Peoples Natural Gas Company LLC ("Peoples" which includes both the Peoples and Equitable Divisions unless otherwise specified), the Bureau of Investigation & Enforcement ("I&E") of the Pennsylvania Public Utility Commission ("PAPUC" or "Commission"), the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), the Natural Gas Supplier Parties (Dominion Energy Solutions, Inc. ("DES"), Shipley Choice LLC d/b/a/ Shipley Energy ("Shipley")) (collectively, "NGS"), the Retail Energy Supply Association ("RESA"), Utility Workers Union of America, Local 612 ("UWUA"), Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), the Pennsylvania Independent Oil & Gas Association ("PIOGA"), the Community Action Association of Pennsylvania ("CAAP"), Duquesne Light Company ("Duquesne Light"), Equitrans, L.P.

("Equitrans"), Baker Gas, Inc. ("Baker Gas"), Marco Drilling, Inc. ("Marco"), MDS Energy Development, LLC ("MDS"), Direct Energy Business LLC, Direct Energy Services LLC, and Direct Energy Business Marketing LLC (collectively, "Direct Energy"), and Peoples Industrial Intervenor ("PII"), all parties to the above-captioned proceeding, either agree to or do not oppose the Joint Petition For Approval of Settlement Stipulation ("Joint Petition" or "Settlement") being submitted to the Commission which proposes a negotiated resolution of all issues among the parties in the above-captioned proceeding with the exception of the proposed residential main extension allowance.

SBI hereby provides this Statement in Support, which explains the background and provisions of the Settlement, and establishes that approval of the Settlement without modification is appropriate and in the public interest.

I. INTRODUCTION AND BACKGROUND

1. On or about January 28, 2019, Peoples Natural Gas Company LLC ("Peoples") filed its 2019 Base Rate Case in the above-captioned proceeding. Peoples' 2019 Base Rate Case filing included two proposed tariffs, the Retail Tariff Gas - PA PUC No. 47 ("Retail Tariff") and the Supplier Tariff Gas - PA PUC No. S-3 ("Supplier Tariff"). Peoples' proposed tariffs, among other things, would modify and combine the rates and supplier tariff provisions for the Peoples and Equitable Divisions.¹

2. In both the Peoples and Equitable Divisions, Peoples operates a gathering system to transport Pennsylvania supplies from the wellhead to transmission pipelines or, in some cases, end-use customers. Presently, Peoples recovers the costs associated with operating and maintaining this gathering system, including return on equity, taxes, and depreciation, through gathering fees under the present Rate Appalachian Gathering Service on its Equitable Division

and through the voluntary PA Production Enhancement Service ("PES") Program fees and sales service and transportation rates on the Peoples Division. As part of its 2019 Base Rate Case, Peoples proposed to implement a new Appalachian Gathering Service ("AGS") tariff rate schedule and to bifurcate the costs of the gathering system among local producers and retail customer classes. Under the proposed AGS tariff rate schedule, Peoples would eliminate the existing cost recovery structure for each division and implement a uniform gathering service rate for all conventional gas production and a negotiated rate for unconventional gas production.

3. Peoples proposed to adjust the uniform gathering service rate on a monthly basis by changing the gathering service rate to the higher of "\$0.26/Mcf or 12.4% of the first of the month Dominion South Point Appalachia Index market price." Additionally, Peoples proposed a maximum gathering service rate of \$0.76/Mcf which was established by Peoples' analysis of its fully allocated cost of service associated with the gathering system. Lastly, Peoples proposed to establish a uniform water vapor standard for both the Peoples and Equitable Divisions equal to seven pounds per MMcf as incorporated into Peoples' revised Master Interconnect and Measurement Agreement ("MIMA").

4. On March 5, 2019, SBI filed a Petition to Intervene in this proceeding. A description of SBI is set forth in Paragraphs 4 and 5 of SBI's Petition to Intervene. SBI received a Notice of Prehearing Conference on March 4, 2019, scheduling a Prehearing Conference for March 14, 2019. Consistent with the terms in the Prehearing Order, SBI filed a Prehearing Memorandum on March 11, 2019, identifying the following issues to be addressed through this proceeding:

- (a) The impact of Peoples' proposal to combine the rates and supplier tariff provisions for the Peoples and Equitable Divisions;

¹ Peoples Statement No. 11, page 7, *Pennsylvania Public Utility Commission v. The Peoples Natural Gas Company LLC* at Docket No. R-2018-3006818 (Jan. 28, 2019).

- (b) The effects of Peoples' decision to eliminate the PES Program and institute Rate AGS;
- (c) The reasonableness of Peoples' water vapor standards in light of Peoples' proposed Rate AGS; and
- (d) Any other issue that arises during the course of these proceedings that will impact SBI.

5. Following submission of SBI's Prehearing Conference Memorandum, SBI participated in the Prehearing Conference, through which Administrative Law Judge Joel H. Cheskis established a schedule for discovery, submission of testimony, evidentiary hearings, and briefs. SBI fully participated in the litigated proceedings, reviewing direct, rebuttal, surrebuttal, and rejoinder testimony filed by various parties and submitting Direct and Surrebuttal Testimony on April 29, 2019 and June 12, 2019, respectively. Subsequently, SBI submitted an errata to correct two errors in the Direct Testimony of Diane Meyer Burgraff on May 20, 2019. SBI additionally propounded interrogatories on Peoples on March 7, 2019 (Set I), March 28, 2019 (Set II), April 11, 2019 (Set III), and June 5, 2019 (Set IV), to which Peoples responded on March 22 and 25, 2019 (Set I), April 8, 9, and 26, 2019 (Set II), April 23 and 26, 2019 (Set III), and June 17, 2019, respectively.

6. Prior to the evidentiary hearings scheduled for June 18-20, and 25, 2019, all parties engaged in settlement discussions. All parties subsequently agreed to cancel the June 18 and 19, 2019, hearings. SBI engaged in cross-examination of Peoples' witness Russel Feingold during the June 20, 2019 hearing concerning Mr. Feingold's cost-of-service study and related analyses. Between June 20 and June 25, 2019, SBI and Peoples continued to negotiate and ultimately reached a settlement-in-principle on June 23, 2019. Peoples also reached settlements for all issues except for Peoples' residential main extension allowance proposal. As such, all parties agreed to waive cross-examination for the final hearing date of June 25, 2019.

7. In accordance with the settlement-in-principle, SBI hereby requests that the Commission approve the Joint Petition without modification.

II. EXPLANATION OF PROVISIONS IN JOINT PETITION FOR SETTLEMENT

8. The Joint Petition reflects a reasonable resolution of the issues raised by SBI throughout the Commission's investigation of Peoples' 2019 base rate case concerning proposed Rate AGS. *See* Joint Petition, p. 18-19.

9. As proposed, Rate AGS would have instituted a uniform gathering rate applicable to conventional producers of natural gas on the Peoples system (including both the Peoples and Equitable Divisions). *See* Peoples Statement No. 2, Exhibit No. JAG-2. Peoples proposed a minimum charge of \$0.26 per Mcf and a maximum charge of \$0.76 per Mcf. *Id.* Additionally, the proposed gathering rate would be indexed to 12.4% of the first of the month Dominion South Point Appalachia Index market price for natural gas. *Id.*

10. In addition to the proposed gathering rate and indexing feature, Peoples also proposed a uniform water vapor standard of seven pounds per MMcf. The seven-pound standard was not explicitly included in Rate AGS, but rather incorporated by references to the proposed supplier tariff and revised MIMA.

11. In response to Peoples' proposed Rate AGS and related proposals, SBI raised concerns regarding the justness and reasonableness of the proposed minimum and maximum gathering rates, the proposed indexing feature and the potential for cost over-recovery, and feasibility of the proposed seven-pound water vapor standard.

12. Under the terms of the Joint Petition, Rate AGS has been revised by Peoples to address some of SBI's concerns and represents a reasonable compromise by each party. First, the revised Rate AGS allows conventional producers of natural gas to receive a 50% reduction to

their Rate AGS fees for "incremental production," as defined in the Joint Petition, that is added to the Peoples system. Joint Petition, p. 18.

13. Second, through negotiations between SBI and Peoples, the proposed indexing feature in Rate AGS, which would have changed Rate AGS fees based on the market price of natural gas, has been withdrawn by Peoples. Thus, no indexing feature will be included as part of Rate AGS and the applicable rate will be set at \$0.26 per Mcf plus applicable retainage. *Id.* By removing this indexing feature from Rate AGS, the Settlement fully addresses SBI's concerns regarding the illegality of adjusting the gathering rate based on the market price for wholesale gas and the potential for gathering system cost over-recovery.

14. Third, the proposed seven-pound water vapor standard has been eliminated in the Joint Petition in favor of the existing PES Program agreement standards for the Peoples Division and the prevailing water vapor standards as of June 1, 2019 for the Equitable Division. *See* SBI Statement No. 1-S, Exhibit 2 (EDB-S-2) (detailing the PES Program agreement standards). The revised water vapor requirements agreed to by Peoples in the Joint Petition represent a reasonable compromise between SBI and Peoples and address SBI's concerns regarding the feasibility of attaining a seven-pound water vapor standard on Peoples' low-pressure gathering system. As such, Peoples' agreement in the Joint Petition to enforce the PES Program agreement standards in the Peoples Division and the prevailing water vapor standards in the Equitable Division in lieu of a seven-pound water vapor standard helps ensure that low-cost local gas will continue to be available to Peoples' end-use customers.

15. Fourth and finally, the Settlement recognizes the value of local gas to Peoples' end-use customers. Specifically, Peoples commits to "make every effort to accept local gas as a priority over Interstate gas." *Id.* at 19. This enables customers on the Peoples system to benefit

from the \$1.3178 per Mcf price differential between locally gathered gas and interstate pipeline delivered gas. *See* SBI Statement No. 1, Page 37, Lines 11-15.

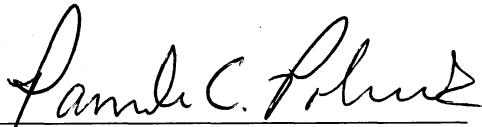
III. THE PUBLIC INTEREST SUPPORTS APPROVAL OF THE JOINT PETITION WITHOUT MODIFICATION

16. The terms of the Joint Petition reflect a just and reasonable compromise of issues raised by SBI and other parties to the proceeding. Additionally, all parties benefit from a comprehensive resolution, as the Settlement avoids the expense and uncertainty of full litigation of this matter, and otherwise advances the policy of this Commission to encourage parties to resolve contested proceedings through settlement processes. Therefore, approval of the Joint Petition, without modification, is in the public interest.

WHEREFORE, Snyder Brothers, Inc., VEC Energy LLC, and Snyder Armclar Gas Co., LP respectfully request that the Commission adopt the Joint Petition for Settlement without modification.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 
Pamela C. Polacek (Pa. I.D. No. 78276)
Vasiliki Karandrikas (Pa. I.D. No. 89711)
Errin McCaulley (Pa. I.D. No. 325966)
McNees Wallace & Nurick LLC
100 Pine Street
Harrisburg, PA 17108
Phone: 717-232-8000
ppolacek@mcneeslaw.com
vkarandrikas@mcneeslaw.com
emccaulley@mcneeslaw.com

Counsel to the Snyder Brothers, Inc., VEC Energy LLC, and Snyder Armclar Gas Co., LP

Dated: July 9, 2019