

## Appendix B

**PEOPLES NATURAL GAS COMPANY LLC**

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

**ISSUED:**

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**EFFECTIVE:**

**NOTICE**

LIST OF CHANGES

- Page 26 Modified language in Nomination of Pool-to-Pool Volumes section.
- Page 30 Modified language in Pool-to-Pool Transfer Fee section.
- Page 33 Modified language in Nomination of Pool-to-Pool Volumes section.
- Page 35 Modified language in Imbalance Trading Fee section.
- Page 37 Modified language in Aggregation Fee section.

ISSUED:

EFFECTIVE:

**RATE P-1**  
**PRIORITY ONE POOLING SERVICE**

**2. Nomination Procedures (continued)**

The NGS shall not have a storage inventory level exceeding 15% of the NGS's on-system storage capacity at April 15. Any volumes remaining in on-system storage in excess of 15% as of that date will be purchased by the Company using the *Gas Daily* midpoint index price for gas delivered to Dominion Transmission, Inc.'s Appalachian South Point plus the firm transportation charges to transport and deliver the gas to the Company's system, adjusted for shrinkage, and the result total multiplied by 0.5.

**Buyback Provisions:**

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 both on-system storage and 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.

**Nomination of Pool-to-Pool Volumes**

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All Pool-to-Pool Volumes received for the NGS's account shall be nominated to the Company in advance according to the procedures outlined in this Section.

A Priority-One Pool may transfer volumes to another Priority-One Pool or Non Priority-One Pool that balances on the same basis. A Priority-One pool may also transfer storage inventory volumes to any Non-Priority One pool after the end of the calendar month during the four-day imbalance trading period.

Nominations are to be transmitted to the Company by the Company's Electronic Nominations System and are to be received by the Company by the dates and times specified in the Company's Calendar of Nominations, as amended from time to time, which is available on the Company's Electronic Nominations System.

Nominations must conform, in content and format, with the Company's specifications for Pool-to-Pool Volume nominations, which shall include, at a minimum: the NGS's name; the NGS's company contract number; requested daily Pool-to-Pool Volume; name and the Company contract number of the NGS from whom the NGS plans to receive supply, the name and telephone number of the NGS's nominations contact, and confirmation from the other NGS.

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. Confirmed Pool-to-Pool Volumes will be posted on the Company's Electronic Nominations System. Nomination procedures provided for in this section shall be superseded by natural gas industry standards promulgated by FERC (i.e., GISB standards).

**ISSUED:****EFFECTIVE:**

**RATE P-1**  
**PRIORITY ONE POOLING SERVICE**

**6. Reconciliation of Monthly Volumes**

The difference between Calendar Month Pool Supply and Calendar Month Pool Sendout, 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 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 as made available by the Company.

**7. Reconciliation of Local Gas Volumes**

No later than five days prior to the end of each month, the Pool Operator will provide the Company with its nomination of independently purchased local gas for the following month. The Company shall determine the reasonableness of the Pool Operator's nomination of independent purchases of local gas and will either confirm, in total or in part, or reject the Pool Operator's nomination within two business days after receipt of the nomination. For both local gas assigned to the Pool Operator by the Company and for Pool Operator's independent purchases of local production, confirmed local gas volume nominations will be credited to Pool Operator's account on the date specified in the Pool Operator's nomination. Once the Pool Operator and the Company agree on the local gas production nomination, the agreed upon volumes will be the confirmed volumes used for reconciling local gas nominations and actual production. When actual local gas volumes are known, any discrepancies between actual and confirmed local gas volumes will be reconciled in the first full calendar month following the determination of actual local gas volumes (the "Adjustment Month").

For both local gas assigned to the Pool Operator by the Company and for Pool Operator's independent purchases of local production, the volumetric discrepancy between the actual local gas volumes and the confirmed local gas volume nominations will be reconciled in the Adjustment Month by adjusting the Pool Operator's Daily Available Volume on each Day in the Adjustment Month by an amount equal to the volumetric discrepancy divided by the number of days in the Adjustment Month.

Local gas volumes supplied from a Local Gas Aggregation Pool are not subject to this reconciliation.

**RATE TABLE**

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|                                   |  |
|-----------------------------------|--|
| <b>Pooling Fee:</b>               | \$0.08 pooling charge per 1,000 cubic feet (mcf) for each mcf delivered into a pool each month, 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. Residential ratepayer volumes shall not be subject to the \$0.08 per Mcf pooling charge.  |
| <b>Pool-to-Pool Transfer Fee:</b> | \$0.04 per 1,000 cubic feet (mcf) up to a maximum amount of \$100 per transaction charged to the pool which supplies volumes of gas to another pool that balances daily. These fees shall also apply to the pool that transfers storage inventory volumes to a Non-Priority One pool after the end of the calendar month. Pool-to-Pool transfers may be nominated at any time during the calendar month or no later than 5:00 p.m. on the second business day of the following calendar month. |

**ISSUED:**

**EFFECTIVE:**

**RATE NP-1**  
**NON-PRIORITY ONE POOLING SERVICE**

**2. Nomination Procedures (continued)**

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, unless superseded by a subsequent on-system storage volume nomination. Nomination procedures provided for in this section shall be superseded by natural gas industry standards promulgated by FERC (i.e., GISB standards).

The maximum amount of gas in storage the NGS may have in their pool is equal to one twelfth (1/12) of the annual end use customer consumption included in the pool, unless otherwise agreed.

Nomination of Pool-to-Pool Volumes

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All Pool-to-Pool Volumes received for the NGS's account shall be nominated to the Company in advance according to the procedures outlined in this Section.

A Non Priority-One Pool may transfer volumes to another Non Priority-One Pool or Priority-One Pool that balances on the same basis. A Non-Priority One pool may also transfer storage inventory volumes to any Priority-One pool after the end of the calendar month during the four-day imbalance trading period.

Nominations are to be transmitted to the Company by the Company's Electronic Nominations System and are to be received by the Company by the dates and times specified in the Company's Calendar of Nominations, as amended from time to time, which is available on the Company's Electronic Nominations System.

Nominations must conform, in content and format, with the Company's specifications for Pool-to-Pool Volume nominations, which shall include, at a minimum: the Company's name; the Company's company contract number; requested daily Pool-to-Pool Volume; source of Pool-to-Pool Volumes (Local Pa. Produced, Pa. produced via Interstate, or Interstate), name and the Company contract number of the Company from whom the Company plans to receive supply, the name and telephone number of the NGS's nominations contact, and confirmation from the other NGS.

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. Confirmed Pool-to-Pool Volumes will be posted on the Company's Electronic Nominations System. Nomination procedures provided for in this section shall be superseded by natural gas industry standards promulgated by FERC (i.e., GISB standards).

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, unless superseded by a subsequent Pool-to-Pool Volume nomination.

ISSUED:

EFFECTIVE:

**RATE NP-1**  
**NON-PRIORITY ONE POOLING SERVICE**

**RATE TABLE**

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- Pooling Fee**     \$0.08 pooling charge per 1,000 cubic feet (mcf) for each mcf delivered into a pool each month subject to a minimum charge of \$800.00 per month. Pool Operators that operate more than one Non-Priority One Pool will only be subject to a single minimum charge of \$800 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 and/or an imbalance trade. Residential ratepayer volumes shall not be subject to the \$0.08 per Mcf pooling charge.
- Pool-to-Pool Transfer Fee:**     \$0.04 per 1,000 cubic feet (mcf) up to a maximum amount of \$100 per transaction 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.
- Imbalance Trading Fee:**     \$0.04 per 1,000 cubic feet (mcf) up to a maximum of \$100 per transaction charged to the pool which supplies volumes of gas to another Non-Priority One pool or Priority-One pool that balances on the same basis. These fees shall also apply to the pool that transfers storage inventory volumes to a Priority-One pool after the end of the calendar month. Imbalance trades must be nominated by 5:00 p.m. on the fourth full business day after the Company provides actual consumption volumes to the Pool Operator.

ISSUED:

EFFECTIVE:

**RATE LGA**  
**LOCAL GAS AGGREGATION SERVICE**

**4. 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 volumes nominated into a Local Gas Aggregation Pool are greater than volumes delivered out of the Local Gas Aggregation Pool, those volumes shall be sold to the Company at a price using the lowest monthly price of gas purchased by the Company, excluding the value of gas withdrawn from storage, plus the firm transportation charges to bring the gas to the Company's system, adjusted for shrinkage on Dominion Transmission, Inc. and multiplied by the applicable Price Multiplier set forth below:

| <u>Monthly Imbalance Percentage</u> | <u>Positive Imbalance Price Multiplier</u> |
|-------------------------------------|--|
| up to and including 10%             | 0.9  |
| over 10% up to and including 30%    | 0.7  |
| over 30%                            | 0.5  |

**5. Procedures When a Local Gas Aggregator Exits the System**

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.

**Rate Table**

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- Aggregation Fee:** \$0.08 aggregation charge per 1,000 cubic feet (mcf) for each mcf delivered out of the Local Gas Aggregation Pool each month subject to a minimum charge of \$100 per month. The aggregation fee will not be applied to volumes supplied to a Non-Priority One, Priority One Pool, or Local Gas Aggregation Pool which will be subject to a pooling/aggregation fee or in cases involving any contracts between the Company and producers that existed prior to October 1, 2001 where the application of the aggregation fee will adversely affect the cost of gas supplies to sales service ratepayers. 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.
- Pool-to-Pool Transfer Fee:** \$0.04 per 1,000 cubic feet (mcf) up to a maximum amount of \$100 per transaction charged to any Local Gas Aggregation pool which supplies volumes of gas to another Local Gas Aggregation pool.

ISSUED:

EFFECTIVE: