

Appendix G

PRO FORMA GAS-- PA PUC No. S-2

PEOPLES NATURAL GAS COMPANY LLC

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

Purchase of Receivables Program

ISSUED: December 31, 2011

EFFECTIVE: January 1, 2012

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NOTICE

LIST OF CHANGES

Rate SBS – Supplier Billing Service

Page 39 Added Purchase of Receivables Option

Page 40 Added Title 'Non-Purchase of Receivables Option'

ISSUED: December 31, 2011

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ISSUED: December 31, 2011

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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;
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 customers, 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 3.58%. The discount rate for commercial and industrial customer receivables is 0.74%. 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 0.1086% 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;
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 ratepayer relating to the charges billed to the ratepayer 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 ratepayers and for other ratepayers 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;
- 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 ratepayer's bills, the NGS agrees to pay the Company \$2.00 per bill for bill credits and \$4.00 per bill for any ratepayer'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.