

Appendix C

**RULES AND REGULATIONS GOVERNING THE
DISTRIBUTION AND SALE OF GAS (Continued)**

6. Credit - Continued

6.2 Deposits – Continued

(2) Non-Residential Deposits or Other Form of Adequate Financial Assurance.

(C)

(A) Deposits Letters of credit or other forms of financial assurance acceptable to the Company may be required from all other applicants or customers. The Company shall perform a creditworthiness evaluation of the Applicant or Customer, including an assessment of the credit risk exposure resulting from, but not limited to, distribution rates, customer charges, charges for natural gas supply, interstate pipeline capacity charges, imbalance charges, cash-out charges, pipeline penalty charges, and any other amounts that may become owed to the Company by the Applicant or Customer. If at any time before or during the provision of service to the Applicant or Customer the Company determines that the credit risk exposure is greater than any secured and/or unsecured credit that may be granted resulting from the creditworthiness evaluation, the Applicant or Customer must provide the Company with adequate financial assurance to cover the difference between the credit risk exposure and any secured and/or unsecured credit granted prior to, or to continue receiving any type of service from the Company.

6.3 Return of Deposit or Other Form of Adequate Financial Assurance

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The Company may hold a deposit secured from a residential customer until a timely payment history is established or for a maximum period of twenty-four (24) months. A timely payment history is established when a residential customer has paid in full and on time for twelve (12) consecutive months. If a residential customer becomes delinquent before the end of the deposit holding period the Company may deduct the outstanding balance from the deposit. At the end of the deposit-holding period, the Company shall deduct the outstanding balance from the deposit and return or credit any positive difference to the customer. If service is terminated before the end of the deposit-holding period, the Company shall deduct the outstanding balance from the deposit and return any positive difference to the customer within sixty (60) days of the termination.

Deposits or other forms of adequate financial assurance secured from a non-residential customer shall be returned to the depositor when undisputed bills covering a period of twelve (12) months have been paid, provided, however, that the Customer's credit profile determined from an updated creditworthiness evaluation conducted by the Company in its reasonable judgment has not so deteriorated by the end of the twelve months as to warrant continued retention of the deposit or other adequate financial assurance. The payment of any undisputed bill, within the meaning of the Public Utility Law, shall be payment of the bill with or without discount or penalty, within thirty (30) days following the period for which the bill was rendered, or payment within thirty (30) days following presentation of the bill, or the payment of any contested bill, payment of which is withheld beyond the period herein mentioned, and the dispute is terminated substantially in favor of the customer, and payment made by the customer within ten (10) days thereafter.

(C)

~~6.4 Interest on Deposits~~

~~The Company shall accrue on the deposit for a residential account, until it is returned or credited, the legal rate of interest pursuant to section 202 of the Act of January 30, 1974 (P.L. 13, No. 6), referred to as The Loan Interest and Protection Law, and return such interest with the deposit.~~

(C) Indicates Change

Supplement No. 455163 -to
Tariff Gas – Pa. P.U.C. No. 9
Third ~~Fourth~~ Revised Page No. 45

Columbia Gas of Pennsylvania, Inc. Canceling First and Second ~~Third~~ Revised Page No. 45

~~The Company will pay interest on cash deposits from non-residential customers at the rate of six percent (6%) per annum, without deduction for any taxes thereon. Non-residential accounts with deposits held for more than a year, will receive a credit toward their outstanding balance for any accrued interest. The credit will be applied at the end of each calendar year.~~

(C) Indicates Change

**RULES AND REGULATIONS GOVERNING THE
DISTRIBUTION AND SALE OF GAS (Continued)**

6. Credit - Continued

6.4 Interest on Deposits

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6.5 Time for Paying Deposits

Upon reconnection of service at a premise previously terminated for non-payment, the Company may require the Applicant to pay a cash deposit and the Applicant shall have up to 90 days to pay the deposit in accordance with the provisions of Chapter 56. The Company may require an Applicant to pay the full amount of the cash deposit prior to connection if the premise was not previously terminated for non-payment.

6.6 Failure to Pay Full Amount of Cash Deposit

The Company may deny service to an Applicant who requests service at a premise previously terminated for non-payment if the Applicant fails to pay the first installment of the cash deposit in accordance with the provisions of Chapter 56. The Company may terminate service to a customer who began taking service at a premise previously terminated for non-payment when the Customer fails to pay the full amount of the cash deposit in accordance with the provisions of Chapter 56. At all other premises, the Company shall not be required to provide service to an Applicant who fails to pay the full amount of the cash deposit, and the Company may terminate service to a Customer who fails to pay the full amount of the cash deposit.

**RULES AND REGULATIONS GOVERNING THE
DISTRIBUTION AND SALE OF GAS (Continued)**

11. Company Equipment on Customer's Premises - Continued

11.5 Access to Premises - Continued

In the event the customer does not provide access during a 12 consecutive month period to read the meter, upon notice from the Company, the customer must choose from one of the following three options:

- (1) To schedule a service call to gain access to the premises for purposes of inspection or meter reading. The Company will provide one service call annually to customers for the purpose of gaining access. If a customer requests to schedule an additional service call during a 12 consecutive month period, the customer will be assessed a charge for a one hour service call. Additionally, if the customer fails to meet a scheduled appointment without good cause and without providing a 24 hour notice of cancellation, the Company may charge for one hour of service time. If the Company fails to meet a scheduled appointment without good cause and without providing 24 hour notice of cancellation, the Company may credit the customer's account with a credit equal to one hour of service time;

OR

- (2) To install, at the Customer's expense, telemetering facilities for purposes of monitoring and/or billing customer volumes. Customer shall provide and maintain phone and/or electric lines to the location of such facilities as specified by the Company;

OR

- (3) To install, ~~at the Customer's expense, an~~ mechanical remote electronic meter-reading device for the purpose of monitoring and/or billing customer volumes. (C)

If the customer does not select one of the above three options within 60 days notice from the Company, the Company reserves the right in its sole discretion to implement one of the above three options. If the customer refuses to allow the Company to implement one of the above three options, it will be grounds for termination.

(C) Indicates Change

RIDER EBS – ELECTIVE BALANCING SERVICES (Continued)

Option 3: CASH OUT

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The Cash Out option provides Customer Proxies with a no cost method of avoiding balancing charges by cashing out on a daily basis. In order to elect the Cash Out option, the Customer must have installed daily measurement with telemetry consistent with the Company's specifications.

Option 3: RATES

The Cash Out option is provided at no charge to the Customer Proxy. No banking or balancing fees shall be assessed to the Customer Proxy under Option 3.

Option 3: ELECTING SERVICE

Option 3 must be elected by the Customer Proxy in writing (e.g. fax, e mail, electronic bulletin board). Customer Proxies may elect to change their service option no more than one time per year. All requests to change the service option must be submitted to the Company in writing (e.g. fax, e mail, electronic bulletin board) no later than the fifteenth of August prior to the April in which the elected option becomes effective. The elected option shall remain in effect from April 1 through March 31 of the following calendar year.

Option 3: CHARACTER OF SERVICE

Normal Operations

If on any day in a billing month, under Normal Operations, if the customer uses more gas than the volume of gas, after adjustments for retainage, delivered to the Company's City Gate by the Shipper for the Customer Proxy's account during any day, such use shall be considered imbalance gas sold by the Company to the Customer Proxy under the provisions of the Consumption in Excess of Deliveries paragraphs in the Rules Applicable Only to General Distribution Service section of the RADS.

If on any day in any billing month, under normal operations, the customer consumes less gas than the volume of gas delivered to the Company's City Gate by the Shipper, such use shall be considered imbalance gas purchased by the Company from the Customer Proxy under the provisions of the Deliveries in Excess of Consumption paragraphs in the Rules Applicable Only to General Distribution Service section of the RADS.

During SFO

If the Shipper under delivers during an SFO that restricts under deliveries, the Customer Proxy will be charged for under deliveries in accordance with the Seasonal Flow Order paragraphs in the Rules Applicable Only to General Distribution Service section of the RADS. If the Shipper over delivers during an SFO that restricts over deliveries, the over deliveries shall be considered imbalance gas purchased by the Company pursuant to the Seasonal Flow Order paragraphs in the Rules Applicable Only to General Distribution Service section of the RADS.

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~~RIDER EBS – ELECTIVE BALANCING SERVICES (Continued)~~

~~Option 3: CASH OUT CHARACTER OF SERVICE (Continued)~~

~~During OMO~~

~~— If the Shipper under delivers during an OMO that restricts under deliveries, the Customer Proxy will be charged for under deliveries in accordance with the Operational Matching Orders and Consumption in Excess of Deliveries paragraphs in the Rules Applicable Only to General Distribution Service section of the RADS. If the Shipper over delivers during an OMO that restricts over deliveries, the over deliveries shall be considered imbalance gas purchased by the Company from the Customer Proxy pursuant to the Deliveries in Excess of Consumption paragraphs in the Rules Applicable Only to General Distribution Service section of the RADS and the Customer Proxy shall be charged in accordance with the Operational Matching Order paragraph in the Rules Applicable Only to General Distribution Service section of the RADS.~~

~~Option 3: TERMINATION OF SERVICE~~

~~Customer Proxies may terminate service under Option 3 by selecting another option as described in this Rider or by terminating GDS service. Upon termination of service under Option 3, the Company will calculate imbalance gas sold or the price of gas to be purchased by the Company from the Customer Proxy as described above. However, if Customer Proxy owes Company any outstanding charges, Company may retain as an offset to such outstanding charges any over deliveries. The value assigned to such over deliveries which are purchased will be ninety percent (90%) of the index rate determined pursuant to the Deliveries in Excess of Consumption paragraphs in the Rules Applicable Only to General Distribution Service section of the RADS.~~

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2.9 EMERGENCY ALERTS (EAs)

- 2.9.1 If an unforeseen emergency situation arises which could threaten the continuous adequate delivery of natural gas to a Customer, the Company will provide the Customer Proxy with as much notice as is reasonably possible under the emergency situation. Such notice shall be made by the medium most reasonably expected to reach the Customer Proxy in a timely manner, including but not limited to: telephonic, e-mail, facsimile, Nomination EBB, or personal contact. In such notice, the Company will advise the Customer Proxy of the unforeseen emergency situation, and the Customer Proxy is expected to comply with the Company's requests.

2.10 LATE PAYMENT CHARGE

- 2.10.1 The Company shall bill the Customer Proxy on a monthly basis and all bills shall be due and payable within fifteen (15) days of the date the bill is postmarked. Any bill not paid by the due date shall be increased by one and one-quarter percent (1-1/4%) of the amount not timely paid each month.

2.11 CHARGES BY OTHER PIPELINES OR DISTRIBUTORS

- 2.11.1 If furnishing service, pursuant to the Customer's applicable Distribution rate schedule, required the Company to use a service provided other than by the Company, any cost incurred by, or billed to the Company, with regard thereto, shall be billed to the Customer Proxy.
- 2.11.2 The Customer Proxy shall also reimburse the Company for penalties assessed to the Company under the applicable rate schedule of a third party pipeline or Distributor as a result of daily excess consumption, daily excess tenders, excess monthly imbalances, banking imbalances or other factors set forth in such rate schedules.

2.12 RETAINAGE

- 2.12.1 The Company may retain a reasonable allowance of the total volume of gas delivered into its system for the Customer's account, for gas which is lost or unaccounted for in the Company's operations.
- 2.12.2 The percentage retainage is as follows:

MLS Class I Customers - 0%

Customers served by excess pressure measuring stations - 1%

All other Customers - The system average lost and unaccounted for volumes, as determined annually and effective on January 1. ~~This~~ The percentage will be calculated as the simple average of three annual retainage rates ending August 31 for the immediately preceding 3-year period, including company use gas and excluding volumes and retainage for MLSS and MLDS Class I accounts and accounts served by an excess pressure measuring station. Each year's retainage rate will be calculated independently based upon the twelve-month period ending August 31.

(C)

(C) Indicates Change

3.3.2.1.3 The Company has the right of access to the Customer's premises in order to read the meter(s), and, to the extent permitted by the Company's approved tariffs, the Company may require the installation of daily metering equipment and may require Customer to pay the associated costs, including: (1) the cost of the equipment, (2) the cost of installation, and (3) the cost of a telephone line to the meter. In certain instances, a dedicated telephone line may be required. The meter and any associated telemetering equipment shall remain the property of the Company.

3.3.2.1.4 In the General Distribution Application and Agreement, the Customer shall provide the Company with the names of two persons, along with their home, business, fax 24/7 contact numbers and e-mail addresses (if available), who are to be contacted in the event that interruption of gas service is required under this Paragraph. (C)

3.3.3 A General Distribution Service account may be returned to the applicable Sales Service rate if for a period of at least five (5) consecutive days in one billing month the Company,

- (1) has not received gas supply for the account;
- (2) the account's bank balance is insufficient to cover the consumption or the customer did not have access to its bank balance due to the issuance of an OFO and/or OMO; and
- (3) the customer consumed gas on one or more days during such five (5) day period.

For a non-daily read account, the account may be returned to the applicable Sales Service rate at the end of a billing cycle if the above three conditions are met unless the customer furnishes proof that they did not consume gas on one or more days during such five (5) day period.

3.4 ORDER OF GAS THROUGH THE METER.

3.4.1 Gas through the Customer's meter during each billing month shall be considered to have come from the following sources, in order of priority:

1. gas supplies which have reached the facilities of the Company on behalf of a Customer, including Customer-owned supplies.
2. The cumulative balance, if any, of excess deliveries in prior months.
3. Firm sales, if any, contracted by the Customer from the Company.
4. Imbalance gas provided by the Company as defined in Paragraph 3.11.1 of these Rules Applicable to Distribution Service.

(C) Indicates Change

4.3 APPLICATION PROCESS

- 4.3.1 In addition to the Initial NGS Application, all NGSs must enter into an agreement in the form prescribed by the Company prior to providing Natural Gas Supply Service to Choice Customers under these Rules Applicable to Distribution Service ("NGS Choice Distribution Aggregation Agreement"). The NGS Choice Distribution Aggregation Agreement shall specify: the name, address and telephone number of the NGS, the name, address, telephone and fax numbers to which all notices are to be delivered, an e-mail address (if available), the NGS's Capacity Assignment election, the source of the gas, the delivery point to the Company, the NGS's billing option selection, and the NGS's Rate Statement Information. If any of the information on the NGS Choice Distribution Aggregation Agreement changes, the NGS shall submit an updated NGS Choice Distribution Aggregation Agreement specifying the changes. (C)
- 4.3.2 Within sixty (60) days of receipt of all necessary information requested by the Company to evaluate a NGS Choice Distribution Aggregation Agreement, the Company will respond to the NGS Choice Distribution Aggregation Agreement and either agree to supply service or to deny service. If the Company refuses to provide service under the Rules Applicable Only to Choice Distribution Service section of this these Rules Applicable to Distribution Service, the Company shall provide detailed support for its decision.
- 4.3.3 A Choice NGS may change their Annual Capacity Assignment election by submitting a new NGS Choice Distribution Aggregation Agreement by January 1. If the Company approves the revised Annual Capacity Assignment election, it will become effective April 1 of the year in which the revision was submitted. (C)

4.4 CHARACTER OF SERVICE TO BE RENDERED

- 4.4.1 The NGS shall be responsible for obtaining the entire gas supply for each of its Choice Aggregation Nomination Groups. The NGS shall obtain interstate pipeline firm capacity either from the Company or if permitted under these Rules Applicable to Distribution Service, from another source to ensure that the Customer receives Firm Service in accordance with the provisions of the tariff, and the NGS shall obtain adequate gas supplies to ensure that the Customer receives Firm Service in accordance with the provisions of the tariff. The Company shall remain responsible for distributing the gas pursuant to the Company's obligations under its tariffs.
- 4.4.2 Service Obligations of the Supplier of Last Resort. The Supplier of Last Resort ("SOLR") is the Company. The following services will be provided by the SOLR: Natural Gas Supply Service to those Customers who have not chosen an alternative NGS or who choose to be serviced by their SOLR; Natural Gas Supply Services to those Customers who are refused supply service from an NGS; or Natural Gas Supply Services to those Customers whose NGS has failed to deliver its requirements. PA. P.U.C. Docket No. L-00990144.

(C) Indicates Change

Effective November 2004, the NGSs currently providing Other Primary FTS capacity will be permitted to continue to provide the capacity for the November 2004 through October 2005 contract year, to the extent the Company concludes it needs additional capacity. To establish eligibility under this capacity option beginning in October 2005 and each year thereafter, an NGS must make a timely annual service election. No later than April 1 of each year, the Company will notify all NGSs of the ACRR. Thereafter, an NGS interested in providing firm capacity must notify the Company by June 1, in writing, of its desire to provide capacity, but not to exceed the Choice Primary FTS Daily Capacity Requirement for the NGS Choice Aggregation Nomination Group. Within 45 business days of receiving the timely submitted annual election, the Company will inform the NGS of its eligibility status and the amount of Other Primary FTS to be provided by the NGS. Elections will be accepted on a first come first serve basis, up to the ACRR. Eligibility will be based on the status of the NGS' aggregation agreement and its compliance thereto. An annual election of providing Other Primary FTS shall remain effective for the following one-year period November 1 through October 31.

(C)

This capacity option constitutes a limited exception to the otherwise applicable rules under this tariff. An NGS providing capacity under this option shall not be required to take assignment or release of the Company's Primary FTS as otherwise required.

(C) Indicates Change

4.9.4 Commencement of Natural Gas Supply Service. For Customers which were submitted to the Choice EBB by the 15th of the current month, the NGS is obligated to begin flowing gas in the amount of its Choice Daily Delivery Requirement on the first day of the following month. For Customers which were submitted to the Choice EBB after the 15th of the current month, the NGS is obligation to begin flowing gas on the first day of the second following month. During the interim period, the Customer shall be served by his existing Natural Gas Provider.

4.9.5 Delivery Requirements.

~~4.9.5.1~~ NGSs must make firm deliveries to the Company on any and all days which shall meet the Choice Daily Delivery Requirements of each of the NGS's Choice Aggregation Nomination Groups. The NGS must deliver the Choice Daily Delivery Requirement, which must be firm supply for the months of November through March, and which must be of a quality acceptable to the Company, and the NGS must have made, or cause to be made, arrangements by which such gas supply can be transported directly to the Company's system in the Local Market Area in which the Customer is located on a firm basis, unless otherwise permitted by the Company in writing.

~~4.9.5.2~~ Delivery Point Request. In the NGS Choice Distribution Aggregation Agreement, the NGS may request to use delivery points other than those located within the Local Market Area in which their customers are located. The Company shall review such requests from all NGSs participating in the Choice Service and notify the NGS of the delivery points acceptable to the Company.

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~~4.9.5.3~~ Selection of Delivery Points. The Company shall employ the following criteria in determining whether to accept the NGS's request to use a specified firm delivery point:

~~4.9.5.3.1~~ In instances where the NGS desires to utilize Columbia Gas Transmission Corporation as its upstream transporting pipeline, the NGS shall make firm deliveries to the Company by making deliveries using Primary FTS.

(C) Indicates Change

Issued: ~~September 28, 2010~~ January 14, 2011 M. Carol Fox Effective: ~~October 1, 2010~~ March 15, 2011
President

~~4.9.5.3.2~~ In instances where the NGS desires to utilize a pipeline other than Columbia Gas Transmission Corporation as its upstream transporting pipeline, the firm delivery points to the Company shall be located in the Local Market Area in which the Customer is located; provided, however, that the Company will accept a firm delivery point(s) located in a Company Local Market Area other than the one in which the Customer is located, subject to the following conditions: (a) the use of such delivery point shall in no way impair, interfere or economically harm the Company's delivery of system supplies for retail Customers at such delivery point(s), including but not limited to being directed by the interstate pipeline supplier to limit the its receipts of gas in order to comply with the interstate pipeline supplier's FERC approved tariff, (b) there is sufficient market absorption capability in the Local Market Area to accommodate the volumes to be delivered by the NGS, taking into account prior agreements to receive gas from other NGSs into that Local Market Area, (c) both the Local Market Area into which deliveries are to be made and the Local Market Area in which the Customer is located are also served by Columbia Gas Transmission Corporation in the same Pipeline Scheduling Point. In any instance in which multiple NGSs request to utilize the same firm delivery point and the Company has determined that insufficient capacity exists to accommodate all such requests, the Company shall give priority to those NGSs who serve Customers located in the same Local Market Area served by the delivery point.

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