

**NATIONAL FUEL GAS DISTRIBUTION CORPORATION
BUFFALO, NEW YORK**

RATES, RULES AND REGULATIONS

**GOVERNING THE FURNISHING
OF
NATURAL GAS SERVICE
IN
TERRITORY DESCRIBED HEREIN**

Issued: April 28, 2006

Effective: May 1, 2006

**R. J. TANSKI, PRESIDENT
BUFFALO, NEW YORK**

**This Supplement Changes and Increases Existing Rates
See Page 2**

LIST OF CHANGES MADE BY THIS TARIFF

CHANGE:

1. LIRA percentage discounts change.
Pages 37A and 37B.

INCREASE:

2. Rider F increases.
Page 164.

LIST OF CHANGES MADE BY THIS TARIFF

12. The price for purchase of gas by Distribution from a transportation service customer in the event of a curtailment or interruption will increase to \$9.6838 per Mcf.
Pages 106 and 117.
13. Extreme peak day degree days increase for allocation to SATS customer group.
Page 126.
14. Under Rate Schedule SATS the Demand Transfer Rate increases.
Page 127.
15. Under Rate Schedule SATS extreme peak day percentages increase for release of pipeline capacity.
Page 131.
16. Purchase gas costs in Rider A increase.
Page 147.
17. Rider F increases.
Page 164.

CHANGE:

19. The words "plus all transportation costs to the Company's City Gate" have been added to the "Market Price of Gas".
Pages 34, 134, 135, 136 and 140.
20. LIRA percentage discounts change.
Pages 37A, 37B and 37C.
21. The word monthly is added for single imbalances.
Page 134.
22. The roll over option becomes the default method of SATS imbalances.
Page 135.
23. The source of data used for projecting the commodity cost of purchased gas for quarterly updates changes to NYMEX only.
Page 155.
24. Under the MMT rate schedule, customers are referenced as MMT customers.
Pages 98 - 108.

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. 55 to
Gas - Pa. P.U.C. No. 9
First Revised Page No. 3A
Canceling Original Page No. 3A

LIST OF CHANGES MADE BY THIS TARIFF

Issued: July 29, 2005

Effective: August 1, 2005

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TERRITORY COVERED BY THIS TARIFF

County	Cities	Boroughs	Townships		
Armstrong			Bradys Bend	Perry	Washington
Armstrong			East Franklin	Sugarcreek	West Franklin
Butler		Chicora	Adams	Fairview	Summit
Butler		Karns City	Allegheny	Forward	Venango
Butler		Mars	Center	Oakland	Washington
Butler		Petrolia	Concord	Parker	
Butler			Donegal	Penn	
Cameron		Emporium	Shippen		
Clarion		Clarion	Ashland	Highland	Paint
Clarion		East Brady	Beaver	Knox	Perry
Clarion		Strattanville	Brady	Limestone	Salem
Clarion			Clarion	Madison	Washington
Clarion			Elk	Millcreek	
Clarion			Farmington	Monroe	
Clearfield	DuBois	Falls Creek	Brady	Huston	Sandy
Crawford	Meadville	Blooming Valley	Cambridge	Summerhill	
Crawford	Titusville	Cambridge	Conneaut	Summit	
Crawford		Springs East	Fairfield	Venango	
Crawford		Cochranon	East Mead	Vernon	
Crawford		Conneaut Lake	Fairfield	Wayne	
Crawford		Conneautville	Greenwood	Woodcock	
Crawford		Hydetown	Hayfield	West Mead	
Crawford		Linesville	Oil Creek		
Crawford		Saegertown	Fine		
Crawford			Randolph		
Crawford		Springboro	Richmond		
Crawford		Townville	Sadsbury		
Crawford		Venango	South Shenango		
Crawford		Woodcock	Spring		
Crawford			Steuben		
Elk	St. Marys	Johnsongburg	Fox	Jay	Ridgway
Elk		Ridgway	Highland	Jones	Spring Creek
Elk			Horton	Millstone	
Erie	Corry	Albion	Amity	McKean	
Erie	Erie	Cranesville	Concord	Millcreek	
Erie		E. Springfield	Conneaut	North East	
Erie		Edinboro	Elk Creek	Springfield	
Erie		Elgin	Fairview	Summit	
Erie		Fairview	Franklin	Union	
Erie		Girard	Girard	Venango	
Erie		Lake City	Greene	Waterford	
Erie		Middleboro	Greenfield	Wayne	
Erie		Mill Village	Harborcreek	Washington	
Erie		Platea	Lawrence Park		
Erie		Union City	Leboeuf		
Erie		Waterford			
Erie		Wattsburg			
Erie		Wesleyville			

(C)

(C) Indicates Change

TERRITORY COVERED BY THIS TARIFF
(Continued)

<u>County</u>	<u>Cities</u>	<u>Boroughs</u>	<u>Townships</u>		
Forest Forest Forest			Barnett Green Harmony	Hickory Howe	Jenks Kingsley
Jefferson Jefferson Jefferson Jefferson Jefferson		Brockway Brookville Corsica Falls Creek Reynoldsville Sykesville	Barnett Beaver Clover Eldred Heath	Knox Pinecreek Polk Rose Snyder	Union Warsaw Washington Winslow
McKean McKean McKean McKean	Bradford	Lewis Run Smethport	Bradford Eldred Foster Hamilton	Hamlin Keating Lafayette Norwich	Otto Sergeant Wetmore
Mercer Mercer Mercer Mercer Mercer Mercer Mercer Mercer Mercer	Farrell Hermitage Sharon	Clarksville Fredonia Greenville Jackson Center Jamestown Mercer Sharpsville Sheakleyville West Middlesex Wheatland	Coolspring Delaware E. Lackawannock Fairview Findley French Creek Green Hempfield Hickory Jackson	Jefferson Lackawannock Lake Perry Pine Pymatuning Sandy Creek Sandy Lake Shenango South Pymatuning	Sugar Grove West Salem Worth (C)
Venango Venango Venango Venango Venango	Franklin Oil City	Cooperstown Pleasantville Polk Rouseville Utica	Canal Cherrytree Clinton Cornplanter Cranberry Frenchcreek	Irwin Jackson Mineral Oakland Oilcreek Pinegrove	President Richland Rockland Sandy creek Scrubgrass Sugarcreek
Warren Warren Warren Warren Warren	Warren	Clarendon Sugar Grove Tidioute Youngsville	Brokenstraw Columbus Conewango Deerfield Farmington	Freehold Glade Limestone Mead Pine Grove	Pittsfield Pleasant Sheffield Sugar Grove Triumph (C)

(C) Indicates Change

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED

1. RULES AND REGULATIONS

The customer's application for service, the Pennsylvania Public Utility Code and the rules and regulations promulgated by the Pennsylvania Public Utility Commission, as amended from time to time, and the rules and regulations contained herein are a part of the contract with each Customer, and each Customer agrees to be bound thereby. (C)

2. APPLICATIONS FOR SERVICE

The Company may require any applicant for service to sign an application. Regardless of the manner in which an application is made, the acceptance of such application by the Company shall result in a contract service governed by Rule 1. (C)

3. DETERMINATION OF COMPANY INVESTMENT FOR UPGRADE/EXTENSION OF FACILITIES

A. Maximum Company Investment Level

The Company investment for upgrade/extension of facilities for a firm gas customer shall be limited to an amount determined as follows:

$$\text{Maximum Company Investment} = \frac{\text{Additional Annual Revenues} \times \text{Justified Company Investment per Dollar of Additional Annual Revenue}}{\text{Dollar of Additional Annual Revenue}}$$

B. Determination of Additional Annual Revenues

The Additional Annual Revenues are calculated as follows:

(1) The Company will estimate the customer's projected firm annual volumes as follows:

(a) Residential

For guideline purposes, the Company shall use annual gas consumption figures for gas space heating and for various gas appliances as shown below (These figures are based on current insulation standards as well as 80% efficient furnaces):

(C) Indicates Change

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

3. DETERMINATION OF COMPANY INVESTMENT FOR UPGRADE/EXTENSION OF FACILITIES
(Cont'd)

Gas Space Heating:

Single Family Home - [(square footage x .032) + 11] Mcf

Apartment - [(square footage x .029) + 8] Mcf

Mobile Home - [(square footage x .029) + 37] Mcf

Gas Appliances:

Gas Water Heater - 25 Mcf

Gas Dryer - 4 Mcf

Gas Range - 6 Mcf

(D)

(D)

(I)

(b) Commercial or Public Authority: Industrial

The Company shall estimate projected firm annual volumes on a case-by-case basis.

(2) This annual volume is then distributed into 12 monthly amounts based on an average distribution in the appropriate revenue classification. (Alternatively, the customer's annual usage estimate may be distributed according to his own historic or projected monthly load profile pursuant to the Company's review and approval.)

(3) The appropriate rate schedule is applied to each monthly volume, and the results are added to produce annual gross revenues.

(4) For each monthly volume, the summation of the following costs shall be determined: (a) the portion of monthly gross revenues for recovery of purchased gas costs pursuant to applicable provisions of Rider A to this tariff and the applicable rate schedule; (b) Transition costs pursuant to applicable provision of Rider D to this tariff and the applicable rate schedule.

The portion of monthly gross revenues for recovery of Purchased Gas Costs and Transition Costs for each month shall be added together to produce annual revenues for recovery of Purchased Gas Costs and Transition Costs.

(5) The amount calculated under item (4) above, shall be subtracted from the amount calculated under item (3) above.

(6) Additional annual revenues resulting from the upgrade/extension shall be determined by reducing the annual revenues for recovery of non-gas costs as calculated in (5) above, by the customer's currently generated annual revenues for recovery of non-gas costs, if any, as determined by the Company.

(D) Indicates Decrease

(I) Indicates Increase

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

3. DETERMINATION OF COMPANY INVESTMENT FOR UPGRADE/EXTENSION OF FACILITIES
(Cont'd)

C. Determination of Justified Company Investment Per Dollar of
Additional Annual Revenue

(1) Residential

The Justified Company Investment Per Dollar of Additional Annual Revenue for residential customers is \$4.81. (D)

(2) Commercial and Public Authority; Industrial

The Justified Company Investment Per Dollar of Additional Annual Revenue for commercial, public authority or industrial customers shall be selected from the table below based upon the projected term of use by the customer of the new or upgraded facilities.

<u>Projected Term of Use of New/Upgraded Facilities (Years)</u>	<u>Justified Company Investment Per Dollar of Additional Annual Revenue</u>
1	\$.49
2	.94
3	1.34
4	1.72
5	2.06
6	2.38
7	2.67
8	2.93
9	3.17
10	3.39
Greater than 10	4.81

(D)

Because the term of use has a substantial effect on the determination of the Justified Company Investment Per Dollar of Additional Annual Revenue, the Company may require a letter of intent from commercial, public authority and industrial customers projecting the term of use of the new or upgraded extension of facilities being requested.

The Company reserves the right to require a guaranteed revenue contract if the customer projects a term of use of the new or upgraded facilities in excess of 10 years or if the customer does not demonstrate that the customer's term of use is reasonable.

(D) Indicates Decrease

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

3. DETERMINATION OF COMPANY INVESTMENT FOR UPGRADE/EXTENSION OF FACILITIES
(Cont'd)

Additionally, the Company reserves the right to require a guaranteed revenue contract from a commercial, public authority or industrial customer if any of the following conditions exist:

- (1) The investment is for a dual fuel or partially dual fueled facility;
 - (2) The Company determines that a customer's financial status does not demonstrate that the customer will be able to pay bills for the projected term of use of the facilities; or
 - (3) The actual investment by the Company is greater than \$50,000.
- (3) Recomputation

The Company may recompute, modify, alter or amend the foregoing Justified Company Investment Per Dollar of Additional Annual Revenue amounts as the Company may deem necessary or convenient in the conduct of its business, provided, however, that such recomputation, modification, alteration or amendment shall not become effective unless and until included in this tariff.

(C)

D. Application of Maximum Company Investment

The Maximum Company Investment as determined above shall be applied, first, to the installed meter cost, if any, and then will be applied towards any mainline and/or service line extension, service connection, and/or the upgrade of any of the Company's facilities to accommodate increased volumes of sales or transportation. However, if the Maximum Company Investment is less than the installed meter cost, Company will provide and install the meter at no cost to the Customer.

(C) Indicates Change

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

4. UPGRADE/EXTENSION OF FACILITIES

A. Residential

Whenever the owner or occupant of any property eligible for service as a residential customer makes a written application for service to the Company, and the Company has authority to render service to said applicant, the Company shall extend its facilities so as to serve said property or new residential development, provided that the applicant shall first have executed an agreement to pay to the company the rate charged under the appropriate service classification and to contribute to the cost of extending facilities, an amount equal to the difference between the total cost of construction of facilities less the Company's Maximum Investment (as calculated in Rule No. 3, above).

Income taxes, if any, paid with respect to the Contribution will be recorded in a deferred account and such taxes, less the income tax effect of depreciation received with respect to the property constructed with the Contribution, will be included in the Company's rate base in subsequent rate case proceedings.

B. Commercial or Public Authority; Industrial

Whenever the owner or occupant of any property eligible for service as a Commercial or Public Authority customer, or as an Industrial customer, makes a written application for service to the Company, and the Company has authority to render service to said applicant, the Company shall extend its system so as to serve said property, provided said applicant shall first have executed an agreement to pay to the Company the rates charged under the appropriate service classification and to contribute to the cost of extending facilities, an amount equal to the difference between the total cost of construction of facilities less the Company's Maximum Investment (as calculated in Rule No. 3, above).

Income taxes, if any, paid with respect to the Contribution will be recorded in a deferred account and such taxes, less the income tax effect of depreciation received with respect to the property constructed with the Contribution, will be included in the Company's rate base in subsequent rate case proceedings.

The Company's Maximum Investment for Commercial or Public Authority and Industrial customers shall equal the Maximum Company Investment as calculated in Rule No. 3 above; provided, however, that, in the event that the Company reasonably believes that the Company's installation of facilities will be completed substantially in advance of date that the Customer's use will equal projected annual volumes used to calculate the Maximum Company Investment as calculated in Rule No. 3 above, the Company may discount the Maximum Company

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

4. UPGRADE/EXTENSION OF FACILITIES (Cont'd)

Investment as calculated in Rule No. 3 above to present value based upon the Company's most recent Commission-approved fair rate of return. (C)

C. Developer/Builder - Residential

Whenever the Developer/Builder of a residential property eligible for service makes a written application for service to the Company, and the Company has authority to render service to the property to be developed, the Company shall extend its system to serve said property, provided that, if the cost to extend the facilities exceeds the Maximum Company Investment, as calculated below, the Developer/Builder shall have entered into an agreement to contribute to the cost of extending facilities. (C)

The Maximum Company Investment for extensions involving a Developer/Builder shall be calculated as follows:

(1) The Developer/Builder shall provide a reasonable schedule of unit completion within the property to be developed;

(2) The Maximum Company Investment shall be calculated (as provided in Section 3) separately based on the number of units scheduled to be completed:

(a) within twelve months from the date of the estimated completion of construction of the new facilities; and

(b) during each successive twelve month period following the date of the estimated completion of construction of the new facilities.

(3) For all units not scheduled for completion within twelve months from the estimated date of completion of the construction of the new facilities, the Maximum Company Investment, as calculated above, shall be discounted to present value at the projected date of the completion of Company installed facilities using the Company's most recent Commission-approved fair rate of return.

(4) The sum of the discounted Maximum Company Investment for units to be installed more than twelve months after construction of Company facilities and the Maximum Company Investment for units scheduled for completion within twelve months of the estimated date of completion of construction of Company facilities shall equal the total Maximum Company Investment for the extension.

(C) Indicates Change

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

4. UPGRADE/EXTENSION OF FACILITIES (Cont'd)

The Developer/Builder shall contribute to the cost of extending facilities, an amount equal to the difference between the total cost of construction of facilities less the Maximum Company Investment (as calculated above).

Income taxes, if any, paid with respect to the Contribution will be recorded in a deferred account and such taxes, less the income tax effect of depreciation received with respect to the property constructed with the Contribution, will be included in the Company's rate base in subsequent rate case proceedings.

In the event that the Developer/Builder does not achieve the projected annual completion rate, the Maximum Company Investment and the amount to be contributed will be recalculated, in the same manner stated above, based upon actual units completed. If the recalculated amount to be contributed is greater than the previously calculated amount to be contributed, the Developer/Builder will be required to pay such difference to the Company; provided, however, that no amount will be required to be paid if the recalculated amount to be contributed exceeds the Company's actual cost of construction less the recalculated Maximum Company Investment.

C1. Developer/Builder Commercial or Industrial

Whenever the Developer/Builder of a commercial or industrial property eligible for service makes a written application for service to the Company, and the Company has authority to render service to the property to be developed, the Company shall extend its system to serve said property, provided that, if the cost to extend the facilities exceeds the Maximum Company Investment, as calculated below, the Developer/Builder shall have entered into an agreement to contribute to the cost of extending facilities.

The Maximum Company Investment for extensions involving a Developer/Builder shall be calculated as follows:

(1) The Developer/Builder shall provide a reasonable schedule of customer attachments and projected additional annual revenues from volumes to be transported by or purchased from the Company and consumed by the attaching customers;

(2) The Maximum Company Investment shall be calculated (as provided in Section 3) separately based on the historical and projected additional annual revenues from volumes to be transported by or purchased from the Company and consumed by the attaching customers:

(a) within twelve months from the date of the estimated completion of construction of the new facilities; and

(b) during each successive twelve month period following the date of the estimated completion of construction of the new facilities.

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

4. UPGRADE/EXTENSION OF FACILITIES (Cont'd)

(3) For all customer attachments not scheduled for completion within twelve months from the estimated date of completion of the construction of the new facilities, the Maximum Company Investment, as calculated above, shall be discounted to present value at the projected date of the completion of Company installed facilities using the Company's most recent Commission-approved fair rate of return. (C)

(4) The sum of the discounted Maximum Company Investment for customers to be attached more than twelve months after construction of Company facilities and the Maximum Company Investment for customer attachments scheduled for completion within twelve months of the estimated date of completion of construction of Company facilities shall equal the total Maximum Company Investment for the extension.

(C) Indicates Change

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

4. UPGRADE/EXTENSION OF FACILITIES (Cont'd)

The Developer/Builder shall contribute to the cost of extending facilities, an amount equal to the difference between the total cost of construction of facilities less the Maximum Company Investment (as calculated above).

Income taxes, if any, paid with respect to the Contribution will be recorded in a deferred account and such taxes, less the income tax effect of depreciation received with respect to the property constructed with the Contribution, will be included in the Company's rate base in subsequent rate case proceedings.

In the event that the Developer/Builder does not achieve the projected annual completion rate, the Maximum Company Investment and the amount to be contributed will be recalculated, in the same manner stated above, based upon actual additional annual revenues from volumes transported by or purchased from the Company and consumed by the attaching customers during the 60-month period following completion of the extension and the projected additional annual revenues from volumes to be transported by or purchased from the Company and consumed by the customers attached as of the last day of such 60-month period. If the recalculated amount to be contributed is greater than the previously calculated amount to be contributed, the Developer/Builder will be required to pay such difference to the Company; provided, however, that no amount will be required to be paid if the recalculated amount to be contributed exceeds the Company's actual cost of construction less the recalculated Maximum Company Investment.

(C)

D. Upgrade

The Company's investment for the upgrade of facilities shall be subject to the formula described in Rule No. 3. An upgrade is required when the customer needs dictate increasing or changing the current service line, main line or meter size for the increased volume or pressure requirements.

E. Advance Payment and Construction

Construction of any extension will not be undertaken until the amount of the applicant's contribution has been paid to the Company by the applicant. The actual construction of the extension shall be scheduled at the Company's discretion.

(C) Indicates Change

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

4. UPGRADE/EXTENSION OF FACILITIES (Cont'd)

F. Refunds of Customer Investment

Any customer attaching to a facility extended/upgraded within five (5) years of completion thereof will be required to contribute to the cost of the extension/upgrade in accordance with Rules 3 and 4. In the event a new customer attaches to an extension/upgrade of the Company's facilities paid for by a customer or a developer/builder, within five (5) years of the date of completion thereof, a pro rata refund will be made to customers or developer/builder who were charged for such extension. An annual review of such extensions is made on the anniversary date of completion thereof, during said five (5) years, and any refunds due are made at that time except for extensions for a developer/builder of commercial or industrial property which shall be reviewed at the end of year five (5) and any refunds due will be made at that time. No refunds will be paid for attachments occurring more than five (5) years after the completion date and in no case will the aggregate amount of refunds to a customer or developer/builder exceed the amount which the customer or developer/builder paid for the mainline extension/upgrade.

(C)
(C)

(C)

5. MAINTENANCE OF FACILITIES

After initial installation of facilities has been made, pursuant to Rule Nos. 3 and 4, above, all facilities including mains, customer service lines (i.e., the portion of the service line from the outlet of the Company's service stop cock to the inlet of the meter) and Company service lines (i.e. the portion of the service line from the gas main to and including the curb box and service stop cock), shall be maintained, replaced or renewed, as required, at the expense of the Company.

5A. SPECIAL UTILITY SERVICES

The provisions of Rules 3 and 4 do not apply to applications for special utility service. "Special utility service" shall include (a) a request for utility service when the applicant has an installed alternative fuel capability, including service from a natural gas well; (b) a request for utility service when the applicant is already receiving natural gas service from another Pennsylvania public utility; (c) a request for utility service from an applicant located in an area in which another natural gas utility is authorized to serve the applicant; (d) a request for utility service by an applicant who was the owner or ratepayer of record for the premises at the time the Company last provided service to the premises; (e) any request for service by an applicant who, in the Company's view, is unlikely to remain on the Company's system for a sufficient period of time to justify the extension. Applications for special utility service shall be resolved on a case-by-case basis through negotiations between the applicant and the company.

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RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

6. METERS

Gas delivered to customers from services attached to distribution lines shall be measured by meters to be furnished, installed and owned by the Company.

If, at any time after the installation of a meter, conditions are changed so that its location becomes unsuitable, the Company shall have the right to move the meter to a suitable place at the expense of the customer or property owner.

The cost of changes in location of meters made at the request of the property owner shall be borne by the owner. The customer shall not tamper with the meter and shall permit no one except employees of the Company to connect or disconnect the meter.

The customer shall be responsible to the Company for any injury to, or loss of, any meter arising out of or caused by the customer's negligence or carelessness, or that of his servants, employees, members of his household, or any person upon his premises under or by his consent, or sufferance. The customer shall at once notify the Company of any injury to, or any cessation in registration of, the meter as soon as it comes to his knowledge.

The Company, in its sole discretion, may install, together with its meter, an automated meter reading device ("AMD"), which can communicate automatically data from the meter to the Company by use of the telephone system. Customer shall provide the Company a suitable location for installation of an AMD, and the customer shall permit the Company to connect the AMD to the customer's existing telephone inside wiring. The customer shall not be required to install or modify telephone inside wiring or to subscribe to public utility telephone service in order to receive service from the Company.

The Company shall provide at least 72 hours' notice of the installation of an AMD at the customer's premises. The Company will not install an AMD at a customer's premises unless the AMD is designed to relinquish control of the customer's telephone line when the customer's telephone equipment is activated. If an AMD installed by the Company fails to relinquish control of a customer's telephone line when the customer's telephone equipment is activated, then such AMD will be replaced or repaired by the Company at the Company's expense. The Company will not install any AMD capable of transmitting voice communications unless specific permission is obtained from the Commission prior to installation.

If a Customer of the Company is billed by a telephone public utility specific charges for usage of telephone service (toll charges or local message unit charges) or charges for maintenance services that were caused by the Company's installation or use of AMD's, then the Company will reimburse the Customer for such charges.

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

7. CUSTOMER'S PIPING AND EQUIPMENT

Prior to the installation of house piping by the customer in new or altered premises, inquiry shall be made of the Company to determine the requirements, sizes of pipe, quality and other specifications.

House lines, piping, connections and appliances are subject to inspection by the Company and no gas will be delivered unless all conditions are satisfactory.

The Company gives no warranty, expressed or implied, as to the adequacy or safety of any structure, equipment, piping, appliance or device owned, installed, leased or maintained by or for the customer or the owner of the premises served.

8. ACCESS TO PREMISES

The authorized agents of the Company shall, at all reasonable times, have free access to any premises supplied with gas or to which a service connection has been made, for the purpose of reading, inspecting, repairing or removing meters, piping, or other appliances therein belonging to the Company and of inspecting the piping and appliances belonging to the customer.

Every industrial customer shall permit the Company, during business hours and upon reasonable notice, to inspect the customer's facilities so that the Company may determine whether facilities have been installed which would enable the customer to obtain volumes of gas without using the Company's system ("Bypass Facilities"). If a customer refuses to permit the Company to inspect the customer's facilities, it shall be presumed that Bypass Facilities have been installed.

9. INTERRUPTION OF SERVICE

In accordance with the Public Utility Code, the Company will provide service which shall be reasonably continuous and without unreasonable interruptions or delay. The Company shall not be liable, in any amount, for damages, direct or consequential, where service meets requirements of the Public Utility Code. This limitation of liability, however, shall not apply to Company conduct which is found to be willful, wanton or reckless. If the Company shall know, in advance, of an expected interruption of service, the Company will take all reasonable steps, such as personal contact, phone contact or the use of mass media, to notify affected customers of the cause and expected duration of the interruption.

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

10. LEAKS

The responsibility for detecting leaks or defects in piping between the Company's service connection and the point of consumption shall be upon the customer. The customer shall give immediate notice to the Company of inadequate, irregular or failing gas supply, leakage, abnormally high or low pressures, or any dangerous conditions.

Should any leak or defect be discovered in the mains, service connections, customer's service line, piping, or appliances, the Company shall have the right to shut off the supply of gas until satisfactory repairs have been made.

11. REFUSAL OR TERMINATION OF SERVICE

The Company may decline to serve an applicant (1) until he has complied with state and municipal regulations governing gas service and the approved Rules and Regulations of the Company contained in this Tariff and any supplement thereto, (2) if the Company does not have adequate facilities to render the service desired or if rendering such service would affect unfavorably service to other customers, (3) if in the Company's judgment, the applicant's installation of piping or gas equipment is regarded as hazardous or of such character that satisfactory service cannot be given, (4) if an extension of street main is required beyond length warranted by anticipated revenues, and the customer refuses to pay the charges required by Rule 3 of this Tariff, (5) until all amounts due for regulated service at a previous location have been paid or covered by a payment agreement (unless the amount owed is more than four years after the date of the final bill, in which case service cannot be refused), (6) or where the service proposed is from a production or transmission pipeline (see Rule 25).

The Company may terminate service for nonpayment of a billing or billings for regulated services, and such termination of service shall be in accordance with general regulations of the Pennsylvania Public Utility Commission applicable thereto and in accordance with the Pennsylvania Public Utility Code. (C)

The Company may not threaten termination of service for nonpayment of unregulated Natural Gas Supplier charges incurred by the customer from qualified Suppliers under Rate Schedule SATS even if the Company purchases receivables from the Supplier.

The Company may terminate service for such reasons and on such notice as specified by the regulations of the Pennsylvania Public Utility Commission, the Pennsylvania Public Utility Code, or for other violation of these Rules and Regulations. (C)

The Company may refuse to serve any applicant, or may terminate service to any customer who fails to pay a security deposit for regulated services or who fails to provide the Company with security in lieu of a deposit as provided for in this Tariff.

(C) Indicates Change

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

12. RECONNECTION OF SERVICE

When the supply of gas to any customer is turned off due to the customer's failure to pay for regulated service, for any other infraction of these Rules and Regulations or at the customer's request, and if there has been no change in ownership or occupancy of the premises served, the supply of gas will not be turned on until the customer or applicant has paid a reconnection fee of \$69.00. The Company will reconnect a residential customer or applicant's gas service in accordance with the general regulations of the Pennsylvania Public Utility Commission applicable thereto and in accordance with the Pennsylvania Public Utility Code. If the supply of gas was turned off due to a non-residential customer's failure to pay for regulated service and if the former customer reapplies for service or if a court, district justice or administrative agency has determined that the applicant is legally obligated to pay for the service previously furnished, the supply of gas will not be turned on until the non-residential customer or applicant has paid all outstanding bills for service.

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The reconnection of service cannot be denied for the nonpayment of Natural Gas Supplier charges billed to the customer for services rendered by Rate Schedule SATS Suppliers.

13. DISCONTINUANCE NOTICE BY CUSTOMER

Any customer who is about to vacate any premise supplied with gas, or who for any reason wishes to have service discontinued, shall give at least seven days' notice to the utility specifying the date on which it is desired that service be discontinued. The customer who fails to give proper notice shall be liable for all gas which passes through the meter, until: the account is terminated; another party occupies the premises and agrees to assume responsibility for gas service; or, the customer notifies the Company or the Company learns that he has or will vacate the premises, in which case he shall be responsible for gas used for the period, not to exceed seven days, before the Company is able to discontinue service.

14. GAS DELIVERED UNDER HIGH PRESSURE

The rates contained in this tariff are based upon gas delivered under conditions generally applicable to low pressure service (four ounce base). Bills for gas metered under high pressure will be computed upon the volume as indicated by the meter registration increased to the equivalent volume at standard pressure.

15. BILLING

Bills will be rendered and will be payable once each month. The Company may read any meter once each month but ordinarily it will read meters of domestic and commercial customers once each two months. As to any customer whose meter is read once each two months, the consumption for the first month of each bimonthly meter reading period shall be determined by calculation on the basis of the customer's previous usage adjusted for weather conditions; and the consumption for the second month of each bimonthly meter period shall be determined by subtracting the first month's calculated consumption from

(C) Indicates Change

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

15. BILLING (Cont'd)

the total actual consumption for the bimonthly period as shown by the meter. The bill for each month shall be the result of applying to the consumption, determined as aforesaid, the applicable rates and charges contained in this tariff.

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

If the meter reader in any month is unable to gain access to the premises for the purpose of reading the meter, a calculated bill will be rendered and adjustments, if any, will be made by the Company when the meter is read.

In those instances where the Company's agent or representative is unable to gain access to the customer's premises during the regular scheduled working hours to obtain a meter reading, the number of calculated readings shall be limited to six consecutive months, and the customer's service, thereafter, is subject to termination, after due notice.

The late payment date specified on the monthly bill is not less than fifteen days from date the bill is mailed except that, for service under, or billed in conjunction with, residential rate schedules, the late payment date is not less than twenty days from the date the bill is mailed.

At the time the Company receives a notice to transfer service from one customer to another, the Company will provide customers with the option to either have the Company read the meter or to have the disconnecting and reconnecting customer read the meter. The Company will read the meter if the two customer readings are significantly different. The Company will inform the customers 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 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 estimate 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.

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RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

16. PENALTY CHARGES

If the customer fails to pay his gas bill by the late payment date, a penalty will be charged. Payments received by mail will be considered paid on the date of the postmark.

Where a customer receives gas natural gas supply service from a qualified Supplier under Rate Schedule SATS, late payment charges will be applied to the Supplier charges only if the customer has agreed to pay Supplier late payment charges. Otherwise, late payment charges will be based only on the distribution and natural gas supply charges of the Company.

The penalty charged to all customers shall be 1.50% on the full unpaid and overdue balance.

17. BILLING PERIOD

Bills will be mailed monthly to residential customers for service furnished during the preceding meter-reading period at least twenty (20) days prior to the expiration of the late payment date as shown on the bill.

Bills will be mailed monthly to Commercial, Public Authority, Industrial and Large Industrial customers for service furnished during the preceding meter reading period at least fifteen (15) days prior to the expiration of the late payment date as shown on the bill.

Voluntarily Suspended to June 1, 2003

Issued: January 8, 2003

Effective: ~~March 9, 2003~~

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont')

18. BALANCED BILLING PLAN

The company has available a budget payment plan for Residential, Commercial, and Public Authority customers. The budget payment plan is available for all qualifying Company regulated services and for services provided to the customer by qualified Suppliers under Rate Schedule SATS where the Company provides billing service for the Supplier. At the request of any Residential, Commercial or Public Authority customer who uses gas as the primary source for space heating and who satisfies the company's credit standards, monthly payments for such customers may be made as follows:

Monthly payments shall be based on an amount equivalent to 1/12th of the customer's estimated annual bill rounded to the next higher dollar amount.

If a debit balance has accrued as of the 12th cycle month of this plan, the customer may either incorporate it all in the 12th cycle month's payment or at the company's discretion, spread all or part of the debit in equal monthly installments over the next cycle year. If the credit balance is accrued, the customer shall have the option of either receiving a cash refund, having it applied against the current bill, or having it used to reduce the monthly installments in the next cycle year. Absent an indication from the customer of his preference, the debit or credit will be applied to the first monthly installment in the ensuing year.

19. SEASONAL SERVICE

Service to Residential, Commercial, Public Authority, and Industrial premises occupied seasonally will be supplied at the rates and minimum charges of the applicable rate schedule.

20. SUPPLYING OF GAS SUPPLIES TO OTHER CUSTOMERS

No branch, valve or fixture which would permit gas to be withdrawn without registering on the meter shall be connected to a customer service line (i.e., the portion of the service line from the outlet of the Company's service stop cock to the inlet of the meter).

No extension of facilities, including the customer service line and facilities connected thereto and extending into a customer's premises, may be used to provide gas service at any additional or different premises. As used herein, a premises is defined as a single building; or the several buildings of a housing development under one ownership within a single parcel of land not intersected by a public highway or city street; or the several buildings of a religious, charitable, educational, or benevolent corporation if used exclusively for such purposes, if situated on adjoining properties even if intersected by a public highway or city street; or an industrial plant if situated on adjoining properties even though intersected by a public highway or a city street.

21. CONJUNCTIVE BILLING

The Company's rates are based upon gas supply through a single delivery point, as measured by one meter. Separate supply for the same customer at other points of delivery or through more than one meter shall be billed separately. However, the Company may, when engineering or operational conditions warrant, or to improve service, install two or more meters on the

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RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

21. CONJUNCTIVE BILLING (Cont'd)

same premises to service a single customer, in which event the consumption registered by such meters may be consolidated and the rates under which service is taken applied to the total consumption. The term "same premises" means a single building; or the several buildings under one ownership within a single parcel of land not intersected by a public highway or city street; provided, however, that the Company, in its sole discretion, may permit conjunctive billing at premises not conforming to the above definition of "same premises" if it is reasonably necessary to do so to meet competition from another supplier of energy, including gas.

An established conjunctive billing arrangement shall be permitted to continue so long as the customer remains at the premises presently served. The conjunctive billing arrangement shall neither be expanded to the customer's newly-acquired premises, nor transferred in whole or in part to different premises, nor continued at the same premises for different customers, unless, in the Company's sole discretion, it is reasonable to expand, transfer or continue the conjunctive billing arrangement.

22. ADJUSTMENT OF BILLS FOR METER ERROR

Charges to customers will be adjusted for fast, slow and nonregistering meters, as per Section 59.22 of the regulations of the Pennsylvania Public Utility Commission for Gas Service, 52 Pa. Code Paragraph 59.22.

23. METER TEST ON REQUEST OF CUSTOMER

Meters which are not due for periodic tests will be tested for accuracy as per Section 59.21 of the regulations of the Pennsylvania Public Utility Commission for Gas Service, 52 Pa. Code Paragraph 59.21, upon written request by the customer and payment to the Company of a deposit in the amount specified by said regulations.

24. RULES FOR SECURING DEPOSITS

The Company may require customers to provide deposits for services. The Company may not deny the customer regulated services based on the customer's failure to provide deposits for unregulated services.

Deposits may be required from customers taking service for a period of less than thirty days in an amount equal to the estimated bill for such temporary period.

Deposits may be required from Commercial or Industrial customers but shall not exceed the amount equal to the sum of amounts computed by applying the applicable sales rate schedule to the volumes of gas transported by or purchased from the Company, and consumed by the customer during the two, of the most recent twelve months of greatest usage by the Customer. In lieu of actual experience, the determination will be based on an estimate considering all relevant information and data.

Deposits may be required from Residential customers in accordance with the Pennsylvania Public utility Code and the Rules and Regulations of the Pennsylvania Public Utility Commission.

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RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

24. RULES FOR SECURING DEPOSITS (Cont'd)

Security, in the form of a cash deposit, letter of credit, surety bond, or third-party guarantee, will be required from the applicants for Non-residential service unless: A) the premises to which gas service is to be supplied is a branch of, or additional facility operated by, financially responsible, enterprise which will be the ratepayer of record with respect to gas bills incurred at the premises; or, B) in the case of a premises not covered by "A" above, the Company determines, through relevant Company records covering past direct dealings with the applicant over a period of at least one year, that a deposit is not necessary. Security, in the form of a cash deposit, letter of credit, surety bond, or third-party guarantee, will be required from existing Non-residential customers where the Company determines that the customer's credit standing warrants concern as to its continuing ability to pay. In evaluating a customer's credit standing, the Company will take into account certain factors, including, but not limited to, the following: i) average monthly consumption; ii) average monthly bill; iii) payment history during the immediately preceding twelve month period; iv) customer's general credit standing as evaluated by any available applicable credit rating indices or rating services; v) customer's payment history and credit standing with other lenders or providers of utility and other services.

Until returned or credited, interest will accrue on Residential deposits at 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. Interest accrued on Residential deposits will either be applied, together with the deposit, to any outstanding balance for service or will be paid at the time the deposit is returned. Interest will be paid on non-residential deposits at the rate of six percent (6%) per annum without deductions for any taxes thereon. Upon non-residential deposits held for more than a year, the Company shall pay to the patron, at the end of each calendar year, the interest accrued thereon.

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25. CUSTOMERS SERVED THROUGH SERVICE CONNECTIONS ATTACHED TO FACILITIES OTHER THAN DISTRIBUTION SYSTEM LINES

Service from a line outside the Company's low pressure and medium pressure distribution systems will not be furnished unless such line is at that time being operated in a manner which will permit gas to be served to the applicant without interference with its operation. The furnishing of such service will be 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 such service 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 by thirty days' written notice to the customer.

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RULES AND REGULATIONS APPLYING TO ALL TERRITORIES (Cont'd)

25. CUSTOMERS SERVED THROUGH SERVICE CONNECTIONS ATTACHED TO FACILITIES
OTHER THAN DISTRIBUTION SYSTEM LINES (Cont'd)

The customer assumes sole responsibility, financially and otherwise for obtaining alternative sources of fuel in the event that customer's service is interrupted or discontinued permanently or temporarily, as described in the preceding paragraph.

The Company has the right to cancel the service contract for any such reason or in accordance with any other published rule or regulation of the Company, and, during the term of the contract, 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.

All materials used in connecting the meter and regulators from the outlet of the Company's service stop cock to the outlet of the meter, and including the box or structure housing the meter and regulators, shall be furnished and installed by the Company at the expense of the customer. The meter and regulators shall belong to the Company and will be installed as near to the Company's lines as is practicable.

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont')

26. GAS EMERGENCY PLANS

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A. Definitions

The following words and terms have the following meanings unless the text clearly indicates otherwise:

- (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 and services including consumption by office buildings, institutions and government agencies.
- (4) Essential human needs - Gas usage in any building where persons normally dwell including residences, apartment houses, dormitories, hotels, hospitals and nursing homes.
- (5) Firm service - Natural gas service offered to consumers under tariffs or contracts that anticipate no interruption.
- (6) 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.
- (7) Interruptible service - Natural gas services that can be temporarily discontinued under term and conditions specified by tariff or contract.
- (8) 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 the 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.
- (9) Residential use - Gas usage in a residential dwelling or unit for space heating, air conditioning, cooking, water heating or other domestic purpose.

B. Natural Gas Emergency Planning

(1) The Company has filed a Natural Gas Emergency Plan ("Plan") with the Pennsylvania Public Utilities Commission ("Commission") reflecting its unique operational characteristics and design criteria. The Plan contains simplified and understandable rules and regulations so that all of the Company's customers and all natural gas suppliers licensed to provide services to their customers can have a responsive action plan in place to protect themselves and their property in the event of a crisis. The Company's Natural Gas Emergency Plan can be located at the Company's website www.natfuel.com under utility services. The Company shall file revisions to the Plan when and as appropriate, or as directed by the Commission.

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RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont')

26. GAS EMERGENCY PLANS (Cont'd)

(2) As part of the emergency planning process the Company shall attempt to make every reasonable effort to make contractual or informal arrangements with our transportation customers, sales customers and others to obtain supplies or, as an alternative, to implement usage reductions so that resorting to firm service reductions under Rule 26. C. Emergency Action can be avoided, or the severity of the supply or capacity disruption can be mitigated. The purpose of these arrangements is to provide a means to minimize the potential of supply shortfalls that threaten public health and safety, and not to make up for inadequate performance by individual parties.

(3) The Company's Natural Gas Emergency Plan includes provisions addressing:

(a) Emergency load shedding

(b) Voluntary usage reductions, for example, reducing space or water heating temperatures to levels specified by the Company.

(c) Mandatory usage reduction for certain customers consistent with Rule 26. C. Emergency Action.

(d) Issuance of periodic reports to the media concerning the existing natural gas emergency.

(e) Notice to affected customers and natural gas suppliers of the expected initiation of actions under Rule 26. C. Emergency Action.

(f) Customer and natural gas supplier delivery requirements that apply during the term of Rule 26. C. Emergency Action, regardless of customer specific usage reductions that arise or may arise from end-use curtailments.

(g) A procedure for focusing emergency measures to confined geographic or operational portions, segments or zones of the Company's system where a natural gas emergency exists.

(h) Procedures for establishing communications with electric system control area operators, if the Company provides gas service to electric generation stations.

(4) The Company's Natural Gas Emergency Plan specifies the procedures the Company shall use to provide notices to affected customers, their natural gas suppliers and natural gas distribution companies. After the Company determines the appropriate response, the Company shall issue notices to affected customers, their natural gas suppliers, and natural gas distribution companies as soon as reasonably possible.

C. Emergency Action

(1) 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 operating integrity with respect to Priority 1 customers as defined in Rule 26. A (4).

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont')

26. GAS EMERGENCY PLANS (Cont'd)

(2) If, in the sole judgement of the Company, there is sufficient time, the Company shall use reasonable business and operational efforts to: interrupt all interruptible services, issue operations flow orders, and call for voluntary usage reductions by all customers before taking action under subsection 3. The Company shall take these three actions sequentially to the extent feasible.

(3) In the event of an emergency as described in subsection 1, the Company may require each commercial and industrial retail and transportation customer that is not a Priority 1 customer under subsection 9 to reduce its consumption of gas.

(a) 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.

(b) The minimum authorized usage may not be lower than the minimum usage of firm service for plant protection use.

(c) When all other service has been curtailed except for Priority 1 service and the Company continues to be unable to meet Priority 1 requirements, the Company shall utilize measures designed to minimize harm to customers if curtailments to plant protection use are found to be necessary.

(d) Consistent with the Company's responsibility to maintain system integrity at all times, the Company shall restore service as soon as practicable to any gas-fired electric generation facility that is deemed critical to electric system reliability by the electrical system's control area operator.

(4) Mandatory reduction under subsection 3 shall be for a period specified by the Company until further notice. The Company may change a customer's authorized usage, upon notice, at any time during an emergency.

(5) Mandatory reductions under subsection 3 shall be for a maximum duration of 5 business days unless extended by Commission order. As an alternative to extending mandatory reductions under subsection 3, the Commission may order the Company to initiate priority-based curtailments under subsection 6.

(6) In determining whether to order the Company to initiate priority-based curtailments, the Commission will examine whether the Company did the following:

- (a) Interrupted all interruptible services.
- (b) Issued operation flow orders.
- (c) Called for voluntary usage reduction by all customers.

(7) Upon issuance of a Commission order to initiate priority-based curtailments, the Company shall provide all affected customers the maximum notice possible, via telephone, fax, electronic data interchange, or any other reasonable means of notification specifying the curtailment percentage of the customer's firm gas service and resulting allowances as may be the case.

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont')

26. GAS EMERGENCY PLANS (Cont'd)

(8) Upon issuance of a Commission order to initiate priority-based curtailments, the available gas supplies to the Company shall be prorated, if practicable, among its customers according to the following priorities of use:

(a) Customers in a higher priority category shall not be curtailed until all customers falling into a lower priority category have been restricted to plant protection use levels, unless operational circumstances or physical limitations warrant a different result.

(b) Where only a partial restriction of a classification is required, implementation shall be prorata, to the extent practical under the circumstances as set forth in the Company's curtailment plan.

(9) Following are the priority categories, listed in descending order, pertaining to the curtailment of firm services:

(a) Priority 1. Service for essential human needs use.

(b) Priority 2. Firm services not included in essential human needs use.

(2.1) Plant protection gas

(2.2) All other consumption not contained in (2.1) above and Priority 1. Service for essential human needs use (excluding plant protection gas).

(2.3) Intermediate Volume Industrial Service (IVIS) / Commercial / Public Authority consuming > 12,000 Mcf per year (excluding plant protection gas).

(2.4) Large Volume Industrial Service (LVIS), all industrial accounts consuming greater than 50,000 Mcf per year (excluding plant protection gas).

(2.5) Large Industrial Service (LIS), all industrial accounts consuming greater than 200,000 Mcf per year (excluding plant protection gas).

D. Utility Liability

(1) The company may restrict or discontinue service in accordance with this section without hereby incurring any penalty or liability for any loss, injury or expense that may be sustained by the customer except when the restriction or discontinuation of service is a result of the Company's willful or wanton misconduct.

(2) Company liability for actions taken under Rule 26. C. Emergency Action, or to a regulation, policy statement, directive or order issued by the Commission or an emergency order issued by the Governor shall be governed by the following principles:

(a) If the Company appropriates natural gas during an emergency action, the Company shall compensate the applicable entity, whether the customer or the

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont')

26. GAS EMERGENCY PLANS (Cont'd)

customer's natural gas supplier, for the cost of the lost, firm gas service. The compensation, in the aggregate, shall equal but not exceed the greater of:

(i.) The city gate cost of the appropriated natural gas, including transportation charges up to the Company's city gate, or

(ii.) The reasonable cost actually paid by the customer for delivered substitute energy, as documented to the Company. The Company may provide compensation in kind only at the discretion of the affected customer or natural gas supplier.

(b) The Company may discontinue service, for the duration of an emergency, to a customer that continues to take gas in violation of the rules found in Rule 26. Gas Emergency Plans.

E. Penalties for Unauthorized Takes

If a customer exceeds its authorized consumption during a natural gas emergency, then the customer will pay a penalty, in addition to any and all other penalties or charges incurred during such emergencies, according to the following schedule:

Actual usage as a percentage of
Emergency Authorized Consumption

Penalty

Greater than 103% but not in
Excess of 110%

The higher of \$10/MCF or 110% of the highest gas supply purchased by the Company during the month of usage.

Greater than 110%

The higher of \$25/MCF or 125% of the highest gas supply purchased by the Company during the month of usage.

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

27. Financial Fitness Requirements for SATS Suppliers and CBA Aggregators

Dun & Bradstreet reports will be utilized as the primary source of credit information to determine the creditworthiness of Supplier applicants for service under Rate Schedule SATS and the creditworthiness of Aggregators under Rate Schedule Customer Balancing and Aggregation. The following Dun & Bradstreet standards will be used: a credit risk rating of 1 through 5 and "uncoded", noted on the report (the continuum range is 1 to uncoded). The values for these rating are:

"1" assets, liabilities and payment history indicate little or no risk to creditors.

"2" assets, liabilities and payment history indicate some risk to creditors.

"3" assets, liabilities and payment history indicate a moderate risk to creditors.

"4" assets, liabilities and payment history indicate a greater than moderate risk to creditors.

"5" assets, liabilities and payment history indicate a severe risk to creditors.

"Uncoded" indicates that there is insufficient historical credit data available to make a reliable credit assessment of the applicant (such as the applicant being in business less than 14 months, change of ownership, etc.).

Upon receipt of the properly completed Credit Application, the Company will obtain various Dun & Bradstreet reports for initial review and assessment. The reports will include, but not be limited to: Payment Analysis Report, Business Information Report, Comprehensive Report and Credit Score

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont')

Report. In addition, other criteria will be taken into consideration in assessing the Company's potential risk exposure, such as: (1) established payment history of the applicant with the Company and (2) the ratio of anticipated projected enduser volumes to the supplier's unencumbered assets available for payment; and (3) historical reliability of deliveries (nominations vs. deliveries). (C)

"1" Rating: (C)

In general, if the reports indicate an overall rating of "1" no security deposit will be required at the time, subject to changes listed below. However, if anticipated projected enduser volumes indicate a substantial risk exposure over and above indicated current assets available for payment, a security deposit may be required.

"2" Rating: (C)

If the reports indicate an overall rating of "2" additional background investigations will be completed. These investigations will include but not be limited to: (1) an assessment of the applicant's payment history with the Company, (2) compilation of other creditors and trade creditor's reports, (3) request for financial statements, if necessary. Upon completion of a review of the additional information a determination will be made regarding the Company's risk exposure and a recommendation made to waive or request a security deposit.

"3-5" Rating: (C)

If the reports indicate an overall rating of "3-5" a security deposit will be required. No further investigations will be made unless extenuating circumstances exist and the applicant brings those situations to the attention of the reviewer.

"Uncoded": (C)

Any applicant with a rating of "uncoded" will automatically be designated as having a rating of "3-5" and be required to post a security deposit.

Changes affecting credit risk ratings:

All approved Suppliers and Aggregators will be periodically reviewed to determine if: (1) there is a change in their credit risk rating; (2) security needs to be required on a previously unsecured account; (3) the amount of security being held should be increased or decreased to meet projected future usage, based upon historical usage data.

(C) Indicates Change

Voluntarily Suspended to April 12, 2002

Issued: January 25, 2002

Effective: ~~March 26, 2002~~

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont')

Changes indicating that a credit review may be necessary include, but are not limited to: (1) significant changes in Dun & Bradstreet credit reports; (2) credit related information obtained from reliable sources; (3) a change in the number of end-users; (4) a change from the established payment history; as well as any other information received regarding the financial standing of the Supplier or Aggregator. Security deposits will be refunded to the Supplier or Aggregator when it is determined that the Supplier or Aggregator meets the level of creditworthiness criteria that no longer requires a security deposit.

Determination of Security Deposits:

The amount of a security deposit will be determined under the following formula:

(1) For SATS Suppliers

a. Using historical data, three months maximum consumption for each customer anticipated to be served by the applicant SATS Supplier will be identified and multiplied by (1) the applicable transportation rate; and (2) the corresponding cost of gas.

b. The "corresponding cost of gas" shall be the higher of \$10.00 per Dth or 110% of the average of the highest market price of gas for each month during the last Winter Period (November through March) as determined by references in The Gas Daily Index, "Daily Price Survey" for "Appalachia," "Columbia Gas Appalachia" plus all transportation costs to the Company's city gate.

c. The product of the calculation at a. above shall be multiplied by .10 (10%).

(2) For CBA Suppliers

a. Using historical data, three months maximum consumption for each customer to be served by the applicant CBA Aggregator will be multiplied by the potential CBA cost of gas. The potential CBA cost of gas shall equal the average cost of gas over the last three years for the months identified as the historical three months of maximum consumption multiplied by the seasonal factor (135% in non-winter months and 150% in winter months).

Monthly reviews will be provided, based upon any changes which may affect the Company's risk exposure.

(C) Indicates Change

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont')

Payment of Security:

Payment of security deposits can be made by cash or acceptable form of security such as Letter of Credit. Interest will be paid on cash security deposits at the same rate paid on deposits for service to non-residential customers. Responsibility for and expenses incurred in the procurement of a Letter of Credit are subject to requirements and/or negotiations with the Applicant's individual bank. In addition, the Company may in its sole discretion accept an agreement setting special operating standards ("Operational Default Agreement"), and/or an Escrow Account Agreement in exchange for reducing the level of security otherwise required.

(C)

(C) Indicates Change

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont')

28. RULES FOR TRANSPORTATION SERVICE

The following terms and conditions shall apply to Transportation Service. (C)
Additional operating procedures, protocols and business practices for (C)
transportation service can be found in the Company's Operational Procedures (C)
Manual which is posted on the Company's web site.

A. GAS QUALITY

(a) All gas delivered by Customer into Company's facilities will:

(1) Have a total heat content of not less than nine hundred sixty seven British Thermal Units (967 BTU) per cubic foot and not more than one thousand on hundred British Thermal Units (1,100 BTU) per cubic foot, provided however, that Company shall have the option (but never the obligation) to accept Customers gas having a heat content outside of this range, when in Company's sole judgment, such different heat content does not prevent Customer's gas from being merchantable and fit for use by Company in its intended markets;

(2) Be commercially free from dust, hydrocarbon liquids, water, objectionable odors, or other gaseous, solid or liquid matter which might become separated from the gas in Company's facilities or interfere with the proper operation of the pipelines, regulators, meters or other equipment through which it flows; and Customer shall furnish, install, operate, maintain and keep in efficient operating condition, at Customer's own expense, such drips, separators, dehydrators, alcohol bottles, gas cleaners and any other devices or equipment as may be or become necessary to effect compliance with this requirement;

(3) Not contain more than twenty (20) grains of total sulfur (S), nor more than three-tenths (0.3) grain of hydrogen sulfide (H₂S) per one hundred (100) cubic feet;

(4) Not contain more than two-tenths of one percent (0.2 of 1%) by volume of oxygen (O₂), and Customer shall make every reasonable effort to keep the gas free of oxygen (O₂);

(5) Not contain more than five percent (5%) by volume of a (C)
combined total of carbon dioxide (CO₂) and nitrogen (N₂) components; provided, however, that the total carbon dioxide (CO₂) content shall not exceed two percent (2%) by volume;

(6) Have a temperature of not more than one hundred twenty (120) degrees Fahrenheit; and

(7) Have been dehydrated by Customer for removal of water in a (C)
vapor state, and in no event contain more than seven (7) pounds of water vapor (H₂O) per million cubic feet, except as permissible according to the NFG Water Vapor Content Chart contained in the Company's Operational Procedures Manual, as determined by Company. In no event shall Customer deliver to Company free or entrained water (H₂O).

C) Indicates Change

Issued: July 30, 2004

Effective: August 1, 2004

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont')

(C)

(b) In the event any of the above substances enter any of Company's facilities in quantities greater than the levels, if any, permitted above, with or without Company's knowledge, and/or cause, directly or indirectly, damage to any such facility, Company may, at Customer's expense, clean up and/or repair such facility. Further, in the event any of the above substances enter any facilities owned by retail customers of Company in quantities greater than the levels, if any, permitted above, with or without Company's knowledge, and/or cause, directly or indirectly, damage thereto, Customer shall indemnify Company against, hold it harmless from, and undertake the defense of Company with respect to any and all claims, losses, damages (including punitive damages, to the extent permitted by law), and injuries (property damage and personal injury, including death) arising therefrom and shall indemnify Company for any expenses, including attorney's fees and clean-up costs, incurred in partial or full satisfaction of any such claims, losses, damages and injuries.

(c) As to Customer's gas which does not meet the specifications stated herein, Company shall have the rights, on a continuing basis, and in addition to any other remedies provided herein, to:

(1) Continue to receive such gas; or

(2) Discontinue the flow of such gas, and, in the event Customer will not correct such deficiency within a time period acceptable to Company, to terminate the Service Agreement as to such gas; or

(3) Receive such gas and, at Customer's expense, treat or otherwise process the same so as to cause it to conform to the above quality specifications.

If the gas delivered fails to meet the 1,000 BTU standard specified in Paragraph (a)(1) above, Company shall also have the option to retain sufficient additional volumes of gas to compensate for such deficiency.

B. MEASUREMENT

(a) For all gas delivered by Customer to Company, the volumetric measurement base shall be one (1) cubic foot of gas at a pressure base of fourteen and seventy-three hundredths (14.73) pounds per square inch absolute and a temperature base of sixty (60) degrees Fahrenheit. The average absolute atmospheric (barometric) pressure shall be fourteen and four tenths (14.4) pounds per square inch. The flowing temperature shall be sixty (60) degrees Fahrenheit and may be adjusted to actual flowing conditions by Company if deemed necessary by Company. All said gas shall be measured by orifice or displacement type meter or any other approved measuring device of equal accuracy. Orifice meters shall be installed and operated, and gas volumes computed in accordance with Report No. 3 of the Gas Measurement Committee of the American Gas Association, including any revisions applying thereto.

(C) Indicates Change

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont')

(b) Customer shall install, or cause to be installed, at no expense to Company, measuring equipment necessary in Company's judgment to accomplish accurate measurement of the gas. Company shall operate and maintain said measuring equipment. The measuring equipment will be installed, operated and maintained in accordance with the specifications of the Gas Measurement Committee of the Natural Gas Department of the American Gas Association, as amended from time to time, or by any other mutually acceptable method commonly used in the industry. Such measuring equipment shall conform to the specifications provided by Company; shall be calibrated, as Company deems necessary, by Company; shall be inspected by Company; and must be approved by Company prior to any deliveries hereunder. (C) (C)

Customer recognizes that it may be necessary for Company's employees, agents, or representatives, to enter the property on which said measuring equipment is located to perform such functions upon said measuring equipment as may be necessary to effectuate the provisions of a Service Agreement, and Customer hereby expressly grants Company permission to perform such functions on said measuring equipment. Customer, to the extent it is within Customer's power to do so, will grant Company such easements as may be necessary for Company's employees to enter the property on which said measuring equipment is located. In the event that easements from other parties are necessary for Company's employees, agents or representatives to enter the property on which said measuring equipment is located, Customer will acquire such easements, and agrees that the Service Agreement will not become effective until and unless such easements are acquired.

(c) Company will read the meter(s) measuring the consumption at Customer's facility at the conclusion of each billing month. Upon the request of Company, the Customer shall read such meter(s) at reasonable intervals and provide such readings to Company. Measurement shall be governed by any applicable provisions of Company's tariff, and any applicable regulations of the Pennsylvania Public Utility Commission. The pressure base shall be fourteen and sixty-five hundredths (14.65) pounds per square inch absolute. No volumetric adjustments shall be made to compensate for the difference between this pressure base and the pressure base identified in Paragraph (a) above.

(d) Each party shall have constant access to the meters and access, upon reasonable notice and during business hours, to meter charts and records.

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont')

(C)

C. WARRANTY OF TITLE

Customer warrants the title to all gas delivered to Company from Customer or on behalf of Customer and shall indemnify and save harmless Company from all suits, actions, accounts, costs, losses and expenses (including attorney's fees) arising from or connected with the adverse claim of any person or persons to the gas received, transported or delivered. Customer assumes all responsibility for all royalties, licenses, taxes and charges to which the gas transported, or the transportation service, may be subject.

D. LIABILITY

(a) It is expressly agreed and understood that until gas is delivered to Company for transportation, Customer shall be deemed to be in exclusive possession and control thereof and shall be solely liable and responsible for, and shall indemnify, protect, save harmless and undertake the defense of Company, of and from all losses, claims (whether groundless or not), damages, injuries (including death), suits, actions, debts, accounts, liens, liabilities, costs and expenses including, without limitation, legal fees and costs, which Company may sustain, incur, pay or lay out by reason of, arising from or occasioned by such possession and control.

(b) Customer acknowledges that Company has made no guarantees regarding the volumes of gas it will be able to receive from Customer or on behalf of Customer at the specified receipt points, and Company shall not be liable to Customer should actual receipts prove to be less than the levels expected by Customer, its supplier, or Company.

(C) Indicates Change

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont')

E. MISCELLANEOUS PROVISIONS

(a) Customer or a party appointed by the customer to act on Customer's behalf shall provide Company with nominations setting forth, by source, the volume to be transported by Company following procedures set forth in the Company's Operational Procedures Manual. (C)

(b) The Customer appoints the party(ies) identified in the NFGDC Customer Agency Agreement form as its agent(s) for purposes of making such nominations and determining the proper allocation of volumes among all affected customers. All allocation methods are subject to the prior approval of Company. (C)

(c) Deliveries of gas by or on behalf of Customer to Company at point(s) of receipt hereunder shall be made against the line pressure existing in Company's pipeline from time to time at a maximum pressure designated by Company from time to time. Company shall not be obligated to decrease such line pressure, and Customer shall not compress the gas delivered to Company without the prior approval of Company, which shall not be unreasonably withheld.

(d) Company will retain a percentage of the total volumes received by Company for the account of Customer as a loss allowance. (C)

29. CHANGES OF RULES AND REGULATIONS

The Company reserves the right to modify, alter or amend the foregoing Rules and Regulations and to make such further and other rules and regulations as experience may suggest or the Company may deem necessary or convenient in the conduct of its business provided, however, that such modifications, alterations, or amendments shall not become effective unless and until included in this tariff.

(C) Indicates Change

RESIDENTIAL SERVICE RATE SCHEDULE

RESIDENTIAL CLASSIFICATION

This classification shall include gas supplied for residential purposes such as a private dwelling, apartment house with a single meter supplying four or less dwelling units, separately metered apartments of a multiple dwelling, accessory buildings to dwellings or apartment houses such as garages, except at residences receiving service under Rate Schedule LIRAS for Low Income Residential Assistance Service and other places of residence where gas is used for residential purposes.

Churches and missions (places of worship) shall be entitled to Service under the Residential service rate schedule.

AVAILABILITY OF SERVICE

Gas service shall be available at one location, except as otherwise provided, for residential customers.

APPLICABILITY

Applicable in all areas served under this tariff.

MONTHLY RATE

Basic Service Charge
\$12.00 per Month

Distribution Charges
30.751¢ per 100 cubic feet for the first 5,000 cubic feet (I)
22.534¢ per 100 cubic feet for all over 5,000 cubic feet (I)

Gas Adjustment Charge
(0.059¢) per 100 cubic feet

For a period of 12 months starting when gas supply service hereunder is initiated to a former SATC, MMT or DMT customer by the Company, the rates for service under this rate schedule shall exclude the Gas Adjustment Charge. Former SATC, MMT or DMT customers will be charged during this 12 month period the DEDC factor as defined in Rider A to this tariff and as contained in the Distribution charges set forth above, as amended from time to time.

Natural Gas Supply Charge
127.413¢ per 100 cubic feet (D)

The above rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge and Rider F - LIRA Discount Charge as set forth in this tariff.

RULES AND REGULATIONS

The rules and regulations set forth in this tariff shall govern, where applicable, the supply of gas service under this rate schedule.

(I) Indicates Increase

(D) Indicates Decrease

RATE SCHEDULE LIRAS
FOR LOW INCOME RESIDENTIAL ASSISTANCE SERVICE

AVAILABILITY OF SERVICE

Service under this rate schedule shall be available to residential customers. The residential customers shall be the residential heating customers who have a gross household income less than or equal to 150% of the Federal Poverty level, are payment troubled and execute a LIRA Service Agreement with the Company. Customers under the Company's CARES program that meet the income qualifications shall be eligible for this rate. The customer must apply for LIHEAP and designate the Company as the recipient. In its selection, the Company will attempt to achieve a geographic and demographic diversity. (C)

The customer must provide satisfactory verification to prove income eligibility with the initial application. In addition, the customer must provide an estimation of his or her essential expenses. Adult residents in the household, excluding children of the ratepayers who are dependents and dependents over 65 under federal tax rules, will be required to become ratepayers as a condition of participation in LIRA. The customer must also agree to have his or her income verified every twelve months and advise the Company if his or her income changes.

(C) Indicates Change

(C)

MONTHLY RATE

After completion of selection of the customers to receive service under this rate schedule, the following percentage discounts shall be applied to the Residential Rate Schedule Basic Service Charge, Distribution Charge, Gas Adjustment Charge and Natural Gas Supply Charge

ANNUAL INCOME	HOUSEHOLD SIZE						
	1	2	3	4	5	6	7
\$0 - \$999	70%	70%	70%	70%	70%	70%	70%
\$1,000 - \$1,999	70%	70%	70%	70%	70%	70%	70%
\$2,000 - \$2,999	70%	70%	70%	70%	70%	70%	70%
\$3,000 - \$3,999	70%	70%	70%	70%	70%	70%	70%
\$4,000 - \$4,999	70%	70%	70%	70%	70%	70%	70%
\$5,000 - \$5,999	60%	70%	70%	70%	70%	70%	70%
\$6,000 - \$6,999	60%	70%	70%	70%	70%	70%	70%
\$7,000 - \$7,999	50%	60%	60%	70%	70%	70%	70%
\$8,000 - \$8,999	50%	50%	60%	60%	60%	70%	70%
\$9,000 - \$9,999	50%	50%	50%	60%	60%	60%	60%
\$10,000 - \$10,999	40%	40%	50%	60%	60%	60%	60%
\$11,000 - \$11,999	30%	40%	40%	50%	50%	60%	60%
\$12,000 - \$12,999	30%	40%	40%	40%	40%	50%	60%
\$13,000 - \$13,999	20%	30%	30%	40%	40%	50%	50%
\$14,000 - \$14,999	20%	20%	30%	30%	40%	40%	50%
\$15,000 - \$15,999	0%	10%	30%	30%	30%	40%	50%
\$16,000 - \$16,999	0%	10%	20%	30%	30%	30%	30%
\$17,000 - \$17,999	0%	10%	10%	20%	30%	30%	30%
\$18,000 - \$18,999	0%	10%	10%	20%	20%	30%	30%
\$19,000 - \$19,999	0%	10%	10%	10%	20%	20%	20%
\$20,000 - \$20,999	0%	0%	10%	10%	10%	20%	20%
\$21,000 - \$21,999	0%	0%	10%	10%	10%	20%	20%
\$22,000 - \$22,999	0%	0%	10%	10%	10%	10%	10%
\$23,000 - \$23,999	0%	0%	10%	10%	10%	10%	10%
\$24,000 - \$24,999	0%	0%	10%	10%	10%	10%	10%
\$25,000 - \$25,999	0%	0%	0%	10%	10%	10%	10%
\$26,000 - \$26,999	0%	0%	0%	10%	10%	10%	10%
\$27,000 - \$27,999	0%	0%	0%	10%	10%	10%	10%
\$28,000 - \$28,999	0%	0%	0%	10%	10%	10%	10%

(C) Indicates Change

Issued: April 28, 2006

Effective: May 1, 2006

(C)

MONTHLY RATE (Con't)

ANNUAL INCOME	HOUSEHOLD SIZE						
	8	9	10	11	12	13	14
\$0 - \$999	80%	80%	80%	80%	80%	80%	80%
\$1,000 - \$1,999	80%	80%	80%	80%	80%	80%	80%
\$2,000 - \$2,999	80%	80%	80%	80%	80%	80%	80%
\$3,000 - \$3,999	80%	80%	80%	80%	80%	80%	80%
\$4,000 - \$4,999	80%	80%	80%	80%	80%	80%	80%
\$5,000 - \$5,999	80%	80%	80%	80%	80%	80%	80%
\$6,000 - \$6,999	70%	80%	80%	80%	80%	80%	80%
\$7,000 - \$7,999	70%	80%	80%	80%	80%	80%	80%
\$8,000 - \$8,999	70%	70%	70%	70%	70%	70%	70%
\$9,000 - \$9,999	70%	70%	70%	70%	70%	70%	70%
\$10,000 - \$10,999	60%	70%	70%	70%	70%	70%	70%
\$11,000 - \$11,999	60%	70%	70%	70%	70%	70%	70%
\$12,000 - \$12,999	60%	60%	60%	60%	60%	60%	60%
\$13,000 - \$13,999	60%	60%	60%	60%	60%	60%	60%
\$14,000 - \$14,999	50%	60%	60%	60%	60%	60%	60%
\$15,000 - \$15,999	50%	60%	60%	60%	60%	60%	60%
\$16,000 - \$16,999	50%	60%	60%	60%	60%	60%	60%
\$17,000 - \$17,999	40%	50%	50%	50%	50%	50%	50%
\$18,000 - \$18,999	30%	50%	50%	50%	50%	50%	50%
\$19,000 - \$19,999	30%	40%	50%	50%	50%	50%	50%
\$20,000 - \$20,999	30%	40%	50%	50%	50%	50%	50%
\$21,000 - \$21,999	20%	30%	30%	40%	40%	40%	40%
\$22,000 - \$22,999	20%	30%	30%	30%	40%	40%	40%
\$23,000 - \$23,999	20%	30%	30%	30%	40%	40%	40%
\$24,000 - \$24,999	10%	30%	30%	30%	30%	40%	40%
\$25,000 - \$25,999	10%	20%	20%	20%	20%	40%	40%
\$26,000 - \$26,999	10%	20%	20%	20%	20%	20%	30%
\$27,000 - \$27,999	10%	20%	20%	20%	20%	20%	30%
\$28,000 - \$28,999	10%	10%	10%	10%	10%	10%	10%

(C) Indicates Change

Issued: April 28, 2006

Effective: May 1, 2006

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NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. 59 to
Gas - Pa. P.U.C. No. 9
Second Revised Page No. 37D
Cancelling Original Page No. 37D

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(C) Indicates Change

Issued: January 31, 2006

Effective: February 1, 2006

The above rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff but shall not be subject to Rider D - Transition Costs. The above rates shall be changed to reflect changes to purchased gas cost rates. (C)

ARREARAGE FORGIVENESS

When the customer enters the program and is placed on this rate, any arrearage of that customer is suspended and placed in a hold account. These arrearages will be forgiven at a rate of 1/24 per month for each month the bill is paid in full and on time, during the first two years on this rate. (C)

TERMINATION FOR NONPAYMENT

If a LIRA customer is sufficiently delinquent, to avoid termination of service the LIRA customer must pay the notice amount prior to any scheduled termination date. (C)

Once a LIRA customer is terminated for non-payment, the LIRA participant may obtain reinstatement to LIRA if the applicant meets the following requirements: (C)

- (1) Pay the entire arrearage which occurred while a LIRA program participant;

(C) Indicates Change

- (2) Pay a reconnection charge; and
- (3) If the applicant had a pre-program arrearage in his or her name, or resides with another adult who has such an arrearage and was previously a LIRA participant, the applicant must agree to:
- (a) pay a down payment towards arrearages equal to one month's budget amount plus the monthly arrangement amount;
 - (b) negotiate a payment arrangement including the budget amount plus a monthly amount sufficient to amortize any remaining unforgiven pre-LIRA arrearage;
 - (c) The duration of the arrangement will consider the size of the unpaid LIRA balance, the ability of the ratepayer to pay, the payment history of the ratepayer, and the length of time over which the balance accumulated. Absent extraordinary circumstances, arrangement duration will not exceed the following guidelines:

Income Level	Maximum Time Period
Tier #1 (0-50% of poverty)	48 Months
Tier #2 (51-110% of poverty)	36 Months
Tier #3 (111-150% of poverty)	24 Months

The resulting total monthly bill to the LIRA customer, which will comprise the reduced LIRA current bill and amortization of the unforgiven portion of the pre-program arrearage, will still be less than or equal to the Bureau of Consumer Services guidelines for informal complaints. Failure to make monthly arrangement payments after service is restored will result in termination proceedings as authorized under Chapter 56. All arrangement amounts past due under the LIRA program must be paid to avoid termination. There will be no limit on the number of times a customer can reapply for LIRA following termination unless the program is filled.

RULES AND REGULATIONS

The rules and regulations set forth in this tariff shall govern, where applicable, gas service under this rate schedule.

COMMERCIAL AND PUBLIC AUTHORITY
SERVICE RATE SCHEDULE

COMMERCIAL CLASSIFICATION

A Commercial customer shall be defined as a customer using gas in wholesale or retail trade, agriculture, forestry, fisheries, transportation, communications, sanitary services, finance, insurance, real estate and services such as clubs, hotels, auto repair, etc.

A religious or nonprofit organization, whose support is primarily from private funds shall be classified as a Commercial customer. Churches and missions (places of worship) may choose to be classified as Commercial customers, and, upon, choosing to receive service as a Commercial customer, shall remain a Commercial customer for at least twelve months.

(C)
(C)
(C)

The nature of the customer's primary business or economic activity at the location of service determines the customer classification.

PUBLIC AUTHORITY CLASSIFICATION

This classification shall include gas supplied to buildings, offices and institutions occupied or operated by governmental agencies whose financial support is entirely or primarily obtained from public funds.

AVAILABILITY OF SERVICE

Gas service shall be available at one location, except as otherwise provided, for any Commercial or Public Authority customers. Customers served under this rate schedule will be billed according to their annual consumption level as follows. Those customers with actual deliveries of 1,000,000 cubic feet (1,000 Mcf) or less during the twelve billing months of the calendar year preceding the next-succeeding Application Period, as defined in this rate schedule, shall be considered to be a "Small" Commercial or Public Authority customer. In addition, the Small Customer category shall be further subdivided by customers who use not more than 250,000 cubic feet per year and those whose usage is more than 250,000 cubic feet but not more than 1,000,000 cubic feet per year. Those customer with actual deliveries in excess of 1,000 Mcf during the twelve billing months of the calendar year preceding the next-succeeding Application Period, as defined in this rate schedule, shall be considered to be a "Large" Commercial or Public Authority customer. The actual deliveries of gas to the Customer shall include not only volumes of gas purchased from the Company by such Customer but also volumes of Customer-owned gas transported by the Company to such Customer.

(C) Indicates Change

COMMERCIAL AND PUBLIC AUTHORITY
SERVICE RATE SCHEDULE

AVAILABILITY OF SERVICE (Con't)

A proposed new Commercial or Public Authority Customer, at a premises not (C)
previously receiving any service from the Company, shall be considered a
"Small" Commercial/Public Authority Customer unless both the Company and the
Customer agree that the projected total volume of gas, including not only
volumes of gas to be purchased from the Company by such Customer but also
volumes of Customer-owned gas projected to be transported by the Company to
such Customer, measured in thousand cubic feet (Mcf), will be not less than
1,000 Mcf during the succeeding twelve months. A proposed new Commercial or
Public Authority Customer, at a premises previously receiving service from the
Company shall be classified at the same rate as the previous Commercial or (C)
Public Authority Customer at the premises unless the Company and the Customer
agree that the projected total volume of gas to be transported by or purchased
from the Company and consumed by the Customer justifies a different rate
classification.

(C) Indicates Change

APPLICABILITY

Applicable in all areas served under this tariff.

MONTHLY RATE

For "Small" Commercial/Public Authority Customers using not more than 250,000 cubic feet per year:

Basic Service Charge
\$17.00 per Month

Distribution Charges
29.119¢ per 100 cubic feet for the first 5,000 cubic feet (I)
26.072¢ per 100 cubic feet for all over 5,000 cubic feet (I)

Gas Adjustment Charge
(0.059¢) per 100 cubic feet

For a period of 12 months starting when gas supply service hereunder is initiated to a former SATC, MMT or DMT customer by the Company, the rates for service under this rate schedule shall exclude the Gas Adjustment Charge. Former SATC, MMT or DMT customers will be charged during this 12 month period the DEDC factor as defined in Rider A to this tariff and as contained in the Distribution charges set forth above, as amended from time to time.

Natural Gas Supply Charge
127.413¢ per 100 cubic feet (D)

The above rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff.

For "Small" Commercial/Public Authority Customers using greater than 250,000 cubic feet but not more than 1,000,000 cubic feet per year:

Basic Service Charge
\$26.50 per Month

Distribution Charges
22.661¢ per 100 cubic feet for the first 20,000 cubic feet (D)
21.349¢ per 100 cubic feet for all over 20,000 cubic feet (D)

Gas Adjustment Charge
(0.059¢) per 100 cubic feet

For a period of 12 months starting when gas supply service hereunder is initiated to a former SATC, MMT or DMT customer by the Company, the rates for service under this rate schedule shall exclude the Gas Adjustment Charge. Former SATC, MMT or DMT customers will be charged during this 12 month period the DEDC factor as defined in Rider A to this tariff and as contained in the Distribution charges set forth above, as amended from time to time.

(I) Indicates Increase
(D) Indicates Decrease

Natural Gas Supply Charge
127.413¢ per 100 cubic feet

(D)

The above rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff.

For "Large" Commercial/Public Authority Customers:

Basic Service Charge
\$121.01 per Month

Distribution Charges
15.831¢ per 100 cubic feet for the first 300,000 cubic feet (I)
14.880¢ per 100 cubic feet for the next 1,700,000 cubic feet (I)
13.137¢ per 100 cubic feet for all over 2,000,000 cubic feet (I)

Gas Adjustment Charge
(0.059¢) per 100 cubic feet

For a period of 12 months starting when gas supply service hereunder is initiated to a former SATC, MMT or DMT customer by the Company, the rates for service under this rate schedule shall exclude the Gas Adjustment Charge. Former SATC, MMT or DMT customers will be charged during this 12 month period the DEDC factor, as defined in Rider A to this tariff and as contained in the Distribution charges set forth above, as amended from time to time.

Natural Gas Supply Charge
127.413¢ per 100 cubic feet

(D)

The above rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff.

APPLICATION PERIOD

The Application Period shall be the twelve months beginning March 1 of each year.

RULES AND REGULATIONS

The rules and regulations set forth in this tariff shall govern, where applicable, the supply of gas service under this rate schedule.

(I) Indicates Increase
(D) Indicates Decrease

COMMERCIAL RIDER BDS
BUSINESS DEVELOPMENT SERVICE RIDER

APPLICABILITY

Throughout the territory served under this tariff.

AVAILABILITY OF SERVICE

This Rider is available to Commercial customers with regard to sales service under the Commercial and Public Authority Rate Schedule. This rider is not available with regard to service under Rate Schedule CPA-LBS.

TERM

To become effective on the first day of the next billing cycle following qualification and acceptance by the Company and to continue during the qualification period for five (5) years.

QUALIFICATIONS

1. Facility

The following shall be considered a "qualifying facility":

- A. For new customers:
- (1) a newly-constructed facility; or
 - (2) an existing facility that has been purchased, or leased, and has been vacant for at least six (6) months.
- B. For existing customers:
- (1.) any combination of new employment or investment which is equal to at least 10 percent (10%) of the existing customer's historical level of employment at the time of application. For purposes of this subsection, an investment in plant facilities of \$15,000 shall be considered equivalent to one new employee.

2. Gas Usage

A. New Customers

The gas consumed by an applicant, at a qualifying facility, shall be eligible for this rate, if it is demonstrated that the facility will have gas consumption in excess of 2,400 Mcf per year.

B. Existing Customers

Incremental gas consumed by an applicant, at a qualifying facility, shall be eligible for this rate provided that the incremental load is 20% of the applicant's prior year's normalized load or 2,400 Mcf per year, whichever is less. However, such incremental usage will not qualify unless the incremental load will be 1,200 Mcf per year. To determine qualifying gas usage, the incremental load will be measured against the gas consumed by the applicant, normalized over the most recent twelve-month period preceding the date of application for which data are available.

3. Classification

Applicants who qualify for one of the following classifications, pursuant to the Standard Industrial Classification Manual (1972 edition, as amended) will be eligible for this rider:

Wholesale Trade Division -
major groups 50 and 51

Finance, Insurance and Real Estate Division -
major groups 60, 61, 62, 63 and 67

4. Application

Applications for the rate must be received by the Company at least ninety (90) days, but not more than eighteen (18) months, prior to start-up of the qualifying facility.

RATES

New Commercial customers who qualify for service under this Rider will receive a reduction to the otherwise applicable commodity rate, as stated below, for all gas usage. Existing Commercial customers who qualify for service under this Rider will receive a reduction to the otherwise applicable commodity rate, as stated below for the qualifying portion of gas usage as determined in Qualifications Section 2.B, above. Customer charges and penalties, if any, under the Commercial and Public Authority Rate Schedule, are not subject to reduction.

A. Amount of the Reduction

For years one, two and three of the qualification period, there shall be a reduction of \$0.02 per 100 cubic feet of qualifying consumption under the Commercial and Public Authority Rate Schedule.

For years four and five of the qualification period, there shall be a reduction of \$0.01 per 100 cubic feet of qualifying consumption under the Commercial and Public Authority Rate Schedule.

OTHER PROVISIONS

Except as modified by the terms of this Rider, all provisions of the Commercial and Public Authority Rate Schedule apply to service to the customer.

Rate Schedule CPA-LBS

LOAD BALANCING SERVICE
FOR COMMERCIAL AND PUBLIC AUTHORITY CUSTOMERS

I. APPLICABILITY

Throughout the territory served under this tariff.

II. AVAILABILITY

Sales Service and Transportation Service under this rate schedule are available to Commercial and Public Authority customers that execute an agreement for one or more twelve month periods of service under this rate schedule for incremental load used in load balancing facilities, or where, in the judgment of the Company, existing load would be displaced by an alternate fuel or an alternate source of gas. For the purposes of this rate schedule, "incremental load" shall consist of the following:

- (1) Any volume of gas used at gas-consuming facilities constructed or installed after May 20, 1989, that will result in additional or expanded use of gas received from the Company; or
- (2) Any volume of gas used at existing gas-consuming facilities of Customer at which the Customer has not used gas taken from the Company for at least twelve (12) consecutive months.

For the purposes of this rate schedule, "load balancing facilities" shall consist of any facilities of a Customer which use incremental load.

The Customer, in its sole discretion, must determine whether it will be more advantageous for the Customer to receive service for incremental load under this rate schedule or under the Commercial and Public Authority Service rate schedule.

The Customer's load balancing facilities shall be constructed in a manner satisfactory to the Company so that the Company will be able to meter the volume of gas used by the Customer in the load balancing facilities separately from gas used by the Customer in other facilities.

The Customer's load balancing facilities must be served by a discrete gas service supply system beyond the Company's meter. During business hours, the Company shall have the right to inspect Customer's facilities to determine whether Customer's facilities, including Customer's gas service supply system and load balancing facilities, meet the requirements of this rate schedule.

(C) Indicates Change

(c)
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In order to qualify for Service under this rate schedule, Customers must execute an agreement for service under this rate schedule within one (1) year after either: (1) the date of the completion of the installation of new gas-consuming facilities; or (2) the date that the Customer begins taking gas from the Company at existing facilities of the Customer which have not used gas taken from the Company for at least twelve (12) consecutive months.

III. NATURE OF SERVICE

Sales Service provided under this rate schedule shall be firm service up to the level of the Customer's Gas BDU level established below, subject to the curtailment priorities of Rule 26. Sales Service in excess of the Customer's Gas BDU level will be provided only to the extent that the Company determines, from time to time, that available gas supply and available system capacity are sufficient to provide the level of service desired by the Customer without affecting adversely the reliability of service to the Company's existing customers receiving firm service.

Transportation Service provided under this rate schedule shall be firm Service up to the level of the Customer's Margin BDU level established below, subject to the curtailment priorities of Rule 26. Transportation Service in excess of the Customer's Margin BDU level will be provided only to the extent that the Company determines, from time to time, that available system capacity is sufficient to provide the level of service desired by the Customer without affecting adversely the reliability of service to the Company's existing customers receiving firm service.

IV. MONTHLY BILL

The monthly bill, for sales service under this rate schedule, shall be the sum of the Demand Charges, as computed in Section A hereinafter, and the Commodity Charges for sales and for transportation service, as computed in Section B hereinafter.

A. DEMAND CHARGES

The monthly Demand Charges shall be the sum of (1) the product of multiplying the rate per Gas Billing Demand Unit (Gas BDU), determined as provided below, by the number of the Customer's Gas BDUs, determined as provided below, and (2) the product of multiplying the rate per Margin Billing Demand Unit (Margin BDU), determined as provided below, by the number of Margin BDUs, determined as provided below.

1. Gas Demand Charge

a. Determination of Rate Per Gas BDU

The rate per Gas BDU shall be determined as follows:

1. The purchased gas demand costs applicable to the Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Volume Industrial and Large Industrial classes, the "DC", shall be obtained from Rider "A" - Section 1307(f) Purchased Gas Costs.
2. The number 12 shall be multiplied by the sum of (a) the volume of gas (expressed in Mcf) purchased from the Company by all Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Volume Industrial and Large Industrial customers, during the Company Peak Sales Month and (b) the volume of service (expressed in Mcf) to all customers under the "Monthly Volume" provisions of Rate Schedule SB, during the Company Peak Sales Month.
 - (a) "Company Peak Sales Month" is defined as the calendar month within which the Company experienced the System-Wide Peak Sales Day, such month being December, January or February preceding the Section 1307(f) Application Period for which the determination of the rate per Gas BDU is being made.
 - (b) "System-Wide Peak Sales Day" is defined as the day of maximum gas purchased by the Company, including all volumes of gas purchased from the Company throughout its entire system in the states of Pennsylvania and New York.
3. The amount determined in Item 1 above shall be divided by the amount determined in Item 2 above to determine the amount included in the rate for recovery of purchased gas costs.
4. The rate per Gas BDU shall be the amount for purchased gas demand costs (Item 3).

The current rate per Gas BDU is as follows:

Purchased Gas Demand Cost	\$.8079/BDU	(I)
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Each time there is a change in the provision for recovery of purchased gas costs pursuant to Rider "A" of this tariff, a recomputation shall be made, under Items 1, 2, and 3, above, of the component to be included in the rate for purchased gas demand costs and the rate per Gas BDU shall be changed accordingly.

(I) Indicates Increase

b. Determination of Customer's Gas BDUs

The Customer's Gas BDUs shall be determined as follows: The actual volumes of gas purchased by the Customer from the Company and used by the Customer in the separately-metered load balancing facilities during such Customer's Peak Billing Cycle, as defined hereinafter, shall be multiplied by a fraction. The numerator shall be the number 30. The denominator shall be the number of days of service for which such Customer was billed in such Customer's Peak Billing Cycle.

The Customer's Peak Billing Cycle shall be the single billing cycle of maximum delivery to the Customer's separately-metered load balancing facilities that ended during one of the months of December, January, February and March during the period beginning with the most recently-completed billing cycle ended in December and ending with the current billing cycle.

If the customer used no gas under this rate schedule during the most recently concluded billing cycles ended in December, January, February or March, then the level of Gas BDUs applicable to Customer shall be zero (0).

2. Margin Demand Charge

a. The rate per Margin BDU shall be \$.4492 per Margin BDU. (I)

b. Determination of Customer's Margin BDUs

The Customer's Margin BDU shall be determined as follows: The actual deliveries of gas to the Customer by Company, including not only volumes of gas purchased by the Customer from the Company and used by the Customer in the separately-metered load balancing facilities but also volumes of Customer-owned gas transported to the Customer's load balancing facilities through the Company's facilities, during such Customer's Peak Billing Cycle, as defined hereinafter, shall be multiplied by a fraction. The numerator shall be the number 30. The denominator shall be the number of days of service for which such Customer was billed in such Customer's Peak Billing Cycle.

The Customer's Peak Billing Cycle shall be the single billing cycle of maximum delivery to the Customer's separately-metered load balancing facilities that ended during one of the months of December, January, February and March during the period beginning with the most recently-completed billing cycle ended in December and ending with the current billing cycle.

If the Customer used no gas under this rate schedule during the most recently concluded billing cycles ended in December, January, February or March, then the level of Margin BDUs applicable to Customer shall be zero (0).

(I) Indicates Increase.

B. COMMODITY CHARGES FOR SALES AND FOR TRANSPORTATION SERVICE

1. Commodity Charge for Sales Service

The monthly Commodity Charge for Sales Service shall be the product of multiplying the rate per Mcf, determined as provided below, by the volume of gas sold to the Customer by the Company during the applicable billing cycle.

The rate per Mcf shall be determined as follows and shall be \$11.7712 per Mcf, subject to revision as provided below: (D)

The current components of the rate are as follows:

Purchased Gas Commodity		
Costs, set forth in Rider "A"	\$11.3271/Mcf	(D)
Non-Gas Costs	\$.4441/Mcf	

a. Determination of Rate per Mcf

The rate per Mcf shall be the sum of:

1. The net amount per Mcf for recovery of the commodity component of purchased gas costs and for recovery or refund of "E" Factor amounts, the "PGCC", as determined in Rider "A" - Section 1307(f) Purchased Gas Costs of this tariff; plus
2. The amount of \$.4441 per Mcf for recovery of non-gas costs.

Each time there is a change in the provision for recovery of purchased gas costs pursuant to Rider "A" of this tariff, a recomputation shall be made of the commodity component of purchased gas costs (Item 1, above) and the rate per Mcf shall be changed accordingly. The component included in the rate for recovery of non-gas costs shall remain constant until changed in accordance with a procedure, other than a proceeding pursuant to Section 1307(f) of the Public Utility Code, 66 Pa.C.S. Section 1307(f).

2. Commodity Charge for Transportation Service

The monthly commodity charge for Transportation Service shall be the product of multiplying the rate per Mcf, determined as provided below, by the volume of gas transported by the Company to the Customer's load balancing facilities.

The rate per Mcf for transportation of gas under this rate schedule shall be \$.5941 per Mcf, which includes \$.4441 for recovery of non-gas costs and \$.1500 for recovery of purchased gas.

(D) Indicates Decrease

V. SURCHARGE

The Demand Charges and the Commodity Charge for Sales Service and the Commodity Charge for Transportation Service shall be subject to surcharges in accordance with provisions of Rider B - State Tax Adjustment Surcharge. (C)

VI. AMOUNTS TO BE INCLUDED IN OVER/UNDERCOLLECTION OF GAS COSTS

Purchased gas cost revenues billed under this rate schedule shall be included as revenues for recovery of gas costs for purposes of computing Factor "E" of Company's 1307(f) rate in accordance with procedures set forth in Rider "A" - Section 1307(f) Purchased Gas Costs.

VII. SPECIAL PROVISIONS

Monthly metered Special Provisions A through J contained in the Company's Rate Schedule for Transportation Service shall apply to transportation service under this rate schedule.

VIII. RULES AND REGULATIONS

The rules and regulations set forth in this tariff shall govern, where applicable, the supply of gas service under this rate schedule.

(C) Indicates Change

SVIS

SMALL VOLUME INDUSTRIAL SERVICE RATE SCHEDULE

INDUSTRIAL CLASSIFICATION

An Industrial customer shall be defined as a customer using gas primarily in a process which grades or changes raw material or unfinished material into another form or product including establishments in mining and manufacturing. The nature of the customer's primary business or economic activity at the location served determines the classification.

If a particular load to a manufacturing or processing plant represents gas used for plant cafeteria or a heating load, with or without processing load, whether or not separately metered, the account shall be classified as Industrial.

AVAILABILITY OF SERVICE

Gas service shall be available at one location, except as otherwise provided, for Industrial customers. All industrial customers shall receive service under this rate schedule except industrial customers eligible for service under Rate Schedule IVIS for Intermediate Volume Industrial Service, Rate Schedule LVIS for Large Volume Industrial Service or under Rate Schedule LIS for Large Industrial Service. Customers served under this rate schedule will be billed according to their annual consumption level as follows. Those customers with actual deliveries of 1,000,000 cubic feet (1,000 Mcf) or less during the twelve billing months of the calendar year preceding the next-succeeding Application Period, as defined in this rate schedule, shall be considered to be a SVIS customer. The actual deliveries of gas to the Customer shall include not only volumes of gas purchased from the Company by such Customer but also volumes of Customer-owned gas transported by the Company to such Customer.

A proposed new Industrial Customer who does not qualify for the IVIS, LVIS or LIS Rate Schedules, not previously receiving any service from the Company, shall be considered a SVIS Customer unless both the Company and the Customer agree that the projected total volume of gas, including not only volumes of gas to be purchased from the Company by such Industrial Customer but also volumes of Customer-owned gas projected to be transported by the Company to such Customer, measured in thousand cubic feet (Mcf), will be not less than 1,000 Mcf during the succeeding twelve months.

APPLICABILITY

Applicable in all areas served under this tariff.

MONTHLY RATE

Basic Service Charge
\$65.60 per Month

Distribution Charges
22.838¢ per 100 cubic feet (I)

Gas Adjustment Charge
(0.059¢) per 100 cubic feet

For a period of 12 months starting when gas supply service hereunder is initiated to a former SATC, MMT or DMT customer by the Company, the rates for service under this rate schedule shall exclude the Gas Adjustment Charge. Former SATC, MMT or DMT customers will be charged during this 12 month period the DEDC factor as defined in Rider A to this Tariff and as contained in the Distribution charges set forth above, as amended from time to time.

Natural Gas Supply Charge
127.413¢ per 100 cubic feet (D)

The above rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge.

APPLICATION PERIOD

The Application Period shall be the twelve months beginning March 1 of each year.

RULES AND REGULATIONS

The rules and regulations set forth in this tariff shall govern, where applicable, the supply of gas service under this rate schedule.

(D) Indicates Decrease

(I) Indicates Increase

IVIS

INTERMEDIATE VOLUME INDUSTRIAL SERVICE RATE SCHEDULE

INDUSTRIAL CLASSIFICATION

An Industrial customer shall be defined as a customer using gas primarily in a process which grades or changes raw material or unfinished material into another form or product including establishments in mining and manufacturing. The nature of the customer's primary business or economic activity at the location served determines the classification.

If a particular load to a manufacturing or processing plant represents gas used for plant cafeteria or a heating load, with or without processing load, whether or not separately metered, the account shall be classified as Industrial.

AVAILABILITY OF SERVICE

Gas service shall be available at one location, except as otherwise provided, for Industrial customers. All industrial customers shall receive service under this rate schedule except industrial customers eligible for service under Rate Schedule SVIS for Small Volume Industrial Service, Rate Schedule LVIS for Large Volume Industrial Service or under Rate Schedule LIS for Large Industrial Service. Customers served under this rate schedule will be billed according to their annual consumption level as follows. Those customers with actual deliveries in excess of 1,000 Mcf but less than 50,000 Mcf during the twelve billing months of the calendar year preceding the next-succeeding Application Period, as defined in this rate schedule, shall be considered to be an IVIS customer. The actual deliveries of gas to the Customer shall include not only volumes of gas purchased from the Company by such Customer but also volumes of Customer-owned gas transported by the Company to such Customer.

A proposed new Industrial Customer who does not qualify for the IVIS, LVIS or LIS Rate Schedules, not previously receiving any service from the Company, shall be considered a SVIS Customer unless both the Company and the Customer agree that the projected total volume of gas, including not only volumes of gas to be purchased from the Company by such Industrial Customer but also volumes of Customer-owned gas projected to be transported by the Company to such Customer, measured in thousand cubic feet (Mcf), will be not less than 1,000 Mcf during the succeeding twelve months.

APPLICABILITY

Applicable in all areas served under this tariff.

MONTHLY RATE

Basic Service Charge
\$149.00 per Month

Distribution Charges
17.815¢ per 100 cubic feet for the first 100,000 cubic feet (I)
13.995¢ per 100 cubic feet for the next 1,900,000 cubic feet (I)
11.005¢ per 100 cubic feet for all over 2,000,000 cubic feet (I)

Gas Adjustment Charge
(0.059¢) per 100 cubic feet

For a period of 12 months starting when gas supply service hereunder is initiated to a former SATC, MMT or DMT customer by the Company, the rates for service under this rate schedule shall exclude the Gas Adjustment Charge. Former SATC, MMT or DMT customers will be charged during this 12 month period the DEDC factor as defined in Rider A to this tariff and as contained in the Distribution charges set forth above, as amended from time to time.

Natural Gas Supply Charge
127.413¢ per 100 cubic feet (D)

The above rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff.

APPLICATION PERIOD

The Application Period shall be the twelve months beginning March 1 of each year.

RULES AND REGULATIONS

The rules and regulations set forth in this tariff shall govern, where applicable, the supply of gas service under this rate schedule.

(D) Indicates Decrease
(I) Indicates Increase

INTERMEDIATE VOLUME INDUSTRIAL SERVICE RIDER BDS
BUSINESS DEVELOPMENT SERVICE RIDER

APPLICABILITY

Throughout the territory served under this tariff.

AVAILABILITY OF SERVICE

This Rider is available to Industrial customers with regard to sales service under the Intermediate Volume Industrial Service Rate Schedule. This rider is not available with regard to service under Rate Schedule IVI-LBS.

TERM

To become effective on the first day of the next billing cycle following qualification and acceptance by the Company and to continue during the qualification period for five (5) years.

QUALIFICATIONS

1. Facility

The following shall be considered a "qualifying facility":

A. For new customers:

- 1) a newly-constructed facility; or
- 2) an existing facility that has been purchased, or leased, and has been vacant for at least six (6) months.

B. For existing customers:

- 1) any combination of new employment or investment which is equal to at least ten percent (10%) of the existing customer's historical level of employment at the time of application. For purposes of this subsection, an investment in plant facilities of \$15,000 shall be considered equivalent to one new employee.

2. Gas Usage

A. New Customers

The gas consumed by an applicant, at a qualifying facility, shall be eligible for this rate, if it is demonstrated that the facility will have gas consumption in excess of 2,400 Mcf per year.

B. Existing Customers

Incremental gas consumed by an applicant, at a qualifying facility, shall be eligible for this rate provided that the incremental load is 20% of the applicant's prior year's normalized load or 2,400 Mcf per year, whichever is less. However, such incremental gas usage will not qualify unless the incremental load totals at least 1,200 Mcf per year. To determine qualifying gas usage, the incremental load will be measured against the gas consumed by the applicant, normalized over the most recent twelve-month period preceding the date of application for which data are available.

3. Classification

Applicants who qualify for one of the following classifications, pursuant to the Standard Industrial Classification Manual (1972 edition, as amended) will be eligible for this rider:

Manufacturing Division - major groups 20 - 39

4. Application

Applications for the rate must be received by the Company at least ninety (90) days, but not more than eighteen (18) months, prior to start-up of the qualifying facility.

RATES

New Intermediate Volume Industrial Service customers who qualify for service under this Rider will receive a reduction to the otherwise applicable commodity rate, as stated below, for all gas usage. Existing Intermediate Volume Industrial Service customers who qualify for service under this Rider will receive a reduction to the otherwise applicable commodity rate, as stated below for the qualifying portion of gas usage as determined in Qualifications Section 2.B, above. Customer charges and penalties, if any, under the Intermediate Volume Industrial Service Rate Schedule, are not subject to reduction.

A. Amount of the Reduction

For years one, two and three of the qualification period, there shall be a reduction of \$0.02 per 100 cubic feet of qualifying consumption under the Intermediate Volume Industrial Service Rate Schedule.

For years four and five of the qualification period, there shall be a reduction of \$0.01 per 100 cubic feet of qualifying consumption under the Intermediate Volume Industrial Service Rate Schedule.

OTHER PROVISIONS

Except as modified by the terms of this Rider, all provisions of the Intermediate Volume Industrial Service Rate Schedule apply to service to the customer.

Rate Schedule IVI-LBS

LOAD BALANCING SERVICE
FOR INTERMEDIATE VOLUME INDUSTRIAL CUSTOMERS

I. APPLICABILITY

Throughout the territory served under this tariff.

II. AVAILABILITY

Sales Service and Transportation Service under this rate schedule are available to Intermediate Volume Industrial customers that execute an agreement for one or more twelve-month periods of service under this rate schedule for incremental load used in load balancing facilities, or where, in the judgment of the Company, existing load would be displaced by an alternate fuel or an alternate source of gas. For purposes of the rate schedule, "incremental load" shall consist of the following:

- (1) Any volume of gas used at gas-consuming facilities constructed or installed after May 20, 1989 that will result in additional or expanded use of gas received from the Company; or
- (2) Any volume of gas used at existing gas-consuming facilities of Customer at which the Customer has not used gas taken from the Company for at least twelve (12) consecutive months.

For purposes of this rate schedule, "load balancing facilities" shall consist of any facilities of a Customer which use incremental load.

The Customer, in its sole discretion, must determine whether it will be more advantageous of the Customer to receive service for incremental load under this rate schedule or under the Intermediate Volume Industrial Service rate schedule.

The customer's load balancing facilities shall be constructed in a manner satisfactory to the Company so that the Company will be able to meter the volume of gas used by the Customer in the load balancing facilities separately from gas used by the Customer in other facilities.

The Customer's load balancing facilities must be served by a discrete gas service supply system beyond the Company's meter. During business hours, the Company shall have the right to inspect Customer's facilities to determine whether customer's facilities, including Customer's gas service supply system and load balancing facilities, meet the requirements of this rate schedule.

In order to qualify for Service under this rate schedule, Customers must execute an agreement for service under this rate schedule within one (1) year after either: (1) the date of the completion of the installation of new gas consuming facilities; or (2) the date that the Customer begins taking gas from the Company at existing facilities of the customer which have not used gas taken from the Company for at least twelve (12) consecutive months.

(C). Indicates Change

(C)
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III. NATURE OF SERVICE

Sales Service provided under this rate schedule shall be firm service up to the level of the Customer's Gas BDU level established below, subject to the curtailment priorities of Rule 26. Sales Service in excess of the Customer's Gas BDU level will be provided only to the extent that the Company determines, from time to time, that available gas supplies are sufficient to provide the level of service desired by the Customer without affecting adversely the reliability of service to the Company's existing customers receiving firm service.

Transportation Service provided under this rate schedule shall be firm Service up to the level of the Customer's Margin BDU level established below, subject to the curtailment priorities of Rule 26. Transportation Service in excess of the Customer's Margin BDU level will be provided only to the extent that the Company determines, from time to time, that available gas supplies are sufficient to provide the level of service desired by the Customer without affecting adversely the reliability of service to the Company's existing customers receiving firm service.

IV. MONTHLY BILL

The monthly bill, for sales service under this rate schedule, shall be the sum of the Demand Charges, as computed in Section A hereinafter, and the Commodity Charges for sales and for transportation service, as computed in Section B hereinafter.

A. DEMAND CHARGES

The monthly Demand Charges shall be the sum of (1) the product of multiplying the rate per Gas Billing Demand Unit (Gas BDU), determined as provided below, by the number of the Customer's Gas BDUs, determined as provided below, and (2) the product of multiplying the rate per Margin Billing Demand Unit (Margin BDU) determined as provided below, by the number of Margin BDUs, determined as provided below.

1. Gas Demand Charge

a. Determination of Rate Per Gas BDU

The rate per Gas BDU shall be determined as follows:

1. The purchased gas demand costs applicable to the Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Volume Industrial and Large Industrial classes, the "DC", shall be obtained from Rider "A" - Section 1307(f) Purchased Gas Costs.
2. The number 12 shall be multiplied by the sum of (a) the volume of gas (expressed in Mcf) purchased from the Company by all Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Volume

Industrial and Large Industrial customers, during the Company Peak Sales Month defined in Rate Schedule CPA-LBS and (b) the volumes of service (expressed in Mcf) to all customers under the "Monthly Volume" provisions of Rate Schedule SB, during the Company Peak Sales Month defined in Rate Schedule CPA-LBS.

3. The amount determined in Item 1 above shall be divided by the amount determined in Item 2 above to determine the amount included in the rate for recovery of purchased gas costs.
4. The rate per Gas BDU shall be the amount for purchased gas demand costs (Item 3).

The current rate per Gas BDU is as follows:

Purchased Gas Demand Cost	\$.8079/BDU
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(I)

Each time there is a change in the provision for recovery of purchased gas costs pursuant to Rider "A" of this tariff, a recomputation shall be made, under Items 1, 2, and 3, above, of the component to be included in the rate for purchased gas demand costs and the rate per Gas BDU shall be changed accordingly.

b. Determination of Customer's Gas BDUs

The Customer's Gas BDUs shall be determined as follows: The actual volumes of gas purchased by the Customer from the Company and used by the Customer in the separately-metered load balancing facilities during such Customer's Peak Billing Cycle, as defined hereinafter, shall be multiplied by a fraction. The numerator shall be the number 30. The denominator shall be the number of days of service for which such Customer was billed in such Customer's Peak Billing Cycle.

The Customer's Peak Billing Cycle shall be the single billing cycle of maximum delivery to the Customer's separately-metered load balancing facilities that ended during one of the months of December, January, February and March during the period beginning with the most recently-completed billing cycle ended in December and ending with the current billing cycle.

If the customer used no gas under this rate schedule during the most recently concluding billing cycles ended in December, January, February or March, then the level of Gas BDUs applicable to Customer shall be zero (0).

(I) Indicates Increase

2. Margin Demand Charge

a. The rate per Margin BDU shall be \$.4795 per Margin BDU.

b. Determination of Customer's Margin BDUs

The Customer's Margin BDU shall be determined as follows:

The actual deliveries of gas to the Customer by Company, including not only volumes of gas purchased by the Customer from the Company and used by the Customer in the separately-metered load balancing facilities but also volumes of Customer-owned gas transported to the Customer's load balancing facilities through the Company's facilities, during such Customer's Peak Billing Cycle, as defined hereinafter, shall be multiplied by a fraction. The numerator shall be the number 30. The denominator shall be the number of days of service for which such Customer was billed in such Customer's Peak Billing Cycle.

The Customer's Peak Billing Cycle shall be the single billing cycle of maximum delivery to the Customer's separately-metered load balancing facilities that ended during one of the months of December, January, February and March during the period beginning with the most recently-completed billing cycle ended in December and ending with the current billing cycle.

If the Customer used no gas under this rate schedule during the most recently concluded billing cycles ended in December, January, February or March, then the level of Margin BDUs applicable to Customer shall be zero (0).

B. COMMODITY CHARGES FOR SALES AND FOR TRANSPORTATION SERVICE

1. Commodity Charge for Sales Service

The monthly Commodity Charge for Sales Service shall be the product of multiplying the rate per Mcf, determined as provided below, by the volume of gas sold to the Customer by the Company during the applicable billing cycle.

The rate per Mcf shall be determined as follows and shall be \$11.6836 per (D) Mcf, subject to revision as provided below:

The current components of the rate are as follows:

Purchased Gas Commodity		
Costs, set forth in Rider "A"	\$11.3271/Mcf	(D)
Non-Gas Costs	\$.3565/Mcf	

a. Determination of Rate per Mcf

The rate per Mcf shall be the sum of:

1. The net amount per Mcf for recovery of the commodity component of purchased gas costs and for recovery or refund of "E" Factor amounts, the "PGCC", as determined in Rider "A" - Section 1307(f) Purchased Gas Costs of this tariff; plus

(D) Indicates Decrease

2. The amount of \$.3565 per Mcf for recovery of non-gas costs. (I)

Each time there is a change in the provision for recovery of purchased gas costs pursuant to Rider "A" of this tariff, a recomputation shall be made of the commodity component of purchased gas costs (Item 1, above) and the rate per Mcf shall be changed accordingly. The component included in the rate for recovery of non-gas costs shall remain constant until changed in accordance with a procedure, other than a proceeding pursuant to Section 1307(f) of the Public Utility Code, 66 Pa.C.S. Section 1307(f).

2. Commodity Charge for Transportation Service

The monthly commodity charge for Transportation Service shall be the product of multiplying the rate per Mcf, determined as provided below, by the volume of gas transported by the Company to the Customer's load balancing facilities.

The rate per Mcf for transportation of gas under this rate schedule shall be \$.5065 per Mcf, which includes \$.3565 for recovery of non-gas costs and \$.1500 for recovery of purchased gas costs. (I)

V. SURCHARGE

The Demand Charges and the Commodity Charge for Sales Service and the Commodity Charge for Transportation Service shall be subject to surcharges in accordance with provisions of Rider B - State Tax Adjustment Surcharge.

VI. AMOUNTS TO BE INCLUDED IN OVER/UNDERCOLLECTION OF GAS COSTS

Purchased gas cost revenues billed under this rate schedule shall be included as revenues for recovery of gas costs for purposes of computing Factor "E" of Company's 1307(f) rate in accordance with procedures set forth in Rider "A" - Section 1307(f) Purchased Gas Costs.

VII. SPECIAL PROVISIONS

Monthly metered Special Provisions A through J contained in the Company's Rate Schedule for Transportation Service shall apply to transportation service under this rate schedule.

VIII. RULES AND REGULATIONS

The rules and regulations set forth in this tariff shall govern, where applicable, the supply of gas service under this rate schedule.

(C) Indicates Change

RATE SCHEDULE LVIS

LARGE VOLUME INDUSTRIAL SERVICE

INDUSTRIAL CLASSIFICATION

An Industrial Customer is a customer using gas primarily in a process which grades or changes raw material or unfinished material into another form or product including establishments in mining and manufacturing. The nature of the customer's primary business or economic activity at the location served governs, irrespective of whether a particular load to a manufacturing or processing plant represents gas used for plant cafeteria or a heating load, with or without processing load, whether or not separately metered.

APPLICABILITY

Applicable in all areas served under this tariff.

(C)

AVAILABILITY OF SERVICE

I. MANDATORY SERVICE

Service under this rate schedule is available to, and is mandatory for, Industrial Customers, except customers receiving service pursuant to Rate Schedule LIS - Large Industrial Service that meet any of the following criteria:

- A. The total of the Company's actual deliveries of gas to the Industrial Customer, including not only volumes of gas purchased from the Company by such Industrial Customer but also volumes of Industrial Customer-owned gas transported by the Company to such Industrial Customer, measured in thousand cubic feet (Mcf), during the twelve billing months of the calendar year preceding the next-succeeding Application Period, as defined in this rate schedule, shall have been not less than 50,000 Mcf; or
- B. A proposed new Industrial Customer, not previously receiving any service from the Company, for which the Company and the Industrial Customer agree that the projected total volume of gas, including not only volumes of gas to be purchased from the Company by such Industrial Customer but also volumes of Industrial Customer-owned gas projected to be transported by the Company to such Industrial Customer, measured in thousand cubic feet (Mcf), will be not less than 50,000 Mcf during the succeeding twelve months; or

(C) Indicates Change

- C. An Industrial Customer, for which the Company estimates that the total volumes of gas purchased from the Company or transported by the Company during the next succeeding twelve months will be not less than 50,000 Mcf, if the Industrial Customer has used total volumes of gas in at least one billing month of not less than 4,167 Mcf, even if the Customer disagrees with the Company's estimate.
- D. An Industrial Customer for which the Company estimates that total volumes of gas to be used by the customer during the next succeeding twelve months will not be less than 50,000 Mcf of gas per year whether the gas is purchased by the Industrial Customer from the Company, delivered by the Company to the Industrial Customer, or obtained by the customer from another source.

An Industrial Customer that meets the above criteria under this rate schedule at the beginning of an Application Period is required to continue to be subject to this rate schedule during all months of such Application Period. An Industrial Customer that meets the above criteria under this rate schedule during an Application Period is required to continue to be subject to this rate schedule during all or remaining months of such Application Period.

MONTHLY RATE

Basic Service Charge
\$ 404.50 per Month

Distribution Charges

14.104¢	per 100 cubic feet for the first	100,000 cubic feet	(I)
12.308¢	per 100 cubic feet for the next	1,900,000 cubic feet	(I)
10.244¢	per 100 cubic feet for the next	18,000,000 cubic feet	(I)
8.889¢	per 100 cubic feet for all over	20,000,000 cubic feet	(I)

Gas Adjustment Charge
(0.059¢) per 100 cubic feet

For a period of 12 months starting when gas supply service hereunder is initiated to a former SATC, MMT or DMT customer by the Company, the rates for service under this rate schedule shall exclude the Gas Adjustment Charge. Former SATC, MMT or DMT customers will be charged during this 12 month period the DEDC factor as defined in Rider A to this tariff and as contained in the Distribution charges set forth above, as amended from time to time.

Natural Gas Supply Charge
127.413¢ per 100 cubic feet

(D)

The above rates shall be subject to surcharges in accordance with provisions of Rider B - State Tax Adjustment Surcharge.

(I) Indicates Increase

(D) Indicates Decrease

RULES AND REGULATIONS

The rules and regulations set forth in this tariff shall govern, where applicable, the supply of gas service under this rate schedule.

APPLICABLE PERIOD

The Application Period shall be the twelve months beginning March 1 of each year.

LARGE VOLUME INDUSTRIAL SERVICE RIDER BDS
BUSINESS DEVELOPMENT SERVICE RIDER

APPLICABILITY

Throughout the territory served under this tariff.

AVAILABILITY OF SERVICE

This Rider is available to Industrial customers with regard to sales service under the Large Volume Industrial Service Rate Schedule. This Rider is not available with regard to service under Rate Schedule LVI-LBS.

TERM

To become effective on the first day of the next billing cycle following qualification and acceptance by the Company and to continue during the qualification period for five (5) years.

QUALIFICATIONS

1. Facility

The following shall be considered a "qualifying facility":

A. For new customers:

- (1) a newly-constructed facility; or
- (2) an existing facility that has been purchased, or leased, and has been vacant for at least six (6) months.

B. For existing customers:

- (1) any combination of new employment or investment which is equal to at least ten percent 10% of the existing customer's historical level of employment at the time of application. For purposes of this subsection, an investment in plant facilities of \$15,000 shall be considered equivalent to one new employee.

2. Gas Usage

A. New Customers

The gas consumed by an applicant, at a qualifying facility, shall be eligible for this rate, provided there is sufficient consumption to qualify for the Large Volume Industrial Service Rate Schedule.

B. Existing Customers

Incremental gas consumed by an applicant, at a qualifying facility, shall be eligible for this rate provided that the incremental load is greater than 12,000 Mcf per year and the total annual consumption is sufficient to qualify for the Large Volume Industrial Service Rate Schedule. To determine qualifying gas usage, the incremental load will be measured against the gas consumed by the applicant over the most recent twelve-month period preceding the date of application for which data are available.

3. Classification

Applicants who qualify for one of the following classifications, pursuant to the Standard Industrial Classification Manual (1972 edition, as amended) will be eligible for this rider:

Manufacturing Division - major groups 20 - 39

4. Application

Applications for the rate must be received by the Company at least ninety (90) days, but not more than eighteen (18) months, prior to start-up of the qualifying facility.

RATES

New Large Volume Industrial Service customers who qualify for service under this Rider will receive a reduction to the otherwise applicable commodity rate, as stated below, for all gas usage. Existing Large Volume Industrial Service customers who qualify for service under this Rider will receive a reduction to the otherwise applicable commodity rate, as stated below for the qualifying portion of gas usage as determined in Qualifications Section 2.B, above. Customer charges and penalties, if any, under the Large Volume Industrial Service Rate Schedule, are not subject to reduction.

A. Amount of the Reduction

For years one, two and three of the qualification period, there shall be a reduction of \$0.02 per 100 cubic feet of qualifying consumption under the Large Volume Industrial Service Rate Schedule.

For years four and five of the qualification period, there shall be a reduction of \$0.01 per 100 cubic feet of qualifying consumption under the Large Volume Industrial Service Rate Schedule.

OTHER PROVISIONS

Except as modified by the terms of this Rider, all provisions of the Large Volume Industrial Service Rate Schedule apply to service to the customer.

Rate Schedule LVI-LBS

LOAD BALANCING SERVICE
FOR LARGE VOLUME INDUSTRIAL CUSTOMERS

I. APPLICABILITY

Throughout the territory served under this tariff.

II. AVAILABILITY

Sales Service and Transportation Service under this rate schedule are available to Large Volume Industrial customers that execute an agreement for one or more twelve-month periods of service under this rate schedule for incremental load used in load balancing facilities, or where, in the judgment of the Company, existing load would be displaced by an alternate fuel or an alternate source of gas. For the purposes of this rate schedule, "incremental load" shall consist of the following:

- (1) Any volume of gas used at gas-consuming facilities constructed or installed after May 20, 1989, that will result in additional or expanded use of gas received from the Company; or
- (2) Any volume of gas used at existing gas-consuming facilities of Customer at which the Customer has not used gas taken from the Company for at least twelve (12) consecutive months.

For purposes of this rate schedule, "load balancing facilities" shall consist of any facilities of a Customer which use incremental load.

The Customer, in its sole discretion, must determine whether it will be more advantageous for the Customer to receive service for incremental load under this rate schedule or under the Large Volume Industrial Service rate schedule.

The Customer's load balancing facilities shall be constructed in a manner satisfactory to the Company so that the Company will be able to meter the volume of gas used by the Customer in the load balancing facilities separately from gas used by the Customer in other facilities.

The Customer's load balancing facilities must be served by a discrete gas service supply system beyond the Company's meter. During business hours, the Company shall have the right to inspect Customer's facilities to determine whether Customer's facilities, including Customer's gas service supply system and load balancing facilities, meet the requirements of this rate schedule.

In order to qualify for service under this rate schedule, Customers must execute an agreement for service under this rate schedule within one (1) year after either: (1) the date of the completion of the installation of new gas-consuming facilities; or (2) the date that the Customer begins taking gas from the Company at existing facilities of the Customer which have not used gas taken from the Company for at least twelve (12) consecutive months.

Service under this rate schedule shall not be subject to Rate Schedule BP - Service for customers with Bypass facilities.

(C) Indicates Change

(C)

III. NATURE OF SERVICE

Sales Service provided under this rate schedule shall be firm service up to the level of the Customer's Gas BDU level established below, subject to the curtailment priorities of Rule 26. Sales Service in excess of the Customer's Gas BDU level will be provided only to the extent that the Company determines, from time to time, that available gas supply and available system capacity are sufficient to provide the level of service desired by the Customer without affecting adversely the reliability of service to the Company's existing customers receiving firm service.

Transportation Service provided under this rate schedule shall be firm Service up to the level of the Customer's Margin BDU level established below, subject to the curtailment priorities of Rule 26. Transportation Service in excess of the Customer's Margin BDU level will be provided only to the extent that the Company determines, from time to time, that available system capacity is sufficient to provide the level of service desired by the Customer without affecting adversely the reliability of service to the Company's existing customers receiving firm service.

IV. MONTHLY BILL

The monthly bill, for sales service under this rate schedule, shall be the sum of the Demand Charges, as computed in Section A hereinafter, and the Commodity Charges for sales and for transportation service, as computed in Section B hereinafter.

A. DEMAND CHARGES

The monthly Demand Charges shall be the sum of (1) the product of multiplying the rate per Gas Billing Demand Unit (Gas BDU), determined as provided below, by the number of the Customer's Gas BDUs, determined as provided below, and (2) the product of multiplying the rate per Margin Billing Demand Unit (Margin BDU) determined as provided below, by the number of Margin BDUs, determined as provided below.

1. Gas Demand Charge

a. Determination of Rate Per Gas BDU

The rate per Gas BDU shall be determined as follows:

1. The purchased gas demand costs applicable to the Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Volume Industrial and Large Industrial classes, the "DC" shall be obtained under Rider "A" - Section 1307(f) Purchased Gas Costs.
2. The number 12 shall be multiplied by the sum of (a) the volume of gas (expressed in Mcf) purchased from the Company by all Residential,

Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Volume Industrial and Large Industrial customers, during the Company Peak Sales Month defined in Rate Schedule CPA-LBS and (b) the volume of service (expressed in Mcf) to all customers under the "Monthly Volume" provisions of Rate Schedule SB, during the Company Peak Sales Month defined in Rate Schedule CPA-LBS.

3. The amount determined in Item 1 above shall be divided by the amount determined in Item 2 above to determine the amount included in the rate for recovery of purchased gas costs.
4. The rate per Gas BDU shall be the amount for purchased gas demand costs (Item 3).

The current rate per Gas BDU is as follows:

Purchased Gas Demand Cost	\$.8079/BDU	(I)
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Each time there is a change in the provision for recovery of purchased gas costs pursuant to Rider "A" of this tariff, a recomputation shall be made, under Items 1, 2 and 3, above, of the component to be included in the rate for purchased gas demand costs and the rate per Gas BDU shall be changed accordingly.

b. Determination of Customer's Gas BDUs

The Customer's Gas BDUs shall be determined as follows: The actual volumes of gas purchased by the Customer from the Company and used by the Customer in the separately-metered qualifying load balancing facilities during such Customer's Peak Billing Cycle, as defined hereinafter, shall be multiplied by a fraction. The numerator shall be the number 30. The denominator shall be the number of days of service for which such Customer was billed in such Customer's Peak Billing Cycle.

The Customer's Peak Billing Cycle shall be the single billing cycle of maximum delivery to the Customer's separately-metered qualifying load balancing facilities that ended during one of the months of December, January, February and March during the period beginning with the most recently completed billing cycle and ending with the current billing cycle.

If the customer used no gas under this rate schedule during the most recently concluded billing cycles ended in December, January, February or March, then the level of Gas BDUs applicable to Customer shall be zero (0).

(I) Indicates Increase

2. Margin Demand Charge

a. The rate per Margin BDU shall be \$.3144 per Margin BDU.

b. Determination of Customer's Margin BDUs

The Customer's Margin BDU shall be determined as follows:
The actual deliveries of gas to the Customer by Company, including not only volumes of gas purchased by the Customer from the Company and used by the Customer in the separately-metered load balancing facilities but also volumes of Customer-owned gas transported to the Customer's load balancing facilities through the Company's facilities, during such Customer's Peak Billing Cycle, as defined hereinafter, shall be multiplied by a fraction. The numerator shall be the number 30. The denominator shall be the number of days of service for which such Customer was billed in such Customer's Peak Billing Cycle.

The Customer's Peak Billing Cycle shall be the single billing cycle of maximum delivery to the Customer's separately-metered load balancing facilities that ended during one of the months of December, January, February and March during the period beginning with the most recently completed billing cycle ended in December and ending with the current billing cycle.

If the Customer used no gas under this rate schedule during the most recently concluded billing cycles ended in December, January, February or March, then the level of Margin BDUs applicable to Customer shall be zero (0).

B. COMMODITY CHARGES FOR SALES AND FOR TRANSPORTATION SERVICE

1. Commodity Charge for Sales Service

The monthly Commodity Charge for Sales Service shall be the product of multiplying the rate per Mcf, determined as provided below, by the volume of gas sold to the Customer by the Company during the applicable billing cycle.

The rate per Mcf shall be determined as follows and shall be \$11.5715 per (D) Mcf, subject to revision as provided below:

The current components of the rate are as follows:

Purchased Gas Commodity		
Costs, set forth in Rider "A"	\$11.3271/Mcf	(D)
Non-Gas Costs	\$.2444/Mcf	

a. Determination of Rate per Mcf

The rate per Mcf shall be the sum of:

1. The net amount per Mcf for recovery of the commodity component of purchased gas costs and for recovery or refund of "E" Factor amounts, the "PGCC", as determined in Rider "A" - Section 1307(f) Purchased Gas Costs of this tariff; plus

(D) Indicates Decrease

2. The amount of \$.2444 per Mcf for recovery of non-gas costs. (I)

Each time there is a change in the provision for recovery of purchased gas costs pursuant to Rider "A" of this tariff, a recomputation shall be made of the commodity component of purchased gas costs (Item 1, above) and the rate per Mcf shall be changed accordingly. The component included in the rate for recovery of non-gas costs shall remain constant until changed in accordance with a procedure, other than a proceeding pursuant to Section 1307(f) of the Public Utility Code, 66 Pa.C.S. Section 1307(f).

2. Commodity Charge for Transportation Service

The monthly commodity charge for Transportation Service shall be the product of multiplying the rate per Mcf, determined as provided below, by the volume of gas transported by the Company to the Customer's load balancing facilities.

The rate per Mcf for transportation of gas under this rate schedule shall be \$.3944 per Mcf, which includes \$.2444 for recovery of non-gas costs and \$.1500 for recovery of Purchased Gas Costs. (I)

V. SURCHARGE

The Demand Charges and the Commodity Charge for Sales Service and the Commodity Charge for Transportation Service shall be subject to surcharges in accordance with provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff.

VI. AMOUNTS TO BE INCLUDED IN OVER/UNDERCOLLECTION OF GAS COSTS

Purchased gas cost revenues billed under this rate schedule shall be included as revenues for recovery of gas costs for purposes of computing Factor "E" of Company's 1307(f) rate in accordance with procedures set forth in Rider "A" - Section 1307(f) Purchased Gas Costs.

VII. SPECIAL PROVISIONS

Monthly metered Special Provisions A through J contained in the Company's Rate Schedule for Transportation Service shall apply to transportation service under this rate schedule.

VIII. RULES AND REGULATIONS

The rules and regulations set forth in this tariff shall govern, where applicable, the supply of gas service under this rate schedule.

(I) Indicates Increase

Issued: April 5, 2005

Effective: April 15, 2005

RATE SCHEDULE LIS

LARGE INDUSTRIAL SERVICE

INDUSTRIAL CLASSIFICATION

An Industrial Customer is a customer using gas primarily in a process which grades or changes raw material or unfinished material into another form or product including establishments in mining and manufacturing. The nature of the customer's primary business or economic activity at the location served governs, irrespective of whether a particular load to a manufacturing or processing plant represents gas used for plant cafeteria or a heating load, with or without processing load, whether or not separately metered.

APPLICABILITY

Applicable in all areas served under this tariff.

(C)

AVAILABILITY OF SERVICE

I. MANDATORY SERVICE

Service under this rate schedule is available to, and is mandatory for, Industrial Customers that meet any of the following criteria:

- A. The total of the Company's actual deliveries of gas to the Industrial Customer, including not only volumes of gas purchased from the Company by such Industrial Customer but also volumes of Customer-owned gas transported by the Company to such Industrial Customer, measured in thousand cubic feet (Mcf), during the twelve billing months of the calendar year preceding the next-succeeding Application Period, as defined in this rate schedule, shall have been not less than 200,000 Mcf; or
- B. A proposed new Industrial Customer, not previously receiving any service from the Company, for which the Company and the Industrial Customer agree that the projected total volume of gas, including not only volumes of gas to be purchased from the Company by such Industrial Customer but also volumes of Customer-owned gas projected to be transported by the Company to such Industrial Customer, measured in thousand cubic feet (Mcf), will be not less than 200,000 Mcf during the succeeding twelve months; or

(C) Indicates Change

- C. An Industrial Customer, for which the Company estimates that the total volumes of gas purchased from the Company or transported by the Company during the next succeeding twelve months will be not less than 200,000 Mcf, if the Industrial Customer has used total volumes of gas in at least one billing month of not less than 17,000 Mcf, even if the Customer disagrees with the Company's estimate.

An Industrial Customer that meets the above criteria under this rate schedule at the beginning of an Application Period is required to continue to be subject to this rate schedule during all months of such Application Period. An Industrial Customer that meets the above criteria under this rate schedule during an Application Period is required to continue to be subject to this rate schedule during all or remaining months of such Application Period.

MONTHLY RATE

Basic Service Charge
\$ 514.50 per Month

Distribution Charges

11.904¢	per 100 cubic feet for the first	100,000 cubic feet	(I)
10.108¢	per 100 cubic feet for the next	1,900,000 cubic feet	(I)
8.045¢	per 100 cubic feet for the next	18,000,000 cubic feet	(I)
6.690¢	per 100 cubic feet for all over	20,000,000 cubic feet	(I)

Gas Adjustment Charge
(0.059¢) per 100 cubic feet

For a period of twelve months starting when gas supply service hereunder is initiated to a former SATC, MMT or DMT customer by the Company, the rates for service under this rate schedule shall exclude the Gas Adjustment Charge. Former SATC, MMT or DMT customers will be charged during this twelve month period the DEDC factor as defined in Rider A to this tariff and as contained in the Distribution charges set forth above, as amended from time to time.

Natural Gas Supply Charge
127.413¢ per 100 cubic feet (D)

The above rates shall be subject to surcharges in accordance with provisions of Rider B - State Tax Adjustment Surcharge.

GAS SHORTAGE CURTAILMENT

Service under this schedule to an LIS Industrial Customer is subject to curtailment and excess consumption penalty as set forth in Rule 26 of this tariff.

RULES AND REGULATIONS

The rules and regulations set forth in this tariff shall govern, where applicable, the supply of gas service under this Rate Schedule.

(D) Indicates Decrease

(I) Indicates Increase

Rate Schedule LI-LBS

LOAD BALANCING SERVICE
FOR LARGE INDUSTRIAL CUSTOMERS

I. APPLICABILITY

Throughout the territory served under this tariff.

II. AVAILABILITY

Sales Service and Transportation Service under this rate schedule are available to Large Industrial customers that execute an agreement for one or more twelve-month periods of service under this rate schedule for incremental load used in load balancing facilities, or where, in the judgment of the Company, existing load would be displaced by an alternate fuel or an alternate source of gas. For the purposes of this rate schedule, "incremental load" shall consist of the following:

(C)
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- (1) Any volume of gas used at gas-consuming facilities constructed or installed after May 20, 1989, that will result in additional or expanded use of gas received from the Company; or
- (2) Any volume of gas used at existing gas-consuming facilities of Customer at which the Customer has not used gas taken from the Company for at least twelve (12) consecutive months.

For the purposes of this rate schedule, "load balancing facilities" shall consist of any facilities of a Customer which use incremental load.

The Customer, in its sole discretion, must determine whether it will be more advantageous for the Customer to receive service for incremental load under this rate schedule or under the Large Industrial Service rate schedule.

The Customer's load balancing facilities shall be constructed in a manner satisfactory to the Company so that the Company will be able to meter the volume of gas used by the Customer in the load balancing facilities separately from gas used by the Customer in other facilities.

The Customer's load balancing facilities must be served by a discrete gas service supply system beyond the Company's meter. During business hours, the Company shall have the right to inspect Customer's facilities to determine whether Customer's facilities, including Customer's gas service supply system and load balancing facilities, meet the requirements of this rate schedule.

In order to qualify for service under this rate schedule, Customers must execute an agreement for service under this rate schedule within one (1) year after either: (1) the date of the completion of the installation of new gas-consuming facilities; or (2) the date that the Customer begins taking gas from the Company at existing facilities of the Customer which have not used gas taken from the Company for at least twelve (12) consecutive months.

Service under this Rate Schedule shall not be subject to Rate Schedule BP - service for customers with bypass facilities.

(C) Indicates Change

III. NATURE OF SERVICE

Sales Service provided under this rate schedule shall be firm service up to the level of the Customer's Gas BDU level established below, subject to the curtailment priorities of Rule 26. Sales Service in excess of the Customer's Gas BDU level will be provided only to the extent that the Company determines, from time to time, that available gas supply and available system capacity are sufficient to provide the level of service desired by the Customer without affecting adversely the reliability of service to the Company's existing customers receiving firm service.

Transportation Service provided under this rate schedule shall be firm Service up to the level of the Customer's Margin BDU level established below, subject to the curtailment priorities of Rule 26. Transportation Service in excess of the Customer's Margin BDU level will be provided only to the extent that the Company determines, from time to time, that available gas system capacity is sufficient to provide the level of service desired by the Customer without affecting adversely the reliability of service to the Company's existing customers receiving firm service.

IV. MONTHLY BILL

The monthly bill, for sales service under this rate schedule, shall be the sum of the Demand Charges, as computed in Section A hereinafter, and the Commodity Charges for sales and for transportation service, as computed in Section B hereinafter.

A. DEMAND CHARGES

The monthly Demand Charges shall be the sum of (1) the product of multiplying the rate per Gas Billing Demand Unit (Gas BDU), determined as provided below, by the number of the Customer's Gas BDUs, determined as provided below, and (2) the product of multiplying the rate per Margin Billing Demand Unit (Margin BDU) determined as provided below, by the number of Margin BDUs, determined as provided below.

1. Gas Demand Charge

a. Determination of Rate Per Gas BDU

The rate per Gas BDU shall be determined as follows:

1. The purchased gas demand costs applicable to the Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Volume Industrial and Large Industrial classes, the "DC", shall be obtained under Rider "A" - Section 1307(f) Purchased Gas Costs.
2. The number 12 shall be multiplied by the sum of (a) the volume of gas (expressed in Mcf) purchased from the Company by all Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Volume Industrial and Large Industrial customers, during the Company Peak Sales Month defined in Rate Schedule CPA

LBS and (b) volume of service (expressed in Mcf) to all customers under the "Monthly Volume" provisions of Rate Schedule SB, during the Company Peak Sales Month defined in Rate Schedule CPA-LBS.

3. The amount determined in Item 1 above shall be divided by the amount determined in Item 2 above to determine the amount included in the rate for recovery of purchased gas costs.
4. The rate per Gas BDU shall be the amount for purchased gas demand costs (Item 3).

The current rate per Gas BDU is as follows:

Purchased Gas Demand Cost	\$.8079/BDU	(I)
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Each time there is a change in the provision for recovery of purchased gas costs pursuant to Rider "A" of this tariff, a recomputation shall be made, under Items 1, 2 and 3, above, of the component to be included in the rate for purchased gas demand costs and the rate per Gas BDU shall be changed accordingly.

b. Determination of Customer's Gas BDUs

The Customer's Gas BDUs shall be determined as follows: The actual volumes of gas purchased by the Customer from the Company and used by the Customer in the separately-metered load balancing facilities during such Customer's Peak Billing Cycle, as defined hereinafter, shall be multiplied by a fraction. The numerator shall be the number 30. The denominator shall be the number of days of service for which such Customer was billed in such Customer's Peak Billing Cycle.

The Customer's Peak Billing Cycle shall be the single billing cycle of maximum delivery to the Customer's separately-metered load balancing facilities that ended during one of the months of December, January, February and March during the period beginning with the most recently-completed billing cycle ended in December and ending with the current billing cycle.

If the customer used no gas under this rate schedule during the most recently concluding billing cycles ended in December, January, February or March, then the level of Gas BDUs applicable to Customer shall be zero (0).

(I) Indicates Increase

2. Margin Demand Charge

- a. The rate per Margin BDU shall be \$.2510 per Margin BDU.
- b. Determination of Customer's Margin BDUs

The Customer's Margin BDU shall be determined as follows: The actual deliveries of gas to the Customer by Company, including not only volumes of gas purchased by the Customer from the Company and used by the Customer in the separately-metered load balancing facilities but also volumes of Customer-owned gas transported to the Customer's load balancing facilities through the Company's facilities, during such Customer's Peak Billing Cycle, as defined hereinafter, shall be multiplied by a fraction. The numerator shall be the number 30. The denominator shall be the number of days of service for which such Customer was billed in such Customer's Peak Billing Cycle.

The Customer's Peak Billing Cycle shall be the single billing cycle of maximum delivery to the Customer's separately-metered load balancing facilities that ended during one of the months of December, January, February and March during the period beginning with the most recently-completed billing cycle ended in December and ending with the current billing cycle.

If the Customer used no gas under this rate schedule during the most recently concluded billing cycles ended in December, January, February or March, then the level of Margin BDUs applicable to Customer shall be zero (0).

B. COMMODITY CHARGES FOR SALES AND FOR TRANSPORTATION SERVICE

1. Commodity Charge for Sales Service

The monthly Commodity Charge for Sales Service shall be the product of multiplying the rate per Mcf, determined as provided below, by the volume of gas sold to the Customer by the Company during the applicable billing cycle.

The rate per Mcf shall be determined as follows and shall be \$11.5190 per (D) Mcf, subject to revision as provided below:

The current components of the rate are as follows:

Purchased Gas Commodity		
Costs, set forth in Rider "A"	\$11.3271/Mcf	(D)
Non-Gas Costs	\$.1919/Mcf	

a. Determination of Rate per Mcf

The rate per Mcf shall be the sum of:

(D) Indicates Decrease

1. The net amount per Mcf for recovery of the commodity component of purchased gas costs and for recovery or refund of "E" Factor amounts, the "PGCC", as determined in Rider "A" - Section 1307(f) Purchased Gas Costs of this tariff; plus

2. The amount of \$.1919 per Mcf for recovery of non-gas costs. (I)

Each time there is a change in the provision for recovery of purchased gas costs pursuant to Rider "A" of this tariff, a recomputation shall be made of the commodity component of purchased gas costs (Item 1, above) and the rate per Mcf shall be changed accordingly. The component included in the rate for recovery of non-gas costs shall remain constant until changed in accordance with a procedure, other than a proceeding pursuant to Section 1307(f) of the Public Utility Code, 66 Pa.C.S. Section 1307(f).

2. Commodity Charge for Transportation Service

The monthly commodity charge for Transportation Service shall be the product of multiplying the rate per Mcf, determined as provided below, by the volume of gas transported by the Company to the Customer's load balancing facilities.

The rate per Mcf for transportation of gas under this rate schedule (I) shall be \$.3419 per Mcf, which includes \$.1919 for recovery of non-gas costs and \$.1500 for recovery of Purchased Gas Costs.

V. SURCHARGE

The Demand Charges and the Commodity Charge for Sales Service and the Commodity Charge for Transportation Service shall be subject to surcharges in accordance with provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff.

VI. AMOUNTS TO BE INCLUDED IN OVER/UNDERCOLLECTION OF GAS COSTS

Purchased gas cost revenues billed under this rate schedule shall be included as revenues for recovery of gas costs for purposes of computing Factor "E" of Company's 1307(f) rate in accordance with procedures set forth in Rider "A" - Section 1307(f) Purchased Gas Costs.

VII. SPECIAL PROVISIONS

Monthly metered Special Provisions A through J contained in the Company's Rate Schedule for Transportation Service shall apply to transportation service under this rate schedule.

VIII. RULES AND REGULATIONS

The rules and regulations set forth in this tariff shall govern, where applicable, the supply of gas service under this rate schedule.

(I) Indicates Increase

Rate Schedule - NGV

NATURAL GAS VEHICLE SERVICE

I. APPLICABILITY

Throughout the territory served under this tariff.

II. AVAILABILITY

Sales Service under this rate schedule is available for use of natural gas by a customer directly in a natural gas motor vehicle ("NGV").

III. NATURE OF SERVICE

Service provided in this rate schedule shall be firm service subject to the curtailment priorities of Rule 26. For curtailment purposes, service under this rate schedule shall be defined as curtailment priority number (6), firm large noncritical commercial and industrial requirements other than requirement for boiler fuel use.

IV. RATE

Rates per 100 cu. ft. shall be established by the Company on the first day of each calendar month for each of the categories set forth below to compete with alternative vehicle fuels. The rates shall not be less than the 100% load factor base cost of gas, plus the take-or-pay surcharge, plus the surcharge for Transition Cost, plus the incremental operating cost incurred by the Company for operating Company owned NGV compression equipment on a per Ccf basis, if any, plus \$0.01 per 100 cu. ft., plus the state tax adjustment surcharge, and not more than the tailblock rate of the Commercial and Public Authority Service Rate Schedule, including all applicable surcharges, plus the incremental operating cost incurred by the Company for operating Company owned NGV compression equipment on a per Ccf basis, if any.

The 100% load factor base cost of gas shall be \$1.21350 per 100 cu. ft. (D)
(as calculated by adding the purchase gas components of the Load Balancing Service Rates).

Purchased Gas 100% Load Factor Demand Cost	\$0.08079/Ccf	(D)
plus		
Purchased Gas Commodity Cost	<u>\$1.13271/Ccf</u>	(D)
equals		
100% Load Factor Base Cost of Gas	\$1.21350/Ccf	(D)

The incremental operating cost for compression shall be \$0.13436/Ccf.

(D) Indicates Decrease

Natural gas vehicle customers are classified into the following categories:

- NGV(1) All natural gas vehicle customers utilizing Company owned filling facilities. A uniform rate shall be established each month within the parameters set forth above, for customers utilizing Company-owned filling facilities.
- The minimum NGV(1) rate shall be \$1.35786/Ccf (D)
- The current components of the minimum NGV(1) rate are as follows:
- | | | |
|--|---------------|-----|
| 100% load factor base cost of gas: | \$1.21350/Ccf | (D) |
| Incremental operating cost of Company owned NGV compression equipment: | \$0.13436/Ccf | |
| Transition Cost Surcharge | \$0.00000/Ccf | |
| State Tax Adjustment Surcharge: | \$0.00000/Ccf | |
| Minimum allowable Non-Gas cost: | \$0.01000/Ccf | |
- The maximum NGV(1) rate shall be \$1.53927/Ccf (D)
- The current components of the maximum NGV(1) rate are as follows:
- | | | |
|--|---------------|-----|
| Tailblock rate of the Commercial and Public Authority Service Rate Schedule: | \$1.40491/Ccf | (D) |
| Incremental operating cost of Company owned NGV Compression equipment: | \$0.13436/Ccf | |
| State Tax Adjustment Surcharge: | \$0.00000/Ccf | |
- NGV(2) Natural gas vehicle customers utilizing customer owned filling facilities. A uniform rate will be established each month, within the parameters set forth above, to customers utilizing customer owned filling facilities.
- The minimum NGV(2) rate shall be \$1.22350/Ccf (D)
- The current components of the minimum NGV(2) rate are as follows:
- | | | |
|------------------------------------|---------------|-----|
| 100% load factor base cost of gas: | \$1.21350/Ccf | (D) |
| Transition Cost Surcharge | \$0.00000/Ccf | |
| State Tax Adjustment Surcharge: | \$0.00000/Ccf | |
| Minimum allowable Non-Gas cost: | \$0.01000/Ccf | |
- The maximum NGV(2) rate shall be \$1.40491/Ccf (D)

(D) Indicates Decrease

The current components of the maximum NGV(2) rate are as follows:

Tailblock rate of the Commercial and Public Authority Service Rate		
Schedule:	\$1.40491/Ccf	(D)
State Tax Adjustment Surcharge:	\$0.00000/Ccf	

V. SURCHARGE

All charges under this rate schedule will be subject to surcharges in accordance with provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff.

VI. AMOUNTS TO BE INCLUDED IN OVER/UNDERCOLLECTION OF GAS COSTS

Purchased gas cost revenues billed under this rate schedule shall be included as revenues for recovery of gas costs for purposes of computing Factor "E" of Company's 1307(f) rate in accordance with procedures set forth in Rider "A" - Section 1307(f) Purchased Gas Costs. Purchased gas cost revenues recovered under this rate schedule shall be the 100% load factor base cost of gas as defined above.

VII. RULES AND REGULATIONS

The rules and regulations set forth in this tariff shall govern, where applicable, the supply of gas service under this rate schedule.

(D) Indicates Decrease

RATE SCHEDULE BP

SERVICE FOR CUSTOMERS
WITH BYPASS FACILITIES

PURPOSE

Bypass customers are required to make reasonable payments toward the recovery by the Company of its fixed costs of service in relation to their use of the Company's system during winter periods. Bypass customers are required to pay over a one-year period approximately the same amount that typical non-bypass customers using the same level of winter service would pay. These bypass customers are required to make these payments so that they pay their fair share of system costs in relationship to their usage, and so that other non-bypass customers are not burdened.

This rate schedule requires also that bypass customers operate in a manner that will not jeopardize service to other customers.

APPLICABILITY

Throughout the territory served under this tariff.

Service under this rate schedule is available to all customers served under Commercial and Public Authority ("C-PA") Service Rate Schedule, Small Volume Industrial Service ("SVIS") Rate Schedule, Intermediate Volume Industrial Service ("IVIS") Rate Schedule, Rate Schedule LVIS or Rate Schedule LIS that have installed facilities which would enable the Customer to receive volumes of gas purchased from or transported by an entity other than the Company, without using the Company's distribution system ("Bypass Facilities"); provided, however, that this Rate Schedule shall not apply to "Self-Help" gas.

"Self-Help" gas refers to gas produced by the customer from gas reserves and wells owned by the customer on a tract of land owned by the customer that is contiguous to the tract of land on which the customer's manufacturing plant is located.

SERVICE AGREEMENT

The Customer must execute a service agreement for one or more twelve-month contract terms terminating at the completion of the last billing cycle ending in November of each year. The Service Agreement shall specify the level of system service, during thirty-day periods, that the customer desires to have available on the Company's distribution system. Such level of service shall be specified in the form of a volume of gas, expressed in Mcf, that the Customer wishes to be able to have the right to purchase from the Company or transport through the Company's facilities during thirty-day periods. Such volume shall be subject to adjustment as explained in the Special Provisions section of this rate schedule.

METERING AND FLOW CONTROL EQUIPMENT

The Company may install at the premises of any customer under this rate schedule an automated meter reading device (AMD) and communications device, at customers expense, which will enable the Company to monitor and record each Bypass Customer's daily usage. In addition, if changes in levels of usage of gas from the Company by any Customer under this rate schedule would have the potential to adversely affect service to others customers, the Company may install flow control devices, at customers expense, to restrict the daily flow of gas to the Customer to approximately one-thirtieth (1/30) of the monthly Bypass nomination.

NATURE OF SERVICE

A nomination under this rate schedule shall permit the customer to use the Company's facilities on a firm basis subject to curtailment priorities of Rule 26 of this Tariff. The gas may be either customer-owned gas or Company-owned gas. If the gas is customer-owned, the customer must have contracted with the Company for transportation service under the rate schedule for Transportation Service. If the gas is Company-owned, the customer must have contracted with the Company for standby service under Rate Schedule SB. If the customer is categorized as a residential or firm critical commercial essential human needs customer, then the customer must contract with the Company under rate schedule PSB.

MONTHLY BILLS

The procedures set forth below require bypass customers to pay over a twelve-month period revenues for recovery of non-gas costs of service approximately equal to amounts paid by average non-bypass customers with similar peak month winter usage. The procedures below require a bypass customer to pay over a twelve-month period based on its peak winter monthly usage multiplied by an average monthly load factor for non-bypass customers. The applicable rate is applied to the resulting volume. The procedures also reduce volumes subject to this rate schedule to credit a bypass customer for actual throughput to which the Company's sales or transportation service rates are applied.

RATE

Customers under this rate schedule shall be subject to the applicable rate listed below to be applied to the Billing Volume, as defined below.

<u>For customers receiving service under</u>	<u>Bypass rate</u>	
Commercial/Public Authority Rate Schedule	\$1.0601 per Mcf	(I)
Rate Schedule SVIS	\$0.9540 per Mcf	(I)
Rate Schedule IVIS	\$0.9803 per Mcf	(I)
Rate Schedule LVIS	\$0.7470 per Mcf	(I)
Rate Schedule LIS	\$0.2657 per Mcf	(I)

(I) Indicates Increase

MONTHLY VOLUME

The Monthly Volume shall be the volume of gas specified in the Service Agreement under this rate schedule or as adjusted under the Special Provisions section of this rate schedule, as adjusted for the number of days in the billing cycle. In order to adjust the volume of gas specified in the Service Agreement under this rate schedule or as adjusted under the Special Provisions section of this rate schedule for the number of days in a billing cycle, such volume of gas shall be multiplied by a fraction. The numerator of the fraction shall be the number of days in the billing cycle and the denominator shall be thirty (30).

APPLICATION TERM

In this rate schedule, the phrase "Application Term" shall be each twelve-month period terminating at the completion of the last billing cycle ending in November of each year.

BILLING VOLUME

For each billing month, if the volume of gas delivered to the customer from the Company, including both gas purchased by the customer from the Company and gas transported by the Company exceeded 50.00 percent of the Monthly Volume, as adjusted in the manner explained above for the number of days in the billing cycle, then the Billing Volume for service under this rate schedule shall be zero (0) Mcf.

For each billing cycle, if the volume of gas delivered to the customer by the Company, including both gas purchased by the customer from the Company and gas transported by the Company, was less than 50.00 percent of the Monthly Volume, as adjusted in the manner explained above for the number of days in the billing cycle and if the volume determined under item 1, below, is greater than or equal to the volume determined under item 2, below, then the Billing Volume for service under this Rate Schedule shall be zero (0) Mcf.

For each billing month, if the volume of gas delivered to the customer by the Company, including both gas purchased by the customer from the Company and gas transported by the Company, was less than 50.00 percent of the Monthly Volume, as adjusted in the manner explained above for the number of days in the billing cycle and if the volume determined under item 1, below, is less than the volume determined under item 2, below, then the Billing Volume for service under this rate schedule shall be the difference between the volume determined under item 1, below, and the volume determined under item 2, below.

1. The total volume of gas delivered to the customer by the Company, including both Company-owned gas sold to the customer and customer-owned gas transported by the Company, during the period commencing at the beginning of the current Application Term through the completion of the billing cycle for which the Billing Volume is being determined

BILLING VOLUME (Cont'd)

shall be added to the total Mcf volume billed to the customer under this rate schedule for service during the period commencing at the beginning of the current Application Term through the completion of the billing cycle immediately prior to the billing cycle for which the Billing Volume is being determined.

2. a. The Monthly Volume shall be multiplied by a fraction. The numerator of the fraction shall be 365 and the denominator shall be 30.
- b. The product of item 2.a. shall be multiplied by 50.00 percent.
- c. For each billing cycle during the Application Term, the product of item 2.b., above, shall be multiplied by a fraction. The numerator of the fraction shall be the number of billing cycles during the Application Term that have completed (including the billing cycle for which the Billing Volume is being determined) and the denominator shall be twelve (12).

SPECIAL CREDIT

If the sum of: (1) the total Mcf volume of gas delivered to the Customer by the Company, including both volumes of Company-owned gas sold to the Customer and Customer-owned gas transported by the Company, during an Application Term and (2) the Mcf volume of service under this rate schedule during such Application Term, exceeds the applicable volume determined below, then the Customer shall receive a credit. Such credit will be equal to the applicable rate for service under this rate schedule multiplied by the lesser of:

1. The Mcf volume of service to the Customer under this rate schedule during the Application Term or
2. The difference between:
 - a. the sum of: (1) the total Mcf volume of gas delivered to the Customer by the Company, including both volumes of Company-owned gas sold to the Customer and Customer-owned gas transported by the Company, during the Application Term and (2) the Mcf volume of service under this rate schedule during such Application Term and
 - b. the applicable volume computed as set forth below.

For Customers under this rate schedule, the applicable volume, for each Application Term shall be determined under items 1 and 2, below:

1. The volume of gas specified in the Service Agreement under this rate schedule or as adjusted under the Special Provisions section of this

SPECIAL CREDIT (Cont'd)

rate schedule as in effect at the end of the Application Term shall be multiplied by a fraction. The numerator of the fraction shall be 365 and the denominator shall be 30.

2. The product of item 1, above, shall be multiplied by the factor of 0.5000.

ANNUAL MAXIMUM BILL

The Annual Maximum Bill for recovery of non-gas costs of service applies to any customer which provides to the Company accurate and verifiable information concerning the volume of gas taken by the Customer through bypass facilities during a twelve-month Application Term. The Annual Maximum Bill for recovery of non-gas costs of service shall be the sum of: (1) the sum of all basic service charges and administrative rates applicable for service during the Application Term and (2) the product of Distribution's rate for transportation of Pennsylvania gas applicable to the customer multiplied times the total volume of gas used by the bypass customer, including both the volume of gas actually taken from the Company and the volume of bypass gas taken during the Application Term under Rate Schedule BP.

The Annual Bill shall apply only to the portion of rates for recovery of non-gas costs of service and shall not affect the portion of rates for sales of gas by the Company or rates under Rate Schedule SB (for Standby Service) or rates under Rate Schedule PSB (for Priority Standby Service) for recovery of purchased gas costs under Rider A of this tariff.

BILLING

The Company shall include the bill for service under this rate schedule together with the bill for service under all other rate schedules. For each billing cycle, payment for service under this rate schedule shall become due simultaneously with the payment for service under all other rate schedules.

SPECIAL PROVISIONS

1. If the sum of purchases by a Customer from the Company and transportation deliveries by the Company to a Customer, during any billing cycle that ends in any December, January, February or March, exceeds the level of service, expressed in Mcf, set forth in the Service Agreement, as adjusted for the number of days in such billing cycle, then the level of service that is

SPECIAL PROVISIONS (Cont'd)

set forth in the Service Agreement shall be adjusted to equal the volume of gas actually purchased from, and transported by, the Company during such billing cycle adjusted to a 30 day billing cycle by multiplying such volume by a fraction. The numerator of the fraction shall be thirty (30) and the denominator shall be the number of days in the billing cycle.

If the level of service specified in the Service Agreement is adjusted under this Special Provision, then the Service Agreement shall continue to be effective and the Service Agreement shall be interpreted to specify the level of service as adjusted under this Special Provision, unless such volume of gas and term of the Service Agreement are further adjusted in accordance with this Special Provision. Such level of service, as adjusted under this Special Provision, shall continue to be effective for the remainder of the Service Agreement.

2. If a Customer served under the Commercial/Public Authority Rate Schedule, Rate Schedule SVIS, Rate Schedule IVIS, Rate Schedule LVIS or Rate Schedule LIS, that has Bypass Facilities installed, declines to enter into a Service Agreement for service under this rate schedule but either purchases gas from the Company or transports gas through the Company's facilities, such purchase of gas from the Company or transportation of gas by the Company shall be deemed to be the execution by the Customer of a Service Agreement under this rate schedule with a term of one Application Term and the level of service under such Service Agreement shall be the volume of gas purchased or transported for the Customer from the Company during such billing cycle, adjusted to a 30 day billing cycle. In order to adjust the level of service to a 30 day billing cycle the volume of gas actually purchased from and transported by the Company during such billing cycle shall be multiplied by a fraction. The numerator of the fraction shall be thirty (30) and the denominator shall be the number of days in the billing cycle.

MAXIMUM SAFE OPERATING VOLUME

If substantial changes by the Customer in levels of usage of gas from the Company may adversely affect service to other customers and if the Company has not installed flow control devices at the Customer's premises, the Company may establish for that Customer a Maximum Safe Operating Volume ("MSOV"). The MSOV will be the maximum daily volume that the customer can take from the Company without jeopardizing service to other customers. The MSOV will be based upon an engineering study to be performed by the Company of the Company's facilities, the Customer's actual and potential load characteristics, other customers and their respective loads and the sources of supply in the vicinity of the Customer. Upon completion of the engineering study and determination of the applicable MSOV, the Company will inform the Customer of the MSOV applicable to it. Thereafter, the Customer may not use more than the MSOV of gas from the Company during any day without giving the Company at least one complete business days notice of its increased level of usage of gas from the Company. If the Customer uses in any day more than the applicable MSOV, the Customer shall pay to the Company, in addition to all other applicable charges, a penalty of \$25 per Mcf of gas taken from the Company in excess of the MSOV.

DAY

As used in this Rate Schedule, the word "day" shall mean a consecutive twenty four hour period commencing at 10:00 a.m. on each calendar day.

(C)

LIMITATION OF SERVICE

For any commercial, public authority, SVIS, IVIS, LVIS or LIS Customer that has installed Bypass Facilities, the Company maintains no duty to allow the Customer either to purchase gas from the Company or to transport gas through the Company's facilities in excess of the level of service, expressed in Mcf in the Service Agreement under this rate schedule, as adjusted in the manner set forth hereinabove under this rate schedule.

(C) Indicates Change

CONTRACT TERM

The initial term of the Service Agreement shall be for at least one Application Term. After the initial Application or any renewal thereof, the Service Agreement shall be renewed automatically for successive one-year Application Terms thereafter unless the Customer or the Company terminates the Service Agreement by written notice thereof to the other more than sixty (60) days prior to the end of a term. If the Service Agreement is renewed automatically pursuant to the provisions of this paragraph, then the volume of gas specified in the renewed Service Agreement shall be established at the volumetric level in effect, as adjusted in accordance with Special Provision 1 or 2 of this rate schedule, immediately prior to the effective date of the renewed Service Agreement. The Company may terminate a Service Agreement at an earlier date as provided by law or by any provision of this tariff.

In addition, a Service Agreement may be terminated at the request of a Customer for a new Service Agreement specifying a greater level of service, and such request will be honored by the Company, subject to the availability of sufficient capacity for such service in those portions of the Company's system so affected. A Customer may also request, upon sixty (60) days written notice to the Company prior to the end of a contract term, a new Service Agreement specifying a reduced level of service, and such request will be honored by the Company; provided that the requested reduced level of service is not less than the level of service, if any, for the Customer under Rate Schedule SB or Rate Schedule PSB.

Irrespective of the foregoing, any request by a Customer, for a reduction in the level of service under this rate schedule or for termination of service under this rate schedule effective at the end of any contract term, shall be deemed to have been denied and of no effect if, after such request, the term of the Service Agreement is continued under the Special Provisions of this rate schedule.

RULES AND REGULATIONS

The rules and regulations set forth in this tariff shall govern, where applicable, service under this rate schedule.

RATE SCHEDULE PSB

PRIORITY STANDBY SERVICE

APPLICABILITY

Throughout the territory served under this tariff.

AVAILABILITY OF SERVICE

Service under this rate schedule is available to all customers under the Residential, Commercial and Public Authority, and SVIS Rate Schedules which enter into a contract for service under this Rate Schedule. A customer will be permitted to enter into a contract, prepared by the Company, for service under this rate schedule, however, only if the Company projects that sufficient volumes of gas will be available to the Company during the period of the customer's contract for Priority Standby Service.

Service under this rate schedule is mandatory for all customers categorized as Priority 1 under the curtailment priorities of Rule 26 who enter into contracts with the Company to receive Transportation Service and who do not have dual or alternate fuel equipment on site which is installed and operable with sufficient amounts of alternate fuel available on site during each winter period of each year commencing on December 1 and ending on March 31 of the following year. Service under this rate schedule is voluntary for all other customers.

NATURE OF SERVICE

Priority standby service shall permit the customer to purchase gas on a firm basis subject to curtailment priorities of Rule 26. The Company will take all reasonable steps to obtain or to maintain gas supplies sufficient to enable the Company to provide reasonably continuous service to each Customer receiving Priority Standby Service.

MONTHLY RATE

The monthly rate shall be \$0.4876 per Mcf, which shall be applied to the total monthly volumes transported by the customer during the month. (I)

The rate shall equal the PGDC portion of the commodity rate applicable to the corresponding sales rate classification.

(I) Indicates Increase