

RATE SCHEDULE SB
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 & Public Authority, SVIS, IVIS, LVIS, and LIS Rate Schedules that meet the following criteria:

1. The customer has executed a service agreement for a term of at least one year. The Service Agreement shall specify the level of service during thirty-day periods that the customer desires to be able to purchase from the Company. 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 purchase from the Company during thirty-day periods. Such volumes shall be subject to adjustment as explained in the Adjustment section of this rate schedule.

2. The customer either (a) receives volumes of gas transported by the Company or (b) is an LVIS or LIS Customer and has facilities which enable the customer to obtain volumes of gas without using the Company's distribution system ("Bypass Facilities"); and

3. The customer is not categorized as Priority 1 under the curtailment priorities of Rule 26.

In addition, irrespective of the foregoing, Special Provisions 3 through 5, below, shall apply to all transportation customers except those receiving service under Rate Schedule PSB.

NATURE OF SERVICE

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 standby service at the level specified in the Service Agreement, as adjusted from time to time in accordance with the provisions of this rate schedule. Service under this Rate Schedule shall be available only if the Company projects that sufficient volumes of gas will be available to the Company during the period of the contract 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 gas service.

ADJUSTMENT

For each billing cycle, the volume of gas specified in the Service Agreement shall be adjusted to reflect the number of days in such billing cycle by multiplying such volume, expressed in Mcf, by a fraction. The numerator of the fraction shall be the number of days in the billing cycle applicable to the Customer and the denominator shall be 30.

MONTHLY RATE

The monthly rate shall be \$0.2296 per Mcf, which shall be applied to the Monthly Volume, as defined below. (I)

MONTHLY VOLUME

The Mcf volume of gas to which the Monthly Rate set forth above shall be applied, shall be determined for each billing cycle, as set forth below:

1. The volume of gas specified in the Service Agreement under this rate schedule shall be adjusted for each billing cycle by multiplying such volume, expressed in Mcf, by a fraction. The numerator of the fraction shall be the number of days in the billing cycle applicable to the customer and the denominator shall be thirty (30).
2. If the volume determined under item 1, above, is greater than the sum of the Mcf volume of gas purchased by the customer under rate schedules other than load balancing rate schedules during the billing cycle, the Monthly Rate shall be applied to the difference between: (a) the volume determined under item 1, above, and (b) the Mcf volume of gas purchased by the customer under the rate schedules other than load balancing rate schedules during such billing cycle.
3. If the volume determined under item 1, above, is equal to or less than the Mcf volume of gas purchased by the customer under rate schedules other than load balancing rate schedules during the billing cycle, then the Monthly Volume shall be zero (0) Mcf.

(I) Indicates Increase

SPECIAL PROVISIONS

1. A customer that has Bypass Facilities and that desires service under this rate schedule must enter into an Agreement for Service under Rate Schedule BP that specifies a volume of gas equal to, or greater than, the volume of gas specified in the Service Agreement under this rate schedule.
2. As used in this Rate Schedule, the term "Bypass Facilities" does not include facilities that enable a customer to obtain "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 in which the customer's manufacturing plant facilities are located.

3. SB customers shall be subject to a surcharge equal to 25 percent of the retail rates of the applicable sales rate schedule to volumes purchased by transportation customers (in excess of volumes contracted for under Rate Schedule SB) during the billing month ending in December, January, February or March and a surcharge equal to 10 percent of the retail rates of the applicable sales rate schedule to volumes purchased by transportation customers (in excess of volumes contracted for under Rate Schedule SB) during the remaining billing months when overruns by transportation customers are authorized by Distribution. The rates of the applicable sales schedule shall include the Distribution Charges, Gas Adjustment Charge, and the Natural Gas Supply Charge under the sales rate schedule that applies to the customer, provided, however, that in months where the sum of the Natural Gas Supply Charge and the Gas Adjustment Charge is less than the market price of natural gas the applicable sales rate shall be equal to the sum of the Distribution Charges, the market price of natural gas, and the applicable surcharge percentage applied to this rate. For purposes of this provision the market price of gas shall be equal to the Mcf equivalent of the highest price during the month of excess purchase of the Gas Daily Index, "Daily Price Survey" for "Appalachia", "Columbia Gas Appalachia". (C)
4. SB Transportation MMT customers shall be subject to a penalty of \$25 per MCF applicable to gas purchased from Distribution by transportation customers (in excess of volumes contracted for under Rate Schedule SB) during the billing month ending in December, January, February or March when Distribution has announced that overrun service is not available.

SB Transportation DMT customers shall be charged the higher of:
(1) the rate determined in item 3 above or (2) the sum of the interstate transportation rate applicable to the customer and the highest incremental per Mcf cost of gas purchased in Distribution's gas supply portfolio during the month applicable to gas purchased from Distribution by the transportation customer (in excess of volumes contracted for under Rate Schedule SB) plus the 25% premium during the billing month ending in December, January, February or March and a 10% premium during the remaining months when Distribution has announced that overrun service is not available.

(C) Indicates Change

5. Revenues for recovery of purchased gas costs and surcharges under items 3 and 4 above, shall be flowed through to sales customers under Rider "A" of this tariff.

LIMITATION OF SERVICE

For any customer that either (a) has contracted with the Company for transportation service, or (b) is a customer with installed Bypass Facilities, the Company maintains no duty to provide retail service to customer in excess of the level of service, expressed in Mcf in the Service Agreement under this schedule, as adjusted in the manner set forth hereinabove under this rate schedule.

CONTRACT TERM

The initial term of the Service Agreement shall be for at least one year. After the initial term, the Service Agreement shall be renewed automatically for successive one-year 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 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 section of this rate schedule and subject to Special Provision 1 of this rate schedule.

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, subject to the Availability section of this rate schedule.

RATE SCHEDULE FOR MONTHLY METERED TRANSPORTATION SERVICE

DEFINITIONS

- (1) Gas Service Customer - A Gas Service Customer is an entity that is attached to the Company's lines and uses gas in its operations or in its premises;
- (2) MMT - Monthly Metered Transportation
- (3) MMT Customer - Any entity that has executed a MMT Service Agreement with the Company for transportation of gas by the Company. (C)
- (4) DDQ - Daily Delivery Quantity - Amount of gas supply required to be delivered at the Company City Gate by the customer or the customer's natural gas supplier.

AVAILABILITY OF SERVICE

If all of the qualifications (a) through (e) set forth below are met, any entity will be considered an MMT Customer under this Rate Schedule. (C)

- (a) The entity that will receive gas transported by the Company (1) has a volumetric requirement of at least 5,000 Mcf per year or (2) belongs to a buyer group of no more than ten customers whose combined usage is at least 5,000 Mcf per year, provided, however, that larger buyer groups shall be permitted upon the mutual agreement of the Company and the customers;
- (b) A MMT service agreement must be executed by the MMT Customer in the form prepared by the Company (the "Service Agreement"); (C)
- (c) The MMT Customer has obtained, or has agreed to obtain, a supply of gas, of a quality acceptable to the Company, from any source of gas; (C)
- (d) The MMT Customer has made, or has caused to be made, arrangements by which such volumes of gas can be delivered, either directly or by displacement, on a firm basis throughout the entire route from the point of production into the Company's distribution system throughout the term of the transportation service agreement; and (C)
- (e) If facilities are required for furnishing of MMT service, in addition to facilities that are required for furnishing of gas service, to a Gas Service Customer, the MMT Customer shall have paid, in full, for any additional facilities required to be constructed for furnishing of MMT service, which payment shall not (C)

(C) Indicates change

be subject to refund under any circumstances. If additional facilities are required for furnishing of gas service, customer's payment for additional facilities required for furnishing of gas service shall be governed by Tariff Rule No. 3, "Extension of Facilities", and Tariff Rule No. 5, "Service Lines."

CHARACTER OF SERVICE

Gas, of a quality acceptable to the Company, owned by a MMT Customer and delivered, either directly or by displacement, into the Company's distribution system, will be transported, by the Company, to the delivery point designated by the MMT Service Customer. Receipt of natural gas for the customer at the Company City Gate may be limited to the customer's DDQ. The customer, or the customer's natural gas supplier, shall deliver or cause to be delivered at the Company's City Gate the DDQ on each day of the month, within the applicable tolerance band. The Company is not obligated to accept any volumes nominated in excess of a customer's DDQ. If the Customer meets the qualifications for service in the Availability section of this Rate Schedule, prior service under the superseded Rate Schedule for Transportation Service will be converted to service under this Rate Schedule unless the Company is notified by the Customer that it prefers service under the Rate Schedule for Daily Metered Transportation Service. (C)

TERM OF SERVICE AGREEMENT

If the requirements of this Rate Schedule are met, the Company shall offer to enter into a Service Agreement with an initial term of at least one year and successive one-year terms thereafter. The initial term of a Service Agreement may be for less than one year only with the mutual consent of both the MMT Service Customer and the Company. If the initial term of a Service Agreement is for less than one year, successive terms thereafter shall be equal in length to the initial term. Either the MMT Customer or the Company may terminate the Service Agreement at the end of a term upon written notice thereof to the other more than thirty (30) days prior to the end of a term; further provided, however, that the Company may terminate a Service Agreement at an earlier date as provided by law by provisions of this Tariff. (C)

(C) Indicates Change

MONTHLY RATES

A. Monthly Administration Rate

There shall be a monthly administration rate of \$70.00 for each Non-Residential MMT customer. There shall be a monthly administration rate of \$12.10 for each Residential MMT customer. (C)

B. Commodity Rates

The commodity rates set forth below contain a component, presently \$0.1500 per Mcf, for recovery of purchased gas costs. (C)

For transportation of gas to Residential customers, the monthly rate for transportation of gas both within and outside the Commonwealth of Pennsylvania shall be:

\$2.4200 per Mcf.

For transportation of gas to Commercial and Public Authority Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$2.6935 per Mcf for Small Commercial/Public Authority using not more than 250 Mcf per year.

\$2.1283 per Mcf for Small Commercial/Public Authority using greater than 250 Mcf, but not more than 1,000 Mcf per year.

\$1.3376 per Mcf for Large Commercial/Public Authority.

For transportation of gas to Commercial and Public Authority Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$2.6935 per Mcf for Small Commercial/Public Authority using not more than 250 Mcf per year.

\$2.1283 per Mcf for Small Commercial/Public Authority using greater than 250 Mcf but not more than 1,000 Mcf per year.

\$1.4257 per Mcf for Large Commercial/Public Authority.

For transportation of gas to Small Volume Industrial Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$2.2231 per Mcf for SVIS Customers.

For transportation of gas to Small Volume Industrial Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$2.2231 per Mcf for SVIS Customers.

(C) Indicates Change

For transportation of gas to Intermediate Volume Industrial Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$1.1875 per Mcf for IVIS Customers.

For Transportation of gas to Intermediate Volume Industrial Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$1.2724 per Mcf for IVIS Customers.

For transportation of gas to Large Volume Industrial Customers and any entity that is not a Gas Service Customer, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$0.9808 per Mcf.

For transportation of gas to Large Volume Industrial Customers and any entity that is not a Gas Service Customer, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$1.0745 per Mcf.

For transportation of gas to Large Industrial Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$0.6478 per Mcf.

For transportation of gas to Large Industrial Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$0.6478 per Mcf.

Provided, however, that the Company, in its sole discretion, may reduce by contract the portion of the above rates applicable to the Customer that are for recovery of gas or the portion of the rate for recovery of non-gas costs of service if it is reasonably necessary to do so to meet competition from another supplier of energy including gas from another supplier of gas that has constructed, or could construct, facilities to deliver supplies of gas to a MMT (C) Customer of the Company without use of the Company's facilities or another transportation of gas. The Company may also reduce the compensation for line losses provided for in Special Provisions paragraph B of this rate schedule in order to meet the competitive circumstances cited above. Provided that any reduced compensation for line loss shall not be established at a level lower than the line loss experienced to serve the customer as estimated by the Company. The Company will reduce the applicable rate only if:

- (a) Either (1) the Customer has facilities in place and operable to use an alternative fuel or obtain gas from an alternative supplier or (2) in the Company's judgment, such facilities would be constructed;

(C) Indicates Change

- (b) Volumes of gas that would be transported by the Company would be displaced by an alternate fuel or an alternative source of gas unless the Company reduces its transportation rate;
- (c) The Company will not reduce the rate for transportation service below the level necessary to transport gas; and
- (d) In the Company's judgment the MMT Customer has taken all reasonable steps to minimize the cost of gas supplies delivered to the Company's system in order to help meet competition. (C)

Where the above criteria are met, the Company may, in its discretion, enter into an agreement setting either: (1) a fixed transportation rate or (2) the basis for determining the transportation rate, for the period of the Service Agreement, which will specify which portion of the rate is being reduced.

If a MMT Customer is a member of a buyer group, bills for each member of a buyer group will be determined individually. Volumes of transportation service in a billing period will be allocated among members of a buyer group pursuant to the Service Agreement. (C)

Volumes delivered as transportation service pursuant to this rate schedule shall be subject to State Tax Adjustment Surcharge.

Residential rates shall be subject to surcharges in accordance with Rider F - LIRA Discount Charge as set forth in this tariff.

For a period of 12 months starting when service hereunder is initiated to the customer the rates for transportation services under this rate schedule shall include an amount per 100 cubic feet equal to the Gas Adjustment Charge included in the currently applicable Purchased Gas rate as specified in Rider A of this tariff, and as adjusted from time to time.

CHARGES FOR TRANSPORTATION BY OTHERS

If furnishing service, pursuant to this Rate Schedule, requires the use of a transportation service provided other than by the Company, any cost incurred by the Company, with regard thereto, shall be billed to MMT Customer by the Company. (C)

CHARGES UNDER OTHER RATE SCHEDULES

The MMT Customer receiving gas transported by the Company under this Rate Schedule shall pay all charges under all other applicable rate schedules and riders, irrespective of whether such Customer, in any billing period, receives only gas transported by the Company, and such Customer shall pay rates under all other applicable rate schedules for any service furnished to the Customer in addition to transportation service under this Rate Schedule. (C)

MAXIMUM DAILY QUANTITY

The "Maximum Daily Quantity" shall be the maximum volume of gas, expressed in Mcf, that, as set forth in a MMT Customer's Service Agreement, may be delivered into the Company's distribution system, during any twenty-four hour period, for transportation by the Company to such Customer as transportation service under this rate schedule. The Company, in its sole discretion and upon request of a MMT Customer, may agree to receive and to transport, during any twenty-four hour period, a volume in excess of the Maximum Daily Quantity as set forth in a Transportation Service Customer's Service Agreement. During any hour of any twenty-four hour period, the Company shall not be required to receive and to transport more than 1/24 of the Maximum Daily Quantity as set forth in a Transportation Service Customer's Service Agreement. (C)

CITY GATE BALANCING

A. City Gate Balancing Requirements

City Gate balancing requirements shall be the responsibility of the party that nominates supply deliveries on behalf of the Customer (the "Supplier"). If the Supplier is not the Customer hereunder, service under this Rate Schedule shall be contingent on the credit worthiness of the Supplier as determined by the Company and the Company's receipt of the Supplier's signed acknowledgement of the rules and regulations governing City Gate balancing as set forth below.

B. City Gate Balancing Services Rules and Regulations

Receipt of natural gas under this Rate Schedule may during critical gas supply periods be limited to the DDQ for individual transportation service Customers. The Customer must deliver or cause to be delivered at the City Gate the DDQ for each day of the month, within the appropriate tolerance bands.

During the winter months (November through March) the DDQ shall be equal to the daily average normalized consumption of the customer for the month. During non-winter months a similar DDQ calculation will be applied with the exception that during certain critical periods (e.g. weekends and holidays during warmer than normal periods) the DDQs may be further reduced to reflect the customer's estimated consumption during critical periods. During all non-critical periods, the Company may reject nominations in excess of 120% of the current daily average delivered volume, as calculated by the Company. Underdeliveries greater than 20% of the applicable DDQ may, based on Supplier's ability to pay, be charged the greater of: (1) 125% of the sum of the currently applicable Natural Gas Supply Charge and Gas Adjustment Charge, or (2) 125% of the market price of natural gas. For purposes of this provision, the market price of gas shall be equal to the Mcf equivalent of the highest price during the month of underdelivery at the "Columbia Gas Appalachia" delivery point in the Appalachian Region as published in the "Daily Price Survey" Section of the daily industry newsletter entitled "Gas Daily". An explanation of the Company's operating procedures with respect to this balancing requirement will be provided in the Company's Operational Procedures Manual. If during any month a Supplier is unable to pay underdelivery charges or a Supplier fails to deliver 80% of the DDQ for any three days or more during the month the Company may no longer permit the Supplier to nominate on behalf of any customer on the Company's system for a period of three months.

C. Operational Flow Orders

During any critical gas supply period in which the Company determines, in its sole discretion, that its ability to accommodate imbalances is restricted or impaired, or the system operational integrity is threatened, an Operational Flow Order ("OFO") shall be issued on a minimum 8 hours notice. Notice of OFOs shall be communicated through the Company's web site and via e-mail to the customer or the Supplier responsible for deliveries to the system.

City Gate deliveries shall be restricted during OFO periods as follows:

(1) City Gate Overdelivery OFO

City Gate Overdelivery OFOs will be issued to restrict overdeliveries at the City Gate. During such a period nominations that exceed the applicable DDQ by 2% shall be rejected.

(2) City Gate Underdelivery OFO

City Gate Underdelivery OFOs will be issued to assure that adequate supplies are delivered to the City Gate. During such a period, the customer or the customer's agent shall be charged the greater of: (1) \$25 per Dth, or (2) the market price of gas for that day which shall be determined by reference to the GAS DAILY INDEX, "Daily Price Survey" for "Appalachia", "Columbia Gas Appalachia".

CHARGES FOR BURNER TIP OVERDELIVERIES

As used in this Rate Schedule, "burner tip overdeliveries" shall mean the cumulative amount by which the volume of gas delivered, since the commencement of transportation service by the Company for the Customer under any rate schedule, to the Company for the Gas Service Customer's account, after adjustment for line losses and after elimination of volumes purchased from the Gas Service Customer by the Company, exceeds the total amount of transportation service volumes taken by the Gas Service Customer from the Company under any rate schedule since the commencement of transportation service for the Gas Service Customer by the Company. Such cumulative burner tip overdelivery shall be computed as of the end of each billing month.

If, at the end of any billing month, the Gas Service Customer has burner tip overdeliveries in excess of 10% of the volume of MMT service gas transported to the Gas Service Customer by the Company in the billing month, the charge for such burner tip overdeliveries up to 37% of the volume of MMT service gas transported to the Gas Service Customer by the Company in the billing month shall be \$0.6351 per Mcf.

For burner tip overdeliveries equal to or more than 37% of the volume of MMT service gas transported to the Gas Service Customer by the Company during the billing month, the charge for such burner tip overdeliveries shall be \$0.7624 per Mcf.

BILLING

Monthly charges, for transportation service pursuant to this rate schedule, are subject to the Late Payment Charges set forth in Section 16 of the Rules and Regulations of this Tariff.

SPECIAL PROVISIONS

A. The volume of gas delivered in to the Company's distribution system, on any day in behalf of Transportation Service Customers for transportation service pursuant to this Rate Schedule, shall be determined by meters and as provided in B, below, at the delivery points specified in the Service Agreement.

If any such point of delivery is also a point at which the Company buys or exchanges gas for the Company's own account through the same meter, the volume of gas delivered into the Company's distribution system, in behalf of Transportation Service Customers for transportation service, shall be deemed in behalf of such Customers, at such point on such day, determined after the adjustment provided in B, below, but shall not be more than the total amount actually delivered, determined after the adjustment provided in B below, through such meter into the Company's distribution system at such point on such day.

B. To compensate for line losses, the volume of gas delivered into the Company's distribution system, shall be determined for purposes of this Rate Schedule, to be equal to 97.5% of the amount indicated by a meter at the point of delivery into the Company's distribution system; provided however, that, where the only Company facilities involved in transporting gas to the MMT Customer are meters, meter installations, house regulators, house regulator installations and industrial measuring and regulating station equipment, no amount shall be deducted as compensation for line losses. (C)

C. Service under this Rate Schedule may be interrupted during periods of supply shortages but only based upon the schedule of priority of curtailment set forth in section 26B of the Rules and Regulations of this tariff.

D. Transportation service under this Rate Schedule may be interrupted or curtailed whenever, in the event of a sudden and unforeseen supply deficiency, the Company invokes emergency curtailment provisions under Tariff Rule 26B.

(C) Indicates Change

E. In the event of interruption or curtailment of transportation service, pursuant to items C and D, above, and during such period of interruption or curtailment, the MMT Customer must sell to the Company all or a portion of the MMT Customer's supply of gas at the higher of (1) the Transportation Service Customer's cost of purchased gas at the point of delivery to the Company or (2) the Company's average cost of purchased gas per Mcf, as determined based upon the Company's Section 1307(f) Rate, which is (D) \$13.0277.

F. If a Gas Service Customer receiving gas transported by the Company uses less than the amount of gas delivered into the Company's system for transportation to such Customer ("excess deliveries"), the Gas Service Customer receiving gas transported by the Company may use such gas during the banking/balancing period defined below, following which the Company shall have the right, but not the obligation, to purchase remaining excess deliveries of gas from the MMT Customer at a rate equal to the lowest of (1) the cost at which it was acquired by the MMT Customer, including pipeline transportation charges, or (2) the Company's average commodity delivered cost of gas to National Fuel Gas Supply Corporation, or (3) the Company's average commodity cost of locally-produced gas during the month when excess deliveries were received by the Company. The cost at which the MMT Customer acquired the gas will be determined from such Customer's contract with the supplier or by a sworn affidavit setting forth the Customer's cost of gas, including cost of delivery of such gas to the Company's system. Upon request by the Company, the MMT Customer will be required to furnish to the Company the MMT Customer's choice of (1) a copy of this contract or (2) an affidavit. The banking/balancing period shall be the three billing months after the billing month in which the Company received excess deliveries in behalf of the Customer.

G. If, in any billing month, the Gas Service Customer uses more gas from the Company than the sum of any overdelivery volumes at the beginning of the billing month and the volume of gas, after adjustment for line losses delivered to the Company for the Customer's account during the billing month, such use in excess of the volume of gas available for transportation service shall be a sale of gas by the Company to the Gas Service Customer under the applicable rate schedule plus applicable surcharge under Rate Schedule SB and shall not be recharacterized as transportation service under any circumstances. The rates for sales of gas shall include the Distribution Charges, Gas Adjustment Charge, and the Natural Gas Supply Charge from the applicable rate schedule, and the applicable surcharge percentage set forth below. In months when the sum of the Natural Gas Supply Charge and the Gas Adjustment Charge is less than the market price of natural gas, the applicable sales rate shall be equal to the sum of the Distribution Charges, the market price of natural gas, and the applicable surcharge percentage applied to this rate. For purposes of this provision, the market price of natural gas shall be equal to the Mcf equivalent of the highest price during the month of excess purchases, at the "Columbia Gas Appalachia" delivery point in the Appalachian Region as published in the "Daily Price Survey" Section of the daily industry newsletter entitled "Gas Daily". The applicable surcharge percentage shall be equal to 25 percent of the retail rates of the applicable sales rate schedule to volumes purchased by transportation customers (in excess of volumes contracted for under Rate Schedule SB) during the billing month ending in December, January, February,

(D) Indicates Decrease

or March and a surcharge equal to 10 percent of the retail rates of the applicable sales rate schedule to volumes purchased by MMT customers (in excess of volumes contracted for under Rate Schedule SB) during the remaining billing months when overruns by transportation customers are authorized by Distribution. (C)

H. Service under this rate schedule shall be available only to the extent that there is sufficient capacity for such service in those portions of the Company's system affected by providing of transportation service including but not limited to, that portion of the Company's system where gas is delivered to the Company and that portion of the Company's system where gas is delivered to the MMT Customer. In determining the Company's ability to provide transportation service, sufficient capacity in the Company's system shall be assumed. If service shall not be supplied, based upon insufficient capacity, the burden shall be on the Company to prove such capacity limitation. (C)

I. Where gas is received by the Company for transportation service pursuant to this Rate Schedule, title to such gas shall remain vested in the MMT Customer for which such gas was received for transportation. The Company's furnishing transportation service for a MMT Customer shall be complete upon delivery of gas received for transportation service, except as provided in E and F, above. (C)

J. The Company shall not be liable, under any circumstances or in any respect, to a Gas Service Customer, MMT Customer, a producer of gas or any other person or entity for damages arising either directly or indirectly from interruption, curtailment or termination of transportation service. (C)

K. Revenue for recovery of purchased gas costs under Rider "A" shall include the product of the portions of the rates under this Rate Schedule for recovery of purchased gas costs times the volumes billed under such rates; provided, however, that any adjustment to rates under this Rate Schedule pursuant to Special Provision L., below, shall be eliminated from rates used to calculate revenues for recovery of purchased gas costs under this Rate Schedule.

L. Rates under this Rate Schedule will be recomputed in, inter alia, each of the Company's annual proceeding under Section 1307(f) of the Public Utility Code. In each proceeding with application periods commencing after July 31, 1994, the portion of rates for recovery of purchased gas costs hereunder shall be computed after increasing or decreasing as appropriate the projected amounts of purchased gas costs to be recovered hereunder by the difference between the amount of purchased gas costs recovered under the Rate Schedule for Daily Metered Transportation Service and the amount that would have been recovered had service been furnished hereunder during the twelve month reconciliation period ended the November 30 prior to the application period.

M. Customers who contract for transportation service under this Rate Schedule shall have the right thereafter to purchase gas from the Company only to the extent that they have contracted for firm service under Rate Schedule SB for Standby Service or under Rate Schedule PSB for Priority Standby Service. Purchases of gas from the Company by MMT customers who have not contracted for service under Rate Schedule PSB shall be subject to both the charges under the applicable sales rate schedule and all provisions of the Rate Schedule SB, including the Special Provisions.

RATE SCHEDULE FOR DAILY METERED TRANSPORTATION SERVICE

DEFINITIONS

- (1) Gas Service Customer - A Gas Service Customer is an entity that is attached to the Company's lines and uses gas in its operations or in its premises;
- (2) DMT - Daily Metered Transportation
- (3) DMT Service Customer - Any entity that has executed a DMT Service Agreement with the Company for transportation of gas by the Company.

AVAILABILITY OF SERVICE

If all of the qualifications (a) through (e) set forth below are met, any entity will be considered a DMT Service Customer under this Rate Schedule.

- (a) The entity that will receive gas transported by the Company (1) has a volumetric requirement of at least 5,000 Mcf per year or (2) belongs to a buyer group of no more than ten customers whose combined usage is at least 5,000 Mcf per year, provided, however, that larger buyer groups shall be permitted upon the mutual agreement of the Company and the customers;
- (b) A DMT service agreement must be executed by the DMT Service Customer in the form prepared by the Company (the "Service Agreement");
- (c) The DMT Service Customer has obtained, or has agreed to obtain, a supply of gas, of a quality acceptable to the Company, from any source of gas;
- (d) The DMT Service Customer has made, or has caused to be made, arrangements by which such volumes of gas can be delivered, either directly or by displacement, on a firm or interruptible basis, into the Company's distribution system; and
- (e) If facilities are required for furnishing of DMT service, in addition to facilities that are required for furnishing of gas service, to a Gas Service Customer, the DMT Service Customer shall have paid, in full, for any additional facilities required to be constructed for furnishing of DMT service, which payment shall not

be subject to refund under any circumstances. The DMT customer shall be required also to pay, in full, for costs of installing daily metering and communications equipment selected by the Company which will enable the Company to obtain each day meter readings of the volume of gas delivered to Distribution for the Customer's account and the volume of gas from Distribution used by the Customer each day. In addition, with regard to daily metering and communications equipment, the Customer shall pay an amount of money to provide for recovery of the present value of the carrying cost of income taxes on the payment for daily metering and communications equipment. Such carrying cost arises from the delay between federal and Pennsylvania income taxation and income tax deductions over the tax life of the equipment and a further amount equal to 72.67% of the carrying cost (based on present income tax rates). If additional facilities are required for furnishing of gas service, customer's payment for additional facilities required for furnishing of gas service shall be governed by Tariff Rule No. 3, "Extension of Facilities", and Tariff Rule No. 5, "Service Lines."

CHARACTER OF SERVICE

Gas, of a quality acceptable to the Company, owned by a DMT Service Customer and delivered, either directly or by displacement, into the Company's distribution system, will be transported, by the Company, to the delivery point designated by the DMT Service Customer.

TERM OF SERVICE AGREEMENT

If the requirements of this Rate Schedule are met, the Company shall offer to enter into a Service Agreement with an initial term of at least one year and successive one-year terms thereafter. The initial term of a Service Agreement may be for less than one year only with the mutual consent of both the DMT Service Customer and the Company. If the initial term of a Service Agreement is for less than one year, successive terms thereafter shall be equal in length to the initial term. Either the DMT Service Customer or the Company may terminate the Service Agreement at the end of a term upon written notice thereof to the other more than thirty (30) days prior to the end of a term; further provided, however, that the Company may terminate a Service Agreement at an earlier date as provided by law by provisions of this Tariff.

(C)

(C)

(C) Indicates Change

MONTHLY RATES

A. Monthly Administration Rate

There shall be a monthly administration rate of \$70.00 for each Non-Residential transportation service customer. There shall be a monthly administration rate of \$12.10 for each Residential transportation service customer. (I)

B. Commodity Rates

For transportation of gas to Residential customers, the monthly rate for transportation of gas both within and outside the Commonwealth of Pennsylvania shall be:

\$2.2700 per Mcf. (I)

For transportation of gas to Commercial and Public Authority Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$2.5435 per Mcf for Small Commercial/Public Authority using not more than 250 Mcf per year. (I)

\$1.9783 per Mcf for Small Commercial/Public Authority using greater than 250 Mcf but not more than 1,000 Mcf per year. (I)

\$1.1876 per Mcf for Large Commercial/Public Authority. (I)

For transportation of gas to Commercial and Public Authority Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$2.5435 per Mcf for Small Commercial/Public Authority using not more than 250 Mcf per Year. (I)

\$1.9783 per Mcf for Small Commercial/Public Authority using greater than 250 Mcf but not more than 1,000 Mcf per year. (I)

\$1.2757 per Mcf for Large Commercial/Public Authority. (I)

For transportation of gas to Small Volume Industrial Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$2.0731 per Mcf for SVIS Customers. (I)

For transportation of gas to Small Volume Industrial Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$2.0731 per Mcf for SVIS Customers. (I)

For Transportation of gas to Intermediate Volume Industrial Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$1.0375 per Mcf for IVIS Customers. (I)

(I) Indicates Increase

Issued: April 5, 2005

Effective: April 15, 2005

For transportation of gas to Intermediate Volume Industrial Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$1.1224 per Mcf for IVIS customers. (I)

For transportation of gas to Large Volume Industrial Customers and any entity that is not a Gas Service Customer, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$0.8308 per Mcf. (I)

For transportation of gas to Large Volume Industrial Customers and any entity that is not a Gas Service Customer, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$0.9245 per Mcf. (I)

For transportation of gas to Large Industrial Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$0.4978 per Mcf. (I)

For transportation of gas to Large Industrial Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$0.4978 per Mcf. (I)

Provided, however, that the Company, in its sole discretion, may reduce by contract the portion of the above rates applicable to the Customer that is for recovery of gas costs or the portion of the rate for recovery of non-gas costs of service if it is reasonably necessary to do so to meet competition from another supplier of energy including gas from another supplier of gas that has constructed, or could construct, facilities to deliver supplies of gas to a Gas Service Customer of the Company without use of the Company's facilities or another transporter of gas. The Company may also reduce the compensation for line losses provided for in Special Provisions paragraph B of this rate schedule in order to meet the competitive circumstances cited above. Provided that any reduced compensation for line loss shall not be established at a level lower than the line loss experienced to serve the customer as estimated by the Company. The Company will reduce the applicable rate only if:

- (a) Either (1) the Customer has facilities in place and operable to use an alternative fuel or obtain gas from an alternative supplier or (2) in the Company's judgment, such facilities would be constructed;

(C) Indicates Change

- (b) Volumes of gas that would be transported by the Company would be displaced by an alternate fuel or an alternative source of gas unless the Company reduces its transportation rates;
- (c) The Company will not reduce the rate for transportation service below the level necessary to transport gas; and
- (d) In the Company's judgment the DMT Service Customer has taken all reasonable steps to minimize the cost of gas supplies delivered to the Company's system in order to help meet competition.

Where the above criteria are met, the Company may, in its discretion, enter into an agreement setting either: (1) a fixed transportation rate or (2) the basis for determining the transportation rate, for the period of the Service Agreement, which will specify which portion of the rate is being reduced.

If a Gas Service Customer is a member of a buyer group, bills for each member of a buyer group will be determined individually. Volumes of transportation service in a billing period will be allocated among members of a buyer group pursuant to the Service Agreement.

Volumes delivered as transportation service pursuant to this rate schedule shall be subject to State Tax Adjustment Surcharge. (c)

Residential rates shall be subject to surcharges in accordance with Rider F - LIRA Discount Charge as set forth in this tariff.

For a period of 12 months starting when service hereunder is initiated to the customer the rates for transportation services under this rate schedule shall include an amount per 100 cubic feet equal to the Gas Adjustment Charge included in the currently applicable Purchased Gas rate as specified in Rider A of this tariff, and as adjusted from time to time.

CHARGES FOR TRANSPORTATION BY OTHERS

If furnishing service, pursuant to this Rate Schedule, requires the use of a transportation service provided other than by the Company, any cost incurred by the Company, with regard thereto, shall be billed to DMT Service Customer by the Company.

CHARGES UNDER OTHER RATE SCHEDULES

The Gas Service Customer receiving gas transported by the Company under this rate schedule shall pay all charges under all other applicable rate schedules and riders, irrespective of whether such Customer, in any billing period, receives only gas transported by the Company, and such Customer shall pay rates under all other applicable rate schedules for any service furnished to the Customer in addition to transportation service under this Rate Schedule.

(C) Indicates Change

CHARGES FOR OVERDELIVERIES'

As used in this Rate Schedule, "overdeliveries" shall mean the cumulative amount by which the volume of gas delivered to the Company for the Customer's account, since the commencement of transportation service by the Company for the Customer under any rate schedule, after adjustment for line losses and after elimination of volumes purchased from the Customer by the Company, exceeds the total amount of transportation service volumes taken by the Customer from the Company under any rate schedule since the commencement of transportation service for the Customer by the Company. Such cumulative overdelivery balance shall be computed each day, and the rates set forth below shall be applied to the maximum daily overdelivery volume occurring during the billing month.

If the DMT Service Customer in any billing month has overdeliveries in excess of two percent of the volume of gas transported for the customer in the billing month, the Customer shall be subject to additional charges each billing month. For a maximum daily overdelivery volume up to 37% of the volume of DMT service gas transported to the Customer by the Company in the billing month, the charge for overdeliveries shall be \$0.6351 per Mcf in excess of two percent of the volume of gas transported for the customer in the billing month. (I)

For overdeliveries equal to or more than 37% of the volume of DMT service gas transported to the Customer by the Company during the billing month, the charge for such excess overdeliveries shall be \$0.7624 per Mcf. (I)

OPERATIONAL FLOW ORDERS

The Company may also issue Operational Flow Orders ("OFOs") which apply to transportation customers receiving service under this rate schedule as follows:

A Restriction on Access to Daily Metered Imbalances

OFOs may be issued to customers receiving service under this rate schedule to assure that adequate supplies are delivered to the Company. During such period, DMT customers shall not be permitted to use banked gas to cover daily underdeliveries in excess of the 2% tolerance during the term of the OFO. Furthermore, in the event an OFO is issued, metered usage in excess of 102% of confirmed deliveries on behalf of the DMT customer to Distribution's city gate, less line loss, shall be deemed a sale of gas by the Company to the customer. All provisions related to the price for such sales, including charges under Rate SB-Standby Service, shall apply.

(I) Indicates Increase

B. Waiver of Overdelivery Charges

The Company may, in its discretion, waive DMT overdelivery charges during or following colder than normal periods and to waive undelivery premiums during or following warmer than normal periods.

MAXIMUM DAILY QUANTITY

The "Maximum Daily Quantity" shall be the maximum volume of gas, expressed in Mcf, as set forth in a DMT Service Customer's Service Agreement, may be delivered into the Company's distribution system, during any twenty-four hour period, for transportation by the Company to such Customer as transportation service under this rate schedule. The Company, in its sole discretion and upon request of a DMT Service Customer, may agree to receive and to transport, during any twenty-four period, a volume in excess of the Maximum Daily Quantity as set forth in a transportation Service Customer's Service Agreement. During any hour of any twenty-four hour period, the Company shall not be required to receive and to transport more than 1/24 of the Maximum Daily Quantity as set forth in a Transportation Service Customer's Service Agreement.

BILLING

Monthly charges, for transportation service pursuant to this rate schedule, are subject to the Late Payment Charges set forth in Section 16 of the Rules and Regulations of this Tariff.

SPECIAL PROVISIONS

A. The volume of gas delivered in to the Company's distribution system, on any day in behalf of Transportation Service Customers for transportation service pursuant to this Rate Schedule, shall be determined by meters and as provided in B, below, at the delivery points specified in the Service Agreement.

If any such point of delivery is also a point at which the Company buys or exchanges gas for the Company's own account through the same meter, the volume of gas delivered into the Company's distribution system, in behalf of Transportation Service Customers for transportation service, shall be deemed to be the volume scheduled by the Company and such Customers to be delivered in behalf of such Customers, at such point on such day, determined after the adjustment provided in B, below, but shall not be more than the total amount actually delivered, determined after the adjustment provided in B below, through such meter into the Company's distribution system at such point on such day.

B. To compensate for line losses, the volume of gas delivered into the Company's distribution system, shall be determined for purposes of this Rate Schedule, to be equal to 97.5% of the amount indicated by a meter at the point of delivery into the Company's distribution system; provided however, that, where the only Company facilities involved in transporting gas to the Gas Service Customer are meters, meter installations, house regulators, house regulator installations and industrial measuring and regulating station equipment, no amount shall be deducted as compensation for line losses.

C. Service under this Rate Schedule may be interrupted during periods of supply shortages but only based upon the schedule of priority of curtailment set forth in section 26B of the Rules and Regulations of this tariff.

D. Transportation service under this Rate Schedule may be interrupted or curtailed whenever, in the event of a sudden and unforeseen supply deficiency, the Company invokes emergency curtailment provisions under Tariff Rule 26B.

E. In the event of interruption or curtailment of transportation service, pursuant to items C and D, above, and during such period of interruption or curtailment, the DMT Service Customer must sell to the Company all or a portion of the DMT Service Customer's supply of gas at the higher of (1) the Transportation Service Customer's cost of purchased gas at the point of delivery to the Company or (2) the Company's average cost of purchased gas per Mcf, as determined based upon the Company's Section 1307(f) Rate, which is \$13.0277.

(D)

F. If a Gas Service Customer receiving gas transported by the Company uses less than the amount of gas delivered into the Company's system for transportation to such Customer ("excess deliveries"), the Gas Service Customer receiving gas transported by the Company may use such gas during the banking/balancing period defined below, following which the Company shall have the right, but not the obligation, to purchase remaining excess deliveries of gas from the DMT Service Customer at a rate equal to the lowest of (1) the cost at which it was acquired by the DMT Service Customer, including pipeline transportation charges, or (2) the Company's average commodity delivered cost of gas to National Fuel Gas Supply Corporation, or (3) the Company's average commodity cost of locally-produced gas during the month when excess deliveries were received by the Company. The cost at which the DMT Service Customer acquired the gas will be determined from such Customer's contract with the supplier or by a sworn affidavit setting forth the Customer's cost of gas, including cost of delivery of such gas to the Company's system. Upon request by the Company, the DMT Service Customer will be required to furnish to the Company the DMT Service Customer's choice of (1) a copy of this contract or (2) an affidavit. The banking/balancing period shall be the three billing months after the billing month in which the Company received excess deliveries in behalf of the Customer.

G. "Underdeliveries" are volumes of gas taken from the Company by a Gas Service Customer in excess of the sum of (1) any excess deliveries of the customer at the beginning of the day and (2) the volume of gas delivered to the Company for the customer's account, after adjustment for line losses less volumes of gas determined to be sales by the Company to the customer. Cumulative underdeliveries, as determined each day, in excess of two percent of the volume of gas delivered by the Company to the customer that day, shall be a sale of gas by the Company to the customer under the applicable rate schedule plus applicable surcharges under Rate Schedule SB and shall not be recharacterized as transportation service under any circumstances. Cumulative underdeliveries of not more than two percent of the volume of gas delivered to a customer by the Company on any day may be offset by volumes of gas delivered to the Company for the customer's account, after adjustment for line losses, in excess of the volume of gas taken by the customer from the Company on subsequent days within the same billing month. The rates for sales of gas shall include the Distribution Charges, Gas Adjustment Charge, and the Natural Gas Supply Charge from the applicable rate schedule, and the applicable surcharge percentage set forth below. In months when the sum of the Natural Gas Supply Charge and the Gas Adjustment Charge is less than the market price of natural gas, the applicable sales rate shall be equal to the sum of the Distribution Charges, the market price of natural gas, and the applicable surcharge percentage applied to this rate.

(D) Indicates Decrease

For purposes of this provision, the market price of natural gas shall be equal to the Mcf equivalent of the highest price during the month of excess purchases, at the "Columbia Gas Appalachia" delivery point in the Appalachian Region as published in the "Daily Price Survey" Section of the daily industry newsletter entitled "Gas Daily". The applicable surcharge percentage shall be equal to 25 percent of the retail rates of the applicable sales rate schedule to volumes purchased by transportation customers (in excess of volumes contracted for under Rate Schedule SB) during the billing month ending in December, January, February, or March and a surcharge equal to 10 percent of the retail rates of the applicable sales rate schedule to volumes purchased by transportation customers (in excess of volumes contracted for under Rate Schedule SB) during the remaining billing months when overruns by transportation customers are authorized by Distribution. (C)

H. Service under this rate schedule shall be available only to the extent that there is sufficient capacity for such service in those portions of the Company's system affected by providing of transportation service including but not limited to, that portion of the Company's system where gas is delivered to the Company and that portion of the Company's system where gas is delivered to the Customer. In determining the Company's ability to provide transportation service, sufficient capacity in the Company's system shall be assumed. If service shall not be supplied, based upon insufficient capacity, the burden shall be on the Company to prove such capacity limitation.

I. Where gas is received by the Company for transportation service pursuant to this Rate Schedule, title to such gas shall remain vested in the Transportation Service Customer for which such gas was received for transportation. The Company's furnishing transportation service for a Transportation Service Customer shall be complete upon delivery of gas received for transportation service, except as provided in E and F, above.

J. The Company shall not be liable, under any circumstances or in any respect, to a Gas Service Customer, Transportation Service Customer, a producer of gas or any other person or entity for damages arising either directly or indirectly from interruption, curtailment or termination of transportation service.

K. Revenues produced by charges to DMT customers for overdeliveries of transportation gas to such customers shall be treated in accordance with Paragraph (b) (11) of Rider "A".

L. Customers who contract for transportation service under this Rate Schedule shall have the right thereafter to purchase gas from the Company only to the extent that they have contracted for firm service under Rate Schedule SB for Standby Service or under Rate Schedule PSB for Priority Standby Service. Purchases of gas from the Company by transportation service customers who have not contracted for service under Rate Schedule PSB shall be subject to both the charges under the applicable sales rate schedule and all provisions of the Rate Schedule SB, including the Special Provisions.

(C) Indicates Change

RATE SCHEDULE FOR CUSTOMER BALANCING AND AGGREGATION

APPLICABLE TO USE FOR:

Service hereunder is available to any party (hereinafter called the Aggregator) which (1) with the consent and appointment of the relevant monthly metered transportation Customer and/or Customers, ("CBA Customer(s)") agrees to assume the primary responsibility of resolving the monthly imbalances of Customers served under monthly metered rate schedules (2) meets the requirements for creditworthiness as established by the Company, and (3) has entered into a CBA Service Agreement with the Company. CBA Customers are limited to a single CBA agreement.

CHARACTER OF SERVICE:

To the extent that any imbalance occurs between the actual deliveries (including sales under the Company's Standby Sales Service and Transportation Sales Service as well as usage of previous month's overdeliveries) and actual usage of gas by a CBA Customer for which the Aggregator has assumed the primary responsibility for such imbalance pursuant to this Rate Schedule CBA, the CBA Customer under the applicable transportation service shall not be responsible, absent default of the Aggregator, for the cost of such imbalances. Service under this Rate Schedule shall permit the Aggregator to resolve the net effect of imbalances allocated to the Aggregator's CBA service agreement for the month in which the Customers have incurred such imbalances.

SERVICE PROVISIONS:

1. CBA Imbalance

For the Customers included in the Aggregator's CBA Service Agreement, ("CBA Group") the Company will net all the imbalances for which the Aggregator is responsible pursuant to this Rate Schedule into a single imbalance ("CBA Imbalance").

2. Resolution of CBA Imbalances

At the close of the billing month the Company will send a bill to the Aggregator, payable on receipt, for the administrative fee and any CBA Imbalance that is incurred under each CBA Service Agreement.

CUSTOMER BALANCING AND AGGREGATION - Continued

a. Imbalances Resulting in Net Burner Tip Overdeliveries

For CBA Imbalances which result in a net overdelivery of volumes of gas by a CBA Group during the month, the Company shall have the right to purchase, at the Aggregator's request, the amount of gas above the no charge overdelivery tolerance level included in the transportation services of the Aggregator's CBA Customers at a rate equal to the lowest commodity price the Company offers to pay for monthly spot purchases of gas produced directly into the Company's system.

b. Imbalances Resulting in Net Burner Tip Underdeliveries

During authorized overrun periods for CBA Imbalances which result in a net underdelivery of volumes of gas by a CBA Group during the month, the Company shall charge the Aggregator for such deficiency. During the billing period ending in December, January, February or March the rate charged for underdelivery imbalances shall be 135% of the higher of: (1) the sum of the Natural Gas Supply Charge and the Gas Adjustment Charge, or (2) the market price of gas. During the remaining billing months the rate charged for underdelivery imbalances shall be 120% of the higher of: (1) the sum of the Natural Gas Supply Charge and the Gas Adjustment Charge, or (2) the market price of gas. For purposes of this provision the market price of gas shall be equal to the Mcf equivalent of the highest price during the month of excess purchase of the Gas Daily index, "Daily Price Survey" for "Appalachia", "Columbia Gas Appalachia".

During the billing month ending in December, January, February or March when Distribution has announced that overrun service is not available Suppliers shall be subject to a \$25 per Mcf penalty applicable to all gas purchased from Distribution.

c. Exchange of Net Imbalances

An Aggregator may exchange an imbalance due the Company under its CBA Service Agreement with an imbalance due from another Aggregator under another CBA Service Agreement for like transportation services. Exchange of imbalances shall be accomplished upon notification of the exchange by the applicable Aggregator before the CBA Imbalance resolution due dates. Upon request of the Aggregator, the Company will provide other Aggregators with information regarding the Aggregator's imbalance status for the month. Exchanges of imbalances between CBA Service Agreements will be charged an exchange fee as set forth below.

CUSTOMER BALANCING AND AGGREGATION - Continued

d. Deliveries of CBA Net Burner Tip Overdelivery Imbalances During Subsequent Months.

When operationally feasible, and only if, in the sole judgement of the Company, such transaction will not jeopardize or impair service to firm service customers; the Company may allow a transportation Customer to receive net overdelivery imbalances of a CBA Group for transportation to the Customer within the Company's territory in later months. The Company may purchase said overdelivery volumes pursuant to Paragraph 2.a. above upon request by the Aggregator. Absent a Company accepted request to purchase the net overdelivery, the Company will require that overdelivery volumes be transported to the customer in later months. Such delivery of Net CBA overdelivery imbalances will be charged a fee as set forth below.

RATES:

1. Administrative Charges

The Company will charge the Aggregator an administrative fee of \$100.00 per month for each CBA Service Agreement executed with the Company.

2. Exchange Fee

The Company will charge the Aggregator an exchange fee of \$0.05 per Mcf for each Mcf transferred from and \$0.05 per Mcf for each Mcf transferred to a CBA Group.

3. CBA Delivery Charge

For each Mcf of net overdelivery imbalance gas, which exceeds the overdelivery imbalance tolerance level included in the transportation services of the Aggregator's CBA Customers, delivered on behalf of the Aggregator for the account of a transportation Customer(s), the Company will charge a rate equal to the interruptible storage rate (on an Mcf basis) which is charged by National Fuel Gas Supply Corporation at the time of delivery.

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. 55 to
Gas - Pa. P.U.C. No. 9
First Revised Page No. 118D
Canceling Original Page No. 118D

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NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

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NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

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NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

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NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

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NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

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DISTRIBUTION CORPORATION

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RESERVED FOR FUTURE USE

RATE SCHEDULE SATC
SMALL AGGREGATION TRANSPORTATION CUSTOMER SERVICE

APPLICABLE TO USE FOR

Service hereunder is available on or after October 30, 2001 to any qualified customer ("SATC Customer" or "Customer") that has enrolled to receive gas supply service from a qualified supplier under the Company's Small Aggregation Transportation Supplier Service ("SATS Supplier" or "Supplier").

CHARACTER OF SERVICE

Through the procedures and provisions of this Small Aggregation Transportation rate schedule SATC Customers will contract for service with a SATS Supplier and be served by such Supplier for an established term ending at the SATC Customer's meter reading in April (April billing cycle). The enrollment period and service starting dates will be as specified in Rate Schedule SATS.

The Company will maintain a list of SATS Suppliers including appropriate contact information as provided by the SATS Supplier. This list will be made available to customers upon request.

The Company will bill the SATC Customer for transportation services rendered by the Company for the SATC Customer.

Customers shall not participate in both the LIRA pilot and the Small Aggregation Transportation Customer Service program.

RATES AND CHARGES

A. Customer Transportation Service Rates

The Company will provide transportation services to deliver gas supplies to the SATC Customer(s). The Customer shall be billed the charges for the transportation services rendered for it at the appropriate charges provided herein for which service the SATC Customer qualifies.

The SATC Customer shall pay the following transportation charges for the transportation of gas. The commodity rates set forth below contain a component, presently \$0.03078 per Ccf, for the recovery of purchased gas demand costs and shall be adjusted pursuant to Rider A of the tariff. Such purchased gas costs collected through these rates shall be included as revenues for the recovery of purchased gas costs as specified in Rider A of this tariff. (I)

(I) Indicates Increase

RATE SCHEDULE SATC
SMALL AGGREGATION TRANSPORTATION CUSTOMER SERVICE (Cont.)

1. Residential Transportation Rates

SATC Customers that meet the qualifications under the Residential Service Rate Schedule classification:

Rates per Residential SATC Customer per Month:

\$12.00	Basic Service Charge	
.30751	per 100 cu. ft. for the first 5,000 cu. ft.	(I)
.22534	per 100 cu. ft. for all over 5,000 cu. ft.	(I)

2. Commercial and Public Authority Transportation Rates

SATC Customers that meet the qualifications under the Commercial and Public Authority Service Rate Schedule classification:

a. Rates per Commercial/Public Authority customer per month for "Small" Commercial/Public Customers using not more than 250,000 cubic feet per year:

\$17.00	Basic Service Charge	(I)
.29119	per 100 cu. ft. for the first 5,000 cu. ft.	(I)
.26072	per 100 cu. ft. for all over 5,000 cu. ft.	

b. Rates per Commercial/Public Authority customer per month for "Small" Commercial/Public Customers using greater than 250,000 cubic feet but not more than 1,000,000 cubic feet per year:

\$26.50	Basic Service Charge	(I)
.22661	per 100 cu. ft. for the first 20,000 cu. ft.	(I)
.21349	per 100 cu. ft. for all over 20,000 cu. ft.	

c. Rates per Commercial/Public Authority customer per month for "Large" Commercial/Public Customers:

\$121.01	Basic Service Charge	(I)
.15831	per 100 cu. ft. for the first 300,000 cu. ft.	(I)
.14880	per 100 cu. ft. for the next 1,700,000 cu. ft.	(I)
.13137	per 100 cu. ft. for all over 2,000,000 cu. ft.	

(I) Indicates Increase

RATE SCHEDULE SATC
SMALL AGGREGATION TRANSPORTATION CUSTOMER SERVICE (Cont.)

3. Small Volume Industrial Service Transportation Rates

SATC Customers that meet the qualifications under the Small Volume Industrial Service Rate Schedule classification:

Rates per Small Volume Industrial Service SATC Customer per Month:

\$65.60	Basic Service Charge	
.22838	Per 100 cu. ft.	(I)

4. Intermediate Volume Industrial Service Transportation Rates

SATC Customers that meet the qualifications under the Intermediate Volume Industrial Service Rate Schedule classification:

Rates per Intermediate Volume Industrial Service SATC Customer per Month:

\$149.00	Basic Service Charge	(I)
.17815	per 100 cu. ft. for the first 100,000 cu. ft.	(I)
.13995	per 100 cu. ft. for the next 1,900,000 cu. ft.	(I)
.11005	per 100 cu. ft. for all over 2,000,000 cu. ft.	(I)

B. Miscellaneous Customer Surcharges

1. Gas Adjustment Charges

For a period of 12 months starting when service hereunder is rendered to the SATC Customer by the SATS Suppliers, the rates for transportation services under this service classification shall include an amount per 100 cubic feet equal to the Gas Adjustment Charge included in the currently applicable Purchased Gas rate as specified in Rider A of this tariff.

2. Transition costs associated with FERC Order No. 636. The rates for service rendered pursuant to the service classification shall be subject to a monthly transition cost surcharge as described in Rider D to this tariff.

3. Residential rates shall be subject to surcharges in accordance with Rider F - LIRA Discount Charge as set forth in this tariff.

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

(I) Indicates Increase

RATE SCHEDULE SATC
SMALL AGGREGATION TRANSPORTATION CUSTOMER SERVICE (Cont.)

SPECIAL PROVISIONS

(C)

A. Qualified Suppliers

Customers under this service classification may only receive service from qualified SATS Suppliers. Such qualified SATS Suppliers are required, among other things, to meet the Consumer Protections requirements of the SATS Rate Schedule.

B. Termination of SATS Supplier

If the SATS Supplier serving the SATC Customer is terminated the SATC Customer shall be served by the Company under the appropriate sales service rate schedule for all services provided after the termination of the Supplier. The Company is the Supplier of Last Resort ("SOLR"). As such, it will sell gas supplies to customers who have not chosen an alternative National Gas Supplier, choose to be supplied by the Company or whom Natural Gas Suppliers have declined to serve, provided that the customer has met all of the terms and conditions for receiving service set forth in this tariff.

C. Restriction of Customer Information Provided to Suppliers

The Company may not release customer information to a third party unless the customer has been notified of such intent and has been provided a method to restrict the release of private information. Customers may restrict the provision of information by returning a signed form, orally or electronically.

The customer may choose to restrict the release of customer information according to one of the following two restriction options:

1. Restrict the release of only the customer's historical billing data.
2. Restrict the release of all private customer information including name, billing address, service address, rate class, rate sub-class, account number and historical billing data.

Telephone numbers may not be released to third parties under any circumstances.

(C) Indicate Change

D. Customer Rights as to the Handling of Complaints

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

E. Billing in the Event of a SATS Supplier Default

In the event of a default or discontinuance by a SATS Supplier, the Company will charge the customer the rate agreed to by the SATS Supplier and the customer for the remainder of the billing period, provided that the Company either has available or is provided the agreed upon rate by the Supplier or the Commission, and the Company will recover any difference between its costs and the SATS Supplier rate charged to the customer solely from the SATS Supplier or its bond or other security.

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE

APPLICABLE TO USE FOR

Service hereunder is available on or after October 30, 2001 to any supplier ("SATS Supplier" or "Supplier") which has obtained the consent and appointment of a group of at least 50 relevant customers or a group of relevant customers whose volumes total at least 5,000 Mcf on an annual basis ("SATC Customer(s)" or "SATC Customer Group"), and agrees to assume the primary responsibility for the gas supply obligations for that group of SATC Customers. (C)

CHARACTER OF SERVICE

Through the procedures and provisions of this Small Aggregation Transportation Supplier rate schedule qualified SATS Suppliers will contract for service with qualified SATC Customers and shall serve such SATC Customers for an established term ending at the conclusion of the SATC Customer's meter reading in April (April billing cycle).

The Company will bill the Supplier for aggregation services (including any purchases of Company gas) provided to the Supplier.

RATES AND CHARGES

A. Supplier Aggregation Charges

The SATS Supplier shall be billed the charges for the aggregation services rendered for it at the appropriate Supplier aggregation charges provided herein.

A SATS Service Agreement will allow Suppliers under this service classification to aggregate supplies to serve individual qualified SATC residential customers and qualified SATC non-residential customers.

(C)

(C) Indicates Change

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

(C)

1. Billing Service Charges

The rate to be charged by the Company to the Supplier for Standard Billing Service shall be \$0.20 for each bill rendered to an SATC Customer for the Supplier.

The Company shall provide the Supplier receiving Standard Billing Service with meter reading information and other reports in the Company's standard electronic format on a basis corresponding to the SATC Customer's billing cycles. The Supplier shall provide the Company with all required Supplier billing and rate information necessary for customer billing as determined by the Company. The Supplier shall provide such billing information in the Company's required format. The Supplier shall provide Supplier billing information no later than three business days before the last day of the month.

The Company will bill the SATC Customer for gas supplies sold by the Supplier to the Customer subject to the Supplier entering into a billing service contract with the Company. Payments made by the Customer under the billing service will be applied first to amounts to past service due under an amortization agreement with the Company, next to current bills due to the Company, next to gas supply charges owed to the Supplier, next to charges for other non-regulated service charges, and lastly to any "neighbor for neighbor" contribution. The terms and charges for the Supplier billing services other than Standard Billing Services may be negotiated between the Company and the Supplier. The Company shall be under no obligation to provide the Supplier billing services other than Standard Billing Services if mutually agreeable terms and charges cannot be negotiated.

The Company, at its option, may purchase the accounts receivable from participating Suppliers at a discount to be negotiated with the Supplier.

SPECIAL PROVISIONS

A. Gas Quality

Gas delivered by the Supplier must satisfy the quality specifications of the pipelines used to transport Supplier's gas. For deliveries to the Company, such deliveries must be made at an appropriate Company facility located within the Territory, as described in this tariff, or at another point or points acceptable to the Company.

B. Allowance for Losses

As allowance for losses incurred in the process of delivery, the Supplier shall provide the Company with a volume of gas equal to 2.50% of the amount delivered to the Company. In addition, for deliveries into Company capacity retained pursuant to Sections C.3. and C.5., Suppliers shall provide incremental quantities of gas equal to the amount of retainage required to transport gas from the receipt point into such Company retained capacity to the entry point to the Company's system ("City Gate").

(C) Indicates Change

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

C. Total Upstream Capacity Requirements for SATS Suppliers

SATS Suppliers shall be required to provide sufficient firm pipeline transportation and storage capacity to meet the estimated extreme day requirements of their SATC Customer groups as further described below. The SATS Suppliers' estimated extreme day requirements of their SATC Customer Group used for Supplier capacity allocations and requirements shall be based on a fifty-five (55) degree day extreme peak day calculation. The Company shall utilize peaking and temperature swing storage capacity retained by the Company and recovered through SATC rates to provide for any variances between actual and forecasted usage and for any peak delivery requirements for days colder than fifty-five (55) degree days. (I)

Such sufficient pipeline transportation and storage capacity shall be provided through the following means:

1. Released ESS Storage Capacity and Associated EFT Capacity

a. Requirements To Be Met Through ESS Storage

57% of extreme peak day requirements shall be provided through the Company's ESS storage and associated EFT transportation capacity on NFGSC. Such NFGSC storage and transmission capacity shall be released to SATS Suppliers at the maximum rate under the pipeline's FERC gas tariff. (D)

b. Initial Assignment of ESS Storage Capacity

Each year, interested SATS Suppliers may request an initial assignment of storage capacity, based on the percentage set forth at C.1.a. above, to meet the Supplier's estimate of market share for the upcoming winter period. The request deadline for such assignments will be March 15 for an effective date of April 1. Fifteen days prior to the close of nominations for the month of November, the Company will reduce the quantity of storage capacity released to match the SATS Supplier's revised winter requirements based on the number of SATC Customers aggregated by the Supplier, to be effective November 1, and such capacity to be returned to the Company shall include an equal volume of storage gas. The Company shall compensate the SATS Supplier for such storage gas transferred at a price equal to the Company's lowest monthly weighted average commodity cost of gas delivered to the Company's City Gate during the previous storage injection period (April through October), plus applicable storage demand capacity charges since April 1 for such returned volumes. The SATS Supplier shall be responsible for all taxes and pipeline fees associated with moving or transferring the storage gas to the Company.

(I) Indicates Increase
(D) Indicates Decrease

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

c. Additional Assignments of ESS Storage Capacity

If additional SATC Customers join a SATS Supplier's SATC Customer Group, or if a Supplier requests and the Company grants an assignment of storage capacity after the initial assignment period described at C.1.b. above, the Company will release additional capacity as required, based on the percentage set forth at C.1.a. above. In addition, the SATS Supplier will be required to pay the Company for storage gas transferred and all taxes and pipeline fees associated with moving or transferring the storage gas to the Supplier. The storage gas transfer rate shall be the sum of (1) the higher of the Company's fiscal year weighted average cost of gas (including all pipeline demand and storage costs), or the Market Price of gas for that day which shall be determined by reference to The Gas Daily Index, "Daily Price Survey" for "Appalachia," "Columbia Gas Appalachia," plus all transportation costs to the Company's City Gate, plus (2) the Demand Transfer Recovery Rate ("DTR rate"). The DTR rate shall equal the per Mcf System Average Unrecovered Demand Charge revenue beginning in the month of April through the initial month that storage capacity is released to the Supplier. The System Average Unrecovered Demand Charge Revenue shall equal the sum of the differences between the average demand charge revenues and the average fixed demand costs beginning the month of April through the initial month that storage capacity is released to the Supplier.

The DTR by month shall be as follows:

Capacity Transfer Month	DTR \$/Mcf	
April	\$0.00	
May	\$0.00	
June	\$0.00	
July	\$0.00	
August	\$0.00	
September	\$0.00	
October	\$0.00	
November	\$0.41	(I)
December	\$0.64	(I)
January	\$0.50	(I)
February	\$0.20	(I)
March	\$0.00	

(I) Indicates Increase

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

c. Additional Assignments of ESS Storage Capacity (Cont.)

All revenues received from such storage gas transfers shall be credited as revenues for the recovery of purchased gas costs as specified in Rider A of this tariff.

Storage gas shall be transferred with released capacity as follows:

<u>Capacity Transfer Month Ending</u>	<u>Volumes of Storage Gas Transferred as a Percentage of Released Capacity</u>
April	14.29%
May	28.57%
June	42.86%
July	57.14%
August	71.43%
September	85.71%
October	98.00%
November	92.00%
December	80.00%
January	50.00%
February	22.00%
March	0.0%

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

d. Return of ESS Storage Capacity

If a SATS Supplier that has received released storage capacity in the prior year elects, effective April 1, to return storage capacity to the Company or a third party subject to recall by the Company, the Supplier may either (1) transfer the remaining storage gas to a third party, subject to applicable pipeline requirements and charges; or (2) transfer the storage gas to the Company at the lesser of (a) 95% of the Company's lowest monthly weighted average commodity cost of gas during the previous storage injection period (April through October), plus associated variable transportation cost to NFGSC's City Gate; or (b) 95% of the Market Price of gas for that day which shall be determined by reference to the Gas Daily Index, "Daily Price Survey" for "Appalachia," "Columbia Gas Appalachia," plus associated variable transportation costs to the Company's City Gate. The SATS Supplier shall be responsible for all taxes and pipeline fees associated with moving or transferring the storage gas to the Company. (C)

If a Supplier's SATS Agreement is canceled or terminated, the Company will recall ESS storage and associated EFT transmission capacity that has been released to the Supplier unless either: (1) the Company no longer requires the ESS storage and associated EFT transmission capacity to serve sales and Energy Select customers or (2) the Company can obtain or has obtained satisfactory substitute storage and related transmission capacity at a lower cost. The Company shall have the right but not the obligation to purchase the remaining storage gas at the lesser of (a) 95% of the Company's lowest monthly weighted average commodity cost of gas during the previous injection period (April through October), plus associated variable transportation costs to NFGSC's City Gate and a proportionate share of storage demand capacity charges on such volumes since April 1; or (b) 95% of the Market Price of gas for that day which shall be determined by reference to the Gas Daily Index, "Daily Price Survey" for "Appalachia," "Columbia Gas Appalachia," plus associated variable transportation costs to the Company's City Gate and proportionate storage demand capacity charges on such volumes since April 1. The SATS Supplier shall be responsible for all taxes and pipeline fees associated with moving or transferring the storage gas to the Company. (C)

e. Required ESS Storage Inventory Levels

Suppliers will be required to follow a schedule set out by the Company such that the particular storage levels are obtained throughout the year, to assure the Supplier's SATC customers' needs are met by the Supplier.

In addition to meeting the City Gate balancing requirements set forth below, Suppliers must meet minimum storage inventory level of 29% at May 31, 43% at June 30, 57% at July 31, 72% at August 31, 86% at September 30, 98% at October 31, 92% at November 30, a minimum inventory level of 80% at December 31, a minimum of 50% on January 31, a minimum of 22% on February 28 and a minimum of 17% on March 15. Any deficiency will be automatically adjusted by the Company to meet the required level. The Supplier will be charged per Mcf for such automatic adjustment at the higher \$7.00 per Mcf or the Market Price of gas for that day which shall be determined by reference to The Gas Daily Index, "Daily Price Survey" for "Appalachia", "Columbia Gas Appalachia", plus all transportation costs to the Company's City Gate. (C)

(C) Indicates Change

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

e. Required ESS Storage Inventory Levels (Con't.)

The Supplier shall be required to provide the Company with the permission necessary to allow the Company to obtain access to the Supplier's storage balance information to provide assurance of compliance with the monthly storage inventory requirements.

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

2. Released Transmission Capacity Not Included in SATC Transportation Rates

43% of extreme peak day requirements is to be provided by the release of pipeline capacity upstream of NFGSC and the release of associated EFT transportation capacity on NFGSC which is not included in transportation rates. All such capacity shall be released to SATS Suppliers, and SATS Suppliers shall take such released capacity, at the maximum rate under the pipeline's FERC gas tariff. To the extent that the actual demand cost per Dth of such upstream pipeline transmission capacity agreed to be released is greater than the Company's weighted average demand cost per Dth of upstream pipeline transmission capacity not included in transportation rates, the SATS Supplier shall receive a credit for such difference in capacity costs for the billing month. To the extent that the actual demand cost per Dth of such upstream pipeline transmission capacity agreed to be released is less than the Company's weighted average demand cost per Dth of the upstream pipeline transmission capacity not included in transportation rates, the Supplier shall be surcharged for such difference in capacity costs for the billing month. These credits and charges will be reflected in the Company's purchased gas cost rate under Rider A of this tariff. The actual pipeline capacity path upstream of NFGSC to be released to the Supplier by the Company shall be designated by the Company from its available capacity. The Company will attempt to accommodate a Supplier's request for particular capacity on a first-come first-serve basis. (I)

The weighted average demand cost of upstream capacity shall be \$11.1452/Dth. (D)

For capacity termination notices, prior to the termination notice date of any capacity contract in this Section C.2., the Company will issue a request for proposals to qualified Suppliers under this tariff to determine if the Company should terminate, renew, or replace such contract, in whole or in part.

The Company will terminate a proportionate share of the capacity contract if: (1) Suppliers demonstrate that they will provide comparable firm capacity to serve the Company's core customers, (2) the Suppliers agree to assign such comparable capacity at the contracted price to the Company upon Company request if such capacity is required to meet supply requirements of SATC Customers due to the termination of the SATS Supplier pursuant to Section H.1 or if the Supplier has reduced the level of delivery requirements from the previous periods requirements; and 3) the Commission approves such comparable capacity. Comparable capacity must have firm rights for at least the seven (7) winter months, and such capacity must have primary delivery rights into available primary receipt rights on NFGSC held by the Company. Comparable capacity must have firm capacity rights sufficient in volume and duration (with renewal rights) to serve the customers to be served by the SATS Supplier.

(D) Indicates Decrease
(I) Indicates Increase

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

If the Company terminates capacity included in this Section C.2., the requirement to take released capacity pursuant to this Section C.2. shall be adjusted downward for the Supplier that replaces the terminated capacity to reflect such termination. Corresponding changes will be made in Section C.4.

3. Capacity Upstream of NFGSC Included in Transportation Rates

0% of extreme peak day requirements is to be provided by a SATS Supplier's maximum daily delivery into allocated upstream pipeline receipt points which the Company has retained ("Company Retained Upstream Capacity") and the cost of which capacity is included in transportation rates. The actual pipeline point upstream of NFGSC to be made available to the Supplier by the Company shall be designated by the Company. The Company will respond to requests for particular capacity and receipt points on a first-come first-serve basis and will reallocate capacity each April.

4. SATS Supplier Provided Capacity

0% of the extreme peak day requirements is to be provided by a SATS Supplier's own firm capacity upstream of NFGSC. The percentage provided by SATS Supplier's own firm capacity upstream of NFGSC is subject to increases if the Company terminates capacity as specified in Section C.2. The Supplier shall assign such SATS Supplier capacity to the Company upon Company request if such capacity is required to meet supply requirements of SATC Customers due to the termination of the SATS Supplier pursuant to Section H.1 or if the Supplier has reduced the level of delivery requirements from the previous period requirements. The Company will release to the SATS supplier EFT capacity on NFGSC at the maximum rate under NFGSC's FERC gas tariff equivalent to the peak day requirements to be provided by the SATS Supplier's own firm capacity.

5. NFGSC Capacity Included in Transportation Rates

The Company will deliver all upstream pipeline deliveries associated with Special Provisions Sections C.3 above through the NFGSC EFT capacity retained by the Company and included in transportation rates.

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

D. City Gate Balancing

1. Determination of Daily Delivery Quantities and Aggregate Daily Delivery Quantities

The Company, based upon each SATC Customer's historical load profile and/or estimates of consumption as applied to any forecasted weather, shall determine a SATS Supplier's SATC Customer's projected weather normalized consumption for a given period; either monthly, weekly, or daily. Based upon this projected consumption and based on the system requirement to manage storage capacity retained by the Company to meet temperature swings, the Company will determine each SATC Customer's Daily Delivery Quantity (DDQ) and the Company will also determine the Supplier's SATC Customer Group's Aggregate Daily Delivery Quantity (ADDQ) by summing all DDQs of the SATC Customers in the Supplier's SATC Customer Group. The DDQs and ADDQ so calculated will be used to determine the Supplier's daily delivery obligations at the Company City Gate. Such ADDQ shall not exceed the capacity available to the SATS Supplier as determined under Special Provisions Sections C1, C2, C3 and C4. The DDQs and ADDQs shall also be used to determine the specific rates and charges as outlined in this rate schedule.

A SATS Supplier taking service under this rate schedule accepts the Company's calculation of the DDQ and/or ADDQ. The Company shall not be liable for the difference between the projected consumption and the consumption determination by the Company.

2. Delivery Requirements

Deliveries of natural gas at the City Gate under this rate schedule both from direct deliveries at the City Gate under Special Provisions Section C.1. and as a result of deliveries to upstream pipeline transfer points made under Special Provisions Sections C.2., C.3, and C.4. shall be made to meet the DDQs for all customers in a SATS Supplier's SATC Customer Group (the ADDQ) within a tolerance band described below. The Company will deliver to each individual SATC Customer the Customer's requirements.

To the extent the Supplier's City Gate deliveries differ from the ADDQ provided to the Supplier by the Company then a City Gate Imbalance shall occur ("Imbalance") and charges for such Imbalance will be incurred as described below.

The Company is not obligated to accept any quantities nominated by Supplier in excess of its SATC Customer Group's ADDQ.

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

3. City Gate Imbalance Charges

For City Gate deliveries by the SATS Supplier that differ from the applicable ADDQ, the Supplier will incur the following charges:

a. Charges for Daily City Gate Underdeliveries

i. For Daily City Gate underdeliveries up to or equal to two (2) percent of the applicable ADDQ, there will be no charge.

ii. For Daily City Gate underdeliveries in excess of two (2) percent of the applicable ADDQ during the Summer Period (April through October), the charge for the gas supplied by the Company to make up for the underdeliveries shall be equal to the higher of \$7.00 per Dth or 110% of the Market Price of gas for that day which shall be 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)

iii. For Daily City Gate underdeliveries in excess of two (2) percent of the applicable ADDQ during the Winter Period (November through March), the charge for the gas supplied by the Company to make up for the underdeliveries shall be equal to the higher of \$10.00 per Dth or 110% of the Market Price of gas for that day which shall be 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)

iv. During OFO periods, the charges described in Section G herein shall apply in addition to those charges specified in this Section D.3.

b. Charges for Daily City Gate Overdeliveries

There shall be no charges for Daily City Gate overdeliveries of up to two (2) percent of the applicable ADDQ, however, any such overdeliveries in excess of two (2) percent of the applicable ADDQ may be rejected by the Company in its sole discretion.

E. Burner Tip Imbalances

1. Aggregation of Customer Burner Tip Imbalance

For the SATC customers included in the SATS Supplier's SATC Customer Group, the Company will net all the imbalances for which the Supplier is responsible pursuant to this rate schedule into a single monthly imbalance ("SATS Imbalance"). (C)

(C) Indicates Change

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

2. Resolution of Burner Tip Imbalances

The Company will resolve monthly burner tip imbalances through either a rollover to subsequent months or a cash-out. Unless the Supplier elects the cashout option, the default method of Burner Tip imbalance resolution will be the rollover option.

(C)
(C)
(C)

a. Rollover Option

At the close of the billing month, the Company will calculate the SATS Imbalance, as described above, for each SATC Customer Group. The Company shall adjust the applicable ADDQ for the next following month that operating conditions permit, upward to reconcile a net deficiency in the billing month, or downward to reconcile a net surplus in the billing month.

b. Cash Out Option

i. Burner Tip Imbalances Resulting in Net Overdelivery

For SATS Imbalances which result in a net overdelivery of volumes of gas for a SATC Customer Group during the month, the Company shall have the right to purchase, without further notice, the amount of overdelivery at a rate equal to the lowest commodity price the Company offers to pay for monthly spot purchases of gas produced directly into the Company's system.

ii. Burner Tip Imbalances Resulting in Net Underdelivery

For SATS Imbalances which result in a net underdelivery of volumes of gas for a SATC Customer Group during the month, the Company shall charge the Supplier for the gas supplied by the Company to make up for the underdeliveries a charge equal to the higher of \$7.00 per Dth or 110% of the Market Price of gas for that day which shall be 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)

F. System Maintenance Order ("SMO")

1. Issuance of SMOs

The Company shall issue System Maintenance Orders from time to time which assure that gas is flowing to the City Gate where and when needed. Such SMOs shall include but not be limited to orders to deliver gas at any or all of the points obtained by or allocated to Suppliers in Special Provisions Section C.3 above, to deliver gas at particular primary points into NFGSC, or into the particular primary points of the Company Retained Upstream Capacity, as well as orders to deliver additional gas to or from storage. Should SATS Suppliers fail to comply with such SMOs then the Company shall issue OFOs as described below.

C) Indicates Change

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

2. Communication of SMOs

SMOs will be communicated to the Supplier through the Company's electronic communications facilities ("ECF") with four hours advanced notice. Such notice will be supplemented by the use of internet E-mail notification to a Supplier's Internet address.

G. Operational Flow Order ("OFO")

1. Issuance of OFOs

The Company reserves the right to issue Operational Flow Orders as necessary to preserve the operational integrity of its system. Such OFOs may include, but shall not be limited to the following: a requirement to flow gas to or from storage on NFGSC, and a requirement to flow gas to the Supplier's primary receipt points on NFGSC.

2. Charges for Violation of OFOs

In addition to all other charges due the Company, any gas not delivered by SATS Supplier in violation of any OFO issued under this Section G may be assessed a charge of the higher of \$25 per Dth or the Market Price of gas for that day which shall be determined by references in The Index, "Daily Price Survey" for "Appalachia", "Columbia Gas Appalachia" plus all transportation costs to the Company's City Gate. (C)

3. Communication of OFOs

OFOs will be communicated to the Supplier through the Company's ECF with four hours advanced notice. Such notice will be supplemented by the use of internet E-mail notification to a Supplier's Internet address.

H. Termination of Service for Failure to Deliver Daily Quantity

1. The Company shall have the right to terminate service under this rate schedule to any Supplier that fails for any three (3) days to deliver at least ninety (90) percent of the applicable ADDQ for the Supplier's SATC Customer Group, measured during a single thirty-day period ("Terminated Supplier"). The Terminated Supplier, at the Company's option, may be prohibited from receiving service under this rate schedule for the greater of 6 months or until such time as another Enrollment Period as defined in Section J.1. is established by the Company. Such Terminated Supplier's SATC Customers will be served by the Company with the obligation that the gas supplies in storage and the capacity reserved for those customers shall be transferred to the Company through sale and recall as follows:

(C) Indicates Change

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

a. Upon notice by the Company to the Terminated Supplier, the Company at its option may recall the capacity that it has released to the Terminated Supplier; and or require release of the Supplier's capacity as provided under Section C.4.

b. Inventory remaining in storage shall be sold to the Company at a price equal to the Company's lowest monthly weighted average commodity cost experienced over the last twelve months.

c. The Terminated Supplier shall be responsible for any and all fees and taxes associated with moving or transferring the storage inventory to the Company.

d. Any failure to comply with the provisions under Sections H.1.a., H.1.b., H.1.c., and C.4. will result in the permanent ineligibility to receive service under this Rate Schedule.

e. Supplier's SATC customers may be notified by the Company as to the impending transfer to Company service, together with a statement that the transfer is the result of the Supplier's failure to perform as required. The Company shall recover the cost of such notice from the Supplier by either, (1) adjusting the inventory sales price described in Section H.1.b., or (2) drawing down the Supplier's security deposit (or other security instrument).

I. Supplier Qualification Criteria

1. Service under this Rate Schedule is contingent upon the SATS Supplier meeting the Company's creditworthiness standards. Applicants for service hereunder will be required to complete a Credit Application for evaluation by the Company based on the criteria set forth in this tariff. The results of the creditworthiness checks performed by the Company will be communicated to the applicant within two weeks of the Company's receipt of the properly completed application.

2. The SATS Supplier's application shall include a description of the SATS Supplier's operational capability for meeting the requirements of its SATC Customer Group. The Company shall then make a determination as to whether this capability is sufficient.

3. SATS Suppliers shall also describe in the application the means by which they will handle marketing and billing for 50 or more customers. Alternatively, SATS Suppliers may identify a third party and describe how such party will handle such tasks. The Company shall then make a determination as to whether this capacity is sufficient.

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

4. SATS Suppliers shall include with their application payment of a non-refundable \$500 fee.

5. SATS Suppliers shall also include with their application a copy of their intended pro forma contract for their prospective SATC Customers (minus confidential pricing provisions) demonstrating inclusion of the provisions set out in Section K herein.

J. SATS Supplier Obligations

1. Suppliers may enroll customers for service commencing with the SATC Customer's meter reading in any month. Service to the SATC Customer shall begin at the start of the customer's billing cycle after enrollment confirmation has been provided by the Company.

2. Once qualified, SATS Suppliers will be obligated to notify the Company on a weekly basis during the Enrollment Period of those customers enrolled in the Suppliers' SATC Customer Groups.

3. When a customer requests to change its SATS Supplier, upon receiving direct oral confirmation or written authorization to change the SATS Supplier, the customer's new SATS Supplier shall notify the Company by the end of the next business day following completion of the application process.

4. Enrollment shall occur electronically, however, each SATS Supplier will be obligated to keep on file either oral or written evidence of each customer's enrollment with that Supplier, which evidence shall be available for Company review at any time, upon 24 hours' notice. The Company will provide the SATC Customer with a letter confirming enrollment, if the Customer notifies the Company within 10 days of issuance of the confirmation letter that the Customer does not wish to be served by the SATS Supplier, the enrollment for the Customer will be rescinded.

5. To the extent a SATS Supplier's SATC Customer at any time is not served any longer by that SATS Supplier and is then the responsibility of the Company, effective upon the transfer of that customer to the Company, the Company shall have the option to recall capacity released to the Supplier under Special Provisions Section C.1 and C.2 or require assignment of capacity under Special Provisions Section C.4.

6. Any customer may identify persons authorized to make changes to the customer's account. To accomplish this, the customer provides the Company with a signed document identifying by name those persons who have the authority to initiate a change of the customer's SATS Supplier. A document signed by the customer whose sole purpose is to obtain the customer's consent to change natural gas suppliers shall be accepted as valid and result in the initiation of the customer's request. Documents not considered as valid include, but are not limited to, canceled checks, signed entries into contests and documents used to claim prizes won in contests.

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

7. SATS Suppliers agree to abide by any other specific requirements in the Company's Aggregation Application as such is approved by the Public Utility Commission.

K. Consumer Protections

In addition to satisfying the criteria set out in Sections I and J above, SATS Suppliers seeking to obtain service hereunder to sell gas to customers must demonstrate to the Company that they will meet the following requirements:

1. Contracts between SATS Suppliers and residential SATC Customers will contain specific language advising customers that the following consumer protections (Sections K.2-5.) will be provided by the Supplier.

2. The SATS Supplier has established a dispute resolution process satisfactory to the Company. Questions or complaints received by the Company will be processed to determine the nature of the dispute, and then forwarded as appropriate to the SATS Supplier. The Company shall provide the Commission's Competition Hotline phone number to each SATC Customer who has submitted a question or complaint concerning the SATS Supplier.

3. The bills rendered by the SATS Supplier will be clear and in plain language and shall meet the billing information requirements of Chapter 56 of the Commission's regulations, including the requirement that bills contain a statement directing the customer to "register any question or complaint about the bill prior to the due date," with the Company telephone number where the customer may initiate the inquiry or complaint. The Supplier shall submit a sample bill to the Company.

4. The SATS Supplier shall provide SATC Customers with minimum payment periods required by the Commission's regulations; i.e. residential customers shall have 20 days to pay and commercial customers shall have 15 days. If a customer fails to pay by the due date, the Supplier shall notify the SATC Customer by mail that failure to pay will result in transfer to the Company in 15 days, whereupon the Company has the ability to terminate service for non-payment in accordance with the Commission's regulations.

5. Procedures are in place to ensure residential SATC Customers receive adequate prior notice of termination of gas supply services. The procedures must provide that notifications be sent to the residential SATC Customer(s) and to the Company at least 15 days before discontinuation of supply service to allow residential SATC Customers the opportunity to pay the overdue bill. Customers will only be transferred from a Supplier to the Company upon the "Control Date" for such customer, as such is established by the Company.

6. For SATS Suppliers exiting the program ("Exiting Suppliers") and who intend to no longer serve SATC Customers, in addition to those protections noted in Section K.5, such Exiting Suppliers shall provide written notice to its SATC Customers and the Company sixty (60) days before its exits. The notice shall include information regarding the SATC Customers' ability to choose another SATS Supplier, assurances service will be provided by the Company and information regarding payment of their first bill.

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

L. SATS Service Agreement

The initial term of the SATS Service Agreement between the Company and the SATS Supplier shall be for an annual period ending March 31 and renewable annually for successive one-year terms unless canceled by default of any terms or conditions hereof, or by the Company or the Supplier on sixty (60) days written notice prior to the end of a term, or otherwise by mutual agreement. A SATC Customer shall be obligated to contract with Suppliers for terms ending with the customer's April billing cycle. Notice for termination of such contracts shall be a matter to be determined by the SATS Supplier and SATC Customer.

M. Force Majeure

SATS Supplier will be excused from delivering the required daily quantity of supply on any given day for Force Majeure events which directly and substantially affect a SATS Supplier's natural gas deliveries to the Company and for which alternate supply arrangements cannot be obtained by SATS Supplier or, if the SATS Supplier is unsuccessful in obtaining alternate supplies, for which the Company cannot obtain supplies on behalf of the SATS Supplier. For supplies provided by the Company, the SATS Supplier shall be charged the higher of 125% of the Residential purchased gas cost (commodity and demand) identified in Rider A or the highest price reported in the "Appalachia", "Columbia Gas Appalachia" index of the Gas Daily "Daily Price Survey" plus all transportation costs to the Company's City Gate for each day such alternate supplies are delivered on behalf of SATS Supplier. For purposes of this rate schedule, a Force Majeure event will be any failure of the final pipeline delivering gas to the Company or an upstream pipeline feeding such pipeline, with such failure having been classified as a Force Majeure event pursuant to the terms of that pipeline's Federal Energy Regulatory Commission approved tariff. The advent of the Year 2000 or any leap year, and any events or disruptions related to the advent of the Year 2000 or any leap year, shall not constitute a "Force Majeure" event or otherwise be treated as Force Majeure. A Force Majeure event that curtails the SATS Supplier's assigned firm transportation service on an upstream pipeline that ultimately feeds a downstream pipeline, which directly and substantially affects a SATS Supplier's natural gas deliveries to the Company, and for which no alternative supplies are available from the Company or other sources will excuse a SATS Supplier from performing pursuant to this rate schedule to the extent of such curtailment. If at such time the SATS Supplier is delivering gas to other customers on the same interstate pipeline system, the volume excused from performance on the Company's system will be no more than a proportionate amount of the affected deliveries curtailed by the Force Majeure event. The SATS Supplier is responsible for supplying complete information and verifiable proof of all the particulars requested by the Company related to any such Force Majeure exclusion. (C)

(C) Indicates Change

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

In order to validate a claim of Force Majeure, the SATS Supplier must have a firm, non-interruptible service with the affected pipeline that is covered by the Force Majeure event and must be willing to present such agreements to the Company.

Volumes not delivered pursuant to this Special Provision must be made up by SATS Supplier as soon as possible at a delivery rate to be established by the Company. Any curtailed volumes which are not made-up within thirty (30) days will be sold to SATS Supplier at a rate of \$10.00 per Mcf.

N. Title to Gas

Supplier warrants that, at the time of delivery of gas to the Company's City Gate or at the receipt point in to the Company Retained Upstream Capacity pursuant to Special Provisions Section C.3., Supplier or Customer shall have good title to deliver all volumes made available.

O. Control and Possession

After Supplier delivers gas or causes gas to be delivered to the Company, the Company shall be deemed to be in control and possession of the gas until it is redelivered to the Customer at Customer's meter.

P. 24 Hour Availability

Supplier shall include on the SATS Service Agreement a phone number by which Supplier can be reached on a twenty-four (24) hour basis.

Q. Nominations of Supplies

For deliveries into Company Retained Upstream Pipeline Capacity pursuant to Section C.3., Supplier shall notify the Company through the Company's ECF one hour in advance of the deadline the Company has to submit nominations to upstream transporters of any and all information required by upstream transporters to nominate, confirm, and schedule gas on their facilities.

R. Service Quality Guidelines

Suppliers shall adhere to the Public Utility Commission standards for credit determination, deposits, initiation and discontinuation of service as specified in the Public Utility Commission's Maintaining Service Quality Guidelines at Docket No. M-00991249F0003.

S. Customer Information Disclosure Guidelines

Suppliers shall adhere to the Public Utility Commission standards related to disclosure of terms of service, marketing, advertising and sales practices, and privacy of customer information as specified in the Public utility Commission's Customer Information Disclosure Guidelines at Docket No. M-00991249F0005.

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

T. Billing in the Event of a SATS Supplier Default

In the event of a default or discontinuance by a SATS Supplier, the Company will charge the customer the rate agreed to by the SATS Supplier and the customer for the remainder of the billing period, provided that the Company either has available or is provided the agreed upon rate by the Supplier or the Commission, and the Company will recover any difference between its costs and the SATS Supplier rate charged to the customer solely from the SATS Supplier or its bond or other security.

U. Standards of Conduct

The Company and Suppliers shall comply with the following requirements.

1. The Company shall apply its tariffs in a nondiscriminatory manner to its affiliated Supplier and any nonaffiliated Supplier.

2. The Company shall not apply a tariff provision in any manner that would give its affiliated Supplier an unreasonable preference over other Suppliers with regard to matters such as scheduling, balancing, transportation, storage, curtailment, capacity release and assignment, or nondelivery, and all other services provided to its affiliated Supplier.

3. Mandatory tariff provisions shall not be waived by the Company for any Suppliers absent prior approval of the Commission.

4. If a tariff provision is not mandatory or provides for waivers, the Company shall grant the waivers without preference to its affiliated Supplier or non-affiliated Supplier.

5. The Company shall maintain a chronological log of tariff provisions for which it has granted waivers. Entries shall include the name of the party receiving the waiver, the date and time of the request, the specific tariff provision waived and the reason for the waiver. The chronological log shall be open for public inspection during normal business hours.

6. The Company shall process requests for distribution services promptly and in a nondiscriminatory fashion with respect to other requests received in the same or a similar period. The Company shall maintain a chronological log showing the processing of requests for transportation services. The chronological log shall be open for public inspection during normal business hours.

7. If the Company provides a distribution service discount, fee waiver or rebate to its favored customers, or to the favored customers of its affiliated Supplier, the Company shall offer the same distribution service discount, fee waiver or rebate to other similarly situated customers. Offers shall not be tied to any unrelated service, incentive or offer on behalf of either the Company or its affiliated Supplier. A chronological log shall be maintained showing the date, party, time and rationale for the action. The chronological log shall be open for public inspection during normal business hours.

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

8. Subject to customer privacy or confidentiality constraints, the Company shall not disclose, directly or indirectly, any customer proprietary information to its affiliated Supplier unless authorized by the customer. To the extent that the Company does disclose customer information without customer authorization, it shall contemporaneously provide this same information to other similarly situated Suppliers in a similar fashion so as not to selectively disclose, delay disclosure, or give itself or its affiliated Supplier any advantage related to the disclosure. A chronological log shall be maintained showing the date, time and rationale for the disclosure. The chronological log shall be open for public inspection during normal business hours.

9. The Company shall justly and reasonably allocate to its affiliated Supplier the costs or expenses for general administration or support services provided to its affiliated Supplier.

10. The Company shall not condition or tie the provision of any product, service or price agreement by the Company (including release of interstate pipeline capacity) to the provision of any product or service by its affiliated Supplier.

11. The Company shall not give its affiliated Supplier preference over a non-affiliated Supplier in the provision of goods and services including processing requests for information, complaints and responses to service interruptions. The Company shall provide comparable treatment in its provision of such goods and services without regard to a customer's chosen Supplier.

12. The Company and its affiliated Supplier shall maintain separate books and records. Further, transactions between the Company and its affiliated Supplier shall not involve cross-subsidies. Any shared facilities shall be fully and transparently allocated between the Company function and the affiliated Supplier function. The Company accounts and records shall be maintained such that the costs incurred on behalf of an affiliated Supplier may be clearly identified.

13. The Company employees who have responsibility for operating the distribution system, including natural gas delivery or billing and metering, shall not be shared with an affiliated Supplier, and their offices shall be physically separated from the office(s) used by those working for the affiliated Supplier. Such the Company employees may transfer to an affiliated Supplier provided such transfer is not used as a means to circumvent these interim standards of conduct.

14. Neither the Company nor its affiliated Supplier shall directly or by implication, falsely and unfairly represent to any customer, Supplier or third party that an advantage may accrue to any party through use of the Company's affiliates or subsidiary, such as:

a. That the Commission regulated services provided by the Company are of a superior quality when services is purchased from its affiliated Supplier; or

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

b. That the merchant services (for natural gas) are being provided by the Company when they are in fact being provided by an affiliated Supplier;

c. That the natural gas purchased from a non-affiliated Supplier may not be reliably delivered;

d. That natural gas must be purchased from an affiliated Supplier to receive Commission regulated services.

15. When the affiliated Supplier markets or communicates to the public using the Company name or logo, it shall include a legible disclaimer that states:

a. That the affiliated Supplier is not the same company as the Company;

b. That the prices of the affiliated Supplier are not regulated by the Commission; and

c. That a customer does not have to buy natural gas or other products from the affiliated Supplier in order to receive the same quality service from the Company.

When an affiliated Supplier advertises or communicates verbally through radio or television to the public using the Company name or logo, the affiliated Supplier shall include at the conclusion of any such communication a legible disclaimer that includes all of the disclaimers listed in this paragraph.

16. Except in competitive bid situations the Company shall not (a) jointly market or jointly package its Commission regulated services with the services of an affiliated Supplier or (b) offer or provide to its affiliated Supplier products or services, including bill inserts in the Company bills promoting an affiliated Supplier's services or a link from the Company's web-site, unless the Company offers or provides the products or service to all non-affiliated Suppliers on the same terms and conditions.

17. The Company shall not offer or sell natural gas commodity or capacity to its affiliated Supplier without simultaneously posting the offering electronically on a source generally available to the market or otherwise making a sufficient offer to the market. The Company shall maintain a chronological log of these public disseminations. The chronological log shall be open for public inspection during normal business hours.

18. The Company shall keep a chronological log of any complaints, excepting paragraph 9, regarding discriminatory treatment of Suppliers. This chronological log shall include the date and nature of the complaint and the resolution of the complaint. The chronological log shall be open for inspection during normal business hours.

19. Dispute Resolution Procedures (with the exception of paragraph 9, which are exclusively under the purview of the Commission):

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

- a. Any dispute between a Supplier, and/or an affiliated Supplier, and a non-affiliated Supplier alleging a violation of any of these Standards of Conduct provisions, the Supplier must provide the Company and/or affiliated Supplier, as applicable, a written Notice of Dispute that includes the names of the parties and customer(s), if any, involved and a brief description of the matters in dispute.
- b. Within five (5) days of the Company's and/or affiliated Supplier's receipt of a Notice of Dispute, a designated senior representative of each of the parties shall attempt to resolve the dispute on an informal basis.
- c. In the event the designated representatives are unable to resolve the dispute by mutual agreement within thirty (30) days of said referral, the dispute shall be referred for mediation through the Commission's Office of Administrative Law Judge. A party may request mediation prior to that time if it appears that informal resolution is not productive.
- d. If mediation is not successful, then the matter shall be converted to a formal proceeding before a Commission Administrative Law Judge.
- e. Any Party may file a complaint concerning the dispute with the Commission under relevant provisions of the Public Utility Code.
- f. Parties alleging violations of these standards may pursue their allegations through the Commission's established complaint procedures. A complainant bears the burden of proof consistent with 66 Pa. C.S. §332 (relating to Public Utility Code) in regard to the allegations and may impose penalties for such violations pursuant to 66 Pa.C.S. § 3301.

V. Customer Dispute Procedures Relating to Unauthorized Changes of Suppliers.

1. When a customer contacts Company or a Supplier and alleges that his/her Supplier has been changed without consent, the party contacted shall:
 - a. Consider the matter a customer registered dispute.
 - b. Investigate and respond to the dispute consistent with the requirements found in §§56.151 and 56.152 (relating to utility company dispute procedures).

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

2. When the customer's dispute has been filed within the first two billing periods since the customer should reasonably have known of a change of Suppliers and the dispute investigation establishes that the change occurred without the customer's consent, the customer shall not be responsible for any Supplier charges rendered during that period. If the customer has made payments during this period, the Supplier responsible for initiating the change of supplier shall issue a complete refund within 30 days of the close of the dispute. The refund or credit provision applies only to the natural gas supply charges.

3. A customer who has had a Supplier changed without having consented to that change shall be switched back to the original Supplier for no additional fee. Any charges involved in the switch back to the prior Supplier shall be the responsibility of the Supplier that initiated the change without the customer's consent.

4. Should a customer file an informal complaint with the Commission alleging that the customer's Supplier was changed without the customer's consent, the Bureau of Consumer Services will issue an informal decision that includes a determination of customer liability for any Supplier bills or administrative charges that might otherwise apply, rendered since the change of the Supplier.

5. The provisions of this section do not apply in instances when the customer's service is discontinued by the Supplier and subsequently provided by the Company because no other Supplier is willing to provide service to the customer.

6. Company and Suppliers shall preserve all records relating to unauthorized change of Supplier disputes for a period of three years from the date the customers filed the dispute. These records shall be made available to the Commission or its staff upon request.

RIDER A
SECTION 1307(f) PURCHASED GAS COSTS
PROVISION FOR RECOVERY OF PURCHASED GAS COSTS

Rates for each Mcf (1,000 cubic feet) of gas supplied under Residential, Low Income Residential Assistance Service, Commercial and Public Authority, Commercial and Public Authority Load Balancing Service ("LBS"), Small Volume Industrial, Intermediate Volume Industrial, Intermediate Volume Industrial LBS, Large Industrial, Large Industrial LBS, Large Volume Industrial, Large Volume Industrial LBS and Natural Gas Vehicle Service rate schedules of this tariff, shall include \$11.3271 per Mcf for recovery of purchased gas commodity costs, calculated in the manner set forth below, pursuant to Section 1307(f) of the Public Utility Code. (D)

Rates for each Mcf (1,000 cubic feet) of gas supplied under Residential, Commercial and Public Authority, Small Volume Industrial Service, Intermediate Volume Industrial, Large Volume Industrial Service, Large Industrial Service and Standby Service rate schedules of this tariff, shall include \$1.4083 per Mcf for recovery of purchased gas demand costs, calculated in the manner set forth below, pursuant to Section 1307(f) of the Public Utility Code. (I)

Rates for each Mcf (1,000 cubic feet) of gas transported under the Small Aggregation Transportation Customer Rate Schedule shall include \$0.3078 per Mcf for the recovery of purchased gas demand costs. (I)

Such rates for gas service shall be increased or decreased, from time to time, as provided by Section 1307(f) of the Public Utility Code and the Commission's regulations, to reflect changes in the level of purchased gas costs.

The amounts per Mcf for recovery of purchased gas costs (commodity and demand) included in rates under each rate schedule of the tariff are as follows:

	Distribution		Gas Adjustment	Natural Gas	
	Total	Charges	Charge	Supply Charge	
Residential	\$13.0432	\$0.3078	(\$0.0059)	\$12.7413	(D)
Low Income Residential Assistance Service	\$13.0432	\$0.3078	(\$0.0059)	\$12.7413	(D)
Commercial/Public Authority	\$13.0432	\$0.3078	(\$0.0059)	\$12.7413	(D)
Small Volume Industrial	\$13.0432	\$0.3078	(\$0.0059)	\$12.7413	(D)
Intermediate Volume Industrial	\$13.0432	\$0.3078	(\$0.0059)	\$12.7413	(D)
Large Volume Industrial	\$13.0432	\$0.3078	(\$0.0059)	\$12.7413	(D)
Large Industrial	\$13.0432	\$0.3078	(\$0.0059)	\$12.7413	(D)
Standby	\$0.2296				
Priority Standby	\$0.4876				
Small Aggregation Transportation Customer Rate Schedule	\$0.3078	\$0.3078			(I)

(D) Indicates Decrease
(I) Indicates Increase

COMPUTATION OF PURCHASED GAS COMMODITY COSTS PER MCF INCLUDED IN NATURAL GAS
SUPPLY CHARGES

Purchased gas commodity costs, per Mcf, shall be computed to the nearest one-hundredth cent (0.01¢) in accordance with the formula set forth below:

$$PGCC = \frac{(CC)}{(S)}$$

Purchased gas commodity costs, so computed, shall be included in Natural Gas Supply Charge rates charged to customers for gas service under the Residential, Commercial and Public Authority, Commercial and Public Authority Load Balancing Service ("LBS"), Small Volume Industrial, Intermediate Volume Industrial, Intermediate Volume Industrial LBS, Large Industrial, Large Industrial LBS, Large Volume Industrial and Large Volume Industrial LBS Service rate schedules for an initial period determined by the Commission and for consecutive twelve month periods beginning August 1 of each year thereafter, unless such period is revised by the Commission. The amount of purchased gas commodity costs, per Mcf, will vary, if appropriate, based upon annual filings, by the Company, pursuant to Section 1307(f) of the Public Utility Code and such supplemental filings as may be required or be appropriate under Section 1307(f) or the Commission's regulations adopted pursuant thereto.

In computing purchased gas commodity costs, per Mcf, pursuant to the formula, above, the following definitions shall apply:

"PGCC" - purchased gas commodity costs determined to the nearest one-hundredth cent (0.01¢) to be included in rates for each Mcf of gas supplied under Residential, Low Income Residential Assistance Service, Commercial and Public Authority, Commercial and Public Authority Load Balancing Service ("LBS"), Small Volume Industrial, Intermediate Volume Industrial, Intermediate Volume Industrial LBS, Large Industrial, Large Industrial LBS, Large Volume Industrial, Large Volume Industrial LBS and Natural Gas Vehicle Service rate schedules of this tariff.

"CC" - the estimated current commodity cost of gas, determined as follows:

(a) for all type of purchased gas, project the commodity cost for each purchase (adjusted for net current gas stored) for the projected period when rates will be in effect plus (b) the arithmetical sum of (1) the projected book value of noncurrent gas at the beginning of the computation year minus (2) the projected book value of noncurrent gas at the end of the computation year. This factor shall include no amount for purchased gas demand or winter requirement charges of an interstate pipeline company.

"S" - projected Mcf of gas to be billed to customers under the commodity charges of the Residential, Commercial and Public Authority, Commercial and Public Authority Load Balancing Service ("LBS"), Small Volume Industrial, Intermediate Volume Industrial, Intermediate Volume Industrial LBS, Large Industrial, Large Industrial LBS, Large Volume Industrial and Large Volume Industrial LBS Service rate schedules of this tariff during the period when rates will be in effect.

COMPUTATION OF PURCHASED GAS DEMAND COSTS PER MCF OF GAS INCLUDED IN NATURAL GAS SUPPLY CHARGES UNDER THE RESIDENTIAL, COMMERCIAL AND PUBLIC AUTHORITY, SMALL VOLUME INDUSTRIAL, INTERMEDIATE VOLUME INDUSTRIAL, LARGE VOLUME INDUSTRIAL, LARGE INDUSTRIAL AND STANDBY SERVICE RATE SCHEDULES

Purchased gas demand costs, per Mcf, to be included in Natural Gas Supply Charge rates under Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Volume Industrial, Large Industrial and Standby rate schedules shall be computed to the nearest one-hundredth cent (0.01c), in accordance with the formula set forth below:

$$PGDC = \left(\frac{(DC)}{(S - (SBS))} \right)$$

Purchased gas demand costs, so computed, shall be included in the rates charged to customers for gas service, pursuant to the Residential, Commercial and Public Authority, Small Volume Industrial Service, Intermediate Volume Industrial Service, Large Volume Industrial Service, Large Industrial Service and Standby Service rate schedules, for an initial period determined by the Commission and for consecutive twelve-month periods beginning August 1 of each year thereafter unless such period is revised by the Commission. The amount of purchased gas demand costs, per Mcf, will vary, if appropriate, based upon annual filings, by the Company, pursuant to Section 1307(f) of the Public Utility Code and such supplemental filings as may be required or be appropriate under Section 1307(f) or the Commission's regulations adopted pursuant thereto.

In computing purchased gas demand costs, per Mcf, pursuant to the formula, above, the following definitions shall apply:

"PGDC" - purchased gas demand costs determined to the nearest one-hundredth cent (0.01c) to be included in rates for each Mcf of gas supplied under Residential, Commercial and Public Authority, Small Volume Industrial Service, Intermediate Volume Industrial Service, Large Volume Industrial Service, Large Industrial Service and Standby Service rate schedules of this tariff.

"DC" - the estimated current demand cost of gas, determined by projecting, for all types of purchased gas, the total demand and winter-requirement charges from any interstate pipeline company or any other source of gas supply purchased by the Company for the projected period when rates will be in effect less projected current purchased gas demand cost revenue recovered through Distribution charges.

"S" - projected Mcf to be billed to customers during the projected period under the Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Industrial and Large Volume Industrial Service rate schedules.

"SBS" - projected Mcf volume to be billed to customers during the projected period under the Standby Service rate schedule.

COMPUTATION OF PURCHASED GAS DEMAND COSTS PER MCF OF GAS INCLUDED IN THE DISTRIBUTION CHARGES UNDER THE SALES RATE SCHEDULES AND THE RATE SCHEDULE SMALL AGGREGATION TRANSPORTATION CUSTOMER SERVICE

Purchased gas demand costs transportation, per Mcf, to be included in Distribution Charges under the Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Industrial and Large Volume Industrial Service rate schedules and the Rate Schedule Small Aggregation Transportation Customer Service shall be computed to the nearest one-hundredth cent (0.01c), in accordance with the formula set forth below:

$$\text{PGDCT} = \frac{(\text{DCT} + \text{DEDC})}{(\text{S} + \text{SATCV}) - (\text{SBS})}$$

"PGDCT" - Purchased gas demand costs transportation, per Mcf, to be included in Distribution Charges under the Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Industrial and Large Volume Industrial Service rate schedules and the Rate Schedule Small Aggregation Transportation Customer Service.

"DCT" - the estimated current demand cost of gas, determined by projecting, for all types of demand purchased gas capacity costs included in the Distribution Charges for Sales Service Rate Schedules and the Small Aggregation Transportation Customer Service Rates, the total usage, demand and winter-requirement charges from any interstate pipeline company or any other source of gas supply purchased by the Company for the projected period when rates will be in effect.

"DEDC" - experienced net overcollection or undercollection of purchased gas demand costs included in the Distribution Charges. Such experienced net overcollection or undercollection shall be determined for the most recent period permitted under law which shall begin with the month following the last month which was included in the previous over-under collection calculation reflected in rates.

The annual filing date shall be the date specified by the Company's Section 1307(f) tariff filing and not the date established by the Commission for pre-filing of certain information pursuant to 52 Pa. Code Sections 53.64(b)(1) and 53.65.

Supplier demand refunds received will be included in the calculation of "DE" with interest added at the annual rate of six percent (6%) calculated from the month received to the effective month such refund is refunded.

"S" - projected Mcf to be billed to customers during the projected period under the Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Industrial and Large Volume Industrial Service rate schedules.

"SATCV" - projected Mcf to be transported to customers during the projected period under the Small Aggregation and Transportation Rate Schedule.

"SBS" - projected Mcf volume to be billed to customers during the projected period under the Standby Service rate schedule.

COMPUTATION OF OVER AND UNDER COLLECTED PURCHASED GAS COSTS PER MCF OF GAS TO BE INCLUDED IN THE GAS ADJUSTMENT CHARGE UNDER THE RESIDENTIAL, COMMERCIAL AND PUBLIC AUTHORITY, SMALL VOLUME INDUSTRIAL, INTERMEDIATE VOLUME INDUSTRIAL, LARGE VOLUME INDUSTRIAL, LARGE INDUSTRIAL, AND STANDBY SERVICE RATE SCHEDULES

Over and under collected gas costs, per Mcf, to be included in the Gas Adjustment Charge included in rates under Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Volume Industrial, Large Industrial, Small Aggregation Transportation Customer, and Standby rate schedules shall be computed to the nearest one-hundredth cent (0.01c), in accordance with the formula set forth below:

$$GAC = \frac{(CE + DE)}{(S1 + SATCV1)}$$

In computing the gas adjustment charge, per Mcf, pursuant to the formula above, the following definitions will apply:

"GAC" - gas adjustment charge determined to the nearest one-hundredth cent (0.01¢) to be included in rates for each Mcf of gas supplied under Residential, Low Income Residential Assistance Service, Commercial and Public Authority, Commercial and Public Authority Load Balancing Service ("LBS"), Small Volume Industrial, Intermediate Volume Industrial, Intermediate Volume Industrial LBS, Large Industrial, Large Industrial LBS, Large Volume Industrial, Large Volume Industrial LBS, Natural Gas Vehicle Service, Small Aggregation Transportation Customer rate schedules of this tariff.

"CE" - experienced net overcollection or undercollection of purchased gas commodity costs. For the initial filing, pursuant to 1307(f) of the Public Utility Code, in order to achieve an orderly transition from Gas Cost Rate procedures to Section 1307(f) procedures, such experienced net overcollection or undercollection, to be reflected in rates effective September 1, 1985, shall be the net overcollection or undercollection arising under the Gas Cost Rate procedure. The amount of such net overcollection or undercollection shall include the historic net amount as of March 31, 1985 together with the projected net overcollection or undercollection for the five-month period ending August 31, 1985.

After the transition from the Gas Cost Rate procedures, established pursuant to the Commission's order of October 1, 1978 at M-78050055, (52 Pa P.U.C. 217) as amended, to procedures established pursuant to Section 1307(f) of the Public Utility Code, such experienced net overcollection or undercollection shall be determined for the most recent period permitted under law which shall begin with the month following the last month which was included in the previous over-under collection calculation reflected in rates.

The annual filing date shall be the date specified by the Company's Section 1307(f) tariff filing and not the date established by the Commission for pre-filing of certain information pursuant to 52 Pa. Code Sections 53.64(b)(1) and 53.65.

Supplier commodity refunds received will be included in the calculation of "CE" with interest added at the annual rate of six percent (6%) calculated from the month received to the effective month such refund is refunded.

"DE" - experienced net overcollection or undercollection of purchased gas demand costs. For the initial filing, pursuant to 1307(f) of the Public Utility Code, in order to achieve an orderly transition from Gas Cost Rate procedures to Section 1307(f) procedures, such experienced net overcollection or undercollection, to be reflected in rates effective September 1, 1985, shall be the net overcollection or undercollection arising under the Gas Cost Rate procedure. The amount of such net overcollection or undercollection shall include the historic net amount as of March 31, 1985 together with the projected net overcollection or undercollection for the five-month period ending August 31, 1985.

After the transition from the Gas Cost Rate procedures, established pursuant to the Commission's order of October 1, 1978 at M-78050055, (52 Pa P.U.C. 217) as amended, to procedures established pursuant to Section 1307(f) of the Public Utility Code, such experienced net overcollection or undercollection shall be determined for the most recent period permitted under law which shall begin with the month following the last month which was included in the previous over-under collection calculation reflected in rates.

The annual filing date shall be the date specified by the Company's Section 1307(f) tariff filing and not the date established by the Commission for pre-filing of certain information pursuant to 52 Pa. Code Sections 53.64(b)(1) and 53.65.

Supplier demand refunds received will be included in the calculation of "DE" with interest added at the annual rate of six percent (6%) calculated from the month received to the effective month such refund is refunded.

"S1" - projected Mcf of gas to be billed to customers under the natural gas supply charges of the Residential, Commercial and Public Authority, Commercial and Public Authority Load Balancing Service ("LBS"), Small Volume Industrial, Intermediate Volume Industrial, Intermediate Volume Industrial LBS, Large Industrial, Large Industrial LBS, Large Volume Industrial and Large Volume Industrial LBS Service rate schedules of this tariff during the period when rates will be in effect. For a period of twelve months sales volumes associated with former SATC customers returning to sales service shall be excluded from the projected Mcf used in this calculation.

"SATCV1" - Projected customer volume to be transported for the first twelve months of transportation service to former sales customers during the projected period under the Small Aggregation Transportation Rate Schedule.

DETERMINATION OF OVER/UNDERCOLLECTION OF GAS COSTS

The Company shall determine separate commodity cost and demand cost over/undercollections. In computing the experienced over/undercollection of purchased gas demand and commodity costs for a period defined by the Commission, the following procedure shall be used:

- (a) All experienced purchased gas costs, actually incurred by the Company to serve customers pursuant to all rate schedules of this tariff shall be included as costs of purchased gas and shall be identified as demand or commodity costs;
- (b) The following amount shall be included as purchased gas commodity or purchased gas demand revenues for recovery of gas costs:
 - (1) An amount determined by multiplying commodity volumes billed under the Residential, Low Income Residential Assistance Service, Commercial and Public Authority, Commercial and Public Authority Load Balancing Service ("LBS"), Small Volume Industrial, Intermediate Volume Industrial, Intermediate Industrial LBS, Large Industrial, Large Industrial LBS, Large Volume Industrial, Large Volume Industrial LBS and Natural Gas Vehicle rate schedules, for the applicable over/undercollection period, times the PGCC component excluding E Factor; plus
 - (2) An amount determined by multiplying commodity volumes billed under the Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Volume Industrial and Large Industrial rate schedules for the applicable over/undercollection period, times the PGDC charge as determined under this rider; plus
 - (3) An amount determined by multiplying demand volumes billed under Rate Schedule SB to LVIS and LIS customers times the PGDC charge; plus

- (4) An amount determined by multiplying gas billing demand units ("Gas BDU") billed under the Commercial and Public Authority Load Balancing Service ("LBS"), Intermediate Volume Industrial LBS, Large Industrial LBS and Large Volume Industrial LBS rate schedules, for the applicable over/undercollection period, times the Rate Per Gas BDU applicable to customers under the LBS rate schedules.
- (5) An amount determined by multiplying commodity volumes billed under the rate schedule for Natural Gas Vehicle Service for the applicable over/under collection period, times the applicable rate applicable to customers under the new Rate Schedule.
- (6) An amount equal to all actual purchased gas costs recovered under the rate schedule Monthly Metered Transportation Service plus an additional amount equal to the amount of purchased gas costs that would have been recovered from customers served under the rate schedule for Daily Metered Transportation Service if they had been served under the rate schedule for Monthly Metered Transportation Service. In computing revenues for recovery of purchased gas costs under this item (6), any adjustment to rates under Special Provision L. of the Rate Schedule for Monthly Metered Transportation Service will be eliminated from the calculation.
- (7) An amount determined by multiplying the volume expressed in Mcf of gas transported under any Load Balancing Service rate schedule times the portion of the Commodity Rate for recovery of purchased gas costs.
- (8) An amount equal to seventy-five percent of the revenues before income taxes from off-system sales over the monthly average commodity cost of gas plus variable transportation costs to deliver the gas to the off-system customer. The monthly average commodity cost of gas shall be defined as the monthly average commodity cost of gas purchases for all supplies scheduled at the beginning of the month; provided, however, that, if an additional unscheduled purchase is made during the month specifically for an off-system sale, such purchase shall be considered to be the gas used to make the off-system sale and the commodity cost of such purchase will be assigned to off-system sales up to the volume of the purchase. Off-system sales for 30-day nonrefundable sales commencing on the first of the month shall be treated as specific purchase sales for determining the cost of gas assigned to the sale. Gas will not be withdrawn from storage to make off-system sales, and the prices charged for off-system sales will not reflect the price attributable to gas withdrawn from storage. Any remaining off-system sale not covered by such unscheduled purchase(s) shall be assigned a gas cost equal to the monthly average commodity cost of scheduled purchases. The Company shall retain the remaining 25%.

- (9) An amount determined by multiplying volumes billed under the Small Aggregation Transportation Service rate schedule times the PGDCT charge recovered through rates under rate schedule Small Aggregation Transportation Customer Service.
- (10) An amount equal to the revenues from Daily Metered Transportation customers produced by charges for overdeliveries of transportation gas to such customers.
- (11) An amount equal to 75% of the revenues generated from the release of pipeline transmission and storage capacity other than releases for SATS customers. The Company shall retain the remaining 25%.
- (12) An amount equal to 75% of the savings from gas storage fill contracts as established in Case R-0016789. The Company shall retain the remaining 25%.

Interest shall be computed monthly at the appropriate rate provided for in Section 1307(f)(5) of the Public Utility Code from the month that the over or under-collection occurs to the effective month such over-undercollection is refunded or recouped as appropriate.

QUARTERLY UPDATES

The Company's rates for recovery of purchased gas costs will be subject to quarterly adjustments under procedures set forth in the Commission's regulations at 52.Pa. Code § 53.64(i)(5). Such updates will reflect, in addition to data specified in the regulation, changes in the projected commodity cost of purchased gas based upon the NYMEX source of data and method (C) used in projecting the commodity cost of purchased gas approved by the Commission in the Company's most recent annual proceeding for recovery of purchased gas costs under Section 1307(f) of the Public Utility Code.

(C) Indicates change

ADJUSTMENT OF "CE" and "DE" FACTOR AMOUNTS

Each 1307(f) rate shall also provide for refund or recovery of amounts necessary to adjust for over or underrecoveries of "CE" and "DE" factor amounts included in prior 1307(f) rates. In computing the amount to be included for over or undercollection of "CE" and "DE" factor amounts, the amount recovered for "CE" and "DE" factor amounts under the prior 1307(f) rate shall be determined by multiplying the commodity volumes billed under the Residential, Low Income Residential Assistance Service, Commercial and Public Authority, Commercial and Public Authority Load Balancing Service ("LBS"), Small Volume Industrial, Intermediate Volume Industrial, Intermediate Volume Industrial LBS, Large Industrial, Large Industrial LBS, Large Volume Industrial, Large Volume Industrial LBS, and Natural Gas Vehicle Service rate schedules during the applicable 1307(f) period times the portions of the PGCC and PGDC component that provide for recovery of "CE" and "DE" factor amounts, and adding to that product, the amount recovered from Small Aggregation Transportation Customer Service customers for "DE" factor amounts under the prior 1307(f) rate which shall be determined by multiplying the commodity volumes billed under the Small Aggregation Transportation Customer Service rate schedules during the applicable 1307(f) period times the PGDC component that provides for recovery of "DE" factor amounts under the Small Aggregation Transportation Customer Service.

(C)

(C) Indicates change

RIDER B

STATE TAX ADJUSTMENT SURCHARGE

In addition to the charges provided in this tariff, a surcharge of 0.00% will apply to all charges for service rendered on or after January 15, 2004. (I)

The above surcharge will be recomputed using the same elements prescribed by the Commission:

- a. Whenever any of the tax rates used in calculation of the surcharge are changed;
- b. Whenever the utility makes effective any increased or decreased rates, and
- c. On March 31, 1971, and each year thereafter.

The above recalculation will be submitted to the Commission within ten (10) days after the occurrence of the event or date which occasions such recomputation; and, if the recomputed surcharge is less than the one in effect, the Company will, and if the recomputed surcharge is more than the one then in effect, the Company may submit with such recomputation a tariff or supplement to reflect such recomputed surcharge, the effective date of which shall be ten (10) days after filing.

(I) Indicates Increase

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. 36 to
Gas Pa. P.U.C. No. 9
Fifth Revised Page No. 158
Cancelling Third and Fourth Revised Page No. 158

(C)

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(C) Indicates Change

Issued: January 13, 2004

Effective: January 15, 2004

Rider D

TRANSITION COSTS

PROVISIONS FOR RECOVERY OF TRANSITION COSTS
ARISING UNDER FERC ORDER 636

In addition to the charges provided in this tariff, a surcharge shall be applied to each Mcf of sales volumes or transportation volumes delivered by the Company, as provided below.

SURCHARGES

	Sales	Transportation	
Small Class Customers (Rate Schedules RS, C/PA (Small) and SVIS)	\$.0000/Mcf	\$.0000/Mcf	(I)
Large Class Customers (Rate Schedules C/PA (Large), IVIS, LVIS, LIS, NGV, C/PA-LBS, IVI-LBS, LVI-LBS and LI-LBS)	\$.0000/Mcf	\$.0000/Mcf	(D)

Provided, however that no surcharge shall be applied to volumes of customer-owned gas transported by the Company under the rate schedule for Monthly Metered Transportation Service or Daily Metered Transportation Service, if such gas is produced in Pennsylvania and is injected by the producer directly into facilities owned by National Fuel Gas Distribution Corporation ("exempt Pennsylvania volumes").

Provided, further, that the Company may reduce or eliminate the otherwise applicable surcharge to any Customer if it is reasonably necessary to do so to meet competition from another supplier of energy, including gas from another supplier of gas that has constructed, or could construct, facilities to deliver gas to a customer of the Company without use of the Company's facilities. Such reduction or elimination of a surcharge shall be the first charges eliminated or reduced before any reduction is made to other charges under this tariff.

INITIAL COMPUTATION OF TRANSITION COST SURCHARGES

The initial surcharges shall be computed in accordance with the Order of the Pennsylvania Public Utility Commission entered December 1, 1993, at Docket No. R-932548 and shall include all "non-gas" transition costs, including pipeline interest charge, approved for billing by the Federal Energy Regulatory Commission ("FERC") as of November 30, 1993. The initial surcharges shall be designed to recover approved costs over the period December 1, 1993 through July 31, 1994.

ADJUSTMENT OF TRANSITION COSTS SURCHARGES

Every February 1, May 1, August 1 and November 1, the Company shall revise its surcharges to reflect changes to non-gas transition costs amounts and any Take-or-pay refunds or charges not previously included in prior surcharge calculations. Each quarterly adjustment shall be designed to recover or refund such changes over the 12-month

(D) Indicates Decrease

(I) Indicates Increase

amortization period beginning on the effective date of the quarterly adjustment, unless the period for billing of such costs is longer, in which case such longer period shall be used. Each quarterly adjustment also shall eliminate from the rate calculations any prior quarterly adjustments that have been amortized fully.

The quarterly rate adjustments effective February 1, May 1 and November 1 shall be filed with the Commission 30 days prior to the effective dates and shall include all amounts approved or to be approved for billing as of the day immediately preceding the effective date. The adjustment effective August 1 of each year, which will include the annual reconciliation and any revisions to projected volumes, shall be filed 60 days prior to the effective date and shall include all amounts approved or to be approved for billing as of the day immediately preceding the effective date.

The quarterly transition cost surcharges, per Mcf, shall be computed to the nearest one-hundredth cent (0.01¢), in accordance with the formulas set forth below:

Small Customers:

$$SCS = \frac{(TC+TCA) * (SV/TH)}{SV-CSV}$$

Large Customers:

$$LCS = \frac{(TC+TCA) * (LV/TH)}{LV-LSV}$$

In computing the surcharges, per Mcf, pursuant to the formulas, above, the following definitions will apply:

- "SCS" - Small customer surcharge rate per Mcf.
- "LCS" - Large customer surcharge rate per Mcf.
- "TC" - Non-gas transition costs that have been approved for billing by FERC, that have been included in the initial surcharge calculation or a preceding quarterly adjustment and that have not been completely amortized.
- "TCA" - Non-gas transition costs that have been approved for billing by FERC, that have not been included in prior surcharge calculations.
- "SV" - Annualized projected small customer sales and transportation volumes, excluding exempt Pennsylvania volumes.
- "LV" - Annualized projected large customer sales and transportation volumes, excluding exempt Pennsylvania volumes.
- "CSV" - Annualized projected small customer sales and transportation volumes which the Company expects will not be subject to a surcharge because of competitive flexing or because the sales will be made under Rate LIRAS.

- "LSV" - Annualized projected large customer sales and transportation volumes which the Company expects will not be subject to a surcharge because of competitive flexing.
- "TH" - Total annualized projected small and large customer sales and transportation volumes, excluding exempt Pennsylvania volumes.

All volumetric projections shall be revised annually, effective August 1 of each year.

DETERMINATION OF OVER/UNDERCOLLECTION OF TRANSITION COSTS

The filing to be effective August 1 of each year shall include a reconciliation of prior surcharge recoveries. In computing this reconciliation, the Company shall determine separately for the Small and Large customer classes the difference between projected revenues to have been recovered from each class under all prior surcharges and the actual revenues recovered from each class through application of all prior surcharges, from December 1, 1993 through July 31 immediately preceding the reconciliation. The annual reconciliation adjustment shall include a provision for over/underrecoveries of actual costs, if any, that will not be refunded or recovered through the quarterly adjustment procedure. The annual adjustment factor will also adjust for projected over/undercollections reflected in prior annual adjustment.

Before the surcharges hereunder are concluded, the Company will prepare a final reconciliation of experienced costs to experienced recoveries, and will refund or recoup any difference over a 12-month period.

EFFECTIVE PERIOD FOR THE SURCHARGES

The surcharges shall remain in effect from December 1, 1993 through July 31, 2007. The Company reserves the right to seek extension of this period if billing of non-gas transition costs will extend beyond July 31, 2007.

RIDER E
CUSTOMER EDUCATION CHARGE

Effective April 1, 2000, a charge will be included in the rates subject to this Rider to provide for recovery of costs of providing consumer education to inform customers of the changes in the Natural Gas Utility Industry.

The charge will be designed to recover the following customer education costs ("CED costs"):

1. Costs associated with providing information necessary to assist customers in making appropriate choices as to their natural gas service; and
2. Costs associated with any and all consumer education programs as a result of restructuring under the Natural Gas Choice and Competition Act.

APPLICABILITY

In addition to the charges provided in this tariff, a charge calculated in the manner explained below shall be added to the otherwise applicable charge for each Mcf of sales and transportation volumes delivered by the Company to customers receiving service under the Residential, Commercial and Public Authority, SVIS, IVIS, and SATC rate schedules, or successor rates schedules.

CALCULATION OF RATE

A charge will be recalculated annually based upon deferred and annually projected CED costs.

Effective January 1, 2001, the rate will be calculated to produce a levelized rate reflecting all deferred CED costs, and any actual and expected CED costs for the period from January 1 through December 31 and continue annually thereafter, divided by the total projected volumes of Residential, Commercial and Public Authority, SVIS, IVIS, and SATC rate schedules, for each twelve (12) month period over which this charge will be in effect.

The charge to be included in rates shall be \$0.0001/Mcf through December 31, 2006. (I)

Effective September 29, 2004 per M-00001326 Secretarial letter Issued June 21, 2004, the rate will be recalculated to remove the third year assessment for state-wide gas consumer education costs. The filing effective September 29, 2004 will not be a reconciled filing.

(I) Indicates Increase

ANNUAL RECONCILIATION

Commencing January 1, 2002, and annually thereafter, the levelized rate will be adjusted for over/undercollections for the prior twelve (12) month period by comparing projections of CED costs and revenues under this Rider to actual amounts experienced. The annual reconciliation filing to be effective January 1, 2002, and thereafter shall include a reconciliation of actual experienced expenses for the preceding twelve (12) month period ended December 31. All reconciliations shall be based upon actual amounts through October 31 and estimates for November and December. Estimates for November and December shall be reconciled in the following reconciliation period. The rate will be designed to recover or refund the applicable under or over recovery over the twelve (12) month period beginning January 1. Each annual reconciliation shall also provide for refund or recovery of amounts necessary to adjust for over or under recoveries of amounts also included in prior reconciliations.

1. Annual Filing

The annual reconciliation and projected annual CED costs shall be filed ten (10) days prior to January 1 and the recalculated rate shall become effective for service on or after January 1 and annually thereafter.

RIDER F
LIRA DISCOUNT CHARGE

Effective April 1, 2002, a charge will be included in the rates subject to this Rider to provide for recovery of costs of the projected LIRA rate discounts for the upcoming 12 months.

Such charge shall be updated quarterly and effective each February 1, May 1, August 1, and November 1 of the year. The charge will also be updated whenever there is a change to the Residential Sales Service Rate Customer Charge, Distribution Charge, Natural Gas Supply Charge, or Gas Adjustment Charge.

APPLICABILITY

In addition to the charges provided in this tariff, a charge calculated in the manner explained below shall be added to the otherwise applicable charge for each Mcf of sales and transportation volumes delivered by the Company to customers receiving service under the Residential Sales Service Rate Schedule and the Residential rates of the SATC, MMT, and DMT transportation rate schedules.

CALCULATION OF RATE

The charge will be recalculated as specified above.

The charge shall be equal to the total annual projected discounts for LIRA customers for the upcoming 12 month period divided by the annual normalized throughput volumes of the qualified rate classes. The total annual projected discounts for the LIRA customers for the upcoming 12 month period shall equal the sum of the individual monthly total projected discounts for LIRA customers for the upcoming 12 months. The total monthly projected discounts for LIRA customers shall equal the residential bill for the average LIRA customer consumption for the month multiplied by the average discount percentage for LIRA service multiplied by the projected number of LIRA customers for the month.

The currently effective charge to be included in rates is \$0.5086/Mcf. (I)

(I) Indicates Increase

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