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December 14, 2016

VIA ELECTRONIC FILING

Rosemary Chiavetta  
Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120-3265

Re: Supplement No. 251 to Columbia Gas of Pennsylvania, Inc. Tariff Gas  
Pa. P.U.C. No. 9; Docket Nos. R-2016-2529660, et al.

Dear Secretary Chiavetta:

Submitted herewith for filing on behalf of Columbia Gas of Pennsylvania, Inc. ("Columbia") is Supplement No. 251 to Tariff Gas Pa. P.U.C. No. 9 ("Supplement No. 251"). Supplement No. 251, issued December 14, 2016, to be effective December 19, 2016, is being filed in compliance with the Commission's Order entered October 27, 2016 in Columbia's base rate proceeding at Docket Nos. R-2016-2529660, et al.

Columbia notes that the compliance filing provided herewith reflects updates to rates set forth in the form of tariff that was provided as Appendix D to the Joint Petition for Settlement which reflect intervening changes in purchased gas cost rates and Rider USP - Universal Service Program rates that were effective with the quarter beginning October 1, 2016. These changes are reflected in the Gas Supply Charge, the Gas Cost Adjustment and the Pass through Charge in the compliance tariff. These changes also result in a recalculation of the Merchant Function Charge and the Price to Compare. Attachments A, B and C to this letter are provided in support of the Rider PGC, Rider USP and Rider MFC rates as stated in Supplement No. 251.

If you have any questions concerning this matter, you may contact me or Columbia's outside counsel, Michael W. Hassell, at Post & Schell PC, 17 North Second Street, Harrisburg, PA 17101-1601, (717) 612-6029.

Very truly yours,

A handwritten signature in blue ink that reads "Theodore J. Gallagher". The signature is written in a cursive, flowing style.

Theodore J. Gallagher

enclosures

cc: Certificate of Service

## CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant).

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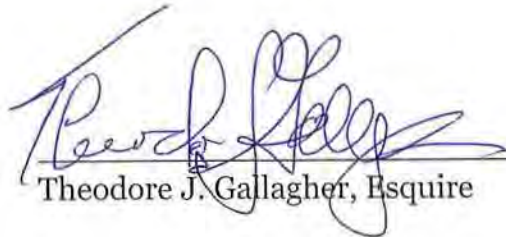
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Dated: 12/14/18

  
Theodore J. Gallagher, Esquire

# **COLUMBIA GAS OF PENNSYLVANIA, INC.**

121 Champion Way, Suite 100

Canonsburg, Pennsylvania

## **RATES AND RULES**

**FOR**

**FURNISHING GAS SERVICE**

**IN**

**THE TERRITORY AS DESCRIBED HEREIN**

ISSUED: December 14, 2016

EFFECTIVE: December 19, 2016

ISSUED BY: MARK KEMPIC, PRESIDENT  
121 CHAMPION WAY, SUITE 100  
CANONSBURG, PENNSYLVANIA 15317

## **NOTICE**

This Tariff Supplement Makes Rate Increases and Changes to the Existing Tariff - See "List of Changes Made by This Tariff Supplement" on Page Nos. 2 through 2e.

**LIST OF CHANGES MADE BY THIS TARIFF SUPPLEMENT**

Page	Page Description	Revision Description
Cover	Tariff Cover Page	Supplement No., Issue and Effective Date.
2 – 2e	List of Changes	List of Changes.
3	Table of Contents	Added the label "Other Rates Summary" for page 20. Revised the label for page 21. Removed "Held for Future Use" for page 29.
5	Table of Contents	Added 2.22 Platts "Gas Daily" Daily Price Survey – Designation by Market Area. Moved "Held for Future Use 215 - 224" to page 6.
6	Table of Contents	Added "Held for Future Use 215 – 224" from page 5.
16	Rate Summary	The Distribution Charge has increased. The Gas Supply Cost has decreased. The "Pass-through Charge" has decreased. The "Total Effective Rate" has increased.
17	Rate Summary	The Distribution Charge has increased. The Gas Supply Cost has decreased. The "Total Effective Rate" has increased.
18	Rate Summary	The Customer Charge has increased. The Distribution Charge has increased. The "Total Effective Rate" has increased.
20	Other Rates Summary	The Price-to-Compare has decreased.
21	Rider Summary	The "Universal Service Plan – Rider USP" has increased. The Merchant Function Charge has decreased.
21a	Gas Supply Charge Summary	The Rider MFC has decreased.
21b	Pass-through Charge Summary	Changes to page header and footer.
21c	Price-to-Compare Summary	The "Price-to-Compare" has decreased.



**LIST OF CHANGES MADE BY THIS TARIFF SUPPLEMENT**

Page	Page Description	Revision Description
26	Definitions - continued	Added a definition for "Maximum Daily Quantity". Renumbered definitions. Moved the definition for "Pipeline Scheduling Point" to page 27.
27	Definitions - continued	Added the existing definition of "Pipeline Scheduling Point" from page 26. Renumbered definitions. Revised the definition for "Residential Customer". Moved the definition for "Shipper" to page 28.
28	Definitions - continued	Added the existing definition of "Shipper" from page 27. Renumbered definitions. Moved the definition of "User Without Contract" to page 29.
29	Definitions - continued	Added the existing definition of "User Without Contract" from page 28.
32	Service Limitations - continued	Added a label of "2.3.3" to "Emergency Action Curtailments". Added "currently effective" before "Maximum Daily Quantity" in subparagraph "C.".
48	Extensions	Removed the word "dedicated" from the first paragraph of "8.2.1 Residential Distribution Service".
49	Extensions - continued	Revised subparagraph "(b)" of "Commercial and Industrial Distribution Service".
49a	Extensions - continued	New page. Added existing paragraph "8.2.3 Reduction or Elimination of Deposit" from page 50. Added new paragraph "8.2.4 Payment Period of Deposit". Added existing paragraph "8.2.4 Taxes on Deposits for Construction & Customer Advances" from page 50 and renumbered it as "8.2.5".
50	Extensions – continued	Moved existing paragraphs "8.2.3 Reduction or Elimination of Deposit" and "8.2.4 Taxes on Deposits for Construction & Customer Advances" to page 49a.

Columbia Gas of Pennsylvania, Inc.

**LIST OF CHANGES MADE BY THIS TARIFF SUPPLEMENT**

Page	Page Description	Revision Description
97	Rate SDS – continued	Added the "Main Line Extension Deposit Installment Plan" paragraph.
100	Rate LGSS – continued	Added the "Main Line Extension Deposit Installment Plan" paragraph.
102	Rate LGSS – continued	Interstate pipeline name revision.
104	Rate LDS – continued	Added the "Main Line Extension Deposit Installment Plan" paragraph.
108	Rate MLSS – continued	Added the "Main Line Extension Deposit Installment Plan" paragraph.
109	Rate MLSS - continued	Interstate pipeline name revision.
110	Rate MLSS – continued	Interstate pipeline name revision.
112	Rate MLDS – continued	Added the "Main Line Extension Deposit Installment Plan" paragraph. Moved the "Minimum Charge" paragraph to page 113.
113	Rate MLDS – continued	Add existing "Minimum Charge" paragraph from page 112.
114	Rate MLDS – continued	Interstate pipeline name revision.
120	Rate NSS - continued	Interstate pipeline name revision.

Columbia Gas of Pennsylvania, Inc.

**LIST OF CHANGES MADE BY THIS TARIFF SUPPLEMENT**

Page	Page Description	Revision Description
129	Rate NGV	Added the "Main Line Extension Deposit Installment Plan" paragraph.
147	Rider USP	Revised the "Annual Reconciliation" paragraph.
154	Rider PGC – continued	Interstate pipeline name revision.
156	Rider PGC – continued	Interstate pipeline name revision.
157	Rider PGC – continued	Interstate pipeline name revision.
161	Rider MFC	The MCF percentages have decreased.
165	Rider STAS	Removed the date of "January 1, 2014" in the first paragraph.
166	Rider EBS	Added "currently effective" before "Maximum Daily Quantity".
167	Rider EBS – continued	Revised "Option 1: Electing Service" paragraph.
168	Rider EBS – continued	Added "currently effective" before "MDQ" and "Maximum Daily Quantity". Removed repetitive text in last paragraph.
171	Rider EBS – continued	Removed references to "ninety percent (90%) of the Index".
183	RADS – Definitions (continued)	Moved definition "1.33 "month" to page 184.
184	RADS – Definitions (continued)	Added a definition for "Maximum Daily Quantity". Added "month" from page 183. Renumbered definitions. Moved the definition for "Natural Gas Supplier" to page 185.



**LIST OF CHANGES MADE BY THIS TARIFF SUPPLEMENT**

Page	Page Description	Revision Description
185	RADS – Definitions (continued)	Added the existing definition for "Natural Gas Supplier" from page 184. Renumbered definitions. Moved definitions for "Primary FTS", "Reliability", "Retainage", "Rules and Regulations", "Security", and "Shipper" to page 185a.
185a	RADS – Definitions (continued)	New page. Interstate pipeline name revision. Added existing definitions for "Primary FTS", "Reliability", "Retainage", "Rules and Regulations", "Security", and "Shipper" from page 185. Added existing subparts "3.)" and "4.)" of the definition of "Shipper" from page 186. Added existing definitions of "Storage" and "Transmission" from page 186.
186	RADS	Moved subparts "3.)" and "4.)" of the definition of "Shipper" to page 185a. Moved definitions of "Storage" and "Transmission" to page 185a. Added existing "Initial NGS Application" paragraphs 2.3.3 and 2.3.4 from page 187.
187	RADS	Moved "Initial NGS Application" paragraphs 2.3.3 and 2.3.4 to page 186. Moved paragraph "2.4.3 Amount and Form of Security" and added criteria to page 187a.
187a	RADS	New page. Added existing subparagraph "2.4.3 Amount and Form of Security" from page 187. Added a list of legal and financial instruments that may be used as forms of security from 62.111(c) (2) of the PA Code.
188	RADS	Interstate pipeline name revision. Updated Index reference to match labeling in Platt's Inside FERC report.
200a	RADS	New page. Added interstate pipeline designation by pipeline scheduling point for identification of midpoint prices in Platts Gas Daily.
201	RADS	Added "currently effective" before "Maximum Daily Quantity". Revised presentation of Maximum Daily Quantity. Removed the text providing for a Maximum Daily Quantity in January for some types of customers. Added existing carry-over text from paragraph 3.2.4 from page 202.
202	RADS	Moved existing carry-over text from paragraph 3.2.4 to page 201. Added "currently effective" before "Maximum Daily Quantity".

**LIST OF CHANGES MADE BY THIS TARIFF SUPPLEMENT**

Page	Page Description	Revision Description
206	RADS	Added "currently effective" before "Maximum Daily Quantity". Revised presentation of Maximum Daily Quantity. Provided further detail with regard to "Standby Service".
207	RADS	Provided further detail with regard to "Standby Service". Revised the rate calculation for OFO charges. Moved paragraph 3.8.4 to page 207a.
207a	RADS	Added paragraph 3.8.4 from page 207.
208	RADS	Added "currently effective" before "Maximum Daily Quantity". Revised the rate calculation for OMO charges.
233	RADS	Interstate pipeline name revision. Revised paragraphs 4.7.4.1 and 4.7.4.3 to coincide with previously approved paragraph 4.7.4.2. Revised the reference to the index in Platt's Inside FERC's Gas Market Report.
235	RADS	Interstate pipeline name revision.
237	RADS	Interstate pipeline name revision.
239	RADS	Added a second paragraph under 4.9.5 Delivery Requirements.
241	RADS	Interstate pipeline name revision. Changed the upper case "C" in "Customers" to a lower case "c".
242	RADS	Interstate pipeline name revision. Changed the upper case "C" in "Customers" to a lower case "c". Revised the rate calculation for OFO charges.
243	RADS	Revised the rate calculation for Choice Under Delivery charges.
245	RADS	Revised subparagraph 4.13.3.2.1.
248	RADS	Removed "OMO" from subparagraph 4.16.1.

Columbia Gas of Pennsylvania, Inc.

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(C)  
(C)

(C) Indicates Change

Issued: December 14, 2016

Mark Kempic  
President

Effective: December 19, 2016

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(C)

(C) Indicates Change

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Columbia Gas of Pennsylvania, Inc.

Canceling One Hundred-second and One Hundred-eighth Revised Page No. 16

<b>Rate Summary</b>						
Rate per thm						
Residential Rate Schedules	Distribution Charge	Gas Supply Charge 1/	Gas Cost Adjustment	Pass-Through Charge 2/	State Tax Adjustment Surcharge 3/	Total Effective Rate
<b><u>Rate RSS - Residential Sales Service</u></b>						
Customer Charge	\$ 16.75				0.00	16.75
Usage Charge	\$ 0.55316	0.29989	(0.01917)	0.19227	0.00000	1.02615
<b><u>Rate RDS - Residential Distribution Service</u></b>						
Customer Charge	\$ 16.75				0.00	16.75
Usage Charge: Customers Electing CHOICE	\$ 0.55316	-	-	0.16210	0.00000	0.71526

1/ Please see Page No. 21a for rate components.

2/ Please see Page No. 21b for rate components.

3/ The STAS percentage is reflected on Page No. 20 and is applied to the Customer Charge and the Distribution Charge.

Issued: December 14, 2016

Mark Kempic - President

Effective: December 19, 2016



Columbia Gas of Pennsylvania, Inc.

<b>Rate Summary</b>						
Rate per thm						
Commercial / Industrial Rate Schedules ≤ 64,400 therms - 12 Months Ending October	Distribution Charge	Gas Supply Charge 1/	Gas Cost Adjustment	Pass-through Charge 2/	State Tax Adjustment Surcharge 3/	Total Effective Rate
<b><u>Rate SGSS - Small General Sales Service</u></b>						
Customer Charge:						
Annual Throughput ≤ 6,440 thm	\$ 21.25				0.00	21.25
Annual Throughput > 6,440 thm and ≤ 64,400 thm	\$ 48.00				0.00	48.00
Usage Charge						
Annual Throughput ≤ 6,440 thm	\$ 0.40870	0.29657	(0.01917)	0.12268	0.00000	0.80878
Annual Throughput > 6,440 thm and ≤ 64,400 thm	\$ 0.36288	0.29657	(0.01917)	0.12268	0.00000	0.76296
<b><u>Rate SCD - Small Commercial Distribution</u></b>						
Customer Charge:						
Annual Throughput ≤ 6,440 thm	\$ 21.25				0.00	21.25
Annual Throughput > 6,440 thm and ≤ 64,400 thm	\$ 48.00				0.00	48.00
Usage Charge: Customers Electing CHOICE						
Annual Throughput ≤ 6,440 thm	\$ 0.40870	-	-	0.09251	0.00000	0.50121
Annual Throughput > 6,440 thm and ≤ 64,400 thm	\$ 0.36288	-	-	0.09251	0.00000	0.45539
<b><u>Rate SGDS - Small General Distribution Service</u></b>						
Customer Charge:						
Annual Throughput ≤ 6,440 thm	\$ 21.25					21.25
Annual Throughput > 6,440 thm and ≤ 64,400 thm	\$ 48.00					48.00
Usage Charge - Priority One						
Annual Throughput ≤ 6,440 thm	\$ 0.39506	-	-	0.12268	0.00000	0.51774 4/
Annual Throughput > 6,440 thm and ≤ 64,400 thm	\$ 0.34923	-	-	0.12268	0.00000	0.47191 4/
Usage Charge - Non-Priority One						
Annual Throughput ≤ 6,440 thm	\$ 0.39506	-	-	0.00010	-	0.39516 4/
Annual Throughput > 6,440 thm and ≤ 64,400 thm	\$ 0.34923	-	-	0.00010	-	0.34933 4/

1/ Please see Page No. 21a for rate components.

2/ Please see Page No. 21b for rate components.

3/ The STAS percentage is reflected on Page No. 20 and is applied to the Customer Charge and the Distribution Charge.

4/ Plus Rider EBS Option 1 or 2 - See Page 21.

Issued: December 14, 2016

Mark Kempic - President

Effective: December 19, 2016

Columbia Gas of Pennsylvania, Inc.

Canceling Ninety-fourth and Ninety-seventh Revised Page No. 18

Rate Summary						
Rate per thm						
Commercial / Industrial Rate Schedules > 64,400 therms - 12 Months Ending October	Distribution Charge	Gas Supply Charge 1/	Gas Cost Adjustment	Pass-through Charge 2/	State Tax Adjustment Surcharge 3/	Total Effective Rate
<b>Rate LGSS - Large General Sales Service</b>						
Customer Charge:						
Annual Throughput > 64,400 thm and <= 110,000 thm	\$ 229.75				0.00	229.75
Annual Throughput > 110,000 thm and <= 540,000 thm	\$ 757.34				0.00	757.34
Annual Throughput > 540,000 thm and <= 1,074,000 thm	\$ 1,947.06				0.00	1,947.06
Annual Throughput > 1,074,000 thm and <= 3,400,000 thm	\$ 3,028.76				0.00	3,028.76
Annual Throughput > 3,400,000 thm and <= 7,500,000 thm	\$ 5,841.18				0.00	5,841.18
Annual Throughput > 7,500,000 thm	\$ 8,653.60				0.00	8,653.60
Usage Charge:						
Annual Throughput > 64,400 thm and <= 110,000 thm	\$ 0.23050	0.29550	(0.01917)	0.12258	0.00000	0.62941
Annual Throughput > 110,000 thm and <= 540,000 thm	\$ 0.21550	0.29550	(0.01917)	0.12258	0.00000	0.61441
Annual Throughput > 540,000 thm and <= 1,074,000 thm	\$ 0.12999	0.29550	(0.01917)	0.12258	0.00000	0.52890
Annual Throughput > 1,074,000 thm and <= 3,400,000 thm	\$ 0.11530	0.29550	(0.01917)	0.12258	0.00000	0.51421
Annual Throughput > 3,400,000 thm and <= 7,500,000 thm	\$ 0.10347	0.29550	(0.01917)	0.12258	0.00000	0.50238
Annual Throughput > 7,500,000 thm	\$ 0.06157	0.29550	(0.01917)	0.12258	0.00000	0.46048
<b>Rate SDS - Small Distribution Service</b>						
Customer Charge:						
Annual Throughput > 64,400 thm and <= 110,000 thm	\$ 229.75				0.00	229.75
Annual Throughput > 110,000 thm and <= 540,000 thm	\$ 757.34				0.00	757.34
Usage Charge:						
Annual Throughput > 64,400 thm and <= 110,000 thm	\$ 0.23050	-	-	-	0.00000	0.23050 4/
Annual Throughput > 110,000 thm and <= 540,000 thm	\$ 0.21550	-	-	-	0.00000	0.21550 4/
<b>Rate LDS - Large Distribution Service</b>						
Customer Charge:						
Annual Throughput > 540,000 thm and <= 1,074,000 thm	\$ 1,947.06				0.00	1,947.06
Annual Throughput > 1,074,000 thm and <= 3,400,000 thm	\$ 3,028.76				0.00	3,028.76
Annual Throughput > 3,400,000 thm and <= 7,500,000 thm	\$ 5,841.18				0.00	5,841.18
Annual Throughput > 7,500,000 thm	\$ 8,653.60				0.00	8,653.60
Usage Charge:						
Annual Throughput > 540,000 thm and <= 1,074,000 thm	\$ 0.12999	-	-	-	0.00000	0.12999 4/
Annual Throughput > 1,074,000 thm and <= 3,400,000 thm	\$ 0.11530	-	-	-	0.00000	0.11530 4/
Annual Throughput > 3,400,000 thm and <= 7,500,000 thm	\$ 0.10347	-	-	-	0.00000	0.10347 4/
Annual Throughput > 7,500,000 thm	\$ 0.06157	-	-	-	0.00000	0.06157 4/

1/ Please see Page No. 21a for rate components.

2/ Please see Page No. 21b for rate components.

3/ The STAS percentage is reflected on Page No. 20 and is applied to the Customer Charge and the Distribution Charge.

4/ Plus Rider EBS Option 1 or 2 - See Page 21.

Columbia Gas of Pennsylvania, Inc.

Canceling Ninety-fourth and Ninety-seventh Revised Page No. 20

<b>Other Rates Summary</b>		
Rate per thm		
Description	Rate \$/ thm	Applicable Rate Schedules
<b>Price to Compare for Residential Gas Supply</b>	\$ 0.31089 1/	RSS
<b>Price to Compare for Commercial Gas Supply</b>	\$ 0.30757 1/	SGSS (< = 64,400 thms)
<b>State Tax Adjustment Surcharge Percentage</b>	0.00000%	Customer and Distribution Charges on all rates
<b>Rate SS - Standby Service</b>	\$ 0.74946	Per thm based on a customer's Maximum Daily Firm Requirement. See Pages 134 - 136 herein for detail.

1/ Please see Page No. 21c for rate components.

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Columbia Gas of Pennsylvania, Inc.

Canceling One Hundred-tenth and One Hundred-seventeenth Revised Page No. 21

<b>Rider Summary</b>		
<u>Riders</u>	<u>Rate</u>	<u>Applicable Rate Schedules</u>
Customer Choice - Rider CC	\$ 0.00010 /thm	RSS/RDS/SGSS/SGDS/SCD/DGDS
Universal Service Plan - Rider USP	\$ 0.06959 /thm	RSS/RDS
Distribution System Improvement Charge - Rider DSIC	0.00000%	This percentage is applied to a portion of the Distribution Charge and the Customer Charge. See Pages 177-180 for Rider DSIC details.
<b>Elective Balancing Service - Rider EBS:</b>		
Option 1 - Small Customer	\$ 0.01677 /thm	SGDS/SDS
Option 1 - Large Customer	\$ 0.00727 /thm	LDS/MLDS
Option 2 - Small Customer	\$ 0.00697 /thm	SGDS/SDS
Option 2 - Large Customer	\$ 0.00226 /thm	LDS/MLDS
Gas Procurement Charge - Rider GPC	\$ 0.00695 /thm	RSS/SGSS/LGSS/MLSS
Merchant Function Charge - Rider MFC	\$ 0.00439 /thm	RSS
Merchant Function Charge - Rider MFC	\$ 0.00107 /thm	SGSS
Purchased Gas Cost - Rider PGC	Pg. 21a & 21b	Rate Schedules specified on Page 21a & 21b

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Canceling Eighteenth and Twenty-first Revised Page No. 21a

<b>Gas Supply Charge Summary</b>				
Rate per thm				
Rate Schedule	PGCC	Rider GPC	Rider MFC	Total Gas Supply Charge
Rate CAP - Customer Assistance Plan	\$ -	-	-	-
Rate RSS - Residential Sales Service	\$ 0.28855	0.00695	0.00439	0.29989
Rate SGSS - Small General Sales Service	\$ 0.28855	0.00695	0.00107	0.29657
Rate LGSS - Large General Sales Service	\$ 0.28855	0.00695	-	0.29550
Rate MLSS - Main Line Sales Service	\$ 0.28855	0.00695	-	0.29550

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Canceling Twenty-ninth and Thirty-fifth Revised Page No. 21b

Pass-through Charge Summary							
Rate per thm							
Rate Schedule	PGDC	PGDC "E" Factor	Capacity Assignment Factor	Pipeline Refund	Rider CC	Rider USP	Total Pass- through
Rate CAP - Customer Assistance Plan	\$ 0.11696	0.00562	(0.03017)	-	-	-	0.09241
Rate RSS - Residential Sales Service	\$ 0.11696	0.00562	-	-	0.00010	0.06959	0.19227
Rate SGSS - Small General Sales Service	\$ 0.11696	0.00562	-	-	0.00010	-	0.12268
Rate LGSS - Large General Sales Service	\$ 0.11696	0.00562	-	-	-	-	0.12258
Rate MLSS - Main Line Sales Service	\$ 0.11696	0.00562	-	-	-	-	0.12258
Rate RDS - Residential Distribution Service	\$ 0.11696	0.00562	(0.03017)	-	0.00010	0.06959	0.16210
Rate SCD - Small Commercial Distribution (Choice)	\$ 0.11696	0.00562	(0.03017)	-	0.00010	-	0.09251
Rate SGDS - Small General Distribution Service							
Priority One (P1)	\$ 0.11696	0.00562	-	-	0.00010	-	0.12268
Non-Priority One (NP1)	-	-	-	-	0.00010	-	0.00010
Rate SDS - Small Distribution Service	\$ -	-	-	-	-	-	-
Rate LDS - Large Distribution Service	\$ -	-	-	-	-	-	-
Rate MLDS - Main Line Distribution Service	\$ -	-	-	-	-	-	-

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Columbia Gas of Pennsylvania, Inc.

Price-to-Compare (PTC) Summary						
Rate per thm						
Customer Class	PGCC	Gas Cost Adjustment	Capacity Assignment Factor	Rider GPC	Rider MFC	Total Price-to-Compare
Residential	\$ 0.28855	(0.01917)	0.03017	0.00695	0.00439	0.31089
Commercial < = 64,400 thm/year	\$ 0.28855	(0.01917)	0.03017	0.00695	0.00107	0.30757

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

**1. The Gas Tariff - continued**

**1.6 Definitions - continued**

29. Industrial Customer

A customer using gas for creating or changing raw or unfinished material into another form or product through the application of heat or heat treating, steam agitation, evaporation, baking, drying, distilling, etc.

Typical industrial users are manufacturing plants, machine shops, steel and iron mills, foundries, lumber planing and saw mills, canneries, dairies, meat packers, breweries, distilleries, potteries, railroad repair shops, refineries, creameries, flour mills, pump stations, ice plants, quarries, milk plants, mines, shipbuilders, chemical plants, grain elevators, food processing facilities, petrochemical operations in which the gas is the raw material, etc. If gas service is supplied through a single meter and is used for both industrial and commercial purposes, the service shall be considered industrial if the industrial usage is the predominant usage factor.

30. "Local Market Area" shall mean a continuous physically interconnected system of Company owned distribution piping through which the Company provides natural gas service to customers in a discrete geographic area, utilizing one or more common Points of Delivery from interstate pipeline supplier(s) or local gas supplier(s).

31. "Maximum Daily Quantity" or "MDQ" shall mean a Customer's maximum usage during a 24-hour period based on the most recent historical Customer consumption data. The Company will establish a winter MDQ for the November through March time period and a summer MDQ for the April through October time period. However, an adjustment may be made at any time upon agreement of the Customer and the Company. (C)

32. "Mcf" shall mean one thousand (1,000) cubic feet of gas.

33. "Month" shall mean calendar month.

34. "Medical Certificate" shall mean a written document, in a form approved by the Commission: 1) certifying that a customer or member of the customer's household is seriously ill or has been diagnosed with a medical condition which requires the continuation of service to treat the medical condition; and 2) signed by a licensed physician, nurse practitioner or physician's assistant.

35. "Pass-through Charge" shall mean the charge that appears as a line item on a residential, commercial and industrial bill for an account served pursuant to Rate Schedules CAP, RDS, RSS, SGSS, SCD, SGDS, LGSS, MLSS and PS. Pass-through Charges may include: 1) the Purchased Gas Demand Charge ("PGDC"); 2) the PGDC "E" Factor; 3) the Capacity Assignment Factor ("CAF"); 4) the Rider Customer Choice charge ("Rider CC"); and 5) the Rider Universal Service Plan charge ("Rider USP").

(C) Indicates Change

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

**1. The Gas Tariff - continued**

**1.6 Definitions - continued**

36. "Pipeline Scheduling Point" or "PSP" shall mean a single delivery point or set of delivery points grouped or designated by an upstream pipeline for purposes of scheduling gas supplies for delivery by such upstream pipeline and shall consist of the following: Interconnections with Dominion Transmission, Inc., Equitrans, L.P., National Fuel Gas Supply Corporation, Tennessee Gas Pipeline Company, Texas Eastern Transmission, LP and Columbia Gas Transmission, LLC. The interconnections with Columbia Gas Transmission, LLC include the Market Areas and Master List of Interconnections as defined in the General Terms and Conditions of the FERC Gas Tariff of Columbia Gas Transmission, LLC. As of May 1, 2010, the Columbia Gas Transmission, LLC Pipeline Scheduling Points included: 25E-25 (Lancaster); 25-26 (Bedford); 25E-29 (Downingtown); 25-35 (Pittsburgh); 25-36 (Olean); 25-38 (Rimersburg); 25-39 (New Castle) and 25-40 (PAWV Misc).

(C)

37. "Price-to-Compare" or "PTC" shall mean the dollar amount charged by the Company for gas supply and used by consumers to compare prices with other NGSs. The Price-to-Compare includes the PGCC, the CAF, the GPC, the MFC and the Gas Cost Adjustment.

38. Residential Customer

A customer, at least 18 years of age, using gas in a single family residential dwelling or unit for space heating, air conditioning, cooking, water heating, incineration, refrigeration, laundry drying, lighting, incidental heating, or other domestic purposes. For residential utility service, the term "Customer" is further defined as a natural person in whose name a residential service account is listed and who is primarily responsible for payment of bills rendered for the service or any adult occupant whose name appears on the mortgage, deed or lease of the property for which the residential utility service is requested. A Customer whose service has been terminated or discontinued in compliance with this Tariff and existing Pennsylvania statute will remain a Customer if, within 30 days of discontinuance or termination, the Customer requests to have service reconnected or transferred to a new location.

Included in this group are customers using gas through one meter set which provides service to two or three dwelling units in a multi-family residence or building where the owner of the building occupies one of the dwelling units, or through one meter set to a combination of one dwelling unit and one or more business premises, where the residential premises is occupied by the owner of the building and is the predominant gas usage factor. If gas is supplied through a single meter and is used for both residential and commercial purposes, the service shall be considered residential if the residential usage is the predominant usage factor.

(C)

39. "Sales Service" shall mean service provided by the Company in which the customer purchases its gas supplies from the Company and the Company distributes the gas supplies to the Customer.

(C) Indicates Change

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

**1. The Gas Tariff - continued**

**1.6 Definitions - continued**

40. "Shipper" generally means the entity nominating gas service for Distribution Service accounts. Specifically, "Shipper" is defined as:
- i.) a General Distribution Service Customer that nominates gas for Distribution; or
  - ii.) a Natural Gas Supplier that nominates the General Distribution Service Customer's gas for distribution, but which has not been appointed in writing as the Customer's agent by the Customer; or
  - iii.) a Natural Gas Supplier that nominates General Distribution Service Customer's gas for distribution, which NGS is acting as the General Distribution Services Customer's duly authorized agent for the purpose of purchasing gas; or
  - iv.) a Natural Gas Supplier that nominates the General Distribution Service Customer's gas for distribution, which NGS is acting as the General Distribution Service Customer's duly authorized aggregation agent for the purpose of purchasing gas.
41. "Supplier of Last Resort" shall mean the Company or another entity as determined pursuant to §2207 of the Act that provides natural gas supply services to customers that do not elect another supplier or choose to be served by the supplier of last resort, customers that are refused service from another natural gas supplier, or customers whose natural gas supplier fails to deliver the required gas supplies. Currently, the Company is the supplier of last resort for all customers under the terms of this tariff. Each customer may only have one supplier of last resort.
42. "Therm" or "thm" shall mean a unit of heat equivalent to 100,000 British thermal units. The Company uses thm as the unit of measure for billing its customers.
43. "Therm multiplier" shall mean a numeric multiplier that is applied to the volume of gas consumed (as measured in cubic feet, CCF, or MCF) to determine the amount of energy consumed (as measured in therms).
44. "Transmission Pipeline" shall mean pipelines and related facilities which are either: 1) owned by the Company in the form of a D-Line or a Company-owned pipeline that operates at a hoop stress of 20 percent or more of the specified minimum yield strength of the pipe as determined by 49 C.F.R §192.3; or 2) pipelines and related facilities owned by another company which obtains at least 90% of its gas operating revenues from the transportation of gas for others and classifies at least 90% of its mains (other than service pipe) as field and gathering lines, storage, or transmission lines. The Company's Customers are not typically served directly from a Transmission Pipeline, and according to the provisions set forth in the Termination of Service from Transmission Pipelines section of this Tariff, the Company reserves the right to remove, relocate or abandon its Transmission Pipelines.

(C) Indicates Change

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

**1. The Gas Tariff - continued**

**1.6 Definitions - continued**

45. "User Without Contract" shall mean any person who has not contacted the Company to establish service in their name but who is receiving the benefits of natural gas service. This situation includes, but is not limited to, situations wherein the Company arrives at the premise to disconnect the service as a result of a request from the previous customer and finds the premise occupied. User Without Contract does not include instances where the Company's meter or equipment has been tampered with; the service was obtained through fraud or material misrepresentation of the customer's identity; a tariff provision was violated so as to endanger the safety of a person or the integrity of the Company's system, or the gas service was otherwise established without the Company's authorization.

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

**2. Service Limitations - continued**

**2.3 Gas Emergency Rules - continued**

2.3.3 Emergency Actions Curtailments

(C)

- A. In the event of an Emergency, if, in the sole judgment of the Company, there is sufficient time, the Company shall use reasonable business and operational efforts to: interrupt all interruptible services, issue Operational Flow and Matching Orders and Operational Alerts pursuant to the Rules Applicable to Distribution Service section of this tariff, and call for voluntary usage reductions by all customers prior to requiring reductions in gas consumption according to the provisions below.
- B. In the event of an Emergency, the Company may curtail, in part or in whole, natural gas supply and/or distribution service for each commercial and industrial customer that is not a Priority 1 customer. Such curtailments will be made without regard to priorities of use as necessary to minimize the potential threat to public health and safety. Emergency Action curtailments will not require reductions to a level below the amount necessary for Plant Protection Use as defined in the Priority-Based Curtailment Definitions section. When all other service has been curtailed except for Priority 1 service and the Company continues to be unable to meet Priority 1 requirements, the Company shall exercise its judgment as to any further curtailment that may be necessary and shall utilize measures designed to minimize harm to customers if curtailments to plant protection use are found to be necessary. The Company shall restore service as soon as practicable to any gas-fired electric generation facility that is deemed critical to electric system reliability by the electrical system's control area operator.
- C. In order to implement Emergency Action Curtailments, the Company shall provide an authorized usage factor using the means most likely to reach impacted customers (via telephone, fax, e-mail, electronic bulletin board or other reasonable means). For industrial and commercial customers taking General Distribution Service, the authorized usage factor will be based on each customer's then currently effective Maximum Daily Quantity. For sales service customers, the Company will base the authorized usage factor upon a recent billing cycle or other readily available consumption data that is available to both the customer and the Company. (C)
- D. Emergency Action Curtailments shall be for a period specified by the Company until further notice, but shall last no more than five business days unless extended by Commission order. As an alternative to extending mandatory reductions for periods beyond five days, the Commission may order the Company to initiate Priority-Based Curtailments as defined below. The Company may change a customer's authorized usage factor, upon notice, at any time during an Emergency.

(C) Indicates Change



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

**8. Extensions**

**8.1 Service Connections**

The Company will install the service line from its main to point of delivery, as defined in the Point of Delivery section of this tariff; provided, however;

- (a) In the territories formerly served under Tariff Gas–Pa. P.U.C. No. 6 and Tariff Gas–Pa. P.U.C. No. 7, the Company will install at its expense the service line from its main to a convenient point approximately one-hundred fifty (150) feet inside the customer's property line, absent any abnormal underground conditions or excessive permitting requirements. (See the description of Territory section of this tariff to identify territory formerly served under Tariff Gas–Pa. P.U.C. No. 6 and Tariff Gas–Pa. P.U.C. No. 7.)
- (b) In rural areas, where service is not available directly from the Company, service may be provided from a transmission or production line. It is the sole discretion of the owner of the transmission or production line to allow service from their facilities to the customer. If connection is allowed, the Company's service connection will consist of a tap on the line and a service valve.

**8.2 Capital Expenditure Policy**

**8.2.1 Residential Distribution Service**

The Company, at its discretion, may extend its distribution mains up to a distance of one-hundred fifty (150) feet on any street or highway without cost to an applicant(s), absent any abnormal underground conditions or unusual permitting requirements. When abnormal underground conditions or unusual permitting requirements exist, as determined by the Company, the applicant(s) will be required to pay a refundable cash deposit in an amount determined by the Company. (C)

The applicant(s) will be required to pay a cash deposit to the Company when it is necessary to extend the main line more than one-hundred fifty (150) feet per applicant. The cash deposit will be equal to the difference between the minimum capital investment required to serve the applicant(s)'s gas requirements, excluding the one-hundred fifty (150) foot main allotment per applicant, and the amount of capital that the Company can justify investing in the project, based on the anticipated gas requirements of the applicant(s). The minimum capital investment is the capital expenditure required to serve only the gas requirements requested by the particular applicant(s).

The maximum allowable investment is the amount of capital expenditure which the estimated revenues generated from a proposed project would support and still provide the necessary return to the Company, taking into consideration the estimated additional annual quantities, rate schedule, cost of gas, operating and maintenance expense, interest and taxes.

If the net present value of the project is greater than \$1,000 per applicant, the Company may, at its sole discretion, provide a contribution up to \$1,000 per applicant, to offset installation costs of gas piping incurred by the applicant(s).

(C) Indicates Change

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

**8. Extensions - Continued**

**8.2 Capital Expenditure Policy – Continued**

**8.2.2 Commercial and Industrial Distribution Service**

The applicants will be required to provide a refundable cash deposit to the Company equal to the difference between the minimum capital investment required to serve the applicant's gas requirements and the amount of capital that the Company can justify investing in the project, based on the anticipated gas requirements of the applicant(s). Minimum capital investment is the capital expenditure required to serve only the gas requirements requested by the particular applicant(s).

- (a) Projects Where the Net Present Value of the Cash Flows, Using the Minimum Capital Investment, is Equal to or Greater than Zero.

Such projects are economically feasible provided that there are assurances that the applicant will use the projected quantities of gas for the minimum time period stated in the agreement. Such assurances may be provided in the form of a minimum use agreement, in which applicant contractually agrees to take delivery of certain minimum quantities of gas, and to pay the applicable distribution charges for such quantities, irrespective of applicant's actual consumption of gas. At the Company's sole discretion, a deposit may be required if the Company is not certain that the applicant will use the quantity of gas, as projected, for the entire Minimum Time Period. The maximum required deposit shall be no more than the minimum capital investment.

- (b) Projects Where the Net Present Value of the Cash Flows, Using the Minimum Capital Investment, is Less than Zero.

The Company shall require a refundable deposit in the amount equal to the net present value when the net present value is less than zero. For example, if the net present value of a project is -\$1,000, the Company shall require a \$1,000 refundable deposit. In addition, if there is uncertainty that the applicant will use the projected quantity of gas for the minimum time period stated in the agreement, the Company may, in its sole discretion, (1) require the Applicant to pay an additional refundable deposit, or (2) require the applicant to enter into a minimum use agreement, in which applicant contractually agrees to take delivery of certain minimum quantities of gas, and to pay the applicable distribution charges for such quantity, irrespective of applicant's actual consumption of gas. The additional refundable deposit, if required, shall be no more than the combined total of the Company's minimum capital investment and the net present value. For example, if the Company's minimum capital investment is \$10,000 and the net present value of the project is -\$1,000, the applicant shall be required to provide an additional \$9,000 deposit. (C)

For purposes of subsection (a) and (b), above, the maximum allowable investment is the amount of capital expenditure which the estimated revenues generated from a proposed project would support and still provide the necessary return to the Company, taking into consideration the estimated additional annual quantity, rate schedule, cost of gas, operating and maintenance expense, interest and taxes.

(C) Indicates Change

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

**8. Extensions – Continued**

**8.2 Capital Expenditure Policy – Continued**

**8.2.3 Reduction or Elimination of Deposit**

In any case where a deposit is required, it may be reduced or eliminated, if in the Company's judgment, the institution of such service will benefit other customers within a reasonable period of time.

**8.2.4 Payment Period of Deposit**

When an applicant's projected annual usage is greater than 64,400 therms, the Company and the applicant may negotiate the period over which the deposit will be paid. If the applicant pays thirty percent (30%) of the deposit prior to commencement of the line extension construction, the remaining balance of the deposit may be paid over a period that is agreed upon between the Company and the applicant. Otherwise, the payment period will not exceed ten (10) years. The terms of any payment period will be memorialized in an agreement between the applicant and the Company. The installment amount will be added to and included in the Customer Charge line item on the customer's bill.

(C)

**8.2.5 Taxes on Deposits for Construction & Customer Advances**

Any deposit, advance or other like amounts received from the applicant which shall constitute taxable income as defined by the Internal Revenue Service will have the income taxes segregated in a deferred account for inclusion in rate base in a future rate case proceeding. Such income taxes associated with a deposit or advance will not be charged to the specific depositor of the capital.

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

**8. Extensions - continued**

**8.3 Deposits and Refunds**

When a deposit is required by the Company, the terms and conditions of the project and the refund will be specified in an agreement between the Company and the applicant.

Part or all of the deposit may be subject to refund to the applicant upon such basis or conditions as may be mutually agreeable to the Company and the applicant.

**8.4 Ownership and Maintenance**

The Company shall own, maintain and renew, when necessary, its main extension and/or service line from its main to the point of delivery, as defined in Rule 7.1.

**8.5 Interference with Facilities**

The Company's main, service line, curb valve shall not be opened, tampered or interfered with at any time. Any action taken, without the Company's prior knowledge, will be considered an action endangering the safety of a person or the integrity of the Company's delivery system and will be grounds for immediate termination of service.

**8.6 Special Facilities**

Any special services, facilities, instrumentalities or non-standard construction methodologies which may be rendered or furnished by the Company for an applicant or customer at his request or at the direction of a governmental authority, and not provided for in the Company's rate schedules, and not ordinarily, necessarily, or directly involved in the furnishing of natural gas distribution service, including but not limited to any distribution system improvements necessary to serve customers seeking to add gas fired generating units, natural gas vehicle filling stations or other customer equipment that places higher than typical demands on the distribution system, shall be paid for by the applicant or customer for whom such services, facilities, instrumentalities or non-standard construction methodologies are furnished, and such costs shall be in addition to the charges for natural gas distribution service provided for in the applicable rate schedule or in addition to any deposit required under this section.

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## RATE SDS - SMALL DISTRIBUTION SERVICE (Continued)

### RATE

The customers under this rate schedule shall be subject to a Customer Charge and a Distribution Charge.

The rate information is detailed in the Rate Summary pages of this Tariff.

The Customer Charge will be determined based upon the customer's actual throughput quantities, including sales and distribution, measured in therms (thm), for the twelve most recent billing cycle periods ending with the October billing cycle. If a customer does not have sufficient consumption history to determine its Customer Charge based on twelve months, the Customer Charge will be developed by annualizing the consumption history available. In the instance where a customer has no consumption history, the Company will request the customer to submit estimated annual gas requirements, including sales and distribution, upon which to develop the Customer Charge. The Company in all cases retains the right to review and modify the customer's estimate where necessary. A customer's Customer Charge will remain constant annually, subject to change as of the January billing cycle of each year.

In all cases, the Company reserves the right to review the Customer Charge and, upon receipt of satisfactory proof, to adjust the Customer Charge to reflect the installation and use of energy efficient gas burning equipment, or the implementation of energy conservation practices or measures, which results in a measurable permanent change in the customer's requirement or consumption.

The Distribution Charge may be flexed in accordance with the Flexible Rate Provisions set forth in the Rules and Regulations of this Tariff.

### MAIN LINE EXTENSION DEPOSIT INSTALLMENT PLAN

(C)

Applicants eligible for Rate Schedule SDS who have entered into an agreement with the Company to make payments for a main line extension pursuant to the Payment Period of Deposit paragraph in the Capital Expenditure Policy section of Rule 8. Extensions of these Rules and Regulations Governing the Distribution and Sale of Gas, will have the installment amount included in the cyclical bill for service issued by the Company. The installment amount will be added to the Customer Charge for the duration of the installment payment plan.

### MINIMUM CHARGE

The minimum charge shall be the sum of (a) the Customer Charge; plus (b) purchased gas demand charges, if any, under Rate SS. In the event of curtailment in the delivery of gas by the Company below the Maximum Daily Firm Requirement of the customer, if any, under Rate SS, or complete or partial suspension of operation by the customer due to strikes, fires, floods, explosions or other similar casualties, the Customer Charge shall be reduced in direct proportion to the ratio which the number of days of curtailed service or complete or partial suspension of operation bears to the number of days in the billing period.

### STATE TAX ADJUSTMENT SURCHARGE

The above charges are subject to a State Tax Adjustment Surcharge as set forth in the tariff.

### ELECTIVE BALANCING SERVICES RIDER

Distribution service under this rate schedule shall be subject to the provisions of Rider EBS as set forth within this Tariff.

### DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

Rate SDS is subject to a Distribution System Improvement Charge as specified within Rider DSIC of this Tariff.

(C) Indicates Change



## **RATE LGSS - LARGE GENERAL SALES SERVICE**

### **APPLICABILITY**

Throughout the territory served under this Tariff.

### **AVAILABILITY**

Available at one location, for the total requirements of any commercial or industrial customer whose purchase requirements are in excess of 64,400 thm, and who does not contract for distribution service.

Customers who take service under this rate schedule are entitled to firm retail gas service from the Company.

### **RATE**

The customers under this rate schedule shall be subject to a Customer Charge, a Gas Supply Charge, a Distribution Charge, a Gas Cost Adjustment and a Pass-through Charge.

The rate information is detailed in the Rate Summary pages of this Tariff.

### **DETERMINATION OF CUSTOMER CHARGE**

The Customer Charge will be determined based upon the customer's actual throughput quantities, including sales and distribution if the customer previously contracted for distribution service, measured in therms (thm), for the twelve most recent billing cycles ending with the October billing cycle. If a customer does not have sufficient consumption history to determine its Customer Charge based on twelve months, the Customer Charge will be developed by annualizing the consumption history available. In the instance where a customer has no consumption history, the Company will request the customer to submit estimated annual gas requirements upon which to develop the Customer Charge. The Company, in all cases, retains the right to review and modify the customer's estimate where necessary. A customer's Customer Charge will remain constant annually, subject to change as of the January billing of each year.

In all cases, the Company reserves the right to review the customer's Customer Charge, and upon receipt of satisfactory proof, to adjust the Customer Charge to reflect the installation and use of energy efficient gas burning equipment, or the implementation of energy conservation practices or measures, which result in a measurable permanent change in the customer's requirements or consumption.

### **MAIN LINE EXTENSION DEPOSIT INSTALLMENT PLAN**

Applicants eligible for Rate Schedule LGSS who have entered into an agreement with the Company to make payments for a main line extension pursuant to the Payment Period of Deposit paragraph in the Capital Expenditure Policy section of Rule 8. Extensions of these Rules and Regulations Governing the Distribution and Sale of Gas, will have the installment amount included in the cyclical bill for service issued by the Company. The installment amount will be added to the Customer Charge for the duration of the installment payment plan.

(C)

(C) Indicates Change

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**RATE LGSS - LARGE GENERAL SALES SERVICE (Continued)**

**SPECIAL PROVISIONS**

1. The term of service shall be for a one (1) year period beginning November 1 of each year. Service hereunder shall be automatically renewed each year unless notice to discontinue service is given by the customer not less than sixty (60) days prior to November 1. Service commencing hereunder subsequent to the November billing cycle of any year shall be for the remainder of the twelve-month period ending with the October billing cycle and then placed on an annual basis.

2. New customers, customers transferring to or from this rate schedule shall be permitted to take service under this Rate Schedule only if: (1) the Company can obtain any increase in its pipeline capacity with Columbia Gas Transmission, LLC under the FTS rate schedule or any successor rate schedule that is required to accommodate such transfer; or (2) the Company, in its sole judgment, concludes that no increase in the Company's pipeline capacity under Columbia Gas Transmission, LLC FTS rate schedule or any successor rate schedule is required. The Company shall establish the date any transfer is to be effective. (C)

3. Energy usage eligibility for this rate schedule shall be determined annually. In the event Customer's annual purchases are less than or equal to 64,400 thm, the customer shall be transferred to Rate SGSS.

**RULES AND REGULATIONS**

The Rules and Regulations Governing the Distribution and Sale of Gas of this Tariff, which are not inconsistent with the provisions of this rate schedule, shall govern, where applicable, the supply of gas service under this rate schedule.

(C) Indicates Change



## **RATE LDS - LARGE DISTRIBUTION SERVICE (Continued)**

### **RATE**

The customers under this rate schedule shall be subject to a Customer Charge, and a Distribution Charge.

The rate information is detailed in the Rate Summary pages of this Tariff.

The Customer Charge will be determined based upon the Customer's actual throughput quantities, including sales and distribution, measured in therms (thm), for the twelve most recent billing cycles ending with the October billing cycle. If a Customer does not have sufficient consumption history to determine its Customer Charge based on twelve months, the Customer Charge will be developed by annualizing the consumption history available. In the instance where a customer has no consumption history, the Company will request the Customer to submit estimated annual gas requirements, including sales and distribution, upon which to develop the Customer Charge. The Company in all cases retains the right to review and modify the Customer's estimate where necessary. A customer's Customer Charge will remain constant annually, subject to change with the January billing cycle of each year.

In all cases, the Company reserves the right to review the Customer Charge and, upon receipt of satisfactory proof, to adjust the Customer Charge to reflect the installation and use of energy efficient gas burning equipment, or the implementation of energy conservation practices or measures, which results in a measurable permanent change in the customer's requirement or consumption.

The applicable Distribution Charge for all distribution quantities shall be determined based upon the Customer Charge group in which the Customer is placed, as established annually above.

The Distribution Charge may be flexed in accordance with the Flexible Rate Provisions set forth in the Rules and Regulations of this Tariff.

### **MAIN LINE EXTENSION DEPOSIT INSTALLMENT PLAN**

(C)

Applicants eligible for Rate Schedule LDS who have entered into an agreement with the Company to make payments for a main line extension pursuant to the Payment Period of Deposit paragraph in the Capital Expenditure Policy section of Rule 8. Extensions of these Rules and Regulations Governing the Distribution and Sale of Gas, will have the installment amount included in the cyclical bill for service issued by the Company. The installment amount will be added to the Customer Charge for the duration of the installment payment plan.

(C) Indicates Change

**RATE MLSS – MAIN LINE SALES SERVICE (Continued)**

**DETERMINATION OF CUSTOMER CHARGE**

The Customer Charge will be determined based upon the customer's actual throughput quantities, including sales and distribution if the customer previously contracted for distribution service, measured in therms (thm), for the twelve most recent billing cycles ending with the October billing cycle. If a customer does not have sufficient consumption history to determine its Customer Charge based on twelve months, the Customer Charge will be developed by annualizing the consumption history available. In the instance where a customer has no consumption history, the Company will request the customer to submit estimated annual gas requirements, upon which to develop the Customer Charge. The Company in all cases retains the right to review and modify the customer's estimate where necessary. A customer's Customer Charge will remain constant annually, subject to change as of the January billing cycle of each year.

In all cases, the Company reserves the right to review the Customer Charge and, upon receipt of satisfactory proof, to adjust the Customer Charge to reflect the installation and use of energy efficient gas burning equipment, or the implementation of energy conservation practices or measures, which results in a measurable permanent change in the customer's requirement or consumption.

**MAIN LINE EXTENSION DEPOSIT INSTALLMENT PLAN**

(C)

Applicants eligible for Rate Schedule MLSS who have entered into an agreement with the Company to make payments for a main line extension pursuant to the Payment Period of Deposit paragraph in the Capital Expenditure Policy section of Rule 8. Extensions of these Rules and Regulations Governing the Distribution and Sale of Gas, will have the installment amount included in the cyclical bill for service issued by the Company. The installment amount will be added to the Customer Charge for the duration of the installment payment plan.

**MINIMUM CHARGE**

The minimum charge shall be the Customer Charge. In the event of curtailment in the delivery of gas by the Company or complete or partial suspension of operation by the customer due to strikes, fires, floods, explosions or other similar casualties, the Customer Charge shall be reduced in direct proportion to the ratio which the number of days of curtailed service or complete or partial suspension of operation bears to the number of days in the billing period.

**STATE TAX ADJUSTMENT SURCHARGE**

The charges described in this rate schedule are subject to a State Tax Adjustment Surcharge as set forth in the tariff.

**DISTRIBUTION SYSTEM IMPROVEMENT CHARGE**

Rate MLSS is subject to a Distribution System Improvement Charge as specified within Rider DSIC of this Tariff.

(C) Indicates Change

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**RATE MLSS – MAIN LINE SALES SERVICE (Continued)**

**RIDER PGC**

The Pass-through Charge and Gas Supply Charge in this rate schedule include recovery of purchased gas costs pursuant to the Purchased Gas Cost Rider as set forth in this Tariff.

**TERMS OF PAYMENT**

Bills for sales service will be rendered monthly and are due and payable upon presentation. All bills shall be paid on or before the final date of payment shown on the bill, which date shall not be less than fifteen (15) days after presentation (date of postmark).

If the customer fails to pay the full amount of any bill, a delayed payment penalty charge of one and one-quarter percent (1 1/4%) per billing cycle shall accrue on the portion of the bill that is unpaid on the due date.

**SPECIAL PROVISIONS APPLICABLE TO ALL MLSS CUSTOMERS**

1. Customers desiring to transfer to or from this rate schedule must notify the Company in writing. Transfers to or from this rate schedule will be allowed only if: (1) the Company can obtain any increase or decrease in its gas supplies, pipeline capacity and storage capacity, or any combination thereof that is required to accommodate such change; or (2) the Company, in its sole judgment, concludes that no increase or decrease is required. The Company shall establish the date any transfer is to be effective.
2. The Company reserves the right, as a condition of service under this Rate Schedule, to require any customer requesting service under this rate schedule to install and bear the costs associated with a daily demand reading meter and such installation shall be at the expense of the customer, excluding the cost of the meter plus all costs associated with dedicated telephone lines and telemetering equipment. The Company also reserves the right to require installation of such a meter, at the customer's expense, as a condition of continuation of service under this Rate Schedule. The meter and associated telemetering equipment shall be the property of the Company.
3. Energy usage eligibility for this rate schedule shall be determined annually. In the event Customer's annual purchases are less than or equal to 274,000 thm, the customer shall be transferred to either Rate LGSS or Rate SGSS effective the immediately succeeding January billing cycle.
4. New customers and customers transferring to or from this Rate Schedule shall be permitted to take service under this Rate Schedule only if: (1) the Company can obtain any increase in its pipeline capacity with Columbia Gas Transmission, LLC under the FTS rate schedule or any successor rate schedule that is required to accommodate such transfer; or (2) the Company, in its sole judgment, concludes that no increase in the Company's pipeline capacity under Columbia Gas Transmission, LLC FTS rate schedule or any successor rate schedule is required. The Company shall establish the date any transfer is to be effective. (C)

(C) Indicates Change

## RATE MLSS - MAIN LINE SALES SERVICE (Continued)

### SPECIAL PROVISION APPLICABLE TO CLASS I MLSS CUSTOMERS

In the event a Class I MLSS customer desires to obtain firm transportation capacity on the interstate pipeline system of Columbia Gas Transmission, LLC, as to which supplier the Company may exercise an option to convert daily firm wholesale entitlement to daily firm transportation capacity entitlement under Federal Energy Regulatory Commission (FERC) approved rate schedules pursuant to Order 500 and successor orders of that Agency, the Company may assign daily firm transportation capacity entitlement to a Class I MLSS customer under the following conditions:

(C)

(a) If, in the exercise of its informed business judgment, the Company determines that it can exercise its conversion option under FERC Order 500 and/or assign such increased transportation capacity without impairing its ability to meet its public service obligation to all customers and its ability to pursue a least cost acquisition policy to obtain system supplies. The Company reserves the right to limit any such conversion and/or assignment as necessary to maintain its ability in this regard;

(b) The Class I MLSS customer agrees to maintain the customer's existing contractual Maximum Daily Firm Requirement under Rate SS - Standby Service (if any) during the term of the assignment;

(c) The Class I MLSS customer signs an agreement committing to pay for the firm transportation demand charges constituting the Company as its agent to purchase gas to be redelivered to the Class I MLSS customer after firm transportation service has been provided using the assigned capacity;

(d) The term of this assignment shall be coextensive with the term of the agency agreement, subject to renewal with express approval of the Public Utility Commission;

(e) This provision shall be operative only so long as the Company continues to have the option to convert daily firm wholesale entitlement to daily firm transportation capacity requirements under FERC Order 500 or any successor thereto.

(C)

### RULES AND REGULATIONS

The Rules and Regulations Governing the Distribution and Sale of Gas of this Tariff, which are not inconsistent with the provisions of this rate schedule, shall govern, where applicable, the supply of distribution service under this rate schedule.

(C) Indicates Change

Issued: December 14, 2016

Mark Kempic  
President

Effective: December 19, 2016

Columbia Gas of Pennsylvania, Inc.

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**RATE MLDS – MAIN LINE DISTRIBUTION SERVICE (Continued)**

**RATE**

The customers under this rate schedule shall be subject to a Customer Charge, and a Distribution Charge.

The rate information is detailed in the Rate Summary pages of this Tariff.

The applicable Distribution Charge for all distribution quantities for MLDS Class II customers shall be determined based upon the Customer Charge group in which the Customer is placed, as established annually.

The Distribution Charge may be flexed in accordance with the Flexible Rate Provisions set forth in the Rules and Regulations of this Tariff.

**STATE TAX ADJUSTMENT SURCHARGE**

The charges described in this rate schedule are subject to a State Tax Adjustment Surcharge as set forth in the Tariff.

**ELECTIVE BALANCING SERVICES RIDER**

Distribution service under this rate schedule shall be subject to the provisions of Rider EBS as set forth in this Tariff.

**DISTRIBUTION SYSTEM IMPROVEMENT CHARGE**

Rate MLDS is subject to a Distribution System Improvement Charge as specified within Rider DSIC of this Tariff.

**DETERMINATION OF CUSTOMER CHARGE**

The Customer Charge will be determined based upon the customer's actual throughput quantities, including sales and distribution, measured in therms (thm), for the twelve most recent billing cycle periods ending with the October billing cycle. If a customer does not have sufficient consumption history to determine its Customer Charge based on twelve months, the Customer Charge will be developed by annualizing the consumption history available. In the instance where a customer has no consumption history, the Company will request the customer to submit estimated annual gas requirements, including sales and distribution, upon which to develop the Customer Charge. The Company in all cases retains the right to review and modify the customer's estimate where necessary. A customer's Customer Charge will remain constant annually, subject to change with the January billing cycle each year.

In all cases, the Company reserves the right to review the Customer Charge and, upon receipt of satisfactory proof, to adjust the Customer Charge to reflect the installation and use of energy efficient gas burning equipment, or the implementation of energy conservation practices or measures, which results in a measurable permanent change in the customer's requirement or consumption.

**MAIN LINE EXTENSION DEPOSIT INSTALLMENT PLAN**

(C)

Applicants eligible for Rate Schedule MLDS who have entered into an agreement with the Company to make payments for a main line extension pursuant to the Payment Period of Deposit paragraph in the Capital Expenditure Policy section of Rule 8. Extensions of these Rules and Regulations Governing the Distribution and Sale of Gas, will have the installment amount included in the cyclical bill for service issued by the Company. The installment amount will be added to the Customer Charge for the duration of the installment payment plan.

(C) Indicates Change



## **RATE MLDS – MAIN LINE DISTRIBUTION SERVICE (Continued)**

### **MINIMUM CHARGE**

The minimum charge shall be the sum of (a) the Customer Charge; plus (b) purchased gas demand charges, if any, under Rate SS. In the event of curtailment in the delivery of gas by the Company below the Maximum Daily Firm Requirement of the Customer, if any, under Rate SS, or complete or partial suspension of operation by the customer due to strikes, fires, floods, explosions or other similar casualties, the Customer Charge shall be reduced in direct proportion to the ratio which the number of days of curtailed service or complete or partial suspension of operation bears to the number of days in the billing period.

### **APPLICABLE SALES SERVICE RATE**

Customers under this Rate Schedule desiring to purchase gas shall be charged an amount for recovery of purchased gas costs as set forth in the Rules Applicable to Distribution Service, plus the non-gas portion of distribution charges contained in the first block of Rate SGDS – Small General Distribution Service.

Provided, however, that sales service hereunder shall be considered imbalance gas as defined in the Consumption in Excess of Deliveries section in Paragraph 3 of the Rules Applicable to Distribution Service. The Company undertakes no responsibility to obtain sufficient gas supplies to avoid interruption of sales service on a daily basis, and service is totally interruptible on any day when the Company gives notice to the customer that gas supply is inadequate to supply the customer's requirements, except to the extent the customer nominates Maximum Daily Firm Requirement under Rate SS.

The Company shall give the customer 2 hours advance notice of interruption. Customer agrees that Company shall not be liable for any loss or damage that may be sustained by the customer by reason of any interruption of service.

On any day when the Customer has been given notice by the Company to interrupt, any quantity of gas taken in excess of the quantity specified to be made available that day shall constitute unauthorized takes and shall be subject to the charges set forth in the Rules Applicable to Distribution Service. Payment of such penalty charge shall be in addition to the charges specified above.

### **TERMS OF PAYMENT**

Gas distributed hereunder shall be billed in accordance with the terms and conditions set forth in the customer's executed contract governing distribution service. Bills for distribution service will be rendered monthly and are due and payable upon presentation. All bills shall be paid on or before the final date of payment shown on the bill, which date shall not be less than fifteen (15) days after presentation (date of postmark).

If the customer fails to pay the full amount of any bill, a delayed payment charge of one and one-quarter percent (1 1/4%) per billing cycle shall accrue on the portion of the bill that is unpaid on the due date.

### **SPECIAL PROVISIONS APPLICABLE TO ALL MLDS CUSTOMERS**

1. Within sixty (60) days of receipt of all necessary information requested by the Company, to evaluate a customer's application, the Company will respond to the application and agree either to supply service or to deny service on the grounds of insufficient capacity. If the Company refuses to provide distribution service under this rate schedule, the Company shall provide detailed support for its decision.
2. Customers desiring to transfer to or from this rate schedule must notify the Company in writing. Transfers to or from this rate schedule will be allowed only if: (1) the Company can obtain any increase or decrease in its gas supplies, transportation capacity and storage capacity, or any combination thereof that is required to accommodate such change; or (2) the Company, in its sole judgment, concludes that no increase or decrease is required. The Company shall establish the date any transfer is to be effective.

(C) Indicates Change

## RATE MLDS - MAIN LINE DISTRIBUTION SERVICE (Continued)

### SPECIAL PROVISIONS APPLICABLE TO ALL MLDS CUSTOMERS – Continued

3. Customers that request to be transferred to this rate schedule prior to the end of the Customer's existing contract under another rate schedule shall be required to contract for Maximum Daily Firm Requirement under Rate SS at the level of the Customer's Maximum Daily Firm Requirement, if any, under such existing contract.
4. The Company reserves the right, as a condition of service under this Rate Schedule, to require any customer requesting service under this rate schedule to install and bear the costs associated with a daily demand reading meter and such installation shall be at the expense of the customer, excluding the cost of the meter plus all costs associated with dedicated telephone lines and telemetering equipment. The Company also reserves the right to require installation of such a meter, at the customer's expense, as a condition of continuation of service under this Rate Schedule. The meter and associated telemetering equipment shall be the property of the Company.
5. Energy usage eligibility for this rate schedule shall be determined annually. In the event Customer's annual throughput is less than or equal to 274,000 thm, the customer shall be transferred to either Rate LDS, Rate SDS or Rate SGDS effective the immediately succeeding January billing cycle.

### SPECIAL PROVISION APPLICABLE TO CLASS I MLDS CUSTOMERS

In the event a Class I MLS customer desires to obtain firm transportation capacity on the interstate pipeline system of Columbia Gas Transmission, LLC as to which supplier the Company may exercise an option to convert daily firm wholesale entitlement to daily firm transportation capacity entitlement under Federal Energy Regulatory Commission (FERC) approved rate schedules pursuant to Order 500 and successor orders of that Agency, the Company may assign daily firm transportation capacity entitlement to a Class I MLS customer under the following conditions:

(C)

- (a) If, in the exercise of its informed business judgment, the Company determines that it can exercise its conversion option under FERC Order 500 and/or assign such increased transportation capacity without impairing its ability to meet its public service obligation to all customers and its ability to pursue a least cost acquisition policy to obtain system supplies. The Company reserves the right to limit any such conversion and/or assignment as necessary to maintain its ability in this regard;
- (b) The Class I MLS customer agrees to maintain the customer's existing contractual Maximum Daily Firm Requirement under Rate SS - Standby Service (if any) during the term of the assignment;
- (c) The Class I MLS customer signs an agreement committing to pay for the firm transportation demand charges constituting the Company as its agent to purchase gas to be redelivered to the Class I MLS customer after firm transportation service has been provided using the assigned capacity;
- (d) The term of this assignment shall be coextensive with the term of the agency agreement, subject to renewal with express approval of the Public Utility Commission;
- (e) This provision shall be operative only so long as Columbia continues to have the option to convert daily firm wholesale entitlement to daily firm transportation capacity requirements under FERC Order 500 or any successor thereto.

### RULES AND REGULATIONS

The Rules and Regulations Governing the Distribution and Sale of Gas of this Tariff, which are not inconsistent with the provisions of this rate schedule, shall govern, where applicable, the supply of distribution service under this rate schedule.

(C) Indicates Change



## RATE NSS - NEGOTIATED SALES SERVICE (Continued)

### CREDITS TO THE PURCHASED GAS COST RIDER

The Company shall credit as revenues for recovery of purchased gas costs, an amount equal to (1) the Rider EBS-Option 2 rates and (2) interstate pipeline capacity costs. The amount of the credit for interstate pipeline capacity costs shall be separately computed for each NSS contract and shall be equal to the greater of the following:

- a. Actual sales multiplied by the average rate per thm of all final accepted bids for thirty day recallable capacity received by Columbia five days prior to the commencement of each month of the contract; or
- b. Actual sales multiplied by \$.00465/thm in December, January and February; and \$.00093/thm in all other months.

For firm service not provided by Rate SS-Standby Service, the Company shall credit an additional amount for recovery of interstate pipeline capacity costs. The amount of the credit shall be separately computed for each firm NSS contract and shall be equal to the actual capacity costs incurred to acquire additional capacity, which was obtained, on either a short-term or long-term basis, in order to provide firm service to the customer on days when service otherwise would be interrupted.

For firm service provided by Rate SS-Standby Service, the credit for recovery of interstate pipeline capacity costs shall be computed in accordance with Rate SS.

### SPECIAL PROVISIONS

1. The distribution non-gas margin component of sales under this rate schedule shall be no less than the otherwise-applicable distribution rate offered by Columbia to the customer.
2. Subject to the minimum pricing provisions set forth herein, the price and length of term for service under this rate schedule shall be established through negotiations between the Company and the customer. Provided, however, that no contract shall be entered into hereunder without the Company first posting, on Columbia Gas Transmission, LLC's Electronic Bulletin Board, thirty day recallable capacity. (C)
3. If in any billing cycle the actual usage by the NSS customer is less than nominated quantities, the nominated quantities must be paid for by the customer and the quantity not taken will be subject to the provisions of Rider EBS.
4. The Company shall schedule gas purchases sufficient to meet quantities nominated under this rate schedule each month.
5. On any day when a Customer electing interruptible service under this rate schedule has been given notice by the Company to interrupt, any quantity of gas taken in excess of the quantity specified to be made available that day shall constitute consumption in excess of deliveries and shall be subject to provisions of the Consumption in Excess of Deliveries section in Rule 3 of the RADS. Payment of the charges specified in the above mentioned paragraph shall be in addition to the charges specified in this rate schedule. (C)

(C) Indicates Change

Issued: December 14, 2016

Mark Kempic  
President

Effective: December 19, 2016

## RATE NGV - NATURAL GAS VEHICLE SERVICE

### APPLICABILITY

Throughout the territory served under this Tariff.

### AVAILABILITY

Available to any Customer for use of natural gas directly in a natural gas vehicle ("NGV"). The following shall qualify as a customer for purposes of this rate schedule:

1. The operator of a public fueling station.
2. The owner/operator of a natural gas vehicle or fleet of vehicles, who receives service at separately metered fueling facilities owned by the vehicle owner/operator for the exclusive use of the customer's vehicle(s).

The Customer will install and bear the costs associated with a daily demand reading meter plus all costs associated with dedicated telephone lines and telemetering equipment, and such installation shall be at the expense of the Customer, excluding the cost of the meter.

### CHARACTER OF SERVICE

Except as provided herein, a customer under this Rate Schedule may elect either Firm Sales Service, Interruptible Sales Service or Distribution Service.

Where the customer is the owner/operator of a dedicated natural gas vehicle or dedicated fleet of vehicles used to provide public transportation or otherwise used to provide essential public services, the customer must either:

1. Elect firm sales service; or
2. Provide adequate proof of firm pipeline capacity and firm gas supply obtained by the customer, or contract for Standby Service, to be eligible for distribution service during the term of service under this rate schedule.

Under Interruptible Sales Service, the Company takes no responsibility to obtain sufficient gas supplies to avoid interruption on a daily basis, and service is interruptible on any day when the Company has insufficient supply or capacity to provide service. Where feasible, the Company shall give the Customer two hours advance notice of interruption. The Customer agrees that Company shall not be liable for any loss or damage that may be sustained by the Customer by reason of any interruption of service.

Distribution Service hereunder shall be subject to the Rules Applicable to Distribution Service of this tariff.

### MAIN LINE EXTENSION DEPOSIT INSTALLMENT PLAN

(C)

Applicants eligible for Rate Schedule NGV with projected annual usage greater than 64,440 therms, who have entered into an agreement with the Company to make payments for a main line extension pursuant to the Payment Period of Deposit paragraph in the Capital Expenditure Policy section of Rule 8. Extensions of these Rules and Regulations Governing the Distribution and Sale of Gas, will have the installment amount included in the cyclical bill for service issued by the Company. The installment amount will be added to the Customer Charge for the duration of the installment payment plan.

(C) Indicates Change

**RIDER USP – UNIVERSAL SERVICE PLAN – Continued**

**QUARTERLY ADJUSTMENT**

Each quarter, and at any time that the Company makes a change in base rates or Purchased Gas Cost rates affecting residential customers, the Company shall recalculate the Rider USP rate pursuant to the calculation described above to reflect the Company's current data for the components used in the USP rate calculation. The Company shall file the updated rate with the Commission to be effective one (1) day after filing.

**ANNUAL RECONCILIATION**

On or before April 1 each year, the Company shall file with the Commission data showing the reconciliation of actual revenues received under this Rider and actual recoverable costs incurred for the preceding twelve months ended December. The resulting over/undercollection (plus interest calculated at 6% annually) will be reflected in the CAP quarterly rate adjustment to be effective April 1. Actual recoverable costs shall reflect actual application costs, actual LIURP costs, and actual WarmWise® Audits and Rebates program costs. Actual recoverable costs shall also reflect actual shortfall costs and actual pre-program arrearages, provided that CAP participation on an average annual basis for the preceding year did not exceed 23,000 participants. In the event that CAP participation in the preceding year exceeded 23,000 on an average annual basis, actual recoverable costs shall reflect actual shortfall cost and actual pre-program arrearages for all customers up to the 23,000 participation level. For any and all CAP customers exceeding the 23,000 participation level on an average annual basis, Columbia shall offset the actual shortfall and actual pre-program arrearages by 7.5%. Except for the offset that is applied when CAP participation exceeds 23,000 on an average annual basis, actual CAP shortfall costs shall be based upon actual numbers of CAP customers, actual CAP throughput quantities, actual CAP payments received.

(C)

(C) Indicates Change

**RIDER PGC - PURCHASED GAS COST (Continued)**

**COMPUTATION OF PURCHASED GAS DEMAND COSTS PER THM – Continued**

Supplier refunds that are not included in "CE" 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. The period over which such refunds will be made shall be established by the Commission.

"S" - projected thms of gas to be billed to customers under the distribution charges of the Rate RSS, Rate SGSS, Rate LGSS, and Rate MLSS rate schedules plus the projected thm of gas to be distributed to customers under Rate RDS, Rate SCD and SGDS Priority One Distribution rate schedules of this Tariff during the period when rates will be in effect.

**PROVISION OF PURCHASED GAS DEMAND COST CREDIT DUE TO CUSTOMERS ELECTING CHOICE DISTRIBUTION SERVICE – CAPACITY ASSIGNMENT FACTOR (CAF)**

The Purchased Gas Demand Cost (PGDC) rate included in the Pass-through Charge billed to Choice Distribution Service customers served under Rate RDS or Rate SCD shall be \$0.09241 per thm. Such rate shall be equal to the PGDC component of \$0.12258 per thm as calculated above, less the CAF of \$0.03017 per thm. The CAF shall be equal to the projected annual cost of assigned Firm Capacity less estimated annual storage commodity costs (storage injection, withdrawal, shrinkage and commodity transportation cost) with the net divided by the estimated, normalized annual usage of customers electing Choice Distribution Service. The CAF of \$0.03017 per thm representing costs not assignable to CHOICE customers shall be included in the Price-to-Compare.

**DETERMINATION OF OVER/UNDERCOLLECTION OF GAS COSTS**

**Commodity E-factor**

In computing the experienced over/under collection of purchased gas commodity costs for a period defined by the Commission, the following procedure shall be used:

- (a) All experienced purchased gas commodity costs actually incurred by the Company to service customers pursuant to all rate schedules of this Tariff.

Experienced purchased gas commodity costs shall include, but not be limited to, the following:

- (1) payments to suppliers to accept assignment of capacity on interstate pipelines other than Columbia Gas Transmission, LLC to the extent permitted under the Rules Applicable to Distribution Service; (C)
- (2) costs paid for employing futures, options and other risk management tools, including but not limited to, supplier related costs associated with the fixed price contracts or financial contracts utilized by the Company to lessen the impact of price volatility for PGC customers; and
- (3) the index price of gas purchased from distribution customers under the provisions of the Deliveries in Excess of Consumption section of Paragraph 3 of the Rules Applicable to Distribution Service.

(D) Indicates Decrease (I) Indicates Increase (C) Indicates Change

**RIDER PGC - PURCHASED GAS COST (Continued)**

**DETERMINATION OF OVER/UNDERCOLLECTION OF GAS COSTS - Continued**

**ADJUSTMENT OF "E" FACTOR AMOUNTS**

Each 1307(f) rate shall also provide for refund or recovery of amounts necessary to adjust for over or underrecoveries of "E" Factor amounts included in prior 1307(f) rates. In computing the amount to be included for over or undercollection of "E" Factor amounts, the amount recovered for "E" Factor amounts under the prior 1307(f) rate shall be determined by multiplying the applicable Distribution quantities billed under the Rate CAP, Rate RSS, Rate SGSS, Rate LGSS, Rate MLSS, Rate RDS, Priority One Rate SGDS, and Rate SCD rate schedules during the applicable 1307(f) period times the portion of the PGCC and the PGDC component that provides for recovery of "E" Factor amounts.

**SUPPLIER REFUNDS APPLICABLE TO RATE SS CUSTOMERS**

Any supplier refunds received from Columbia Gas Transmission, LLC, which are specifically identified as refunds of Contract Demand charges made after March 31, 1992, shall be refunded pro rata to customers taking service during the applicable prior period(s) under Rate SS. All refunds shall include interest added at the annual rate of six percent (6%) calculated from the month received to the month the refund is made. Refunds shall be paid once each year, as soon as practicable following October 30 of each year, and shall include all applicable supplier refunds received by the Company during the preceding twelve-month period ended October 30.

(C)

(C) Indicates Change

Issued: December 14, 2016

Mark Kempic  
President

Effective: December 19, 2016



**PURCHASED GAS COST RIDER (Continued)**

**GAS PROCUREMENT INCENTIVE PROGRAM**

The gas procurement incentive program will be limited to spot gas purchased for the months of April through October. Each month the Company's actual cost will be compared to an adjusted NYMEX index for such month.

The adjusted NYMEX index will be determined by averaging the month end closing prices reported for the last three days of trading on NYMEX after adjusting these prices for the differential between the average of indices representing cash prices paid on such days at the Henry Hub, for gas to be delivered on the first day of the month, and the average of indices prices representing the specific delivery points where Columbia takes title to its gas supply. In any instances where indices are not published in any one of the three chosen publications for a receipt point where the Company purchases spot gas, then the index used will be (1) Columbia Gas Transmission, LLC's Appalachian Index average used at points of delivery into Columbia Gas Transmission, LLC; (2) Columbia Gas Transmission, LLC's Appalachian Index average plus Columbia Gas Transmission, LLC's Storage Service Transportation commodity costs used at points of delivery out of Columbia Gas Transmission, LLC; or (3) if the first two are not appropriate, the price paid will be adjusted by deducting a 100% load factor firm transportation rate to the most applicable receipt point where an index is available. The index and Henry Hub prices utilized will be an average of first of the month prices reported in *Inside F.E.R.C.'s Gas Market Report*, *Natural Gas Week* and *Natural Gas Intelligence*. (C)

A band of ninety-nine (99%) to one-hundred one percent (101%) will be applied monthly to the average indexed prices, as described above, to be compared to the Company's actual prices paid for spot gas purchased to flow during the month to determine the appropriate monthly retention of savings or absorption of losses. The Company will share savings 50%/50% between customers and the Company for increments of actual gas purchases below ninety-nine percent (99%) of the adjusted NYMEX index. The Company will absorb losses 50%/50% between customers and the Company for increments of actual gas purchases above one-hundred one percent (101%) of the adjusted NYMEX index. If the actual gas purchases fall within the band, there will be no sharing.

This program will be in effect from October 1, 2002 through September 30, 2004, unless extended by the Company with approval of the Commission.

**RATE NGV GAS COST CREDIT**

The following purchased gas cost credits shall be provided for all gas sold under the NGV rate schedule:

1. Demand Costs

For firm sales under Rate NGV, an amount per thm for recovery of demand costs determined as follows:

$$\frac{\text{Annual Demand Costs}}{(\text{Maximum Daily Quantity} \times 365) \times \text{Average NGV Load Factor}}$$

Where:

- a. Annual Demand Costs equal the total annual demand charges for supply and capacity included in the Company's purchased gas cost rates under the Purchased Gas Cost Rider, and
- b. Maximum Daily Quantity equals maximum firm deliveries that can be made by the Company to its customers during the winter period.

(C) Indicates Change

## RIDER MFC – MERCHANT FUNCTION CHARGE

### APPLICABILITY

This Rider shall be applicable to residential customers taking service under Rate Schedules RSS, or CAP (unless an NGS is serving the CAP aggregation) and commercial or industrial customers taking service under Rate Schedule SGSS.

### CHARACTER OF RATE

This Rider was established in compliance with the Pennsylvania Public Utility Commission's Revised Final Rulemaking Order dated June 23, 2011 in Docket No. L-2008-2069114 and is addressed in the PA Code Title 52, § 62.223.

The Merchant Function Charge reflects the cost of uncollectibles associated with natural gas costs billed to applicable customers by the Company.

### RATE

The MFC is a component of the Price-to-Compare calculation as described in the Definitions section of this tariff.

The uncollectible expense ratios as specified below and determined in the most recent base rate case are used in the calculation of the MFC rate:

Residential uncollectible expense ratio	1.52%	(D)
Non-residential uncollectible expense ratio	0.37%	(D)

The current MFC rates may be found in the Rate Summary pages of this Tariff.

### CALCULATION OF RATE

The Rider MFC rate is calculated as follows:

$$\text{MFC} = \text{PGCC} \times \text{the uncollectible expense ratio}$$

where:

PGCC is the current Purchased Gas Commodity Cost as detailed in the Purchased Gas Cost Rider of this tariff.



### STATE TAX ADJUSTMENT SURCHARGE

There shall be added to the non-Purchased Gas Cost portion of charges for gas service under all of the Company's rate schedules contained in this Tariff unless otherwise specified below, a surcharge of 0.000%. (C)

The above surcharge will be recomputed, using the 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 an increase or decrease in base rates, exclusive of Purchased Gas Cost rates and applicable Rider rates;
- (c) And by March 31, 1971 and every year thereafter.

The above new recomputation will be submitted to the Commission within ten (10) days after the occurrence of the event or date which occasioned such recomputation. If the recomputed surcharge is less than the one in effect the utility will, and if the recomputed surcharge is more than the one then in effect, the utility 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.

Any charges billed under Rate Schedules CDS, DGDS, EGDS or NCS or charges flexed in accordance with the Flexible Rate Provisions contained in Tariff Rule 20 shall not be subject to the State Tax Adjustment Surcharge.

(C) Indicates Change (D) Indicates Decrease (I) Indicates

Issued: December 14, 2016

Mark Kempic  
President

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## RIDER EBS – ELECTIVE BALANCING SERVICES

### APPLICABILITY

Throughout the territory served under this Tariff.

### AVAILABILITY

This Rider has been established to provide balancing service options for General Distribution Service (GDS) customers in Pennsylvania.

In addition to the charges provided in the customer's rate schedule, an amount may be added to the otherwise applicable charge for each thm of distribution quantities distributed by the Company to a customer receiving service under Rate Schedules SGDS, SDS, LDS, and MLDS, or successor rate schedules, for EBS service as provided below. Rider EBS contains two options for balancing service as described below.

### SERVICE OPTIONS:

#### Option 1: FULL BALANCING SERVICE

Full Balancing Service provides the Customer Proxy with the opportunity to: (1) maintain a bank from month to month on the Company's system; (2) access banked gas on a firm basis pursuant to the Seasonal Flow Order, Operational Flow Order, and Matching Flow Order sections in Paragraph 3 of the Rules Applicable to Distribution Service ("RADS") on any day, including days in which an SFO, OFO, or OMO restricts GDS under-deliveries, up to five percent (5%) of the customer's currently effective Maximum Daily Quantity ("MDQ"), and, to the extent made available by the Company on a best efforts basis, additional interruptible access to the Customer Proxy's bank and (3) to add to the bank on any day, including days in which an SFO, OFO, or OMO restricts GDS over-deliveries. Deliveries to the Company on days in which an SFO, OFO or OMO restricts over-deliveries shall not exceed one hundred two and one-half percent (102.5%) of the maximum prescribed SFO, OFO, or OMO Level unless authorized by the Company.

(C)

#### Option 1: BANK TOLERANCE

The cumulative balance of excess deliveries ("positive bank"), at the end of any billing month, shall not exceed the following specified Bank Tolerance Percentages:

1. For any customer with annual consumption greater than 540,000 thm - 5% of the customer's then current annual quantities.
2. For any customer with annual consumption less than or equal to 540,000 thm — 10% of the customer's then current annual quantities as specified for the billing months of November through September, and 5% of the customer's then current annual quantity for the October billing month.

(C) Indicates Change

## RIDER EBS – ELECTIVE BALANCING SERVICES (Continued)

### Option 1: RATES

The rates for EBS-Option 1 will be calculated on an annual basis by the Company. The Company shall calculate the rates after Customer Proxies have elected their service options and after the Company has secured the assets that are required to provide the service. The Company shall file the rates with the Commission to take effect on April 1 of each year upon one day's notice. The rates for service commencing April 1, 2005 are specified in the Rate Summary Section of this tariff.

The Company may reduce or eliminate the otherwise applicable charge for Rider EBS-Option 1 to any customer if it is reasonably necessary to do so to meet competition from an alternative fuel, including gas from another supplier of gas that has constructed, or could construct, facilities to deliver gas to the customer without use of the Company's facilities. The Company will notify the Customer Proxy of the applicable rate if lower than the applicable rate set forth above, at least four (4) days prior to the beginning of each billing month, unless the rate is the same as charged by the Company in the prior month. Such reduction or elimination of the charge shall be reduced before any reduction is made to the other charges under this tariff.

The rates identified in this section billed and collected pursuant to Option 1 shall not be credited toward recovery of purchased gas costs pursuant to the Purchased Gas Cost Rider.

### Option 1: ELECTING SERVICE

Option 1 is the default service option under Rider EBS. Any customer whose Customer Proxy has not elected to take service under one of the other options shall automatically take service under Option 1. A Customer Proxy for an existing GDS customer may elect to change its service option no more than one time per year. An estimate of the rates shall be posted on the Company's EBB on August 1 of each year. All requests to change the service option must be submitted to the Company in writing (e.g. fax, e-mail, electronic bulletin board) no later than the fifteenth of August prior to the April in which the elected option becomes effective. The EBS-Option 1 final rate will be posted on the Company's EBB on September 1. If the September 1 final rate exceeds the August 1 estimated rate by more than 20%, Customer Proxies who have elected EBS-Option 1 may change their election by submitting a change to the Company in writing (e.g. fax, e-mail, EBB) no later than the fifteenth of September. The elected option shall remain in effect for the one-year period commencing April 1 of the following calendar year. A Customer Proxy for a new GDS customer shall elect its service option at the time it executes its General Distribution Service Application and Agreement; however, if the new GDS customer executes its General Distribution Service Application and Agreement after August 15, the Company is under no obligation to provide service to the customer under Option 1 until April of the next following year if the Company does not have adequate storage and capacity assets to provide the service. If the Company cannot serve the new GDS customer under Option 1 until April of the next following year, the Company will either: (a) serve the customer under Option 2 during the interim; or (b) elect to limit/reduce the Elective Balancing Services under Option 1 for the new GDS customer. (C)

Columbia's obligation to provide service under Option 1 is conditioned upon its ability to secure the assets necessary to provide the service. If sufficient assets are not available to provide Option 1 service, customers will default to Option 2.

(C) Indicates Change

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

**Option 1: FULL BALANCING SERVICE (Continued)**

**Option 1: CHARACTER OF SERVICE**

**Normal Operations**

In any billing month under Normal Operations (defined as operations during times when neither an SFO, OFO nor an OMO is in effect), if the customer's consumption plus retainage on the distribution system is greater than the sum of: (a) the quantity of gas delivered to the Company's City Gate by the Shipper for the Customer Proxy's account during the billing month, plus (b) the Customer Proxy's positive bank at the beginning of the month, such use shall be considered imbalance gas sold by the Company to the Customer Proxy under the provisions of the Consumption in Excess of Deliveries section in the Rules Applicable Only to General Distribution Service section of the RADS .

If in any billing month under Normal Operations, the customer's consumption plus retainage on the distribution system is less than the quantity of gas delivered into the Company's system on its behalf, the Customer Proxy may use such excess delivered gas to meet requirements in any succeeding billing month, subject to the Company's rights to limit service as provided in the RADS. Provided, however, that the cumulative balance of excess deliveries ("positive bank"), at the end of any billing month, shall not exceed the Bank Tolerance Percentage. Any positive bank in excess of this tolerance level shall be considered imbalance gas purchased by the Company from the Customer Proxy under the provisions of the Deliveries in Excess of Consumption section in the Rules Applicable Only to General Distribution Service section of the RADS.

**During SFOs/OFOs/OMOs**

During periods when there is an SFO, OFO or OMO that restricts GDS under-deliveries, EBS Option 1 Customer Proxies will have firm daily access to banks equal to five percent (5%) of the customer's currently effective Maximum Daily Quantity ("MDQ"). Additional interruptible access to bank capacity will be available on a best-efforts basis. Should a Shipper on any SFO, OFO, or OMO day under-deliver gas supplies to the Company by a quantity greater than 5% of the customer's currently effective MDQ and any interruptible access to the bank permitted through the SFO, OFO or OMO notice, such quantities shall be charged to the Customer Proxy in accordance with the Consumption in Excess of Deliveries, Seasonal Flow Orders, Operational Flow Orders or Operational Matching Orders sections of the Rules Applicable Only to General Distribution Service section of the RADS as is appropriate to the circumstance. If on any day, the Customer Proxy's bank is not adequate to support any part or all of the bank access made available by the Company and the resulting bank availability combined with other confirmed deliveries by the Shipper is less than the daily delivery requirement under the SFO, OFO, or OMO, the Customer Proxy will be charged for any delivery deficiency in accordance with the Seasonal Flow Order, Operational Matching Order, Operational Flow Order and Consumption in Excess of Deliveries sections in the RADS. At the end of any month in which there has been an SFO, OFO, or OMO that restricts GDS under-deliveries, authorized bank withdrawals used to help meet the daily delivery requirements of an OFO or OMO will be deemed to be the first gas withdrawn from the bank, followed by authorized bank withdrawals used to help meet the daily delivery requirements of an SFO during the month. Any remaining available bank quantities will be applied to days of Normal Operations. Authorized bank withdrawals herein are considered to be the firm access provided under EBS Option 1 plus any interruptible access provided by the Company subject to the Customer Proxy(s) having sufficient quantities in its (their) bank to support the access permitted by the Company.

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(C)

(C) Indicates Change

Issued: December 14, 2016

Mark Kempic  
President

Effective: December 19, 2016

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

**Option 1: FULL BALANCING SERVICE (Continued)**

**Option 1: TERMINATION OF SERVICE**

Customer Proxies may terminate service under Option 1 only by electing another option in accordance with the provisions set forth in this Rider or by terminating GDS service. A Customer Proxy whose Customer is terminating GDS service may be charged a termination fee if the Customer Proxy fails to provide termination notice prior to the fifteenth of September prior to the April in which the service is to be terminated. Such termination fee shall be based upon the cost of the assets secured by the Company to provide service to the Customer. Upon termination of service under Option 1, the Company will make every effort to deliver to the Customer Proxy the Customer Proxy's banked gas during the next month's billing cycle following the date of termination. However, should Customer Proxy fail to take delivery of its entire bank of gas within the next month, Company may, at its option, retain and purchase the undelivered bank of gas at a rate determined pursuant to the Deliveries in Excess of Consumption paragraph in the Rules Applicable Only to General Distribution Service section of the RADS. In addition, if the Customer Proxy owes the Company any outstanding charges, the Company may retain as an offset to such outstanding charges, banked gas that would otherwise be delivered to Customer Proxy upon termination of GDS service. The value assigned to such retained bank of gas which is purchased or retained will be a rate determined pursuant to the Deliveries in Excess of Consumption paragraph in the Rules Applicable Only to General Distribution Service section of the RADS for the month in which the Customer Proxy failed to take delivery of the gas.

(C)

(C)



(C) Indicates Change



**1. DEFINITIONS (Continued)**

- 1.22 "Firm Service" with regard to Natural Gas Supply services shall mean the quality of Natural Gas Supply Service provided to the Customer in which gas shall be available at all times, even under adverse conditions. "Firm Service" with regard to Natural Gas Distribution Company services shall mean that the Company will distribute gas to the Customer on a firm basis during any day in which the Customer's gas is delivered by the Shipper to the Company at a Delivery Point in the same Company Local Market Area in which the Customer's facilities are located, as further defined in Paragraph 2.6 of these Rules Applicable to Distribution Service.
- 1.23 "FTS" shall mean firm transportation service provided by an interstate pipeline in which gas is transported on a firm basis from designated receipt points to designated delivery points.
- 1.24 "Gas" or "Natural Gas" or "Natural Gas Supply" or "Gas Supply" shall mean the hydrocarbon gas obtained from underground and undersea porous sedimentary rocks. In these Rules Applicable to Distribution Service these terms will refer to the commodity an NGS nominates and schedules for delivery to the Company for distribution.
- 1.25 "General Distribution Aggregation Service" shall mean the aggregation of General Distribution Service Customers in a group for the purpose of administering gas purchase and supply.
- 1.26 "General Distribution Application and Agreement" shall mean the Application completed by a Customer who desires to begin taking General Distribution Service.
- 1.27 "General Distribution Service" and "GDS" shall mean Distribution service provided under rate schedules DGDS, CDS, EGDS, LDS, MLDS, NCS, SGDS, or SDS.
- 1.28 "Historical Billing Data" shall mean the minimum of twelve (12) months of data as recorded by the Company, which contains usage data and dollar amount billed, unless 12 months of such data is not available.
- 1.29 "Initial NGS Application" shall mean the initial application that must be made to the Company by the NGS prior to providing either General Distribution Service or Choice Service.
- 1.30 "ITS" shall mean interruptible transportation service provided by an interstate pipeline, in which natural gas is transported on an interruptible basis.
- 1.31 "Local Market Area" shall mean a continuous, physically-interconnected system of Company-owned distribution piping through which the Company provides natural gas service to Customers in a discrete geographic area, utilizing one or more common Delivery Points from interstate pipeline supplier(s) or local gas supplier(s).
- 1.32 "Material Obligation" shall mean any obligation of the NGS under these Rules Applicable to Distribution Service, which if not fulfilled by the NGS, would impair the Customer's Natural Gas Supply Services or would impair the Company's ability to provide natural gas distribution services to its Customers.

(C) Indicates Change

**1. DEFINITIONS (Continued)**

- 1.33 "Maximum Daily Quantity" or "MDQ" shall mean a General Distribution Service Customer's maximum usage during a 24-hour period based on the most recent historical Customer consumption data. The Company will establish a winter MDQ for the November through March time period and a summer MDQ for the April through October time period. However, an adjustment may be made at any time upon agreement of the Customer and the Company. (C)
- 1.34 "month" shall mean calendar month.
- 1.35 "Natural Gas Distribution Company" or "NGDC" shall mean a public utility or city natural gas distribution operation that provides natural gas distribution services and which may provide natural gas supply services and other services. For purposes of this standard of conduct, the term does not include:
- (i) A public utility subject to the jurisdiction of the Commission which has annual gas operating revenues of less than \$6 million per year, except:
    - (A) When the public utility voluntarily petitions the Commission to be included within the definition of an NGDC.
    - (B) When the public utility seeks to provide natural gas supply services to retail gas customers outside its service territory.
  - (ii) A natural gas public utility subject to the jurisdiction of the Commission that is not interconnected to an interstate gas pipeline by means of a direct or indirect connection through the distribution system of another natural gas public utility or through a natural gas gathering system.
- 1.36 "Natural Gas Provider" or "NGP" shall mean the NGDC, NGS, marketer, aggregator and/or broker, as well as any third party acting on behalf of these entities.

(C) Indicates Change



## 1. DEFINITIONS (Continued)

- 1.37 "Natural Gas Supplier" or "NGS" shall mean an entity other than a natural gas distribution company, but including natural gas distribution company marketing affiliates without regard to structural relationship, which provides natural gas supply services to retail gas customers utilizing the jurisdictional facilities of a natural gas distribution company. The term includes:
- (i) A natural gas distribution company that provides natural gas supply services outside its certificated service territories.
  - (ii) A municipal corporation, its affiliates or any joint venture, to the extent that it chooses to provide natural gas supply services to retail customers located outside of its corporate or municipal limits, as applicable, other than:
    - (a) As provided prior to July 1, 1999, the effective date of 66 Pa.C.S. Chapter 22 (relating to natural gas competition), under a certificate of public convenience if required under this title.
    - (b) Total natural gas supply services in de minimis amounts.
    - (c) Natural gas supply services requested by, or provided with the consent of, the public utility in whose certificated territory the services are provided.
    - (d) Natural gas supply services provided to the municipal corporation itself or its tenants on land it owns or leases, or subject to an agreement of sale or pending condemnation, as of September 1, 1999, to the extent permitted by applicable law independent of 66 Pa.C.S. Chapter 22.
  - (iii) The term excludes an entity to the extent that it provides free gas to end-users under the terms of an oil or gas lease. Notwithstanding any other provision of 66 Pa.C.S. (relating to the Public Utility Code), an NGS that is not an NGDC is not a public utility as defined in 66 Pa.C.S. §102 (relating to definitions) to the extent that the NGS is utilizing the jurisdictional distribution facilities of an NGDC or is providing other services authorized by the Commission.
- 1.38 "Natural Gas Supply Services" shall mean the sale or arrangement of the sale of natural gas to retail customers and services that may be unbundled by the Commission under section 2203(3) of the Act. The term does not include distribution service.
- 1.39 "NGS Choice Distribution Aggregation Agreement" shall mean the contract between the NGS and the Company that specifies the terms and conditions for participation in the Choice Service.
- 1.40 "Nomination EBB" shall mean the electronic bulletin board and nomination system, which is used for scheduling deliveries of gas on the Company's system.
- 1.41 "Paragraph" shall mean a numbered paragraph of these Rules Applicable to Distribution Service as well as all sub-paragraphs falling under that numbered paragraph.

(C) Indicates Change

**1. DEFINITIONS (Continued)**

- 1.42 "Primary FTS" with regard to Columbia Gas Transmission, LLC capacity, shall mean FTS (C)  
which has a designated primary delivery point located in the same Pipeline Scheduling Point  
in which the Customer is located and has a designated primary receipt point at a location  
considered to be a point of generally available supply. "Primary FTS" with regard to any  
other transmission pipeline shall mean firm transportation service which has a designated  
primary delivery point located in the same Company Local Market Area in which the customer  
is located and has a designated primary receipt point at a location considered to be a point  
of generally available supply.
- 1.43 "Reliability" comprises adequacy and security.
- 1.44 "Retainage" shall mean gas lost and unaccounted for in the Company's operations as more  
specifically defined in the Retainage paragraph of these Rules Applicable to Distribution  
Service.
- 1.45 "Rules and Regulations" shall mean the "Rules and Regulations Governing the Distribution  
and Sale of Gas" section of the Company's tariff.
- 1.46 "Security" means designing, maintaining and operating a system so that it can safely handle  
extreme conditions, as well as emergencies.
- 1.47 "Shipper" generally means the entity nominating gas service for distribution. Specifically,  
"Shipper" is defined as:
- 1.) a General Distribution Service Customer that nominates gas for Distribution; or
  - 2.) a Natural Gas Supplier that nominates the General Distribution Service Customer's  
gas for distribution, but which has not been appointed in writing as the Customer's  
agent by the Customer; or
  - 3.) a Natural Gas Supplier that nominates the General Distribution Service Customer's  
gas for distribution, which NGS is acting as the General Distribution Service  
Customer's duly authorized agent for the purpose of purchasing gas; or
  - 4.) a Natural Gas Supplier that nominates the General Distribution Service Customer's  
gas for Distribution, which NGS is acting as the General Distribution Service  
Customer's duly authorized aggregation agent for the purpose of purchasing gas.
- 1.48 "Storage" shall mean placing natural gas into an underground facility for removal and use at  
a later date.
- 1.49 "Transmission" shall mean the moving of natural gas through the interstate pipeline system  
for delivery to the NGDC.

(C Indicates Change

## 2. RULES APPLICABLE TO ALL DISTRIBUTION SERVICE

2.1 This Paragraph applies to all distribution service on the Company's system, regardless of whether the Customer is acting as its own Shipper or whether the Customer has contracted with an NGS to provide this service.

### 2.2 ELECTRONIC COMMUNICATIONS.

2.2.1 All nominations must be performed through the Company's Nomination EBB.

### 2.3 INITIAL NGS APPLICATION

2.3.1 All NGSs must complete an Initial NGS Application in the form prescribed by the Company, and have it approved by the Company prior to being able to supply gas for either General Distribution Service or Choice Service on the Company's system. NGSs may be required by the Company to resubmit the Initial NGS Application in instances where changed circumstances cause the Initial NGS Application to no longer be applicable. Such changed circumstances include, but are not limited to circumstances such as: a change in the financial status of the NGS, a substantial change in the number of Customers being served by the NGS, or a substantial change in the amount of natural gas being provided by the NGS.

2.3.2 All NGSs must be licensed by the Commission prior to the Company's approval of the Initial NGS Application to provide Natural Gas Supply Services on the Company's system. Pursuant to Section 2208 of the Public Utility Code, 66 Pa. C.S. §2208, no entity shall engage in the business of an NGS unless it holds a license issued by the PUC. NGS license application packages can be found on the PUC web site at <http://puc.paonline.com>. PA. P.U.C. Docket No. M-00991248F0002.

2.3.3 Absent a Commission waiver, all parties must adhere to the applicable Chapter 56 standards when they engage in an activity covered by those standards. 52 Pa. Code Ch. 56. NGSs should also refer to the Commission's guidelines on Maintaining Customer Services at the Same Level of Quality Pursuant to 66 Pa. C.S. § 2206(a), Docket No. M-00991249F0003.

2.3.4 As part of the Initial NGS Application process, an NGS must meet the standards and fulfill the obligations of creditworthiness as required under the NGS Creditworthiness paragraph of these Rules Applicable to Distribution Service before being permitted to provide Natural Gas Supply Services on the Company's system.

(C) Indicates Change

## 2. RULES APPLICABLE TO ALL DISTRIBUTION SERVICE – continued

### 2.4 NGS CREDITWORTHINESS

2.4.1 The Company will require the NGS to provide financial information in order for the Company to establish the NGS's creditworthiness. The NGS shall provide the Company with the financial information that it provided to the Commission, as well as the NGS's most current financial information. In addition, the Company may request the NGS to furnish the following financial information:

- Credit reports,
- Bank References,
- Audited Financial Statements, Annual Report, 10K or 10Q prepared in the past 12 months,
- Confirmation that the NGS is not operating under any bankruptcy or insolvency law,
- Confirmation that no significant lawsuits or judgements are outstanding,
- Confirmation that the NGS is not aware of any adverse condition which could cause a material change in financial condition,
- A list of parent company and other affiliates,
- Names, addresses and telephone numbers of three trade references, and/or
- Additional financial related information as determined by the Company.

2.4.2 The creditworthiness evaluation will be based on standard credit factors such as previous operating history including operating history on other NGDC's when applicable, financial and credit ratings from investment rating companies, trade references, unused line of credit, financial information and number and class of customers to be served. The Company shall determine creditworthiness based on the above criteria but will not deny creditworthiness without reasonable cause.

(C) Indicates Change

## 2. RULES APPLICABLE TO ALL DISTRIBUTION SERVICE – continued

### 2.4 NGS CREDITWORTHINESS - continued

#### 2.4.3 Amount and Form of Security (C)

The criteria for determining the amount and form of security will be based on criteria specified in Title 52 §62.111 (c) of the Pennsylvania Code.

2.4.3.1 The following legal and financial instruments and property shall be acceptable as security:

- (i) Bond;
- (ii) Irrevocable letter of credit;
- (iii) Corporate, parental or other third-party guaranty;
- (iv) Escrow account;
- (v) Accounts receivable pledged or assigned to the Company by a licensee participating in the Company's purchase of receivables program that has been approved by the Commission as being consistent with Commission orders, guidelines and regulations governing the programs;
- (vi) Calls on capacity, netting the Company's gas supply purchases from the NGS against NGS security requirements, or other operational offsets as may be mutually agreed upon by the Company and the NGS; and
- (vii) Cash.

2.4.3.2 In addition to the requirements specified above, small suppliers with annual operating revenues of less than \$1 million may utilize real or personal property as security with the following supporting documentation:

1. A verified statement from the licensee that it has clear title to the property and that the property has not been pledged as collateral, or otherwise encumbered in regard to any other legal or financial transaction; and
2. A current appraisal report of the market value of the property.

The security amount may be modified. An adjustment to the amount of security may be requested by the Company or the NGS as specified in Title 52 §62.111 (c) (6) and (7) of the Pennsylvania Code.

(C) Indicates Change



## 2. RULES APPLICABLE TO ALL DISTRIBUTION SERVICE – continued

### 2.4 NGS CREDITWORTHINESS – continued

#### 2.4.4 Calculation of the Security Requirement

The following is a calculation of the Natural Gas Supplier's (NGS) Security Requirement. The NGS Financial Exposure is the sum of one month's commodity exposure, plus one month's capacity exposure. The Security Requirement ("SR") is the NGS Financial Exposure ("FE") less any Unsecured Credit Level ("UCL"), Accounts Receivable Credit ("ARC") or Current Collateral ("CC").

$$\begin{aligned} \text{SR} &= \text{FE} - (\text{UCL} + \text{ARC} + \text{CUC}), \text{ where} \\ \text{FE} &= \text{COE} + \text{CAE}, \text{ and} \\ \text{COE} &= \{(\text{ARCC} \times \text{RC} \times \text{CR}) + (\text{ACCC} \times \text{CC} \times \text{CR}), \text{ and} \\ \text{CAE} &= \text{FT} \times \text{FTR}, \text{ and} \\ \text{ARC} &= \{(\text{NGSAR} \times \text{ARCC} \times \text{RC}) + (\text{NGSAR} \times \text{ACCC} \times \text{CC})\} \end{aligned}$$

An Accounts Receivable Credit is applied only when Columbia has been provided first secured interest. The NGS shall provide Columbia with any additional documents and take any additional steps that Columbia may request to perfect Columbia's interest.

Columbia will perform the above calculations monthly. The Security Requirement may be adjusted as circumstances warrant and in accordance with Chapter 62 – Natural Gas Supply Customer Choice, Subchapter D, Licensing Requirements for Natural Gas Suppliers.

In computing the amount of security required of the NGS pursuant to the formula above, the following definitions shall apply:

**ARC** equals Accounts Receivable Credit (if applicable).

**ARCC** equals Average Residential Customer Consumption.

**ACCC** equals Average Commercial Customer Consumption.

**CAE** equals capacity exposure (in \$).

**CC** equals number of Commercial Customers.

**COE** equals commodity exposure (in \$).

**CR** equals the Commodity rate calculated using the Inside FERC's Gas Market Report "Columbia Gas, App" index rate for prices of spot gas purchased at the Columbia Gas Transmission pool for the first of the month plus the current Columbia Gas Transmission shrinkage and commodity charges. (C)

**CUC** equals Current Collateral (in \$) (if applicable).

**2. RULES APPLICABLE TO ALL DISTRIBUTION SERVICE - continued**

2.22 Platts “Gas Daily”, Daily Price Survey - Designation by Pipeline Scheduling Point

(C)

The table below will be used to identify the specific price indices for each pipeline scheduling point, the higher of which will be used as the starting point for calculating charges for non-compliance with Operational Flow Orders, Operational Matching Orders and/or failure to deliver the Choice Daily Delivery Requirement. The physical location of the customer’s service address will determine the pipeline scheduling point used in calculating the non-compliance charge(s).

<b>Platts “Gas Daily”, Daily Price Survey</b>				
Pipeline Scheduling Point	Columbia Gas, App.	Dominion North Point	Tennessee Zone 4 – 200 Leg	Texas Eastern M-3
25 - Lancaster	X			X
26 - Bedford	X		X	
29 - Downington	X			X
35 - Pittsburgh	X		X	
36 - Olean	X			X
38 - Rimersburg	X		X	
39 - New Castle	X		X	
40 - PAWV Misc	X		X	

(C) Indicates Change

### 3. RULES APPLICABLE ONLY TO GENERAL DISTRIBUTION SERVICE

3.1 This Paragraph applies to all General Distribution Service on the Company's system, regardless of whether the Customer is acting as its own Shipper or whether the Customer has contracted with an NGS to provide this service.

#### 3.2 APPLICATION PROCESS

3.2.1 All Customers must complete an application in the form prescribed by the Company prior to taking service under these Rules Applicable to Distribution Service ("General Distribution Application and Agreement"). The General Distribution Application and Agreement shall set forth: (1) the point(s) of receipt at which the gas will be delivered to the Company; (2) the point(s) to which the Company will distribute the gas to the Customer's facilities; and (3) the Customer's currently effective Maximum Daily Quantity and annual quantity. The General Distribution Application and Agreement shall also include: the name, address and telephone number to which all notices are to be delivered, an e-mail address, banking and balancing information if applicable, alternate fuel information, the service and levels of said services to be rendered. (C)

The currently effective Maximum Daily Quantity and annual quantity are subject to adjustment by the Company no more than one time each year, to reflect the Customer's currently effective Maximum Daily Quantity and annual quantities experienced in the most recent November to October period, except an adjustment may be made at any time upon agreement of the Customer and the Company.

3.2.2 In the General Distribution Application and Agreement, the Customer has the option of appointing an NGS to act on its behalf, for the purpose of establishing and administering the Customer's General Distribution Service. This appointment shall authorize the NGS to administer the Customer's purchase of natural gas supplies, including (by way of illustration and not limitation) the following: obtain the Customer's historic and current usage data from the Company; place a Customer in an Aggregation Nomination Group; receive notices on behalf of the Customer; nominate gas on behalf of the Customers; and obtain from the Company any and all pertinent information pertaining to prior or current month gas deliveries to the Customer, including disbursed quantities, tariff quantities, banked quantities and bank tolerances. The Customer has the right to change his appointment of an NGS to act on his behalf by submitting a new General Distribution Application and Agreement containing the new appointment.

3.2.3 The benefits and obligations of service under these Rules Applicable to Distribution Service shall begin when the Company first receives gas on the Customer's behalf.

3.2.4 Within sixty (60) days of receipt of all necessary information requested by the Company to evaluate a Customer's application, the Company will respond to the General Distribution Application and Agreement and agree either to supply service or deny service. If the Company refuses to provide service under the requested rate schedule, the Company shall provide detailed support for its decision. (C)

(C) Indicates Change

3.2.5 The NGS is not required to complete an application to provide General Distribution Service; provided that the Customer's NGS submitted an Initial NGS Application which was approved by the Company.

### 3.3 CHARACTER OF SERVICE TO BE RENDERED

3.3.1 The Company shall receive the quantities of gas supplied by the Shipper and shall redeliver said gas to Customer's facilities. For Customers who purchase 100% Standby Service, the Company will provide Firm Service up to the Customer's currently effective Maximum Daily Quantity. For Priority One Customers, the Company will provide Firm Service. (C)

3.3.2 Special Conditions for Customers with less than 100% Standby Service:

3.3.2.1 Customers may request to take General Distribution Service with less than 100% Standby Service provided that the Customer agrees to the following conditions:

3.3.2.1.1 Interruption of gas distribution may occur if the Shipper fails to deliver sufficient quantities of gas to the Company, including sufficient quantities to cover peak day usage, whether or not such failure is due to the fault of Shipper. Interruptions or limitations may be necessary during peak day conditions even if all of the Customer's gas has been delivered to the Company.

3.3.2.1.2 An interruption of gas deliveries may require or result in (1) the temporary closing of the Customer's facilities, (2) lost production, sales, or business, and (3) damage to Customer's physical facilities. The Customer assumes the risk of any such losses or damage. A failure of the Customer to interrupt after notification to the Customer Proxy by the Company may also subject the Customer Proxy to liability for fines or penalties incurred by the Company as a result of such failure.

(C) Indicates Change

Ratio of Under-Deliveries to Consumption	Adjustment to Index Price
0% - 10.00%	120%
10.01% and over	130%

- (2) If a Shipper over-delivers during an SFO that restricts over-deliveries, the charge for over-deliveries shall be calculated using the gas supply index identified in the Deliveries in Excess of Consumption section in this Paragraph 3 of the RADS; The "Adjustment to Index Price" shall be the adjustment shown in the following table:

Ratio of Over-Deliveries to Consumption	Adjustment to Index Price
0% - 10.00%	80%
10.01% and over	70%

- (3) The Customer Proxy shall also be required to pay all other charges incurred by the Company on the dates of the SFO that result from the Shipper's failure to comply with the SFO, including a proportionate share of any pipeline penalties that are incurred by the Company.

### 3.7 OPERATIONAL FLOW ORDERS (OFOs)

- 3.7.1 An OFO is a demand for specific actions on the part of Shippers that are serving Customers without daily measuring devices. All Customers without daily measuring devices are subject to the Company's issuance of OFOs.
- 3.7.2 An OFO will be issued, to the extent possible, with a minimum of eight (8) hours notice to the affected parties. Notice shall be made by the medium most reasonably expected to reach the Customer Proxy with as much notice as reasonably expected to reach the Customer Proxy in a timely manner, including but not limited to: e-mail, facsimile, or Nomination EBB. The notice will include the circumstance that warrants the issuance of the OFO or OMO, and it will explain why the actions are necessary. The notice will be provided via e-mail to the Pennsylvania P.U.C.
- 3.7.3 The Company will have the authority to direct Customer Proxies to direct their Shippers to adjust daily quantities to a specified level (the Daily OFO Level). Generally, during peak design day conditions, the Daily OFO Level will be equal to the currently effective Maximum Daily Quantity. Should expected conditions be different than peak design day conditions, the Daily OFO Level may be greater or less than the currently effective Maximum Daily Quantity specified in the Customer's General Distribution Application and Agreement. In order to determine compliance with the OFO the Shipper may use gas quantities which are: 1) scheduled and delivered on that day to the Company in the same Pipeline Scheduling Point in which the Shipper's customer(s)'s facilities are located; 2) contracted for under Rate SS – Standby Service if the order is pertaining to an under-delivery situation; 3) available pursuant to the Rider EBS-Option 1; or 4) additional quantities that may be made available to the Shipper by the Company at its sole discretion including quantities delivered in accordance with the Limitation for Failure of Shipper to Provide Gas to the Company in Customer's Local Market Area section in Paragraph 2 of the RADS.

(C)  
(C)  
(C)

(C) Indicates Change



### 3.7 OPERATIONAL FLOW ORDERS (OFOs) - continued

3.7.4 When a difference between the Daily OFO Level and actual daily OFO compliance quantities delivered to the Company exists, the following charges will be assessed to the Customer Proxy:

- (1) A rate equal to three times the highest of the midpoint prices reflected in Platts Gas Daily for the day of the OFO non-compliance and based on pipeline scheduling point applicable indices as specified in the Platts "Gas Daily", Daily Price Survey – Designation by Pipeline Scheduling Point paragraph of Rule 2. Rules Applicable to All Distribution Service in the Rules Applicable to Distribution Service of this tariff. (C)  
  
The charge will be multiplied by the therm difference, except however, the charge will not be assessed if the difference results from the Shipper delivering more than the Daily OFO Level during an OFO that restricts under-deliveries, or from the Shipper delivering less than the Daily OFO Level during an OFO that restricts over-deliveries; and, (C)
- (2) The payment of all other charges incurred by the Company on the date of the OFO that results from the Shipper's failure to comply with the OFO, including a proportionate share of any pipeline penalties that are incurred by the Company.
- (3) In the event midpoint prices referenced in subparagraph (1) above, are not published in Platts Gas Daily for the day of the OFO non-compliance, the highest price paid by the Company on that day shall be used as the index price. (C)
- (4) The Company shall update the applicable indices on 60 days' notice to Customer Proxies in the event of a change in applicable indices. Applicable indices are subject to change based upon changes in market circumstances. (C)

### 3.8 OPERATIONAL MATCHING ORDERS (OMOs)

- 3.8.1 An OMO is a demand for specific actions on the part of Shippers that are serving Customers with daily measuring devices. All Customers with daily measuring devices, except as specified in the Operational Matching Order section in Paragraph 3 of the RADs, are subject to the Company's issuance of OMOs.
- 3.8.2 Customers that presently have daily measurement through a charted meter, but not an electronic meter, shall have the option of choosing to be governed by Operational Flow Orders as specified in this Paragraph 3 of the RADs. Customers will be able to exercise this option no more than one time each calendar year by notifying the Company in writing prior to November 1<sup>st</sup> of each year. Once an election is made, the customer's option will remain in effect until changed.
- 3.8.3 An OMO will be issued, to the extent possible, with a minimum of eight (8) hours notice to the affected parties. Notice shall be made by the medium most reasonably expected to reach the Customer Proxy with as much notice as reasonably expected to reach the Customer Proxy in a timely manner, including but not limited to: e-mail, facsimile, or Nomination EBB. The notice will include the circumstance that warrant the issuance of the OMO and explain why the actions required are necessary. The notice will be provided via e-mail to the PA PUC.

### 3.8 OPERATIONAL MATCHING ORDERS (OMOs) - continued

3.8.4 The Company shall have the authority to direct Customer Proxies to adjust Customer's daily consumption or daily scheduled deliveries (Daily OMO Level) in order that daily scheduled deliveries match Customer's consumption. In order to comply with the OMO, the Shipper may use gas quantities which are: 1) scheduled and delivered on that day to the Company in the same Pipeline Scheduling Point in which the Shipper's customer(s)'s facilities are located; 2) contracted for under Rate SS – Standby Service if the order is pertaining to an under delivery situation; 3) available pursuant to the Rider EBS-Option 1; or 4) additional quantities that may be made available to the Shipper by the Company at its sole discretion including quantities delivered in accordance with the Limitation for Failure of Shipper to Provide Gas to the Company in Customer's Local Market Area section in Paragraph 2 of the RADS.

(C)

(C) Indicates Change

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Issued: December 14, 2016

Mark Kempic  
President

Effective: December 19, 2016

3.8.5 When a difference exists between the Daily OMO Level and actual daily OMO compliance quantities delivered, the following charges will be assessed:

- (1) A rate equal to three times the highest of the midpoint prices reflected in Platts Gas Daily for the day of the OMO non-compliance and based on pipeline scheduling point applicable indices as specified in the Platts "Gas Daily", Daily Price Survey – Designation by Pipeline Scheduling Point paragraph of Rule 2. Rules Applicable to All Distribution Service in the Rules Applicable to Distribution Service of this tariff. (C)

The charge will be multiplied on the therm difference, except however, the charge will not be assessed if the difference results from the Shipper delivering more than the Daily OMO Level during an OMO that restricts under-deliveries, or from the Shipper delivering less than the Daily OMO Level during an OMO that restricts over-deliveries; and (C)

- (2) Payment of all other charges incurred by the Company on the date of the OMO that result from the Shipper's failure to comply with the OMO, including a proportionate share of any pipeline penalties that are incurred by the Company. (C)
- (3) In the event midpoint prices referenced in subparagraph (1) above, are not published in Platt Gas Daily for the day of the OMO non-compliance, the highest price paid by the Company on that day shall be used as the index price. (C)
- (4) The Company shall update the applicable indices on 60 days' notice to Customer Proxies in the event of a change in applicable indices. Applicable indices are subject to change based upon changes in market circumstances. (C)

### 3.9 LIMITATIONS ON NOMINATIONS

- 3.9.1 A Shipper shall not submit a daily gas supply nomination in excess of one hundred percent (100%) of the Customer's currently effective Maximum Daily Quantity except with the Company's prior permission. The Company may reject a nomination to the extent it exceeds one hundred percent (100%) of a Customer's currently effective Maximum Daily Quantity and confirm it at a level equal to the limit if the Shipper did not receive the Company's prior permission. (C)

### 3.10 LIMITATIONS UPON EXCESS DELIVERIES

- 3.10.1 The Company reserves the right to limit its receipt of deliveries which are in excess of a Customer's consumption of gas for redelivery to a Customer on any given day ("Excess Deliveries") when such Excess Deliveries may cause the Company to incur penalties for exceeding its allowed daily or total Storage injection capacity of its supplying pipeline or other costs incurred to avoid or mitigate pipeline penalties. The level of the limitation shall be specified electronically by the Company to the Customer Proxy. The Company shall bill a proportionate share of the penalties and other costs that were incurred to avoid or mitigate pipeline penalties to all Customer Proxies whose Shipper fails to comply with the Company's limitation under this Paragraph.

### 3.11 CONSUMPTION IN EXCESS OF DELIVERIES (UNDER-DELIVERIES)

- 3.11.1 If, in any billing cycle, the Customer's consumption, plus retainage on the distribution system is greater than the sum of: (a) the quantity of gas delivered to the Company's City Gate by the Shipper for the Customer's account during the billing cycle; plus (b) if the Customer Proxy subscribes to EBS-Option 1, access to banked gas quantities as permitted under EBS-Option 1; plus (c) bank transfers performed for that cycle, then such use shall be considered imbalance gas sold by the Company to the Customer Proxy.

(C) Indicates Change

4.7.4 Aggregation Imbalances

4.7.4.1 There shall be an annual reconciliation and cash-out of the difference between the actual consumption of each Choice Aggregation Nomination Group and the NGS's deliveries on behalf of each Choice Aggregation Nomination Group. The reconciliation and cash-out amount shall be calculated annually following each July billing cycle.

4.7.4.2 If the actual consumption of the Choice Aggregation Nomination Group is more than the NGS's deliveries on behalf of that group, the NGS must purchase the deficient quantity from the Company at the average price during the reconciliation period as reported in Platt's Inside FERC's Gas Market Report as published for the first of each month under the column heading "Index" for "Columbia Gas, App", adjusted for Columbia Gas Transmission, LLC's FTS retainage and commodity charge. (C)

4.7.4.3 Likewise, if the actual consumption of the Choice Aggregation Nomination Group is less than the NGS's deliveries on behalf of that group, the Company shall purchase the excess quantity from the NGS at the average price during the reconciliation period as reported in Platt's Inside FERC's Gas Market Report as published for the first of each month under the column heading "Index" for "Columbia Gas, App", adjusted for Columbia Gas Transmission, LLC's FTS retainage and commodity charge. (C)

4.7.4.4 In the event that an NGS's Choice Aggregation Nomination Group decreases by 10% or 1,000 Customers, the Company may elect to Cash Out that NGS at such time. The purchase or sale price of the difference between the actual consumption of the Choice Aggregation Nomination Group and the NGS's deliveries on behalf of that Choice Aggregation Nomination Group shall be the weighted average commodity cost of gas, defined as the quotient of: (1) the total commodity cost of gas purchases, including transmission pipeline transportation and fuel retention, as recorded on the Company's financial statements between the preceding July 1 and the month in which the Cash Out occurs, divided by (2) tariff sales for the same period.

4.7.5 Assignment. The NGS shall only assign the Choice Customer Group to another NGS with the prior written consent of the Company. The Company shall not unreasonably withhold its consent; however, the Company may condition the assignment upon the fulfillment of reasonable requirements including but not limited to: a demonstration that the agreement between the NGS and the Customer allows an assignment or that the customer had otherwise consented to the assignment; requiring the assignee to take assignment of any gas bank balance existing at the time of the assignment; or requiring the assignee to take assignment of any financial obligation existing at the time of the assignment.

(C) Indicates Change

The NGS agrees, if required by the Company, to make daily deliveries through the assigned capacity without regard to the loss of Customers. The NGS must accept the assignment or release of either Columbia Gas Transmission, LLC capacity and Columbia Gulf Transmission, LLC capacity or Columbia Gas Transmission, LLC capacity only. (C)

The assignment or release of Columbia Gas Transmission, LLC FTS capacity shall be equal to the Choice Primary FTS Daily Capacity Requirement. (C)

The Columbia Gulf Transmission, LLC Rate Schedule FTS-1 capacity to be assigned or released shall be based upon the assigned Rate FTS capacity increased for applicable pipeline fuel. The Company shall release this capacity, on a recallable basis, utilizing the appropriate pipeline company electronic bulletin boards and the NGS shall execute the service agreements so generated by the pipelines prior to the end of the month to enable the NGS to nominate gas supplies under the service agreements for the following month. (C)

Should the Choice Aggregation Nomination Group's quantity increase in subsequent months resulting in the need for additional capacity to be assigned to the NGS, the Company shall utilize the process described above to assign the additional quantities to the NGS with each assignment being for a one-year period.

4.8.3.1 Other Primary FTS Option. The NGS may have the option to provide some or all Primary FTS capacity from some other source for a period of one year. This capacity option shall be made available to an NGS to the extent that the cumulative Other Primary FTS Daily Capacity Requirements (Other Primary FTS) of all NGSs requesting this option does not exceed the Additional Capacity Resource Requirement (ACRR).

An NGS providing Other Primary FTS is required to obtain and maintain capacity resources sufficient to deliver natural gas equal to its Choice Primary FTS Daily Capacity Requirements each day during the effective period of its capacity option election.

The cumulative Other Primary FTS of NGSs may not exceed the ACRR the Company may require in any year.

The ACRR for any year shall be the additional capacity, if any, which is required to meet design day requirements in excess of the Company's available design day capacity, as set forth in its annual 1307(f) filing, for the immediately following November through October period.

(C) Indicates Change



- 4.8.4 Subject to the Company's obligations concerning its Acquisition Process for New and Renewed Capacity under the Joint Petition for Settlement of Restructuring Filing in Docket No. R-00994781, should the Company decide to terminate its capacity on Columbia Gas Transmission, LLC or Columbia Gulf Transmission, LLC, any capacity assignment will terminate no later than the end of the term of the Company's service agreement with the pipeline. It shall be the responsibility of the NGS to acquire Primary FTS subsequent to such termination. (C)
- 4.8.5 The NGS will at all times be responsible for operating the assigned capacity consistent with the terms and conditions set forth in the tariffs of the Company and the applicable pipeline companies.
- 4.8.6 Insufficient Capacity. The Company may require that the NGS verify that the Other Primary FTS contract rights exist. The NGS shall comply with the Company's request for verification. The failure or inability of the Company to verify the existence of such contract rights shall not relieve the NGS from any liability for failing to deliver gas, or subject the Company to any liability resulting from the NGS's failure to deliver. The Company may require the NGS to demonstrate in writing, and the NGS shall have the obligation to demonstrate in writing that: (a) The NGS has under contract sufficient firm capacity; AND (b) the NGS utilized such capacity to schedule sufficient supplies at the delivery points specified in the NGS Choice Distribution Aggregation Agreement to meet the needs of Customers served under these Rules Applicable to Distribution Service, and the pipeline confirmed such schedule to said delivery points. Failure to demonstrate that sufficient Other Primary FTS capacity was held shall subject the NGS to bear its respective share of any and all costs incurred by the Company as a result of the NGS's failure. Should an NGS fail to demonstrate that it held adequate capacity on a day when an OFO was in effect, the NGS shall be subject to the penalty provision described in Paragraph 4.11 of these Rules Applicable to Distribution Service, and the fees set forth in Paragraph 4.12. On any and all days in which the NGS's delivery of gas does not match the total requirements of all of the NGS's Choice Aggregation Nomination Groups, the NGS shall pay the Company the fees set forth in Paragraph 4.12 of these Rules Applicable to Distribution Service.

(C) Indicates Change

- 4.9.4 Commencement of Natural Gas Supply Service. For Customers which were submitted to the Choice EBB by the 15<sup>th</sup> of the current month, the NGS is obligated to begin flowing gas in the amount of its Choice Daily Delivery Requirement on the first day of the following month. For Customers which were submitted to the Choice EBB after the 15<sup>th</sup> of the current month, the NGS is obligation to begin flowing gas on the first day of the second following month. During the interim period, the Customer shall be served by his existing Natural Gas Provider.
- 4.9.5 Delivery Requirements. NGSs must make firm deliveries to the Company on any and all days which shall meet the Choice Daily Delivery Requirements of each of the NGS's Choice Aggregation Nomination Groups. The NGS must deliver the Choice Daily Delivery Requirement, which must be firm supply for the months of November through March, and which must be of a quality acceptable to the Company, and the NGS must have made, or cause to be made, arrangements by which such gas supply can be transported directly to the Company's system in the Local Market Area in which the Customer is located on a firm basis, unless otherwise permitted by the Company in writing.

In order to facilitate compliance with upstream pipeline restrictions, and to maintain operational integrity, it may be necessary from time to time for the Company to require Choice Natural Gas Suppliers to schedule natural gas supplies to the Company from multiple transmission pipeline delivery points or to such other delivery points as designated by the Company.

(C)

(C) Indicates Change

- 4.9.6 Insufficient Supplies. In the event that the NGS fails to deliver its Choice Daily Delivery Requirement to the Company, the Company shall have the right to require the NGS to demonstrate, and the NGS shall have the obligation to demonstrate that the NGS scheduled sufficient supplies at the delivery points specified in the NGS Choice Distribution Aggregation Agreement to meet its Choice Daily Delivery Requirements for each of its Choice Aggregation Nomination Groups, and that the pipeline confirmed such schedule to said delivery points. Failure to demonstrate that the Choice Daily Delivery Requirement was made to any market or interstate pipeline interconnection shall subject the NGS to bear its respective share of any and all costs incurred by the Company as a result of the NGS's failure. Should an NGS fail to demonstrate that it delivered its Choice Daily Delivery Requirement for each of its Choice Aggregation Nomination Groups on a day when an OFO was in effect, the NGS shall be subject to the penalty provision described in these Rules Applicable to Distribution Service Paragraph 4.11, and the fees set forth in Paragraph 4.12. On any and all days in which the NGS's delivery of gas does not match the Choice Daily Delivery Requirement of each of the NGS's Choice Aggregation Nomination Group, the NGS shall pay the Company the fees set forth in Paragraph 4.12 herein.
- 4.9.7 Adjustment to Choice Daily Delivery Requirements. The Company, at its discretion, may compare actual and weather normalized consumption immediately following the winter period. The Company may require any NGS to adjust the NGS's Choice Daily Delivery Requirements during the months of May, and June for the difference between the Choice Aggregation Nomination Group's actual consumption and weather normalized consumption.

#### 4.10 OPERATIONAL REQUIREMENTS

- 4.10.1 In order to provide those customers who are located in Local Market Areas served by an interstate pipeline other than Columbia Gas Transmission, LLC a fair opportunity to obtain choice of an NGS, the Company may implement one of the following procedures: (C)
- 4.10.1.1 The Company may require all NGSs under this Schedule to accept assignment of capacity on interstate pipelines other than Columbia Gas Transmission, LLC in an amount which is proportional to the number of customers served by the NGS divided by all customers eligible for Choice Service. (C)

(C) Indicates Change

- 4.10.1.2 The Company may retain, renew or replace the interstate pipeline capacity on the interstate pipeline other than Columbia Gas Transmission, LLC and require NGSs under this Schedule, if authorized by FERC rules or orders, to deliver a portion of supplies required by this Schedule into such capacity with such proportion determined as in Paragraph 4.10.1.1, or (C)
- 4.10.1.3 The Company may make a payment to one or more NGSs to accept assignment of such capacity and use such capacity to meet the requirements of customers. Such payment shall be recoverable by the Company from customers. To the extent that such payment does not increase sales rates over levels which would be charged if the Company retained such capacity, it shall be recovered under the Purchased Gas Cost Rider from sales customers and customers subject to this Schedule. Any excess over such amount shall be recoverable under Rider CC. (C)
- 4.10.2 The "Calculation of Demand Cost for Customers Electing Choice Service" provisions of the Purchased Gas Cost Rider shall be deemed modified to the extent necessary consistent with the Company's implementation of one of the foregoing procedures.
- 4.10.3 In the event an OFO limits deliveries to the Company via FTS capacity below the level of any capacity assigned, the unused FTS capacity may be reassigned by the assignee for the duration of the OFO event. The NGS shall be required, prior to the end of the year for which the capacity was assigned, to deliver additional quantities via ITS equal to the quantities not delivered via FTS capacity during the OFO event.

#### 4.11 OPERATIONAL FLOW ORDERS (OFOs)

- 4.11.1 All Choice NGSs are subject to the Company's issuance of OFOs. The Company will have the authority to direct NGSs to adjust daily scheduled quantities to a specified level. Generally, during peak design day conditions, this specified level will be equal to the Choice Daily Delivery Requirement. Should conditions be greater or less than peak design day conditions, the specified level of the OFO may be greater or less than the Choice Daily Delivery Requirement.
- 4.11.2 When a difference between the daily OFO quantity and actual daily scheduled deliveries to the Company exist, the following charges will be assessed:
- (1) The therm difference will be multiplied by a rate equal to three times the highest of the midpoint prices reflected in Platts Gas Daily for the day of the OFO non-compliance and based on pipeline scheduling point applicable indices as specified in the Platts "Gas Daily", Daily Price Survey – Designation by Pipeline Scheduling Point paragraph of Rule 2. Rules Applicable to All Distribution Service in the Rules Applicable to Distribution Service of this tariff; and, (C)
- (2) The payment of all other charges incurred by the Company on the date of the OFO that results from the NGS's failure to comply with the OFO including a proportionate share of any pipeline penalties that are incurred by the Company.
- (3) In the event midpoint prices referenced in subparagraph (1) above, are not published in Platts Gas Daily for the day of the OFO non-compliance, the highest price paid by the Company on that day shall be used as the index price. (C)

(C) Indicates Change

4.12 RATES

4.12.1 Customers served under Rate Schedules RDS and SCD will be billed all applicable charges under the rate schedule. The Customer, or Customer's NGS, shall pay directly to the interstate pipelines the charges for any assigned pipeline capacity.

4.12.2 For NGSs providing service under these Rules Applicable to Distribution Service, the following fees shall be assessed to the NGS:

NGS One-time Application Fee: \$390.00

4.12.3 In addition the following billing fees will apply:

Billed Account Adjustments: \$ 1,000.00 processing fee per adjustment plus;  
\$ 1.00 per adjusted account

4.12.4 Delivered Quantities. All quantities billed to Customers under these Rules Applicable to Distribution Service shall be considered actual quantities delivered, whether the meter reading is an actual or a calculated reading.

4.12.5 Failure to deliver the Choice Daily Delivery Requirement for any Choice Aggregation Nomination Group shall subject the NGS to a charge on the difference between the Choice Daily Delivery Requirement and the actual daily deliveries. The charge will be equal to the therm difference multiplied by a rate per therm that is three times the highest of the midpoint prices reflected in Platts Gas Daily for each day the NGS did not meet its Choice Daily Delivery Requirement and based on pipeline scheduling point applicable indices as specified in the Platts "Gas Daily", Daily Price Survey – Designation by Pipeline Scheduling Point paragraph of Rule 2. Rules Applicable to All Distribution Service in the Rules Applicable to Distribution Service of this tariff. (C)

In the event midpoint prices referenced in the above paragraph are not published in Platts Gas Daily for the day when the Choice Daily Delivery Requirement has not been met, the highest price paid by the Company on that day shall be used as the index price. (C)

In addition the NGS will be responsible for the payment of all other charges or costs incurred by the Company that result from the NGS's failure to deliver as required, including a proportionate share of any pipeline penalties incurred by the Company.

The NGS will also be required to deliver the remaining portion of its Choice Aggregation Nomination Group's estimated normalized usage via ITS in the summer months defined as April through October, unless the Company authorizes a lower or higher level of deliveries via ITS. (C)

(C) Indicates Change



**4.13 COMPANY BILLING OF NGS NATURAL GAS SUPPLY SERVICES – continued**

4.13.3.2 Billing Option 2: Company Billing Service. The NGS elects to have the Company bill the Customers for the NGS's Natural Gas Supply Services charges. The NGS understands that the Company shall provide billing services pursuant to the requirements of its tariffs. The Company shall purchase the accounts receivable of any NGS that elects this billing option pursuant to the Voluntary Purchase of Receivables Program paragraph in these Rules Applicable to Distribution Service.

4.13.3.2.1 The Company shall provide the NGS with meter reading information and other reports in the Company's standard printed or electronic format on a monthly basis corresponding to the Company's Billing Cycle. The NGS shall provide the Company with all required billing determinants as indicated on the Company's "NGS Rate Statement" and other information that may be necessary for Customer billing as determined by the Company. The NGS shall provide said billing determinants in the standard printed or electronic format specified by the Company. The NGS shall provide the Company with said billing determinants no later than the 20<sup>th</sup> of the month prior to the effective Billing Cycle, by supplying a new NGS Rate Statement. If the 20<sup>th</sup> of the month falls on a weekend or holiday, the billing determinates shall be due on the last business day prior to the 20<sup>th</sup> of the month.

(C)

(C) Indicates Change

4.14.2 Slamming Complaints. When a Customer contacts the Company after the 10 day waiting period and alleges that their NGS has been changed without their consent, the Company shall consider the matter a Customer-registered dispute and investigate and respond to the dispute consistent with the requirements found in §§56.151 and 56.152. A Customer who has had an NGS changed without having consented to the change shall be switched back to the previous Natural Gas Provider. Any charges involved in the switch back to the previous Natural Gas Provider shall be the responsibility of the NGS that initiated the change without the Customer's consent. PA. P.U.C. Docket No. M-00991249F006.

#### 4.15 INDEMNIFICATION

4.15.1 The NGS shall indemnify, save harmless and at Company's option, defend Company from and against any and all losses, claims, demands, damages, costs (including, without limitation, reasonable attorney's fees), expenses, liabilities, proceedings, suits, actions, restrictions, injunctions, fines, judgments, penalties and assessments which Company may suffer for, on account of, by reason of or in connection with service provided under these Rules Applicable to Distribution Service, and in connection with any bodily injury, including death to any person or persons (including, without limitation, the NGS's employees) or any damage to or destruction of any property, including without limitation, loss of use thereof, arising out of, in any manner connected with or resulting from the gas or services furnished by the NGS under these Rules Applicable to Distribution Service.

#### 4.16 TERMINATION OF AN NGS's PARTICIPATION UNDER THIS SCHEDULE

4.16.1 Should any NGS elect or be required to discontinue serving Customers on the Company's distribution system under Customer Choice, the NGS shall: a) provide all notices required under 66 Pa. C.S. Section 2207(i); b) reassign any capacity originally assigned to it by the Company back to the Company or assign to the Company any new, replacement and/or alternate capacity it acquired; or c) assign the capacity identified in "b)" to another NGS that has accepted assignment of the first "NGS's" Customers; and d) the NGS shall continue its obligation to maintain its financial security instrument until it has satisfied all of its outstanding claims of the Company. Upon an NGS's discontinuation of Natural Gas Supply Services, the Company may offset any and all amounts owed to it by the NGS against any and all amounts owed by the Company to the NGS, including without limitation, charges for imbalance gas sold by the Company, out of period adjustments to the NGS's account, amounts owed to the NGS for bank balances, amounts owed to the NGS for accounts receivable collected by the Company, and amounts owed to the Company for OFO charges, etc.

(C)

(C) Indicates Change

COLUMBIA GAS OF PENNSYLVANIA, INC.  
COMPUTATION OF CHANGE IN RATE PURSUANT TO SECTION 1307(f)  
APPLICATION PERIOD: OCTOBER, 2016 THROUGH SEPTEMBER, 2017

Line No.	Description	Amount
		(1)
1	<u>Purchased Gas Commodity Cost</u>	\$
2	Commodity Cost of Gas (Exhibit 1-B, Schedule 1)	95,937,270
3	Projected tariff sales for the twelve billing periods of	
4	October, 2016 through September, 2017	<u>332,476,097</u> Therms
5	PGCC (Line 2/Line 4)	0.28855
6	<u>Commodity (Over)/Under Collection</u>	
7	Commodity E-Factor	
8	(Exhibit No. 1-E)	(6,372,700)
9	Projected sales for the twelve billing periods of	
10	October, 2016 through September, 2017	<u>332,476,097</u> Therms
11	Commodity E-Factor (Line 8/ Line 10)	(0.01917)
12	<u>Purchased Gas Demand Cost</u>	
13	Demand cost of gas (Exhibit 1-B, Schedule 1)	62,156,240
14	Less: Purchased Gas Demand recovered under Rate SS	
15	(Exhibit 1-A, Schedule 2, Sheet 2)	529,898
16	Less: Purchased Gas Demand Cost allocated to Rates LTS, STS,	
17	SGS-TS and MLS (Exh 1-A, Sch 2, Page 3)	<u>0</u>
18	Subtotal (Line 13 - Line 15 - Line 17)	61,626,342
19	Projected sales for the twelve billing periods of	
20	October, 2016 through September, 2017	<u>463,638,520</u> Therms
21	PGDC Rate prior to Capacity Release Credit (Line 18 / Line 20)	0.13292
22	Off System Sales and Capacity Release Credit	(0.01596)
23	PGDC Rate	0.11696
24	<u>Demand (Over)/Under Collection</u>	
25	Demand E- Factor	
26	(Exhibit No. 1-E)	2,606,823
27	Projected sales for the twelve billing periods of	
28	October, 2016 through September, 2017	<u>463,638,520</u> Therms
29	Demand E-Factor (Line 26 / Line 28)	0.00562
30	<u>Total Purchased Gas Cost</u>	
31	PGCC Rate (Line 5)	0.28855
32	PGDC Rate (Line 23)	<u>0.11696</u>
33	PGC Rate	0.40551
34	Currently effective PGC	<u>0.44658</u>
35	Increase (Decrease) in PGC	(0.04107)
36	<u>Net (Over) Under Collection</u>	
37	Commodity E-Factor (Line 11)	(0.01917)
38	Demand E-Factor (Line 29)	<u>0.00562</u>
39	E-Factor	(0.01355)
40	Currently effective E-Factor	<u>(0.08233)</u>
41	Increase (Decrease) in E-Factor	0.06878
42	PGC Rate	0.40551
43	E-Factor	<u>(0.01355)</u>
44	Total Rate	0.39196
45	Currently effective Rate	<u>0.36425</u>
46	Increase (Decrease) in Rate	0.02771

1 / Includes 131,162,423 Therm Transportation Quantities for the Company's Choice Program

Columbia Gas of Pennsylvania, Inc.

Derivation of Rider USP Surcharge Rate  
Effective October 1, 2016

Line No.	Description	Amount
1	<b><u>Current CAP Enrollment</u></b>	
2	Enrolled Customers	20,930
3	Average Consumption - Thm	1,234
4	Revenues Billed	26,829,460
5	Customer Payments	<u>(12,625,810)</u>
6	Discounts for Current Customers (Line 4 + Line 5)	<u>14,203,650</u>
7	<b><u>Projected CAP Enrollment</u></b>	
8	Estimated Enrollment	500
9	Consumption - Thm	1,234
10	Revenues Billed	640,931
11	Customer Payments	<u>(301,620)</u>
12	Discount for Projected Additional Enrollment (Line 10 + Line 11)	<u>339,311</u>
13	<b><u>RATE DERIVATION:</u></b>	
14	CAP Total Customer Discounts (Line 6 + Line 12)	14,542,961
15	CAP Pre-Program Arrearages	479,371
16	CAP Application Fees	240,000
17	CAP Administrative Costs	282,132
18	Low Income Usage Reduction Program (LIURP)	4,906,581
19	Energy Efficiency Program (EE)	500,000
20	Fuel Fund	375,000
21	Emergency Repair Fund	600,000
22	2015 Rider USP Undercollection	<sup>1/</sup> 817,715
23	Interest on 2015 Undercollection	<sup>1/</sup> 61,922
24	Reconciliation of prior year Over/Undercollection	<sup>1/</sup> (766,169)
25	Total Discount to be Recovered (SUM Lines 14-24)	<u>22,039,513</u>
26	Rate Determinants Thm	<sup>2/</sup> <u>316,706,451</u>
27	Rider USP Rate per Thm (Line 25 / Line 26)	<u>\$ 0.06959</u>

<sup>1/</sup> Reconciliation Factor  $\$113,468 / 316,706,451 = \$0.00036$

<sup>2/</sup> Based on the volumes reflected in Columbia's October 2016 PGC filing.

**COLUMBIA GAS OF PENNSYLVANIA, INC.**  
**Calculation of Merchant Function Charge - Tariff Supplement No. 251**

**Rate Schedules RSS - Residential**

<u>Component</u>	<u>Rate</u>	<u>Reference</u>
Commodity PGCC	0.28855	Exhibit 1-A, Schedule 1, Sheet1, Line 5
Uncollectible Expense Ratio	<u>1.52%</u>	
Rider MFC	0.00439	Tariff Page 21c

**Rate Schedules SGSS - Commercial**

<u>Component</u>	<u>Rate</u>	<u>Reference</u>
Commodity PGCC	0.28855	Exhibit 1-A, Schedule 1, Sheet1, Line 5
Uncollectible Expense Ratio	<u>0.37%</u>	
Rider MFC	0.00107	Tariff Page 21c