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March 23, 2018

Via Electronic Filing

Rosemary Chiavetta, Secretary
PA Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265

Re: Supplement No. 111 to Philadelphia Gas Works Gas Service Tariff – Pa P.U.C. No. 2

Dear Secretary Chiavetta:

Enclosed for electronic filing on behalf of Philadelphia Gas Works (“PGW”) is Supplement No. 111 to Philadelphia Gas Works Gas Service Tariff – Pa P.U.C. No. 2. Also, enclosed is a Statement of Reasons along with supporting materials, including those required by Section 53.52 of the Commission’s Regulations, and a version of Supplement No. 111 with the additions and deletions shown in redline format.

Supplement No. 111 is being made consistent with Paragraph 23 of the Settlement in PGW’s last general base rate case (R-2017-2586783). In that Paragraph, it was agreed that PGW would file a proposed Large Customer Transportation Service Tariff (“Rate LT”). Consistent with that Paragraph, this Supplement proposes the creation of Rate LT. Rate LT would be an option available to existing (or new) Interruptible Transportation customers. In accordance with 66 Pa. C.S. § 1308(a), PGW proposes that this Supplement become effective on and after May 22, 2018.

Copies of this filing are being served on the active parties in PGW’s last general base rate case, as indicated on, and in accordance with, the attached Certificate of Service.

If you have any questions regarding this filing, please contact me. Thank you.

Sincerely,

Daniel Clearfield
DC/lww

Enclosures

cc: Brandon Pierce, Sr. Attorney, PGW
Certificate of Service w/enc.

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of PGW's Tariff Supplement No. 111 upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

Via Email and/or First Class Mail

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Date: March 23, 2018



Daniel Clearfield, Esquire

**Philadelphia Gas Works
Large Customer Transportation Service Tariff
Docket No. R-2018-XXXXXXX**

STATEMENT OF REASONS

I. INTRODUCTION

Philadelphia Gas Works (“PGW”) hereby submits Supplement No. 111 to Gas Service Tariff – Pa. P.U.C. No. 2 and requests that the Pennsylvania Public Utility Commission (“PUC” or “Commission”) approve its Large Customer Transportation Service Tariff (“LT”) filing. Supplement No. 111 is being filed as part of the terms and conditions of the Commission-approved Joint Petition for Partial Settlement of PGW’s 2017 base rate proceeding (“2017 Settlement”) at Docket No. R-2017-2586783. As part of the 2017 Settlement, PGW and the parties agreed that PGW would file a proposed LT Tariff with the Commission.

This filing proposes an optional and voluntary rate for eligible commercial and industrial customers that is designed to provide additional optionality to meet their needs. Specifically, the proposed LT rate is designed to reduce the potential for interruption compared to the Company’s Interruptible Transportation (“IT”) service, while preserving PGW’s ability to interrupt LT load if needed to protect firm customers or in operational emergencies. The proposed Tariff provisions are designed to provide customers with greater flexibility in utilizing PGW’s distribution system assets, and potentially, sales service, while producing additional revenues that would ultimately lower rates for other customers. As such, the proposed LT Tariff provisions are just and reasonable and PGW respectfully requests the Commission’s approval.

II. STATEMENT OF REASONS

On February 27, 2017, PGW filed Supplement No. 100 to PGW's Gas Service Tariff – PA. P.U.C. No. 2 (“Supplement No. 100”) to become effective April 28, 2017, seeking a general rate increase calculated to produce \$70 million in additional annual revenues, or a 11.6% overall increase. By Order entered on March 16, 2017, the Commission instituted an investigation into the lawfulness, justness, and reasonableness of the proposed rate increase. Accordingly, Supplement No. 100 was suspended by operation of law¹ until November 28, 2017, unless permitted by Commission Order to become effective at an earlier date. This proceeding was assigned to the ALJs for the prompt scheduling of hearings culminating in the issuance of a Recommended Decision.

On July 21, 2017, PGW filed the Joint Petition for Partial Settlement of its 2017 base rate proceeding. The 2017 Settlement resolved all but two issues in the base rate case and included the following agreement related to transportation service:

23. Within 120 days of the entry of a PUC order approving this settlement PGW will file a proposed “Large Customer Transportation Service Tariff (“LT”).
 - (a) Within 60 days of entry of a PUC order approving this settlement, PGW will meet with PICGUG and any other interested parties to discuss the components of the LT Tariff. All parties retain all rights to challenge the rates, terms and conditions proposed by PGW for the LT Tariff.
 - (b) The LT rates will be voluntary and available only to new IT load or existing IT customers.
 - (i) At its discretion, PGW will be able to require that a customer subscribing to LT rates have some limited ability to reduce load when requested by PGW after notice.
 - (ii) The LT rates will be an increment of the IT rates established in this case.

¹ 66 Pa. C.S. § 1308(d).
{L0750902.2}

2017 Settlement ¶ 23. The Commission approved the 2017 Settlement without modification by Order entered on November 8, 2017.

On January 4, 2018, PGW convened a meeting with PICGUG and other interested parties to discuss the components of the LT rate. Participants in that meeting included representatives from PICGUG, OCA, PULP, and RESA. Thereafter, PGW made its personnel available to answer numerous questions and receive supplementary feedback, which was provided from PICGUG.

PGW designed the new LT rate as a voluntary, optional rate that would only be available to existing IT customers or new load that first demonstrates its ability to meet the requirements of PGW's IT provisions and is set at an increment higher than the existing IT rates to recognize that an LT customer will not be subject to potential interruption except in highly unusual circumstances.² The proposed LT rate also provides customers with up to 10 days of sales service per year, up to a volume set at the Company's discretion, on days when a LT customer's supplier does not deliver gas to the city gate. Beyond 10 days, PGW will endeavor to provide sales service subject to availability. LT customers would be subject to some limited interruptions; however, LT customers would have priority over IT customers (i.e., they would be interrupted after IT customers) during curtailments or interruptions.

PGW's filing also includes a new daily balancing service for suppliers that may serve LT customers. The Daily Balancing – Large Customer Transportation Service ("DB LT") mirrors PGW's currently existing Rate DB for interruptible transportation customers and their suppliers. Furthermore, PGW's filing includes a proposed name change to the currently existing Rate DB to ameliorate confusion between that rate and the new Rate DB LT. The newly proposed name

² Current IT customers who still are comfortable satisfying the requirements of the IT tariff and the potential for interruption will be free to stay on the existing IT rate.

for Rate DB is Daily Balancing – Interruptible Transportation (“DB IT”). There are no substantive changes to Rate IT or Rate DB IT. PGW has included redlined and clean tariff pages to reflect these changes, as well as other updates necessary to integrate Rate LT and Rate DB LT into PGW’s Gas Service Tariff. The remainder of this filing includes the supporting materials required by law and the PUC’s regulations and complies the Commission’s filing requirements.

III. CONCLUSION

PGW’s proposed Large Customer Transportation Service filing will aid the Company in continuing to provide safe and reliable service to the public within its service territory while, at the same time, providing an option that will be subject to less interruption than the existing rate IT. As such, it may provide an attractive option to some IT Rate customers that would prefer to obtain a more predictable service. For all of the reasons presented in this filing, PGW submits that the proposed Tariff filing is just and reasonable and should be approved by the Commission.

52 Pa. Code § 53.52

§ 53.52. Applicability; public utilities other than canal, turnpike, tunnel, bridge and wharf companies.

(a) Whenever a public utility, other than a canal, turnpike, tunnel, bridge or wharf company files a tariff, revision or supplement effecting changes in the terms and conditions of service rendered or to be rendered, it shall submit to the Commission, with the tariff, revision or supplement, statements showing all of the following:

- (1) The specific reasons for each change.

RESPONSE:

The Company has summarized the specific reasons for the proposed new rate option in its Statement of Reasons that is included as part of the Company's filing.

- (2) The total number of customers served by the utility.

RESPONSE:

PGW serves 510,423 customers as of January 31, 2018.

- (3) A calculation of the number of customers, by tariff subdivision, whose bills will be affected by the change.

RESPONSE:

This filing does not seek to mandate a change to any customer or customer class's rates. Rather, this filing creates a new, voluntary rate option that would only be available to existing IT customers or new load that first demonstrates its ability to meet the requirements of the IT Tariff provisions. As of January 31, 2018, the Company has 424 IT customers.

- (4) The effect of the change on the utility's customers.

RESPONSE:

52 Pa. Code § 53.52

This tariff change will not affect PGW's customers except those customers who meet the requirements for, and voluntarily choose to take service under, the new LT rate.

- (5) The direct or indirect effect of the proposed change on the utility's revenue and expenses.

RESPONSE:

PGW's new LT rate will be voluntary, and as such, PGW did not project any changes to revenue and expenses.

- (6) The effect of the change on the service rendered by the utility.

RESPONSE:

The changes will have no effect on the service rendered by the utility.

- (7) A list of factors considered by the utility in its determination to make the change. The list shall include a comprehensive statement about why these factors were chosen and the relative importance of each. This subsection does not apply to a portion of a tariff change seeking a general rate increase as defined in 66 Pa.C.S. § 1308 (relating to voluntary changes in rates).

RESPONSE:

The Company created the LT rate as part of the settlement of PGW's 2017 base rate proceeding, Docket No. R-2017-2586783. As part of the settlement, PGW and the parties agreed that PGW would file a proposed Large Customer Transportation Service Tariff. Settlement ¶ 23. The parties also agreed that PGW would meet with PICGUG and any other interested parties to discuss the components of the LT Tariff. *Id.* PGW held this meeting on January 4, 2018.

- (8) Studies undertaken by the utility in order to draft its proposed change. This paragraph does not apply to a portion of a tariff change seeking a general rate increase as defined in 66 Pa.C.S. § 1308.

52 Pa. Code § 53.52

RESPONSE:

The Company created the LT rate as part of PGW's settlement of its 2017 base rate proceeding, Docket No. R-2017-2586783. As part of the settlement, PGW and the parties agreed that PGW would meet with PICGUG and any other interested parties to discuss the components of the LT Tariff. Settlement ¶ 23. PGW held this meeting on January 4, 2018.

-
- (9) Customer polls taken and other documents which indicate customer acceptance and desire for the proposed change. If the poll or other documents reveal discernible public opposition, an explanation of why the change is in the public interest shall be provided.

RESPONSE:

No polls were undertaken.

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- (10) Plans the utility has for introducing or implementing the changes with respect to its ratepayers.

RESPONSE:

The Company convened a collaborative with the parties from PGW's 2017 base rate case for purposes of soliciting feedback on the LT rate on January 4, 2018. PGW continued its dialogue with PICGUG as the Company developed the LT rate. Additionally, once the rate is approved, PGW's Marketing Department will begin marketing the rate to eligible customers.

-
- (11) FCC, FERC or Commission orders or rulings applicable to the filing.

RESPONSE:

There are no FCC, FERC, or Commission orders or rulings applicable to this filing.

PHILADELPHIA GAS WORKS

GAS SERVICE TARIFF



Issued by: Craig White
President and CEO

PHILADELPHIA GAS WORKS
800 West Montgomery Avenue
Philadelphia, PA 19122

List of Changes Made by this Tariff Supplement

TABLE OF CONTENTS (Page Nos. 6-7)

Updated to reflect revised page numbers for each of the changes listed below on this page.

EXTENSIONS AND RIGHTS-OF-WAY (Page Nos. 50 - 51)

Updated to include Rate LT.

DAILY BALANCING SERVICE – RATE DB (Page No. 101)

Renamed to “Daily Balancing Service – Interruptible Transportation – Rate DB IT”.

INTERRUPTIBLE TRANSPORTATION – RATE IT (Page No. 111)

Updates references to reflect name change to the Daily Balancing Service – Interruptible Transportation – Rate DB IT.

LARGE CUSTOMER TRANSPORTATION SERVICE - RATE LT (Page No. 156)

Establishes the availability, rates, and terms of service for new rate for eligible customers.

DAILY BALANCING SERVICE – LARGE CUSTOMER TRANSPORTATION SERVICE – RATE DB LT
(Page No. 162)

Establishes the availability, rates, and terms of service for new rate for eligible customers and suppliers.
This rate corresponds to the new Rate LT provisions.

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TABLE OF CONTENTS

	<u>Page Number</u>
List of Changes Made By This Tariff _____	One Hundred and Ninth Revised 2
Description of Territory Served _____	5
Table of Contents _____	One Hundred and Ninth Revised 6
Definitions _____	Second Revised 10
<u>RULES and REGULATIONS:</u>	
1. The Gas Service Tariff _____	First Revised 15
2. Application and Contract for Gas Service _____	Sixth Revised 17
3. Credit and Deposit _____	Third Revised 21
4. Billing and Payment _____	Second Revised 26
5. Termination and/or Discontinuance of Gas Service _____	Second Revised 30
6. Termination of Service for Safety Reasons and Curtailment of Service/ Service Continuity _____	First Revised 38
7. Inquiry, Review, Dispute, and Appeals Process _____	First Revised 41
8. Customer’s Responsibility for Company’s Property _____	First Revised 44
9. Conditions of Service, Point of Delivery, and Application of Rates ____	Third Revised 47
10. Extensions And Rights-Of-Way _____	Second Revised 50
11. Meters: Measurements, Readings, Errors, and Tests _____	First Revised 53
12. Service Charges and Miscellaneous Fees and Provisions _____	Second Revised 57
13. Universal Service And Energy Conservation Programs _____	Second Revised 59
14. Gas Choice Enrollment and Switching _____	First Revised 63
15. Supplier of Last Resort _____	First Revised 65

PHILADELPHIA GAS WORKS

	Page Number
RATES (Cover Page) _____	66
Gas Cost Rate _____	Seventieth Revised 67
Revenue Reconciliation Adjustment (RRA) Rider _____	70
Senior Citizen Discount _____	First Revised 72
Exit Fee Rider _____	77
Merchant Function & Gas Procurement Charges; Price to Compare_	Twenty Fifth Revised 78
Restructuring and Consumer Education Surcharge _____	Twenty Seventh Revised 79
Efficiency Cost Recovery Mechanism _____	Thirty Eighth Revised 80
Universal Services Surcharge _____	Seventy Second Revised 81
Other Post Employment Benefit Surcharge _____	Twelfth Revised 82
General Service - Rate GS _____	Eighty First Revised 83
Municipal Service - Rate MS _____	Eighty First Revised 87
Philadelphia Housing Authority Service – Rate PHA _____	Eighty First Revised 90
Daily Balancing Service – Rate DB _____	First Revised 101
Interruptible Transportation Service – Rate IT _____	First Revised 111
Gas Transportation Service - Rate GTS - Firm Service _____	118
Gas Transportation Service - Rate GTS - Interruptible _____	124
Cogeneration Service - Rate CG _____	Fifth Revised 131
Developmental Natural Gas Vehicle Service - Rate NGVS Firm Service	Fifty Third Revised 135
Developmental Natural Gas Vehicle Service - Rate NGVS Interruptible Service _____	139
Liquefied Natural Gas Service – Rate LNG _____	Third Revised 142
SPECIAL PROVISION – Air Conditioning Rider _____	143
SPECIAL PROVISION – Compressed Natural Gas Rider _____	145
SPECIAL PROVISION – Emergency/Unauthorized Use Gas Rider _____	147
Weather Normalization Adjustment Clause _____	Fourth Revised 149
Distribution System Improvement Charge _____	Seventeenth Revised 151
Backup Service – Rate BUS _____	154
Technology and Economic Development Rider and Micro-Combined Heat and Power Incentives _____	155
Large Customer Transportation Service – Rate LT _____	156
Daily Balancing Service – Large Customer Transportation Service – Rate DB LT _____	162

10. Extensions and Rights-of-Way

10.1. EXTENSIONS OR ENLARGEMENTS FOR PERMANENT CUSTOMERS.

10.1.A. Residential Gas Service - Upon written application, and under normal conditions of construction and installation, the Company will extend its main and service for permanent residential Customers or developers within its service territory provided the requested extension will not adversely affect the availability or deliverability of Gas to existing Customers. The Company will furnish and install at no cost to the Customer or developer, delivery main and service-delivery pipe of an amount up to five times the anticipated annual Delivery Charge, as set forth in this Gas Service Tariff, and the Customer or developer shall pay a customer contribution for any costs in excess of this allowance. Included in the calculation of such costs may be an appropriate allowance for transmission and distribution main extensions required to deliver the Gas supply to local areas where Gas Service is needed. Permanent residential Customers or developers making use of new facilities which required a customer contribution from an original Customer or developer within the previous three years shall be deemed to have made application at the same time as the original contributing Customer or developer and shall pay a pro rata customer contribution for such facilities to be determined by the Company.

10.1.B. Commercial And Industrial Gas Service - For permanent commercial and industrial Customers or developers making application for extensions or enlargements, where the Company in its sole judgment anticipates long-term, continuous usage at projected volumes of Gas: (a) where the combined estimated cost of delivery-main and service-delivery pipe is less than \$10,000, the Company will furnish and install, at no cost to the Customer or developer, service-delivery pipe and delivery-main of an amount up to three times the anticipated annual base rate revenue less the fuel cost component included therein, and the Customer or developer shall pay for any costs in excess of this allowance; or (b) where the combined estimated cost of delivery-main and service-delivery pipe installation is \$10,000 or more, the Customer or developer shall pay a customer contribution for the amount of the estimated cost in excess of the investment determined by the Company to be warranted by the anticipated revenue to be derived from the extension. Included in the calculation of the above cost may be an appropriate allowance for transmission and distribution main extensions required to furnish the Gas supply to local areas where Gas Service is needed. Permanent commercial and industrial Customers or developers making use of new facilities which required a customer contribution from an original Customer or developer within the previous three years shall be deemed to have made application at the same time as the original contributing Customer or developer and shall pay a pro rata customer contribution for such facilities to be determined by the Company. Section 10.1.B. is not applicable to Interruptible Transportation customers (Rate IT) or Large Customer Transportation Service (Rate LT). Interruptible Transportation customers and Large Customer Transportation Service customers shall pay for 100% of the combined estimated cost of delivery-main and service-delivery pipe installation. (C)

10.2. EXTENSIONS OR ENLARGEMENTS FOR TEMPORARY CUSTOMERS. For Customers other than those deemed by the Company to be permanent Customers, Gas delivery facilities shall be installed and removed at the expense of the Customer.

10.3. DELAYS REGARDING RIGHTS-OF-WAY. Applications for service relying on an extension to be constructed where a right-of-way is not owned by the Company will only be accepted subject to delays incident to obtaining a satisfactory right-of-way.

10.4. PROCUREMENT BY CUSTOMER. Customers applying for the construction of an extension may be required to secure to, and for, the Company, all necessary and convenient rights-of-way and to pay the costs incident thereto.

(C) – Change

10.5. TERMS AND RENTALS. When the premises of a Customer is so located that the Customer can be served only by facilities extending over the property of another, the Customer shall accept service for such term as is provided in the permit or agreement covering the location and the maintenance of service equipment, and the Customer shall reimburse Company for any and all special or rental charges that may be made for such rights by said permit or agreement.

10.6. EXTENSION OR ENLARGEMENT REFUNDS. A pro-rata portion of a Customer or developer's contributions made pursuant to Section 10.1, above, may be refunded by the Company without interest if, within three years of the commencement date of the original Customer or developer's service agreement, new Customer loads are added to such new facilities. For purposes of making refund computations, the original and new loads will be deemed to have been installed at the same time. Refunds will be paid only to a contributing Customer or developer, and the original contribution shall be the maximum aggregate refund. Upon receipt of a written request by a Customer or developer made no earlier than the end of the third year following the date of the original agreement for new Gas Service, and no later than the end of the fourth year following the date of the original agreement for new Gas Service, PGW will: (a) review its records to determine if a refund is due the Customer or the developer for additional Customers that attached to the facilities paid for by the Customer or the developer within three years after the execution date of the agreement for new Gas Service, and (b) within 120 days of receipt of such request, (i) make payment to the Customer or developer of any refund due and (ii) provide the Customer or developer with documentation substantiating the refund calculations and identifying the attached loads for which the Customer or developer was credited.

**DAILY BALANCING SERVICE – INTERRUPTIBLE TRANSPORTATION – RATE DB (c)
IT**

Rate: Applicable to all services rendered pursuant to this Rate Schedule on or after September 1, 2003.

Subject to the requirements of this Rate Schedule, service will be offered to Suppliers serving Rate IT Customers who can, in the sole judgment of the Company, manage their businesses without the use of Gas during periods of curtailment or interruption. Rate IT Customers who acquire Natural Gas supplies on an individual basis for their own use shall also be subject to all of the Supplier provisions of this Rate Schedule, except for those provisions related to licensing and bonding requirements. The Company will limit the number of Rate IT Customers in any single supply pool to 10. At the sole discretion of PGW, a supply pool of greater than 10 Rate IT Customers will be considered, operating conditions permitting.

AVAILABILITY

This service is available to self-transporters or Suppliers licensed by the Commission who meet the credit qualification described below. Daily balancing is provided only for the inadvertent fluctuations between the daily receipts by the Company from a Gas supplier and actual Gas usage by a Rate IT Customer or pool of Rate IT Customers. It is not intended to be used for speculation as to energy prices, to borrow Gas for later replacement, or to store Gas for future use during periods of supply shortfall. A Gas Supplier shall use its best efforts, including ongoing communication with its Rate IT Customers, to balance its daily purchases, nominations and deliveries with daily Rate IT Customer usage at all times.

CHARACTER OF SERVICE

Company assumes no liability for interruptions caused by failure of supply sources or by third parties and shall not be obligated to deliver Gas under this rate schedule on any day that Gas is not received at its gate station. Suppliers are advised that the Company may curtail (reduce) or interrupt deliveries to the Rate IT Customer whenever, at the Company's sole discretion, it determines that the available capacity in all or a portion of its system is projected to be insufficient to meet the requirements of all Rate IT Customers or in the event a NGS fails to meet delivery obligations.

(C) - Change

INTERRUPTIBLE TRANSPORTATION - RATE IT

Rate: Applicable to all Gas transported on or after September 1, 2003

For service under this rate, each meter shall be considered a separate Customer. Parallel meters that serve a single Customer fuel line will be considered as one meter. PGW will transport Gas to a Customer through one meter at one premise. Subject to the above limitations and the requirements of this rate schedule, service will be offered to interruptible Customers, who can in the sole judgment of the Company, manage its business without the use of Gas during periods of curtailment or interruption. Each Customer must contract for a minimum of 15,000 Dth/year or up to 10 Customers may aggregate their loads into a supplier pool that meets the 15,000 Dth/year requirement.

AVAILABILITY

This service is available to any Commercial or Industrial Gas user, subject to the specific requirements set forth in this section. It consists of the receipt of a daily quantity of Gas by the Company from a Gas Supplier under Rate DB IT (Daily Balancing – Interruptible Transportation), the transportation of Gas through the Company's facilities, and the delivery of an equivalent quantity of Gas to the Customer, adjusted for unaccounted-for Gas. Customers are subject to curtailment or interruption at any times. Customers served under this rate schedule who acquire gas supplies on an individual basis for their own use shall also be subject to all of the Gas Supplier provisions of rate schedule DB IT, except for those provisions related to licensing and bonding requirements.

(C)

(C)

SPECIAL METERING EQUIPMENT

This service requires the electronic transmission of metering data from the Customer's meter location to the Company on a daily basis. The metering equipment requires electric power supply compatible with the Company's equipment and a dedicated telephone line, both of which shall be provided by the Customer. Each Customer, prior to the initiation of service, shall pay the Company in full for facilities to record and transmit metering data, which payment shall not be subject to refund under any circumstances. Customer shall be responsible for ongoing maintenance of the electric power supply and dedicated telephone line, and shall reimburse the Company for expenses incurred to obtain daily metered usage during periods when the electric power and/or the telephone line is unavailable.

SERVICE AGREEMENT

Customer must execute a service agreement in the form prepared by the Company. Such agreement shall specify, among other things, the maximum daily interruptible transportation quantity or the total daily capacity of the Customer's equipment. The standard agreement shall have a term of not less than one year, and shall continue from month to month thereafter unless terminated by the Customer or the Company upon written notice to the other not less than 60 days prior to the end of a term. The Company may terminate a service agreement at any time as provided by law or by provisions of this Tariff. A service agreement for a period of more or less than one year may be executed only upon the mutual agreement of the Company and the Customer. Service initiation cannot take place until the special metering equipment is installed and operating to the Company's satisfaction. Service will be initiated only on the first day of a calendar month.

LARGE CUSTOMER TRANSPORTATION SERVICE - RATE LT

Rate: Applicable to all Gas transported on or after May 22, 2018.

For service under this rate, each meter shall be considered a separate Customer. Parallel meters that serve a single Customer fuel line will be considered as one meter. PGW will transport Gas to a Customer through one meter at one premise. Subject to the above limitations and the requirements of this rate schedule, service will be offered to Customers that are currently being served under or that meet the requirements of the Interruptible Transportation Service Rate Schedule. Each Customer must contract for a minimum of 15,000 Dth/year or up to 10 Customers may aggregate their loads into a supplier pool that meets the 15,000 Dth/year requirement.

AVAILABILITY

This service is available to Commercial or Industrial Gas users, subject to the specific requirements set forth in this section and the total volumes available for this service will be determined by the Company, in its sole discretion. It consists of the receipt of a daily quantity of Gas by the Company from a Gas Supplier under Rate DB LT (Daily Balancing – Large Customer Transportation Service), the transportation of Gas through the Company's facilities, and the delivery of an equivalent quantity of Gas to the Customer, adjusted for unaccounted-for Gas. Customers are subject to curtailment or interruption as specified in this section. Customers served under this rate schedule who acquire gas supplies on an individual basis for their own use shall also be subject to all of the Gas Supplier provisions of rate schedule DB LT, except for those provisions related to licensing and bonding requirements.

SPECIAL METERING EQUIPMENT

This service requires the electronic transmission of metering data from the Customer's meter location to the Company on a daily basis. The metering equipment requires electric power supply compatible with the Company's equipment and a dedicated telephone line, both of which shall be provided by the Customer. Each Customer, prior to the initiation of service, shall pay the Company in full for facilities to record and transmit metering data, which payment shall not be subject to refund under any circumstances. Customer shall be responsible for ongoing maintenance of the electric power supply and dedicated telephone line, and shall reimburse the Company for expenses incurred to obtain daily metered usage during periods when the electric power and/or the telephone line are unavailable.

SERVICE AGREEMENT

Customer must execute a service agreement in the form prepared by the Company. Such agreement shall specify, among other things, the maximum daily transportation quantity or the total daily capacity of the Customer's equipment. The standard agreement shall have a term of not less than one year, and shall continue from month to month thereafter unless terminated by the Customer or the Company upon written notice to the other not less than 60 days prior to the end of a term. The Company may terminate a service agreement at any time as provided by law or by provisions of this Tariff. Service initiation cannot take place until the special metering equipment is installed and operating to the Company's satisfaction. Service will be initiated only on the first day of a calendar month.

LT SERVICE

1. QUALITY OF SERVICE

Company shall not be obligated to deliver Gas under this rate schedule on any day that Gas is not received at its gate station for the Customer's account, except that the Company shall provide sales service, up to a volume forth in the service agreement, under this rate schedule for up to ten (10) days per calendar year. Beyond the annual ten days of sales service, the Company will endeavor to provide additional sales service subject to availability. Customer may also contract for Standby Service as specified under those provisions for Standby Service contained herein.

The Company may curtail (reduce) or interrupt deliveries to the Customer when the Company determines, in its sole discretion, that the available capacity in all or a portion of its system is projected to be insufficient to meet the requirements of all Customers or in the event that a Customer has exceeded its ten days of sales service per year from the Company. In the event of a system emergency, upon notice by the Company, the Customer shall use its best efforts to curtail or interrupt usage upon less than eight hours' notice. Rate LT customers have priority above Rate IT customers during curtailments/interruptions.

2. INTERRUPTIBLE CAPABILITY

In order to qualify for service under this rate schedule, a Customer must be an existing IT customers or new load that first demonstrates its ability to meet the requirements of the Company's IT service Tariff provisions. Customers accepted under this LT Tariff provision shall not be subject to annual inspection or annual inspection interruption to which IT customers may be subject. The Company reserves the right to inspect the Customer's alternative fuel equipment prior to the beginning of any new contract period and has the sole discretion to refuse service based on its inspection.

3. REQUIREMENTS

Customer is responsible for providing to the Company continuously updated mailing and electronic addresses, as well as fax and voice telephone numbers, for communication of interruption notices on a 24-hour per day, seven-day per week basis. Interruption notices shall be considered received by the Customer upon transmission by the Company to the electronic address and/or telephone number provided by the Customer.

4. PENALTIES FOR UNAUTHORIZED USAGE

During any period of curtailment or interruption, or at any time during which the Company is providing sales service, the Company shall have the right to immediate access, without prior notice to the Customer, to inspect the Company's Gas measurement equipment and all Gas-using facilities at the Customer's premises. If the Company determines that the Customer is using or has used a quantity of Gas in excess of the quantity authorized by the notice of curtailment or interruption, the Company shall have the right to impose the following penalties: (a) to take measures to physically restrict the flow of Gas into the Customer's premises, or, if flow restriction is not practical, to terminate service; and, (b) to impose a penalty equal to the greater of any actual cost incurred or penalty imposed upon the Company as a result of the violation by the Customer, or \$25.00/Dth, in addition to the Company's cost of the Gas used, for each Dth taken in excess of the quantity authorized in the notice. In addition to the foregoing, the Customer shall hold the Company harmless and defend the Company against any and all claims against the Company arising from service problems caused or materially contributed to by the Customer's violation of the notice of curtailment or interruption.

LEVELS OF SERVICE

Customers will be placed into their corresponding rate class. The Company, at its sole discretion, will determine the level of service.

An Applicant for service under this rate shall be required to execute a service agreement in which maximum and minimum quantities of Gas to be delivered shall be defined. An Applicant shall not be eligible for a Large Customer Transportation Service rate class unless the minimum volumes set forth directly below are met on an annual basis.

Rate class:	Annual volumes (Dth) – not less than:
LT-A:	2,500
LT-B:	5,000
LT-C:	10,000
LT-D:	25,000
LT-E:	80,000

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CHARGES

1. MONTHLY BILL

The monthly bill shall consist of the sum of the monthly Customer charge and the Distribution Charge as detailed below:

<u>CUSTOMER CHARGE</u>	<u>(\$ Per Meter Per Month</u> <u>(Parallel Meters are considered one meter)</u>
LT-A:	152.16
LT-B:	273.89
LT-C:	273.89
LT-D:	273.89
LT-E:	426.06

<u>DISTRIBUTION CHARGE</u>	<u>Rate (\$) Per Mcf / Dth Delivered*</u>
LT-A:	3.4836 / 3.3593
LT-B:	1.6861 / 1.6259
LT-C:	1.3156 / 1.2687
LT-D:	1.1674 / 1.1257
LT-E:	1.1304 / 1.0901

Rate LT Sales Service: the current GCR shall be applicable to sales service volumes delivered.

CONDITIONS OF USE

1. The Company shall not be obligated to incur the cost of additional facilities to provide LT Service hereunder for existing load. Nonetheless, in the event the Company elects to provide additional facilities, which in the Company's sole judgment are required to provide LT Service, the cost of such facilities shall be the responsibility of the Customer. Customers may Appeal the Company's judgment to the Commission. The Company shall provide, install, own and maintain such facilities. Where applicable, extensions and enlargements of Gas supply facilities for qualifying new load shall be in accordance with Section 10 of this Tariff.

2. The Customer warrants and will provide satisfactory documentation, upon request, that it has good and merchantable title for all Gas delivered to the Company for transportation hereunder. Title shall be free and clear of all liens, encumbrances and claims whatsoever. Customer will indemnify Company and hold the Company harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising out of the adverse claims of any or all persons to said Gas and/or to royalties, taxes, license fees or charges thereon, including pipeline transportation and service charges, which are applicable to such Gas and/or the delivery of such Gas to the Company.

3. The Company may retain for unaccounted-for Gas a percentage of the total volume of gas delivered into its system for Customer's account. The percentage of Gas to be retained by the Company shall be equivalent to the percentage of unaccounted-for Gas, as utilized in the Company's currently effective GCR. This condition may be revised as appropriate, by the individual service agreement, where the transported Gas can be delivered directly to the Customer without commingling with other distribution system supplies.

4. In the event that the Company declares an emergency situation it may, at its discretion, divert Customer's Gas for such purposes as Company deems appropriate and Customer will be compensated for such Gas at the cost at which the Customer acquired the Gas, at the Customer's cost of the alternate fuel utilized or at the Company's avoided cost of Gas during the billing month, whichever is highest. The Customer shall demonstrate its cost of Natural Gas or replacement fuel by making a copy of its purchase contract available to Company upon request. All Gas purchased by the Company will be credited to the Customer's account.

DELIVERY QUANTITIES

The Company shall not be obligated to deliver or accept for delivery volumes in excess of the maximum hourly, daily or monthly volumes specified in the service agreement. It is the intent of the Company that the Customer so manage its arrangements for daily deliveries of Gas that they approximately equal its combined daily Gas usage and that volume retained for unaccounted-for Gas adjustment. The quantities of Gas received on Customer's behalf will be balanced monthly and daily on a thermally equivalent basis with those quantities re-delivered or retained for line loss and unaccounted for adjustment. For this calculation, thermal correction quantities will be multiplied by a fraction, the numerator being the weighted average Btu content per cubic foot of either the Company's system (if commingled) or the individual transporting pipeline (if not commingled), and the denominator being a reference Btu content of 1,000 Btu per cubic foot.

STANDBY SERVICE

Contingent upon the Company's ability to arrange the required supply contracts, a Customer may contract for Standby Service to purchase Gas from the Company under a specified Retail Rate Schedule, in the event that the Customer experiences an interruption or curtailment in LT Service by a Supplier. The contract term for Standby Service shall be a minimum of one year. The maximum volume of Gas that the Company is obligated to provide under Standby Service on any Gas day shall be specified in the individual service agreement. Volumes taken in excess of the specified daily standby limits, except for those volumes authorized and supplied by the Company under an applicable retail rate, shall be purchased by the Customer at the higher of: (a) 150% of the average of the two highest Daily Market Index Prices for the monthly period beginning on the first day of the month; or (b) 150% of the Company's highest incremental supply cost for the month.

A Customer contracting for Standby Service shall pay a monthly reservation charge. This charge shall be based on the demand charge paid by the Company to its highest cost pipeline and then applied to the supplier's Standby Service Quantity as specified in the individual Service agreement. The Company may revise the reservation charge no more frequently than monthly to reflect changes in the pipeline demand and related charges. The reservation charge, prorated on a daily basis, will be credited to all volumes purchased under the standby service. In addition, at the end of each contract year, the Customer will be assessed those minimum bill or take-or-pay charges actually paid by the Company to its own suppliers, which are attributable to the volume reserved but not taken under this Standby Service.

LIABILITY

The Company shall not be liable for curtailment of service under this rate schedule or loss of Gas of the Customer as a result of any steps taken to comply with any law, regulation or order of any governmental agency with jurisdiction to regulate, allocate or control Gas supplies or the rendering of service hereunder, and regardless of any defect in such law, regulation or order.

The Company reserves the right to commingle transport Gas with its other supplies but Gas is and remains the property of the Customer while being transported and delivered by the Company. The Customer shall be responsible for maintaining all insurance it deems necessary to protect its property interest in such Gas before, during and after receipt by the Company. The Company shall not be liable for any loss to the Customer or any other entity or person(s) arising from or out of service under this rate schedule, including loss of Gas in the possession of the Company or any other cause.

COMPANY RULES

The provisions this Tariff shall govern the service under this classification except where noted herein.

The following Riders may apply:

**DAILY BALANCING SERVICE – LARGE CUSTOMER TRANSPORTATION SERVICE
– RATE DB LT**

Rate: Applicable to all services rendered pursuant to this Rate Schedule on or after May 22, 2018.

Subject to the requirements of this Rate Schedule, service will be offered to Suppliers serving Rate LT Customers at the sole discretion of the Company. Rate LT Customers who acquire Natural Gas supplies on an individual basis for their own use shall also be subject to all of the Supplier provisions of this Rate Schedule, except for those provisions related to licensing and bonding requirements. The Company shall limit the number of Rate LT Customers in any single supply pool to 10. Rate LT Customers shall only join a Rate LT pool. At the sole discretion of PGW, a supply pool of greater than 10 Rate LT Customers will be considered, operating conditions permitting.

AVAILABILITY

This service is available to self-transporters or Suppliers licensed by the Commission who meet the credit qualification described below. Daily balancing is provided only for the inadvertent fluctuations between the daily receipts by the Company from a Gas supplier and actual Gas usage by a Rate LT Customer or pool of Rate LT Customers. It is not intended to be used for speculation as to energy prices, to borrow Gas for later replacement, or to store Gas for future use during periods of supply shortfall. A Gas Supplier shall use its best efforts, including ongoing communication with its Rate LT Customers, to balance its daily purchases, nominations and deliveries with daily Rate LT Customer usage at all times.

CHARACTER OF SERVICE

Company assumes no liability for interruptions caused by failure of supply sources or by third parties and shall not be obligated to deliver Gas under this rate schedule beyond the obligations detailed under Rate LT. Suppliers are advised that the Company may curtail (reduce) or interrupt deliveries to the Rate LT Customer only after the Company's interruptible customers, or when the Company determines, in its sole discretion, that the available capacity in all or a portion of its system is projected to be insufficient to meet the requirements of some or all Rate LT Customers.

CREDIT QUALIFICATION

Suppliers must meet the credit requirement for the quantity of Gas proposed to be supplied. The company will determine credit required to be equal to 30 days of average daily usage for each Rate LT Customer served multiplied by the applicable Distribution Charge. Applications for service under this rate schedule can be obtained on the Company's bulletin board or from a PGW representative. Completed credit applications must be signed by a responsible corporate officer, and must include a current audited financial statement, annual report, 10-K reports or other filings with regulatory agencies that discuss the supplier's financial status, a list of corporate affiliates, parent companies and subsidiaries, and any available reports from credit reporting and bond rating agencies. Financial data from a corporate parent will be acceptable from a supplier in order to satisfy creditworthiness criteria. A non-refundable credit investigation fee of \$400.00 must accompany the application.

Suppliers who do not meet the Company's standard for creditworthiness will be required to provide: (a) a parent guaranty in a form acceptable to the Company; or (b) security in the form of a cash deposit, a standby irrevocable letter of credit drawn upon a bank acceptable to the Company, or a performance bond issued by a surety company acceptable to the Company. Suppliers with limited credit qualification may be restricted as to the quantity of Gas that the Company is obligated to accept for delivery to Rate LT Customers on any day.

Supplier is responsible for providing updated financial credit information to the Company: (a) upon the occasion of any significant change to the supplier's financial condition; or (b) routinely not less than sixty (60) days prior to the annual rollover of the supplier's service agreement. At that time, all credit qualification criteria will be reviewed, and reevaluated if necessary.

SERVICE AGREEMENT

Supplier must execute a service agreement in the form prepared by the Company. The standard agreement shall have an initial term of one year, and shall continue from month to month thereafter, subject to continued credit qualification and licensing, unless terminated by the supplier or the Company upon written notice to the other not less than 60 days prior to the end of a term. The Company may also terminate a service agreement at any time as provided by law or by provisions of this Tariff. Agreements will become effective only on the first day of a calendar month.

SUPPLY POOLS

Supplier shall provide to the Company, electronically or in other format specified by the Company, a listing of all Customer accounts to be included in its supply pool(s) no later than 12:00 noon on the fifth (5th) business day prior to the start of each calendar month. The Company shall not be obligated to add or delete accounts at any time other than the start of a calendar month.

BALANCING

1. QUANTITIES

The maximum daily quantity that the Company is obligated to receive into its system shall be the sum of the total daily transportation quantities of the Rate LT Customers in a supply pool. The Company may, however, upon notice to the Supplier, refuse to accept daily quantities in excess of projected Rate LT Customer usage when required by system operating conditions.

2. GAS DAY

Each Gas day shall begin and end at 10:00 AM Eastern standard or daylight-saving time, as applicable.

3. NOMINATIONS

Supplier shall provide to the Company, electronically or in other format specified by the Company, nominations for flowing Gas no later than 12:30 the day prior to Gas day for the interstate pipeline on which Gas is being shipped to the Company's system.

4. VOLUME ADJUSTMENT

The quantity of Gas received into the Company's system for the Supplier's account shall be based on the final interstate pipeline nomination for each Gas day, as confirmed by the Company, adjusted for the unaccounted-for Gas as percentage of the total volume of Gas delivered into its system for Rate LT Customers' account. The percentage of Gas to be retained by the Company shall be equivalent to the percentage for total system line loss and unaccounted-for, as utilized in the Company's currently effective GCR.

5. USAGE DATA

The Company shall provide Supplier with applicable usage data (the "Daily Usage Quantity" below) for each Rate LT Customer in a supply pool, and for the supply pool as a whole. This information will be available electronically or in other format specified by the Company within 24 hours of the end of each Gas day.

PHILADELPHIA GAS WORKS

6. BALANCING LIMITS AND CHARGES

Daily balancing, and the reconciliation of end-of-month imbalances, shall be governed by the definitions, limits and charges set forth below:

- (a) Daily Receipt Quantity. The Supplier's confirmed pipeline nomination quantity, adjusted for unaccounted for Gas, for the Gas day.
- (b) Daily Usage Quantity. Gas used by the Rate LT Customer(s) in a supply pool during the 24-hour Gas day as recorded by the Company's meter(s) at the Rate LT Customer location(s).
- (c) Allowable Daily Variation. The daily usage quantity must be within plus or minus ten percent (+/-10%) of the daily receipt quantity.
- (d) Daily Imbalance Surcharge. Supplier shall be charged \$0.50 for each Dth outside the applicable allowable daily variation.
- (e) Daily Market Index Price. The prices published each day in Gas Daily (or successor publication or where none exists a publication selected by the Company) under the heading "Citygate Prices" for deliveries at "Texas Eastern M-3" and "Transco Z6 [non-NY]" (or applicable headings of a successor publication.) Whenever a price is published as a range, the value used for that day would be the midpoint of the range.
- (f) Monthly Imbalance Reconciliation. Imbalances remaining at the end of a month in each supply pool shall be reconciled to zero in accordance with the following schedule. All cost calculations shall reflect the appropriate adjustment for unaccounted for Gas, and for average heating value where applicable.
 - 1. Monthly usage quantities that exceed monthly receipts by up to 3.5% shall be purchased by the Supplier at the monthly average of the Daily Market Index Price; provided, however, that if Supplier shall cease to be a Supplier pursuant to this Rate Schedule, then, usage quantities that exceed monthly receipts by up to 3.5% during the Supplier's last month on PGW's system shall be purchased by the Supplier at the higher of: (a) 100% of the average of the two highest Daily Market Index Prices for the monthly period beginning on the first day of the month; or (b) 100% of the Company's highest incremental supply cost for the month.
 - 2. Monthly usage quantities that exceed monthly receipts by more than 3.5% shall be purchased by the Supplier at the higher of: (a) 125% of the average of the five (5) highest Daily Market Index Prices for the monthly period beginning on the first day of the month; or (b) 150% of the Company's highest incremental supply cost for the month.
 - 3. Monthly receipt quantities that exceed monthly usage by up to 3.5% shall be purchased by the Company at the monthly average of the Daily Market Index Price; provided, however, that if Supplier shall cease to be a Supplier pursuant to this Rate Schedule, then, receipt quantities that exceed monthly usage by up to 3.5% during the Supplier's last month on PGW's system shall be purchased by Company at the lower of: (a) 100% of the average of the two (2) lowest Daily Market Index Price for the monthly period beginning on the first day of the month; or (b) 100% of the Company's lowest incremental supply cost for the month.
 - 4. Monthly receipt quantities that exceed monthly usage by more than 3.5% shall be purchased by the Company at the lower of: (a) 75% of the average of the five (5) lowest Daily Market Index Price for the monthly period beginning on the first day of the month; or (b) 75% of the Company's lowest incremental supply cost for the month.

PHILADELPHIA GAS WORKS

5. In the event that erroneous or inaccurate data is posted to PGW's EBB or changes occur to the data following the initial posting, PGW and Suppliers agree to exercise good faith effort in attempting to resolve imbalances before the month's end. If the monthly imbalance cannot be brought into the monthly +/- 3.5% cashout band, the erroneous, inaccurate or changed data will be excluded from the Monthly Imbalance Reconciliation calculation and that volume shall be cashed out at the monthly average of the Daily Market Index Price.

6. To facilitate this management and to avoid or correct imbalances, Rate LT Customer may modify the quantities it intends to have delivered to Company's City Gate in accordance with the nomination procedure of the delivering pipeline. All delivery arrangements must be coordinated with Company's representative in a manner deemed acceptable by Company. The Company may decline a revised nomination for specific operating reasons, where granting such would threaten the reliability of firm supply.

7. For the purpose of this section, the term "Supplier" shall refer to both directly transporting Customers and supplier pools. To facilitate this management and to avoid or correct imbalances, a Rate LT Supplier may reduce its imbalance by arranging a trade of quantities with another Rate LT Supplier. Suppliers shall be permitted to trade LT imbalances on both a daily and monthly basis in accordance with the provisions below in order to reduce an imbalance to zero. Such trade will be arranged separately from PGW's electronic bulletin board systems. Within five (5) business days after month end, the Company shall provide by e-mail to each Supplier who has previously agreed to have its data shared, a spreadsheet listing each Supplier and whether the Supplier had positive or negative daily imbalances (Supplier imbalance data). Verification of any trade shall be provided to PGW via e-mail by both Suppliers involved in the trade and submitted within five (5) business days of receipt from the Company of the Supplier imbalance data. A Supplier may offset daily or monthly imbalances in its FT service pool imposed pursuant to section 9.12 of PGW's Supplier Tariff. Such pool-to-pool netting of imbalances between a supplier's FT and LT pools are permitted only to the extent that the offset reduces to zero any positive imbalance in the supplier's LT pool. Any such pool-to-pool imbalance netting shall be communicated via e-mail to the Company within seven (7) business days from the end of the billing month.

Any misconduct by a Supplier may terminate or suspend imbalance trading rights. In such event, PGW shall provide written notice of such proposed action to the affected Supplier. The Supplier or the Company may elect to address the alleged misconduct through the Company's informal dispute resolution procedures, 52 Pa. Code § 62.142(b). Either the Supplier or the Company may file a complaint with the Commission regarding the alleged misconduct at any time. No action to suspend or terminate a Supplier's imbalance trading rights shall occur prior to Commission authorization.

OPERATIONAL FLOW ORDERS (OFOs)

1. NOTICE

In order to alleviate operating conditions which threaten the integrity or safe operation of the Company's distribution system or interfere with the Company's ability to provide reliable firm service, the Company shall notify the Supplier, electronically or in other format specified by the Company, of the issuance of an Operational Flow Order (OFO). The Company will endeavor to provide notice of the commencement of an OFO to the Supplier not less than four hours in advance. Notice of the termination of an OFO may be made at any time, and shall specify the date and time of the termination.

2. ACTION REQUIRED

OFO notices will contain specific instructions as to the action(s) required of the Supplier. The normal daily balancing tolerances specified in this Tariff may be reduced or eliminated for the duration of the OFO. The Supplier shall be responsible for any communication with Rate LT Customers in the supply pool that may be necessary for the Supplier's compliance with OFO requirements.

PHILADELPHIA GAS WORKS

3. OFO ISSUANCE

The Company may issue OFOs that apply to Rate LT Customers receiving service under this rate schedule as follows:

(a) OFOs may be issued in the Company's sole judgment to:

1. Protect the integrity of the Company's Gas system;
2. Assure deliveries of Gas supplies to all of the Company's sales Rate LT Customers;
3. Adhere to the various interstate pipeline companies' balancing or delivery requirements; or
4. Provide adequate storage levels.

(b) OFOs may be issued concerning an individual Rate LT Customer, an aggregation pool, or an entire rate class of Rate LT Customers.

(c) In order to address operational reliability or to prevent undue cost shifting the Company will have the authority to require Supplier to direct a Rate LT Customer, or where the Rate LT Customer is part of an aggregation pool, the Rate LT Customer's Pool Administrator, to adjust daily scheduled volumes to a specified level or to deliver Gas to specified receipt point(s) into the Company's distribution system or to receipt points prescribed by upstream pipelines.

(d) Failure to comply with an OFO will result in the billing of the following charges when the actual daily usage exceeds the daily flowing volume:

1. Penalties as defined in the tariff on the difference, and
2. Payment of all other charges incurred by the Company on the date of the OFO that result from the Shipper's failure to comply with the OFO, including a proportionate share of any pipeline penalties that are incurred by the Company.

(e) Types of circumstances under which the Company may determine to issue an OFO include, but are not limited to:

1. Responding to an event of force majeure;
2. Accommodating capacity limitations resulting from the need to perform maintenance and/or repairs;
3. Ensuring current and future storage capabilities and levels;
4. Maintaining operational pressures, adequate Gas supplies and line pack required to provide an efficient and reliable service;
5. Responding to any event which the Company believes in its sole judgment may jeopardize the integrity of its system.

(f) The requirements of OFOs shall be as localized as possible. If only discrete segments of the Company's system are affected by operational difficulties, then OFOs shall be limited to those segments of the system. The Company shall lift any effective OFO promptly upon the remedy or cessation of the operating conditions that caused the issuance of the OFO.

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4. PENALTIES

Penalty charges to Suppliers for Gas used by Rate LT Customers in excess of the limits or conditions stated in an OFO shall be the greater of: (a) the applicable daily market index price plus \$25.00 per Dth; or (b) the actual cost or penalty incurred by the Company as a result of the violation by the Supplier and/or the Rate LT Customers in the supply pool. Penalty charges for Gas received into the Company's system in excess of the conditions stated in an OFO shall be the greater of: (a) \$25.00 per Dth plus the acquisition of the excess Gas by the Company at no cost; or (b) the actual cost or penalty incurred by the Company as a result of the violation by the Supplier and/or the Rate LT Customers in the supply pool plus the acquisition of the excess Gas by the Company at no cost.

COMMUNICATION REQUIREMENTS

Supplier is responsible for providing to the Company updated mailing and electronic addresses, as well as fax and voice telephone numbers, for communication of administrative and operational information on a 24-hour per day, seven-day per week basis. When curtailment or interruption of Rate LT Customers is required pursuant to rate schedule LT, the Company will provide notice to the supplier, electronically or in other format specified by the Company, as soon as practicable after notice is given to the affected Rate LT Customers of the imposition or lifting of such curtailment or interruption. Communication with Rate LT Customers that may be required in conjunction with the supplier's OFO obligations is the responsibility of the supplier.

CHARGES AND PAYMENTS

1. MONTHLY BILL

The monthly billing statement shall include the charges and/or credits related to balancing and OFOs, plus a monthly administrative charge of \$150.00 per supply pool per month.

2. Standby Service charges if applicable shall apply to this rate.

SPECIAL PROVISIONS

1. TITLE

Receipt of Gas by the Company shall not vest title to the Gas in the Company. Title to such Gas shall remain vested in either the supplier or the Rate LT Customer(s) for whom Gas was received for redelivery. The Company's furnishing of Transportation Service shall be complete upon delivery to the Rate LT Customer(s) of Gas received.

2. COMPANY LIABILITY

The Company shall not be liable, under any circumstances or in any respect, to a Rate LT Customer, to a producer of Gas, to a supplier, or to any other person or entity for damages arising either directly or indirectly from curtailment, interruption or termination of Transportation Service that is consistent with this Tariff, the applicable sections of the Public Utility Code, and/or the regulations of the Commission.

PHILADELPHIA GAS WORKS

3. SUPPLIER LIABILITY

The penalty provisions of this rate schedule apply only to the specific services rendered hereunder. They do not absolve Supplier from liability in the event of a civil suit or any other claim of damages by producers, pipelines, Rate LT Customers or the Company in conjunction with the Supplier's failure to deliver Gas.

COMPANY RULES

The provisions of this Tariff shall govern the service under this classification except where noted herein.

PHILADELPHIA GAS WORKS

GAS SERVICE TARIFF



Issued by: Craig White
President and CEO

PHILADELPHIA GAS WORKS
800 West Montgomery Avenue
Philadelphia, PA 19122

List of Changes Made by this Tariff Supplement

TABLE OF CONTENTS (Page Nos. 6-7)

Updated to reflect revised page numbers for each of the changes listed below on this page.

EXTENSIONS AND RIGHTS-OF-WAY (Page Nos. 50 - 51)

Updated to include Rate LT.

DAILY BALANCING SERVICE – RATE DB (Page No. 101)

Renamed to “Daily Balancing Service – Interruptible Transportation – Rate DB IT”.

INTERRUPTIBLE TRANSPORTATION – RATE IT (Page No. 111)

Updates references to reflect name change to the Daily Balancing Service – Interruptible Transportation – Rate DB IT.

LARGE CUSTOMER TRANSPORTATION SERVICE - RATE LT (Page No. 156)

Establishes the availability, rates, and terms of service for new rate for eligible customers.

DAILY BALANCING SERVICE – LARGE CUSTOMER TRANSPORTATION SERVICE – RATE DB LT (Page No. 162)

Establishes the availability, rates, and terms of service for new rate for eligible customers and suppliers. This rate corresponds to the new Rate LT provisions.

(This page intentionally left blank for future use.)

TABLE OF CONTENTS

	<u>Page Number</u>
List of Changes Made By This Tariff _____	One Hundred and Eighth Revised 2
Description of Territory Served _____	5
Table of Contents _____	One Hundred and Eighth Revised 6
Definitions _____	Second Revised 10
<u>RULES and REGULATIONS:</u>	
1. The Gas Service Tariff _____	First Revised 15
2. Application and Contract for Gas Service _____	Sixth Revised 17
3. Credit and Deposit _____	Third Revised 21
4. Billing and Payment _____	Second Revised 26
5. Termination and/or Discontinuance of Gas Service _____	Second Revised 30
6. Termination of Service for Safety Reasons and Curtailment of Service/ Service Continuity _____	First Revised 38
7. Inquiry, Review, Dispute, and Appeals Process _____	First Revised 41
8. Customer's Responsibility for Company's Property _____	First Revised 44
9. Conditions of Service, Point of Delivery, and Application of Rates ____	Third Revised 47
10. Extensions And Rights-Of-Way _____	First Revised 50
11. Meters: Measurements, Readings, Errors, and Tests _____	First Revised 53
12. Service Charges and Miscellaneous Fees and Provisions _____	Second Revised 57
13. Universal Service And Energy Conservation Programs _____	Second Revised 59
14. Gas Choice Enrollment and Switching _____	First Revised 63
15. Supplier of Last Resort _____	First Revised 65

PHILADELPHIA GAS WORKS

	Page Number
RATES (Cover Page) _____	66
Gas Cost Rate _____	Seventieth Revised 67
Revenue Reconciliation Adjustment (RRA) Rider _____	70
Senior Citizen Discount _____	First Revised 72
Exit Fee Rider _____	77
Merchant Function & Gas Procurement Charges; Price to Compare_	Twenty Fifth Revised 78
Restructuring and Consumer Education Surcharge _____	Twenty Seventh Revised 79
Efficiency Cost Recovery Mechanism _____	Thirty Eighth Revised 80
Universal Services Surcharge _____	Seventy Second Revised 81
Other Post Employment Benefit Surcharge _____	Twelfth Revised 82
General Service - Rate GS _____	Eighty First Revised 83
Municipal Service - Rate MS _____	Eighty First Revised 87
Philadelphia Housing Authority Service – Rate PHA _____	Eighty First Revised 90
Daily Balancing Service – Rate DB _____	101
Interruptible Transportation Service – Rate IT _____	111
Gas Transportation Service - Rate GTS - Firm Service _____	118
Gas Transportation Service - Rate GTS - Interruptible _____	124
Cogeneration Service - Rate CG _____	Fifth Revised 131
Developmental Natural Gas Vehicle Service - Rate NGVS Firm Service	Fifty Third Revised 135
Developmental Natural Gas Vehicle Service - Rate NGVS Interruptible Service _____	139
Liquefied Natural Gas Service – Rate LNG _____	Third Revised 142
SPECIAL PROVISION – Air Conditioning Rider _____	143
SPECIAL PROVISION – Compressed Natural Gas Rider _____	145
SPECIAL PROVISION – Emergency/Unauthorized Use Gas Rider _____	147
Weather Normalization Adjustment Clause _____	Fourth Revised 149
Distribution System Improvement Charge _____	Seventeenth Revised 151
Backup Service – Rate BUS _____	154
Technology and Economic Development Rider and Micro-Combined Heat and Power Incentives _____	155

10. Extensions and Rights-of-Way

10.1. EXTENSIONS OR ENLARGEMENTS FOR PERMANENT CUSTOMERS.

10.1.A. Residential Gas Service - Upon written application, and under normal conditions of construction and installation, the Company will extend its main and service for permanent residential Customers or developers within its service territory provided the requested extension will not adversely affect the availability or deliverability of Gas to existing Customers. The Company will furnish and install at no cost to the Customer or developer, delivery main and service-delivery pipe of an amount up to five times the anticipated annual Delivery Charge, as set forth in this Gas Service Tariff, and the Customer or developer shall pay a customer contribution for any costs in excess of this allowance. Included in the calculation of such costs may be an appropriate allowance for transmission and distribution main extensions required to deliver the Gas supply to local areas where Gas Service is needed. Permanent residential Customers or developers making use of new facilities which required a customer contribution from an original Customer or developer within the previous three years shall be deemed to have made application at the same time as the original contributing Customer or developer and shall pay a pro rata customer contribution for such facilities to be determined by the Company.

10.1.B. Commercial And Industrial Gas Service - For permanent commercial and industrial Customers or developers making application for extensions or enlargements, where the Company in its sole judgment anticipates long-term, continuous usage at projected volumes of Gas: (a) where the combined estimated cost of delivery-main and service-delivery pipe is less than \$10,000, the Company will furnish and install, at no cost to the Customer or developer, service-delivery pipe and delivery-main of an amount up to three times the anticipated annual base rate revenue less the fuel cost component included therein, and the Customer or developer shall pay for any costs in excess of this allowance; or (b) where the combined estimated cost of delivery-main and service-delivery pipe installation is \$10,000 or more, the Customer or developer shall pay a customer contribution for the amount of the estimated cost in excess of the investment determined by the Company to be warranted by the anticipated revenue to be derived from the extension. Included in the calculation of the above cost may be an appropriate allowance for transmission and distribution main extensions required to furnish the Gas supply to local areas where Gas Service is needed. Permanent commercial and industrial Customers or developers making use of new facilities which required a customer contribution from an original Customer or developer within the previous three years shall be deemed to have made application at the same time as the original contributing Customer or developer and shall pay a pro rata customer contribution for such facilities to be determined by the Company. Section 10.1.B. is not applicable to Interruptible Transportation customers (Rate IT) or Large Customer Transportation Service (Rate LT). Interruptible Transportation customers and Large Customer Transportation Service customers shall pay for 100% of the combined estimated cost of delivery-main and service-delivery pipe installation. (C)

10.2. EXTENSIONS OR ENLARGEMENTS FOR TEMPORARY CUSTOMERS. For Customers other than those deemed by the Company to be permanent Customers, Gas delivery facilities shall be installed and removed at the expense of the Customer.

10.3. DELAYS REGARDING RIGHTS-OF-WAY. Applications for service relying on an extension to be constructed where a right-of-way is not owned by the Company will only be accepted subject to delays incident to obtaining a satisfactory right-of-way.

10.4. PROCUREMENT BY CUSTOMER. Customers applying for the construction of an extension may be required to secure to, and for, the Company, all necessary and convenient rights-of-way and to pay the costs incident thereto.

(C) – Change

10.5. TERMS AND RENTALS. When the premises of a Customer is so located that the Customer can be served only by facilities extending over the property of another, the Customer shall accept service for such term as is provided in the permit or agreement covering the location and the maintenance of service equipment, and the Customer shall reimburse Company for any and all special or rental charges that may be made for such rights by said permit or agreement.

10.6. EXTENSION OR ENLARGEMENT REFUNDS. A pro-rata portion of a Customer or developer's contributions made pursuant to Section 10.1, above, may be refunded by the Company without interest if, within three years of the commencement date of the original Customer or developer's service agreement, new Customer loads are added to such new facilities. For purposes of making refund computations, the original and new loads will be deemed to have been installed at the same time. Refunds will be paid only to a contributing Customer or developer, and the original contribution shall be the maximum aggregate refund. Upon receipt of a written request by a Customer or developer made no earlier than the end of the third year following the date of the original agreement for new Gas Service, and no later than the end of the fourth year following the date of the original agreement for new Gas Service, PGW will: (a) review its records to determine if a refund is due the Customer or the developer for additional Customers that attached to the facilities paid for by the Customer or the developer within three years after the execution date of the agreement for new Gas Service, and (b) within 120 days of receipt of such request, (i) make payment to the Customer or developer of any refund due and (ii) provide the Customer or developer with documentation substantiating the refund calculations and identifying the attached loads for which the Customer or developer was credited.

DAILY BALANCING SERVICE – INTERRUPTIBLE TRANSPORTATION – RATE DB (C)
IT

Rate: Applicable to all services rendered pursuant to this Rate Schedule on or after September 1, 2003.

Subject to the requirements of this Rate Schedule, service will be offered to Suppliers serving Rate IT Customers who can, in the sole judgment of the Company, manage their businesses without the use of Gas during periods of curtailment or interruption. Rate IT Customers who acquire Natural Gas supplies on an individual basis for their own use shall also be subject to all of the Supplier provisions of this Rate Schedule, except for those provisions related to licensing and bonding requirements. The Company will limit the number of Rate IT Customers in any single supply pool to 10. At the sole discretion of PGW, a supply pool of greater than 10 Rate IT Customers will be considered, operating conditions permitting.

AVAILABILITY

This service is available to self-transporters or Suppliers licensed by the Commission who meet the credit qualification described below. Daily balancing is provided only for the inadvertent fluctuations between the daily receipts by the Company from a Gas supplier and actual Gas usage by a Rate IT Customer or pool of Rate IT Customers. It is not intended to be used for speculation as to energy prices, to borrow Gas for later replacement, or to store Gas for future use during periods of supply shortfall. A Gas Supplier shall use its best efforts, including ongoing communication with its Rate IT Customers, to balance its daily purchases, nominations and deliveries with daily Rate IT Customer usage at all times.

CHARACTER OF SERVICE

Company assumes no liability for interruptions caused by failure of supply sources or by third parties and shall not be obligated to deliver Gas under this rate schedule on any day that Gas is not received at its gate station. Suppliers are advised that the Company may curtail (reduce) or interrupt deliveries to the Rate IT Customer whenever, at the Company's sole discretion, it determines that the available capacity in all or a portion of its system is projected to be insufficient to meet the requirements of all Rate IT Customers or in the event a NGS fails to meet delivery obligations.

(C) - Change

INTERRUPTIBLE TRANSPORTATION - RATE IT

Rate: Applicable to all Gas transported on or after September 1, 2003

For service under this rate, each meter shall be considered a separate Customer. Parallel meters that serve a single Customer fuel line will be considered as one meter. PGW will transport Gas to a Customer through one meter at one premise. Subject to the above limitations and the requirements of this rate schedule, service will be offered to interruptible Customers, who can in the sole judgment of the Company, manage its business without the use of Gas during periods of curtailment or interruption. Each Customer must contract for a minimum of 15,000 Dth/year or up to 10 Customers may aggregate their loads into a supplier pool that meets the 15,000 Dth/year requirement.

AVAILABILITY

This service is available to any Commercial or Industrial Gas user, subject to the specific requirements set forth in this section. It consists of the receipt of a daily quantity of Gas by the Company from a Gas Supplier under Rate DB IT (Daily Balancing – Interruptible Transportation), the transportation of Gas through the Company's facilities, and the delivery of an equivalent quantity of Gas to the Customer, adjusted for unaccounted-for Gas. Customers are subject to curtailment or interruption at any times. Customers served under this rate schedule who acquire gas supplies on an individual basis for their own use shall also be subject to all of the Gas Supplier provisions of rate schedule DB IT(Daily Balancing), except for those provisions related to licensing and bonding requirements.

(C)

(C)

SPECIAL METERING EQUIPMENT

This service requires the electronic transmission of metering data from the Customer's meter location to the Company on a daily basis. The metering equipment requires electric power supply compatible with the Company's equipment and a dedicated telephone line, both of which shall be provided by the Customer. Each Customer, prior to the initiation of service, shall pay the Company in full for facilities to record and transmit metering data, which payment shall not be subject to refund under any circumstances. Customer shall be responsible for ongoing maintenance of the electric power supply and dedicated telephone line, and shall reimburse the Company for expenses incurred to obtain daily metered usage during periods when the electric power and/or the telephone line is unavailable.

SERVICE AGREEMENT

Customer must execute a service agreement in the form prepared by the Company. Such agreement shall specify, among other things, the maximum daily interruptible transportation quantity or the total daily capacity of the Customer's equipment. The standard agreement shall have a term of not less than one year, and shall continue from month to month thereafter unless terminated by the Customer or the Company upon written notice to the other not less than 60 days prior to the end of a term. The Company may terminate a service agreement at any time as provided by law or by provisions of this Tariff. A service agreement for a period of more or less than one year may be executed only upon the mutual agreement of the Company and the Customer. Service initiation cannot take place until the special metering equipment is installed and operating to the Company's satisfaction. Service will be initiated only on the first day of a calendar month.

LARGE CUSTOMER TRANSPORTATION SERVICE - RATE LT

Rate: Applicable to all Gas transported on or after May 22, 2018.

For service under this rate, each meter shall be considered a separate Customer. Parallel meters that serve a single Customer fuel line will be considered as one meter. PGW will transport Gas to a Customer through one meter at one premise. Subject to the above limitations and the requirements of this rate schedule, service will be offered to Customers that are currently being served under or that meet the requirements of the Interruptible Transportation Service Rate Schedule. Each Customer must contract for a minimum of 15,000 Dth/year or up to 10 Customers may aggregate their loads into a supplier pool that meets the 15,000 Dth/year requirement.

AVAILABILITY

This service is available to Commercial or Industrial Gas users, subject to the specific requirements set forth in this section and the total volumes available for this service will be determined by the Company, in its sole discretion. It consists of the receipt of a daily quantity of Gas by the Company from a Gas Supplier under Rate DB LT (Daily Balancing – Large Customer Transportation Service), the transportation of Gas through the Company's facilities, and the delivery of an equivalent quantity of Gas to the Customer, adjusted for unaccounted-for Gas. Customers are subject to curtailment or interruption as specified in this section. Customers served under this rate schedule who acquire gas supplies on an individual basis for their own use shall also be subject to all of the Gas Supplier provisions of rate schedule DB LT, except for those provisions related to licensing and bonding requirements.

SPECIAL METERING EQUIPMENT

This service requires the electronic transmission of metering data from the Customer's meter location to the Company on a daily basis. The metering equipment requires electric power supply compatible with the Company's equipment and a dedicated telephone line, both of which shall be provided by the Customer. Each Customer, prior to the initiation of service, shall pay the Company in full for facilities to record and transmit metering data, which payment shall not be subject to refund under any circumstances. Customer shall be responsible for ongoing maintenance of the electric power supply and dedicated telephone line, and shall reimburse the Company for expenses incurred to obtain daily metered usage during periods when the electric power and/or the telephone line are unavailable.

SERVICE AGREEMENT

Customer must execute a service agreement in the form prepared by the Company. Such agreement shall specify, among other things, the maximum daily transportation quantity or the total daily capacity of the Customer's equipment. The standard agreement shall have a term of not less than one year, and shall continue from month to month thereafter unless terminated by the Customer or the Company upon written notice to the other not less than 60 days prior to the end of a term. The Company may terminate a service agreement at any time as provided by law or by provisions of this Tariff. Service initiation cannot take place until the special metering equipment is installed and operating to the Company's satisfaction. Service will be initiated only on the first day of a calendar month.

LT SERVICE

1. QUALITY OF SERVICE

Company shall not be obligated to deliver Gas under this rate schedule on any day that Gas is not received at its gate station for the Customer's account, except that the Company shall provide sales service, up to a volume forth in the service agreement, under this rate schedule for up to ten (10) days per calendar year. Beyond the annual ten days of sales service, the Company will endeavor to provide additional sales service subject to availability. Customer may also contract for Standby Service as specified under those provisions for Standby Service contained herein.

The Company may curtail (reduce) or interrupt deliveries to the Customer when the Company determines, in its sole discretion, that the available capacity in all or a portion of its system is projected to be insufficient to meet the requirements of all Customers or in the event that a Customer has exceeded its ten days of sales service per year from the Company. In the event of a system emergency, upon notice by the Company, the Customer shall use its best efforts to curtail or interrupt usage upon less than eight hours' notice. Rate LT customers have priority above Rate IT customers during curtailments/interruptions.

2. INTERRUPTIBLE CAPABILITY

In order to qualify for service under this rate schedule, a Customer must be an existing IT customers or new load that first demonstrates its ability to meet the requirements of the Company's IT service Tariff provisions. Customers accepted under this LT Tariff provision shall not be subject to annual inspection or annual inspection interruption to which IT customers may be subject. The Company reserves the right to inspect the Customer's alternative fuel equipment prior to the beginning of any new contract period and has the sole discretion to refuse service based on its inspection.

3. REQUIREMENTS

Customer is responsible for providing to the Company continuously updated mailing and electronic addresses, as well as fax and voice telephone numbers, for communication of interruption notices on a 24-hour per day, seven-day per week basis. Interruption notices shall be considered received by the Customer upon transmission by the Company to the electronic address and/or telephone number provided by the Customer.

4. PENALTIES FOR UNAUTHORIZED USAGE

During any period of curtailment or interruption, or at any time during which the Company is providing sales service, the Company shall have the right to immediate access, without prior notice to the Customer, to inspect the Company's Gas measurement equipment and all Gas-using facilities at the Customer's premises. If the Company determines that the Customer is using or has used a quantity of Gas in excess of the quantity authorized by the notice of curtailment or interruption, the Company shall have the right to impose the following penalties: (a) to take measures to physically restrict the flow of Gas into the Customer's premises, or, if flow restriction is not practical, to terminate service; and, (b) to impose a penalty equal to the greater of any actual cost incurred or penalty imposed upon the Company as a result of the violation by the Customer, or \$25.00/Dth, in addition to the Company's cost of the Gas used, for each Dth taken in excess of the quantity authorized in the notice. In addition to the foregoing, the Customer shall hold the Company harmless and defend the Company against any and all claims against the Company arising from service problems caused or materially contributed to by the Customer's violation of the notice of curtailment or interruption.

LEVELS OF SERVICE

Customers will be placed into their corresponding rate class. The Company, at its sole discretion, will determine the level of service.

An Applicant for service under this rate shall be required to execute a service agreement in which maximum and minimum quantities of Gas to be delivered shall be defined. An Applicant shall not be eligible for a Large Customer Transportation Service rate class unless the minimum volumes set forth directly below are met on an annual basis.

<u>Rate class:</u>	<u>Annual volumes (Dth) – not less than:</u>
<u>LT-A:</u>	<u>2,500</u>
<u>LT-B:</u>	<u>5,000</u>
<u>LT-C:</u>	<u>10,000</u>
<u>LT-D:</u>	<u>25,000</u>
<u>LT-E:</u>	<u>80,000</u>

PHILADELPHIA GAS WORKS

CHARGES

1. MONTHLY BILL

The monthly bill shall consist of the sum of the monthly Customer charge and the Distribution Charge as detailed below:

<u>CUSTOMER CHARGE</u>	<u>(\$ Per Meter Per Month</u> <u>(Parallel Meters are considered one meter)</u>
<u>LT-A:</u>	<u>152.16</u>
<u>LT-B:</u>	<u>273.89</u>
<u>LT-C:</u>	<u>273.89</u>
<u>LT-D:</u>	<u>273.89</u>
<u>LT-E:</u>	<u>426.06</u>

<u>DISTRIBUTION CHARGE</u>	<u>Rate (\$) Per Mcf / Dth Delivered*</u>
<u>LT-A:</u>	<u>3.4836 / 3.3593</u>
<u>LT-B:</u>	<u>1.6861 / 1.6259</u>
<u>LT-C:</u>	<u>1.3156 / 1.2687</u>
<u>LT-D:</u>	<u>1.1674 / 1.1257</u>
<u>LT-E:</u>	<u>1.1304 / 1.0901</u>

Rate LT Sales Service: the current GCR shall be applicable to sales service volumes delivered.

CONDITIONS OF USE

1. The Company shall not be obligated to incur the cost of additional facilities to provide LT Service hereunder for existing load. Nonetheless, in the event the Company elects to provide additional facilities, which in the Company's sole judgment are required to provide LT Service, the cost of such facilities shall be the responsibility of the Customer. Customers may Appeal the Company's judgment to the Commission. The Company shall provide, install, own and maintain such facilities. Where applicable, extensions and enlargements of Gas supply facilities for qualifying new load shall be in accordance with Section 10 of this Tariff.

2. The Customer warrants and will provide satisfactory documentation, upon request, that it has good and merchantable title for all Gas delivered to the Company for transportation hereunder. Title shall be free and clear of all liens, encumbrances and claims whatsoever. Customer will indemnify Company and hold the Company harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising out of the adverse claims of any or all persons to said Gas and/or to royalties, taxes, license fees or charges thereon, including pipeline transportation and service charges, which are applicable to such Gas and/or the delivery of such Gas to the Company.

3. The Company may retain for unaccounted-for Gas a percentage of the total volume of gas delivered into its system for Customer's account. The percentage of Gas to be retained by the Company shall be equivalent to the percentage of unaccounted-for Gas, as utilized in the Company's currently effective GCR. This condition may be revised as appropriate, by the individual service agreement, where the transported Gas can be delivered directly to the Customer without commingling with other distribution system supplies.

4. In the event that the Company declares an emergency situation it may, at its discretion, divert Customer's Gas for such purposes as Company deems appropriate and Customer will be compensated for such Gas at the cost at which the Customer acquired the Gas, at the Customer's cost of the alternate fuel utilized or at the Company's avoided cost of Gas during the billing month, whichever is highest. The Customer shall demonstrate its cost of Natural Gas or replacement fuel by making a copy of its purchase contract available to Company upon request. All Gas purchased by the Company will be credited to the Customer's account.

DELIVERY QUANTITIES

The Company shall not be obligated to deliver or accept for delivery volumes in excess of the maximum hourly, daily or monthly volumes specified in the service agreement. It is the intent of the Company that the Customer so manage its arrangements for daily deliveries of Gas that they approximately equal its combined daily Gas usage and that volume retained for unaccounted-for Gas adjustment. The quantities of Gas received on Customer's behalf will be balanced monthly and daily on a thermally equivalent basis with those quantities re-delivered or retained for line loss and unaccounted for adjustment. For this calculation, thermal correction quantities will be multiplied by a fraction, the numerator being the weighted average Btu content per cubic foot of either the Company's system (if commingled) or the individual transporting pipeline (if not commingled), and the denominator being a reference Btu content of 1,000 Btu per cubic foot.

STANDBY SERVICE

Contingent upon the Company's ability to arrange the required supply contracts, a Customer may contract for Standby Service to purchase Gas from the Company under a specified Retail Rate Schedule, in the event that the Customer experiences an interruption or curtailment in LT Service by a Supplier. The contract term for Standby Service shall be a minimum of one year. The maximum volume of Gas that the Company is obligated to provide under Standby Service on any Gas day shall be specified in the individual service agreement. Volumes taken in excess of the specified daily standby limits, except for those volumes authorized and supplied by the Company under an applicable retail rate, shall be purchased by the Customer at the higher of: (a) 150% of the average of the two highest Daily Market Index Prices for the monthly period beginning on the first day of the month; or (b) 150% of the Company's highest incremental supply cost for the month.

A Customer contracting for Standby Service shall pay a monthly reservation charge. This charge shall be based on the demand charge paid by the Company to its highest cost pipeline and then applied to the supplier's Standby Service Quantity as specified in the individual Service agreement. The Company may revise the reservation charge no more frequently than monthly to reflect changes in the pipeline demand and related charges. The reservation charge, prorated on a daily basis, will be credited to all volumes purchased under the standby service. In addition, at the end of each contract year, the Customer will be assessed those minimum bill or take-or-pay charges actually paid by the Company to its own suppliers, which are attributable to the volume reserved but not taken under this Standby Service.

LIABILITY

The Company shall not be liable for curtailment of service under this rate schedule or loss of Gas of the Customer as a result of any steps taken to comply with any law, regulation or order of any governmental agency with jurisdiction to regulate, allocate or control Gas supplies or the rendering of service hereunder, and regardless of any defect in such law, regulation or order.

The Company reserves the right to commingle transport Gas with its other supplies but Gas is and remains the property of the Customer while being transported and delivered by the Company. The Customer shall be responsible for maintaining all insurance it deems necessary to protect its property interest in such Gas before, during and after receipt by the Company. The Company shall not be liable for any loss to the Customer or any other entity or person(s) arising from or out of service under this rate schedule, including loss of Gas in the possession of the Company or any other cause.

COMPANY RULES

The provisions this Tariff shall govern the service under this classification except where noted herein.

The following Riders may apply:_____

DAILY BALANCING SERVICE – LARGE CUSTOMER TRANSPORTATION SERVICE
– RATE DB LT

Rate: Applicable to all services rendered pursuant to this Rate Schedule on or after May 22, 2018.

Subject to the requirements of this Rate Schedule, service will be offered to Suppliers serving Rate LT Customers at the sole discretion of the Company. Rate LT Customers who acquire Natural Gas supplies on an individual basis for their own use shall also be subject to all of the Supplier provisions of this Rate Schedule, except for those provisions related to licensing and bonding requirements. The Company shall limit the number of Rate LT Customers in any single supply pool to 10. Rate LT Customers shall only join a Rate LT pool. At the sole discretion of PGW, a supply pool of greater than 10 Rate LT Customers will be considered, operating conditions permitting.

AVAILABILITY

This service is available to self-transporters or Suppliers licensed by the Commission who meet the credit qualification described below. Daily balancing is provided only for the inadvertent fluctuations between the daily receipts by the Company from a Gas supplier and actual Gas usage by a Rate LT Customer or pool of Rate LT Customers. It is not intended to be used for speculation as to energy prices, to borrow Gas for later replacement, or to store Gas for future use during periods of supply shortfall. A Gas Supplier shall use its best efforts, including ongoing communication with its Rate LT Customers, to balance its daily purchases, nominations and deliveries with daily Rate LT Customer usage at all times.

CHARACTER OF SERVICE

Company assumes no liability for interruptions caused by failure of supply sources or by third parties and shall not be obligated to deliver Gas under this rate schedule beyond the obligations detailed under Rate LT. Suppliers are advised that the Company may curtail (reduce) or interrupt deliveries to the Rate LT Customer only after the Company's interruptible customers, or when the Company determines, in its sole discretion, that the available capacity in all or a portion of its system is projected to be insufficient to meet the requirements of some or all Rate LT Customers.

CREDIT QUALIFICATION

Suppliers must meet the credit requirement for the quantity of Gas proposed to be supplied. The company will determine credit required to be equal to 30 days of average daily usage for each Rate LT Customer served multiplied by the applicable Distribution Charge. Applications for service under this rate schedule can be obtained on the Company's bulletin board or from a PGW representative. Completed credit applications must be signed by a responsible corporate officer, and must include a current audited financial statement, annual report, 10-K reports or other filings with regulatory agencies that discuss the supplier's financial status, a list of corporate affiliates, parent companies and subsidiaries, and any available reports from credit reporting and bond rating agencies. Financial data from a corporate parent will be acceptable from a supplier in order to satisfy creditworthiness criteria. A non-refundable credit investigation fee of \$400.00 must accompany the application.

Suppliers who do not meet the Company's standard for creditworthiness will be required to provide: (a) a parent guaranty in a form acceptable to the Company; or (b) security in the form of a cash deposit, a standby irrevocable letter of credit drawn upon a bank acceptable to the Company, or a performance bond issued by a surety company acceptable to the Company. Suppliers with limited credit qualification may be restricted as to the quantity of Gas that the Company is obligated to accept for delivery to Rate LT Customers on any day.

Supplier is responsible for providing updated financial credit information to the Company: (a) upon the occasion of any significant change to the supplier's financial condition; or (b) routinely not less than sixty (60) days prior to the annual rollover of the supplier's service agreement. At that time, all credit qualification criteria will be reviewed, and reevaluated if necessary.

SERVICE AGREEMENT

Supplier must execute a service agreement in the form prepared by the Company. The standard agreement shall have an initial term of one year, and shall continue from month to month thereafter, subject to continued credit qualification and licensing, unless terminated by the supplier or the Company upon written notice to the other not less than 60 days prior to the end of a term. The Company may also terminate a service agreement at any time as provided by law or by provisions of this Tariff. Agreements will become effective only on the first day of a calendar month.

SUPPLY POOLS

Supplier shall provide to the Company, electronically or in other format specified by the Company, a listing of all Customer accounts to be included in its supply pool(s) no later than 12:00 noon on the fifth (5th) business day prior to the start of each calendar month. The Company shall not be obligated to add or delete accounts at any time other than the start of a calendar month.

BALANCING

1. QUANTITIES

The maximum daily quantity that the Company is obligated to receive into its system shall be the sum of the total daily transportation quantities of the Rate LT Customers in a supply pool. The Company may, however, upon notice to the Supplier, refuse to accept daily quantities in excess of projected Rate LT Customer usage when required by system operating conditions.

2. GAS DAY

Each Gas day shall begin and end at 10:00 AM Eastern standard or daylight-saving time, as applicable.

3. NOMINATIONS

Supplier shall provide to the Company, electronically or in other format specified by the Company, nominations for flowing Gas no later than 12:30 the day prior to Gas day for the interstate pipeline on which Gas is being shipped to the Company's system.

4. VOLUME ADJUSTMENT

The quantity of Gas received into the Company's system for the Supplier's account shall be based on the final interstate pipeline nomination for each Gas day, as confirmed by the Company, adjusted for the unaccounted-for Gas as percentage of the total volume of Gas delivered into its system for Rate LT Customers' account. The percentage of Gas to be retained by the Company shall be equivalent to the percentage for total system line loss and unaccounted-for, as utilized in the Company's currently effective GCR.

5. USAGE DATA

The Company shall provide Supplier with applicable usage data (the "Daily Usage Quantity" below) for each Rate LT Customer in a supply pool, and for the supply pool as a whole. This information will be available electronically or in other format specified by the Company within 24 hours of the end of each Gas day.

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6. BALANCING LIMITS AND CHARGES

Daily balancing, and the reconciliation of end-of-month imbalances, shall be governed by the definitions, limits and charges set forth below:

- (a) Daily Receipt Quantity. The Supplier's confirmed pipeline nomination quantity, adjusted for unaccounted for Gas, for the Gas day.
- (b) Daily Usage Quantity. Gas used by the Rate LT Customer(s) in a supply pool during the 24-hour Gas day as recorded by the Company's meter(s) at the Rate LT Customer location(s).
- (c) Allowable Daily Variation. The daily usage quantity must be within plus or minus ten percent (+/-10%) of the daily receipt quantity.
- (d) Daily Imbalance Surcharge. Supplier shall be charged \$0.50 for each Dth outside the applicable allowable daily variation.
- (e) Daily Market Index Price. The prices published each day in Gas Daily (or successor publication or where none exists a publication selected by the Company) under the heading "Citygate Prices" for deliveries at "Texas Eastern M-3" and "Transco Z6 [non-NY]" (or applicable headings of a successor publication.) Whenever a price is published as a range, the value used for that day would be the midpoint of the range.
- (f) Monthly Imbalance Reconciliation. Imbalances remaining at the end of a month in each supply pool shall be reconciled to zero in accordance with the following schedule. All cost calculations shall reflect the appropriate adjustment for unaccounted for Gas, and for average heating value where applicable.
1. Monthly usage quantities that exceed monthly receipts by up to 3.5% shall be purchased by the Supplier at the monthly average of the Daily Market Index Price; provided, however, that if Supplier shall cease to be a Supplier pursuant to this Rate Schedule, then, usage quantities that exceed monthly receipts by up to 3.5% during the Supplier's last month on PGW's system shall be purchased by the Supplier at the higher of: (a) 100% of the average of the two highest Daily Market Index Prices for the monthly period beginning on the first day of the month; or (b) 100% of the Company's highest incremental supply cost for the month.
 2. Monthly usage quantities that exceed monthly receipts by more than 3.5% shall be purchased by the Supplier at the higher of: (a) 125% of the average of the five (5) highest Daily Market Index Prices for the monthly period beginning on the first day of the month; or (b) 150% of the Company's highest incremental supply cost for the month.
 3. Monthly receipt quantities that exceed monthly usage by up to 3.5% shall be purchased by the Company at the monthly average of the Daily Market Index Price; provided, however, that if Supplier shall cease to be a Supplier pursuant to this Rate Schedule, then, receipt quantities that exceed monthly usage by up to 3.5% during the Supplier's last month on PGW's system shall be purchased by Company at the lower of: (a) 100% of the average of the two (2) lowest Daily Market Index Price for the monthly period beginning on the first day of the month; or (b) 100% of the Company's lowest incremental supply cost for the month.
 4. Monthly receipt quantities that exceed monthly usage by more than 3.5% shall be purchased by the Company at the lower of: (a) 75% of the average of the five (5) lowest Daily Market Index Price for the monthly period beginning on the first day of the month; or (b) 75% of the Company's lowest incremental supply cost for the month.

PHILADELPHIA GAS WORKS

5. In the event that erroneous or inaccurate data is posted to PGW's EBB or changes occur to the data following the initial posting, PGW and Suppliers agree to exercise good faith effort in attempting to resolve imbalances before the month's end. If the monthly imbalance cannot be brought into the monthly +/- 3.5% cashout band, the erroneous, inaccurate or changed data will be excluded from the Monthly Imbalance Reconciliation calculation and that volume shall be cashed out at the monthly average of the Daily Market Index Price.

6. To facilitate this management and to avoid or correct imbalances, Rate LT Customer may modify the quantities it intends to have delivered to Company's City Gate in accordance with the nomination procedure of the delivering pipeline. All delivery arrangements must be coordinated with Company's representative in a manner deemed acceptable by Company. The Company may decline a revised nomination for specific operating reasons, where granting such would threaten the reliability of firm supply.

7. For the purpose of this section, the term "Supplier" shall refer to both directly transporting Customers and supplier pools. To facilitate this management and to avoid or correct imbalances, a Rate LT Supplier may reduce its imbalance by arranging a trade of quantities with another Rate LT Supplier. Suppliers shall be permitted to trade LT imbalances on both a daily and monthly basis in accordance with the provisions below in order to reduce an imbalance to zero. Such trade will be arranged separately from PGW's electronic bulletin board systems. Within five (5) business days after month end, the Company shall provide by e-mail to each Supplier who has previously agreed to have its data shared, a spreadsheet listing each Supplier and whether the Supplier had positive or negative daily imbalances (Supplier imbalance data). Verification of any trade shall be provided to PGW via e-mail by both Suppliers involved in the trade and submitted within five (5) business days of receipt from the Company of the Supplier imbalance data. A Supplier may offset daily or monthly imbalances in its FT service pool imposed pursuant to section 9.12 of PGW's Supplier Tariff. Such pool-to-pool netting of imbalances between a supplier's FT and LT pools are permitted only to the extent that the offset reduces to zero any positive imbalance in the supplier's LT pool. Any such pool-to-pool imbalance netting shall be communicated via e-mail to the Company within seven (7) business days from the end of the billing month.

Any misconduct by a Supplier may terminate or suspend imbalance trading rights. In such event, PGW shall provide written notice of such proposed action to the affected Supplier. The Supplier or the Company may elect to address the alleged misconduct through the Company's informal dispute resolution procedures, 52 Pa. Code § 62.142(b). Either the Supplier or the Company may file a complaint with the Commission regarding the alleged misconduct at any time. No action to suspend or terminate a Supplier's imbalance trading rights shall occur prior to Commission authorization.

OPERATIONAL FLOW ORDERS (OFOs)

1. NOTICE

In order to alleviate operating conditions which threaten the integrity or safe operation of the Company's distribution system or interfere with the Company's ability to provide reliable firm service, the Company shall notify the Supplier, electronically or in other format specified by the Company, of the issuance of an Operational Flow Order (OFO). The Company will endeavor to provide notice of the commencement of an OFO to the Supplier not less than four hours in advance. Notice of the termination of an OFO may be made at any time, and shall specify the date and time of the termination.

2. ACTION REQUIRED

OFO notices will contain specific instructions as to the action(s) required of the Supplier. The normal daily balancing tolerances specified in this Tariff may be reduced or eliminated for the duration of the OFO. The Supplier shall be responsible for any communication with Rate LT Customers in the supply pool that may be necessary for the Supplier's compliance with OFO requirements.

PHILADELPHIA GAS WORKS

3. OFO ISSUANCE

The Company may issue OFOs that apply to Rate LT Customers receiving service under this rate schedule as follows:

(a) OFOs may be issued in the Company's sole judgment to:

1. Protect the integrity of the Company's Gas system;
2. Assure deliveries of Gas supplies to all of the Company's sales Rate LT Customers;
3. Adhere to the various interstate pipeline companies' balancing or delivery requirements; or
4. Provide adequate storage levels.

(b) OFOs may be issued concerning an individual Rate LT Customer, an aggregation pool, or an entire rate class of Rate LT Customers.

(c) In order to address operational reliability or to prevent undue cost shifting the Company will have the authority to require Supplier to direct a Rate LT Customer, or where the Rate LT Customer is part of an aggregation pool, the Rate LT Customer's Pool Administrator, to adjust daily scheduled volumes to a specified level or to deliver Gas to specified receipt point(s) into the Company's distribution system or to receipt points prescribed by upstream pipelines.

(d) Failure to comply with an OFO will result in the billing of the following charges when the actual daily usage exceeds the daily flowing volume:

1. Penalties as defined in the tariff on the difference, and
2. Payment of all other charges incurred by the Company on the date of the OFO that result from the Shipper's failure to comply with the OFO, including a proportionate share of any pipeline penalties that are incurred by the Company.

(e) Types of circumstances under which the Company may determine to issue an OFO include, but are not limited to:

1. Responding to an event of force majeure;
2. Accommodating capacity limitations resulting from the need to perform maintenance and/or repairs;
3. Ensuring current and future storage capabilities and levels;
4. Maintaining operational pressures, adequate Gas supplies and line pack required to provide an efficient and reliable service;
5. Responding to any event which the Company believes in its sole judgment may jeopardize the integrity of its system.

(f) The requirements of OFOs shall be as localized as possible. If only discrete segments of the Company's system are affected by operational difficulties, then OFOs shall be limited to those segments of the system. The Company shall lift any effective OFO promptly upon the remedy or cessation of the operating conditions that caused the issuance of the OFO.

PHILADELPHIA GAS WORKS

4. PENALTIES

Penalty charges to Suppliers for Gas used by Rate LT Customers in excess of the limits or conditions stated in an OFO shall be the greater of: (a) the applicable daily market index price plus \$25.00 per Dth; or (b) the actual cost or penalty incurred by the Company as a result of the violation by the Supplier and/or the Rate LT Customers in the supply pool. Penalty charges for Gas received into the Company's system in excess of the conditions stated in an OFO shall be the greater of: (a) \$25.00 per Dth plus the acquisition of the excess Gas by the Company at no cost; or (b) the actual cost or penalty incurred by the Company as a result of the violation by the Supplier and/or the Rate LT Customers in the supply pool plus the acquisition of the excess Gas by the Company at no cost.

COMMUNICATION REQUIREMENTS

Supplier is responsible for providing to the Company updated mailing and electronic addresses, as well as fax and voice telephone numbers, for communication of administrative and operational information on a 24-hour per day, seven-day per week basis. When curtailment or interruption of Rate LT Customers is required pursuant to rate schedule LT, the Company will provide notice to the supplier, electronically or in other format specified by the Company, as soon as practicable after notice is given to the affected Rate LT Customers of the imposition or lifting of such curtailment or interruption. Communication with Rate LT Customers that may be required in conjunction with the supplier's OFO obligations is the responsibility of the supplier.

CHARGES AND PAYMENTS

1. MONTHLY BILL

The monthly billing statement shall include the charges and/or credits related to balancing and OFOs, plus a monthly administrative charge of \$150.00 per supply pool per month.

2. Standby Service charges if applicable shall apply to this rate.

SPECIAL PROVISIONS

1. TITLE

Receipt of Gas by the Company shall not vest title to the Gas in the Company. Title to such Gas shall remain vested in either the supplier or the Rate LT Customer(s) for whom Gas was received for redelivery. The Company's furnishing of Transportation Service shall be complete upon delivery to the Rate LT Customer(s) of Gas received.

2. COMPANY LIABILITY

The Company shall not be liable, under any circumstances or in any respect, to a Rate LT Customer, to a producer of Gas, to a supplier, or to any other person or entity for damages arising either directly or indirectly from curtailment, interruption or termination of Transportation Service that is consistent with this Tariff, the applicable sections of the Public Utility Code, and/or the regulations of the Commission.

PHILADELPHIA GAS WORKS

3. SUPPLIER LIABILITY

The penalty provisions of this rate schedule apply only to the specific services rendered hereunder. They do not absolve Supplier from liability in the event of a civil suit or any other claim of damages by producers, pipelines, Rate LT Customers or the Company in conjunction with the Supplier's failure to deliver Gas.

COMPANY RULES

The provisions of this Tariff shall govern the service under this classification except where noted herein.