



**PHILADELPHIA GAS WORKS**

800 West Montgomery Avenue • Philadelphia, PA 19122

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December 19, 2024

**VIA ELECTRONIC MAIL**

Administrative Law Judge Eranda Vero  
Pennsylvania Public Utility Commission  
801 Market Street  
Suite 4063  
Philadelphia, PA 19107

Re: Ernest Turner v. Philadelphia Gas Works, Docket No. F-2024-3049464

Dear Judge Vero:

Enclosed please find PGW's proposed late filed Exhibits 5, 6, 7, and 8, which are the Complainant's May 2024 gas bill, the Recommended Decision at R-2023-3038069, the Order at R-2023-3038069, and the rate portion of PGW Service Tariff Supplement 170 respectively. The proposed exhibits have been labeled, but not renumbered as each document is already numbered in a way significant to that document.

If you need additional information about this matter, please contact me at my direct-dial number above. Thank you.

Sincerely,

*/s/ Graciela Christlieb*  
Graciela Christlieb, Esquire

Enclosure

cc: Cert. of Service w/enc.



**PHILADELPHIA GAS WORKS**

800 West Montgomery Avenue • Philadelphia, PA 19122

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### **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true copy of Philadelphia Gas Works' Proposed Late Filed Exhibit upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a party).

**VIA ELECTRONIC MAIL**

Ernest Turner  
[ernestturner22@gmail.com](mailto:ernestturner22@gmail.com)

Date: December 19, 2024

/s/ Graciela Christlieb  
Graciela Christlieb, Esquire



PHONE

Gas Leaks & Emergencies (24/7)	(215) 235-1212
Residential Customer Service (8am to 6pm, M-F)	(215) 235-1000
Commercial Customer Service (8am to 4:30pm, M-F)	(215) 235-7077
Credit & Collections (8am to 4:30pm, M-F)	(215) 235-1777
Report Theft of Gas (24/7)	(215) 684-6383

TERMS

How's my gas measured?

CCF - 100 cubic feet of gas. This is a measure of gas usage. One CCF is about the amount of gas used to run an average-sized house heater nonstop for one hour.

Dekatherms (DTH) - A measure of the heat content value of gas. Gas usage is determined by multiplying the MCF used by the heat content value of the gas.

MCF - 1,000 cubic feet of gas. This is a measure of gas usage.

Other Helpful Terms

Budget Bill - An optional billing method which averages estimated service costs over a 12-month period.

Customer Responsibility Program (CRP) - PGW's low income customer assistance program which provides a lower monthly bill and forgiveness of pre-program debt.

Meter Reading Information - PGW uses its best effort to obtain an actual meter reading regularly, and at least every six months for customers without automatic meter reading devices. When the meter is not read, PGW estimates your gas use. To avoid estimates, you may read your own meter and call us with the reading. We also offer stamped, preaddressed postcards, which you can use to send us your meter reading by the specified date. To request a supply of these cards, call (215) 235-1000, or write us at P.O. Box 3500, Philadelphia, PA 19122.

Natural Gas Distribution Company (NGDC) - A state regulated natural gas utility which owns the gas lines and equipment necessary to deliver natural gas to the consumer. PGW is an NGDC.

What are my charges?

\*See the PGW Gas Service tariff on pgworks.com for full details.

Commodity Charges - The charge for basic gas supply service which is sold either by volume (CCF or MCF) or heating value (DTH). These charges are passed along to customers at the price PGW pays, with no markup.

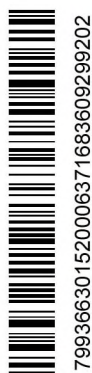
Customer Charges - A monthly charge to cover NGDC costs such as maintaining the lines, meter reading and billing.

Distribution Charges - The charge for delivery of natural gas from the point of receipt by the NGDC to the customer.

Distribution System Improvement Charge (DSIC) - A charge approved by the Pennsylvania Public Utility Commission (PUC) for recovery of the reasonable and prudent costs incurred to repair, improve, or replace eligible distribution property. A DSIC provides PGW with the resources to accelerate the replacement of aging infrastructure.

Gas Cost Adjustments - Amount billed or credited each month to account for differences between projected and actual gas supply costs of the NGDC.

Weather Normalization Adjustment - An adjustment approved by the PUC as a way to help PGW stabilize its income and operate more efficiently within its budget during the heating season.



**PAY WITH CASH** **POSTS SAME DAY AND FREE.**

**BRING THIS BARCODE TO ANY**



By accepting or using this barcode to make a payment, you agree to the full terms and conditions, available at [VanillaDirect.com/terms](http://VanillaDirect.com/terms). After successful payment using this barcode, you may retrieve your full detailed e-receipt at [VanillaDirect.com/Pay/ereceipt](http://VanillaDirect.com/Pay/ereceipt).

Five dollar (\$5.00) minimum payment required with barcode. Barcode must be presented at time of payment. Participating vendors will only accept cash with barcode. Payments made with barcode must be made before 4:00 p.m. in order to post to account the same day. Payments made with barcode while termination of service is in progress will not serve to stop termination of service. For eligible accounts only.

RIGHTS & OBLIGATIONS

A summary of your rights and obligations as a PGW customer will be made available upon request. A rate schedule and an explanation of how to verify the accuracy of a bill and an explanation of the various charges will be made available upon request.

SUPPLIER INFORMATION

If you have selected a Natural Gas Supplier other than PGW, the natural gas supplier is responsible for determining the rates billed for supplier charges. PGW will bill for gas delivery according to the tariff for your rate class. Commodity prices and charges are set by the Natural Gas Supplier you have chosen. The Public Utility Commission regulates the distribution prices and services.



PHILADELPHIA GAS WORKS  
GAS LEAK EMERGENCIES: (215) 235-1212



Access Your Account Online [www.pgworks.com](http://www.pgworks.com)  
Billing & General Information (215) 235-1000 (English & Español)

3744 N 18TH ST | SA ID: [REDACTED]  
Residential Heat & Domestic

**BREAK DOWN OF CHARGES**

<b>Supply Charges</b>	
Commodity Charge 16 Ccf @ \$0.46417	\$7.43
<b>Total Supply Charges</b>	<b>\$7.43</b>
<b>Delivery Charges</b>	
Customer Charge @ \$16.25	\$16.25
Distribution Charge 16 Ccf @ \$0.95172	\$15.23
Distribution System Improvement Charge 7.5%	\$2.36
Gas Cost Adjustment @ -\$0.05598	-\$0.90
<b>Total Delivery Charges</b>	<b>\$32.94</b>
<b>Total Billing Charges</b>	<b>\$40.37</b>

**METER DETAILS**

Meter Number:	01754461
Read Cycle:	11
Read Dates:	04/15/2024 - 05/14/2024
Starting Read:	481 Actual
Ending Read:	497 Actual
Usage in CCF:	16.00
Conversion Factor:	1.0361 Therm = 1 Ccf
Usage in Therms:	16.57
Next Meter Read:	06/13/2024

**SHOPPING INFORMATION BOX**

When shopping for Natural Gas with a Natural Gas Supplier, please provide the following:

PGW Account:	[REDACTED]
Service Point ID:	9972306903
Rate Class:	General Service Residential
Rate Schedule:	GSR

*If you are already shopping know your contract expiration date.*

**AGREEMENT BILLING INFORMATON**

Your remaining agreement balance is \$5,865.90. You have 36 installments remaining to satisfy your agreement.

**ACCOUNT BALANCE INFORMATION**

Your account balance is \$6,121.07, which will become due if you fail to meet the terms of your agreement.

**THINK YOU  
SMELL GAS?**

It smells like rotten eggs



**Leave the area and call  
(215) 235-1212.**

Our Emergency Hotline is available 24 hours a day, 7 days a week.

**PGW Messages**

- ✉ Your Easy Way Budget is past due. Prompt payment will ensure the continuation of your budget plan.
- ✉ Your estimated gas price to Compare (PTC) is \$0.40976 per CCF. This estimated PTC was calculated by averaging PGW's quarterly PTC over 12 months and is subject to change every quarter. For a more accurate PTC please visit

**PGW Messages**

[pagasswitch.com](http://pagasswitch.com)

Questions or complaints about your bill?  
Please call us before the due date at (215) 235-1000, or write to: PGW P.O. Box 3500, Phila., PA 19122-0050

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2023-3038069
Office of Consumer Advocate	:	C-2023-3038375
Office of Small Business Advocate	:	C-2023-3038286
Grays Ferry Cogeneration Partnership & Vicinity	:	C-2023-3038722
Energy Philadelphia, Inc.	:	
	:	
v.	:	
	:	
Philadelphia Gas Works	:	

**RECOMMENDED DECISION**

Before  
Arlene Ashton  
Administrative Law Judge

**INTRODUCTION**

This Decision recommends that the Joint Petition for Partial Settlement of Philadelphia Gas Works’ 2023-2024 Gas Cost Rate Proceeding filed on May 9, 2023, by Philadelphia Gas Works and the Office of Consumer Advocate be approved by the Commission. The Joint Petition for Partial Settlement resolves all issues in dispute except for one issue.

In accordance with the Pennsylvania Public Utility Commission Opinion and Order issued in *Grays Ferry Cogeneration Partnership and Vicinity Energy Philadelphia Inc. v. Philadelphia Gas Works*, Docket No. C-2021-3029259 (Opinion and Order Apr. 20, 2023), this Decision recommends that the issue “reserved for litigation” under the Joint Petition for Partial Settlement of Philadelphia Gas Works’ 2023-2024 Proceeding be referred to the PGW 2023 Base Rate Case currently pending before the Pennsylvania Public Utility Commission at

Pennsylvania Public Utility Commission v. Philadelphia Gas Works at Docket R-2023-3037933 for resolution.

This Decision recommends that the Joint Petition for Partial Settlement of Philadelphia Gas Works' 2023-2024 GCR Proceeding be approved because it was not opposed by any party, is in the public interest and is consistent with the requirements of the Public Utility Code, 66 Pa. C.S. §§ 1307(f), 1318. It is also recommended that Philadelphia Gas Works be authorized to file tariff supplements to reflect rates and terms consistent with this Decision and the partial settlement set forth in the Joint Petition for Partial Settlement of Philadelphia Gas Works' 2023-2024 GCR Proceeding, and applicable to the Section 1307(f) purchased gas cost rate investigation at Docket No. R-2023-3038069, to be effective for services rendered on or after September 1, 2023, subject to quarterly adjustments as permitted by Commission regulations or other applicable Commission rule or order.

#### HISTORY OF THE PROCEEDING

On February 1, 2023, Philadelphia Gas Works (PGW or Company) filed its pre-filing information required for its 2023-2024 Gas Cost Rate (GCR) filing with the Pennsylvania Public Utility Commission (Commission).<sup>1</sup>

On February 13, 2023, Gina L. Miller, Esq. entered a Notice of Appearance on behalf of the Commission's Bureau of Investigation and Enforcement (I&E).

On February 14, 2023, the Office of Small Business Advocate (OSBA) filed a Complaint, Public Statement, and Verification with the Commission. The OSBA Complaint was docketed at C-2023-3038286. Also on February 14, 2023, Sharon E. Webb, Esq. entered a Notice of Appearance on behalf of OSBA.

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<sup>1</sup> The GCR filing was made pursuant to Sections 1307(f), 1317, 1318, and 2212 of the Public Utility Code, and Sections 53.64 and 53.65 of the Commission's Rules and Regulations. 66 Pa.C.S. §§ 1307(f), 1317, 1318, 2212; 52 Pa. Code §§ 53.64, 53.65.

Also on February 14, 2023, the Philadelphia Industrial and Commercial Gas Users Group (PICGUG) filed a Petition to Intervene in this proceeding.

On February 21, 2023, the Office of Consumer Advocate (OCA) filed a Formal Complaint, Public Statement and Verification with the Commission. The OCA Complaint was docketed at C-2023-3038375. Also on February 21, 2023, Christopher M. Andreoli, Esq. and Aron J. Beatty, Esq. entered a Notice of Appearance on behalf of OCA.

On February 21, 2023, Deanne M. O'Dell, Esq. entered a Notice of Appearance on behalf of PGW.

On February 28, 2023, PGW filed Revised Schedule 53.6(c)7, Schedule 1 to replace the schedule filed by PGW as part of its February 1, 2023, pre-filing information.

On March 1, 2023, PGW filed its 2023-2024 GCR filing (2023-2024 GCR filing), which included: proposed tariff revisions (Supplement No. 160 to PGW's Gas Service Tariff – Pa P.U.C. No. 2 and Supplement No. 106 to PGW's Gas Supplier Tariff – Pa P.U.C. No. 1); supporting information regarding the computation of annual purchased gas costs for the twelve months ending August 31, 2023; and the Direct Testimony of Florian Teme ("PGW Statement No. 1") and Ryan E. Reeves ("PGW Statement No. 2"). The Company's 2023-2024 GCR filing proposed increasing the GCR effective September 1, 2023, from \$0.49740 per Ccf to \$0.50576 per Ccf.<sup>2</sup>

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The GCR filing was assigned to the Office of Administrative Law Judge for resolution by hearings and for issuance of a Recommended Decision. The matter was assigned to me.

On March 2, 2023, I issued a Prehearing Conference Order, setting a Prehearing Conference for March 9, 2023, and directing the parties to comply with various procedural requirements in connection with the scheduled prehearing conference.

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<sup>2</sup> Supplement No. 149 to PGW's Gas Service Tariff – Pa P.U.C. No. 2 at 2.

On March 3, 2023, Grays Ferry Cogeneration Partnership and Vicinity Energy Philadelphia Inc. (collectively, Vicinity) filed a Joint Complaint against PGW with the Commission. The Vicinity Complaint was docketed at C-2023-3038722.

In accordance with the Prehearing Conference Order, PGW, I&E, OCA, OSBA, PICGUG and Vicinity submitted prehearing memoranda on March 7, 2023.

A prehearing conference in this matter was held on March 9, 2023. Counsel for PGW, I&E, OCA, OSBA, PICGUG and Vicinity participated.

No party opposed the Petition to Intervene filed by PICGUG. Accordingly, I granted the Petitions to Intervene during the Prehearing Conference and memorialized its status in Prehearing Order #1 issued March 16, 2023. Therefore, the active parties to this proceeding are: PGW, OCA, OSBA, I&E, PICGUG and Vicinity.

The March 16, 2023, Prehearing Order #1 also established the procedural schedule and the procedures applicable to this proceeding.

On March 21, 2023, PGW filed a Motion for Protective Order pursuant to the provisions of 52 Pa. Code §§ 5.362(a) and 5.365. By Prehearing Order #2 dated March 29, 2023, I granted PGW's Motion for Protective Order.

The Parties engaged in discovery.

On April 3, 2023, Vicinity served the Direct Testimony of James L. Christ, P.E. (Vicinity Statement No. 1). Also on April 3, 2023, OCA, I&E and PICGUG each submitted correspondence indicating that they would not be serving direct testimony. OSBA did not serve direct testimony.

On April 6, 2023, Sarah N. Hibbert filed a withdrawal of appearance for PICGUG in this matter.

On April 10, 2023, Norman J Kennard entered a notice of appearance in this matter on behalf of PGW.

On April 13, 2023, OSBA served the Rebuttal Testimony and Exhibits of Robert D. Knecht (OSBA Statement No. 1-R).

Also on April 13, 2023, I&E, PICGUG and Vicinity each filed correspondence indicating that they would not be serving rebuttal testimony. That same day, OCA sent email correspondence indicating that it would not be serving rebuttal testimony.

On April 14, 2023, PGW served the Rebuttal Testimony of Ryan E. Reeves, Statement No. 2-R.

By Initial Telephonic Hearing Notice dated April 17, 2023, a call-in telephonic evidentiary hearing was scheduled for April 25, 2023.

On April 20, 2023, Vicinity submitted Surrebuttal Testimony and Exhibits of James L. Christ. Also on April 20, 2023, I&E, OSBA and PICGUG submitted correspondence indicating that they would not be serving rebuttal testimony.

On April 24, 2023, PGW served Rejoinder Testimony of Ryan Reeves (PGW Statement 2RJ).

The April 25, 2023, evidentiary hearing was held as scheduled. The witnesses for PGW and OSBA were excused from appearing at the hearing since all other parties waived cross examination of these witnesses, and also because I did not have questions for them. PGW moved to have the pre-filing and definitive GCR filings admitted into the record. PGW and OSBA each moved to have the testimony and exhibits of their respective witnesses who were not subject to cross examination entered into the record. As there were no objections, the testimony and exhibits of those witnesses were admitted into the record during the hearing.

At the April 25, 2023, evidentiary hearing, Ryan E. Reeves provided rejoinder testimony for PGW and was cross examined by Vicinity counsel. Vicinity's witness, James L. Christ was cross examined by PGW counsel. PGW and Vicinity each moved to have the testimony and exhibits of their respective witnesses entered into the record. As there were no objections, the testimony and exhibits of those witnesses were also admitted into the record during the hearing.

On April 26, 2023, I issued a Briefing Order.

On May 4, 2023, PGW, Vicinity and OSBA filed Main Briefs. OCA, I&E and PICGUG each filed correspondence indicating that they would not be filing a Main Brief in this proceeding.

On May 5, 2023, I&E filed a Withdrawal and Notice of Appearance withdrawing the appearance of Prosecutor Gina L. Miller and entering the appearance of Deputy Chief Prosecutor Allison C. Kaster for I&E in this proceeding.

The Parties continued to engage in settlement discussions. As a result of these discussions, PGW and OCA (Settling Parties) were able to reach a partial settlement (Partial Settlement) which resolves all issues pertaining to PGW's 2023-2024 annual GCR filing, with the exception of Vicinity's proposal that PGW release 21,000 Dth/day of capacity on a recallable basis to Vicinity year-round at a fair market rate, whether pursuant to a tariff, Alternative Rate Service (ARS) or an Asset Management Agreement approved by the Commission (Excess Capacity/ARS issue).<sup>3</sup>

On May 9, 2023, the Settling Parties filed their Joint Petition for Partial Settlement of Philadelphia Gas Works' 2023-2024 GCR Proceeding (Partial Settlement Petition). The terms of the settlement were set forth in Section III of the Joint Petition.

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<sup>3</sup> Vicinity Statement No 1-SR at 8-9; *See also* Vicinity Statement 1 at 8, 12-13.

On May 10, 2023, PGW filed a Statement in Support of the Partial Settlement<sup>4</sup> (PGW Statement in Support) confirming that it is a signatory party to the Partial Settlement Petition and that the Partial Settlement Petition supports PGW’s GCR filing, as filed. Also on May 10, 2023, PGW and Vicinity each filed Reply Briefs.

On May 11, 2023, OCA filed a Statement in Support of the Partial Settlement with the Commission (OCA Statement in Support) confirming that it is a signatory party to the Partial Settlement Petition.

The record consists of a 113-page transcript, the Company’s filing, the testimony, and exhibits submitted by PGW, Vicinity and OSBA, the Partial Settlement Petition, and the Settling Parties’ Statements in Support of the Partial Settlement Petition.

The statutory deadline for the Commission to take action on this matter is September 1, 2023. The last reasonable public meeting date is August 3, 2023.

#### FINDINGS OF FACT

In the Partial Settlement Petition, the Settling Parties offered proposed Findings of Fact in addition to whatever other findings and conclusions as may be required as appropriate to support approval of the Partial Settlement. Partial Settlement Petition at 4-5 ¶¶ 27-30. With minor modification, the Findings of Fact proposed in the Partial Settlement Petition are found in paragraphs 7 through 13 below:

1. PGW operates a natural gas distribution system in the southeastern portion of Pennsylvania subject to the jurisdiction of the Commission (PGW St. 2, p. 2) and is authorized by the provisions of Section 1307(f) of the Public Utility Code, and the Commission’s gas cost

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<sup>4</sup> The title of the document filed with the Commission by PGW is “Statement in Support of Joint Petition for Settlement of Philadelphia Gas Works 2022-2023 GCR Proceeding” (italics added) The document, as filed is dated March 10, 2022, repeatedly references PGW’s 2022-2023 GRC rather than its 2023-2024 GRC and fails to identify the settlement as a partial settlement, in the title of the document and in the text. Any misunderstanding or ambiguity arising out of such typographical errors was resolved by reference to the docket numbers indicated in the header of the filing and the actual date the filing was recorded by the Commission.

recovery regulations at 52 Pa. Code §§ 53.61-53.68 to make annual purchased gas cost filings proposing gas rate modifications to reflect increases or decreases in its natural gas costs.

2. The Office of Consumer Advocate is authorized to represent the interests of consumers before the Commission. Act 161 of 1976, 71 P.S. § 309-2.

3. The Commission's Bureau of Investigation and Enforcement serves as the prosecutory bureau for purposes of representing the public interest in ratemaking and service matters before the Office of Administrative Law Judge and enforcing compliance with laws and regulations. Implementation of Act 129 of 2008 Organization of Bureaus and Offices, Docket No. M-2008-2071852 (Order entered August 11, 2011).

4. The Office of Small Business Advocate is authorized and directed to represent the interests of small business consumers of utility service in Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41-399.50.

5. The Philadelphia Industrial and Commercial Gas Users Group is an *ad hoc* group of large volume natural gas customers receiving service from PGW under various rate schedules, including Rate Schedule – Interruptible Transportation.

6. PGW and OCA have filed a Joint Petition for Partial Settlement signed by each of them. Vicinity has expressed neither approval nor opposition to the Partial Settlement; however, I&E, OSBA and PICGUG are not opposed to the Settlement. PGW Statement in Support p. 3.

7. The Gas Cost Rate is a mechanism used to flow through the costs of natural gas and other raw materials in a timely and equitable manner. PGW Statement No. 1 at 7.

8. The pricing methodology utilized by PGW relied on actual prices for January 2023 and the NYMEX Futures close data (as of January 18, 2023) for the 19 forecast months of February 2023 through August 2024. PGW Statement No. 1 at 9.

9. PGW submitted supporting schedules as required by Section 53.64(a) in support of its GCR; the Price to Compare; and the rates for various surcharges including the Restructuring and Consumer Education Surcharge, the Universal Service and Energy Conservation Surcharge (USC), the Other Post Employment Benefit Rider Surcharges. PGW Statement No. 1 at 3-6.

10. The proposed GCR to be effective September 1, 2023, is \$5.0576 per Mcf. PGW Statement No. 1 at 3.

11. The projected rates for the Universal Services Surcharge, Other Post Employment Benefits and Load Balancing charges are reflected in Appendix A to the Partial Settlement Petition. PGW Statement No. 1 at 3-5, Schedules 9(a), 11(a) and 13.

12. None of the parties challenged PGW's proposed calculation for the GCR, or other charges shown on Appendix A to the Partial Settlement Petition. Partial Settlement Petition at 5 ¶ 29.

13. Following the Commission's final order in this matter, PGW will file tariff supplements to implement the new rates. Partial Settlement Petition at 5 ¶ 30.

14. The issues raised by Vicinity in this proceeding relating to pipeline capacity, mandatory release of excess capacity, and their impact on Vicinity and other PGW customers were not resolved by the Settling Parties in the Partial Settlement Petition and were expressly "reserved for litigation" under the terms of the Partial Settlement Petition. Vicinity Reply Brief 2-4. Partial Settlement Petition at 4 ¶ 22.

15. PGW and Vicinity were parties to *Grays Ferry Cogeneration Partnership and Vicinity Energy Philadelphia, Inc. v. Philadelphia Gas Works Docket*, Docket No. C-2021-3029259 (Opinion and Order entered Apr. 20, 2023) (*Vicinity Complaint Case*).

16. The parties in this matter are parties to an on-going base rate proceeding. *Pa. Pub. Util. Cmm'n v. Phila. Gas Works*, Docket No. R-2023-3037933 (*PGW Base Rate Case*).

17. The Commission Order issued April 20, 2023, in the *Vicinity Complaint Case* directed that the issue of rates for gas services provided by PGW to Vicinity be resolved in PGW's pending base rate proceeding at Docket No. R-2023-3037933. *Vicinity Complaint Case* at 38, O.P. #3.

#### DESCRIPTION AND TERMS OF THE JOINT PETITION FOR PARTIAL SETTLEMENT

The Partial Settlement Petition is an eight-page document signed by two of the six parties, PGW and OCA (the Settling Parties). The Partial Settlement Petition covers all issues raised in this proceeding, with the exception of the Excess Capacity/ARS issue. In the Partial Settlement Petition, the Settling Parties agree to accept the data and calculations submitted by PGW in its February 1, 2023, Pre-filing and in its March 1, 2023, Annual Filing, including Supplement No. 160 to PGW's Gas Service Tariff – Pa P.U.C. No 2 and Supplement No. 106 to PGW's Gas Supplier Tariff – Pa P.U.C. No. 1 as filed on March 1, 2023, to go into effect on September 1, 2023. The Partial Settlement Petition also approves PGW's proposed expansion of its hedging program from 5% to 50% of its monthly baseload purchases, as described in PGW Exhibit RR-1. Appendix A to The Partial Settlement Petition contains the rates agreed upon by the Settling Parties.<sup>5</sup>

I&E, OSBA, PICGUG and Vicinity are not parties to the Partial Settlement Petition. However, in the PGW Statement in Support, PGW indicated that “[n]o party has opposed the GCR calculations as filed by PGW.”<sup>6</sup> PGW also indicated that while I&E, OSBA,

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<sup>5</sup> The rates set forth in Appendix A to the Partial Settlement Petition are: Universal Services Surcharge \$1.690 per Mcf; Other Post Employment Benefit Surcharge \$0.3385 per Mcf; and Load Balancing Charge \$62.9290 per Mcf.

<sup>6</sup> PGW Statement in Support 3.

and PICGUG were not signatories to the Partial Settlement Petition, each of those parties had authorized PGW and OCA to “state their non-opposition” to the Partial Settlement Petition.<sup>7</sup> Vicinity did not file a statement or otherwise express either approval or opposition to the Partial Settlement Petition.

The essential terms of the Partial Settlement of the Philadelphia Gas Works’ GCR proceeding are set forth in Section III of the Partial Settlement Petition for Settlement. The settlement terms are as follows, verbatim (including paragraph numbers):

**A. PGW’S GCR FILING IS ACCEPTED AS FILED**

19. The undersigned Settling Parties agree to accept the underlying data and calculations submitted by PGW in its February 1, 2023, Pre-filing and its March 1, 2023, Annual Filing subject to the terms and conditions set forth below:

20. Supplement No. 160 to PGW’s Gas Service Tariff – Pa P.U.C. No. 2 and Supplement No. 106 to PGW’s Gas Supplier Tariff – Pa P.U.C. No. 1 as filed on March 1, 2023, shall be permitted to go into effect on September 1, 2023. Consistent with past practice, PGW shall file its 3<sup>rd</sup> Quarter Update prior to September 1, which update will update the GCR rate set forth in Supplements No. 160 and 106.

**B. CONFIRMATION OF HEDGING PROGRAM<sup>8</sup>**

21. Pursuant to the Commission-approved settlement of its 2022 PGC proceeding, PGW conducted a study to determine if hedging gas purchases could reduce price volatility. In this proceeding, PGW proposed expansion of its hedging program after completion of this study, wherein the company targets to hedge 5% to 50% of its monthly baseload purchases as conditions permit. PGW’s proposed hedging program as described in PGW Exhibit RR-1 is approved.

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<sup>7</sup> *Id.*

<sup>8</sup> (Font change to all capitals added.)

**C. ISSUES RESERVED FOR LITIGATION (THE “LITIGATED ISSUES”)**

22. GFCP/VEPI’s claim that PGW should be required to release to them 21,000 Dth/Day of capacity on the TETCO pipeline.

Joint Petition for Partial Settlement, at 4.

The Settling Parties also agreed to certain Conditions, which are set forth in Section V of the Partial Settlement Petition.<sup>9</sup> These conditions, verbatim, are as follows:

44. This Settlement will go into effect upon the Commission’s entry of a final order approving the Settlement, in full and without modification. If the Commission rejects the Settlement, the Agreement will automatically terminate and be null and void with the exception of paragraph 45 below, which will continue in full force and effect. The Settlement also shall automatically become null and void (except for paragraph 45 below) if the Commission, in approving the Settlement, modifies any of its terms or conditions or adds any conditions, unless it is subsequently accepted by the aggrieved signatory party, or parties, as so modified. If the Commission approves the Settlement in full and without modification, the Stipulation:

(a) shall be deemed to resolve with prejudice all issues addressed by this Settlement; and

(b) shall be implemented and shall be enforceable notwithstanding the pendency of a petition for reconsideration or a legal challenge to the Commission’s approval, unless such implementation and enforcement of the Settlement is stayed or enjoined by the Commission, another regulatory agency, or a Court having competent jurisdiction over the matter.

This Paragraph does not apply to any modifications made by the Commission in adjudicating the Litigated Issues.

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<sup>9</sup> Partial Settlement Petition at 5-7. The paragraph numbers in the Partial Settlement Petition were not always sequential e.g., paragraphs numbered 31-43 were not included and the numbering jumped from 30 to 44 without explanation. For ease of reference, the paragraph numbering indicated herein is as it appears in the Partial Settlement Petition, as filed.

45. This Settlement is made without admission against or prejudice to any factual or legal positions which any of the signatories hereto may assert in subsequent litigation in the event that the Commission does not issue a final Order approving this Settlement in full and without modification. If the Commission does not adopt this Settlement in accordance with the terms set forth herein, the Settling Parties reserve their full right to argue that the Commission is without the legal authority to order the implementation of all or part of the terms and conditions set forth herein and no party shall be deemed to have waived or be estopped from asserting such a position before the Commission or before any court.

46. This Settlement Petition may be executed in counterparts, all of which shall constitute one agreement binding on all signatories and shall have the same force and effect as an original instrument, notwithstanding that the signatories may not be signatories to the same original or the same counterpart.

47. Statements in Support of this Settlement are attached hereto as Appendices C-D.

48. The Settling Parties agree to waive exceptions to the ALJ's Recommended Decision on the issues addressed in this settlement if the ALJ recommends that the Partial Settlement Petition for Partial Settlement of Philadelphia Gas Works' 2023-2024 GCR Proceeding be approved without change or modification. The Settling Parties remain free to submit exceptions and replies on matters the issues raised by party not a signatory to this Settlement, including the Litigated Issues.

Joint Petition for Partial Settlement, at 5-7.

By its terms, the Settlement resolves all but one issue or claim raised in this proceeding. The Partial Settlement Petition explicitly excludes the Excess Capacity/ARS issue, indicating that the claim is “reserved for litigation.”<sup>10</sup>

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<sup>10</sup> Partial Settlement Petition ¶C. 22. at 4.

## DISCUSSION

Section 1307(f)(5) of the Public Utility Code (Code), 66 Pa.C.S. § 1307(f)(5), requires that the Commission determine that PGW's historic period actual gas costs meet the least cost fuel procurement standards set forth in Section 1318 of the Code.<sup>11</sup> In addition, Section 1318 findings must be made with respect to the new Purchased Gas Cost (PGC) rates to be established in this proceeding.<sup>12</sup>

In determining whether PGW is pursuing a least cost fuel procurement policy as required by Section 1318, the Commission must make the following specific findings: (1) that the utility has fully and vigorously represented its ratepayers' interests before the Federal Energy Regulatory Commission; (2) that the utility has taken all prudent steps necessary to negotiate favorable gas supply contracts and to relieve the utility from terms in existing contracts with its gas suppliers which are or may be adverse to ratepayer interests; (3) that the utility has taken all prudent steps necessary to obtain lower cost gas supplies on both short-term and long-term bases both within and outside the Commonwealth, including the use of gas transportation arrangements with pipelines and other distribution companies; and (4) that the utility has not withheld from the market or caused to be withheld from the market any gas supplies which should have been utilized as part of a least cost fuel procurement policy.<sup>13</sup>

PGW and OCA have agreed to a Settlement that resolves all but one of the issues in this proceeding. OCA, which is charged with protecting the interests of consumers agrees that the Partial Settlement is in the public interest and complies with the Public Utility Code. OSBA, which is charged with protecting the interests of small businesses has not expressed any opposition to the Partial Settlement and has authorized PGW and OCA to state its non-opposition to the Partial Settlement. Likewise, the large industrial users participating in this proceeding

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<sup>11</sup> 66 Pa.C.S. § 1318.

<sup>12</sup> *Id.*

<sup>13</sup> 66 Pa.C.S. § 1318(a).

under the PICGUC umbrella, have not expressed any opposition to the Partial Settlement and have authorized PGW and OCA to state its non-opposition to the Partial Settlement.

PGW and OCA each provided statements in support of the Settlement, each requesting that the presiding officers and the Commission approve the Partial Settlement Petition for Settlement in its entirety. I&E, PICGUC and Vicinity have each provided a statement indicating that it neither supported nor opposed the settlement reached by the Settling Parties. OSBA has not expressed an opinion or indicated any opposition to the Settlement.

It is the policy of the Commission to encourage Settlements.<sup>14</sup> In its policy statement regarding Settlements in major rate cases the Commission provides in pertinent part:

In the Commission's judgment, the results achieved from a negotiated Settlement or stipulation, or both, in which the interested parties have had an opportunity to participate are often preferable to those achieved at the conclusion of a fully litigated proceeding.<sup>[15]</sup>

Settlements lessen the time and expense the parties must expend litigating a case and at the same time conserve administrative hearing resources. A settlement, which allows the parties to avoid the substantial costs of preparing and serving testimony and the cross-examination of witnesses in lengthy hearings, the preparation and service of briefs, reply briefs, exceptions and reply exceptions, together with the briefs and reply briefs necessitated by any appeal of the Commission's decision, yields significant expense savings for the utility's customers.

In order to accept a settlement, the Commission must determine that the proposed terms and conditions are in the public interest.<sup>16</sup>

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<sup>14</sup> 52 Pa. Code § 5.231.

<sup>15</sup> 52 Pa. Code § 69.401.

<sup>16</sup> *Pa. Pub. Util. Comm'n v. York Water Co.*, Docket No. R-00049165 (Opinion and Order entered Oct. 4, 2004); *Pa. Pub. Util. Comm'n v. C S Water & Sewer Assocs.*, 74 Pa.P.U.C. 767 (1991).

The Partial Settlement Petition will be examined in accordance with the above principles.

As discussed in more detail below, the Partial Settlement Petition reflects a Partial Settlement that is reasonable and in the public interest and therefore should be approved without modification by the Commission. It represents a just and fair compromise by the Settling Parties. This conclusion is based on an analysis of the following key terms of the Settlement and PGW and OCA's respective Statements in Support. As noted above, none of the other parties filed statements in support or opposition to the Settlement.<sup>17</sup>

A. PARTIAL SETTLEMENT AND STATEMENTS IN SUPPORT OF PARTIAL SETTLEMENT

1. Purchased Gas Cost Rates

Pursuant to the Partial Settlement Petition, PGW proposes a GCR of \$5.0576 per Mcf and other charges as set forth in Appendix A of the Partial Settlement Petition, which is reproduced in full below.

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<sup>17</sup> The Partial Settlement Petition indicates that "the Settling Parties will separately file their Statements in Support of Settlement no later than noon May 10, 2023." Partial Settlement Petition at 1. Commission records reflect no other filing by any party relating to the Settlement.

<b><u>Gas Cost Rate</u></b>	9/1/2023
Rate per Mcf \$5.0576	
<b><u>Universal Services</u></b>	
<b><u>Surcharge</u></b>	9/1/2023
Rate per Mcf \$1.4690	
<b><u>Other Post Employment Benefit</u></b>	
<b><u>Surcharge</u></b>	9/1/2023
Rate per Mcf \$0.3385	
<b><u>Load Balancing Charge</u></b>	9/1/2023
Rate per Mcf \$62.9290	

2. Statements in Support

PGW and OCA each filed a Statement in Support of the Partial Settlement Petition with the Commission. The PGW Statement in Support<sup>18</sup> affirms that PGW’s 1307(f) filing is consistent with the Commission’s goal of ensuring the least cost procurement policy and will result in rates and surcharges that are just, reasonable and in compliance with the Code.<sup>19</sup> In its Statement in Support, PGW also argues that by reducing the administrative burden and costs to resolve the issues in this proceeding, the Partial Settlement Petition is in the public interest and should be adopted.<sup>20</sup>

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<sup>18</sup> The full title of the document filed with the Commission by PGW is “Statement in Support of Joint Petition for Settlement of Philadelphia Gas Works” 2022-2023 GCR Proceeding.” Although the text of PGW Statement in Support refers to a “partial settlement” multiple times, the word “partial” was not included in the title of the document filed with the Commission. The same document also misstated the years at issue in this proceeding elsewhere in the text.

<sup>19</sup> PGW Statement in Support at 3.

<sup>20</sup> *Id.*

The OCA Statement in Support confirms that OCA accepts the underlying data and calculations submitted by PGW in its February 1, 2023 Pre-filing and its March 1, 2023 Annual Filing, subject to the terms and conditions contained in the Partial Settlement.<sup>21</sup> In its Statement in Support, OCA agrees that the GCR rates set forth above accurately represent the implementation of the terms of the Partial Settlement Petition and that the proposed tariff changes should be permitted to go into effect on September 1, 2023.<sup>22</sup> In its Statement in Support, OCA also maintains that the terms of the Settlement are in the public interest and in the interest of PGW's ratepayers and should be approved.<sup>23</sup>

In their statements in support of the Partial Settlement Petition, PGW and OCA agree that consistent with past practice, PGW shall file its 3<sup>rd</sup> Quarter Update prior to September 1, 2023, which update will update the GCR rate set forth in Supplements No. 160 and 106.<sup>24</sup>

OCA also affirmed its support of the proposed expansion of PGW's hedging program as provided in the Joint Statement, which would allow PGW to modify its purchasing targets to hedge 5% to 50% of its monthly baseload purchases, conditions permitting.<sup>25</sup> In the OCA Statement in Support, OCA indicated that the hedging program is "a step in the right direction toward reducing price volatility to the benefit of residential ratepayers."<sup>26</sup> Summarizing its position, OCA stated "the terms of the [Partial Settlement Petition] are in the public interest and in the interest of PGW's ratepayers" and concluded that the Partial Settlement Petition should be approved.<sup>27</sup>

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<sup>21</sup> OCA Statement in Support at 3.

<sup>22</sup> *Id.*

<sup>23</sup> OCA Statement in Support at 8

<sup>24</sup> PGW Statement in Support at 4; OCA Statement in Support at 3.

<sup>25</sup> OCA Statement in Support at 3-4.

<sup>26</sup> OCA Statement in Support at 4.

<sup>27</sup> OCA Statement in Support at 5.

### 3. Settlement in General

In support of the Partial Settlement, PGW indicates that approval of the Partial Settlement will result in PGW pursuing a least cost fuel procurement policy consistent with the Company's obligation to provide safe, adequate, and reliable service.<sup>28</sup> PGW observes that no party has opposed the GCR calculations as filed by PGW.<sup>29</sup> In addition, PGW states that the partial Settlement: (a) is consistent with the Commission's goal of ensuring the least cost procurement policy, (b) will result in rates and surcharges that are just, reasonable, and in compliance with the Public Utility Code, and (c) reduces the administrative burden and costs to resolve the issues.<sup>30</sup> Furthermore, PGW argues that its 2023-2024 GCR filing is in full and complete compliance with all statutory and regulatory requirements.<sup>31</sup> PGW also argues that the Partial Settlement is supported by the record and satisfies the requirements of the Code and specifically the requirements of Section 1318 of the Code.<sup>32</sup>

For its part, OCA opined that it found the terms and conditions of the Settlement Agreement in the public interest.<sup>33</sup> OCA submitted that the provisions contained in the Partial Settlement are designed to benefit ratepayers, and that the Settlement should be approved because it is in the public interest.<sup>34</sup> Further, despite the active participation of statutory advocates representing the interests of consumers and small business and advocates for the interests of large industrial users in this proceeding, all of which have participated in previous filings of this type by PGW, no party has expressed opposition to the Partial Settlement.

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<sup>28</sup> PGW Statement in Support at 2.

<sup>29</sup> *Id.*

<sup>30</sup> PGW Statement in Support at 3.

<sup>31</sup> PGW Statement in Support at 3.

<sup>32</sup> *Id.*

<sup>33</sup> OCA Statement in Support at 1.

<sup>34</sup> OCA Statement in Support at 2.

#### 4. Excess Capacity/ARS Issue

In this proceeding, Vicinity argued that PGW has excess overall gas capacity and that PGW should be required to release to Vicinity 21,000 Dth/Day of capacity on the TETCO pipeline.<sup>35</sup> Vicinity also argued such a requirement would provide significant financial benefits to PGW and its customers and foster rate stability.<sup>36</sup> In addition, Vicinity argued that the least cost procurement analysis in this proceeding should include an evaluation of PGW's pipeline capacity strategy.<sup>37</sup>

PGW categorically denied that it has or holds excess capacity and advanced multiple arguments against Vicinity's claim and arguments.<sup>38</sup> OSBA was the only other party to address the Excess Capacity/ARS issue and disagreed with the arguments on the issue presented by Vicinity and PGW.<sup>39</sup> For the reasons outlined below, I recommend that all issues relating to PGW's capacity and capacity revenues should be referred to and resolved in the *PGW base rate case* currently pending before the Commission.<sup>40</sup>

The Excess Capacity/ARS issue arises out of and is inextricably linked to the expiration of certain service contracts between PGW and Vicinity (the 1996 Contracts) on December 31, 2022,<sup>41</sup> which served as the basis for the establishment of Rate GTS-F currently

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<sup>35</sup> Vicinity Statement No. 1 at 8-10; Vicinity Statement No. 1-SR at 8.

<sup>36</sup> Vicinity Statement No. 1 at 12; Vicinity Main Brief at 12.

<sup>37</sup> Vicinity Main Brief at 14, (*citing* Equitable Gas Co. v. Pa. Pub. Util. Comm'n, 526 A.2d 823 (Pa. Cmwlth. 1987)).

<sup>38</sup> PGW Statement 2R at 2, 7, 9, 13-16; PGW Main Brief at 5, 7, 16, 22, 26-27, 29-30.

<sup>39</sup> OSBA Main Brief at 10.

<sup>40</sup> Docket No. R-2023-3037933.

<sup>41</sup> In January 1996, the Philadelphia Authority for Industrial Development (PAID) entered into a total of four agreements: (a) two service contracts: one with Grays Ferry (the Partnership Service Contract) and one with Vicinity (then known as Trigen) (Trigen Service Contract) (collectively, Service Contracts); and (b) two service agreements with the City of Philadelphia on behalf of PGW: one regarding the Partnership Service Contract (Partnership Service Agreement) and one regarding the Trigen Service Contract (Trigen Service Agreement) (collectively, Service Agreements). The Service Contracts and the Service Agreements are collectively referred to as the 1996 Contracts. The 1996 Contracts were the subject of a formal complaint filed by Vicinity against PGW in

applicable to service supplied by PGW to Vicinity.<sup>42</sup> In October 2021, Vicinity filed a Formal Complaint against PGW alleging that in light of the impending expiration of the Service Contracts on December 31, 2022, PGW was demanding unjust and unreasonable rates from it, that PGW's demand to provide service under a variable rate is unreasonable, and that PGW is providing unreasonable and discriminatory services.<sup>43</sup> OCA, OSBA and PICGUG intervened in that case and I&E entered an appearance in the case as well, which was fully litigated.<sup>44</sup> Thus, all the parties to this proceeding were also involved in the *Vicinity Complaint Case*.

In the *Vicinity Complaint Case*, the Commission ruled that the question of the just and reasonable rate and rate class applicable to PGW's service to Vicinity raised issues concerning the prohibition against "single-issue rate making."<sup>45</sup> The Commission also stated that the question of rates payable by Vicinity was not properly presented in that proceeding which involved "an individual customer complaint focused on the rate to be charged to a single PGW customer."<sup>46</sup> The Commission concluded that "the question of the proper . . . gas transportation rate applicable to PGW's service to Vicinity is properly considered at PGW's currently pending base rate proceeding."<sup>47</sup> The Commission directed PGW to make a filing that would "bring the pending question of the proper rate class and actual COS of PGW's provision of service to Vicinity for resolution at PGW's pending base rate proceeding at Docket No. R-2023-3037933." (*PGW Base Rate Case*).<sup>48</sup> The Commission also ruled that the rate and rate class proposed by

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October 2021 (Vicinity Complaint Case). See *Grays Ferry Cogeneration P'ship and Vicinity Energy Phila., Inc. v. Phila. Gas Works*, Docket No. C-2021-3029259 (Opinion and Order entered Apr. 20, 2023) (Vicinity Complaint Case Opinion and Order). This summary of the 1996 Contracts appears in the Initial Decision issued by ALJ Marta Guhl on December 27, 2023, in that matter (Vicinity Complaint Case ID). Vicinity Complaint Case ID 5-6.

<sup>42</sup> See *Vicinity Complaint Case* Opinion and Order at 2 n.3; Vicinity Complaint Case ID at 1-4.

<sup>43</sup> *Grays Ferry Cogeneration P'ship and Vicinity Energy Phila. Inc. v. Phila. Gas Works*, Docket No. C-2021-3029259 (Opinion and Order entered Apr. 20, 2023) (Vicinity Complaint Case).

<sup>44</sup> *Vicinity Complaint Case* ID at 2.

<sup>45</sup> *Vicinity Complaint Case* Opinion and Order at 37.

<sup>46</sup> *Vicinity Complaint Case* Opinion and Order at 37-38.

<sup>47</sup> *Vicinity Complaint Case* Opinion and Order at 38. The pending PGW base rate proceeding is at *Pa. Pub. Util. Comm'n v. Phila. Gas Works*, Docket R-2023-3037933.

<sup>48</sup> *Vicinity Complaint Case* Opinion and Order at 40, 51.

PGW for Vicinity . . . will not take effect until the Commission renders a final decision of the approved Tariff rate and class to take effect, to replace the current effective PGW Tariff Rate GTS-F, if any.”<sup>49</sup>

The prohibition against “single issue rate making” cited by the Commission in the *Vicinity Complaint Case* is equally relevant here. As indicated by the Commission in the *Vicinity Complaint Case*, the rate to be charged a single customer such as Vicinity “should be addressed in a base rate proceeding and . . . may touch upon changes to the overall rate-making scheme for PGW.”<sup>50</sup>

Notwithstanding the Commission’s decision in the *Vicinity Complaint Case*, Vicinity re-asserted its arguments regarding its need for additional capacity, excess capacity held by PGW and its claim that a new rate for ARS should be established in this proceeding.<sup>51</sup> While I agree with Vicinity that “there is nothing in the [*Vicinity Complaint Case* Opinion and Order] that explicitly mandates that a new rate for ARS be established,”<sup>52</sup> Vicinity’s argument ignores the Commission’s unambiguous directive and order that PGW Tariff Rate GTS-F “remains in effect”<sup>53</sup> and that the “determination of the ‘just and reasonable’ rate for the provision of gas transportation service by [PGW] to [Vicinity] . . . must be resolved by and is hereby referred to [PGW’s] currently pending rate proceeding.”<sup>54</sup>

The parties to this proceeding are also parties to the pending *PGW Base Rate Case*. Thus, they have begun to develop a record on PGW’s proposal to amend the service tariffs under which it currently provides service to Vicinity and other customers. Furthermore, in accordance with the Commission’s directive in the *Vicinity Complaint Case*, PGW has filed a

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<sup>49</sup> *Vicinity Complaint Case* Opinion and Order at 36, 43, 51-52.

<sup>50</sup> *Vicinity Complaint Case* Opinion and Order at 38.

<sup>51</sup> Vicinity Reply Brief at 2-4.

<sup>52</sup> Vicinity Reply Brief at 4.

<sup>53</sup> *Vicinity Complaint Case* Opinion and Order at 54 ¶ 9.

<sup>54</sup> *Vicinity Complaint Case* Opinion and Order at 51 ¶ 3.

proposal for a new Tariff Rate for Vicinity in that proceeding.<sup>55</sup> In light of the Commission's clear and unambiguous holding that the terms under which PGW provides service to Vicinity are to be resolved in the pending *PGW Base Rate Case*, it is unnecessary to address in detail the various arguments on the Excess Capacity/ARS issue put forward by PGW, Vicinity or OSBA in this proceeding. Accordingly, no recommendation will be made with respect to the Excess Capacity/ARS issue and the parties will be directed to address the issue in the *PGW Base Rate Case*, to the extent they deem it appropriate to do so.

### PARTIAL SETTLEMENT RECOMMENDATION

The Settlement contains provisions that are designed to advance the least cost procurement objective which ultimately benefits ratepayers. The Settling Parties agree to accept the underlying data and calculations submitted by PGW in its February 1, 2023, pre-filing and its March 1, 2023, annual filing. The PGC rate adopted by the Settlement is \$5.0576 per Mcf.

The Settlement indicates that PGW will pursue a least cost fuel procurement policy consistent with the Company's obligation to provide safe, adequate, and reliable service. Additionally, pursuant to a Commission-approved settlement of PGW's 2022-2023 PGC proceeding,<sup>56</sup> PGW conducted a study to determine if hedging gas purchases could reduce price volatility. This Settlement also approves PGW's proposed expansion of its gas purchase hedging program, pursuant to which PGW will aim to hedge 5% to 50% of its monthly baseload purchases, market conditions permitting.<sup>57</sup>

PGW, OSBA and Vicinity were the only parties that submitted testimony in this proceeding on the Excess Capacity/ARS issue. OSBA has authorized the Settling Parties to state its non-opposition to the Partial Settlement.<sup>58</sup> Vicinity has taken no position on the Partial

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<sup>55</sup> PGW Reply Brief at 5.

<sup>56</sup> Docket No. R-2023-3038069.

<sup>57</sup> PGW Statement in Support at 4.

<sup>58</sup> PGW Statement in Support at 3.

Settlement and the Excess Capacity/ARS issue it raised in this proceeding was expressly excluded by the Partial Settlement. OCA's support indicating that the terms and conditions of the Partial Settlement are in the public interest and should be approved is convincing.

After considering the Partial Settlement Petition, the PGW and OCA Statements in Support, the lack of opposition to the Partial Settlement by any party, as well as the savings achieved by not fully litigating this case, it is my opinion that the Partial Settlement is fair, just, reasonable and in the public interest. Accordingly, I recommend that the Petition for Partial Settlement of Philadelphia Gas Works' 2023-2024 Proceeding be approved. I also recommend that the parties be directed to address the Excess Capacity/ARS issue in the *PGW Base Rate Case*, to the extent they deem it appropriate to do so.

#### CONCLUSIONS OF LAW

1. With respect to PGW's gas purchases and gas purchasing practices during the twelve-month historical reconciliation period ended December 31, 2022, PGW has met the standards of Section 1318 of the Public Utility Code, 66 Pa.C.S. § 1318, as required by Section 1307(f)(5) of the Public Utility Code, 66 Pa.C.S. § 1307(f)(5), as to all actual purchased gas costs in the historical period.

2. During twelve months ended December 31, 2022, PGW met the requirements of Section 1318(a) of the Public Utility Code, 66 Pa.C.S. § 1318(a), by pursuing a least-cost fuel procurement policy, consistent with its obligation to provide safe, adequate, and reliable service to its customers.

3. With respect to the eight-month interim period beginning on January 1, 2023, and the projected twelve-month period beginning September 1, 2023, the rates to be adopted by the Commission result from PGW's compliance with all of the provisions of Section 1318 of the Public Utility Code, 66 Pa.C.S. § 1318.

4. A settlement should be approved, if it is fair, just, reasonable, and promotes the public interest. *See, Pa. Pub. Util. Comm'n v. C S Water & Sewer Assocs.*, 74 Pa.P.U.C. 767 (1991); *Pa. Pub. Util. Comm'n v. Phila. Elec. Co.*, 60 Pa.P.U.C. 1 (1985).

5. The Petition for Partial Settlement of Philadelphia Gas Works' 2023-2024 GCR Proceeding filed with the Commission on May 10, 2023, is just, reasonable and in the public interest. *Pa. Pub. Util. Comm'n v. C S Water & Sewer Assocs.*, 74 Pa.P.U.C. 767 (1991); *Pa. Pub. Util. Comm'n v. Phila. Elec. Co.*, 60 Pa.P.U.C. 1 (1985).

6. The pending PGW Base Rate Case at Docket R-2023-3037933 is the appropriate proceeding in which to address issues relating to changes to terms and prevailing tariff rate for gas service provided by PGW to Vicinity, PGW excess capacity, the continued offering of ARS and related issues. *Grays Ferry Cogeneration P'ship and Vicinity Energy Phila. Inc. v. Phila. Gas Works* at Docket C-2021-3029259 (Opinion and Order entered Apr. 20, 2023).

### ORDER

THEREFORE,

IT IS RECOMMENDED:

1. That the Partial Settlement Petition for Partial Settlement of the Philadelphia Gas Works' 2022-2023 Gas Cost Rate Proceeding, including all appendices and documents identified therein, is admitted into the record of the proceeding at Docket No. R-2023-3038069.

2. That the Partial Settlement Petition for Partial Settlement of the Philadelphia Gas Works' 2022-2023 Gas Cost Rate Proceeding submitted by the Philadelphia

Gas Works and the Office of Consumer Advocate at Docket No. R-2023-3038069 be approved in its entirety without modification.

3. That the Philadelphia Gas Works be authorized to file a tariff supplement, on at least one day's notice to the Commission, implementing rates and terms consistent with the rates and terms of the Joint Petition for Partial Settlement of the Philadelphia Gas Works' 2023-2024 Gas Cost Rate Proceeding filed May 9, 2023 and this Order to be effective for services rendered on or after September 1, 2023, subject to quarterly adjustments permitted by Commission regulations at 52 Pa. Code § 53.64(i)(5), including a quarterly adjustment to be effective on September 1, 2023 to reflect actual experience and changes in forecasted natural gas prices.

4. That the price for gas service by Philadelphia Gas Works to Grays Ferry Cogeneration Partnership and Vicinity Energy Philadelphia, Inc. including the resolution of Excess Capacity/ARS issue be referred for resolution to Philadelphia Gas Works' currently pending base rate proceeding at *Pennsylvania Public Utility Commission v. Philadelphia Gas Works*, Docket No. R-2023-3037933.

5. That the Formal Complaint filed by the Office of Consumer Advocate at C-2023-3038375 be deemed satisfied.

6. That the Formal Complaint filed by the Office of Small Business Advocate at Docket No. C-2023-3038286 be dismissed.

7. That the Formal Complaint filed by Grays Ferry Cogeneration Partnership and Vicinity Energy Philadelphia, Inc. at Docket No. C-2023-3038722 be dismissed.

8. That the Commission Investigation at Docket No R-2023-3038069 be terminated and marked closed.

Date: June 7, 2023

/s/  
Arlene Ashton  
Administrative Law Judge

**PENNSYLVANIA  
PUBLIC UTILITY COMMISSION  
Harrisburg, PA 17105-3265**

Public Meeting held July 13, 2023

Commissioners Present:

Gladys Brown Dutrieuille, Chairman  
Stephen M. DeFrank, Vice Chairman  
Ralph V. Yanora  
Kathryn L. Zerfuss  
John F. Coleman, Jr.

Pennsylvania Public Utility Commission	:	R-2023-3038069
Office of Consumer Advocate	:	C-2023-3038375
Office of Small Business Advocate	:	C-2023-3038286
Grays Ferry Cogeneration Partnership & Vicinity	:	C-2023-3038722
Energy Philadelphia, Inc.	:	
	:	
	:	
v.	:	
	:	
Philadelphia Gas Works	:	

**ORDER**

BY THE COMMISSION:

We adopt as our action the Recommended Decision of Administrative Law Judge Arlene Ashton dated June 7, 2023;

THEREFORE,

IT IS ORDERED:

1. That the Partial Settlement Petition for Partial Settlement of the Philadelphia Gas Works' 2022-2023 Gas Cost Rate Proceeding, including all appendices and

documents identified therein, is admitted into the record of the proceeding at Docket No. R-2023-3038069.

2. That the Partial Settlement Petition for Partial Settlement of the Philadelphia Gas Works' 2022-2023 Gas Cost Rate Proceeding submitted by the Philadelphia Gas Works and the Office of Consumer Advocate at Docket No. R-2023-3038069 be approved in its entirety without modification.

3. That the Philadelphia Gas Works be authorized to file a tariff supplement, on at least one day's notice to the Commission, implementing rates and terms consistent with the rates and terms of the Joint Petition for Partial Settlement of the Philadelphia Gas Works' 2023-2024 Gas Cost Rate Proceeding filed May 9, 2023 and this Order to be effective for services rendered on or after September 1, 2023, subject to quarterly adjustments permitted by Commission regulations at 52 Pa. Code § 53.64(i)(5), including a quarterly adjustment to be effective on September 1, 2023 to reflect actual experience and changes in forecasted natural gas prices.

4. That the price for gas service by Philadelphia Gas Works to Grays Ferry Cogeneration Partnership and Vicinity Energy Philadelphia, Inc. including the resolution of Excess Capacity/ARS issue be referred for resolution to Philadelphia Gas Works' currently pending base rate proceeding at *Pennsylvania Public Utility Commission v. Philadelphia Gas Works*, Docket No. R-2023-3037933.

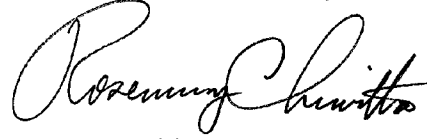
5. That the Formal Complaint filed by the Office of Consumer Advocate at C-2023-3038375 be deemed satisfied.

6. That the Formal Complaint filed by the Office of Small Business Advocate at Docket No. C-2023-3038286 be dismissed.

7. That the Formal Complaint filed by Grays Ferry Cogeneration Partnership and Vicinity Energy Philadelphia, Inc. at Docket No. C-2023-3038722 be dismissed.

8. That the Commission Investigation at Docket No R-2023-3038069 be terminated and marked closed.

BY THE COMMISSION,

A handwritten signature in cursive script, appearing to read "Rosemary Chiavetta".

Rosemary Chiavetta  
Secretary

(SEAL)

ORDER ADOPTED: July 13, 2023

ORDER ENTERED: July 13, 2023

## **PGW - Gas Service Tariff**

### Currently Effective Rates and Riders

**GAS COST RATE (GCR) -- SECTION 1307(f)**

**I. PROVISION FOR ADJUSTMENT**

The Gas Cost Rate shall be applied to each Mcf (1,000 cubic feet) for Firm Retail Sales Service Gas supplied under Rates Schedules GS, MS, PHA, and NGVS-Firm, except for Gas usage under the Special Provisions – Air Conditioning of those rates calculated in a manner set forth below, pursuant to 66 Pa.C.S. §1307(f). Such rates for Firm Sales Service Gas may be increased or decreased from time to time under the procedures set forth in Section II.B. below to reflect changes in the level of Gas costs incurred or projected to be incurred by PGW related to Sales Service.

**II. DEFINITIONS**

C - The current cost of Natural Gas and other raw materials determined as follows: (a) for all types of Gas, project the cost for each purchase (adjusted for net current Gas stored) for the computation year plus (b) the of (1) the projected book value of non-current Gas at the beginning of the computation year minus (2) the projected book value of non-current Gas at the end of the computation year. In addition to any cost authorized by the Commission, the cost of Natural Gas may include any item included in the definition of Natural Gas costs set forth in 66 Pa.C.S. § 1307(h) ("Definition"). The Factor "C" includes two components -- Commodity Costs and Demand Costs which are defined as follows: Commodity Costs - the actual cost of natural gas and purchased electric for firm customers that does not include the fixed costs associated with the transportation and storage of natural gas; and Demand Costs - the fixed costs associated with the transportation and storage of natural gas for firm customers.

Effective 9/1/08, 75% of off system sales margin and capacity release credits will be allocated to the Factor "C" and 25% to the Company. Effective 9/1/09, 75% of storage asset management fees will be allocated to the Factor "C" and 25% to the Company.

Computation Year - The 12-month forecast period as identified in the Company's annual 1307(f) filing and each quarterly GCR filing.

E - Experienced net over billing (or under billing) of the cost of Natural Gas and other raw materials applicable to the GCR reported in the most recent Section 1307(f) proceeding. Such over billings (or under billings) will be made with interest at the rate and method set forth by the Pennsylvania Public Utility Commission. Additionally, supplier refunds received prior to the end of the August billing period will be included in the Factor "E." The Factor "E" includes two components -- Commodity Costs and Demand Costs which are defined above in the Factor "C" definition. Credit or recovery of the factor "E" is completed over the Company's Fiscal Year.

Firm Sales Service - The service provided to Customers who receive firm supply service from PGW. The term does not include the service provided to Customers who receive interruptible supply service from PGW.

(Gas Adjustment Charge) - The "E" factor component of the GCR, representing the net overcollection or undercollection of Natural Gas and other raw materials costs. The currently effective GAC is \$(.07612) per Ccf for Commodity Costs and \$.02171 per Ccf for Demand Costs, for service on or after March 1, 2024. The total GAC is \$(.05441) per Ccf.

(I)

GCR - Gas Cost Rate determined to the nearest one-hundredth cent (\$0.0001) to be applied to each Mcf of Gas supplied under Rates GS, MS, PHA, and NGVS-Firm, except for Gas usage under the Special Provisions – Air Conditioning of those rates and is equal to the SSC plus the GAC minus the IRC.

**(I) – Increase**

PHILADELPHIA GAS WORKS

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IRC - Interruptible Revenue Credit - The credit defined in Subsection VI below. The currently effective IRC is \$0.00157 per Ccf for service on or after March 1, 2024.

**(I)**

Natural Gas or Gas - The volumes of gas purchased or manufactured by the Company that is delivered to the Company's Customers, plus such portion of the Company-used and unaccounted-for gas as the Commission permits, including, but not limited to, natural gas, liquefied natural gas, synthetic gas, liquefied propane and naphtha.

S - Projected applicable Mcf of Gas to be billed to Customers during the computation year.

SSC - Sales Service Charge - The purchased Gas costs determined to the nearest  $\frac{1}{100}$  of a cent (\$0.0001). The currently effective SSC is \$0.27874 per Ccf for Commodity Costs and \$0.16120 per Ccf for Demand Costs, for service on or after March 1, 2024. The total SSC is \$0.43994 per Ccf.

**(D)**

**(I) – Increase (D) - Decrease**

PHILADELPHIA GAS WORKS

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III. COMPUTATION OF GAS COST RATE

A. The GCR shall be computed to the nearest one-thousandth cent (\$0.00001) in accordance with the formula set forth below as the terms are defined in Section II:

$$\begin{aligned} \text{SSC} &= \text{C/S} \\ \text{GAC} &= \text{E/S} \\ \text{GCR} &= \text{SSC} + \text{GAC} - \text{IRC} \end{aligned}$$

B. Each Gas Cost Rate so computed shall be applied to Customers' bills for twelve monthly billing periods commencing with September.

The currently effective Gas Cost Rate is \$0.38396 per Ccf, for service on or after March 1, 2024.

**(D)**

IV. REPORTING REQUIREMENTS

A. The Company's rates are subject to quarterly adjustments for recovery of the Gas Cost Rate under procedures set forth in Section 1307(f) of the Public Utility Code.

B. The filing of the Company's annual Section 1307(f) filing, annual Gas Cost Rate, effective during the billing period of September through August, shall be submitted to the Commission by March 1 of each year, with a February 1 pre-filing date.

C. The application of the Gas Cost Rate shall be subject to review and audit by the Commission at such intervals as the Commission shall determine.

D. If it shall be determined, from audit by the Commission, or by final order entered after notice and hearing, that the application of this clause has resulted in the overcollection or undercollection of revenues, then the Company shall apply such over/undercollection as a credit or debit against future Gas Cost Rates.

V. PROVISION FOR INCLUSION OF SPECIFIC NON-GAS EXPENSES

The computation of the Gas Cost Rate may include such Non-Gas expenses as may be authorized by this tariff and annually authorized by the Commission.

VI. INTERRUPTIBLE REVENUE CREDIT (IRC)

A. The GCR rate shall be credited with an Interruptible Revenue Credit (IRC) equal to the margin realized from interruptible sales under PGW's Interruptible Sales Tariff Rates: BPS, LBS; and CG (Total Margin Revenue).

B. The IRC shall be set each year in the Company's 1307(f) proceeding to reflect the Total Margin Revenue. The rate per Mcf shall be calculated by dividing the Total Margin Revenue by total applicable firm sales. For the period September 1, 2003 through August 31, 2004 the IRC shall be initially set to reflect the Total Margin Revenue authorized by the Commission in its final order at M-00021612 (entered March 31, 2003).

**(I) – Increase**

C. The 2003-04 IRC and all subsequent IRCs shall be reconciled to actual Total Margin Revenue realized in each 1307(f) proceeding. The IRC shall be included in the GCR rate and shall not be shown separately on the Customer's bill

## REVENUE RECONCILIATION ADJUSTMENT (RRA) RIDER

### I. PROVISION FOR REVENUE RECONCILIATION ADJUSTMENT

A. A Revenue Reconciliation Adjustment (RRA) is included in the Delivery Charge of all firm service rates. The RRA shall be the annual margin in excess of the cost of Natural Gas to provide the service projected to be realized from interruptible sales under rate schedules BPS, LBS and CG in the period September 1, 2002 – August 31, 2003 and the Transportation charge revenue from Transportation Service provided pursuant to the Pilot rate schedule IT-P (the Total Margin Revenue). This rate per Mcf is calculated by dividing the Total Margin Revenue by total applicable firm sales.

B. The rate so calculated is included in the billed Distribution Rate and shall not be shown separately on the Customer bill.

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### SENIOR CITIZEN DISCOUNT\*

#### I. PROVISION FOR SENIOR CITIZEN DISCOUNT

- A. A Customer or Applicant shall be granted a reduction in monthly charges for Gas Service provided by the Company for Residential purposes if said person satisfies the conditions set forth below: (C)
1. Is a PGW firm sales or a firm transportation customer. (C)
  2. Is 65 years of age or older; (C)
  3. Resides in the City of Philadelphia; (C)
  4. Does or will directly make payment to the Company for Gas Service at his or her residence; (C)
  5. Completes an acceptable application; (C)
  6. Maintains his or her qualification for same. (C)
- B. The Senior Citizen Discount, as set forth in this Tariff, shall only apply to the Gas which is consumed for Heating and Non-Heating purposes in that portion of the building in which the senior citizen resides. Therefore, if the senior citizen resides in a building that is part Residential and part Commercial or rental (to someone other than the senior citizen), only that portion of the building that is occupied by the senior citizen as a residence will be eligible for the Senior Citizen Discount.

#### II. COMPUTATION OF SENIOR CITIZEN DISCOUNT

- A. For eligible Retail Sales Service Customers, Gas Service provided by the Company will be priced at the full rate then in effect, as authorized by the Commission, and 80% of this amount will be billed to the Customer. For Competitive Natural Gas Supply Customers participating in NGDC Consolidated Billing, Gas Service provided by the Company will be priced at the full rate then in effect, as authorized by the Commission; 80% of the PGW charges will be billed to the Customer; Supplier commodity charges will be billed at 100%. (C)
- B. In the event taxes or other charges become applicable after the effective date hereof, which charges cannot lawfully or in equity be treated as herein provided, the application of the Senior Citizen Discount affecting such charges will be limited accordingly, so as to provide a result which, in the Company's opinion, is reasonably consistent with the intention of providing a discount of the type here authorized.

#### III. APPLICATION FOR SENIOR CITIZEN DISCOUNT

An application for Senior Citizen discount must be completed by the Applicant in person at any one of the Company's offices or at such other place as the Company provides.

\* As of September 1, 2003 enrollment in the Senior Citizens Program will be closed. Customers who are properly receiving discounted rates will continue to do so under these terms and conditions unless and until the program is modified in accordance with 66 Pa. C.S. § 2212. All affected and eligible low income Customers may apply to participate in the Customer Responsibility Program (CRP).

PHILADELPHIA GAS WORKS

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IV. DOCUMENTARY EVIDENCE REQUIRED FOR SENIOR CITIZEN DISCOUNT

A. An Applicant must present:

1. Legal proof of age acceptable to the Company; and
2. Documentary evidence acceptable to the Company authenticating Applicant's residence at the address where Gas consumption will be subject to the discount.

B. The Company may from time to time require production of documentary evidence or other information deemed satisfactory by the Company so as to review a Customer's continued eligibility for the Senior Citizen Discount.

V. EFFECTIVE DATE OF THE INITIAL SENIOR CITIZEN DISCOUNT BILLING

A. Applications made at least 30 days prior to the Applicant's next billing period, and which in that 30-day period are fully documented and accepted by the Company, will result in the initial application of the Senior Citizen Discount to the cost of the Gas consumed in such next billing period.

B. Improper or incomplete applications causing the extension of the above 30-day period, and which delay in the Company's opinion is occasioned by the Applicant, will delay the initial use of the discount until the succeeding billing period next following the acceptance of the application.

C. The Senior Citizen Discount, after its initial application, will continue in force thereafter so long as it is authorized and the original Applicant, in the opinion of the Company, continues to qualify for it.

VI. CUSTOMER'S GAS PIPING

A. In order for the Company to quantify the amount of Gas to which the Senior Citizen Discount applies in the event that such Gas quantity cannot ordinarily be determined, arrangements acceptable to the Company must be made by the Customer.

B. In cases where, at the time of making application, the Customer lives in only a portion of the structure to which Gas is also being supplied to others but through a single meter, and where the Discount does not apply to the others, and, in the opinion of the Company, the Customer's Gas piping can reasonably be changed, the Customer, at his or her expense, shall make the necessary piping rearrangement and the Company will install a separate meter.

C. When the Customer's Gas piping, in the opinion of the Company, cannot reasonably be changed, the Company, for billing purposes, will estimate the quantity of Gas used by the Customer to which the Senior Citizen Discount will apply. In all other cases, the Customer should make Gas piping rearrangements to allow the Company to directly meter Gas used exclusively for such Customer's account.

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**(C) – Change**

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## EXIT FEE RIDER

### 1. PROVISION OF EXIT FEE

A. An exit fee may be applied to those Customers moving from Firm to interruptible Service. This fee is charged for the portion of Firm pipeline assets reserved on the Customer's behalf.

### 2. COMPUTATION OF EXIT FEE.

A. The exit fee shall be calculated as the Customer's allocated share of FT and storage demand costs, as filed in PGW's last approved 1307(f) proceeding, less an allocated share of capacity release credits actually realized in the exit fee period. The Customer's share shall be the Customer's contribution to design day demand calculated as the Customer's highest usage month out of the last 36 months, divided by the number of days in that month, adjusted for design degree days.

1. The Customer's exit fee will be in place for 5 years and will be adjusted each year to take account of changes in capacity and storage costs and capacity release credits.

### MERCHANT FUNCTION CHARGE (“MFC”)

The MFC is a volumetric charge, applied to firm sales service customers, which will be included in the Price to Compare. The MFC is based on Gas Cost Rate multiplied by a fixed uncollectible percentage established in the Company’s last general base rate proceeding. The MFC will not be reconciled to reflect actual results. The MFC is intended to make the Company’s Price to Compare more comparable to the gas supply services price offers of other Natural Gas Suppliers that presumably reflect anticipated uncollectible expenses. The following percentages will be applied to the quarterly Gas Cost Rate in order to calculate the quarterly MFC: 5.27% - GS Residential (“GS RES”); 5.27% - GS Public Housing (“GS PHA”); 1.39% - GS Commercial (“GS COM”); and 0.36% - GS Industrial (“GS IND”). The current MFC is set forth below in the Price to Compare table.

### GAS PROCUREMENT CHARGE (“GPC”)

The GPC is a volumetric charge, applied to firm sales service customers, which will be included in the Price to Compare. The GPC will remain in effect until reviewed and updated in the Company’s next general base rate proceeding.

Current Gas Procurement Charge = \$0.00400/Ccf

### PRICE TO COMPARE (“PTC”)

The PTC is composed of the Sales Service Charge (“SSC”), Gas Adjustment Charge (“GAC”), the Merchant Function Charge and the Gas Procurement Charge. The PTC will change whenever any of the components of the PTC change. The current PTC is (per Ccf):

	GS-RES	GS-PH	GS-COM	GS-IND	MS	PHA	NGVS	
<b>SSC</b>	<b>\$0.43994</b>	<b>\$0.43994</b>	<b>\$0.43994</b>	<b>\$0.43994</b>	<b>\$0.43994</b>	<b>\$0.43994</b>	<b>\$0.43994</b>	(C)
<b>GAC</b>	<b>\$(0.05442)</b>	<b>\$(0.05442)</b>	<b>\$(0.05442)</b>	<b>\$(0.05442)</b>	<b>\$(0.05442)</b>	<b>\$(0.05442)</b>	<b>\$(0.05442)</b>	(C)
<b>MFC</b>	<b>\$0.02023</b>	<b>\$0.02023</b>	<b>\$0.00534</b>	<b>\$0.00138</b>	<b>\$0.00000</b>	<b>\$0.00000</b>	<b>\$0.00000</b>	(C)
<b>GPC</b>	<b>\$0.00400</b>	<b>\$0.00400</b>	<b>\$0.00400</b>	<b>\$0.00400</b>	<b>\$0.00400</b>	<b>\$0.00400</b>	<b>\$0.00400</b>	(C)
<b>PTC</b>	<b>\$0.40976</b>	<b>\$0.40976</b>	<b>\$0.39487</b>	<b>\$0.39091</b>	<b>\$0.38953</b>	<b>\$0.38953</b>	<b>\$0.38953</b>	(D)

(C) – Change (I) Increase (D) - Decrease

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## EFFICIENCY COST RECOVERY SURCHARGE

The cost of the energy efficiency programs (i.e. the demand side management programs) for the firm customer rate classes listed below will be recovered by an Efficiency Cost Recovery Surcharge applicable to all volumes of Gas delivered.

- 1) The Surcharge will recover the program costs and the administrative costs of the energy efficiency program.
- 2) Computation of the Efficiency Cost Recovery Surcharge factors will be in accordance with the automatic adjustment procedures utilized under Section 1307(f) of the Public Utility Code and will be filed and approved in conjunction with the Company's annual Section 1307(f)-GCR filing.
- 3) Once the surcharge is in place, it will be automatically adjusted effective March 1, June 1, September 1, and December 1 of each year in accordance with Section 1307(f) quarterly adjustment procedures. No interest will be included in such surcharge computations. The basic component of the surcharge will be determined by dividing the total energy efficiency program costs approved for annual recovery plus (or minus) any over (or under) recovery from the prior period by the estimated applicable throughput in Mcfs. The costs related to customers other than low income residential customers are tracked and will be recovered separately from each of the following firm customer rate classes if the customer class is served by the energy efficiency program:
  - a) Residential and Public Housing Customers on Rate GS;
  - b) Commercial Customers on Rate GS;
  - c) Industrial Customers on Rate GS and Rate IT-XLT;
  - d) Municipal Customers on Rate MS; and
  - e) The Philadelphia Housing Authority on Rate PHA.

The surcharge shall be a cents per Ccf charge calculated to the nearest one-thousandth of a cent (0.00001) which shall be added to the distribution rates for billing purposes for all customers in each of the above rate classes. The rate shall be calculated separately for each rate class as follows:

- |   |      |
|---|------|
| a) \$0.00240 per Ccf for Residential and Public Housing Customers on Rate GS; | (D)  |
| b) \$0.00308 per Ccf for Commercial Customers on Rate GS;                     | (D)  |
| c) \$0.00012 per Ccf for Industrial Customers on Rate GS and Rate IT-XLT;     | (I)  |
| d) \$0.00000 per Ccf for Municipal Customers on Rate MS; and                  | (NC) |
| e) \$0.00308 per Ccf for The Philadelphia Housing Authority on Rate PHA.      | (D)  |

The Enhanced Low Income Retrofit Program costs shall be recovered through the Universal Services Surcharge beginning on September 1, 2010.

**(D) – Decrease; (I) – Increase; (NC) – No Change**

## UNIVERSAL SERVICE AND ENERGY CONSERVATION SURCHARGE

Universal service and energy conservation program and related costs will be recovered by a Universal Service and Energy Conservation Surcharge applicable to all volumes of Gas delivered. Rate IT-XLT will be charged for USEC costs in the same percentage as Rate IT-XLT revenues bear to PGW's total base rate revenues (including DSIC). The current charge will be \$290,000.

1. The Surcharge will recover: 1) the discounts provided to Customers pursuant to the Customer Responsibility Program (CRP); 2) the discounts provided to Customers pursuant to the Senior Citizen Discount; 3) the costs of PGW's Low Income Usage Reduction Program (LIRUP), known as the Home Comfort Program (previously known as the Conservation Works Program (CWP), the Enhanced Low Income Retrofit Program (ELIRP) and the CRP Home Comfort Program); 4) the costs of the pilot Conservation Incentive Credit program; and, 5) for Customers entering the CRP program on or after September 1, 2003, past due arrearages forgiven pursuant to paragraph A (6) of the CRP/CAP Program Design Stipulation approved by the Commission by its order at M-00021612 (entered March 31, 2003).
2. Computation of the Universal Service and Energy Conservation Surcharge factors will be in accordance with the automatic adjustment procedures utilized under Section 1307(f) of the Public Utility Code and will be filed and approved in conjunction with the Company's annual Section 1307(f)-GCR filing.
3. Once the surcharge is in place it will be automatically adjusted effective March 1, June 1, September 1, and December 1 of each year in accordance with Section 1307(f) quarterly adjustment procedures. No interest will be included in such surcharge computations. The basic component of the surcharge will be determined by dividing the total universal service and energy conservation program costs approved for annual recovery by the estimated applicable throughput in Mcfs.
4. The Universal Service and Energy Conservation Surcharge shall take effect upon the effective date of this Tariff.

Current Universal Service and Energy Conservation Surcharge = \$0.16191/Ccf

**(I)**

**(I) – Increase (C) - Change**

### **OTHER POST EMPLOYMENT BENEFIT (“OPEB”) SURCHARGE**

The amounts necessary to fund PGW's Other Post Employment Benefit obligations will be recovered by an Other Post Employment Benefit Surcharge applicable to all volumes of Gas delivered.

1. Computation of the Other Post Employment Benefit Rider Surcharge factors will be in accordance with the automatic adjustment procedures utilized under Section 1307(f) of the Public Utility Code and will be filed and approved in conjunction with the Company's annual Section 1307(f)-GCR filing.
2. Once the surcharge is in place it will be automatically adjusted effective September 1 of each year to account for over (under) recoveries in accordance with Section 1307(f) adjustment procedures. No interest will be included in such surcharge computations. The basic component of the surcharge will be determined plus (or minus) any over (or under) recovery from the prior period by dividing the total OPEB funding amounts approved for annual recovery by the estimated applicable throughput in Mcfs.
3. The Other Post Employment Benefit Rider Surcharge shall take effect upon the effective date of this Tariff.

Current Other Post Employment Benefit Rider Surcharge = \$0.04117/Ccf

(I)

**(I) - Increase**

## GENERAL SERVICE - RATE GS

Rate: Applicable to all Retail Sales Service or Transportation Service rendered pursuant to this Rate Schedule on or after March 1, 2024. (C)

### AVAILABILITY

Available for any purpose where the Company's distribution mains adjacent to the proposed Gas Service location are, or can economically be made, suitable to supply the quantities of Gas or Transportation Services required. Not available for back-up service, refer to Rate BUS.

### RATES

CUSTOMER CHARGE (per Meter (except parallel meters)):

\$ 16.25 per month for Residential and Public Housing Authority Customers.  
\$ 27.65 per month for Commercial Customers  
\$ 82.80 per month for Industrial Customers

Surcharge: Distribution System Improvement Charge.

Plus,

GCR (not applicable to GS Customers who transport gas through a qualified NGS):

\$0.38396 per Ccf for Residential and Public Housing (D)  
\$0.38396 per Ccf for Commercial Customers (D)  
\$0.38396 per Ccf for Industrial Customers (D)

Plus,

DISTRIBUTION CHARGE (consisting of items (A) and (B), below):

(A) Delivery Charge:

\$0.74624 per Ccf for Residential  
\$0.68523 per Ccf for Public Housing  
\$0.54086 per Ccf for Commercial Customers  
\$0.54459 per Ccf for Industrial Customers

(B) Surcharges:

Universal Service and Energy Conservation Surcharge; Restructuring and Consumer Education Surcharge; Efficiency Cost Recovery Surcharge; Other Post Employment Benefit Surcharge; and Distribution System Improvement Charge.

Note: The Commodity Charge includes the Sales Service Charge, the Merchant Function Charge and the Gas Procurement Charge.

(I) – Increase; (C) – Change (D) - Decrease

PHILADELPHIA GAS WORKS

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Also,

The following may apply:

(C)

SPECIAL PROVISION – Air Conditioning Rider

SPECIAL PROVISION – Compressed Natural Gas (CNG) Rider

EXIT FEE

SENIOR CITIZEN DISCOUNT – to the extent authorized by this Gas Service Tariff.

(C) – Change

MINIMUM CHARGE

The monthly Minimum Charge is the Customer Charge set forth above.

CONTRACT

Standard service agreements, where applicable, are for a period to be determined by the Company.

COMPANY RULES

The provisions of this Tariff shall govern the supply of services under this Rate Schedule.

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### MUNICIPAL SERVICE - RATE MS

Rate: Applicable to all Retail Sales Service or Transportation Service rendered pursuant to this Rate Schedule on or after March 1, 2024.

(C)

#### AVAILABILITY

Available to properties owned or occupied by the City of Philadelphia or the Board of Education, or any of their respective agencies or instrumentalities, for any type of Gas Service, unless purchased for resale to others, and where the Company's distribution mains adjacent to the proposed Gas Service locations are, or can economically be made, suitable to supply the quantities of Gas required; provided, however, that the rate shall not be available to Commercial Tenants of any such property.

#### RATES

CUSTOMER CHARGE (per Meter (except parallel meters):

\$ 27.65 per month

Surcharge: Distribution System Improvement Charge.

Plus,

GCR (not applicable to MS Customers who transport Gas through a qualified NGS):

\$0.38396 per Ccf

(D)

Plus,

DISTRIBUTION CHARGE (consisting of items (A) and (B), below):

(A) Delivery Charge:

\$0.51883 per Ccf

(B) Surcharges:

Universal Service and Energy Conservation Surcharge; and The Restructuring and Consumer Education Surcharge; the Efficiency Cost Recovery Surcharge; Other Post Employment Benefit Surcharge; and Distribution System Improvement Charge.

Note: The Commodity Charge includes the Sales Service Charge, the Merchant Function Charge and the Gas Procurement Charge.

(I) – Increase, (C) – Change, (D) - Decrease

Also,

The following Riders may apply:

(C)

SPECIAL PROVISION – Air Conditioning Rider

SPECIAL PROVISION – Compressed Natural Gas (CNG) Rider

EXIT FEE

### CONTRACT

Standard service agreements are for a one year period.

### COMPANY RULES

The provisions of this Tariff shall govern the supply of services under this Rate Schedule.

(C) – Change

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**PHILADELPHIA HOUSING AUTHORITY SERVICE - RATE PHA**

Rate: Applicable to all Retail Sales Service or Transportation Services rendered pursuant to this Rate Schedule on or after March 1, 2024.

**(C)**

AVAILABILITY

Available for all Gas usage in multiple dwelling Residential buildings containing 10 or more dwelling units, owned and operated by the Philadelphia Housing Authority, where cooking shall be performed exclusively with Gas and where Gas Service shall be supplied through one or more single point metering arrangements at locations where the Company's distribution mains adjacent to the proposed Gas Service locations are, or can economically be made, suitable to supply the quantities of Gas required.

This rate is also available for all Gas usage in single and multiple dwelling Residential buildings, containing less than 10 dwelling units, provided, and only so long as, Gas is used exclusively for cooking, water heating and space heating for all such Residential buildings owned and operated by the Philadelphia Housing Authority, except (a) buildings operated by the Philadelphia Housing Authority, prior to the original effective date of this rate (January 1, 1969), and (b) buildings for which, in the judgment of the Company, such Gas Service cannot be provided economically.

RATES

CUSTOMER CHARGE (per Meter (except parallel meters);

\$27.65 per month

Surcharge: Distribution System Improvement Charge.

Plus,

GCR (not applicable to PHA customers who transport gas through a qualified NGS):

\$0.38396 per Ccf

**(D)**

Plus

DISTRIBUTION CHARGE (consisting of item (A) and (B), below):

(A) Delivery Charge:

\$0.56340 per Ccf

(B) Surcharges:

Universal Service and Energy Conservation Surcharge; and The Restructuring and Consumer Education Surcharge; the Efficiency Cost Recovery Surcharge; Other Post Employment Benefit Surcharge; and Distribution System Improvement Charge.

Note: The Commodity Charge includes the Sales Service Charge, the Merchant Function Charge and the Gas Procurement Charge.

**(I) – Increase, (C) – Change, (D) - Decrease**

PHILADELPHIA GAS WORKS

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Also,

The following Riders may apply:

(C)

SPECIAL PROVISION – Air Conditioning Rider  
EXIT FEE

CONTRACT

Standard service agreements are for a one year period.

COMPANY RULES

The provisions of this Tariff shall govern the supply of Gas under this classification.

**(C) – Change**

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**DAILY BALANCING SERVICE - RATE DB**

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.

### 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 IT 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 the Marketing Department 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 which 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 credit worthiness 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 IT 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.

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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 IT Customers in a supply pool. The Company may, however, upon notice to the supplier, refuse to accept daily quantities in excess of projected Rate IT 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 IT 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 IT 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.

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 IT Customer(s) in a supply pool during the 24-hour Gas day as recorded by the Company’s meter(s) at the Rate IT 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. (C)
- 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. (C)
- 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.. (C)
- 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. (C)

**(C) - Change**

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 the 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.

(C)

6. To facilitate this management and to avoid or correct imbalances, Rate IT 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 IT supplier may reduce its imbalance by arranging a trade of quantities with another Rate IT supplier. Suppliers shall be permitted to trade IT 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 IT pools are permitted only to the extent that the offset reduces to zero any positive imbalance in the supplier's IT 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 Section § 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.

**(C) - Change**

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 IT Customers in the supply pool that may be necessary for the supplier's compliance with OFO requirements.

### 3. OFO ISSUANCE

The Company may issue OFOs that apply to Rate IT 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 IT 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 IT Customer, an aggregation pool, or an entire rate class of Rate IT 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 IT Customer, or where the Rate IT Customer is part of an aggregation pool, the Rate IT 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.

#### 4. PENALTIES

Penalty charges to Suppliers for Gas used by Rate IT 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 IT 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 IT 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 IT Customers is required pursuant to rate schedule IT, 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 interruptible Rate IT Customers of the imposition or lifting of such curtailment or interruption. Communication with interruptible Rate IT 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 IT Customer(s) for whom Gas was received for redelivery. The Company's furnishing of Transportation Service shall be complete upon delivery to the Rate IT Customer(s) of Gas received.

##### 2. COMPANY LIABILITY

The Company shall not be liable, under any circumstances or in any respect, to a Rate IT 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.

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 IT 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.

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**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, 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 (Daily Balancing), 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 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.

## INTERRUPTIBLE SERVICE

### 1. QUALITY OF SERVICE

Company assumes no liability for interruptions caused by failure of supply sources or by third parties such as Suppliers and 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 as specified under provisions for Standby Service contained herein. The Company may curtail (reduce) or interrupt deliveries to the 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 Customers or in the event a NGS fails to meet delivery obligations. Although the Company will endeavor to provide as much notice as is reasonable and practical, the Customer shall maintain the ability to curtail or interrupt usage upon eight hours notice. 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.

### 2. INTERRUPTIBLE CAPABILITY

In order to qualify for interruptible daily Transportation Service under this Rate Schedule, a Customer must: (1) have installed and operable alternate fuel equipment, including appropriate fuel storage capacity, capable of displacing the daily quantity of Gas subject to curtailment or interruption; or (2) or in the alternative demonstrate to the Company's sole satisfaction the ability to manage its business without the use of Gas during periods of curtailment or interruption.

### 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, 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.

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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 an Interruptible Gas 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:
IT-A:	2,500
IT-B:	5,000
IT-C:	10,000
IT-D:	25,000
IT-E:	80,000

Customers electing service under this rate shall have and maintain complete and adequate standby non-natural gas energy (e.g., oil, propane, electric, steam) and equipment for alternate operation in the event of interruption of Gas Service.

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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>	
IT-A:	152.16	
IT-B:	273.89	
IT-C:	273.89	
IT-D:	273.89	
IT-E:	426.06	
<u>DISTRIBUTION CHARGE</u>	<u>Rate (\$) Per Mcf / Dth Delivered*</u>	
IT-A:	3.0038 / 2.9051	(I)
IT-B:	1.4539 / 1.4061	(I)
IT-C:	1.1345 / 1.0972	(I)
IT-D:	1.0066 / 0.9735	(I)
IT-E:	0.9747 / 0.9426	(I)

\*The distribution charge may be the product of a negotiated rate and may include long-term contracts of up to five years as mutually agreed to by the Company and the Customer. This negotiated rate may be higher than, but not lower than, the distribution charges set forth above and may include additional minimum take requirements.

**(I) – Increase**

### CONDITIONS OF USE

1. The Company shall not be obligated to incur the cost of additional facilities to provide Transportation 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 Transportation 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 his arrangements for daily deliveries of Gas that they approximately equal his 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 thermal correction quantities will be multiplied by a fraction; the numerator of which is 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 is 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 Transportation 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:

**(C)**

**(C) – Change**

**GAS TRANSPORTATION SERVICE - RATE GTS  
FIRM SERVICE**

Rate: Applicable to all Transportation Services rendered pursuant to this Rate Schedule on or after September 1, 2003.\*

C

**AVAILABILITY**

This rate is only available to those customers who utilized this service on or before September 1, 2003 pursuant to a currently valid agreement with the Company.

**CHARACTER OF SERVICE**

Transportation Service under this rate schedule is firm and shall be interrupted only in cases of operating emergencies experienced by the Company. Company assumes no liability for interruptions caused by failure of supply sources or by third parties such as Suppliers and 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 as specified under provisions for Standby Service contained herein.

**MONTHLY RATE**

The Monthly Charge shall be the sum of the following:

1. **CUSTOMER CHARGE:** \$250.00 per month.

2. **DELIVERY CHARGE:**

The Delivery Charge applicable for each Customer shall be specified in the individual Transportation Service Agreement.

3. **TRANSPORTATION SURCHARGE:**

The Customer shall reimburse Company for any expense actually incurred for Customer's benefit from third party sources in the provision of this Service, such as directly assignable taxes, pipeline balancing penalties, governmentally imposed charges, and contingent liability for external transportation charges and fuel requirements. Additionally, for existing Customers, any unavoidable Gas supply costs (e.g., pipeline demand charges) incurred on the Customer's behalf, may be recovered under this surcharge. Such surcharge is in addition to charges specified elsewhere in this rate schedule. Such potential charges are to be specifically defined and identified in the individual Transportation Service agreement.

4. **STANDBY SERVICE CHARGES, IF APPLICABLE:**

See Standby Service Provision.

5. **MINIMUM MONTHLY CHARGE:**

The minimum monthly charge shall be the Customer Charge.

\* Existing terms and conditions are extended for all customers taking service as of December 31, 2022 on this rate until the earlier of April 30, 2023 or the Pennsylvania Public Utility Commission issues a final decision in Docket No. C-2021-3029259. All rates and charges incurred after January 1, 2023 are subject to being rebilled as directed by the Pennsylvania Public Utility Commission so as to effectuate the final decision in Docket No. C-2021-3029259 on January 1, 2023.

C

**(C) Change**

**GAS COST RATE**

The GCR shall not apply to transported volumes. Similarly, such transported volumes and any expenses related to such volumes shall be excluded from all calculations determining such GCR.

**CONTRACT TERM**

The duration of the transportation contract shall be as specified in the required individual Service Agreement. In no event shall the contract term be for a period of less than one year.

**STANDBY SERVICE**

Contingent upon the Company's ability to arrange the required supply contracts, a transportation 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 Transportation 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 the Standby Service on any day shall be specified in the individual Service Agreement. Volumes taken in excess of the specified daily limits, except for those volumes authorized and supplied by the Company under an applicable retail rate, may be subject to a charge of \$10 per Mcf if arrangements have been made for Emergency Service or \$20 per Mcf for all unauthorized volumes.

Under this Standby Service, upon proper notice, and as soon as operations permit, the Customer may convert some or all of their firm Transportation Service to the specified equivalent retail sales service during the effective period of this Standby Service agreement. The Company is not obligated to provide retail sales service to a transportation Customer if the Customer has not contracted for Standby Service. Eligibility for such a Customer to receive retail Gas Service shall be no different than any other person or entity who is at the time making application for service as a new Customer.

A Customer contracting for Standby Service shall pay a monthly reservation charge that is equivalent to the demand charge paid by the Company to its highest cost pipeline supplier applied to the Customer's maximum Daily Contract 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 Suppliers, which are attributable to the volume reserved but not taken under this Standby Service.

**STANDBY SERVICE - SPECIAL PROVISION**

For Customers contracting for delivery by the Company of 10,000 Mcf per day or more of transportation Gas, the terms and conditions under which Standby Service will be provided will be as specified in their individual service agreements, in lieu of the above.

**TERMS OF PAYMENT**

Bills will be rendered and payment terms applied in accordance with this Tariff.

**CONDITIONS OF USE**

1. The Company shall not be obligated to incur the cost of additional facilities to provide Transportation 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 Transportation 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.
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 line loss and 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 for total system line loss and unaccounted-for, as utilized in the Company's annual operating budget. 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.
5. **NOTICE AND BALANCING**

The Notice and Balancing conditions shall be the following, except as otherwise provided in the individual service agreement.

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 his arrangements for daily deliveries of Gas that they approximately equal his combined daily Gas usage and that volume retained for line loss and unaccounted for adjustment. To facilitate this management and to avoid or correct imbalances, Customer may modify the quantities it intends to have delivered to Company's city gate in accordance with the monthly and daily nomination procedure of the delivering pipeline. All delivery arrangements must be coordinated with the Company in a manner deemed acceptable by Company. Company shall, within the limitations of its system, assist in the balancing effort.

The quantities of Gas received on Customer's behalf will be balanced monthly on a thermally equivalent basis with those quantities re-delivered or retained for line loss and unaccounted for adjustment. For this thermal correction quantities will be multiplied by a fraction; the numerator of which is 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 is a reference Btu content of 1,000 Btu per cubic foot.

Notice will be provided by the Company, at the time of each individual Customer's daily nominations, as to the availability of retail Gas backup in accordance with operating conditions and their contractual service obligations. On any day when retail backup is declared unavailable, all volumes used (including adjustment for line loss and unaccounted for Gas) in excess of that delivered on such Customer's behalf that day, will be excluded from their daily and monthly balancing provisions. Such Gas will be billed for at the rate of \$10 per Mcf if emergency Gas was initially requested and approved or at the rate of \$20 per Mcf if Unauthorized.

#### Allowable Imbalances

Imbalances except as noted above, may be permitted within a range of  $\pm 10\%$  on a daily basis if adjusted within  $\pm 5\%$  by month's end. Company will advise Customer of potential imbalance conditions periodically to facilitate correction. But repeated excessive overruns or underruns of the hourly and daily Gas volumes received for Customer's account may be considered grounds for termination of service under this rate. Monthly imbalances within the allowable limits shall be resolved through mutual adjustment of initial deliveries in the subsequent month of service.

#### Correction For Quantities Outside Range Of Allowable Imbalances

All volumes utilized in excess of the allowable monthly overrun, where retail sales backup had been authorized, will be considered sold to the Customer under the applicable equivalent retail rate.

All volumes delivered to the Company that remain unaccepted by the Customer, in excess of the allowable monthly underrun may be offered for sale to the Company or stored at the Customer's option. Gas may be purchased by the Company at a rate not to exceed the Company's avoided cost of Gas for the month of delivery. In the event that the Company does not elect to purchase volumes in excess of the allowable underrun, a service charge for all such volumes carried forward by the Company will be made. These volumes will be the first deliveries in the subsequent month. The unit rate for this service charge will be the volumetrically weighted average of the 100% load factor unit cost of the Company's pipeline storage contracts as utilized in the Company's annual operating budget. Upon temporary suspension of deliveries or termination of Rate GTS service, any existing underrun imbalance shall be corrected within 60 days of the end of the month in which final deliveries are made. Otherwise they become the property of the Company at no cost to the Company.

6. EMERGENCY GAS

Emergency Gas is defined as a service to be offered by the Company when Gas is not available under the otherwise applicable retail sales service, provided certain conditions apply and terms are met, and that the quantities of Gas available to the Company and the distribution facilities are adequate to provide this service without jeopardizing the physical or economic operation of the Company. The cost of providing this emergency service is \$10.00 for each thousand cubic feet of Gas used. The minimum charge for this service is \$100.00 per occurrence.

Customers who feel they may have to avail themselves of this service should send for a copy of the terms and conditions of availability under which this emergency service may be obtained.

7. UNAUTHORIZED USE

If a Customer uses this service after being notified that service under this schedule is not available, or uses this service in excess of authorized limitations when established and duly notified, all such unauthorized usage shall be billed at the rate of \$20.00 for each Mcf. In addition, Company may, at its discretion, refuse to accept delivery from the Customer's Supplier, and physically shut off Customer to ensure compliance.

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

**GAS TRANSPORTATION SERVICE - RATE GTS  
INTERRUPTIBLE SERVICE**

Rate: Applicable to all Transportation Services rendered pursuant to this Rate schedule on or after September 1, 2003

**AVAILABILITY**

This rate is only available to those customers who utilized this service on or before September 1, 2003 pursuant to a currently valid agreement with the Company.

**CHARACTER OF SERVICE**

Transportation service under this rate schedule is interruptible, paralleling the character of service of the otherwise applicable retail sales tariff. Service under this rate schedule shall be subordinate to all firm retail sales services and firm Transportation Services provided by the Company. The Company, at its sole discretion and on a best efforts basis, will endeavor to transport volumes received at the Company's city gate for the Customer's account during periods when the otherwise applicable retail service is not available.

Company assumes no liability for interruptions caused by failure of supply sources or by third parties such as Suppliers and 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 as specified under provisions for Standby Service contained herein.

**MONTHLY RATE**

The Monthly Charge shall be the sum of the following:

1. **CUSTOMER CHARGE:** \$250.00 per month.
2. **DELIVERY CHARGE:**

The Customer may elect either (i) a fixed annual Delivery Charge based on the annual interruptible margin in effect for the Company's operating fiscal year (currently September through August), or (ii) a variable monthly Delivery Charge. This variable charge shall be the monthly interruptible margin as experienced by the Company during the month of delivery. The Delivery Charge for volumes transported during periods when the otherwise applicable retail service is not available shall be as specified in the individual service agreement.

The Customer shall make an election of either the fixed or variable Delivery Charge pricing methodology prior to the initiation of service hereunder and at each subsequent September 1st thereafter, to be effective for the following twelve months, or portion thereof, of the contract period.

The Delivery Charge applicable for each Customer shall be specified in the individual Transportation Service agreement and is subject to revision from time to time as authorized by the Commission.

3. **TRANSPORTATION SURCHARGE:**

The Customer shall reimburse Company for any expense actually incurred for Customer's benefit from third party sources in the provision of this service, such as directly assignable taxes, pipeline balancing penalties, governmentally imposed charges, and contingent liability for external

transportation charges and fuel requirements. Such surcharge is in addition to charges specified elsewhere in this Rate Schedule. Such potential charges are to be specifically defined and identified in the individual Transportation Service agreement.

**4. STANDBY SERVICE CHARGES, IF APPLICABLE:**

See Standby Service Provisions.

**5. MINIMUM MONTHLY DELIVERY CHARGE:**

Except as otherwise provided in the individual service agreement, the minimum monthly delivery charge shall be the daily contract quantity (DCQ) times one half the number of days Transportation Service is available in the billing month, times the applicable transportation delivery charge. The minimum monthly delivery charge shall be inapplicable when any of the following conditions occur:

- a) When the otherwise applicable firm or interruptible sales service is not subject to a corresponding minimum charge; or
- b) When, for reasons, beyond the Customer's control, the Customer's Gas burning equipment is temporarily inoperative; or
- c) When for reasons beyond the Customer's control, the Customer cannot obtain transportation from its Supplier(s) to the point of receipt; or
- d) In emergency situations where the Company diverts the Customer's transportation Gas to meet the requirements of its firm Customers.

During periods when the minimum monthly delivery charge is inapplicable, the Customer Charge shall be the minimum monthly charge.

### **GAS COST RATE**

The GCR as provided for in this Tariff shall not apply to transported volumes. Similarly, such transported volumes and any expenses related to such volumes shall be excluded from all calculations determining such GCR.

### **CONTRACT TERM**

The duration of the transportation contract shall be as specified in the required individual service agreement. In no event shall the contract term be for a period of less than one year.

### **STANDBY SERVICE**

Contingent upon the Company's ability to arrange the required supply contracts, a transportation 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 Transportation Service by a Supplier during the availability period of such equivalent firm or interruptible sales service. 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 the Standby Service on any day shall be specified in the individual service

agreement. Volumes taken in excess of the specified daily limits, except for those volumes authorized and supplied by the Company under an applicable retail rate, may be subject to a charge of \$10 per Mcf if arrangements have been made for Emergency Service or \$20 per Mcf for all unauthorized volumes.

Under this Standby Service, upon proper notice to the Company, and as soon as operations permit, the Customer may convert some or all of their interruptible Transportation Service to the specified equivalent firm or interruptible sales service during the effective period of this Standby Service agreement. The Company is not obligated to provide firm or interruptible sales service to a transportation Customer if the Customer has not contracted for Standby Service. Eligibility for such a Customer to receive firm or interruptible sales service shall be no different than any other person or entity who is, at the time, making application for service as a new Customer.

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 supplier adjusted to reflect the limitation on the availability of Standby Service for interruptible Customers, and then applied to the Customer's maximum Daily Contract 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 suppliers, which are attributable to the volume reserved but not taken under this Standby Service.

#### **STANDBY SERVICE - SPECIAL PROVISION**

For Customers contracting for delivery by the Company of 10,000 Mcf per day or more of transportation Gas, the terms and conditions under which Standby Service will be provided will be as specified in their individual service agreements, in lieu of the above.

#### **TERMS OF PAYMENT**

Bills shall be rendered and payment terms applied in accordance with the provisions of this Tariff.

#### **CONDITIONS OF USE**

1. The Company shall not be obligated to incur the cost of additional facilities to provide Transportation 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 Transportation 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.
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 line loss and 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 for total system line loss and unaccounted-for, as utilized in the Company's annual operating budget. 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.

5. NOTICE AND BALANCING

The notice and balancing conditions shall be the following, except as otherwise provided in the individual service agreement.

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 his arrangements for daily deliveries of Gas that they approximately equal his combined daily Gas usage and that volume retained for line loss and unaccounted for adjustment. To facilitate this management and to avoid or correct imbalances, Customer may modify the quantities it intends to have delivered to Company's city gate in accordance with the monthly and daily nomination procedure of the delivering pipeline. All delivery arrangements must be coordinated with the Company in a manner deemed acceptable by Company. The Company shall, within the limitations of its system, assist in the balancing effort.

The quantities of Gas received on Customer's behalf will be balanced monthly on a thermally equivalent basis with those quantities re-delivered or retained for line loss and unaccounted for adjustment. For this thermal correction quantities will be multiplied by a fraction; the numerator of which is 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 is a reference Btu content of 1,000 Btu per cubic foot.

Notice will be provided by the Company', at the time of each individual Customer's daily nominations, as to the availability of retail Gas backup in accordance with operating conditions and their contractual service obligations. On any day when retail backup is declared unavailable, all volumes used (including adjustment for line loss and unaccounted for Gas) in excess of that delivered on such Customer's behalf that day, will be excluded from their daily and monthly balancing provisions. Such Gas will be billed for at the rate of \$10 per Mcf if emergency Gas was initially requested and approved or at the rate of \$20 per Mcf if Unauthorized.

Allowable Imbalances

Imbalances except as noted above, may be permitted within a range of  $\pm 10\%$  on a daily basis if adjusted within  $\pm 5\%$  by month's end. Company will advise Customer of potential imbalance conditions periodically to facilitate correction. But repeated excessive overruns or underruns of the hourly and daily Gas volumes received for Customer's account may be considered grounds for termination of service under this rate. Monthly imbalances within the allowable limits shall be resolved through mutual adjustment of initial deliveries in the subsequent month of service.

Correction For Quantities Outside Range Of Allowable Imbalances

All volumes utilized in excess of the allowable monthly overrun, where retail sales backup had been authorized, will be considered sold to the Customer under the applicable equivalent retail rate.

All volumes delivered to the Company that remain unaccepted by the Customer, in excess of the allowable monthly underrun may be offered for sale to the Company or stored at the Customer's option. Gas may be purchased by the Company at a rate not to exceed the Company's avoided cost of Gas for the month of delivery. In the event that the Company does not elect to purchase volumes in excess of the allowable underrun, a service charge for all such volumes carried forward by the Company will be made. These volumes will be the first deliveries in the subsequent month. The unit rate for this service charge will be the volumetrically weighted average of the 100% load factor unit cost of the Company's pipeline storage contracts as utilized in the Company's annual operating budget. Upon temporary suspension of deliveries or termination of Rate GTS service, any existing underrun imbalance shall be corrected within 60 days of the end of the month in which final deliveries are made. Otherwise they become the property of the Company at no cost to the Company.

**6. EMERGENCY GAS**

Emergency Gas is defined as a service to be offered by the Company when Gas is not available under the otherwise applicable firm or interruptible sales service, provided certain conditions apply and terms are met, and that the quantities of Gas available to the Company and the distribution facilities are adequate to provide this service without jeopardizing the physical or economic operation of the Company. The cost of providing this emergency service is \$10.00 for each thousand cubic feet of Gas used. The minimum charge for this service is \$100.00 per occurrence.

Customers who feel they may have to avail themselves of this service should send for a copy of the Terms and Conditions of Availability under which this emergency service may be obtained.

**7. UNAUTHORIZED USE**

If a Customer uses this service after being notified that service under this schedule is not available, or uses this service in excess of authorized limitations when established and duly notified, all such unauthorized usage shall be billed at the rate of \$20.00 for each Mcf. In addition, Company may, at its discretion, refuse to accept delivery from the Customer's Supplier, and physically shut off Customer to ensure compliance.

**8. 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.

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**COGENERATION SERVICE – RATE CG\***

Rate: Applicable to all Retail Sales Service rendered pursuant to this Rate Schedule on or after September 1, 2003

**AVAILABILITY**

This service is available to any new or existing Commercial or Industrial Customer for Gas use in any form of combined cooling, heating and power production where there is a sequential production of energy and useful thermal energy from the same fuel source or in the sequential production of electrical energy and useful thermal energy from the same fuel source by a qualifying facility as defined in Section 201 of the Public Utility Regulatory Policies Act of 1978, regularly meeting the efficiency standards set forth in Chapter 18 of the Federal Regulations, Sections 292.205 (a) and (b). The Customer must certify that qualifying status has been granted by the Federal Energy Regulatory Commission or must demonstrate to the Company its ability to utilize waste heat created from one process by using Natural Gas in a second process. The waste heat may be generated from any form, such as power production, heating, cooling, or process applications. The waste heat recovered may be used for any domestic, Commercial or Industrial applications. The determination by the Company as to the Customer's ability to co-generate will be final. This service will be available where the Company's facilities are, or can economically be made, available to supply the service; but Gas Service under this rate shall not be a replacement of Gas Service under any rate providing for uninterruptible Gas Service. The Company's determination as to whether the service would amount to such a replacement shall be final. An Applicant for service under this rate shall be required to execute a service agreement in which shall be defined maximum and minimum quantities of Gas to be delivered. The number of Customers to receive service under this rate, at any single time, may be limited by the Company in order to maintain adequate and efficient Gas Service generally.

**CHARACTER OF SERVICE**

Service under this rate schedule is interruptible, and shall be subordinate to all firm services. Customer is advised of their responsibility to maintain capability of satisfying their requirements during any period when service is interrupted. Interruptions may occur for economic or operational considerations at any time.

**RATES****CUSTOMER CHARGE:**

\$362.00 per month.

Plus

**COMMODITY And DISTRIBUTION CHARGE:**

The monthly Commodity Charge for each one hundred cubic feet of Gas used shall be set equal to the average commodity cost of Gas purchased and delivered to PGW's gate stations, including an allowance for Unaccounted for losses where applicable, plus a fixed Distribution Charge of 7.5 cents per Ccf.

**(C) = Change**

**\*As of the effective date of this Tariff Supplement, enrollment in Rate CG will be closed. Customers that are properly receiving service under this rate shall continue to do so under their current service agreement(s) until the end of the current term of the service agreement(s). Customers shall then migrate to the most appropriate rate schedule given their size and load profile.**

**(C)**

PHILADELPHIA GAS WORKS

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For Customers contracting under this service for over 1,000,000 Mcf of Gas per year, the above fixed contribution shall be determined by negotiation between the Customer and the Company provided, however, that the contribution, so determined, shall not be less than 10% of the above computed cost of Gas.

This commodity charge shall be applicable so long as the facility is operating in accordance with this rate. In the event of operations otherwise, the Gas utilized will be billed at the appropriate rate.

The following Riders may apply:

(C)

SPECIAL PROVISION – Emergency/Unauthorized Use Rider

MINIMUM CHARGE

The monthly Minimum Charge is the Customer Charge.

GAS COST RATE

The Gas Cost Rate does not apply to this service.

CONTRACT TERM

The duration of the Gas Service contract shall be as specified in the required individual Service Agreement. In no event shall the contract term be for a period of less than one year.

GAS MEASUREMENT

The quantity of Gas consumed will be corrected for billing purposes to conditions of 14.73 pounds per square inch absolute pressure and 60 degrees Fahrenheit.

CONDITIONS OF USE

The Customer will be required to pay for the investment in facilities which PGW installs to provide service under this rate schedule. The Company shall own and maintain such facilities. Gas used for cogeneration purposes shall be separately metered, where in the Company's judgment, separate metering is practicable. If the Company determines that separate metering is not appropriate, cogeneration use shall be estimated by the Company for billing purposes. For existing Customers qualifying for service under this rate schedule, monthly base period usage levels will be defined in the individual service agreement. Monthly usage up to these specified levels will continue to be billed as the first Gas through the meter each month at the then current level of the rate schedule under which the Customer is now receiving service, followed by all qualifying volumes billed under this cogeneration service.

**(C) – Change**

COMPANY RULES

The provisions of this Tariff shall govern the supply of Gas under this classification except where noted herein. The Company requests the right to require Customers served under this rate to forecast usage.

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**DEVELOPMENTAL NATURAL GAS VEHICLE SERVICE - RATE NGVS**  
**FIRM SERVICE**

Rate: Applicable to all Retail Sales Service rendered pursuant to this Rate Schedule on or after March 1, 2024. (C)

**AVAILABILITY**

This service is available to provide uncompressed Natural Gas to any Customer for the exclusive purpose of compressing such Gas for use as fuel for motor vehicles. The compression of the Natural Gas to the pressure required for use as a motor vehicle fuel will be conducted by the Customer, at the Customer's designated premises. Service shall only be available where the Company's distribution system is, or can economically be made available to supply the service. Each Customer will be required to execute a service agreement which will specify terms and conditions of service.

**CHARACTER OF SERVICE**

Service under this rate schedule is firm and shall only be interrupted in the case of operating emergencies experienced by the Company.

**MONTHLY RATE**

**CUSTOMER CHARGE:**

\$38.15 per month

Surcharge: Distribution System Improvement Charge.

Plus,

GCR (not applicable to NGVS customers who transport gas through a qualified NGS):

0.38396 per Ccf

Plus

**DISTRIBUTION CHARGE (consisting of item (A) and (B), below):**

(A) Delivery Charge:

\$0.14022 per Ccf

(B) Surcharges:

Universal Service and Energy Conversation Surcharge; The Restructuring and Consumer Education Surcharge; Other Post Employment Benefit Surcharge; and Distribution System Improvement Charge.

Note: The Commodity Charge includes the Sales Service Charge, the Merchant Function Charge and the Gas Procurement Charge.

**(I) – Increase, (C) – Change, (D) - Decrease**

### APPLICABLE TAXES

The Customer will reimburse the Company for all taxes payable by the Company to any governmental body on sales of Gas and/or for services rendered under this rate schedule.

### GAS COST RATE

The Gas Cost Rate applies to this service.

### CONTRACT TERM

The duration of the contract for service under this rate schedule shall be as specified in the required individual service agreement. In no event shall the contract term be for a period of less than one (1) year.

### GAS MEASUREMENT

The quantity of Gas consumed will be corrected for billing purposes to conditions of 14.73 pounds per square inch absolute pressure and 60 degrees Fahrenheit.

### CONDITIONS OF USE

All Gas volumes received under this rate schedule shall be separately metered. The use of such Gas for any purpose other than as a fuel for motor vehicles is prohibited. The Company reserves the right to inspect the facilities and equipment of Customer to ensure compliance. Violation of this provision may be grounds for termination of service, and may subject the Customer to penalty charges for unauthorized Gas usage.

The Company is not obligated to construct compressor stations for dispensing Gas under this rate schedule. However, if the Company in its sole judgment, elects to construct or acquire such facilities, and establishes public access to these facilities, the charge for compression of Natural Gas and refueling at the company station, will be set forth in the service agreement with Customers contracting for such service.

The Company agrees to provide uncompressed Natural Gas to the Customer under this service for the exclusive purpose of compressing such Gas for use as a fuel for motor vehicles. Customer assumes the responsibility for the operation and maintenance of the compressor station in compliance with all local, state and federal laws regulating such facilities.

Customer will, therefore, indemnify and hold harmless the Company, and its respective officers, employees, agents and representatives from any and all causes of action of any kind arising from or related to any event subsequent to the Company's delivery of Natural Gas under this rate to the designated delivery point.

COMPANY RULES

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

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**DEVELOPMENTAL NATURAL GAS VEHICLE SERVICE - RATE NGVS**  
**Interruptible Service**

Rate: Applicable to all Retail Sales Service rendered pursuant to this Rate Schedule on or after  
September 1, 2003

AVAILABILITY

This service is available to provide uncompressed Natural Gas to any Customer for the exclusive purpose of compressing such Gas for use as fuel for motor vehicles. The compression of the Natural Gas to the pressure required for use as a motor vehicle fuel will be conducted by the Customer, at the Customer's designated premises. Service shall only be available where the Company's distribution system is, or can economically be made available to supply the service. Each Customer will be required to execute a service agreement which will specify terms and conditions of service.

CHARACTER OF SERVICE

Service under this rate schedule shall be provided as long as the Company has sufficient supplies to meet the requirements of the Customers within this class, in addition to the requirements of the firm Customer classes, as determined by the Company.

MONTHLY RATE

CUSTOMER CHARGE: \$35.00 per month

COMMODITY CHARGE:

The monthly rate per Mcf shall be set at a level not greater than fifty percent of the reference gasoline price, as defined below. Except that, in no event, will the rate for the volumes delivered hereunder be set at a level less than 110% of the incremental cost of the Natural Gas to provide service, plus an adjustment for all applicable taxes, as determined by the Company.

REFERENCE GASOLINE

The reference gasoline shall be either unleaded regular gasoline or its oxygenated/reformulated gasoline substitute, as determined by the Company. The reference price for such fuel shall be the average price for the regular grade, in Philadelphia, as published in the "PAD 1 Report" in the third weekly issue of the Oil Price Information Service for the calculation month. The gasoline price shall be adjusted for Btu equivalence. (One cent per gallon being equivalent to 8.1 cents per Mcf for unleaded regular gasoline, and 8.3 cents per Mcf for the reformulated substitute.)

The Commodity Charge, so calculated, will be available by the eighteenth (18) working day of that month, and will be applicable for the subsequent calendar month, to the extent that service under this rate can be made available.

Should market conditions warrant, the Commodity Charge may be modified to reflect a more appropriate reference fuel, which shall be specified in individual Service Agreements. Sixty days notice of any such modification will be provided to Customers, if applicable generally to this class.

PHILADELPHIA GAS WORKS

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The following Riders may apply:

(C)

SPECIAL PROVISION – Emergency/Unauthorized Use Gas Rider

MINIMUM CHARGE

The monthly Minimum Charge is the Customer charge set forth above.

APPLICABLE TAXES

The Customer will reimburse the Company for all taxes payable by the Company to any governmental body on sales of Gas and/or for services rendered under this rate schedule.

GAS COST RATE

The Gas Cost Rate does not apply to this service.

CONTRACT TERM

The duration of the contract for service under this rate schedule shall be as specified in the required individual service agreement. In no event shall the contract term be for a period of less than one year.

GAS MEASUREMENT

The quantity of Gas consumed will be corrected for billing purposes to conditions of 14.73 pounds per square inch absolute pressure and 60 degrees Fahrenheit.

CONDITIONS OF USE

All Gas volumes received under this rate schedule shall be separately metered. The use of such Gas for any purpose other than as a fuel for motor vehicles is prohibited. The Company reserves the right to inspect the facilities and equipment of Customer to ensure compliance. Violation of this provision may be grounds for termination of service, and may subject the Customer to penalty charges for unauthorized Gas usage.

The Company is not obligated to construct compressor stations for dispensing Gas under this rate schedule. However, if the Company in its sole judgment, elects to construct or acquire such facilities, and establishes public access to these facilities, the charge for compression of Natural Gas and refueling at the company station, will be set forth in the service agreement with Customers contracting for such service.

**(C) – Change**

The Company agrees to provide uncompressed Natural Gas to the Customer under this service for exclusive purpose of compressing such Gas for use as a fuel for motor vehicles. Customer assumes the responsibility for the operation and maintenance of the compressor station in compliance with all local, state and federal laws regulating such facilities.

Customer will, therefore, indemnify and hold harmless the Company, and its respective officers, employees, agents and representatives from any and all causes of action of any kind arising from or related to any event subsequent to the Company's delivery of Natural Gas under this rate to the designated delivery point.

#### COMPANY RULES

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

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## **SPECIAL PROVISION – Air Conditioning Rider**

### Generally.

Applicable to Retail Sales Service Customers with directly and indirectly fired Gas cooling equipment of minimum cooling capacity of 3 tons, installed on or after September 1, 1990. Where practicable, such equipment must be separately metered and the cost for any additional metering, related equipment and installation shall be subject to Section 10 of this tariff. Where separate metering is impracticable for directly or indirectly fired Gas cooling and heating equipment, one meter shall be installed for the heating/cooling equipment and such Gas rendered to the Customer through such meter will be charged at the standard rate for the billing months October through April. Under no circumstances will Customers be permitted to use Gas rendered through such meter for any purpose other than cooling or heating.

### For GS, MS and PHA:

The GCR plus Distribution Charge for all Gas used for the billing months May through September for cooling purposes shall become the greater of; (i) 40.00 cents per Ccf or (ii) one hundred and ten percent (110%) of the Weighted Average Cost of Gas (WACOG) for the prior month for Gas sold under said Rate Schedules, not to exceed the currently effective GCR plus Distribution Charge, plus an adjustment for all applicable taxes determined applicable by the Company.

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**SPECIAL PROVISION – Compressed Natural Gas (CNG) Rider**

Generally.

Retail Sales Service provided under this rate schedule for purposes of fueling CNG vehicles shall be dispensed on a liquid gallon basis but billed on an Mcf basis.

For Rate GS and MS .

Except as set forth herein, the rate for Natural Gas provided to Customers for purposes of fueling CNG vehicles shall be the Rate GS charges applicable to commercial customers. Service may also be provided to occasional Customers when it is feasible for the Company to do so. The Delivery Charge for such occasional Customers shall be \$10.00 per Mcf and the Customer Charge shall be \$10.00 for each day in which such Customer purchases Rate GS Gas to fuel CNG vehicles.

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**SPECIAL PROVISION – Emergency/Unauthorized Use Gas Rider**Emergency Gas.

Emergency Gas as set forth in this rider is defined as a service to be offered by the Company to interruptible Retail Sales Service and Rate GTS-I and GTS-F Customers when Gas would otherwise not be available under their respective Rate Schedules and provided certain conditions apply and terms are met. A Customer may request emergency Gas pursuant to this rider when he experiences interference with the use of his alternate energy and when the quantities of Gas available to the Company and the distribution facilities are adequate to provide this service without jeopardizing the physical or economic operation of the Company. PGW reserves the right to limit or curtail emergency Gas at any time. The cost of providing this emergency service is \$10.00 for each thousand cubic feet of Gas used above the current prevailing GCR. The minimum charge for this service is \$100.00 per occurrence.

In order to be eligible for emergency Gas, a Customer must register annually according to Company policy.

Unauthorized Use.

If a Customer uses Gas after he has been notified that Gas otherwise provided pursuant to his or her respective Rate Schedule or as emergency Gas is not available, or uses Gas in excess of his authorized limitation when established and duly notified, all such unauthorized usage shall be billed at the rate of \$25.00 for each thousand cubic feet of Gas used above the current prevailing GCR or the average of the highest two days of the monthly index, whichever is higher. Company may, in addition, at its discretion, shut off Customer to ensure compliance.

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## WEATHER NORMALIZATION ADJUSTMENT CLAUSE

### Provision For Adjustment

The Weather Normalization Adjustment shall be applied to each Mcf (1,000 cubic feet) used for heating purposes under Rate Schedules GS, MS, and PHA (“heating” and “heating only” customers), except for Gas usage under the Special Provisions – Air Conditioning of those rates. The Weather Normalization Adjustment will be applied to customer usage during the period of October 1 through April 30 of each year for each billing cycle. (C)

### Computation of Weather Normalization Adjustment

The Weather Normalization Adjustment surcharge or credit shall be computed to the nearest one-hundredth cent (0.01cent) in accordance with the formulas set forth below:

$$HL = TU - (BL * BC)$$

$$WNA = DC * [ ( HL * \frac{NHDD +/- (NHDD * 1\%)}{AHDD} ) - HL ]$$

### Definitions

TU – Total Usage for the billing cycle. TU measured in Mcf.

BL – base load Mcf per billing day is the number of Mcf per Customer used per day for non-heating purposes based on usage by Customers to which this adjustment applies. It is determined separately for each individual customer and will be revised annually to reflect the non-temperature sensitive usage of Customers to which the adjustment applies reflected in the prior heating season’s sales. If an individual customer base load is not available, the base load for the related customer class will be applied.

BC – billing cycle is the actual number of days shown on the bill that the Customer receives for service.

DC – Delivery Charge.

NHDD – normal heating degree days for any given calendar day within a month are based on the normal weather determination applied in the Company’s most recent base rate case, currently twenty years, as approved at Docket No. R-2017-2586783. The NHDD provided for in the formula are the total number of NHDD for the billing cycle. The degree day data is provided by the National Weather Service and measured at the Philadelphia International Airport.

AHDD – actual experienced heating degree days for the billing cycle. The degree day data is provided by the National Weather Service and measured at the Philadelphia International Airport.

### Operation of Weather Normalization Adjustment

The Weather Normalization Adjustment will be applied to a Customer’s bill on a cents per Mcf basis when actual heating degree days vary from normal heating degree days during the period for which the Customer is billed. The Weather Normalization Adjustment will be applied to the Customer’s space

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heating consumption except for air conditioning usage billed under the air conditioning rate. The Weather Normalization Adjustment for a billing cycle will apply only if the actual heating degree days (AHDD) for the billing cycle are lower than 99 percent or higher than 101 percent of the normal heating degree days (NHDD) for the billing cycle and will only apply to the extent that the variation is lower than 99 percent or higher than 101 percent of the normal heating degree days for that billing cycle. A new weather adjustment will be calculated for each billing cycle.

Under the formulas, the Weather Normalization Adjustment surcharge or credit is calculated by:

- 1) Normal HDD are calculated for each day of the fiscal year based upon the normal weather determination applied in the Company's most recent base rate case, currently twenty years as approved at Docket No. R-2017-2586783.
- 2) At the start of the fiscal year, an average daily base load (non-heating) usage is calculated for each individual customer based upon actual base load usage.
- 3) The average daily base load (non-heating) amount is multiplied by the number of days in the billing cycle.
- 4) The total billing cycle base load amount is subtracted from the actual cycle usage of the customer in order to derive the usage applicable to heating.
- 5) The WNA factor is multiplied times the heating usage in order to derive the normalized heating usage.
  - a) The WNA factor is calculated by first adjusting the Normal HDD (NHDD) for the billing cycle by the deadband percentage (1 %). The deadband percentage is multiplied by the NHDD and then added to NHDD for the billing period when the weather is colder than normal (i.e., AHDD > NHDD) or subtracted from NHDD for the billing period when the weather is warmer than normal (i.e., AHDD < NHDD).
  - b) The adjusted NHDD are then divided by the AHDD.
- 6) The actual heating usage is subtracted from the normalized heating usage and then multiplied by the delivery charge. The result is a surcharge or credit.

#### Reporting Requirements

The Company will file all Weather Normalization Adjustments with the Commission on an annual basis. On or about January 10 of each year beginning in 2018, the Company shall submit an annual report for the most recent fiscal year ending August 31 detailing the actual charges or credits that resulted from the application of this clause and the actual number of heating degree days (HDDs).

## DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

In addition to the net charges provided for in this Tariff, for service rendered on or after July 1, 2021, a charge of 7.50% will apply consistent with the Commission Order dated May 9, 2013, at Docket No. P-2012-2337737 approving the DSIC and the Commission Orders dated January 28, 2016, and July 6, 2016, at Docket No. P-2015-2501500 modifying the terms and conditions of the DSIC.

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### 1. General Description

**A. Purpose:** To recover the reasonable and prudent costs incurred to repair, improve, or replace eligible property which is completed and placed in service and recorded in the individual accounts, as noted below, between base rate cases and to provide the Utility with the resources to accelerate the replacement of aging infrastructure, to comply with evolving regulatory requirements. The costs of extending facilities to serve new customers are not recoverable through the DSIC.

**B. Eligible Property:** The DSIC-eligible property will consist of the following:

- Piping (account 376);
- Couplings (account 376);
- Gas services lines (account 380) and insulated and non-insulated fittings (account 378);
- Valves (account 376);
- Excess flow valves (account 376);
- Risers (account 376);
- Meter bars (account 382);
- Meters (account 381);
- Unreimbursed costs related to highway relocation projects where a natural gas distribution company or city natural gas distribution operation must relocate its facilities; and
- Other related capitalized costs.

**C. Effective Date:** The initial DSIC will become effective upon one (1) day notice after submission of a compliance tariff in compliance with commission order.

### 2. Computation of the DSIC

**A. Calculation:** The initial DSIC shall be calculated to recover the fixed costs of eligible plant additions that have not previously been reflected in the Utility's rates and have been or are projected to be placed in service in the calendar year in which the DSIC is charged. The DSIC charge shall be leveled so that, on an annual basis, it will collect the recoverable costs for eligible plant additions that have been or are anticipated to be placed in service during the calendar year. DSIC charges shall be reconciled and may be adjusted on a calendar quarter basis for: 1) actual experienced sales volumes; and 2) revisions to projected DSIC eligible capital expenditures.

(I) – Increase

The dates and types of changes in the DSIC rate will occur as follows:

Effective Date of Change	Rate Change That Will Occur
January 1	Annual levelized C-factor rate adjustments
April 1	Adjustment prior year over/under collection
July 1	Optional rate adjustment
October 1	Adjustment for +/- 2% over / under collection

**B. Recoverable Costs:** The recoverable costs shall be amounts reasonably expended or incurred to purchase and install eligible property and associated financing costs, if any, including debt service, debt service coverage, and issuance costs.

**C. Application of DSIC:** The DSIC will be expressed as a percentage carried to two decimal places and will be applied to the total amount billed to each customer for distribution service under the Utility's otherwise applicable rates and charges. To calculate the DSIC, the annual recoverable costs to be placed into service during the calendar year in which the DSIC is being charged will be divided by the Utility's projected revenues for distribution services (including all applicable clauses and riders) for the annual period during which the charge will be collected.

**D. Formula:** The formula for calculation of the DSIC is as follows:

$$DSIC = \frac{DSI + e}{PAR}$$

Where:

- DSI = The projected annual level of recoverable costs (defined in Section B. directly above)
- e = the amount calculated under the annual reconciliation feature or Commission audit, as described below.
- PAR = Projected annual revenues for distribution service (including all applicable clauses and riders) including any revenue from existing customers plus netted revenue from any customers which will be gained or lost by the beginning of the applicable service period.

**3. Quarterly Updates:** Supporting data for each quarterly update will be filed with the Commission and served upon the Commission's Bureau of Investigation and Enforcement, the Office of Consumer Advocate, the Office of Small Business Advocate and the Bureau of Audits at least ten (10) days prior to the effective date of the update.

**4. Customer Safeguards**

**A. Cap:** The DSIC is capped at 7.50% of the amount billed to customers for distribution service (including all applicable clauses and riders), inclusive of amounts billed for annual reconciliation pursuant to the "e" factor set forth above, as determined on an annualized basis.

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**B. Audit/Reconciliation:** The DSIC is subject to audit at intervals determined by the Commission. Any cost determined by the Commission not to comply with any provision of 66 Pa C.S. §§ 1350, *et seq.*, shall be credited to customer accounts. The DSIC is subject to annual reconciliation based on a reconciliation period consisting of the twelve months ending December 31 of each year. The annual reconciliation shall be filed on January 31 of the next year. The revenue received under the DSIC for the reconciliation period will be compared to the Company's eligible costs for that period. The difference between revenue and costs will be recouped or refunded, as appropriate, in accordance with Section 1307(e), over a one-year period commencing on April 1 of each year. If DSIC revenues exceed DSIC-eligible costs for the reconciliation period, such over collections will be refunded with interest. Interest on over-collections and credits will be calculated at the residential mortgage lending specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. §§ 101, *et seq.*) and will be refunded in the same manner as an over-collection.

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**C. New Base Rates:** The DSIC will be reset at zero upon application of new base rates to customer billings that provide for prospective recovery of the remaining costs (if any) that had previously been recovered under the DSIC. Thereafter, only the costs of new eligible plant additions that have not previously been reflected in the Utility's rates will be reflected in the quarterly updates of the DSIC.

**D. Customer Notice:** Customers shall be notified of changes in the DSIC by including appropriate information on the first bill they receive following any change. An explanatory bill insert shall also be included with the first billing.

**E. All customer classes:** The DSIC shall be applied equally to all customer classes, except that the Company may reduce or eliminate the DSIC to any customer with competitive alternatives and customers having negotiated contracts with the Company, if it is reasonably necessary to do so.

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## BACK-UP SERVICE – RATE BUS

Rate Applicable to: Back-Up Service as described below.

### AVAILABILITY

Available at the Company's sole discretion where the Customer has installed any type of operable back-up, supplementary, standby, emergency, electric or heat generation equipment and who from, time to time, will require Gas from the Company for the Customer's operation of that equipment. This rate shall also apply to gas service for any system for which natural gas is not the primary fuel. (C)

If a Customer is seeking interruptible back-up service, the Customer may take interruptible service at IT rates if the Customer meets all requirements of Rate IT, including that the Customer must: (1) have installed and operable alternative fuel equipment, including appropriate fuel storage capacity, capable of displacing the daily quantity of Gas subject to curtailment or interruption; or, in the alternative, (2) demonstrate to the Company's sole satisfaction the ability to manage its business without the use of Gas during periods of curtailment or interruption. (C)

### RATES and TERMS OF SERVICE

Contracts stipulating the negotiated rate and negotiated terms of Back-up Service may be entered into between the Company and Customer when the Company, in its sole discretion, deems such offering to be economically advantageous to the Company. Service under this rate is firm.

Back-up Service shall be separately metered subject to the Company's technical determination that more than one meter is required to correctly measure the total gas service rendered. Should the Company determine that this service be separately metered, the Company will issue a separate bill pursuant to a rate schedule applicable for the usage on the separate meter. Otherwise, if so determined by the Company to be technically feasible, the Company shall allow gas usage for such equipment to be measured by the customer's existing meter. (C)

As part of its annual Gas Cost Rate (GCR) filings, PGW will provide the number of customers, sales levels and costs incurred for these customers. (C)

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**TECHNOLOGY AND ECONOMIC DEVELOPMENT RIDER  
MICRO-COMBINED HEAT AND POWER INCENTIVES**

AVAILABILITY

**TECHNOLOGY AND ECONOMIC DEVELOPMENT RIDER:** The Technology and Economic Development (TED) Rider is a negotiated rider available that will be utilized to support the expansion of new technologies such as, but not limited to, combined heat and power (CHP), natural gas vehicles, and fuel cells, to develop brownfields, and support economic development in Pennsylvania by facilitating business retention and attraction, as well as other gas distribution system expansion activities. The TED Rider is available to those Customers served by the Company that the Company determines, in its sole discretion, have prospective additional gas usage applicable to service for firm service non-residential customers on Tariff Rate Schedules for General Service (Rate GS), Municipal Service (Rate MS), Philadelphia Housing Authority Service (Rate PHA) and Developmental Natural Gas Vehicle Service (Rate NGVS) at the time of execution or renewal of a service agreement. The TED Rider is established for the purpose of adjusting the customer's overall distribution charge to address project-specific or competitive issues to gain access to and expand use of natural gas within the Commonwealth of Pennsylvania. The negotiated TED Rider may be either a surcharge or credit depending on project-specific customer and Company economic requirements, such that the overall economics must meet the requirements of Section 10 of this Tariff. As part of its Gas Cost Rate (GCR) filings, PGW will provide data on sales and costs for TED customers.

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GENERAL TERMS

The Customer must execute a TED Rider service agreement.

RATES

Customer Charge: Negotiable

Plus

Delivery Charge (per ccf): Negotiable

AVAILABILITY

**MICRO-COMBINED HEAT AND POWER INCENTIVES:** For projects involving micro-CHP units no larger than 50 kW, the following Micro-CHP Incentives may be available for qualifying projects: (1) \$1,000 per kW installed up to 20 kW; and (2) \$750 per kW installed greater than 20 kW and less than or equal to 50 kW. The Incentive is available to those Customers served by the Company that the Company determines, in its sole discretion, have prospective additional gas usage applicable to service for Rate GS Commercial/Industrial customers, Rate MS customers and Rate PHA customers on a pilot basis for a three-year period beginning on the effective date of this tariff supplement. The economic test that will be utilized by the Company to determine eligibility for participation will include the costs of the incentives.

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**NEGOTIATED LIQUEFIED NATURAL GAS SERVICE - RATE LNG-N**

(C)

Rate: Applicable to all Negotiated Liquefied Natural Gas Services rendered pursuant to this Rate Schedule as described below.

**AVAILABILITY**

Available at the Company's sole discretion when Customer and Company have executed a customer agreement ("Customer Agreement") for service under this Rate Schedule. The Customer must be able to arrange for the withdrawal/delivery of the commodity (via pipeline, transport vehicle, exchange services, or other delivery mechanisms agreed to by the parties) from the Company's Liquefied Natural Gas facilities. If the Customer is providing the commodity, then the Customer must also be able to arrange for the transportation of the commodity (via pipeline to Company's City Gate or via transport vehicle or pipeline) to the Company's Liquefied Natural Gas facilities.

**RATES and TERMS OF SERVICE**

Service under this schedule is for Negotiated Liquefied Natural Gas services and may include, but is not limited to: 1) the provision of the commodity; 2) transportation of natural gas from the Company's City Gate to the Company's Liquefied Natural Gas facilities; 3) the liquefaction of the natural gas by the Company's Liquefied Natural Gas facilities; 4) the injection of the Customer's liquefied natural gas into the Company's Liquefied Natural Gas facilities; 5) the storage of liquefied natural gas; 6) the vaporization of liquefied natural gas; 7) the withdrawal of the liquefied natural gas via transport vehicle; and 8) the delivery of commodity from the Company's Liquefied Natural Gas facilities via pipeline, exchange services, or other delivery mechanism.

A Customer Agreement stipulating the negotiated rate(s) and negotiated terms of service shall be entered into between the Company and Customer when the Company, in its sole discretion, deems such offering to be economically advantageous to the Company. Depending on the negotiated terms, service under this rate will be either on a firm basis, which shall be interrupted only in cases of operating emergencies determined by the Company in its sole discretion, or on an interruptible basis in which case the Company reserves the right to interrupt service at Company's discretion pursuant to criteria set forth in the Customer Agreement. The negotiated rate(s) shall be in excess of the Company's incremental costs to provide service to the Customer.

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## **INTERRUPTIBLE SERVICE EXTRA LARGE TRANSPORTATION - RATE IT-XLT**

### **AVAILABILITY**

This Rate IT-XLT is only available to Customer(s) who share a common point of interconnection that collectively consumes gas and whose natural gas throughput to its Facilities on the PGW system is greater than 9 Bcf annually or, if a new customer, that can demonstrate to the Company's satisfaction such future use and throughput.

The term "Facilities" means the gas burning equipment of the Customers. Facilities that operate in a coordinated fashion among affiliated (commonly owned) entities on a contiguous parcel of land and receive service through a common point of interconnection shall be treated as a single customer for purposes of this rate schedule.

### **CHARACTER OF SERVICE**

Transportation Service under this rate schedule is interruptible and Customers are subject to curtailment or interruption at any time. Company assumes no liability for interruptions caused by failure of supply sources or by third parties such as Suppliers and 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 as specified under provisions for Standby Service contained herein. The Company may curtail (reduce) or interrupt deliveries to the 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 Customers or in the event the Customer fails to meet delivery obligations. Although the Company will endeavor to provide as much notice as is reasonable and practical, the Customer shall maintain the ability to curtail or interrupt usage upon eight hours' notice. 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. The Company assumes no liability for interruptions caused by failure of supply sources or upstream transportation 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 for the Customer's account.

**MONTHLY RATE**

The Monthly Charge shall be the sum of the following:

1. **CUSTOMER CHARGE:** \$1,100.00 per month per meter.
2. **LOCAL GAS TRANSPORTATION SERVICE:**

"Local Gas Transportation Service" shall mean the local Gas transportation service provided by the Company, pursuant to this Rate IT-XLT, from Gate Station 060 to the Facility metering station.

PGW will provide interruptible Local Gas Transportation Service to the Customer's Facility for up to 50,000 Dekatherms per Day. Customer, at PGW discretion, may balance its daily purchases, nominations, and deliveries in the interstate pipeline(s) and PGW shall have no responsibility for banking or balancing Customer's transportation deliveries.

The Local Gas Transportation Charge shall be an amount equal to \$0.1054/Mcf billed at \$0.10193 per Dth, as measured by PGW at the Customer's metering station(s).

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The Customer shall reimburse Company for any expense actually incurred for Customer's benefit from third party sources in the provision of this Service, such as directly assignable taxes, pipeline balancing penalties, governmentally imposed charges, and contingent liability for external transportation charges and fuel requirements. Additionally, for existing Customers, any unavoidable Gas supply costs (e.g., pipeline demand charges) incurred on the Customer's behalf. Such charges shall be in addition to charges specified elsewhere in this Rate IT-XLT. Minimum annual quantity is 9 Bcf.

3. **ALTERNATIVE RECEIPT SERVICE**

Rate IT-XLT Customers shall pay PGW a rate per Dth equal to the greater of (1) average revenue per Dth received by the Company from all releases, excluding choice capacity releases and asset management agreement associated release, of recallable capacity on Texas Eastern Transmission ("TETCO") during PGW's prior fiscal year, which shall be annually updated by PGW with the Commission by September 15 of each year following; or (2) the max TETCO tariff rate. The Minimum ARS Quantity provided by the Company shall be 5,000 Dth per day. The minimum monthly charge shall be the above rate times 5,000 Dth times the number of days in the month regardless of whether the Customer uses less. The Maximum ARS Quantity provided by the Company shall be 21,000 Dth/day.

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PHILADELPHIA GAS WORKS

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Definitions Relevant to ARS

"Day" shall mean a period of time consisting of twenty-four hours and including the solar day and the night.

"Gate Station 060" shall mean the new gate station, referred to by TETCO as Point of Delivery No. 73060, to be installed pursuant to the TETCO Precedent Agreement near the interconnection of the PGW Liquids Pipeline and the TETCO Philadelphia Lateral.

"Gate Station 034" shall mean the gate station, referred to by TETCO as Point of Delivery No. 70034, located at an interconnection of PGW's distribution system and TETCO's pipeline system in Montgomery County, Pennsylvania.

"Maximum ARS Quantity" shall mean 21,000 Dth of gas daily; provided.

Description of ARS

PGW will, (i) accept at PGW's facilities at the outlet of Gate Station 034 delivery of a quantity in Dth of Gas nominated by the Rate IT-XLT Customer and actually delivered by TETCO (the "ARS Quantity") for such Day up to the Maximum ARS Quantity for such Day, and (ii) in exchange for such Gas, deliver to PGW's facilities at the outlet of Gate Station 060 on such Day a quantity of Gas in Dth equal to the ARS Quantity for such Day; provided however, that at its election, PGW shall be excused from its ARS obligations on any Day.

ARS, as described above, is a displacement service. Rate IT-XL Customers are obligated to notify PGW thirty (30) days in advance of the first of every month they will accept ARS service of the volume of ARS they are accepting for the entire month up to the Maximum ARS Quantity without adjustment throughout the month. PGW, at its discretion, may use such unclaimed ARS volume's up to the Maximum ARS Quantity, at its discretion, for another purpose.

The Alternative Receipt Service rights granted to Rate IT-XLT Customers pursuant to the Service shall not be assignable by Rate IT-XLT Customers, and any Gas delivered by PGW to the Facility pursuant to ARS shall be used only in the Facility.

4. **SALES SERVICE:**

PGW will make Sales Service available to the Customer on a "best efforts" basis solely for use at the Customer's Facility, Rate IT-XLT Customers acknowledge that, from time to time on any given day, a request for Sales Service may be denied or limited by PGW in its sole judgment for economic or operational reasons.

The rate for such service shall be composed of a transportation component and a commodity component, as follows:

Transportation component:	The lowest applicable Interruptible Service Rate
Commodity component:	The current GCR Rate per Dth

For purposes of calculating Sales Service and transportation quantities, the first Gas recorded through the meters at the Facility Delivery Point on each Day for which Sales Service Gas has been nominated shall be considered Sales Service Gas.

PHILADELPHIA GAS WORKS

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5. **SURCHARGES**

The Universal Service and Energy Conservation Surcharge; the Efficiency Cost Recovery Surcharge; and Distribution System Improvement Charge shall apply to the Local Gas Transportation Service applied under this Rate IT-XLT. The annual charge for the Universal Service and Energy Conservation Surcharge to Rate IT-XLT shall be as set forth on page 81 of this tariff

7. **MINIMUM MONTHLY CHARGE:**

The minimum monthly charge shall be the Customer Charge per meter, and the minimum monthly ARS charge.

**TERMS OF PAYMENT**

Bills will be rendered and payment terms applied in accordance with this Tariff.

**CONDITIONS OF USE**

1. The Company shall not be obligated to incur the cost of additional facilities to provide Transportation 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 Transportation 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.
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 line loss and 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 for total system line loss and unaccounted-for, as utilized in the Company's annual operating budget. This condition may, at the Company's discretion, be revised as appropriate, where the transported Gas can be delivered directly to the Customer without commingling with other distribution system supplies. If circumstances change, the Company will notify the Customer in writing thirty (30) days prior to any change.
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.

5. Rate IT-XLT is subject to the provisions of the Daily Balancing Service – Rate DB in this Tariff (pgs. 101-109). For purposes of Rate DB, Rate IT-XLT customers with a common point of interconnection will be deemed by the Company to meet the qualifications for Rate DB regardless of how they structure their natural gas purchases. This condition may, at the Company's discretion, be waived or revised as appropriate, where the transported Gas can be delivered directly to the Customer without commingling with other distribution system supplies. If circumstances change, the Company will notify the Customer in writing thirty (30) days prior to any change.

#### **UNAUTHORIZED USE**

If a Customer uses Rate IT-XLT service after being notified that service under this schedule is not available, uses gas at other than the specified Facilities allowed under this tariff or uses this service in excess of authorized limitations when established and duly notified, all such unauthorized usage shall be billed a penalty charge of seventy five dollars (\$75.00) per Dth on the positive difference between the amount consumed by Customer and the amount delivered to the Company. Failure to comply with an Operational Flow Order (OFO) will result in a penalty charge of seventy-five dollars (\$75.00) per Dth plus all incremental costs incurred by the Company as a result of the failure to comply with the OFO.

#### **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 of this Tariff IT-XLT shall govern the service under this classification except where noted herein.